

Audit Report on Annual Accounts
issued by an Independent Auditor

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.
Annual Accounts and Director' Report
for the year ended
December 31, 2022

AUDIT REPORT ON ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

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

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

Report on the annual accounts

Opinion

We have audited the annual accounts of PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. (the Company), which comprise the balance sheet as at December 31, 2022, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company as at December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying annual accounts) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

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

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

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

Key audit matters

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

Valuation of long-term investments in group companies and associates

Description At December 31, 2022, the Company has recognised in non-current assets, investments in group companies and associates amounting to 1,596 million euros, representing 61% of total assets.

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

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

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

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

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

Our

Response

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

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

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

Tax and legal provisions and contingencies

Description At December 31, 2022, the Company is involved in lawsuits of different nature, including tax claims as the head of the Spanish Tax Group within the Prosegur Group.

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

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

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

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

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

Other information: directors' report

Other information refers exclusively to the 2022 directors' report, the preparation of which is the responsibility of the Company's directors and is not an integral part of the annual accounts.

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

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

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the directors' report is consistent with that provided in the 2022 annual accounts and its content and presentation are in conformity with applicable regulations.

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

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

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

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

Auditor's responsibilities for the audit of the annual accounts

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital file of the European single electronic format (ESEF) of PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. for the 2022 financial year, consisting of an XHTML file containing the financial statements for the year, which will form part of the annual financial report.

The directors of PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. are responsible for submitting the annual financial report for the 2022 financial year, in accordance with the formatting requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation). In this regard, the Annual Corporate Governance Report and the Annual Report on Remuneration of Directors have been included by reference in the directors' report.

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

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

Additional report to the audit committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee on February 24, 2023.

Term of engagement

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

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

(Signature on the original in Spanish)

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

February 24, 2023



PROSEGUR

Annual Accounts and Director's Report at 31 December 2022

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

Prosegur Compañía de Seguridad, S.A. and Subsidiaries

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I. INCOME STATEMENT FOR THE YEARS ENDED 31 December 2022 AND 2021

(Expressed in thousands of EUR)

	Note	2022	2021
Net turnover	3	84,102	87,986
Dividend received	3 and 19	51,822	68,214
Loan interest income	3 and 19	1,032	657
Provision of services	3 and 19	31,248	19,115
Supplies		(26)	(15)
Consumption of raw materials and other consumables		(26)	(15)
Other operating income		1,098	1,640
Non-core and other operating revenues		1,098	1,640
Personnel Expenses	3	(9,359)	(6,822)
Wages, salaries and similar charges		(8,590)	(6,280)
Social security obligations		(769)	(542)
Other operating expenses		(15,023)	(9,912)
External services	3	(13,043)	(8,907)
Taxes		(111)	(75)
Losses, impairment and changes in commercial provisions		—	1
Other ordinary expenses		(1,869)	(931)
Fixed assets deterioration	6 and 7	(4,619)	(4,618)
Impairment and profit/(losses) on disposal of fixed assets and financial instruments	9	(80,064)	—
Impairments and Losses		(80,064)	—
Other profit/(loss)	3 and 14	12,496	(2)
OPERATING PROFIT/(LOSS)		(11,395)	68,257
Financial income	4	1,922	13,589
Third parties		1,922	13,589
Financial expense	4	(23,575)	(14,192)
From payables to Group companies and associates	4 and 19	(1,204)	(813)
From payables to third parties		(22,371)	(13,379)
Exchange differences	4	(1,244)	287
FINANCE PROFIT/(LOSS)		(22,897)	(316)
PROFIT BEFORE TAX		(34,292)	67,941
Income tax	16	1,111	7,741
PROFIT/(LOSS) FOR THE YEAR	5	(33,181)	75,682

The accompanying notes form an integral part of the Annual Accounts for 2022.

II. BALANCE SHEET AT 31 DECEMBER 2022 AND 2021

(Expressed in thousands of EUR)

ASSETS	Note	2022	2021
NON-CURRENT ASSETS		1,781,565	1,784,730
Intangible assets	6	16,745	20,683
Patents, licences, trademarks and others		16,745	20,683
Property, plant and equipment	7	9,819	10,484
Technical facilities and other property, plant and equipment		9,819	10,484
Long-term investments in Group companies and associates		1,596,419	1,584,566
Equity instrument	9	1,596,419	1,584,083
Loans to companies	8, 11 & 19	—	483
Long-term financial investments	8 and 11	134,393	152,584
Equity instrument	8 and 10	134,113	152,304
Other financial assets	8 and 11	280	280
Deferred tax assets	16	24,189	16,413
CURRENT ASSETS		829,113	294,112
Trade and other receivables		15,487	17,905
Clients' receivables for sales and services	8	296	754
Clients, Group companies and associates	8, 11 & 19	14,450	9,056
Miscellaneous receivables	8 and 11	—	5
Personnel	8 and 11	2	—
Current tax assets	16	—	8,085
Public entities, other receivables	16	739	5
Short-term investments in Group companies and associates	8, 11 & 19	167,181	150,968
Loans to companies		76,417	73,002
Other financial assets		90,764	77,966
Short-term financial investments	8 and 11	348	667
Loans to companies		348	348
Other financial assets		—	319
Short-term deferrals		130	525
Cash and cash equivalents	12	645,967	124,047
Cash and other cash equivalents		150,967	124,047
Other cash equivalents		495,000	—
TOTAL ASSETS		2,610,678	2,078,842

The accompanying notes form an integral part of the Annual Accounts for 2022.

(Expressed in thousands of EUR)

NET EQUITY AND LIABILITIES	Note	2022	2021
EQUITY		905,589	991,092
Shareholders' equity		911,758	979,070
Subscribed capital	13	32,702	32,916
Registered capital		32,702	32,916
Share premium	13	25,472	25,472
Reserves	13	916,961	940,183
Legal and statutory reserves		7,406	7,406
Other reserves		843,143	877,777
Capitalisation reserve		66,412	55,000
(Own shares and equity holdings)	13	(30,196)	(29,439)
Profit/(loss) for the year	5	(33,181)	75,682
(Interim dividend)	5	—	(68,027)
Other net equity instruments	13	—	2,283
Value change adjustments	10	(6,169)	12,022
Assets at fair value with changes in equity		(6,169)	12,022
NON-CURRENT LIABILITIES		745,718	772,870
Non-current provisions	14	39,957	45,031
Obligations for long-term personnel benefits		2,059	1,138
Other provisions		37,898	43,893
Long-term debts	8 and 15	679,642	706,612
Debentures and other negotiable securities		494,134	698,593
Debts with credit institutions		179,520	—
Other financial liabilities		5,988	8,019
Long-term payables to Group companies and associates	8, 15 & 19	9,000	—
Deferred tax liabilities	16	17,119	21,227
CURRENT LIABILITIES		959,371	314,880
Short-term debts	8 and 15	759,587	130,393
Debentures and other negotiable securities		715,856	6,252
Debts with credit institutions		39,381	52,230
Other financial liabilities		4,350	71,911
Short-term payables to Group companies and associates	8, 15 & 19	183,232	173,461
Trade and other payables		16,552	11,026
Suppliers, Group companies and associates	8, 15 & 19	2,149	2,033
Sundry accounts payable	8 and 15	3,839	5,509
Personnel (salaries payable)	8 and 15	1,131	1,099
Public entities, other payables	16	9,433	2,385
TOTAL EQUITY AND LIABILITIES		2,610,678	2,078,842

The accompanying notes form an integral part of the Annual Accounts for 2022.

III. STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

A) COMPREHENSIVE INCOME

(Expressed in thousands of EUR)

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Profit/(losses) in the income statement	5	(33,181)	75,682
Income and expenses passed on directly to the net equity:			
I. For the estimation of financial instruments		(18,191)	23,925
1. Financial assets at fair value with changes in equity	10	(18,191)	23,925
Total income and expenses passed on directly to the Net Equity		<u>(18,191)</u>	<u>23,925</u>
Total comprehensive income and expenses		<u>(51,372)</u>	<u>99,607</u>

The accompanying notes form an integral part of the Annual Accounts for 2022.

B) STATEMENT OF CHANGES IN EQUITY

(Expressed in thousands of EUR)

	Share capital	Share premium	Legal Reserve	Other Reserves	Capitalisation reserve	(Own shares and equity holdings)	Profit/(loss) for the year	(Interim dividend)	Other net equity instruments	Value change adjustments	TOTAL
	(Note 13)	(Note 13)	(Note 13)	(Note 13)	(Note 13)	(Note 13 c)	(Note 5)	(Note 5)	(Note 13)	(Note 10)	
BALANCE AT YEAR END 2020	32,916	25,472	7,406	859,921	55,000	(14,550)	84,738	(68,027)	—	(11,903)	970,973
Total comprehensive income and expenses	—	—	—	—	—	—	75,682	—	—	23,925	99,607
Operations with partners and owners	—	—	—	16,711	—	(15,271)	(84,738)	—	—	—	(83,298)
Operations with own stocks or shares (net)	—	—	—	—	—	(15,271)	—	—	—	—	(15,271)
Other operations with partners or owners	—	—	—	16,711	—	—	(84,738)	68,027	—	—	—
Interim dividend	—	—	—	—	—	—	—	(68,027)	—	—	(68,027)
Other changes in equity	—	—	—	1,145	—	382	—	—	2,283	—	3,810
Accrued share-based incentives	—	—	—	—	—	382	—	—	2,283	—	2,665
Other changes	—	—	—	1,145	—	—	—	—	—	—	1,145
BALANCE AT YEAR END 2021	32,916	25,472	7,406	877,777	55,000	(29,439)	75,682	(68,027)	2,283	12,022	991,092
Total comprehensive income and expenses	—	—	—	—	—	—	(33,181)	—	—	(18,191)	(51,372)
Operations with partners and owners	(214)	—	—	(36,945)	—	(4,405)	(75,682)	68,027	—	—	(49,219)
(-) Capital reductions	(214)	—	—	(8,612)	—	8,826	—	—	—	—	—
(-) Dividend distribution	—	—	—	(35,988)	—	—	—	—	—	—	(35,988)
Other operations with partners or owners	—	—	—	7,655	—	—	(75,682)	68,027	—	—	—
Operations with own stocks or shares	—	—	—	—	—	(13,231)	—	—	—	—	(13,231)
Other changes in equity	—	—	—	2,311	11,412	3,648	—	—	(2,283)	—	15,088
Accrued share-based incentives	—	—	—	183	—	3,648	—	—	(2,283)	—	1,548
Other changes	—	—	—	2,128	11,412	—	—	—	—	—	13,540
BALANCE AT YEAR END 2022	32,702	25,472	7,406	843,143	66,412	(30,196)	(33,181)	—	—	(6,169)	905,589

The accompanying notes form an integral part of the Annual Accounts for 2022.

IV. STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

(Expressed in thousands of EUR)

	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Pre-tax financial year profit		(34,292)	67,941
Adjustments made to profit/(loss)		51,124	(73,041)
Fixed assets depreciation (+)	6 and	4,619	4,618
Impairment losses (+/-)		—	(1)
Change in provisions (+/-)	14	(5,074)	(9,760)
Financial income (-)	4	(1,922)	(13,589)
Dividend received (-)	3	(51,822)	(68,214)
Financial expenses (+)	4	23,575	14,192
Exchange differences (+/-)	4	1,244	(287)
Other income and expenses (-/+)		440	—
Changes in current capital		49,911	81,365
Clients and other receivables (+/-)		2,756	607
Other current assets (+/-)		55,248	69,976
Trade and other payables (+/-)		5,526	792
Other non-current assets and liabilities (+/-)		(13,619)	9,990
Other cash flows from operating activities		13,225	111,913
Interest payments (-)		(932)	(1,088)
Dividend collection (+)		13,115	101,530
Interest received (+)		467	809
Income tax received/(paid) (+/-)		—	10,674
Other payments (receipts) (+/-)		575	(12)
Cash flows from operating activities		79,968	188,178
Payments for investments (-)		(50,536)	(95,069)
Group companies and associates		(50,520)	(95,049)
Property, plant and equipment	7	(16)	(20)
Collections from disposal of investments (+)		—	293
Other financial assets		—	293
Cash flows from investing activities		(50,536)	(94,776)
CASH FLOWS FROM FINANCING ACTIVITIES		492,488	(140,272)
Collections and payments for equity instruments	13	(13,367)	(15,271)
Purchases of equity instruments (-)		(13,367)	(15,271)
Collections and payments for liability instruments		605,054	(58,114)
Issue		696,159	29,130
Debentures and similar securities (+)		505,145	1,269
Debts with credit institutions and other debts (+)		165,346	—
Loans to Group companies and associates (+)		25,668	27,861
Repayment and amortisation of		(91,105)	(87,244)
Loans to Group companies and associates (-)		—	(81,347)
Other payables (-)		(91,105)	(5,897)
Dividends payable and remunerations from other equity instruments		(99,199)	(66,887)
Dividends (-)		(99,199)	(66,887)
Cash flows from financing activities		493,640	(140,272)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		521,920	(46,870)
Cash and cash equivalents at the beginning of the year	12	124,047	170,917
Cash and cash equivalents at the end of the year	12	645,967	124,047

V. NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

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

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

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

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

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

- Security.
- Cash.
- Alarms.
- Cybersecurity.
- AVOS Services (Added-value outsourcing processes and services).

From 2013 the Company segregated the private security business line in Spain to Prosegur España, S.L.U. resulting in the main activity of the Company now becoming the acquisition, holding,

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

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

Prosegur Compañía de Seguridad, S.A., on 31 December 2022, is controlled by Gubel, S.L., a company incorporated in Madrid which, after the capital reduction approved at the Shareholders Extraordinary General Meeting held on 7 December 2022, owns 59.76% (59,37% in 2021) of the Company's shares.

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

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

The Directors prepare the Consolidated Annual Accounts of Prosegur Compañía de Seguridad, S.A., in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and approved by the European Commission Regulations in force at 31 December 2022. The consolidated Annual Accounts were drawn up by the Board of Directors, together with these Individual Annual Accounts, on 23 February 2023 and are pending approval by the shareholders at their general meeting, after which they will be filed at the Mercantile Register of Madrid.

The Consolidated Annual Accounts of Prosegur Compañía de Seguridad, S.A. and its subsidiaries for 2022 present consolidated profit of EUR 84,059 thousand and consolidated equity of EUR 790,322 thousand (EUR 43,711 thousand and EUR 710,726 thousand respectively in 2021).

2. Basis for Presentation

a) Fair presentation

The annual accounts have been prepared on the basis of the Company's accounting records and are presented in accordance with corporate legislation in force and the standards set out in the General Chart of Accounts approved under Royal Decree 1514/2007, of 16 November and in the amendments to the General Chart of Accounts established by Royal Decree 1159/2010, of 17 September, and Royal Decree 602/2016, of 2 December, and the Royal Decree 1/2021, of 12 January, and also the publication of 13 February 2021 of the Accounting and Audit Institute (ICAC) resolution under which the standards are established for the accounting, measurement and drawing up of annual accounts for the recognition of revenue from the delivery of goods and rendering of services, in order to reflect a true and fair image of the equity, financial situation and profit/(loss) of the Company, as well as the veracity of the cash flows shown in the cash flow statement.

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

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

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

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

Estimate of the recoverable value of investments in subsidiaries

The Company carries out impairment testing on investments made in subsidiaries if there is any proof of value impairment. The calculation of impairment involves the comparison of the carrying amount of the investment with its recovery value, this being understood as the higher fair value less cost of sale and value in use. The Company generally uses cash flow discounting methods to calculate these values. The Company prepares the future cash flows before tax based on the most recent budgets approved by Management. These budgets incorporate the best available estimates of income and expenses using past experience and future expectations. These budgets have been prepared for the next five years, and future cash flows have been calculated by applying non-increasing estimated growth rates that do not exceed the average long-term growth rate. The key assumptions to determine the fair value less cost of sale and value in use include growth rates, average weighted rate of capital and tax rates (see Notes 9 and 25.4).

The amount recoverable from shareholdings in companies of the Group is determined on the basis of two different calculation methods, according to the type of activity to which the Group's investee company belongs.

The amount recoverable from the companies belonging to the Alarm business is calculated by its fair value and the amount recoverable from the companies belonging to the Cash, Security, Cyber-security and AVOS businesses by their value in use.

Fair value as a calculation method:

With regard to the companies that belong to the Alarm business, given the type of business in which growth is based on the increase in costs for recruiting customers and that contracts are for a defined term, Prosegur did not consider it reasonable to calculate the value in use based on permanence and opted to use fair value, which is common in this type of business.

To analyse the impairment of the Alarms companies, their fair value was used as the basis for the recoverable value, which was estimated according to the market multiples for the last transactions observed. The multiple used is 45 times the recurring monthly income per connection.

Value in use as a method for calculation:

The key operating assumptions used to calculate value in use for the various CGUs are based on Prosegur Group budgets for the following year and the strategic plan for subsequent years. Both the budget and the plan are approved by Management and calculated on the basis of past years' experience, adjusting for any deviations in previous years. As the current Strategic Plan covers the 2021 to 2023 period, the following years have been estimated based on the trend of each CGU in recent years, the macroeconomic situation of each country and the efficiency plans implemented. Projections of both gross margin and sales, on which the calculation of value in use are based, are drawn up in accordance with each country's macroeconomic growth and the efficiency plans defined to optimise profit. Cash flows are discounted using a discount rate based on the weighted average cost of capital (WACC). The residual value of each CGU is generally calculated as perpetual income.

In 2022, all the countries where the Group operates enjoyed solid recovery in activity, boosted by a strong increase in domestic consumption, with a trend that began at the end of financial year 2021 once the sanitary restrictions imposed to combat the pandemic were overcome. As a consequence, in most countries the Group has recovered the business volumes it had before the pandemic or even higher in some areas. In this sense, the estimated flows for the 2023 and subsequent years take into account the gradual recovery of volumes that occurred in 2022 and the macroeconomic indicators, which reflect the realities of the different countries in which the Group is present.

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

- Revenue: the turnover for the projected period is estimated based on the business plans prepared by the Management. The perpetual figure is calculated based on long-term inflation estimates for each country. For the years after the strategic plan, year-on-year growth rates have been estimated that are associated with macroeconomic data such as inflation and Gross Domestic Product published by the central bank of each country, ranging mainly between 1.98% and 12.51%, based on the price increase rate for each of the countries and each of the years and an estimated volume increase, except for countries such as Argentina where the estimated price increase rate is around 40% for the projected years and the Cybersecurity business where, given the characteristics of the business and its growth expectations, volume growths greater than the average of the rest of the businesses are expected.
- Gross Profit/(Loss): based on efficiency plans defined by the Company, mainly the optimisation of client portfolios, using a method of cost-benefit analysis aimed at establishing threshold margins under which it is not considered viable to establish a business relationship with those clients. The Gross Margin is calculated as the total sales revenue of the Company less cost of sales, divided by total sales revenue, expressed as a percentage.
- EBITDA, calculated on the basis of the operating profit/(loss) or EBIT, and adjusting the depreciation, amortisation and impairment of fixed assets, excluding the impairment of property, plant and equipment.

- CAPEX: based primarily on plans to renew the fleet in accordance with its age and the armoured bases. For the years after the strategic plan, a CAPEX ratio on ordinary income is estimated at between 0.29% and 7.4%.
- Working capital: based on optimising DSO or average collection period for receivables. The projection is based on sales growth, in accordance with the DSO determined.
- Tax: Tax estimates are calculated in accordance with the effective tax rate in each country and the expected profit/(loss) therein.

The macroeconomic estimates used are obtained from external information sources.

Provisions and contingencies

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

Determination of fair values

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

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

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

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

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

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

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

Going concern

As of 31 December 2022, the Company has a positive working capital of EUR 130,258 thousand (EUR 20,768 thousand negative working capital at 31 December 2021). As indicated in Note 1, the Company is the head of the Prosegur Group, which at 31 December 2022 presented a positive working capital

of EUR 202,594 thousand (EUR 181,681 thousand at 31 December 2021) in the Consolidated Annual Accounts. The Company also has the capacity to generate future cash flows via the management of its subsidiaries' dividends. Additionally, as of 31 December 2022, the Group presents a consolidated result attributable to Prosegur Compañía de Seguridad, S.A. as Parent Company of EUR 64,679 thousand (EUR 40,994 thousand at 31 December 2021). Finally, as indicated in Notes 22 and 25 of the Consolidated Annual Accounts of the Prosegur Group, at 31 December 2022, the Group companies had available treasury of EUR 1,166,193 thousand and had been granted undrawn additional financing of EUR 617,799 thousand (EUR 584,950 thousand and EUR 861,251 thousand as of 31 December 2021, respectively).

Taking these facts into consideration, the Company's Directors have prepared these Annual Accounts on the ongoing management principle.

Climate change

These individual annual accounts have been prepared taking into account the provisions of the informative document issued by the International Accounting Standards Board (IASB) in November 2020, which included information requirements in relation to climate change.

The Company has a commitment to reduce its emissions in the medium and long term, for which it has defined main lines of action set out below:

- Approval by the Board of Directors of a Sustainability Policy, 27 October 2021, and an Environmental Policy, 28 April 2021.
- Approval by the Board of Directors, at its meeting on 28 April 2021, of the 2021-2023 Sustainability Master Plan, which includes targets and specific actions for the transition to a circular economy, waste reduction and accelerated decarbonisation. For this purpose, the Company is increasing its clean energy supplies and energy optimisation, and is adapting its plant, property and equipment for others with lower emissions.
- Creation of a Sustainability Committee and a Global Sustainability Department, answering to the Board of Directors, which define targets and action plans in the field of sustainability and coordinate and supervise the operation of all areas in environmental aspects.
- Development of projects to offset carbon dioxide emissions.

These measures do not currently involve the need to make significant investments, and therefore did not have a significant accounting impact on the Company's individual financial statements during 2022 and previous years.

On the other hand, the Management believes that, as a consequence of the development of this commitment:

- The useful life of tangible fixed assets will not be affected, since their accelerated replacement is not necessary;
- No signs of impairment have been detected as a result of the aforementioned commitment;
- The Company has no constructive or contractual obligation that could give rise to an environmental provision.

For all of the above, at the time of preparing these annual accounts, there is no obligation that could give rise to an environmental provision.

COVID-19

During the first half of 2022, the business activity gradually recovered, close to the pre-pandemic volumes. Additionally, there were no significant impacts on the condensed interim individual financial statements related to COVID-19.

Russia-Ukraine War

The instability of the international geopolitical situation brought about by the Russian Federation's military invasion of Ukraine in February 2022 has triggered inflationary pressures on the economy, with a significant increase in the prices of raw materials, energy prices and currency exchange rates. In light of this, central banks have withdrawn the majority of monetary stimuli and have increased interest rates during the second half of 2022.

Despite the uncertain environment described the impacts on the Company's individual financial statements were insignificant, since the Company does not operate in the region of the conflict and these impacts have also been partially offset by the trade flow, transferring the increase from the cost of energy to the prices of the services provided by the Group.

c) Functional and presentation currency

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

d) Comparative information

For comparative purposes and for each item in the balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the Annual Accounts, in addition to the figures for financial year 2022, the Annual Accounts show those pertaining to the previous year, those of 2021, approved by the Shareholders General Meeting on 2 June 2022.

3. Income and Expenses

a) Net turnover

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

	Thousands of Euros									
	National		Europe		AOA (*)		LatAm		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Dividend received:										
- Group companies and associates	51,815	68,095	—	—	—	—	7	119	51,822	68,214
Loan interest income	445	203	26	8	539	27	22	419	1,032	657
Provision of services:										
- General services	27,834	19,162	1,682	1,211	134	—	1,598	(1,258)	31,248	19,115
Total	80,094	87,460	1,708	1,219	673	27	1,627	(720)	84,102	87,986

(*) AOA: includes United States, Australia, Singapore and Abu Dhabi in 2022.

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

The provision of services in 2022 and 2021 relates mainly to services associated with trademark assignment.

The total revenue from dividends in 2022 correspond mainly to an amount of EUR 33,141 thousand from the Cash business and EUR 6,889 thousand from Prosegur Assets Management, S.L.U.

In 2021, dividends came mainly from the alarm business in the amount of EUR 30,321 thousand, EUR 15,991 thousand from the Cash business, and EUR 8,100 thousand from the Prosegur Avos España, S.L.U. business acquired in 2021 (Note 9).

The Company also received dividend income amounting to EUR 11,785 thousand from investments in Telefónica, S.A. (Note 10) (EUR 13,683 thousand in 2021).

b) Personnel Expenses

Details of the employee benefits expense are as follows:

	Thousands of Euros	
	2022	2021
Wages and salaries	8,590	6,280
Social security obligations	766	534
Other employee benefits expenses	3	8
Total	9,359	6,822

The accrual of the long-term incentive associated with the 18-20 Plan, 21-23 Plan and the Retention Plan for the Executive President, Managing Director and the Management is included under the heading on wages and salaries (Note 25.9). During 2022, the total impact of the incentives on the income statement was of EUR 3,109 thousand (EUR 1,963 thousand in 2021). Provision for the 21-23

Plan in an amount of EUR 911 thousand and provision for the Retention Plan of EUR 2,198 (in 2021 a reversal occurred under the 18-20 Plan amounting to EUR 523 thousand which finalised in 2021, provision for the 21-23 Plan in the amount of EUR 1,110 thousand and provision under the Retention Plan in the amount of EUR 1,376 thousand).

c) External Services

Details of external services are as follows:

	Thousands of Euros	
	2022	2021
Leases and levies	202	282
Independent professional services	6,974	5,078
Transport	1	1
Insurance premiums	263	59
Banking and similar services	605	537
Advertising and supplies	3,799	2,015
Other services	1,199	935
Total	13,043	8,907

d) Other profit/(loss)

During 2022, in 'Other Profit/(Loss)' the Company recognised the reversal of the provision made in previous years in an amount of EUR 8,695 thousand regarding the process open with the National Commission on Markets and Competition (CNMC) (Notes 14 and 17) and other contingencies amounting to EUR 2,135 thousand (Note 14). The remainder of the balance corresponds mainly to balance adjustments

During 2021, 'Other Profit/(Loss)' recognised an extraordinary expense in the amount of EUR 2 thousand.

4. Net Finance Income

Details of financial income and costs are as follows:

	Thousands of Euros	
	2022	2021
Financial income	1,922	13,589
Third parties	1,922	13,589
Financial expense	(23,575)	(14,192)
From payables to Group companies and associates (Note 19)	(1,204)	(813)
From payables to third parties	(22,371)	(13,379)
Exchange differences	(1,244)	287
FINANCE PROFIT/(LOSS)	(22,897)	(316)

•Financial income and expense

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

In 2022, debts with third parties correspond to the interest accrued on bank borrowing in the amount of EUR 3,084 thousand, interest from business operations in an amount of EUR 610 thousand, interest accrued during the year derived from company lawsuits in an amount of EUR 666 thousand and interest corresponding to the issue of bonds in an amount of 18,011 thousand (Note 15.a).

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

The breakdown of the financial income recorded in 2022 'from third parties' correspond mainly to interest generated from fixed-term deposits in an amount of EUR 251 thousand, return of interest from Company lawsuits (Note 14) in an amount of EUR 1,190 thousand and EUR 481 thousand for the return of guarantees.

The breakdown of the financial income recorded in 2021 'from third parties' was as follows: EUR 12,780 thousand corresponded to the reversal of part of the interest provisioned to cover several lawsuits that were reversed in 2021 (Note 14 and 16), EUR 17 thousand corresponded to interest in relation to proceedings with the State Tax Administration (AEAT) and EUR 201 thousand for the return of guarantees deposited.

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

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

In 2022, an impairment loss on shareholdings was recorded for a total amount of EUR 89,564 thousand (Note 9).

•Exchange differences

The main exchange differences items are the following:

	Currency	Thousands of Euros	
		2022	2021
Debt due to acquisition of Tellex	Argentine Peso	32	7
Debt due to acquisition of Solunegocios	Chilean Pesos	(509)	—
Debt due to acquisition of Cipher SA	Brazilian Real	(29)	194
Debt due to acquisition of Beloura Investment	Colombian Peso	184	111
Revaluation of the loan with Prosegur SIS USA Inc.	US Dollar	(1,159)	—
Debt due to acquisition of Martom Group	Brazilian Real	(5)	(6)
Other items		242	(19)
		(1,244)	287

5. Profit/(loss) for the year

a) Distribution of profit proposal

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

	Thousands of Euros	
	2022	2021
<u>Basis of allocation</u>		
Profit/(loss) for the year	(33,181)	75,682
Total	(33,181)	75,682
<u>Distribution/(Application)</u>		
Loss carryforwards from previous years	(33,181)	—
Voluntary reserves	—	7,655
Interim dividend	—	68,027
Total	(33,181)	75,682

The distribution of the result from the 2021 financial year was approved on 2 June 2022.

On 7 December 2022, the Board of Directors approved the distribution of an extraordinary dividend of gross EUR 0.0656 per share on account of voluntary reserves, for a total maximum dividend of EUR 35,988 thousand (considering that the share capital is currently represented by 548,604,222 shares). This dividend was paid to shareholders on 28 December 2022. The maximum amount represented by own shares at each payment date, and therefore not distributed, has been transferred to voluntary reserves. The amount for undistributed dividends out of the maximum total agreed for the year 2022 is reflected under 'other changes' in the consolidated statement of changes in equity for the amount of EUR 2,975 thousand.

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

The maximum amount represented by own shares at each payment date, and therefore not distributed, will be transferred to voluntary reserves. The amount for undistributed dividends out of the maximum total agreed for the year 2021 is reflected in the item of "Other operations with partners or owners" of the statement of changes in equity for the amount of EUR 7,655 thousand.

b) Dividend distribution restrictions

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

6. Intangible assets

Details of intangible assets and movement are as follows:

	Thousands of Euros				Total
	Licences	Trademarks and similar	Computer software	Other intangible assets	
Cost					
Balance at 1 January 2021	3	39,369	25	362	39,759
Balance at 31 December 2021	3	39,369	25	362	39,759
Balance at 31 December 2022	3	39,369	25	362	39,759
Amortisation					
Balance at 1 January 2021	(1)	(14,751)	(25)	(362)	(15,139)
Amortisation for the year	—	(3,937)	—	—	(3,937)
Balance at 31 December 2021	(1)	(18,688)	(25)	(362)	(19,076)
Amortisation for the year	(1)	(3,937)	—	—	(3,938)
Balance at 31 December 2022	(2)	(22,625)	(25)	(362)	(23,014)
Carrying amount					
At 1 January 2021	2	24,618	—	—	24,620
At 31 December 2021	2	20,681	—	—	20,683
At 31 December 2022	1	16,744	—	—	16,745

a) Description of the main movements

There were no disposals nor additions in intangible fixed assets during the 2022 and 2021 financial years.

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

b) Licences

Details of licences at the end of 2022 and 2021 are as follows:

Description and operation	Expiry date	Amortisation period (Note 25.1)	Thousands of Euros			
			Amortisation for the year	Cost	Accumulated amortisation	Carrying amount
2022						
Licences - Software	2023	4 years	1	3	2	1
			1	3	2	1

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

c) Fully amortised intangible assets

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

	Thousands of Euros	
	2022	2021
Computer software	25	25
Other intangible assets	362	362
	387	387

d) Other information

On 31 December 2022 and 2021, the Company has no significant intangible assets that are subject to restrictions on title or pledged as security for liabilities.

There were no purchases of intangible assets from Group companies in 2022 or 2021.

7. Property, plant and equipment

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

	Thousands of Euros		
	Other install., equipment and furniture	Other property, plant and	Total
Cost			
Balance at 1 January 2021	405	13,389	13,794
Additions	2	18	20
Balance at 31 December 2021	407	13,407	13,814
Additions	—	16	16
Balance at 31 December 2022	407	13,423	13,830
Depreciation and amortisation			
Balance at 1 January 2021	(303)	(2,346)	(2,649)
Depreciation	(14)	(667)	(681)
Balance at 31 December 2021	(317)	(3,013)	(3,330)
Depreciation	(13)	(668)	(681)
Balance at 31 December 2022	(330)	(3,681)	(4,011)
Carrying amount			
At 1 January 2021	102	11,043	11,145
At 31 December 2021	90	10,394	10,484
At 31 December 2022	77	9,742	9,819

a) Description of the main movements

In 2022, the most significant additions in PPE correspond to additions of data processing equipment such as laptops and screens for EUR 14 thousand and telephony for EUR 2 thousand.

In 2021, additions in PPE corresponded to data processing equipment such as laptops and screens for EUR 16 thousand and telephony for EUR 2 thousand.

No losses were registered in 2022 and 2021.

b) Fully depreciated property, plant and equipment

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

	Thousands of Euros	
	2022	2021
Other installations, equipment and furniture	275	275
Other property, plant and equipment	209	203
	484	478

c) Other information

On 31 December 2022 and 2021 the Company has no property, plant and equipment subject to restrictions on title or pledged as security for liabilities.

There were no purchases of property, plant and equipment from Group companies in 2022 nor in 2021.

d) Assets under operating lease

Lessee

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

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

	Thousands of Euros	
	2022	2021
Lease expenses	202	282
	202	282

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

e) Insurance

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

8. Analysis of financial instruments

8.1 Analysis by category

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

a) Financial assets:

<i>Thousands of Euros</i>	2022			
	Credits and other	Trade and other receivables	Financial Investments	Total
Non-currents				
Assets at fair value with changes in equity (Note 10)	—	—	134,113	134,113
Financial assets at cost (Note 11)	—	—	280	280
	—	—	134,393	134,393
Current				
Financial assets at amortised cost (Note 11)	76,765	14,748	90,764	182,277
	76,765	14,748	90,764	182,277
Total	76,765	14,748	225,157	316,670

Thousands of Euros

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

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

b) Financial liabilities:

Thousands of Euros

	2022				
	Debentures and other negotiable securities	Debts with credit institutions	Trade and other payables	Other financial liabilities	Total
Non-currents					
Financial liabilities at amortised cost (Note 15)	494,134	179,520	—	14,988	688,642
	494,134	179,520	—	14,988	688,642
Current					
Financial liabilities at amortised cost (Note 15)	715,856	39,381	7,119	187,582	949,938
	715,856	39,381	7,119	187,582	949,938
Total	1,209,990	218,901	7,119	202,570	1,638,580

Thousands of Euros

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

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

8.2. Analysis by maturity

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

a) Financial assets:

Thousands of Euros	2022					TOTAL
	Financial assets					
	2023	2024	2025	2026	Subsequent years	
Investments in Group companies and associates:						
- Loans to companies (Notes 11 and 19)	76,417	—	—	—	—	76,417
- Other financial assets (Notes 11 and 19)	90,764	—	—	—	—	90,764
	167,181	—	—	—	—	167,181
Financial Investments:						
- Equity instruments (Note 10)	—	—	—	—	134,113	134,113
- Loans to companies (Note 11)	348	—	—	—	—	348
- Other financial assets (Note 11)	—	—	—	—	280	280
	348	—	—	—	134,393	134,741
Trade and other receivables:						
- Clients from sales and other (Note 11)	296	—	—	—	—	296
- Clients, Group companies and assoc. (Notes 11 and 19)	14,450	—	—	—	—	14,450
- Personnel (Note 11)	2	—	—	—	—	2
	14,748	—	—	—	—	14,748
Total	182,277	—	—	—	134,393	316,670

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

As of 31 December 2022, and 2021, investments in “Equity instruments” mainly includes the fair value of the 39,545,262 shares of Telefónica, S.A. received as consideration for the sale of 50% of the alarm business in Spain. (Note 10)

b) Financial liabilities:

Thousands of Euros	2022					
	Financial liabilities					
	2023	2024	2025	2026	Subsequent years	TOTAL
Debentures and other negotiable securities (Note 15)	715,856	—	—	—	494,134	1,209,990
Debts with credit institutions (Note 15)	39,381	—	99,700	29,970	49,850	218,901
Suppliers, Group companies and associates (Note 15 and 19)	2,149	—	—	—	—	2,149
Sundry creditors (Note 15)	3,839	—	—	—	—	3,839
Personnel (Note 15)	1,131	—	—	—	—	1,131
Payables to Group companies and associates (Note 15 and 19)	183,232	—	—	—	9,000	192,232
Other financial liabilities (Note 15)	4,350	4,565	1,423	—	—	10,338
Total	949,938	4,565	101,123	29,970	552,984	1,638,580

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

9. Long-term Investments in Group Companies, Jointly Controlled Companies and Associates

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

	Thousands of Euros	
	2022	2021
Balance at 1 January	1,584,083	1,442,772
<u>Investments</u>	92,400	141,311
Additions	177,965	141,311
Disposals	(85,565)	—
<u>Impairment</u>	(80,064)	—
Provision	(80,064)	—
Balance at 31 December	1,596,419	1,584,083

In 2022 and 2021 the Company has acquired stocks of new companies and has made a series of capital increases by capitalising loans in companies in which it had a holding.

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

Increases and decreases in investments in Group companies, jointly controlled companies and associates in 2022 and 2021 are as follows:

	Thousands of Euros	
	2022	2021
Additions		
Prosegur Avos España, S.L.U.	(1) —	62,257
Prosegur Gestión de Activos, S.L.U.	(2) 14,000	—
Prosegur Global SIS ROW, S.L.U.	(3) 36,000	4,800
Prosegur Global Alarmas ROW, S.L.U.	(4) 17,000	11,500
Prosegur Global Alarmas, S.L.U.	(5) 10,000	2,900
Prosegur Global SIS, S.L.	(6) 43,000	18,400
Segtech Ventures SCR, S.A.U.	(7) 10,450	—
Prosegur Cash, S.A.	(8) 44,710	27,579
Prosegur Tecnología Peru, S.A.	(9) —	1,875
Aeroseg Brasil Desenvolvimento e Operações de Veículos não Tripulados LTDA	(10) 283	—
Cipher S.A.	(11) 2,521	—
Soluciones en Negocios SpA	(12) —	8,661
Solu4B Software Company SpA	(13) —	1,072
Soluciones en Tecnología de la Información SpA	(14) —	365
Cipher Security LLC	(15) —	1,327
Tidian Europe S.L.	(16) —	575
Prosegur Activa Perú, S.A.	(17) 1	—
Total	177,965	141,311

	Thousands of Euros	
	2022	2021
Disposals		
Cost		
Prosegur Assets Management, S.L.	(18) (85,565)	—
Total Cost	(85,565)	—

	Thousands of Euros	
	2022	2021
Profit/(loss) on the impairment of financial instruments		
Prosegur Global SIS, S.L.U.	65,917	—
Prosegur ODH, S.L.	1,003	—
Prosegur Tecnología Perú, S.A.	7,411	—
Cipher UK	5,733	—
	80,064	—

Movements in investments in Group companies, jointly controlled companies and associates in 2022 and 2021 are as follows:

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

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

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

- On 3 October 2022, the Company made a monetary contribution to the shareholders' equity of Prosegur Gestión de Activos, S.L.U. in an amount of EUR 14,000 thousand.

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

- On 3 October 2022, the Company made a monetary contribution to the shareholders' equity of Prosegur Global SIS ROW, S.L.U. in a total amount of EUR 24,000 thousand.
- On 8 March 2022, the Company made a monetary contribution to the shareholders' equity of Prosegur Global SIS ROW, S.L.U. in a total amount of EUR 12,000 thousand.
- On 1 January 2021, the Company participated in the capital increase of Spanish company Prosegur Global SIS ROW, S.L.U., by capitalising loan rights that Prosegur Compañía de Seguridad, S.A., as the Sole Shareholder, holds with the Company under a loan agreement for a total of EUR 4,800 thousand.

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

- On 8 March 2022, the Company participated in the sale and purchase of shares in the Spanish company Prosegur Global CIT ROW, S.L.U. by capitalising loans totalling EUR 17,000 thousand.
- On 1 January 2021, the Company participated in the capital increase of the Spanish company Prosegur Global Alarmas ROW, S.L.U., by capitalising loan rights for a total of EUR 11,500 thousand.

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

- On 3 October 2022, the Company made a monetary contribution to the shareholders' equity of Prosegur Global Alarmas, S.L.U. in a total amount of EUR 10,000 thousand.
- On 20 May 2021, the Company subscribed the capital increase of the Spanish company Prosegur Global Alarmas, S.L.U. by the partial depreciation of loan rights for a total of EUR 2,900 thousand.

(6) Prosegur Global SIS, S.L.

- On 3 October 2022, the Company made a monetary contribution to the shareholders' equity of Prosegur Global SIS, S.L.U. in a total amount of EUR 18,000 thousand.
- On 8 March 2022, the Company made a monetary contribution to the shareholders' equity of Prosegur Global SIS, S.L. in a total amount of EUR 25,000 thousand.

- On 1 January 2021, the Company participated in the capital increase of the Spanish company Prosegur Global SIS, S.L. by partial depreciation of loan rights for a total EUR 18,400 thousand.

(7) Segtech Ventures SCR, S.A.U.

- The Company, as the Sole Shareholder of Prosegur Assets Management, S.L., resolved on its wind up and dissolution on 4 May 2022. As a result of the wind up, 100% of the shares held by Segtech Ventures S.C.R., S.A.U. were transferred to the Company, valued at EUR 10,450 thousand (See section c) Disposals).

(8) Prosegur Cash, S.A.

- The Company, as the Sole Shareholder of Prosegur Assets Management, S.L., resolved on its wind up and dissolution on 4 May 2022. As a result of the wind up, 21.98% of the shares held by Prosegur Cash, S.A. were transferred to the Company, valued at EUR 43,310 thousand (see section c) Disposals).
- During January 2022, the Company acquired the treasury shares of Prosegur Cash, S.A. for a total amount of EUR 1,400 thousand.
- In 2021, the Company made other transactions corresponding to purchases of treasury stock of Prosegur Cash, S.A.; these operations were carried out in different months of the year, totalling EUR 27,579 thousand, all through cash contributions.

(9) Prosegur Tecnología Perú, S.A.

- On 23 December 2021, the Company participated in the capital increase of the Peruvian company Prosegur Tecnología Perú, S.A., through cash contributions for a total of EUR 1,875 thousand.

(10) Aeroseg Brasil Desenvolvimento e Operações de Veículos não Tripulados LTDA

- On 25 March 2022, the Company participated in the capital increase of the Brazilian company Aeroseg Brasil Desenvolvimento e Operações de Veículos não Tripulados LTDA by capitalising loan rights for a total EUR 283 thousand.

(11) Cipher, S.A.

- On 31 December 2022, the Company participated in the capital increase of the Spanish company Cipher, S.A. by capitalising loan rights for a total EUR 2,521 thousand.

(12) Soluciones en Negocios SpA

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

(13) Solu4B Software Company SpA

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

(14) Soluciones en Tecnología de la Información SpA

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

(15) Cipher Security LLC

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

(16) Tidian Europe S.L.

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

(17) Prosegur Activa Perú, S.A.

- On 31 December 2022, the Company participated in the capital increase of the Peruvian company Prosegur Activa Perú, S.A. by capitalising loan rights for a total EUR 1 thousand.

c) Disposals

Decreases in investments in Group companies, jointly controlled companies and associates in 2022 and 2021 were as follows:

(18) Prosegur Assets Management, S.L.

- On 4 May 2022, Prosegur Assets Management, S.L. dissolved and wound up, whose Sole Shareholder was the Company, to which all net assets were therefore assigned, whereby the Company derecognised the shareholding it held prior to wind up in the amount of EUR 52,351.

The carrying amount and tax value of the absorbed assets are as follows:

	Thousands of Euros
	Prosegur Assets Management, S.L.
Assets	
Non-current assets	53,760
Equity instrument (see section a) additions)	53,760
Current assets	9,086
Loans with group companies	5,814
Dividends receivable with group companies	3,206
Cash	66
Total assets	62,846

Prior to winding up, the following Prosegur Assets Management, S.L. transactions took place:

- On 1 February 2022, the Sole Shareholder resolved to return the contribution made on 1 January 2020 for EUR 8,250 thousand through the partial depreciation of the credit right it held with the Company.
- On 1 February 2022, the Sole Shareholder resolved to distribute the share premium in favour of the Company in an amount of EUR 24,964 thousand through the partial depreciation of the credit right it held with the company.

The Company held an investment in Prosegur Assets Management, S.L. prior to winding up in an amount of EUR 52,351 thousand, which represented a shareholding of 100%. As a result of the transaction, reserves were generated in the amount of EUR 10,495 thousand recognised in the State of Total Changes in Equity (Note 13).

Shareholding write offs did not generate any profit/(loss) in 2022 and 2021.

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

In 2022, the Company recognised impairment loss adjustments on Prosegur Global SIS, S.L.U., Prosegur ODH, S.L., Prosegur Tecnología Perú, S.A. and Cipher UK shareholdings, in an amount of EUR 65,917 thousand, EUR 1,003 thousand, EUR 7,411 thousand and EUR 5,733 thousand, respectively. The Company did not record any valuation adjustments for stock impairment during 2021.

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

	Thousands of Euros	
	2022	2021
Rosegur Holding Corporation, S.L.	6,650	6,650
Esta Service, SAS	1,740	1,740
Rosegur Cash Services, S.A.	230	230
Prosegur Activa Perú, S.A.	26	26
Prosegur Tecnología Chile, Ltda.	1	1
Prosegur Global SIS, S.L.	149,237	83,320
Prosegur ODH, S.L.	1,003	—
Prosegur Tecnología Perú, S.A.	7,411	—
Cipher UK	5,733	—
Total	172,031	91,967

The Company annually evaluates the existence of indicators of impairment of the stakes in Group companies and estimates the recoverable value at the closing date of those entities for which there are signs of impairment. The impairment indicator was calculated by comparing the net carrying amount of the stake with the equity of the investee and the recoverable value of the entities with an impairment indicator was determined considering its value in use (Note 2 b)). Based on the analysis performed, in 2022 the Company recorded an impairment loss adjustment on shareholdings in Prosegur Global SIS, S.L.U., Prosegur ODH, S.L., Prosegur Tecnología Perú, S.A. and Cipher UK.

e) Investments in Group companies

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

10. Financial assets at fair value with changes in equity

a) Financial Assets at Fair Value with changes in Equity

The movements of financial assets at fair value available for sale for 2022 and 2021 are as follows:

	Thousands of Euros	
	Financial Assets at Fair Value with changes in Equity	
	Equity instrument	Total
Balance at 1 January 2021	128,379	128,379
Change in fair value	23,925	23,925
Balance at 31 December 2021	152,304	152,304
Change in fair value	(18,191)	(18,191)
Balance at 31 December 2022	134,113	134,113

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

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

At year-end 2022 the number of Telefónica shares stood at 39,545,262 (39,545,262 shares in 2021).

The change in the fair value of Telefónica shares corresponding to the 2021 and 2022 financial year was included in the Company's equity. The fair value of the share was determined by the price quoted in the active market.

Details of financial assets at fair value available for sale for 31 December 2022 and 2021 are as follows:

Name	Thousands of Euros		
	2022		
	Fair Value	% ownership	Acquisition cost
<u>Equity titles</u>			
Telefónica, S.A.	134,058	0.74 %	140,227
Others	55	—	—
Total	134,113		

Name	Thousands of Euros		
	2021		
	Fair value	% ownership	Acquisition cost
<i>Equity titles</i>			
Telefónica, S.A.	152,249	0.74 %	140,227
Others	55	—	—
Total	152,304		

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

These assets are assessed under a hierarchy comprising several levels, in which these assets belong to Level 1: estimates using quoted prices (unadjusted) in active markets for identical assets or liabilities, which the company may access on the valuation date.

11. Financial assets at cost or at amortised cost

The breakdown of financial assets at cost or at amortised cost at 31 December 2022 and 2021 is as follows:

	Thousands of Euros	
	2022	2021
Financial assets at cost - non-current		
- Other financial assets (Note 8)	280	280
Financial assets at amortised cost - non-current		
- Loans to Group companies (Note 19)	—	483
	280	763
Financial assets at amortised cost - current		
- Loans to Group companies (Notes 8 and 19)	76,417	73,002
- Clients' receivables for sales and services (Note 8)	296	754
- Customers, Group companies and associates (Notes 8 and 19)	14,450	9,056
- Other financial assets (Notes 8 and 19)	90,764	77,966
- Sundry debtors (Note 8)	—	5
- Personnel (Note 8)	2	—
- Loans to companies (Note 8)	348	348
- Other financial assets (Note 8)	—	319
	182,277	161,450
Total	182,557	162,213

There is no concentration of credit risk with respect to trade receivables, given that these are with Group companies (Note 23).

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

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

In the financial years 2022 and 2021, Loans and accounts receivable suffered no impairment.

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

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

	Thousands of Euros	
	2022	2021
Euros	151,773	161,644
US Dollar	30,257	41
Australian Dollar	37	38
Mexican Pesos	120	120
South African Rand	370	370
Total	182,557	162,213

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

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

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

12. Cash and cash equivalents

Details of cash and cash equivalents are as follows:

	Thousands of Euros	
	2022	2021
Cash in hand and at banks	150,967	124,047
Other cash equivalents	495,000	—
Total	645,967	124,047

The heading ‘Other cash equivalents’ includes the balance at 31 December 2022 of the deposits in several bank institutions that mature in under 3 months in an amount of EUR 495 thousand and whose interest rate fluctuates between 1.3% and 1.9%.

13. Share capital, share premium and own shares

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

a) Share capital

At 31 December 2022 the share capital of Prosegur Compañía de Seguridad, S.A. was EUR 32,702 thousand (2021: EUR 32,916 thousand) and is represented by 545,026,866 shares (2021: 548,604,222 shares) with a par value of EUR 0.06 each, fully subscribed and paid. These shares are listed on the Madrid and Barcelona stock exchanges and traded via the Spanish Stock-Exchange Interconnection System (SIBE).

On 30 September 2020, and concluding on 5 May 2022, the Company's Board approved the Buyback Programme for a total par value of EUR 214,641.36.

On 22 December 2022, in accordance with the objectives of the Own Share Buyback Program and in application of the agreement to authorise the Board to decrease the capital, submitted to the approval of the General Shareholders Meeting on 7 December 2022, the Company carried out a capital decrease by redemption of own shares in an amount of EUR 3,577,356, ordinary shares with a par value of EUR 0,06 each. The resulting capital after the reduction is EUR 32,701,611.96, represented by 545,026,866 registered shares of a single series.

The capital decrease does not involve the return of contributions to shareholders because the Company itself is the holder of the redeemed shares and performed this against unrestricted reserves by provisioning a capital redemption reserve in an amount equal to the par value of the redeemed shares, which is only available with the same requirements as those for share decreases, in application of the provisions of section 335 c) of the Spanish Companies Act.

The composition of the voting rights is as follows:

Shareholders	Number of shares	
	2022	2021
Ms Helena Revoredo Delvecchio (1)	325,918,224	325,918,224
Ms Mirta Giesso Cazenave (2)	34,877,487	34,877,487
Others	184,231,155	187,808,511
Total	545,026,866	548,604,222

(1) Through Gubel, S.L. (59.758%) and Prorevosa, S.L.U. (0.041%)

(2) Both directly and through AS Inversiones, S.L.

At 31 December 2022 and 2021, the members of the Board of Directors, either directly or through companies over which they exercise control, hold a total of 328,412,425 shares (2021: 327,837,886 shares) corresponding to 60.26% of the share capital (2021: 59.76%).

b) Share premium

The share premium amounts to EUR 25,472 thousand, is freely distributable and has not changed in 2022 and 2021.

c) Own shares and equity holdings

Details of movements in own shares are as follows:

	<u>Number of shares</u>	<u>Thousands of Euros</u>
Balance at 1 January 2021	38,765,674	14,550
Purchase of shares	5,819,856	15,270
Other awards	141,300	(381)
Balance at 31 December 2021	44,726,830	29,439
Purchase of shares	7,968,606	13,231
Capital reduction	(3,577,356)	(8,826)
Other awards	(1,615,341)	(3,648)
Balance at 31 December 2022	47,502,739	30,196

Purchase of own shares

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

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

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

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 has applied to a maximum of 54,860,422 shares, representing approximately 10% of Prosegur's share capital.

The Programme has the following features:

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

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

The Programme had the following features:

- a. Maximum amount allocated to the Programme: EUR 16,000,000.
- b. Maximum number of shares that can be acquired: up to 4,000,000 shares representing approximately 0.73% of the Company's share capital to this date.
- c. Maximum price per share: The Company will not buy shares at a price higher than the highest of the following: (i) the price of the last independent trade; or (ii) the highest current independent bid on the trading venues where the purchase is carried out.
- d. Maximum volume per trading session: insofar as volume is concerned, the Company will not purchase more than 25% of the average daily volume of the shares in any one day on the trading venues on which the purchase is carried out.
- e. Duration: the Programme will have a maximum duration of six months. Notwithstanding the above, the Company reserves the right to conclude the Programme if, prior to the end of said maximum term of six months, it had acquired the maximum number of shares authorised by the Board of Directors, if it had reached the maximum monetary amount of the Programme or if any other circumstances arise that call for it.

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

The Board of Directors of Prosegur decided on 5 May 2022 to bring to an end the own share buyback programme approved by the Board of Directors of the Company on 30 September 2020 within the maximum term initially set, which ended 5 November 2023. Under the Programme, the Company has acquired a total of 3,577,356 shares, representing approximately 0.65% of its share capital. In keeping with the objective of the Programme to decrease the Company's share capital, in the Company's Extraordinary Shareholders General Meeting held on 7 December 2022 the Board attained the share capital decrease by redemption of a total of 3,577,356 shares representing approximately 0.65% of its share capital under the Programme.

On 21 June 2022, Prosegur acquired a package of 1,737,600 of its own shares from an institutional investor, representing 0.32% of the share capital, at a price of EUR 1.644 per share, with a discount of EUR 0.01 per share.

On 23 June 2022, Prosegur acquired a package of 5,952,583 of its own shares from an institutional investor, representing 1.09% of the share capital, at a price of EUR 1.642 per share, with a discount of EUR 0.01 per share.

Other awards

As a result of the long term incentive plan known as the Retention Plan described in Note 3.b) and 14, during 2022 a total of 1,412,269 shares were delivered to the Executive President, Managing Director and Group Management. In addition, the remaining 30,803 shares associated with the Retention Plan will be delivered during 2023.

The rest of the shares delivered correspond to other remuneration not associated with long term Incentive Plans.

Prosegur Compañía de Seguridad holds 2.52% (1.99% in 2021) of treasury stock deemed strategic to satisfy possible future corporate transactions.

d) Reserves

Details of reserves are as follows:

	Thousands of Euros	
	2022	2021
Legal reserve		
Legal reserve	7,406	7,406
Total	7,406	7,406
Capitalisation reserve	66,412	55,000
Total	66,412	55,000
Other reserves		
Voluntary reserves	842,978	877,612
Reserves due to revised Budget Act of 1983	104	104
Differences on translation of share capital to EUR	61	61
Total	843,143	877,777

d.1) Legal reserve

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

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

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

d.2) Other reserves
Voluntary reserves

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

	Thousands of Euros	
	2022	2021
Opening balance	877,612	859,756
Own dividend refund (Note 5)	2,975	1,140
Distribution of result of last year (Note 5)	7,655	16,711
Capital reduction (-) (Note 13.a)	(8,612)	—
Extraordinary dividend distribution	(35,988)	—
Dissolution of Prosegur Assets Management, S.L.U. (Note 9)	10,495	—
Capitalisation Reserve Transfer	(11,412)	—
Other changes	253	5
Closing balance	842,978	877,612

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

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

Reserves due to revised Budget Act of 1983

This reserve arises from balances revalued in accordance with the aforementioned act applied by the Company and is subject to restrictions on distribution. This reserve amounts to EUR 104 thousand (EUR 104 thousand in 2021).

Differences on translation of share capital to EUR

This non-distributable reserve arises from the translation of share capital from Pesetas to EUR. This reserve amounts to EUR 61 thousand (EUR 61 thousand in 2021).

d.3) Capitalisation reserves

The Shareholders General Meeting held on 4 June 2019, agreed to endow a capitalisation reserve charged to the profits of the year 2018. The amount of that reserve at 31 December 2022 comes to EUR 66,412 thousand (EUR 55,000 thousand in 2021). The change in balance with respect to 2021 is the result of the application of a decrease of the 2021 Corporate Income Tax base that comes to 10% of the increase of the Company's own shares pursuant to section 25 of Spanish Corporate Income Tax Law 27/2014.

e) Other equity instruments

The Retention Plan, which is linked to ensuring adequate talent retention and promoting the digital transformation of the Prosegur Group for 2021-2023, was approved in 2021. The plan envisages the payment of share incentives. In the vast majority of cases, the measures target achievement from 1 January 2021 until 31 December 2023 and length of service from 1 January 2021 until 31 October 2024. While the Plan's approval provides that the first payment of shares would be in October 2022, the second payment in October 2023 and the final payment in October 2024, the General Shareholders Meeting of 7 December 2022 resolved to deliver all of the shares during the 2022 financial year to each employee with the right to these for having attained the objectives associated with that Plan. The Company recognises a straight-line expense in the income statement during the length of service of the Plan, as well as the corresponding increase in equity, based on the fair value of the shares committed when the Plan was granted. The shares fair value at the time of concession was calculated

on the basis of the average listed price during the 15 stock market sessions previous to the date of the session held on 29 October 2020, the amount was EUR 2.029 per share.

The Plan provides for a total delivery of 1,443,072 shares, of which 1,412,269 were delivered on 31 December 2022, and 30,803 will be delivered in 2023. The delivery of the shares took place at a price of EUR 1.718 per share.

On 31 December 2022, the impact on equity was EUR 1,548 (EUR 2,283 thousand on 31 December 2021).

14. Non-current provisions

Details of provisions and movement are as follows:

	Thousands of Euros		
	Personnel Accrual	Other provisions	TOTAL
Balance at 1 January 2021	524	54,267	54,791
Applications	(524)	(37,122)	(37,646)
Short-term transfer	—	1,298	1,298
Provisions	1,138	25,450	26,588
Balance at 1 January 2022	1,138	43,893	45,031
Reversals	—	(14,544)	(14,544)
Transfers	10	—	10
Provisions	911	8,549	9,460
Balance at 31 December 2022	2,059	37,898	39,957

At 31 December 2022, the provisions for accruals with personnel mainly include the accrued incentive, payable in cash, corresponding to the 2021 and 2023 Plan (Note 25.9). (The 2018-2020 Plan and the 2021-2023 Plan at 31 December 2021).

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

These provisions include the accrued incentive in the 18-20 Plan, the 21-23 Plan and the Long-Term Retention Plan for the Executive President, Managing Director and Management of the Prosegur Group. During the year 2022, provisions to profit/(loss) were made for an amount of EUR 911 thousand (EUR 1,138 thousand to provisions and a reversal amounting to EUR 524 thousand against profit/(loss) in 2021).

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

The 18-20 Plan is generally linked to the creation of value in the 2018-2020 period and envisages the payment of cash incentives, calculated for certain beneficiaries based on the share price. In the vast

majority of cases, the Plan measures target achievement from 1 January 2018 until 31 December 2020 and length of service from 1 January 2018 until 31 May 2023.

The 21-23 Plan is generally linked to the creation of value in the 2021-2023 period and envisages the payment of cash incentives, calculated for certain beneficiaries based on the share price. In the vast majority of cases, the Plan measures target achievement from 1 January 2021 until 31 December 2023 and length of service from 1 January 2021 until 31 May 2026.

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

During 2022, the total impact of the 21-23 Plan on the income statement came to EUR 911 thousand.

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. While the Plan's approval provides that the first payment in shares would be in October 2022, the second payment in October 2023, and the final payment in October 2024, the General Shareholders Meeting of 7 December 2022 resolved to deliver all of the shares during the 2022 financial year to each employee with the right to these for having attained the objectives associated with that Plan.

The Company recognises a straight-line expense in the income statement during the length of service of the Plan, as well as the corresponding increase in equity, based on the fair value of the shares committed when the Plan was granted. The fair value of the shares at the moment of the granting was EUR 2.029 per share.

The Plan provides for a total delivery of 1,443,072 shares, of which 1,412,269 were delivered on 31 December 2022, and 30,803 will be delivered in 2023. The delivery of the shares took place at a price of EUR 1.718 per share.

In addition, the expense on the income statement for the Retention Plan came to EUR 2,198 thousand (EUR 1,376 thousand in 2021).

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

In 2022, part of the provisions allocated until then for contingencies was reversed in the amount of EUR 5,849 thousand. (EUR 4,659 thousand in principal and EUR 1,190 thousand in interest) subsequently provisioning EUR 8,549 thousand (EUR 7,883 thousand in principal and EUR 666 thousand in interest).

A provision in the amount of EUR 8,695 thousand was furthermore reversed as a result of the CNMC court ruling (Note 17).

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

15. Financial liabilities at cost or at amortised cost

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

	Thousands of Euros	
	2022	2021
Non-current		
- Debentures and other negotiable securities	494,134	698,593
- Bank borrowings	179,52	—
- Other financial liabilities	5,988	8,019
- Payables to Group companies (Note 19)	9,000	—
Total	688,642	706,612
Current		
- Debentures and other negotiable securities	715,856	6,252
- Bank borrowings	39,381	52,23
- Other financial liabilities	4,35	71,911
- Payables to Group companies (Note 19)	183,232	173,461
- Payables to Group companies (Note 19)	2,149	2,033
- Sundry accounts payable	3,839	5,509
- Other debts (Note 8)	1,131	1,099
Total	949,938	312,495

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

	Thousands of Euros	
	2022	2021
Between 6 and 12 months	402,133	225,691
Total	402,133	225,691

a) Debentures and other negotiable securities

On 6 April 2022 uncovered bonds with a nominal value of EUR 500,000 thousand, maturing on 6 April 2029, were issued. The bonds are traded on the secondary market, on the Irish Stock Exchange. They accrue an annual coupon of 2.50% payable at the end of each year.

On 31 December 2022, the long and short term balance amounted to EUR 494,134 thousand and EUR 9,740 thousand, respectively.

On 8 February 2018, uncovered bonds with a nominal value of EUR 700,000 thousand, maturing on 08 February 2023, were issued (Note 24). 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 31 December 2022, the short term balance amounted to EUR 706,116 thousand.

b) Bank borrowings

In 2022, the heading 'non-current bank borrowings with credit institutions' includes the formalisation of the following 3 loans:

- A loan of EUR 30,000 thousand formalised with Kutxabank, S.A. contracted on 31 March 2022, for a period of 4 years and a fixed interest rate.
- A loan of EUR 50,000 thousand formalised with the European Investment Bank (EIB) on 21 May 2022, for a period of 6 years and a fixed interest rate.
- A loan of EUR 100,000 thousand formalised with BBVA, contracted on 30 May 2022, for a period of 3 years and a variable interest rate.

On the other hand, the heading 'current bank borrowings with credit institutions' in 2022 mainly includes:

- A loan of USD 10,000 thousand formalised with Banco Santander, S.A., contracted on 14 December 2022, for 1 month and a fixed interest rate.
- A loan of USD 10,000 thousand formalised with Banco Santander, S.A., contracted on 30 December 2022, for 1 month and a fixed interest rate.
- A credit facility of USD 10,000 thousand formalised with BBVA, contracted on 7 December 2022, for a period of 3 months and a variable interest rate.
- A credit facility of USD 10,000 thousand formalised with BBVA, contracted on 28 November 2022, for a period of 3 months and an interest rate.

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

On 10 February 2017, the Company contracted a syndicated loan for EUR 200,000 thousand maturing in 2026. During 2022 and 2021, the Company did not draw any amount from the syndicated loan.

Credit facilities

On 31 December 2022, the company has credit policies with national and international banking institutions.

As of 31 December 2022, and 31 December 2021, no amount of this credit facility has been drawn down.

The Company has the following unused credit facilities:

	Thousands of Euros	
	<u>2022</u>	<u>2021</u>
Floating interest rate:		
maturing in less than 1 year (credit facilities)	35,000	35,000
maturing in more than 1 year (syndicated loan)	207,500	257,500
	<u>242,500</u>	<u>292,500</u>

Credit facilities are subject to various interest rate reviews in 2022 and 2021.

On 27 October 2021, Prosegur Compañía de Seguridad contracted a financing operation with the European Investment Bank (EIB) with the aim of promoting investment in innovation, digital transformation and sustainability. The financing amounts to EUR 57,500 thousand with a flexible term of between 6 and 10 years as requested at the time of drawdown. On 31 December 2022, the balance drawn was EUR 50,000 thousand, while at the close of 2021 no amount had been drawn.

c) Other financial liabilities

Details of financial liabilities by maturity are as follows:

	Thousands of Euros							
	2022							
	2023	2024	2025	2026	2027	subsequent years	Total Non-current	Total
Other financial liabilities	4,350	4,565	1,423	—	—	—	5,988	10,338

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

The most significant other financial liabilities on 31 December 2022 and 2021 are as follows:

- Non-current amounts at 31 December 2022 were EUR 5,988 thousand (EUR 8,019 thousand in 2021), corresponding mainly to a loan received from the Ministry of Industry under the Avanza I+D programme of EUR 188 thousand (EUR 282 thousand in 2021), to the debt for the investment in English company Cipher Security Limited for EUR 215 thousand (EUR 228 thousand in 2021) and to the debt for the purchase of the AVOS Chile business (Note 9.a) (17, 18 and 19) for EUR 5,584 thousand (EUR 7,509 thousand in 2021).
- On 31 December 2022, the current amounts come to EUR 4,350 thousand (EUR 71,911 thousand in 2021). The outstanding interim dividend for 2021 that came to EUR 68,027 thousand (Note 5) was cancelled in 2022, as approved by the Board of Directors.

d) Other payables

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

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

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

The liability for this as of 31 December 2022 amounts to EUR 1,119 thousand (EUR 1,033 thousand in 2021) and the amount recognised in the income statement for this item classified under the “Personnel Expenses” heading amounts to EUR 4,077 thousand (EUR 2,584 thousand in 2021) due to the adjustment of the previous year.

Other debts include the incentive accrued, payable in cash, corresponding to the 2018 and 2020 Plans and to the 2021-2023 Plan for 3,109 EUR thousand (EUR 1,963 thousand at 31 December 2021) with the following breakdown: reversal under the 18-20 Plan amounting to EUR 523 thousand and which finalised in 2021, provision under the 21-23 Plan amounting to EUR 911 thousand (1,110 thousand in 2021) and provision under the Retention Plan in the amount of EUR 2,198 thousand (EUR 1,376 thousand in 2021).

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

Additionally, this item also includes salaries payable and accrued extraordinary salary instalments amounting to EUR 12 thousand (EUR 66 thousand in 2021).

e) Foreign currency

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

	Thousands of Euros	
	2022	2021
Euros	1,608,897	1,006,760
Argentine Peso	7	(112)
US Dollars	19,425	2
Peruvian Nuevo Sol	32	219
Colombian Peso	1,389	1,573
Chilean Peso	8,830	10,215
Brazilian Real	-	450
Total	1,638,580	1,019,107

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

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

Lastly, in keeping with the breakdowns required in section 9 of Act 18/2022, of 28 September, on business creation and growth, the monetary volume and number of invoices paid in a period below the maximum established was EUR 6,543 thousand and 428 invoices, respectively; furthermore, the percentage that these invoices comprise out of the total number of invoices and the monetary total of payments to their suppliers represented 42% of the total number of invoices and 60% of the monetary total.

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

	2022	2021
	Days	Days
Average payment period to suppliers	53	60
Ratio of transactions paid	53	64
Ratio of transactions pending payment	59	36
	Amount	
	(thousands of EUR)	
Total payments made	10,884	7,54
Total payments pending	1,69	1,18
Number of invoices paid under 60 days	428	—
Volume (Euros)	6,543	—
% of the total number of transactions	60%	—
% of the total number of invoices	42%	—

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

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

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

The maximum legal term of payment applicable to the companies in 2022 and 2021, according to Act 11/2013, of 26 July, is of 30 days (unless the conditions set forth in the Act allowing the maximum payment period to be raised to 60 days are fulfilled).

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

16. Taxation

a) Public administration:

Details of balances with public entities are as follows:

	Thousands of Euros			
	2022		2021	
	Non-Current	Current	Non-Current	Current
Assets				
Deferred tax assets	24,189	—	16,413	—
Current tax assets	—	—	—	8,085
Value added tax and similar liabilities	—	739	—	5
	24,189	739	16,413	8,090
Liabilities				
Deferred tax liabilities	17,119	—	21,227	—
Withholdings	—	9,360	—	2,320
Social Security	—	73	—	65
	17,119	9,433	21,227	2,385

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

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

In 2022, Prosegur Ciberseguridad España, S.L., Prosegur Global Cyber Security, S.L., Gelt Tech Cashlabs S.L.U. and Cash Centroamerica Dos, S.L. were brought in. The companies excluded from the tax group in 2022 are Compliofficer, S.L.U., Work 4 Data LAB, S.L., Prosegur Global CIT, S.L.U., Prosegur Assets Management, S.A., Armor Acquisition, S.A., and Tapia Seguridad, S.L.

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

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

In relation to the contentious administrative appeal corresponding to the proceedings filed for corporate tax for the years 2008, 2009 and 2010, for which a tax debt of EUR 16,088 thousand is claimed from the Company, on 27 September 2022, The National Court uphold contentious-administrative appeal number 473/2019 against the Resolution of the Central Administrative Economic Court of 11 March 2019. The judgment of the National Court was not subject to the appeal; therefore its firmness was declared and with it the final and favourable resolution of the dispute.

Consequently, with the upholding of the appeal mentioned above, the Company has reversed the tax provision in 2021 that it had set aside for this, amounting to EUR 24,342 thousand of tax debt and EUR 12,780 thousand of interest derived from said litigation (Note 14).

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

The Company as parent in the Tax Group filed appeals regarding corporate tax on 11 May 2022. Following an initial phase of allegations, settlement agreements were notified to the Company on 4 October 2022. The first settlement agreement, relative to transfer pricing, amounts EUR 6,221 thousand (tax liability of EUR 5,527 thousand, default interest of EUR 694 thousand). The second one related mainly to the deductibility of income tax withholdings at source and the deduction as of technological innovation amounts EUR 6,450 thousand (tax liability of EUR 5,606 thousand, default interest of EUR 843 thousand).

Both settlement agreements were the subject of an economic-administrative appeal filed by the Company before the Central Economic Administrative Court and which is still pending.

As regards the other tax concepts, VAT and Income Tax, assessment agreements were signed on 28 January 2022 and 18 April 2022 respectively, with no material adjustments. The signing of the assessment agreements terminates the tax years under audit.

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

	Thousands of Euros	
	2022	2021
Income before tax	(34,292)	67,941
Permanent differences	25,117	(64,584)
Timing differences:	(6,937)	(7,783)
- Originating in the current period	8,435	8,613
- Arising in previous years	(15,372)	(16,396)
Taxable base for tax consolidation	(16,112)	(4,426)
Tax rate	25 %	25 %
Resulting tax payable	(4,028)	(1,107)
Deductions:	(70)	(90)
- Double taxation	(14)	(35)
- Contributions made to Foundations	(56)	(55)
Tax payable	(4,098)	(1,197)

The main permanent differences of the accounting profit for the year 2022 correspond to items that do not have a tax-deductible expense or taxable revenue, which are mainly: the exemption of dividends received from its subsidiaries in Spain for EUR 36,765 thousand (Note 19) and dividends from other shareholdings for an amount of EUR 11,195 thousand, a positive adjustment for the impairment in shareholdings in Group companies amounting to EUR 80,064 thousand, a negative adjustment for the reversal of provisions for an amount of EUR 6,759 thousand and contributions to foundations for a positive amount of EUR 168 thousand.

The main permanent differences to the accounting profit/(loss) for the year 2021 corresponded to items that do not have a tax-deductible expense or taxable revenue, which are mainly: the exemption of dividends received from its subsidiaries in Spain for an amount of EUR 51,691 thousand (Note 19) and dividends from other shareholdings for an amount of EUR 13,111 thousand and contributions to foundations for a positive amount of EUR 158 thousand.

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

I. Positive:

- Provision for personnel expenses, amounting to EUR 2,059 thousand (EUR 2,515 thousand in 2021).
- Adjustments for intangible fixed asset depreciation differences in an amount of EUR 1,953 thousand (EUR 1,953 thousand in 2021).
- Other adjustments for an amount of EUR 4,423 thousand, correspond mainly to provision endowments (EUR 4,145 thousand in 2021).

II. Negative:

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

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

I. Positive:

- Application of EUR 7 thousand, corresponding to the reversal of the negative adjustment of the 70% limitation on the depreciation of fixed assets for the years 2014 and 2015 (EUR 8 thousand in 2021).
- Reversal of the Company provision for lawsuits in an amount of EUR 8,803 thousand (EUR 12,780 thousand in 2021 (Note 14)).
- Other provisions for EUR 6,562 thousand (EUR 3,608 thousand in 2021).

II. Negative:

- There are no negative adjustments in 2022 and 2021 arising in previous year.

In 2022, the main deductions correspond to that of international double taxation, referring to taxes paid abroad for various services amounting to EUR 14 thousand, deduction for donations to non-profit entities for EUR 56 thousand.

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

In 2022, the amount payable by the Company, for the negative amount of EUR 4,098 thousand (2021: the amount payable of EUR 1,197 thousand) is recorded under 'Deferred Tax Assets'.

In 2021, current tax assets, reflected under "Trade and other receivables", amounting to EUR 8,085 thousand, correspond to the net between the Tax Group payments on account of Corporate Income Tax for 2021 of EUR 350 thousand and the reimbursement of Corporate Income Tax from previous years of EUR 7,736 thousand, because, as the parent of the tax group, the Company reflects the entire tax credit of the Tax Group.

In 2022, deferred tax assets reflect the tax credits for the year of the Tax Group in an amount of EUR 9,987 thousand (EUR 5,581 thousand, in 2021).

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

	Thousands of Euros	
	2022	2021
Negative tax base	(7,767)	(5,880)
Deductions and tax credit rights	(7,006)	(5,880)
	(14,773)	(5,880)

Deductions recognised by the Group are as follows:

	Thousands of Euros	
	2022	2021
International double taxation	(4,873)	(3,712)
Innovation Technology (IT)	(1,305)	(1,663)
Donations to Foundations	(826)	(503)
Others	(2)	(2)
	(7,006)	(5,880)

Breakdown of the tax loss carryforwards of the consolidated tax group are as follows:

	Thousands of Euros	
	2022	2021
Breakdown of the tax loss carryforwards of the Consolidated Tax	(31,069)	—
	(31,069)	—

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

	Thousands of Euros	
	2022	2021
Income before tax	(34,292)	67,941
Permanent differences	25,117	(64,584)
Elimination of own shares transactions	825	(8)
Taxable base	(8,350)	3,349
Tax rate	25 %	25 %
Resulting tax payable	(2,088)	837
- Double taxation	(14)	(35)
- Contributions made to Foundations	(56)	(55)
Expense (income) tax on profit	(2,158)	747
- Corporate Tax Provision and other adjustments	1,047	(8,488)
Final expense (income) tax on profit	(1,111)	(7,741)

The corporate income tax expense is as follows:

	Thousands of Euros	
	2022	2021
Current tax	—	(1,197)
Elimination of own shares transactions	206	(2)
Deferred tax from timing differences	1,734	1,946
Corporate Tax Provision and other adjustments	1,047	(8,488)
Credits for Negative Tax Bases and deductions	(4,098)	—
	(1,111)	(7,741)

The item ‘Corporate Tax Provision and other adjustments’ mainly includes accruals for corporate tax, differences in the tax settlement from previous years and withholdings in other countries for various services

Pursuant to tax legislation in force for 2022 and 2021 the Company’s tax loss carryforwards may only be offset up to a maximum of 25% of taxable income prior to offset. For these same periods financial and non-financial goodwill may only be amortised up to one twentieth of its amount per year.

In 2022 and 2021, no corporate restructuring operation was carried out under the neutral tax regime.

b) Deferred taxes

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

Gross movement in deferred tax is as follows:

	Thousands of Euros			
	1 January 2022	Recognised in profit / loss	Other adjustments	31 December 2022
Deferred tax assets				
Stock impairment	1,662	—	—	1,662
Provisions	3,579	(2,043)	166	1,702
Goodwill tax and portfolios	794	(178)	—	616
Credits for deductions	5,880	70	1,056	7,006
PPE amortisation and depreciation	2,358	487	—	2,845
Credits for Negative Tax Bases	—	4,028	3,739	7,767
Others	2,140	-	451	2,591
	16,413	2,364	5,412	24,189

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

	Thousands of Euros			
	1 January 2022	Recognised in profit / loss	Other adjustments	31 December 2022
Deferred tax liabilities				
Goodwill for tax purposes	(13)	—	—	(13)
Elimination of tax group and others	(21,214)	—	4,108	(17,106)
	(21,227)	—	4,108	(17,119)

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

17. Contingencies

a) Contingent liabilities

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

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

	Thousands of Euros	
	2022	2021
Commercial guarantees	144	144
Financial guarantees	25,956	68,778
	26,100	68,922

The financial guarantees of the year 2022 correspond mainly to a guarantee established for a Tax Agency audit, while those established in 2021 corresponded to guarantees for litigation in process.

b) Contingent assets

On 31 December 2022 and 2021 there are no contingent assets.

c) National Commission on Markets and Competition

National Commission on Markets and Competition sanctioning file

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

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

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

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

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

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

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

On 20 February 2015, Prosegur filed an administrative appeal before the CNMC Council against the inspection proceedings of the DC.

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

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

Finally, on 11 September 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 has agreed not to accept the appeal for constitutional protection presented by the Company for not considering it to have the special constitutional significance which, as a condition for its acceptance, the law requires. Whereby in 2020, the possibility of any legal appeals concluded with regard to the Resolution on the Investigation Order.

Prosegur decided to record in 2020 a provision on its best estimate available for an amount of EUR 8,695 thousand.

The date set by the National Court for the vote and decision on the appeal lodged by Prosegur against the ruling issued on 10 November 2016 by the Competition Chamber of the CNMC Council was 30 March 2022.

On 20 June 2022, notification was provided of the ruling given by the National Court upholding the appeal lodged by Prosegur against the ruling issued on 10 November 2016 by the Competition Chamber of the CNMC Council, which imposed a fine for EUR 39,420 thousand, agreeing the annulment of this court ruling for being contrary to the legal system. On 20 September 2022, due to the failure to file an appeal by the CNMC, the judgment handed down by the National Court on 20 June 2022 was declared final.

As a result of the aforementioned legal resolution, in 2022 Prosegur reversed the provision recorded for EUR 8,695 thousand recognised under Other Profit/(Loss) for the same year (Note 14).

18. Commitments

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

At the close of 2022 and 2021, the Company has no purchase and sale commitments in fixed assets, which are not included in the balance sheet.

b) Operating lease commitments

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

	Thousands of Euros			
	2022		2021	
	Buildings	Vehicles	Buildings	Vehicles
Less than 1 year	136	32	135	85
1 to 5 years	556	15	540	43
	692	47	675	128

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

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

19. Other related party transactions

Prosegur is controlled by Gubel, S.L., which was incorporated in Madrid and holds 59.76% of the Company's shares. The remaining 40.24% is held by various shareholders, including AS Inversiones S.L. with 6.03% (Note 13).

a) Group companies, jointly controlled companies and associates

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

Thousands of Euros	2022				
	Financial assets			Financial liabilities	
	Current			Current	
	Credits (Note 11)	Debtors (Note 11)	Other financial assets (Note 11)	Debts (Note 15)	Suppliers (Note 15)
Group companies and associates in Spain					
Prosegur Soluciones Integrales de Seguridad España, S.L.U.	—	4,359	5,025	(40,860)	(396)
Prosegur Gestión de Activos, S.L.U.	—	74	4,062	(5,329)	(21)
Prosegur Global Alarmas, S.L.U.	85	46	1,588	(673)	—
Compañía Ridur, S.A.	—	—	—	(1,197)	—
Formación, Selección y Consultoría, S.A.	—	—	140	(1,248)	(8)
Prosegur Gestión de Activos Internacional, S.L.U.	—	—	8	(333)	—
Prosegur International SIS, S.L.U.	658	41	—	(28)	—
Prosegur USAP International, S.L.U.	18	—	—	(1)	—
Prosegur International Alarmas, S.L.U.	5,723	18	3	(6)	—
Prosegur Soluciones, S.A.U. (*)	—	—	28	—	—
Prosegur Cash International, S.A.U.	—	—	121	—	—
Prosegur Ciberseguridad, S.L.	2,996	23	—	(194)	—
Prosegur Assets Management, S.L.U.	—	—	4	—	—
Prosegur Global SIS, S.L.U.	15,262	11	1,019	(1,222)	—
Prosegur Servicios de Efectivo España, S.L.U.	—	67	3,316	(750)	(12)
Movistar Prosegur Alarmas, S.A.	—	—	—	—	(1)
Prosegur Cash, S.A.	—	647	48,761	(35,964)	—
Prosegur Smart Cash Solutions, S.L.U.	—	—	523	(306)	—
Prosegur AVOS España, S.L.U.	9,957	25	584	(289)	(160)
Juncadella Prosegur Internacional, S.A.	—	—	1,021	—	—
Prosegur International CIT 1, S.L.	—	—	—	(7)	—
Prosegur International CIT 2, S.L.U.	—	—	1	(4)	—
Prosegur Global Alarmas ROW, S.L.U.	—	—	15,573	(51,339)	—
Prosegur Global CIT ROW, S.L.U.	—	2	—	(505)	—
Prosegur Global SIS ROW, S.L.U.	—	122	—	(16,906)	—
ESC Servicios Generales, S.L.U.	—	—	826	(3,951)	(25)
Integrum 2008 S.L.U.	—	—	53	(727)	(7)
Contesta Teleservicios, S.A.U.	336	9	116	(419)	—
Bloggers Brokers, S.L.	—	—	66	(1,015)	—
Contesta Servicios Auxiliares, S.L.	286	—	826	(259)	(299)
Prosegur Colombia 1, S.L.U.	—	—	5	(13)	—
Prosegur Colombia 2, S.L.U.	—	—	5	(13)	—
Prosegur Global Cyber Security, S.L.U.	529	—	—	(37)	—
Segtech Ventures SCR, S.A.U.	6,146	17	72	(21)	—
Prosegur Servicios de Pago EP, S.L.U.	—	—	69	(109)	—
Risk Management Solutions, S.L.U.	761	—	471	(376)	—

Compliofficer, S.L.U.	—	—	—	—	(1)
CASH Centroamerica Dos, S.L.	—	—	—	(89)	—
Prosegur Alpha3 Cashlab	—	—	71	(246)	—
Gelt Tech Cashlabs, S.L.	—	—	—	(29)	—
Prosegur Finance, S.A.	—	—	—	(10)	—
Prosegur ODH, S.L.	656	5	18	(121)	—
CASH Centroamerica UNO, S.L.	—	—	2	(133)	—
CASH Centroamerica Tres, S.L.	—	—	1	(8)	—
Gelt Cash Transfer, S.L.	—	—	31	(126)	—
Netijam Technologies, S.L.	—	—	1,678	(3,126)	(21)
Prosegur Global BSI International, S.L.U.	—	—	1	(1)	—
Tidian Europe, S.L.	—	—	—	(8)	—
Prosegur Custodia de Activos Digitales, S.L.	—	—	56	(32)	—
Prosegur BSI España, S.L.	3	—	1	(11)	—
MiRubi Internet, S.L.	—	—	—	(43)	—
PROSEGUR FOUNDATION	—	—	50	—	—
UTES	—	—	8	—	—
Total Spain	43,416	5,466	86,203	(168,084)	(951)

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

	Thousands of Euros				
	2022				
	Financial assets			Financial liabilities	
	Current			Current	
Credits (Note 11)	Debtors (Note 11)	Other financial assets (Note 11)	Debts (Note 15)	Suppliers (Note 15)	
Subsidiaries abroad					
Prosegur Group in Abu Dhabi	776	—	—	—	—
Prosegur Group in Argentina	—	4,228	82	(10,577)	(102)
Prosegur Group in Australia	—	18	—	—	—
Prosegur Group in Brazil	—	—	327	—	(90)
Prosegur Group in Chile	—	838	24	(117)	(400)
Prosegur Group in France	—	—	3,560	—	—
Prosegur Group in Colombia	502	60	333	(143)	(328)
Prosegur Group in the USA	30,216	280	11	(2)	—
Prosegur Group in Germany	—	150	—	—	—
Prosegur Group in India	—	92	—	(94)	—
Prosegur Group in Luxembourg	—	—	—	(4,033)	—
Prosegur Group in Mexico	—	3	8	(141)	(75)
Prosegur Group in Peru	—	109	39	(32)	(21)
Prosegur Group in Portugal	—	2,832	131	(9)	—
Prosegur Group in the United Kingdom	1,507	—	—	—	—
Prosegur Group in Paraguay	—	33	7	—	(2)
Prosegur Group in Singapore	—	134	27	—	—
Prosegur Group in Uruguay	—	207	12	—	(180)
Total Foreign	33,001	8,984	4,561	(15,148)	(1,198)
Total	76,417	14,450	90,764	(183,232)	(2,149)

Thousands of Euros	2021				
	Financial assets			Financial liabilities	
	Current			Current	
	Credits (Note 11)	Debtors (Note 11)	Other financial assets (Note 11)	Debts (Note 15)	Suppliers (Note 15)
Group companies and associates in Spain					
Prosegur Soluciones Integrales de Seguridad España, S.L.U.	42	759	5,399	(51,067)	(315)
Prosegur Gestión de Activos, S.L.U.	134	538	5,815	(5,070)	(165)
Prosegur Global Alarmas, S.L.U.	3,176	4	673	(1,072)	—
Compañía Ridur, S.A.	—	—	—	(1,200)	—
Formación, Selección y Consultoría, S.A.	—	—	212	(1,204)	(13)
Prosegur Gestión de Activos Internacional, S.L.U.	—	—	3	(332)	—
Prosegur Internacional SIS, S.L.U.	10,395	50	—	(27)	—
Prosegur USAP Internacional, S.L.U.	17	—	—	(1)	—
Prosegur Internacional Alarmas, S.L.U.	2,285	2	2	(6)	—
Prosegur Soluciones, S.A.U. (*)	8	3	10	(59)	—
MIV Gestión, S.A.	—	—	51	—	—
Prosegur Ciberseguridad, S.L.	2,996	33	—	(2)	—
Prosegur Assets Management, S.L.U.	—	—	115	(42,876)	—
Prosegur Global SIS, S.L.U.	12,555	85	687	(981)	(99)
Prosegur Servicios de Efectivo España, S.L.U.	—	2	1,751	(54)	(15)
Movistar Prosegur Alarmas, S.A. (**)	—	2	159	—	—
Prosegur Global CIT, S.L.U.	—	—	300	(3,175)	—
Prosegur Cash, S.A.	—	2,207	30,817	(25,497)	(1)
Prosegur Berlín, S.L.U.	—	—	306	(306)	—
Prosegur BPO España, S.L.U.	3,919	457	332	(289)	—
Armor Acquisition, S.A.	—	—	594	(21)	—
Juncadella Prosegur Internacional, S.A.	—	—	549	—	—
Prosegur Internacional CIT 1, S.L.	—	—	11	—	—
Prosegur Internacional CIT 2, S.L.U.	—	—	—	(3)	—
Prosegur Global Alarmas ROW, S.L.U.	14,484	7	15,420	(16,066)	—
Prosegur Global CIT ROW, S.L.U.	—	—	—	(348)	—
Prosegur Global SIS ROW, S.L.U.	15,607	32	910	(484)	—
ESC Servicios Generales, S.L.U.	—	—	477	(3,034)	(21)
Integrum 2008 S.L.U.	—	—	17	(606)	(3)
Contesta Teleservicios, S.A.U.	2,731	6	106	(182)	—
Bloggers Brokers, S.L.	—	—	2	(159)	(2)
Contesta Servicios Auxiliares, S.L.	—	—	537	(807)	(5)
Prosegur Colombia 1, S.L.U.	—	—	3	(16)	—
Prosegur Colombia 2, S.L.U.	—	—	3	(16)	—
Prosegur Global Cyber Security, S.L.U.	—	—	3,400	(976)	(17)
Segtech Ventures SCR, S.A.U.	13	7	88	(2,023)	—
Prosegur Servicios de Pago	—	—	42	(102)	—
Risk Management Solutions, S.L.U.	—	28	343	(1,268)	(11)
Compliofficer, S.L.U.	—	6	43	(44)	(1)
Work 4 Data Lab, S.L.	—	—	140	(142)	(3)
Prosegur Alpha3 Cashlab	—	—	44	(251)	—
Prosegur Finance, S.A.	—	—	—	(10)	—
Prosegur ODH, S.L.	438	3	11	(133)	—
CASH Centroamerica UNO, S.L.	—	—	41	(2)	—
CASH Centroamerica Tres, S.L.	—	—	—	(2)	—

Gelt Cash Transfer, S.L.	—	—	19	(127)	—
Netijam Technologies, S.L.	—	—	1,553	(968)	(6)
Prosegur Global BSI Int	4	—	1	(2)	—
Tapia Seguridad, S.L.	1,771	4	142	(4)	—
Prosegur Custodia de Activos Digitales, S.L.	—	—	20	(143)	—
Prosegur BSI España, S.L.	—	—	1	(14)	—
MiRubi Internet, S.L.	—	—	—	(7)	—
UTES	—	—	370	(362)	—
Total Spain	70,575	4,235	71,519	(161,540)	(677)

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

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

	2022	
	Financial assets	Financial liabilities
	Non-current	Non-current
	Credits (Note 11)	Debts (Note 15)
Thousands of Euros		
Subsidiaries abroad		
Prosegur Group in Portugal	—	9,000
Total Foreign	—	9,000
Total	—	9,000
	2021	
	Financial assets	
	Non-current	
	Credits (Note 11)	
Thousands of Euros		
Group companies and associates in Spain		
Prosegur Soluciones Integrales de Seguridad España, S.L.U.	48	
Prosegur Gestión de Activos, S.L.U.	152	
Prosegur Global Alarmas, S.L.U.	57	
Prosegur Soluciones, S.A.U. (*)	9	
Prosegur Global SIS, S.L.U.	65	
Segtech Ventures SCR, S.A.U	15	
Total Spain	346	
Subsidiaries abroad		
Prosegur Group in Brazil	7	
Prosegur Group in Chile	3	
Prosegur Group in Colombia	26	
Prosegur Group in Paraguay	9	
Prosegur Group in Peru	12	
Prosegur Group in Portugal	57	
Prosegur Group in Singapore	8	
Prosegur Group in Uruguay	15	
Total Foreign	137	
Total	483	

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

Financial assets - the current loans correspond, on the one hand, to short-term loans delivered to Group companies within the framework of the centralised treasury management. These are denominated in EUR, accruing annual interest of 0.75% in Spain. We also found short-term loans granted mainly to subsidiaries in Abu Dhabi and in Argentina in EUR, accruing annual interest 3.75 % in Abu Dhabi, 4.75 % in Argentina and 0.5% in Spain (2021: 0.75% in Spain, 3.75% in Abu Dhabi, and 0.5% in Argentina). Interest accrued amounted to EUR 657 thousand in 2022 (EUR 657 thousand in 2021).

Financial liabilities - the debts correspond, on the one hand, to short-term loans received from Group companies within the framework of the centralised treasury management. They are denominated

mainly in euros, accruing annual interest of 0.75% in Spain, 0.75% in Portugal. We also found short-term loans granted to the Company mainly by subsidiaries in Luxembourg, denominated in EUR and accruing annual interest of 0.75% (0.5% in Spain, 0.5% in Portugal, and 0.75% in Luxembourg in 2021). Interest accrued amounted to EUR 813 thousand in 2022 (EUR 813 thousand in 2021).

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

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

	Thousands of Euros					
	2022			2021		
	Other payments/receipts	Corporate Income Tax	Receivable / (payable)	Other payments/receipts	Corporate Income Tax	Receivable / (payable)
Prosegur Global CIT, S.L.U.	—	—	—	—	(2,875)	(2,875)
Prosegur Global CIT ROW, S.L.U.	—	(505)	(505)	—	(348)	(348)
JUNCADELLA Prosegur INT., S.A.	—	1,021	1,021	—	549	549
Prosegur Gestión de Activos, S.L.U.	295	347	643	351	1,192	1,543
Prosegur Servicios de Efectivo España,	(750)	3,316	2,566	—	1,696	1,696
Prosegur International SIS, S.L.U.	—	(28)	(28)	—	(27)	(27)
Prosegur Soluciones, S.A. (*)	28	—	28	(48)	—	(48)
ARMOR ACQUISITION, S.A.	—	—	—	—	573	573
Prosegur International Alarmas, S.L.U.	—	(2)	(2)	—	(3)	(3)
Prosegur Global Alarmas ROW, S.L.	—	153	153	(5)	(641)	(646)
Formación, Selección y Consultoría	—	141	141	1	211	212
Prosegur Global SIS, S.L.U.	313	(516)	(203)	(7)	(286)	(293)
Prosegur SIS España, S.L.U.	98	2,234	2,332	(65)	2,884	2,819
ESC Servicios Generales, S.L.U.	—	55	55	1	(474)	(473)
Prosegur Gestión Activos Int., S.L.U.	—	1	1	—	(18)	(18)
Prosegur USAP International, S.L.U.	—	—	—	—	(1)	(1)
Transportadora de Caudales	37	—	37	37	—	37
Prosegur Smart Cash Solutions, S.L.U.	—	218	218	—	—	—
Prosegur International CIT 1, S.L.U.	—	(7)	(7)	—	10	10
Prosegur International CIT 2, S.L.U.	—	(3)	(3)	—	(3)	(3)
Prosegur Global SIS ROW, S.L.U.	—	(180)	(180)	891	(465)	426
Prosegur Global Alarmas, S.L.U.	126	790	915	—	(400)	(400)
Compañía Ridur, S.A.	—	(4)	(4)	(9)	(6)	(15)
Prosegur Ciberseguridad, S.L.	—	(194)	(194)	(2)	—	(2)
Prosegur Assets Management, S.L.U.	—	4	4	(299)	72	(227)
Prosegur Cash, S.A.	10	(19,024)	(19,013)	—	(10,671)	(10,671)
Prosegur Cash International, S.A.U.	—	121	121	—	51	51
Prosegur SIS USA Inc.	—	—	—	(2)	—	(2)
Prosegur Technology International	—	—	—	11	—	11
Xiden SACI	27	—	27	27	—	27
Prosegur Tecnología Argentina	—	—	—	(2)	—	(2)
General Industries Argentina	—	—	—	(8)	—	(8)
Prosegur Holding, S.A.	6	—	6	6	—	6
Prosegur Inversiones, S.A.	(1)	—	(1)	(1)	—	(1)
Prosegur Argentina, S.A.	2	—	2	2	—	2
Prosegur Seguridad, S.A.	(2)	—	(2)	(2)	—	(2)
Gelt Cash Transfer, S.L.U.	—	(94)	(94)	—	(107)	(107)
Prosegur Tecnología	—	—	—	(143)	—	(143)
Segurpro Vigilancia Patrimonial S.A.	5	—	5	—	—	—

Aeroseg Brasil Desenvolvimento e Operações de Veículos não Tripulados LTDA	322	—	322	—	—	—
Compañía de Seguridad Peru	—	—	—	(187)	—	(187)
Proseguridad, S.A.	(1)	—	(1)	20	—	20
Prosegur Cajeros, S.A.	(2)	—	(2)	(2)	—	(2)
Prosegur Tecnología Peru	—	—	—	2	—	2
Orus, S.A.	—	—	—	14	—	14
Prosegur Activa Peru	9	—	9	7	—	7
Segtech Ventures, S.A.U.	45	6	51	(67)	(98)	(165)
SingPai India Private	(94)	—	(94)	(32)	—	(32)
Occupational Skills building	(1)	—	(1)	(1)	—	(1)
Servicios de Seguridad	(114)	—	(114)	(116)	—	(116)
Empresa de Transportes Cia de Seguridad Chile	15	—	15	15	—	15
Prosegur Gestión de Activos Chile Ltda.	—	—	—	67	—	67
Prosegur Chile	7	—	7	7	—	7
Esta Service SAS	3,560	—	3,560	3,551	—	3,551
Prosegur Seguridad Privada	6	—	6	6	—	6
Prosegur Consultoria	(141)	—	(141)	(141)	—	(141)
Prosegur Custodias	2	—	2	2	—	2
Tidian	—	(8)	(8)	—	—	—
Integrum 2008	—	25	25	—	(11)	(11)
Bloggers Brokers	—	66	66	—	(37)	(37)
Contesta TeleServicios	—	(303)	(303)	—	(76)	(76)
Tapia Seguridad S.L.U	—	—	—	—	138	138
Prosegur Global Cyber Security, S.L.U.	—	(37)	(37)	3,400	—	3,400
Contesta Servicios Auxiliares	—	568	568	—	279	279
Prosegur AVOS	—	295	295	—	43	43
Prosegur Colombia 2	—	(9)	(9)	—	(13)	(13)
Prosegur Colombia 1, S.L.U.	—	(9)	(9)	—	(13)	(13)
Prosegur Servicios de Pago	—	(40)	(40)	—	(60)	(60)
Risk Management Solutions, S.L.U.	(164)	259	95	—	153	153
Compliofficer, S.L.U.	—	—	—	—	(1)	(1)
Work4Data Lab, S.L.	—	—	—	—	(2)	(2)
Prosegur ODH, S.L.	—	(103)	(103)	—	—	—
Prosegur Alpha3 Cashlab	—	(175)	(175)	—	(121)	(121)
Prosegur Finance, S.A.	—	—	—	—	(207)	(207)
CASH Centroamerica Uno, S.L.	—	(132)	(132)	—	(1)	(1)
CASH Centroamerica Tres, S.L.	—	(7)	(7)	—	39	39
Netijam Technologies, S.L.	—	1,072	1,072	—	(1)	(1)
Prosegur Global BSI Int	—	—	—	—	948	948
Prosegur Custodia de Activos Digitales, S.L.	—	24	24	—	(1)	(1)
Prosegur BSI España, S.L.	—	—	—	—	(123)	(123)
MiRubi Internet S.L.U	—	(43)	(43)	—	—	—
Compañía Transportadora de Valores Prosegur de Colombia. S.A.	129	—	129	—	(7)	(7)
Inversiones BIV S.A.S.	—	—	—	129	—	129
Prosegur Vigilancia y Seguridad Privada Ltda	40	—	40	143	—	143
Prosegur Tecnología SAS	2	—	2	40	—	40
Servimax Servicios Generales. SAS	2	—	2	2	—	2
Prosegur Sistemas Electronicos SAS	1	—	1	2	—	2
Prosegur Seguridad Electronica SAS	15	—	15	1	—	1
CASH Centroamerica Dos, S.L.	—	(89)	(89)	—	—	—
Prosegur Alarmes Dissuasão Portugal Unipessoal, Ltda.	131	—	131	—	—	—

Gelt Tech Cashlabs, S.L.	—	(29)	(29)	—	—	—
Others	106	—	105	1	—	1
Total	4,069	(10,825)	(6,756)	7,597	(8,259)	(662)

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

	Thousands of Euros				
	2022				
	Income			Expense	
Services provided and other income	Interest (Note 3)	Dividends (Note 3)	Services rendered	Interest (Note 4)	
Prosegur Soluciones Integrales de Seguridad España, S.L.U.	2,853	4	—	(267)	(354)
Prosecur Gestión de Activos, S.L.U.	(68)	67	—	(562)	—
Prosecur Global Alarmas, S.L.U.	—	45	—	—	—
Compañía Ridur, S.A.	—	—	—	—	(9)
Formación, Selección y Consultoría, S.A.	—	—	—	—	(8)
Prosecur Gestión de Activos International, S.L.U.	2	35	—	—	(2)
Prosecur International Alarmas, S.L.U.	—	21	—	—	—
Prosegur Soluciones, S.A.U.	—	—	—	(6)	—
Prosecur Ciberseguridad, S.L.	8	23	—	—	—
Prosecur Assets Management, S.L.U.	—	—	6,889	(2)	(84)
Prosecur Global SIS, S.L.U.	(75)	68	—	—	—
Prosecur Servicios de Efectivo España, S.L.U.	116	—	—	(833)	—
Prosecur Cash, S.A.	22,496	—	33,142	(3)	—
Prosecur Avos España, S.L.U.	(117)	27	—	—	—
Prosecur Global Alarmas ROW, S.L.U.	—	—	—	—	(39)
Prosecur Global SIS ROW, S.L.U.	—	107	—	—	—
ESC Servicios Generales, S.L.U.	—	—	—	(2)	(26)
Contesta Teleservicios, S.A.U.	—	9	—	(109)	—
Integrum 2008 S.L.U.	—	—	—	—	(4)
Bloggers Brokers, S.L.	—	—	—	—	(4)
Contesta Servicios Auxiliares, S.L.	—	—	—	—	(594)
Prosecur Global Cyber Security, S.L.U.	—	5	—	—	1
Seqtech Ventures, S.A.	—	21	—	(14)	1
Risk Management Solutions, S.L.U.	—	8	—	(3)	1
Prosecur Global CIT ROW, S.L.U.	—	—	—	(1)	—
Work 4 Data Lab, S.L.	—	—	—	—	1
Prosecur ODH, S.L.	—	5	—	—	—
Netijam Technologies, S.L.	—	—	—	—	(17)
Tapia Seguridad, S.L.	—	—	—	—	—
Prosecur Foundation	—	—	—	(1)	—
Movistar Prosegur Alarmas, S.A.	2,640	—	11,784	(8)	—
Prosecur Group in Abu Dhabi	—	23	—	—	—
Prosecur Group in Mexico	—	3	—	—	—
Prosecur Group in Argentina	1,889	—	7	—	(14)
Prosecur Group in the United Kingdom	—	26	—	—	—
Prosecur Group in Brazil	(306)	—	—	(78)	—
Prosecur Group in Peru	(86)	—	—	(102)	—
Prosecur Group in Chile	(10)	—	—	—	—
Prosecur Group in Luxembourg	—	—	—	—	(37)
Prosecur Group in Portugal	1,682	—	—	—	(16)
Prosecur Group in Colombia	(95)	19	—	—	—
Prosecur Group in Uruguay	172	—	—	—	—
Prosecur Group in Paraguay	13	—	—	—	—
Prosecur Group in Singapore	134	—	—	—	—
Prosecur Group in Germany	—	—	—	(150)	—
Prosecur Group in the USA	—	516	—	—	—
Total	31,248	1,032	51,822	(2,141)	(1,204)

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

Within the services provided and other income, the most significant are EUR 29,662 thousand (EUR 19,192 thousand in 2021) invoiced for trademark assignment. In this sense, Prosegur Compañía de Seguridad, S.A., owner of the “Prosegur” brand, concedes its brand to the rest of the Group companies and invoices them based on the utility that it reports to the different lessee entities. The Company policy follows the OECD Guidelines on Transfer Pricing.

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

b) Other related parties

Procurement of goods and services

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

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

a) Remuneration of members of the Board of Directors

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

	Thousands of Euros	
	2022	2021
Fixed remuneration	1,936	1,804
Variable remuneration	308	247
Remuneration for membership of the Board and Committee	—	168
Board per diems (attendance)	222	235
Life insurance premiums	100	87
Total	2,566	2,541

b) Remuneration of Senior Management personnel

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

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

	Thousands of Euros	
	2022	2021
Fixed remuneration	985	953
Variable remuneration	470	455
Life insurance premiums and other remunerations in kind	8	9
Total	1,463	1,417

These amounts reflect the provisions for the accrued incentive, payable in cash, corresponding to the 2018-2023 Plan, the 2021-2023 Plan and the Withholding Plan (Notes 3 and 25.9).

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

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

As required by articles 228, 229 and 230 of the Revised Text of the Spanish Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July 2010 and amended by Act 31/2014 concerning improvements to corporate governance, the members of the Board of Directors declare that they have not been involved in any direct or indirect conflicts of interest with the company in 2022.

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. On 31 December 2022, fees totalled EUR 463 thousand (EUR 189 thousand at 31 December 2021).

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

21. Employee Information

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

	<u>2022</u>	<u>2021</u>
Indirect personnel	40	33
Operations personnel	1	1
Total	<u>41</u>	<u>34</u>

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

	<u>2022</u>		<u>2021</u>	
	<u>Women</u>	<u>Men</u>	<u>Women</u>	<u>Men</u>
Indirect personnel	16	24	14	25
Operations personnel	—	1	—	1
Total	<u>16</u>	<u>25</u>	<u>14</u>	<u>26</u>

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

	<u>2022</u>		<u>2021</u>	
	<u>Women</u>	<u>Men</u>	<u>Women</u>	<u>Men</u>
Directors	2	7	2	7
Senior Management	1	4	—	4
Total	<u>3</u>	<u>11</u>	<u>2</u>	<u>11</u>

There is a disabled employee in 2022 (0 disabled employees during 2021).

22. Audit Fees

In 2022 and 2021 Ernst & Young, S.L., the auditors of the Annual Accounts of the Company, invoiced the following fees and expenses for professional services:

	Thousands of Euros	
	<u>2022</u>	<u>2021</u>
Audit	250	229
Other audit-related services	107	35
Other services	19	—
Total	<u>376</u>	<u>264</u>

Audit services detailed in the above table include the total fees for services rendered in 2022 and 2021, irrespective of the date of invoice. Other audit-related services rendered in 2022 and 2021 correspond mainly to reports on procedures rendered by Ernst & Young, S.L. to the Company.

23. Financial risk management

Financial risk factors

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

(i) Currency risk

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

Management has a currency risk management policy to control the risk arising from the exchange of foreign currencies to its functional currency to minimise the Company's exposure. Currency risk arises when future transactions or recognised assets and liabilities are presented in a currency other than the parent's functional currency.

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

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

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

	Thousands of Euros			
	2022		2021	
	Assets	Liabilities	Assets	Liabilities
Euros	285,886	1,648,646	314,198	1,006,639
Argentine Peso	37	7	—	1,235.6
US Dollar	30,257	19,425	827	186
Peruvian Sol	—	32	—	35
Australian Dollar	—	—	68	—
Brazilian Real	—	—	—	399
Chilean Peso	370	8,830	—	513
Colombian Peso	—	1,389	—	5
Singapore Dollar	—	—	—	613
Pound Sterling	120	—	—	—
Total	316,670	1,678,329	315,093	1,009,626

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

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

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

In 2022 and 2021, the Company's borrowings at floating interest rates were basically denominated in euros.

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

The following are details of debt for debentures and other negotiable securities, bank loans and borrowings and debts with group companies, either at a fixed rate or using derivatives:

	Thousands of Euros		
	2022		
	Total debt	Hedged debt	Debt exposure
Non-current (Note 15)	679,642	679,642	—
Current (Note 15)	754,566	624,176	—
Total debt	1,434,208	1,303,818	—

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

(iii) Credit risk

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

(iv) Liquidity risk

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

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

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

	Thousands of Euros				
	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
31 December 2022	—	754,566	679,642	—	1,434,208
31 December 2021	—	58,482	706,612	—	765,094

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

(v) Price volatility risk

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

24. Events after the reporting date

On 8 February 2023, Prosegur Compañía de Seguridad proceeded to cancel and repay the uncovered bonds for the principal amount of EUR 700,000 thousand, whose maturity was on that same date (Note 15).

25. Accounting principles

These Annual Accounts have been prepared using the same accounting principles as used by the Prosegur Group to prepare the Annual Accounts for the previous year.

25.1. Intangible assets

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

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

a) Computer software

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

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

Computer software maintenance costs are charged as expenses when incurred.

b) Licences

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

c) Trademarks

Trademarks are initially recognised at their cost of purchase and are presented at historical cost. They have defined useful lives and are recognised at cost less amortisation and accumulated impairment losses. Trademarks are amortised on a straight-line basis to allocate the cost over their estimated useful lives (between 1,6 and 30 years), and the amortisation of the Prosegur brand is in 10 years (Note 6).

25.2. Property, plant and equipment

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

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

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

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

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

The Company uses the following depreciation rates:

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

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

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

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

25.3. Impairment losses on non-financial assets

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

25.4. Financial assets

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

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

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

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

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

a) Financial assets at fair value through profit and loss

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

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

b) Financial assets at amortised cost

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

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

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

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

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

- a) Loans for commercial operations: financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business with deferred payment, and
- b) Loans for non-commercial operations: financial assets which, while not being of commercial origin, are not equity instruments or derivatives, have fixed or determinable payments and arise from loan or credit facilities granted by the company.

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

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

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

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

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

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

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

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

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

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

c) Financial assets at fair value with changes in equity

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

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

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

However, any impairment loss adjustments and any losses and gains resulting from exchange differences on monetary financial assets expressed in foreign currency, in accordance with the regulations on this latter case, are taken to the income statement.

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

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

d) Financial assets at cost

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

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

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

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

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

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

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

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

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

a) Disposals of financial assets

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

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

b) Offsetting principles

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

25.5. Cash and cash equivalents

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

25.6. Equity

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

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

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

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

25.7. Financial liabilities

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

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

a. Financial liabilities at amortised cost

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

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

a) Payables from commercial operations are financial liabilities arising from the purchase of goods and services in the ordinary course of the Company's business with deferred payment, and

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

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

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

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

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

b. Financial liabilities at fair value through profit or loss

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

a) They are liabilities held for trading.

b) Upon initial recognition, they were designated by the entity as at fair value through profit or loss.

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

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

c. Derecognition of financial liabilities

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

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

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

d. Own equity instruments

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

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

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

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

e. Guarantee bonds given and received

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

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

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

25.8. Current and deferred taxes

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

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

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

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

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

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

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

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

25.9. Employee benefits

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

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

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

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

Compensation based on Prosegur shares for the Retention Plan

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

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

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

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

During 2022 the total impact of incentives on the income statement was a greater expense of EUR 3,109 thousand.

b) Termination benefits

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

c) Profit-sharing plans and bonuses

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

d) Management remuneration

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

25.10. Provisions and Contingent Liabilities

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

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

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

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

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

25.11. Business combinations

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

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

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

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

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

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

25.12. Revenue recognition

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

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

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

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

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

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

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

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

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

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

Control over the goods or services (assets) refers to the capacity of having full decision over the use of those assets and to substantially obtain all of its remaining benefits.

Control includes the capacity to prevent other entities from deciding on the use of the asset and obtaining its benefits.

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

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

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

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

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

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

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

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

a) Provision of services

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

b) Interest received

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

c) Dividend received

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

25.13. Leases

a) Operating leases - lessee

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

25.14. Foreign currency transactions

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

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

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

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

25.15. Related party transactions

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

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

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

Appendix I – Investments in Group companies

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

Obs.	Name	Registered office	Asset	2022		2022		Auditor	Quotation price at close	Average 4Q quotation	
				Shareholding		Voting rights					
				Dir. %	Ind. %	Dir. %	Ind. %				
*	Prosecur Gestión de Activos, S.L.U.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	A	—	—
*	Prosecur Global Alarmas, S.L.U.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	A	—	—
	Compañía Ridur 2016, S.A.U.	C/ Pajaritos, 24	Madrid	7	100%	—%	100%	—%	B	—	—
**	Prosecur Assets Management, S.L.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	A	—	—
*	Prosecur Global SIS, S.L.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	A	—	—
*	Prosecur Cash, S.A.	C/ Santa Sabina, 8	Madrid	5	79%	21%	79%	21%	A	0.60	0.61
*	Prosecur Global Alarmas ROW, S.L.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	B	—	—
*	Prosecur Global SIS ROW, S.L.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	A	—	—
*	Prosecur Global Cyber Security, S.L.U.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	B	—	—
	Prosecur Global BSI International, S.L.	C/ Pajaritos, 24	Madrid	2	100%	—%	100%	—%	B	—	—
	Prosecur Avos España, S.L.U.	C/ Pajaritos, 24	Madrid	2	100%	—%	100%	—%	A	—	—
	Tidian Europe S.L.	C/ Pajaritos, 24	Madrid	2	50%	—%	50%	—%	A	—	—
	Prosecur Finance, S.A.	C/ Pajaritos, 24	Madrid	2	100%	—%	100%	—%	B	—	—
	Prosecur ODH, S.L.	C/ Pajaritos, 24	Madrid	2	100%	—%	100%	—%	B	—	—
	Rosegur Holding Corporation, S.L.	C/ Pajaritos, 24	Madrid	5	50%	50%	50%	50%	B	—	—
	Segtech Ventures SCR, S.A.U.	C/ Pajaritos, 24	Madrid	6	100%	—%	100%	—%	A	—	—
	Prosecur Holding, S.A.	Tres Arroyos 2835	Ciudad de Buenos Aires	5	9%	91%	9%	91%	A	—	—
	Prosecur Inversiones, S.A.	Tres Arroyos 2835	Ciudad de Buenos Aires	5	9%	91%	9%	91%	A	—	—
	Prosecur Tecnologia Chile, Ltda.	Avenida del Condor #720 301	Huechuraba - Santiago de Chile -	1	—%	—%	—%	—%	B	—	—
	Prosecur Gestão de Activos, Ltda.	Thomas Edison 813 Barra Funda	São Paulo	7	—%	100%	—%	100%	B	—	—
	Prosecur Tecnologia Peru, S.A.	La Chira, 103 Surco	Lima	1	100%	—%	100%	—%	B	—	—

Prosegur Activa Perú, S.A.	Avda. República de Panamá, 3890-Surquillo	Lima	3	—%	100%	—%	100%	B	—	—
Prosegur Technological Security Solutions LLC	Al Falah Street-211	Abu Dhabi	1	49%	51%	49%	51%	B	—	—
Cipher, S.A.	Praça Quinze de Novembro, nº 20	Rio de Janeiro - Brazil	1	100%	—%	100%	—%	B	—	—
Prosegur Consumer Finance Perú S.A.C.	Avda. República de Panamá, 3890-Surquillo	Lima	6	90%	—%	90%	—%	B	—	—
Prosegur Ciberseguridad Uruguay, S.A.	Guarani 1531	Montevideo	1	100%	—%	100%	—%	B	—	—
Cipher Security Limited	45 Pall Mall, St James's, SW1Y 5JG, London	UK	1	100%	—%	100%	—%	B	—	—
Soluciones en Negocios SpA	Nueva York 33 piso 10, comuna de Santiago, Región Metropolitana,	Chile	2	100%	—%	100%	—%	B	—	—
Solu4B Software Company SpA	Nueva York 33 piso 10, comuna de Santiago, Región Metropolitana, República de Chile	Chile	2	100%	—%	100%	—%	B	—	—
Soluciones en Tecnología de la Información SpA	Nueva York 33 piso 10, comuna de Santiago, Región Metropolitana, República de Chile	Chile	2	20%	80%	20%	80%	B	—	—
Cipher USA	1111 Brickell Avenue, Miami, Florida 33131 - USA	USA	2	16%	84%	16%	84%	B	—	—
Aeroseg Brasil Desenvolvimento e Operações de Veículos não Tripulados LTDA	Av. Ermano marchetti, nº 1435, andar 6 sala 2, Lapa	Brazil	2	50%	50%	50%	50%	B	—	—
Prosegur BSI Canada Limited	700 - 401 WEST GEORGIA STREET	VANCOUVER - CANADA	2	77%	23%	77%	23%	B	—	—
Pitco Asia Pacific Ltd.	Harbour City, 21 Canton Road, Tsimshatsui	Hong Kong	9	100%	—%	100%	—%	B	—	—
Prosegur Security UK Limited	710 Avenue West, Skyline 120, Great Notley	UK	1	100%	—%	100%	—%	B	—	—
Rosegur Cash Services, S.A.	Popa Lazar street no. 5-25, 1st floor, sector 2	Bucharest, Romania		51%	—%	51%	—%	B	—	—

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

Obs (**): Company wound up in 2022

Activity: 1. Comprehensive security solutions 2. Logistics 3. Alarms 4. Two or more activities 5. Holding company 6. Financial services 7. Ancillary services 8: Inactive 9: Surveillance

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

Obs.	Name	Registered office	Asset	2021					
				Shareholding		Voting rights		Auditor	
				Dir. %	Ind. %	Dir. %	Ind. %		
*	Prosegur Gestión de Activos, S.L.U.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	A
*	Prosegur Global Alarmas, S.L.U.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	A
	Compañía Ridur S.A.	C/ Pajaritos, 24	Madrid	7	100%	—%	100%	—%	B
*	Prosegur Assets Management, S.L.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	A
*	Prosegur Global SIS, S.L.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	A
*	Prosegur Cash, S.A.	C/ Santa Sabina, 8	Madrid	5	57.3%	43%	57.3%	43%	A
*	Prosegur Global Alarmas ROW, S.L.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	B
*	Prosegur Global SIS ROW, S.L.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	A
*	Prosegur Global Cyber Security, S.L.U.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	B
	Prosegur Global BSI Int	C/ Pajaritos, 24	Madrid		100%	—%	100%	—%	B
	Prosegur Avos España, S.L.U.	C/ Pajaritos, 24	Madrid	2	100%	0%	100%	0%	A
	Tidian Europe S.L.	C/ Pajaritos, 24	Madrid	2	50%	0%	50%	0%	A
	Prosegur Finance, S.A.	C/ Pajaritos, 24	Madrid	2	100%	0%	100%	0%	B
	Prosegur Holding, S.A.	Tres Arroyos 2835	Ciudad de Buenos Aires	5	9%	91%	9%	91%	A
	Prosegur Inversiones, S.A.	Tres Arroyos 2835	Ciudad de Buenos Aires	5	9%	91%	9%	91%	A
	Prosegur Tecnologia Chile, Ltda.	Avda. Loboza 8395, Mod. 3	Pudahuel-Santiago	1	0%	100%	0%	100%	B
	Prosegur Gestão de Activos, Ltda.	Thomas Edison 813 Barra Funda	São Paulo	7	0%	99.99%	0%	99.99%	B
	Prosegur Tecnologia Peru, S.A.	La Chira, 103 Surco	Lima	1	100%	—%	100%	—%	B
	Prosegur Activa Perú, S.A.	Avda. República de Panamá, 3890-Surquillo	Lima	3	0%	100%	0%	100%	B
	Prosegur Technological Security Solutions LLC	Al Falah Street-211	Abu Dhabi	1	49%	—%	49%	—%	B
	Cipher, S.A.	Rua Alexandre Dumas, 1658	São Paulo	1	100%	—%	100%	—%	B
	Prosegur Consumer Finance Perú S.A.C.	Avda. República de Panamá, 3890-Surquillo	Lima	6	90%	—%	90%	—%	B
	Prosegur Ciberseguridad Uruguay, S.A.	Guarani 1531	Montevideo	1	100%	—%	100%	—%	B
	Cipher Security Limited	45 Pall Mall, St James's, SW1Y 5JG, London	UK	1	100%	—%	100%	—%	B

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

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

Obs: ()**: Companies under dissolution

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

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

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

		2022							
		NET EQUITY				Profit/(Loss) for the Year	Total	Operating profit/(loss)	Dividends Received
Name	Country	Carrying amount	Share capital	Reserves	Other items				
Companies in Spain:									
Prosegur Gestión de Activos, S.L.U.	Spain	286,515	29,953	9,954	256,573	4,973	301,453	(2,097)	—
Prosegur Global Alarmas, S.L.U.	Spain	204,585	2,000	400	158,469	1,729	162,598	345	—
Compañía Ridur 2016, S.A.U.	Spain	49,873	881	228	51	3	1,163	4	—
Prosegur Assets Management, S.L.	Spain	—	—	—	—	—	—	—	6,889
Prosegur Global SIS, S.L.U.	Spain	317,360	3	—	356,525	(300)	356,228	1,233	—
Prosegur Cash, S.A.	Spain	131,595	30,459	292,958	7,578	(10,827)	320,168	(44,554)	31,811
Prosegur Avos España, S.L.U.	Spain	62,257	3	1,273	44,488	1,795	47,559	(2,485)	—
Prosegur Global Alarmas ROW, S.L.U.	Spain	92,065	3	10,909	63,206	7,999	82,117	(533)	—
Prosegur Global SIS ROW, S.L.U.	Spain	386,443	3	—	334,321	10,399	344,723	179	—
Prosegur Global Cyber Security, S.L.U.	Spain	9,990	3	5,750	3,564	(89)	9,228	130	—
Prosegur Finance, S.A.	Spain	13	3	—	7	—	10	—	—
Prosegur ODH, S.L.	Spain	—	3	—	599	(249)	353	325	—
Prosegur Global BSI International, S.L.	Spain	13	3	—	6	—	9	—	—
Segtech Ventures, S.A.U.	Spain	10,450	1,200	404	9,533	(421)	10,716	744	—

Tidian Europe S.L.	Spain	575	3	—	553	—	556	—	—
Subsidiaries abroad:									
Prosegur Holding, S.A.	Argentina	1,707	5,682	36,031	11,590	1,263	54,566	(13)	7
Prosegur Inversiones, S.A.	Argentina	190	639	3,860	1,250	154	5,903	(11)	—
Prosegur Gestão de Activos, Ltda.	Brazil	—	17,852	2,807	6,745	1,968	29,372	1,982	—
Prosegur Tecnología Peru, S.A.	Peru	549	2,297	49	(1,570)	52	828	265	—
Prosegur Activa Perú, S.A.	Peru	102	19,437	2,795	(14,507)	(463)	7,262	(554)	—
Prosegur Technological Security Solutions LLC	Arab Emirates	10	64	—	(799)	(3)	(738)	(29)	—
Cipher S.A.	Brazil	17,922	3,475	520	(3,513)	713	1,195	(57)	—
Prosegur Consumer Finance Perú, SAC	Peru	85	99	—	(7)	2	94	1	—
Prosegur Ciberseguridad Uruguay, S.A.	Uruguay	23	21	—	(10)	(9)	2	(10)	—
Cipher Security Limited	UK	9,795	2,436	—	(2,444)	(94)	(102)	(102)	—
Soluciones en Negocios SpA	Chile	8,661	1,702	(397)	(3,656)	(249)	(2,600)	(17)	—
Solu4B Software Company SpA	Chile	1,071	164	—	(1,215)	126	(925)	189	—
Soluciones en Tecnología de la Información SpA	Chile	365	63	3	1,556	569	2,191	616	—
Cipher USA	USA	1,326	3,920	—	(3,704)	(1,747)	(1,531)	(1,646)	—
Aeroseg Brasil Desenvolvimento e Operações de Veículos não Tripulados LTDA	Brazil	283	283	—	—	(9)	274	(9)	—
TOTAL		1,584,323						38,707	

		2021							
		NET EQUITY							
Thousands of Euros		Carrying amount	Share capital	Reserves	Other items	Profit/(Loss) for the Year	Total	Operating profit/(loss)	Dividends Received
Name	Country								
Companies in Spain:									
Prosegur Gestión de Activos, S.L.U.	Spain	272,526	29,953	5,135	242,573	4,819	282,480	3,020	—
Prosegur Global Alarmas, S.L.U.	Spain	194,585	2,000	400	148,942	(473)	150,869	(762)	4,071
Compañía Ridur S.A.	Spain	49,873	881	228	89	(38)	1,160	(53)	—
Prosegur Assets Management, S.L.	Spain	85,565	52,351	10,918	33,214	2,463	98,946	(300)	—
Prosegur Global SIS, S.L.U.	Spain	340,277	3	—	332,218	(66)	332,155	1,926	—
Prosegur Cash, S.A.	Spain	86,884	30,459	270,792	(11,151)	33,600	323,700	(8,936)	15,991
Prosegur Avos España, S.L.U.	Spain	62,257	3	1	38,809	6,951	45,764	1,088	8,100
Prosegur Global Alarmas ROW, S.L.U.	Spain	75,065	3	1	54,733	21,562	76,299	(217)	26,250
Prosegur Global SIS ROW, S.L.U.	Spain	350,443	3	—	298,111	2,599	300,713	(2,046)	—
Prosegur Global Cyber Security, S.L.U.	Spain	9,990	3	5,750	3,738	(174)	9,317	(202)	—
Prosegur Finance, S.A.	Spain	13	3	—	8	(1)	10	(2)	—
Prosegur ODH, S.L.	Spain	1,003	3	—	919	(321)	601	(424)	—
Prosegur Global BSI International, S.L.	Spain	13	3	—	6	—	9	(1)	—
Euroforum Escorial, S.A.	Spain	2,595	22,156	(237)	(5,833)	(922)	15,164	(952)	—
Tidian Europe S.L.	Spain	575	3	—	651	(98)	556	(130)	—
Subsidiaries abroad:									
Prosegur Holding, S.A.	Argentina	1,707	3,251	(3,383)	13,038	305	13,211	(12)	105
Prosegur Inversiones, S.A.	Argentina	190	414	(11)	1,187	35	1,625	(11)	14
Prosegur Tecnología Chile, Ltda.	Chile	—	14,196	(2)	(13,019)	(176)	999	(152)	—
Prosegur Gestão de Activos, Ltda.	Brazil	—	15,953	3,307	6,027	786	26,073	1,265	—
Prosegur Tecnología Peru, S.A.	Peru	7,960	2,065	52	8	(1,427)	698	(1,518)	—
Prosegur Activa Perú, S.A.	Peru	101	15,262	—	(8,679)	1,848	8,431	(815)	—
Prosegur Technological Security Solutions LLC	Arab Emirates	10	60	—	(607)	(143)	(690)	(181)	—
Cipher S.A.	Brazil	15,401	886	462	—	3	1,351	280	—
Prosegur Consumer Finance Perú, SAC	Peru	85	89	—	(6)	—	83	(1)	—
Loredat, S.A.	Uruguay	23	17	—	(3)	(5)	9	(5)	—
Cipher Security Limited	UK	15,528	2,571	—	(2,495)	(85)	(9)	(97)	—
Soluciones en Negocios SpA	Chile	8,661	1,607	(375)	1,909	—	3,141	—	—
Solu4B Software Company SpA	Chile	1,072	155	—	(1,148)	—	(993)	—	—
Soluciones en Tecnología de la Información SpA	Chile	365	60	3	1,470	—	1,533	—	—
Cipher USA	USA	1,326	3,692	—	(2,517)	—	1,175	(928)	—
TOTAL		1,584,093							54,531



PROSEGUR

Directors' Report for 2022

Prosegur Compañía de Seguridad, S.A.

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Directors' Report for 2022

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

1. The Company's situation

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

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

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

1.1 Business model

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



PROSEGUR SECURITY

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



CIPHER

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



PROSEGUR ALARMS

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



PROSEGUR AVOS

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



PROSEGUR CASH

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

1.2 Values

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

If there is one lesson that can be drawn from this turbulent, complex year that was 2022, it is the importance of safeguarding the security and wellbeing of those around us, two aspects of our lives that we value most highly when they come under threat.

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

Security is a team sport

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

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

Empathetic surveillance, intelligent protection

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

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

Innovation for a better future

We are a growing company in an accelerated process of modernisation and digitisation. In nearly 47 years of wide-ranging experience in the private security sector, since the company was founded in 1976, Prosegur has consolidated an increasingly ambitious and rigorous concept of comprehensive protection.

We believe that protection in today's world means providing maximum possible peace of mind in the physical and digital environments of our clients, the members of our teams, and the general public who uses the facilities we protect. This also implies an active and concrete commitment to the societies in which we operate, and to the preservation and future of the planet as a whole.

Responsible leadership

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

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



1. People

We protect society through foresight, prevention and collaboration.



2. We think positively

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



3. We are unstoppable

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

Sustainability is a key value

In line with the evolution of our corporate culture, in 2021 we adopted our Sustainability Master Plan 2021-2023 approved by our Board of Directors. It provides the guiding principles that shape the company's commitment to become increasingly sustainable.

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

Independent recognition

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

For instance, in November 2021, Prosegur and Prosegur Cash received a further accolade when they became the first companies to be awarded the AENOR Good Corporate Governance certification. In June 2022, Prosegur and Prosegur Cash became the first private security companies worldwide to obtain and publish their S&P Global Ratings evaluation on environmental, social and governance standards (ESG), which evaluates the strategy of a company and its ability to address possible risks and future opportunities.

Ethical commitments and new partnerships

In addition to this independent recognition for responsibility and excellence in business practices, 2022 also saw Prosegur undertaking noteworthy major ethical commitments.

In January, the Parent company and Prosegur Cash joined the Digital Pact for the Protection of People, an initiative promoted by the Spanish Data Protection Agency (AEPD). By joining, both companies agree to promote full transparency in processes of data collection from citizens, as well as to promote gender equality, the protection of children and the integration of people in vulnerable situations. The Pact also includes Prosegur's commitment to disseminate the Agency's Priority Channel among employees and interest groups, through which any citizen may request the elimination of sexual, violent or sensitive content published online.

On 2 November, Prosegur approved a new version of its Code of Ethics and Conduct, a document whose guiding principles and scope are detailed in chapters 4 and 6 of the Consolidated Management Report. These new commitments join those already subscribed in prior years, such as the environmental Climate Pledge initiative, resulting in a complete corporate decarbonisation and emissions offsetting project, or the adherence to Forética, a benchmark organisation in the field of sustainability and corporate social responsibility in Spain.

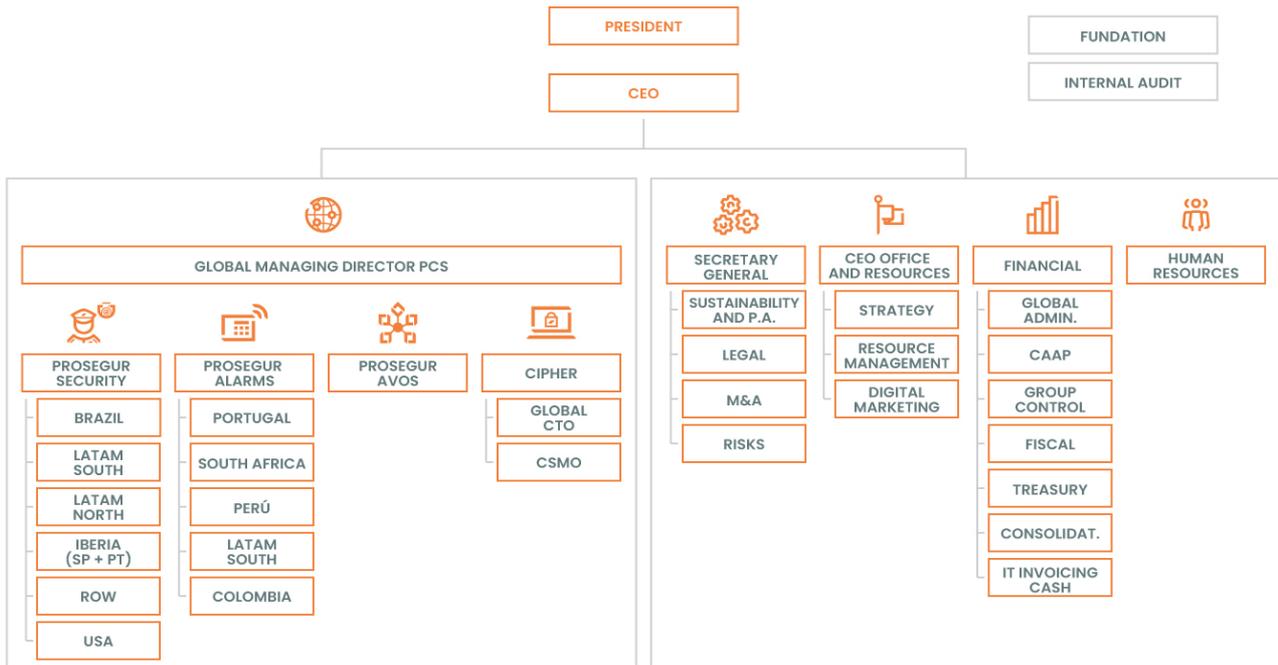
1.3. Organisational structure and governance

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

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

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

The organisation of Prosegur is shown in the table below:



Governance of Prosegur

The Shareholders General Meeting is the principal body representing the share capital of Prosegur, and exercises the functions granted by law and the Articles of Association.

In 2022, the Ordinary General Meeting was held on 2 June. During this meeting and amongst other issues, they addressed the approval of the Company’s Annual Accounts, individual as well as consolidated for the year 2021, the Annual Corporate Governance Report, the 2023-2025 remuneration policy and the re-election of directors.

Furthermore, on 7 December, an Extraordinary General Shareholders Meeting was held to address, among other topics, the distribution of a dividend of EUR 0.0656 per share against reserves, the capital decrease by means of the redemption of 3,577,356 of its own shares acquired and the amendment of the director remuneration policy for the 2023-2025 period.

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

We have two delegated committees of the Board of Directors: the Audit Committee and the Committee for Sustainability, Corporate Governance, Appointments and Remuneration, each with its own responsibilities.

- The responsibilities of the Audit Committee, composed 66.6% by independent directors, include, proposing the appointment of the auditor; reviewing the Prosegur accounts; ensuring compliance with legal requirements and the application of generally accepted accounting principles.
- For its part, the duty of the Sustainability, Corporate Governance, Appointments and Remuneration Committee is to establish and study the criteria and programmes for the composition and remuneration of the Board of Directors, and of the members of the Company

management team. It also has responsibility for providing information, consultancy and proposals in environmental, social and corporate governance areas, as well as on compliance with the commitments assumed under the United Nations Sustainable Development Goals (SDGs).

Corporate Governance lies at the heart of Prosegur. This explains the existence of other programmes that underpin the company's responsibility and good practice. For example, the Regulatory Compliance Programme designed to enrich company operations. In practice, it includes a series of procedures, best practice manuals and training activities, together with an on-going critical evaluation process that enables an immediate response to issues such as the prevention of money laundering, defence of competition and unfair competition or anti-corruption. It complements and implements the Prosegur Code of Ethics and Conduct that has been updated in 2022.

For compliance with all of these commitments we have implemented several standard procedures in each of the aforementioned corporate policies or the implementation of collegiate, internal, permanent and multidisciplinary supervision and control bodies, such as the Risk or Regulatory Compliance Committees, which are responsible for ensuring the Company's best commitments, practices and policies.

Prosegur was the first Spanish company to obtain the AENOR Good Corporate Governance Certification with the highest possible rating: G++, renewed in 2022 with an increase in its evaluation of 20.25 points. This achievement is recognition of the efforts to ensure responsible and transparent stakeholder relations and corporate governance protocols.

Annual Corporate Governance Report

The Annual Corporate Governance Report of Prosegur Cash for 2022 forms part of the Directors' Report and is presented as a separate document in the corresponding format. It is therefore available on the CNMV and the Prosegur websites from the date of publication of the Annual Accounts.

Directors' Remuneration Report

The Prosegur Annual Report on Director Remuneration for 2022 forms part of the Directors' Report and is presented in a separate document in corresponding. It is therefore available on the CNMV and the Prosegur websites from the date of publication of the Annual Accounts.

1.4. Strategic performance

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

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

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

the various challenges raised by our clients. In short, it means innovation, optimisation and continuous growth.

Perform, an operational principle

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

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

Transform, adapting to changes

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

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

1.4.1 Creativity as lever for growth

In purely quantitative terms, our plan is expected to reach revenue growth year-on-year in the 5 to 6% range in order to achieve a turnover of between EUR 6,200 and 6,700 million by 2030.

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

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

1.4.2 Firmness in directives, flexibility in teams

Of course, this new strategic design also involves a far-reaching internal reorganisation, which was approved by the Board of Directors in 2021. This new organisation we consolidate our digital and technological transformation initiatives, and accelerate growth in Prosegur Security, Prosegur Alarms, Prosegur AVOS and Cipher. We will therefore continue to foster the development of new technology-based products and solutions to diversify our revenue sources in the coming years.

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

1.4.3 A world of opportunities

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

In terms of the geographic distribution of sales, the USA is the market where the most significant upward trend is expected, which could entail 12% of Prosegur's revenue by the close of 2030. We also value very positively our capacity to continue adding inorganic growth. In the period covered by the Strategic Plan, we expect to complete operations that will add around EUR 300 million to turnover.

1.4.4 Five strategies in one

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

- ▶ The promising outlook for Prosegur Security is largely explained by the efficiency and high added value of our services based on Intelligent Security Operations Centre (iSOC). These integral security and remote video-surveillance centres provide optimal provision for the needs of a widening range of clients and are a perfect example of the transformative impact of technology on our business models. All of which emanates from our Hybrid Security model that responds to the new reality that we are living, and which is based, among other aspects, on empowering security experts through smart technologies. This model achieves the perfect alignment among human resources, endowed with experience and know-how, technological resources and data, organised for the common purpose of providing people and companies with the most individualised protection.
- ▶ As regards Cipher, the cybersecurity unit has recorded very strong growth rates in the last financial year and expects further consolidation by following a flexible strategy of commercial synergies with the Prosegur Security unit.
- ▶ Prosegur Alarms has achieved further consolidation and growth through a network of partnerships, with the Spanish market as its testing ground. It continues to build on its reputation as an innovative and dynamic business unit, with the development of new smart alarm services made possible by the development of its own algorithm for video analysis, the DIY surveillance product line, and the Prosegur Hawk Eye system.
- ▶ We also expect excellent results from Prosegur AVOS, due to the development of its front office and back-office solutions, and the Prosegur AVOS Tech line. All of which are designed to support the most dynamic and innovative companies in their digital transformation processes.
- ▶ Prosegur Cash remains highly focused on its transformation projects, which are progressively gaining importance in the company's activity. In 2023, we expect further consolidation of initiatives such as Cash Today, as well as our correspondent banking services and our ATM network.

1.5. Innovation and Digital Transformation

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

Our company is investing heavily in the development of disruptive technologies. We consider this an area of utmost importance and are determined to spare no resources in achieving this objective. Hence the importance of the fact that the EIB (European Investment Bank) granted us a loan of EUR 57.5 million to finance innovation in 2021, digitalisation and sustainability projects up to 2023. This not only represented a substantial financial boost, but also a symbolic endorsement of the confidence shown in our transformation plan by a leading financial institution.

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

1.5.1 Thus do we innovate

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

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

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

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

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

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

1.5.1.1 Emblematic projects

During 2022 we have been working on developing and putting into practice several world-wide applied technological innovation projects.

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

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

An observatory on the future of global security

In April 2022, Prosegur Research was born, our observatory on innovation and global tendencies in the private security industry. This new company department has the collaboration and advice of a broad panel of analysts and researchers, internal as well as external.

Its goal is to identify key issues relating to aspects such as technological development, criminality, geopolitics, economic activity or the environment. The qualitative and selective screening of knowledge

has led to the preparation of working papers such as A different world: keys to the future, Environmental Impact on Security, Criminal Technological Innovation or Lights and Shadows of the Metaverse.

An intelligent and hyper-connected management centre

Throughout 2022, we unveiled our new intelligent centres for the technological management of security operations. The largest of these is the one we opened in Madrid in December 2022. These centres, known as iSOC (acronym for Intelligent Security Operations Centre), entail an investment of EUR 5 million and have a dedicated team of more than 1,200 professionals.

The iSOC has an integrated system that centralises a broad range of disruptive technologies, from Artificial Intelligence to the Internet of Things or Big Data. It has the capacity for the intelligent processing of large information flows and the management of advanced security services, as well as the possibility for integration with the technological tools of our clients.

The unveiling of the centre in Madrid is the first step in a digital acceleration programme that includes the opening of 12 similar installations in Argentina, Brazil, Chile, China, Colombia, United States, Mexico, Paraguay, Peru, Portugal, Singapore and Uruguay. The initiative forms part of the company's new business model, whose cornerstone is Hybrid Security. In other words, the empowerment of our human capital by means of smart and connected technologies that make a strategic use of data.

Robotic surveillance with full guarantees

Within the field of the automation of security services, this year Prosegur took a decisive step with the incorporation last April of an intelligent robot dog to a major event open to the public. The robot dog in question, Yellow, a prototype endowed with advanced artificial intelligence via the GenzAI platform, formed part of the surveillance operation during the Mutua Open Madrid tennis tournament attended by close to 300,000 spectators.

Thanks to its high degree of smart connectivity, the fluidity and precision of its movements and its surface mapping, volume detection and video analytic capacities, Yellow was able to perform surveillance tasks such as night rounds of the Caja Mágica installations, the site where the tournament was held, with full guarantees.

Throughout the year, Yellow has joined other Prosegur security systems in the US, Brazil and Portugal.

An integrated global logistics service

In January, the company launched a new global logistics and security service of the supply chain that offers an integral, unique and ongoing solution for asset protection. The new service allows Prosegur customers to trace, protect and recover assets rapidly and efficiently at any time and any place, thus avoiding or minimising interruptions to the supply chain.

This technological service managed through iSOC includes GPS devices specifically designed for the logistics sector, with formats adapted to all types of vehicles and storage and transport receptacles, whether lorries, vessels, containers or trailers.

This service also includes a platform for analysis and visibility of the supply chain that makes it possible to optimise routes and simplify shipping arrangements, as well as manage trailer and container inventory, keep maintenance records or process location and movement data.

Advertising embedded in advanced surveillance systems

In 2022, we developed and completed the implementation of EVO, the first EAS (Electronic Article Surveillance) with an embedded advertising platform, that was launched at the end of December 2021.

The system has screens that project audiovisual advertising on the shop door of the client who contracts the service.

The content of those advertising spaces is previously submitted to client approval. Prosegur manages this remotely in collaboration with its technological partner, INEO. In this manner it is able to integrate two high added value services: the generation of a new source of revenue and the supply of qualitative information on the traffic in the shop which makes it possible, for example, to adjust staff shifts and automate or optimise processes.

A new impulse to intelligent remote surveillance

Prosegur Hawkeye, Prosegur's innovative remote manned service, featured new technological advances in 2022 that represent an important qualitative leap in the field of intelligent security. The main ones include the expansion of communication points and the possibility of security guards to intervene from any of the manned guarding points to dissuade possible intruders with hostile intentions.

Prior to incorporating these new developments, Hawkeye consisted of a centralised system with multiple cameras connected to Prosegur's Control Centre (SOC). With the changes to the system, all manned guarding posts deployed in the installation under protection already have bidirectional communication and interaction, which broadens the security guard's manoeuvring margin and optimises the deterrent component of the surveillance and custody device.

The acquisition of a holding company leader in technological solutions

Last March Prosegur AVOS disclosed its acquisition of Solunegocios, a Chilean services and technology company for the financial and insurance sector with 30 years of experience in the LatAm market. With this acquisition, AVOS bolsters its internalisation and growth strategy.

Solunegocios is a holding company comprising five companies and a workforce of over 700 professionals among its offices in Chile, Peru and Colombia. Specialising in the banking, retail, insurance and telecommunication Sectors, the company offers Business Intelligence or cloud storage and computing services, and makes extensive use of automation, artificial intelligence or data processing solutions.

The deal also covers the acquisition of SHERLOCK, an artificial intelligence developed software for the automation of sufficiency of powers, i.e., the studies performed by credit institutions to determine which persons may assume financial transactions on behalf of the company, and to what extent.

A new highly specialised professional team

In February, Prosegur AVOS added a team of over 120 specialists in robotisation, process automation and integral digital content management. Until now, these professionals formed part of the company's Robotisation, Excellence, Automation and Digitisation Centre (CREAD), from which they assumed responsibility for the pilot digitisation project for all of Prosegur's business lines.

Having concluded that initial phase, which yielded over 450 automation processes completed and a recurring savings of more than 600,000 person-hours overall in the company, this highly skilled technological team now forms part of AVOS, the Group's division that is the most directly related to its area of operation.

1.5.1.2 Initiatives for collaboration and open innovation

Prosegur Tech Ventures

Prosegur has a corporate venture capital (CVC) fund, known as Prosegur Tech Ventures. Funded with EUR 30 million, this project contributes to the financing of new external development trends and technologies which could have a disruptive impact on our sector. Over the past financial year, the fund invested in four start-ups, two related to the activity of Prosegur Security and another two related to the cybersecurity unit, Cipher.

In 2022, Prosegur launched an internal Observatory of technological innovation where highly qualified professionals closely observe the changes and trends that are taking place, and work to identify new opportunities for each of our lines of business.

In the field of higher education, we cooperate actively with the Connected Industry Department at the Escuela Técnica Superior de Tecnología (ICAI) at the Comillas Pontificia University in Madrid, where we are developing various courses of action. These include the organisation of hackathons and the development of projects with students and researchers from the Prosegur Chair. This is a highly successful initiative that we replicated in Colombia in 2022 with the participation of several universities and several hundred students.

1.5.2 This is how we transform

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

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

During the period covered by the Plan, we intend to invest significant resources in digitisation and a far-reaching renewal of our operating model. Implementation of this plan is being carried out country by country: we began in Portugal in 2021 and by 2023 we will have extended it to a number of countries which will together represent two thirds of our global income.

Acquisition of Change Group

In October 2022, Prosegur Cash announced it had acquired control of the world's third largest retail currency exchange operator, ChangeGroup. With this transaction, Prosegur Cash continues to advance in the development of its area of New Products as a key element of its transformation strategy, which includes the diversification of its service portfolio and geographic presence.

ChangeGroup is a leading company in the retail currency exchange sector, and furthermore has a significant ATM network. Founded in 1991, the company has provided services to over 50 million customers, operates a network of more than 100 points of sale (in airports as well as at emblematic locations in major cities of the world) and manages a network of 300 ATMs in 37 cities worldwide. It is

worthy of note that ChangeGroup has established itself as the leading currency exchange operator in its European markets and is furthermore involved in operations in the United States.

Prosegur Cash and ChangeGroup will develop an integrated strategy with which they aspire to accelerate the growth of their operations and take advantage of the synergies that will be generated through the combination of both companies. The goal is to build an operation that is strongly based on the digital experience, for product as well as channel development, and to flexibly and efficiently cover client needs anywhere in the world.

2. Business performance and profit/(loss)

The Company has obtained positive results in 2022 of EUR -33,181 million derived from its income as a holding. The comparison with the results of the previous year are shown below:

(Thousands of Euros)	2022	2021	Variation
Sales	84,102	87,986	(4.41) %
EBITDA	-6,776	72,875	-109.30 %
<i>Margin</i>	-8.06 %	82.83 %	
PPE depreciation and computer software	(681)	(681)	
Adjusted EBITA	-7,457	72,194	-110.33 %
<i>Margin</i>	-8.87 %	82.05 %	
Other intangible assets depreciation excluding computer software	(3,938)	(3,937)	
EBIT	-11,395	68,257	-116.69 %
<i>Margin</i>	-13.55 %	77.58 %	
Financial profit/(loss)	(22,897)	(316)	
Profit/(loss) before tax	-34,292	67,941	(150.47) %
<i>Margin</i>	77.22 %	77.22 %	
Taxes	1,111	7,741	
<i>Tax rate</i>	-3.24 %	11.39 %	
Net result	-33,181	75,682	(143.84) %

The most significant events reflected in the income statement of 2022 are the following:

	Thousands of Euros									
	National		Europe		AOA (*)		LatAm		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Dividend received:										
- Group companies and	51,815	68,095	—	—	—	—	7	119	51,822	68,214
Loan interest income	445	203	26	8	539	27	22	419	1,032	657
Provision of services:										
- General services	27,834	19,162	1,682	1,211	134	—	1,598	(1,258)	31,248	19,115
Total	80,094	87,460	1,708	1,219	673	27	1,627	(720)	84,102	87,986

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

2.1. Investment activity

The changes in the composition of the Prosegur Group during 2022 were mainly due to the following acquisitions:

- On 29 July 2022, Prosegur acquired Change Group International Holding Ltd, a group present in Europe, United States and Australia that is devoted to currency exchange services (also including international payment services, online foreign cash, home delivery of travel money and local cash services).

- On 28 February 2022, Prosegur acquired 100% of German company ITT Industrie-und Transportschutz Thüringen Sicherheitsdienste, a company specialised in securities logistics and cash management services.
- On 25 March 2022, Prosegur acquired 100% of German company Brinks Deutschland GmbH, a company specialised in securities logistics and cash management services.
- On 25 February 2022, Prosegur acquired 88% of Ecuadorian company Representaciones Ordoñez y Negrete, S.A., a security company that provides ancillary banking services. The remaining 12% was acquired on 8 August 2022.

The following companies were incorporated or wound up in 2022:

- In February 2022 Forex Prosegur Change Limited was incorporated in the United Kingdom.
- In March 2022, Rosegur Fire, SRL and Rosegur Training, SRL were wound up in Romania.
- In March 2022, Servimax Servicios Temporales, SAS was wound up in Colombia.
- In March 2022, Tecnofren, S.A. was wound up in Uruguay.
- In May 2022, Prosegur Change USA LLC was incorporated in the United States.
- In May 2022, Prosegur Assets Management, S.L.U. was wound up in Spain.
- In June 2022, Prosegur Change Denmark APS was incorporated in Denmark.
- In July 2022, Profacil Serviços, Ltda. was wound up in Brazil.
- In July 2022, Rosegur Cash Services, S.A. was wound up in Romania.

The following mergers took place between subsidiaries in 2022:

- In June 2022, the takeover merger of Tapia Seguridad, S.L.U., by Prosegur Soluciones Integrales de Seguridad España, S.L.U., was formalised in Spain, with effect 1 January 2022.
- In July 2022, the takeover merger of Armor Acquisition, S.A., by Juncadella Prosegur Internacional, S.L., was formalised in Spain, with effect 1 January 2022.
- In July 2022, the takeover merger of Prosegur Global CIT, S.L.U., by Prosegur Cash, S.A., was formalised in Spain, with effect 1 January 2022.
- In July 2022, the takeover merger of ITT Industrie und Transportschutz Thüringen GmbH by Prosegur Cash Services Germany GmbH was formalised in Germany, with effect 1 January 2022.
- In August 2022, the takeover merger of GSB Security Gesellschaft für Geld und Werttransporte GmbH by Prosegur Cash Services Germany GmbH was formalised in Germany, with effect 1 January 2022.
- In December 2022, the takeover merger of Prosec Services Pte Ltd., by Prosegur Singapore Pte LTD was formalised in Singapore.

2.2. Investments

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

Amortisation and depreciation charges totalled EUR 4,619 thousand in 2022 (2021: EUR 4,618 thousand). Property, plant and equipment accounts for EUR 681 thousand (2021: EUR 681 thousand) and intangible fixed assets EUR 3,938 thousand (2021: EUR 3,937 thousand).

EUR 16 thousand was invested in property, plant and equipment in 2022 (2021: EUR 20 thousand). Investments were not made in intangible assets during 2022 or 2021.

2.3. Personnel

The workforce of the company at the end of 2022 was of 41 employees. At the close of 2021, the workforce of the company was 40 employees.

2.4. Environmental issues

At the end of 2022, the Company has no environment-related contingencies, legal claims or income and expenses relating to the environment.

3. Liquidity and capital resources

3.1. Liquidity

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

3.2. Capital resources

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

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

- On 6 April 2022 uncovered bonds with a nominal value of EUR 500,000 thousand, maturing on 6 April 2029, were issued. The bonds are traded on the secondary market, on the Irish Stock Exchange. They accrue an annual coupon of 2.50% payable at the end of each year.
- 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 five years. In February 2020 the maturity was extended until February 2025. Additionally, in February 2021, the maturity was extended again until February 2026. As of 31 December 2022, there were no available balance of this credit (as of 31 December 2021 there were no available balance of this credit).

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

Prosegur has complied with the applicable Covenants relative to the financial transactions at the end of 2022.

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

On 31 December 2022, the balance drawn down amounts to EUR 50,000 thousand (at 31 December 2021 no amount had been drawn down).

- On 30 May 2022, Prosegur arranged a credit financing facility for EUR 100,000 thousand for a three-year term. On 31 December 2022, the balance drawn down amounted to EUR 100,000 thousand.

The net financial debt is reconciled in section 8 of the Directors' Report. In 2022, financial debt had an average cost of 1.47% (0.96% in 2021).

3.3. Analysis of contractual obligations and off balance sheet obligations

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

4. Risk management

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

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

- **Interest rate.** Related to monetary assets and liabilities on the company's balance sheet. To monitor them we carry out a dynamic analysis of our exposure to fluctuating rates and simulation of different scenarios which take into consideration refinancing, the renewal of current positions at any given time, alternative financing and hedging. On the basis of these scenarios, we calculate the effect that a specific variation of the interest rate could have on profits/(losses). The different simulations use the same variation in the interest rate for all currencies and they are only performed on liabilities that represent the most significant positions subject to variable interest. In 2022, our financial liabilities at floating interest rates were denominated mainly in Euro and Australian Dollars.
- **Exchange rate risk.** The natural coverage made by Prosegur is based on the capital expenditure required in the industry, which varies by business area, is in line with the operating cash flow and it is possible to time the investments in each country based on operating requirements. In 2022, we held debts in the currencies of our main countries to minimise the exchange rate risk. Most of our financial debt is held in euro, Argentine pesos, Australian dollars and Brazilian reals; the rest is distributed among the other currencies of our countries. Note 25 of the Consolidated Annual Accounts reflects the value of financial liabilities of the Group by currency. And Note 33.1 sets forth relevant information —which affects assets and liabilities— on the exposure to the exchange rate through the prices of the main currencies.
- **Credit related.** To manage and control this type of risk, our Credit and Collection Departments in each country assess client risk on the basis of basic contracting information, they establish credit limits and payment terms registered in the Prosegur management systems which are regularly updated, they perform monthly monitoring of clients' credit standing and make any necessary valuation allowances based on clearly established policies. Note 33.1 of the Consolidated Annual Accounts shows tables of representativeness of the main clients over the overall turnover of the Group.

5. Average payment period to suppliers

The average payment period to suppliers in 2022 was 50 days (2021: 60 days).

6. Important circumstances after the reporting period

Note 24 to financial year 2022 provides a breakdown of the post-closing events that could have a material impact on the presentation of the Annual Accounts.

7. Acquisition and disposal of own shares

On 31 December 2022, the Company holds 47,502,739 shares in Treasury stock (2021: 44,726,830 shares), with an amount estimated at EUR 30,196 thousand (2021: EUR 29,439.2 thousand).

8. Alternative Performance Measures

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

To this respect, it is worthy to note that in financial year 2022 the Adjusted EBITA Margin is identified as the APM instead of the EBIT margin included in financial year 2021. This is due to the fact that the adjusted EBITA is considered a more suitable magnitude with which to measure Company performance, in addition to being used by Management to make financial, operating and planning decisions instead of the EBIT.

APM	Definition and calculation	Purpose
CAPEX	Capex (Capital Expenditure), is the expense that a company incurs in capital goods and that creates benefits for the company, whether through the acquisition of new fixed assets or by means of an increase in the value of fixed assets already in existence. CAPEX includes additions of property, plant and equipment as well as additions of computer software of the intangible assets.	CAPEX is an important indicator of the life cycle of a company at any given time. When the company grows rapidly, the CAPEX will be greater than fixed asset depreciations, which means that the value of the capital goods is increasing rapidly. On the other hand, when the CAPEX is similar to the depreciations or even less, it is a clear sign that the company is decapitalising and may be a symptom of its clear decline.
Adjusted EBITA margin	The adjusted EBITA margin is calculated by dividing the operating profit/(loss) 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.
Net Financial Debt	The Company calculates financial debt as the sum of the current and non-current financial liabilities (including other payables corresponding to deferred M&A payments and financial liabilities with Group companies) minus cash and cash equivalents, minus current investments in group companies and minus other current financial assets.	The net debt provides the gross debt less cash in absolute terms of a company.
Adjusted EBITA	EBITA is calculated on the basis of the profit/(loss) for the period without including the profit/(loss) after taxes from discontinued operations, taxes on earnings, financial income or costs, or depreciations of Goodwill or the amortisation of intangible assets but including the depreciation of computer software.	The 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 profit/(loss) of a company's financial year, excluding earnings after taxes from discontinued operations, income taxes, financial income or costs or depreciation expenses or impairment of goodwill, but including impairment of property, plant and equipment.	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.

The reconciliation of Alternative Performance Measures is as follows:

CAPEX (in thousands of Euros)	Note	31.12.2022	31.12.2021
Other installations and furniture	7	—	2
Other property, plant and equipment	7	16	18
Additions of property, plant and equipment		16	20
Additions of computer software	6	—	—
Total CAPEX		16	20
Adjusted EBITA margin (in thousands of Euros)	Note	31.12.2022	31.12.2021
Adjusted EBITA		-7,457	72,194
Revenue		84,102	87,986
Adjusted EBITA margin	2 Directors' report	-8.87 %	82.05 %
Net financial debt (in thousands of Euros)	Note	31.12.2022	31.12.2021
Financial liabilities (A)	15	1,439,229	838,644
Less: Cash and cash equivalents (B)	12	645,967	124,047
Less: Other current financial assets (C)	11	348	667
Total Net Financial Debt (A-B-C)		792,914	713,930
Less: Other non-bank borrowings (D)	15	(10,338)	(81,569)
Total Net Financial Debt (excluding other non-bank borrowings referring to deferred M&A payments (A+B+C+D))	3 Directors' report	782,576	632,361
Adjusted EBITA (In thousands of Euros)	Note	31.12.2022	31.12.2021
Profit/(loss) for the year	2 Directors' report	(33,181)	75,682
Income tax	2 Directors' report	(1,111)	(7,741)
Net financial expenses	2 Directors' report	22,897	316
Depreciation of intangible assets except computer software	2 Directors' report	3,938	3,937
Adjusted EBITA	2 Directors' report	(7,457)	72,194
EBITDA (In thousands of euros)	Note	31.12.2022	31.12.2021
Profit/(loss) for the year	2 Directors' report	(33,181)	75,682
Income tax	2 Directors' report	(1,111)	(7,741)
Net financial expenses	2 Directors' report	22,897	316
Total depreciation and amortisation	2 Directors' report	4,619	4,618
EBITDA	2 Directors' report	(6,776)	72,875

9. Stock market information

Share evolution

Financial year 2022 has been marked by uncertainty and volatility. Prosegur's shares started the year listed at EUR 2.36 per share, and at close, on 31 December at EUR 1.77 per share. In a period of immense challenges due to political instability and the energy crisis, the firm's listed price has experienced a downward trend of 23.25%.

While the profit/(loss) obtained during 1Q of the year may be considered positive, the Prosegur share ultimately succumbed to the impact of the macroeconomic and socio-political setting that has had such a negative impact on all stock exchanges worldwide. Following two years of the health crisis, the expected recovery scenario began to curtail as of February, with the start of the conflict between Russia and Ukraine, leading to a strong deceleration of European markets. This was soon followed by an energy crisis and inflation, without precedent in the last 40 years. The world's major stock indices began to correct this uncertainty by means of a forcible downward trend.

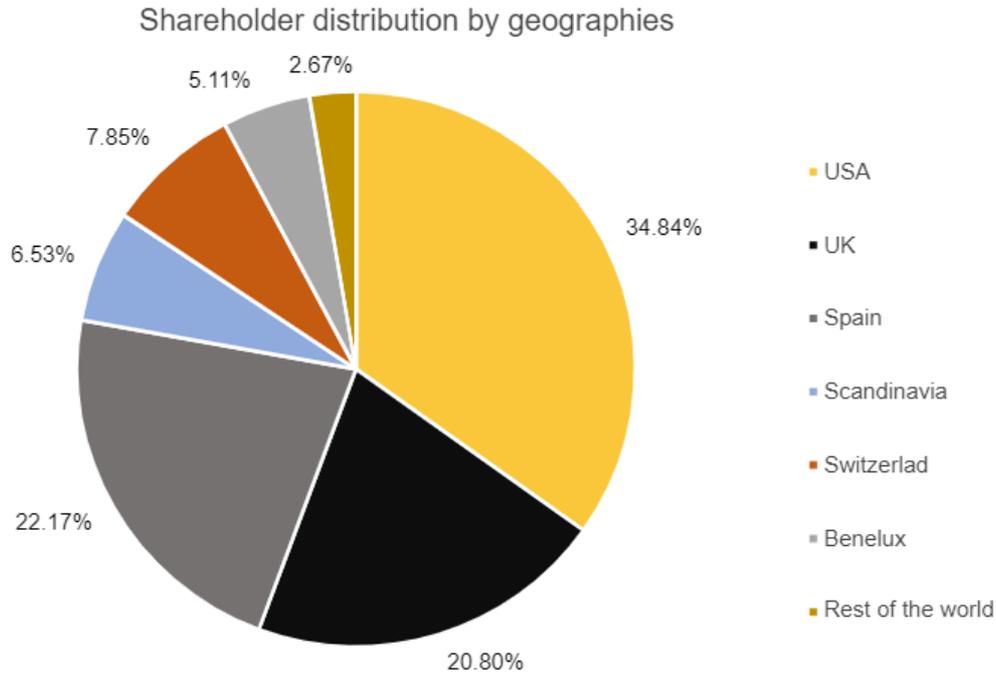
As of the second half of the year, the market paid more attention to the company's progress and the competitive advantages that the inflationary environments entail for many of our businesses and began to reflect a greater appetite for the share, which experienced attractive increases following each presentation of the profit/(loss).

Unfortunately, this upward trend was not sufficient to recover the quotation levels at the start of the year, and despite the upward corrections, the market's passivity and the constant flows of negative macroeconomic news hindered the share's recovery.

Lastly, and despite the extraordinary positive trend of the sales –over 20%– and profitability of all main business areas during the course of the year, at the close of 2022 the share was quoted at the aforementioned price of EUR 1.77/share.

Geographical distribution of free float

Excluding the significant stakes corresponding to Gubel, S.L., and AS Inversiones, representing 66.20% of the share capital, the remaining 31.29% (excluding the treasury stock) of the Prosegur shareholding structure is geographically distributed as follows:



The company’s shareholding is characterised by its notable internationalisation, owing to its strong growth and geographic diversity. This is why Prosegur has historically enjoyed widespread acceptance among funds of the main investment markets. There have been no significant changes to shareholdings in 2022 compared to 2021, but it is true that greater interest has been detected by more European institutional investors. Above all, those located in Benelux and Scandinavia.

The geographic distribution of the shareholders reflects strong presence of the United States and the United Kingdom, countries with the largest financial markets and, in turn, the largest funds aimed at long term investments. After the British investors, Spain, Scandinavia, Switzerland, and the Netherlands is where the European shareholders of greatest influence are concentrated. On the other hand, the Asian and LatAm markets scarcely amount to 1% of the Prosegur shares.

Relative to investors

It is Prosegur’s commitment to generate value for its shareholders, as well as to improve the results and transparency. Within this framework, our policy for relations with company shareholders and investors is fundamental. The goal is to create communication channels that are direct, personal and stable over time.

To do so, Prosegur uses resources such as a quarterly webcast to inform on its profit/(loss), an Investors’ Newsletter or the regular publication of informative content expressly targeted at investors. The pandemic consolidated a certain degree of restriction to personal contact but has not prevented the Group from maintaining strict and permanent contact with shareholders, private and institutional investors or stock market analysts.

In practice, this year Prosegur has been in contact, either in person or remotely, with over 150 investment funds and 20 brokerage firms. It has furthermore participated in 11 sectoral conferences and launched five international roadshows.

Among the recurrent queries to which the Group has responded during 2022, those regarding environmental, social and good governance (ESG) criteria are worthy of mention, an aspect that has acquired a very firm commitment in our company and which is showing tangible results, as illustrated by our integration in the main ESG international evaluations or to the fact that we form part of the FTSE4Good Ibex index.

Coverage of analysts and recommendations

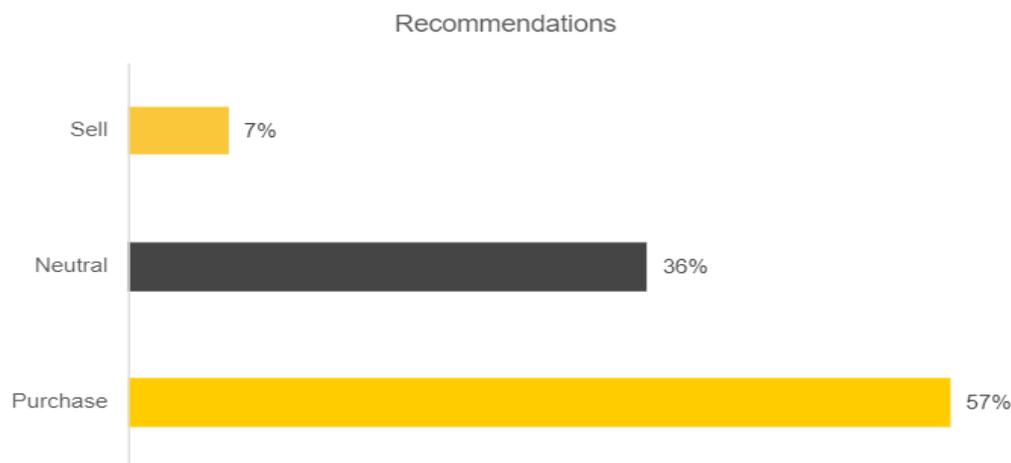
During 2022, Prosegur’s share was covered by the same number of analysis firms as in previous years.

The regulatory effects of MIFIDII regulation (a common framework that consolidates financial services among countries of the European Union) have been noticed very clearly over the past 12 months. Above all in the Spanish market, whose liquidity has decreased drastically, so that many brokers have chosen to restructure their portfolios, eliminating the coverage of companies with limited liquidity. Some of these have been forced to permanently conclude their activity.

With respect to 2021, Prosegur lost the coverage of the Banco de Sabadell. As compensation, it has included the Bank of America. This new inclusion is added to the extensive coverage to this regard already offered by Goldman Sachs, Exane, BNP, ODDO BHF, Kepler Cheuvreux and UBS.

Despite the fact that the market is currently experiencing difficult times, the companies that advise purchases of Prosegur shares are those with the best reputations in Spain and Europe. This is also a result of the quality information and high level of distribution that our company offers to its investors.

Likewise, and along general lines, the main market analysts make highly positive valuations of Prosegur shares. At the close of the market in 2022, 14 of the 15 brokerage firms that regularly cover the activities of our company recommended holding the share and endorsed its strength even under difficult circumstances. In terms of buying the share, nine recommended this and four offered a neutral valuation.



Main shareholders

The shareholding structure of a Company reflects its strength and the soundness of its long-term corporate commitment and goes beyond specific junctures and opportunist strategies. At present, 66.198% of the Prosegur capital was in the hands of significant shareholders, 32.51% are own shares and the remaining (31.29%) are free float.

This distribution is evidence of the strong presence of the Board of Directors in the shareholder structure. This is a huge advantage as it enables the management bodies to define the strategic lines

and take decisions with the interests of all its shareholders in mind. A strong, stable shareholder structure is a sound framework. As we have seen, Prosegur is largely composed of significant shareholders and institutional investors. The best travelling companions for our company to engage in its project and attain its objectives.

Estimated free float (31/12/2022)	31.29 %
Own shares	2.51 %
Ms Mirta María Giesso	6.39 %
Members of the Board of Directors	59.79 %

10. Statement of Non-financial Information

The Statement of Non-financial Information of Prosegur Compañía de Seguridad, S.A. is described in the Consolidated Directors' Report of Prosegur Compañía de Seguridad.

STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL REPORT OF 2022

The members of the Board of Directors of Prosegur Compañía de Seguridad, S.A. hereby confirm that, to the best of our knowledge, the individual Annual Accounts of 2022, authorised for issue by the Board of Directors at the meeting held on 23 February 2023 and prepared in accordance with applicable accounting principles and the European Unique Electronic Format, present fairly the equity, financial position and profit/(loss) of Prosegur Compañía de Seguridad, S.A., and that the respective individual Directors' Reports provide a reliable analysis of the Company's performance and results and the position of Prosegur Compañía de Seguridad, S.A., together with the main risks and uncertainties facing the Company.

Madrid on 23 February 2023.

Ms Helena Irene Revoredo Delvecchio
President

Ms Isela Costantini
Director

Mr Christian Gut Revoredo
Vice President and Managing Director

Mr Fernando D'Ornellas Silva
Director

Ms Chantal Gut Revoredo
Director

Mr Ángel Durández Adeva
Director

Mr Fernando Vives Ruiz
Director

Mr Eugenio Ruiz-Gálvez Priego
Director

Mr Rodrigo Zulueta Galilea
Director

DIRECTORS' RESPONSIBILITY OVER THE ANNUAL ACCOUNTS

The Annual Accounts of Prosegur Compañía de Seguridad, S.A. are the responsibility of the Directors of the Company and have been prepared in accordance with General Accounting Plan endorsed by Spain.

The Directors are responsible for the completeness and objectivity of the Annual Accounts, including the estimates and judgements included therein. They fulfil their responsibility mainly by establishing and maintaining accounting systems and other regulations, supporting them adequately using internal accounting controls. These controls have been designed to provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations and regulations laid down by Management and that accounting records are reliable for the purposes of drawing up the Annual Accounts. The automatic correction and control mechanisms are also a relevant part of the control environment, insofar as corrective action is taken when weaknesses are observed. Nevertheless, an effective internal control system, irrespective of how perfect its design may be, has inherent limitations, including the possibility of circumventing or invalidating controls, and can therefore provide only reasonable assurance in relation with preparation of the Annual Accounts and the protection of assets. However, the effectiveness of internal control systems may vary over time due to changing conditions.

The Company evaluated its internal control system on 31 December 2022. Based on this evaluation, the Directors believe that existing internal accounting controls provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations laid down by Management, and that the financial records are reliable for the purposes of drawing up the Annual Accounts.

Independent auditors are appointed by the shareholders at their Shareholders General Meeting to audit the Annual Accounts, in accordance with the technical standards governing the audit profession. Their report, with an unqualified opinion, is attached separately. Their audit and the work performed by the Company's internal services include a review of internal accounting controls and selective testing of the transactions. The Company's management teams hold regular meetings with the independent auditors and with the internal services in order to review matters pertaining to financial reporting, internal accounting controls and other relevant audit-related issues.

Ms Maite Rodríguez Sedano

Global Finance Director

