



PROSEGUR

Prosegur Compañía de Seguridad and Subsidiaries

Interim quarterly financial information

Interim financial statements for the first quarter of 2022

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

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I. Profit/(loss) from January to March 2022

Million euros

CONSOLIDATED RESULTS	2021	2022	% Var.
Sales	803.2	946.9	17.9%
EBITDA	87.3	102.5	17.4%
<i>Margin</i>	10.9%	10.8%	
Depreciation and amortisation	(37.0)	(42.6)	15.2%
EBITA	50.4	60.0	19.1%
<i>Margin</i>	6.3%	6.3%	
<i>Amortisation and impairment of intangible assets</i>	(7.2)	(8.1)	12.1%
EBIT	43.2	51.9	20.2%
<i>Margin</i>	5.4%	5.5%	
Financial Results	(4.9)	(15.3)	210.4%
Profit/ (loss) before tax	38.3	36.6	-4.2%
<i>Margin</i>	4.8%	3.9%	
Taxes	(18.5)	(22.4)	21.4%
Net Result	19.8	14.2	-28.2%
Non-controlling interests	3.0	3.6	19.6%
Consolidated net profit/(loss)	16.8	10.6	-36.7%
<i>Margin</i>	2.1%	1.1%	
Earnings per share (Euros per share)	0.0	0.0	-36.5%

II. Performance in the period

Turnover increased by 17.9% compared to 2021, with 16.0% corresponding to pure organic growth, 1.6% to the joint effect of inorganic growth and divestments made by Prosegur, while the joint effect of the exchange rate and the result of applying IAS 29 and IAS 21.42 has meant a positive impact of 0.3%.

The EBITA increased by 19.1% compared to financial year 2021, reaching EUR 60.0 million, with a margin on sales of 6.3%.

The consolidated net profit/(loss) reached EUR 10.6 million, representing a 36.7% decrease with respect to 2021.

Interim financial statements (January – March 2022)

1. Performance of the business

Details of the business performance of the main consolidated income statement items for the period January-March 2022 and their comparison for the period January-March 2021 is detailed below:

a) Sales

During the period from January to March 2022 Prosegur's sales came to EUR 946.9 million, compared to EUR 803.2 million during the same period in 2021, representing an increase of 17.9%, with a 16.0% increase corresponding to pure organic growth, a 1.6% increase with the joint effect of inorganic growth due to the acquisitions and to the divestments made by Prosegur in 2021, while the joint effect of the exchange rate and application of IAS 29 and IAS 21.42 resulted in an increase of 0.3%.

The inorganic growth relates mainly to acquisitions made in Uruguay, United States and Chile in 2021, and with acquisitions in Germany and Ecuador in 2022. All acquisitions begun to form part of the consolidation scope as of the same month of their acquisition.

The divestments made by Prosegur in 2021 relate to the sale of 100% of Prosegur Soluciones S.A. to Movistar Prosegur Alarmas S.L.

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

Million euros			
Sales	Prosegur Total		
	2021	2022	% Var.
Security	406.2	469.2	15.5%
<i>% of total</i>	<i>50.6%</i>	<i>49.6%</i>	
Cibersecurty	3.4	3.8	10.7%
<i>% of total</i>	<i>0.4%</i>	<i>0.4%</i>	
Cash	345.5	410.6	18.8%
<i>% of total</i>	<i>43.0%</i>	<i>43.4%</i>	
AVOS	0.0	20.7	100.0%
<i>% of total</i>	<i>0.0%</i>	<i>2.2%</i>	
Alarms	48.1	42.6	-11.3%
<i>% of total</i>	<i>6.0%</i>	<i>4.5%</i>	
Total sales	803.2	946.9	17.9%

As regards the distribution of sales by business line, during the period from January to March 2022, Security sales reached EUR 469.2 million, representing an increase of 15.5% with respect to the same period the previous year, owing to a broad-based recovery of the activity.

Cybersecurity sales increased by 10.7% to EUR 3.8 million. Cash sales increased by 18.8% to EUR 410.6 million, as a result of the recovery of its activity and domestic consumption, which strengthened during the first quarter of 2022; leading to the recovery of business volumes close to pre-pandemic levels.

Alarm sales amounted to EUR 42.6 million with a decrease of 11.3% as a result of the 100% sale of Prosegur Soluciones S.A. to Movistar Prosegur Alarmas S.L. on 30 July 2021.

AVOS sales amounted to EUR 20.7 million during the period from January to March 2022. On 31 March 2021, Prosegur Compañía de Seguridad, S.A. signed with its subsidiary Prosegur Cash, S.A. a sale agreement for the purchase by Prosegur of certain areas of the added-value outsourcing services (AVOS) business for financial institutions and insurance companies, as well as the associated technology, from Prosegur Cash. As a result of this sale, the added-value outsourcing services (AVOS) business line on 31 March 2021 was no longer integrated in the Cash segment and was created as a new segment of the Group called AVOS (outsourcing processes and services business).

b) Operating profit (loss)

The EBITA for the period from January to March 2022 was EUR 60.0 million, while it was EUR 50.4 million during that same period in 2021, representing a 19.0% increase, essentially owing to the robust return to profitability experienced by Prosegur CASH as activity volumes return to normal, added to the additional positive effect of inflation on volumes of cash in circulation and the speed at which these move.

In addition, the rest of the business areas have also experienced significant improvements to their respective operating margins. The Security business is the only exception, whose profitability is still affected by the negative effects of Omicron on absenteeism and downtime, and by the end of aid and subsidies that some governments - the US government in particular - granted to companies during the COVID-19 crisis in 2021.

The EBITA margin on sales in the period from January to March 2021 was 6.3%, compared to 6.3% in 2022.

c) Financial profit/(loss)

The net financial expenses of Prosegur in the period from January to March of 2022 have reached EUR 15.3 million compared to EUR 4.9 million in the same period the previous year, which translates into an increase of EUR 10.4 million. The main changes in financial expenses were as follows:

- The net financial expenses from interest payments in the period from January to March 2022 were EUR 7.9 million, compared to EUR 9,8 million in 2021, representing a decrease of EUR 1.9 million.
- Net financial expenses from exchange rate differences came to EUR 7.3 million in the period from January to March 2022, compared to EUR 4.9 million in net financial income from exchange rate differences in 2021, representing an increased expense of EUR 12.2 million.

d) Net profit/(loss)

Net consolidated profit/(loss) in the period from January to March 2022 was EUR 10.6 million, compared to EUR 16.8 million for the same period in 2021, a decrease of 36.7%, due mainly to the increase in net financial expenses for exchange differences and to the increase of the effective tax rate, which are higher than the EBITA increase.

The effective tax rate was 61.2% during the first quarter of 2022, compared to 48.3% in the same quarter of 2021, representing an increase of 12.9 percentage points caused by the non-deductibility of currency financial expenses.

2. Significant events and transactions

Significant events

Business combinations

During the period from January to March 2022, Prosegur acquired a series of security companies in Europe and LatAm that provide securities logistics, cash management and payment management services.

Subsequent events

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 5 May 2022 the Board of Directors of Prosegur Compañía de Seguridad, S.A. has decided to conclude the share buyback programme which was approved on 30 September 2020. This decision took place before the end of the established expiration date, which was initially established on 5 November 2023. The Company has acquired 3,577,356 shares, representing approximately 0,65% of its own share capital. In accordance with the purpose of this share buyback program, the Board of Directors will submit a share capital reduction resolution by redeeming the own shares acquired for its approval to the Shareholders General Meeting that will take place in 2023.

3. Consolidated financial information

The consolidated financial information has been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at 31 March 2022. Such accounting standards have been applied both to financial years 2022 and 2021.

The treatment of Argentina as a hyperinflationary economy should be taken into account in order to understand the consolidated financial statements. The financial statements of the Argentine subsidiaries whose functional currency is the Argentine peso have been re-stated in terms of the current unit of measurement at the closing date of March 2022 and December 2021 before being included in the consolidated financial statements.

Million euros		
CONSOLIDATED BALANCE SHEET	31/12/2021	31/03/2022
Non current assets	2,351.2	2,488.5
Property, plant and equipment	616.3	660.8
Rights of use	93.2	91.6
Goodwill	628.9	664.6
Intangible assets	351.7	368.8
Property investment	55.3	59.4
Investments accounted for using the equity method	265.7	263.7
Non-current financial assets	233.1	261.7
Deferred tax assets	106.9	118.0
Current assets	1,465.0	1,514.5
Inventories	65.4	75.9
Debtors	813.7	893.8
Cash, cash equivalents and other financial assets	585.9	544.8
ASSETS	3,816.1	4,003.0
Equity	710.7	851.9
Share capital	32.9	32.9
Own shares	(29.4)	(29.5)
Retained earnings and other reserves	688.9	815.0
Non-controlling interests	18.3	33.4
Non-Current Liabilities	1,808.8	1,181.8
Financial liabilities	1,433.4	771.5
Non-current lease liabilities	72.0	72.2
Other non-current liabilities	303.4	338.0
Current Liabilities	1,296.6	1,969.4
Financial liabilities	246.7	977.3
Lease liabilities	30.1	30.5
Trade and other payables	978.3	913.4
Other current liabilities	41.6	48.2
EQUITY AND LIABILITIES	3,816.1	4,003.0

The main variations in the consolidated balance sheet at 31 March 2022 compared to the close of financial year 2021 are summarised as follows:

a) Property, Plant and Equipment

Investments made in property, plant and equipment during the period from January to March 2022 have amounted to EUR 24.3 million. .

b) Goodwill

During the quarter of 2022 no goodwill impairment losses were recorded.

c) Other non-current assets

Changes in non-current financial assets from January-March 2022 were mainly the result of the changes in the fair value of the shares in Telefónica, S.A. received as consideration for the sale of the 50% stake in the Alarms business in Spain in 2020.

d) Net Equity

The changes in net equity from January to March 2022 arose as a result of net profit in the period, the reserve for cumulative translation differences, changes in the fair value of the equity instruments and the acquisition of own shares.

e) Contingencies**National Commission on Markets and Competition**

On 10 March 2022, Spain's National Commission on Markets and Competition (the 'CNMC') announced an investigation of possible anti-competitive practices consisting of alleged agreements for the tampering and award of public tenders for security and surveillance services. The CNMC conducted on-site inspections as a preliminary step in the process for the investigation of alleged anti-competitive behaviours. The CNMC neither pre-determines the result of the investigation nor the culpability of the companies investigated. As a result, Management assessed the risk of the imposition of penalties as improbable. Therefore, this event did not involve the registration of any provision whatsoever at 31 March 2022.

f) Net Debt

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

Net debt at 31 March 2022, excluding the effect of lease liabilities and including the fair value of Telefónica, S.A. shares, amounted to EUR 871.1 million, an increase of EUR 75.3 million on the figure at 31 December 2021 (EUR 795.8 million).

At 31 March, the total net debt/annualised EBITDA ratio stood at 2.4 and the total net debt/shareholder equity ratio was 1.1. In both cases and in order to be comparable, this includes the debt associated with the application of IFRS 16 and the fair value of Telefónica, S.A. shares.

At 31 March 2022, financial liabilities correspond mainly to:

- Issue of uncovered bonds due in February 2023 in the amount of EUR 700 million (including interest), which was reclassified to short-term following the issue of a new bond (see the heading on subsequent events in section 2 of this document).
- Issue of uncovered bonds via the subsidiary Prosegur Cash S.A., due in February 2026 for an amount of EUR 598 million (including interest).
- Prosegur, through its subsidiary Prosegur Australia Investments PTY Limited, contracted a syndicated credit financing operation as of April 2020, amounting to AUD 70 million over three years. The first maturity date was in the first half of 2021 in an amount of AUD 10 million. The second and third maturity dates will be in the second quarter of 2022 and 2023 (AUD 10 million and AUD 50 million, respectively). At 31 March 2022, the drawn down capital corresponding to the loan amounts to AUD 60 million (at 31 March 2022 equivalent to: EUR 40.5 million).
- Syndicated financing agreement through the subsidiary Prosegur Cash S.A. as a credit facility arranged in 2017, maturing February 2026 for the amount of EUR 25 million.
- By means of its subsidiary in Peru, Prosegur Compañía de Seguridad SA arranged a financing transaction in the amount of PEN 300 million to mature in 5 years. At 31 March 2022, drawn capital amounted to PEN 255 million (equivalent to EUR 62.1 million).

The following is the total net cash flow generated in the period from January to March 2022:

Million euros	
CONSOLIDATED CASH FLOW	31/03/2022
EBITDA	102.5
Adjustments to profit or loss	(22.8)
Income tax	(17.3)
Change in working capital	(62.7)
Interest payments	(15.4)
OPERATING CASH FLOW	(15.7)
Acquisition of Property, plant and equipment	(24.3)
Payments acquisition of subsidiaries	(9.7)
Dividend payments	(18.2)
Cash and cash equivalents	(45.8)
CASH FLOW FROM INVESTMENT / FINANCING	(98.0)
TOTAL NET CASH FLOW	(113.8)
INITIAL NET DEBT (31/12/2021)	(986.6)
Net (Decrease) / Increase in cash and cash equivalents	(113.8)
Exchange rate effect	11.8
NET DEBT AT THE END OF THE PERIOD (31/03/2022)	(1,088.6)
Financial investments	217.5
ADJUSTED NET DEBT AT THE END OF THE PERIOD (31/03/2022)	(871.1)

4. Alternative Performance Measures

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

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

Working capital (in millions of Euros)	31.03.2022	31.12.2021
Inventories	75.9	65.4
Clients and other receivables	809.5	733.2
Current tax assets	84.3	80.5
Cash and cash equivalents	543.4	585.0
Other current financial assets	1.4	1.0
Deferred tax asset	118.0	106.9
Suppliers and other payables	(739.7)	(814.7)
Current tax liabilities	(172.8)	(162.5)
Current financial liabilities	(977.3)	(246.7)
Other current liabilities	(48.2)	(41.6)
Deferred tax liabilities	(68.6)	(77.3)
Provisions	(243.8)	(202.3)
Total Working Capital	(617.9)	26.9

EBIT margin (in millions of euros)	31.03.2022	31.03.2021
EBIT	51.9	43.2
Revenue	946.9	803.2
EBIT margin	5.5%	5.4%

Organic Growth (in millions of Euros)	31.03.2022	31.03.2021
Revenue current year	946.9	803.2
Less: revenue previous year	803.2	993.8
Less: Inorganic Growth	13.2	(50.4)
Exchange rate effect	2.3	(118.8)
Total Organic Growth	128.3	(21.4)

Inorganic Growth (in millions of Euros)	31.03.2022	31.03.2021
Cash LatAm	17.7	4.5
Cash Europe	1.2	0.4
Cash ROW	-	3.2
AVOS LatAm	4.1	-
Security ROW	1.1	-
Disinvestments	(10.8)	(58.5)
Total Inorganic Growth	13.2	(50.4)

Exchange Rate Effect (in million euros)	31.03.2022	31.03.2021
Revenue current year	946.9	803.2
Less: Revenue from the year underway at the exchange rate of the previous year	944.6	922.0
Exchange rate effect	2.3	(118.8)

Cash Flow Conversion Rate (in million euros)	31.03.2022	31.03.2021
EBITDA	102.5	87.3
CAPEX	24.3	28.9
Conversion Rate (EBITDA - CAPEX / EBITDA)	76%	67%
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Net financial debt (In millions of Euros)	31.03.2022	31.12.2021
Financial liabilities	1,748.8	1,680.0
Plus: Finance lease liabilities	102.7	102.1
Adjusted financial liabilities (A)	1,851.5	1,782.1
Cash and cash equivalents	(543.4)	(585.0)
Less: adjusted cash and cash equivalents (B)	(543.4)	(585.0)
Less: Other current financial assets (C)	-	(1.0)
Total Net Financial Debt (A+B+C)	1,308.1	1,196.2
Less: other non-bank borrowings (D)	(116.8)	(107.6)
Less: Finance lease liabilities (E)	(102.7)	(102.1)
Total Net Financial Debt (excluding other non-bank borrowings referring to deferred M&A and financial debt from lease payments) (A+B+C+D+E)	1,088.6	986.6
Minus: equity instruments of listed companies (F)	(217.5)	(190.7)
Total Net Financial Debt (excluding other non-bank borrowings referring to deferred M&A payments, financial debt from lease payments and including the value of equity instruments of listed companies) (A+B+C+D+E+F)	871.1	795.8
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EBITA (In millions of euros)	31.03.2022	31.03.2021
Consolidated profit/(loss) for the year	10.6	16.8
Non-controlling interests	3.6	3.0
Income taxes	22.4	18.5
Net financial expenses	15.3	4.9
Depreciation and amortisation	8.1	7.2
EBITA	60.0	50.4
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EBITDA (In millions of euros)	31.03.2022	31.03.2021
Consolidated profit/(loss) for the year	10.6	16.8
Non-controlling interests	3.6	3.0
Income taxes	22.4	18.5
Net financial expenses	15.3	4.9
Depreciation and amortisation	50.6	44.2
EBITDA	102.5	87.3