

**REPORT BY THE BOARD OF DIRECTORS OF PROSEGUR COMPAÑÍA DE
SEGURIDAD, S.A. ON THE PROPOSALS FOR THE REDUCTION OF
CAPITAL STOCK BY WAY OF THE REDEMPTION OF SHARES OF
TREASURY STOCK, REFERRED TO IN ITEMS THIRTEEN AND
FOURTEEN ON THE AGENDA OF THE 2019 ANNUAL SHAREHOLDERS'
MEETING**

The Board of Directors of Prosegur Compañía de Seguridad, S.A. (“**Prosegur**” or the “**Company**”) issues this report on the proposals for the reduction of share capital which are submitted to the Shareholders’ Meeting for approval under items thirteen and fourteen on the agenda.

Pursuant to the Corporate Enterprises Law, all capital reduction proposals require, for their approval, the related justifying report by the Board of Directors, given that they entail the amendment of the bylaws.

1. COLLECTIVE REPORT

In this section, and pursuant to articles 286 and 318 of the Corporate Enterprises Law, a detailed explanation and justification is given, for the purposes required by the legislation in force, of the proposal for the reduction of capital stock by way of the redemption of shares of treasury stock and of the proposal for the reduction of capital stock by way of the redemption of any shares acquired under a buy-back program approved, as the case may be, by the Board, both of which are submitted to the Shareholders’ Meeting for approval under items thirteen and fourteen, respectively, on the agenda.

This report, prepared and approved by the Company’s Board at its meeting held on April 25, 2019 serves to comply with the statutory requirement regarding the resolution to empower the Board to reduce capital, if necessary, by way of the redemption of shares of treasury stock with a charge to reserves, and of any shares acquired under a buy-back program.

The capital reductions hereunder will necessarily entail the amendment of article 5 of the Company’s bylaws, on capital stock.

The shares of treasury stock to be redeemed in accordance with item thirteen on the agenda were acquired pursuant to article 144.a) of the Corporate Enterprises Law (derivative unrestricted acquisition of treasury stock) and to articles 338 through 342 of the same Law, where applicable. The shares of treasury stock to be redeemed under item fourteen on the agenda will be acquired, as the case may be, under a buy-back program for an amount of up to 3,591,000 euros, authorized, as the case may be, by the Board (the “**Buy-back Program**”), subject to the price and volume conditions established in article 5 of Regulation (EU) n° 596/2014 of

the European Parliament and of the Council, of 16 April 2014, on market abuse, and in Commission Delegated Regulation (EU) 2016/1052, of 8 March 2016, supplementing Regulation (EU) n° 596/2014 on market abuse with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures.

2. INDIVIDUAL REPORT

2.1 CAPITAL REDUCTION BY REDEEMING SHARES OF TREASURY STOCK

2.1.1 Introduction

The shares subject to the proposed capital reduction were acquired by the Company pursuant to article 144.a) of the Corporate Enterprises Law (derivative unrestricted acquisition of treasury stock) and to articles 338 through 342 of the same Law.

As of April 25, 2019 the Company holds 18,445,278 shares of treasury stock that are to be the subject of the capital reduction under item thirteen on the agenda.

2.1.2 Justification of the proposal

The Board deems it advisable to reduce capital stock by way of the redemption of shares of the Company's treasury stock, having regard not only to the interests of the Company (thus complying with the statutory limits imposed under articles 144 et. seq. of the Corporate Enterprises Law), but also to the context of the shareholder remuneration policy. The main effect of the capital reduction on shareholder remuneration will be an increase in the income per Company share, which will result in income for shareholders.

As indicated above, capital is to be reduced by way of the redemption of all of the shares the Company owns as treasury stock as of the date on which this report is issued.

2.1.3 Principal terms and conditions of the capital reduction

The proposal is to reduce capital stock by 18,445,278 shares of the Company's treasury stock, equal to approximately 3% of the capital stock, each with a par value of 0.006 euros, within the limits imposed under articles 146 and 509 of the Corporate Enterprises Law.

The proposed capital reduction does not entail the repayment of contributions, because the Company itself is the owner of the shares being redeemed, and will be carried out with a charge to unrestricted reserves, recording a provision to a reserve for redeemed capital equal to the nominal value of the redeemed shares, the use of which will be subject to the same requirements as those imposed on the reduction of capital stock under article 335 c) of the Corporate Enterprises Law.

Consequently, pursuant to article 335 c) of the Corporate Enterprises Law, creditors will not have the right of opposition referred to in article 334 of the Corporate Enterprises Law.

2.1.4 Proposed resolution

The following is a transcription of the wording of resolution thirteen proposed to the Shareholders' Meeting in connection with the capital reduction:

RESOLUTION THIRTEEN

“To reduce the capital stock by way of the redemption of 18,445,278 shares of treasury stock, equal to 3% of the capital stock, each with a par value of 0.06 euros, for a nominal amount of 1,106,716.68 euros, within the limits set in article 146 and concordant articles and in article 509 of the Corporate Enterprises Law.

The capital reduction does not entail the repayment of contributions to shareholders, because the Company itself is the owner of the shares being redeemed, and will be carried out with a charge to unrestricted reserves, recording a provision to a reserve for redeemed capital equal to the nominal value of the redeemed shares, pursuant to article 335 c) of the Corporate Enterprises Law.

Consequently, in accordance with the aforesaid article, creditors of the Company will not have the right of opposition referred to in article 334 of the Corporate Enterprises Law.

Those present also resolve to delegate the necessary powers to the Board of Directors, with express powers of delegation, so that it may execute this resolution, being able to specify other points which are not expressly stipulated herein or are a consequence hereof, including the power to reword the article of the bylaws that sets the capital stock, so that it reflects the capital figure and the number of shares resulting from the execution of the capital reduction.”

2.2 CAPITAL REDUCTION BY WAY OF THE REDEMPTION OF SHARES ACQUIRED UNDER THE BUY-BACK PROGRAM

2.2.1 Introduction

The shares subject to the proposed capital reduction will be acquired by the Company under a Buy-back Program for a maximum amount of 3,591,000 euros, authorized, as the case may be, by the Board.

In this connection, the treasury stock will be acquired subject to the price and volume conditions established in article 5 of Regulation (EU) n° 596/2014 of the European Parliament and of the Council, of 16 April 2014, on market abuse, and in Commission Delegated Regulation (EU) 2016/1052, of 8 March 2016, supplementing Regulation (EU) n° 596/2014 on market abuse with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures.

Under the Buy-back Program, the Company can acquire a maximum number of 59,850,000 shares, each with a par value of 0.06 euros, representing approximately 10% of the Company's capital stock (following the reduction submitted to the Shareholders' Meeting for approval under item ten on the agenda), for its redemption.

2.2.2 Justification of the proposal

The Board is assessing the possibility of carrying out a treasury stock buy-back program for a maximum amount of 3,591,000 euros throughout 2019 as an additional mechanism aimed at increasing the cash yield for Company shareholders.

Under the Buy-back Program authorized, as the case may be, by the Board, powers will be granted to the Chief Executive Officer of Prosegur so that he may establish and execute the program on the following terms:

- purpose: reduction of the Company's capital, subject to approval by the Shareholders' Meeting;
- regulated market: the purchases will be made on the Spanish stock market;
- maximum amount assigned to the program: 3,591,000 euros;
- maximum number of shares to be acquired: up to 59,850,000 shares, representing approximately 10% of the Company's capital stock (following the reduction submitted to the Shareholders' Meeting for approval under item ten on the agenda);

- maximum price per share: the shares will be acquired for a price which cannot exceed either the price of the last independent transaction or the highest price independently offered on the related stock market when the transaction is carried out, whichever is higher;
- term: the Buy-back Program will end on the date set by the Board of Directors.

As a result of the implementation of the Buy-back Program and in order to fulfill its purpose, the proposal submitted to the Shareholders' Meeting is to redeem the shares acquired by the Company under the Buy-back Program within one month after it ends.

It is placed on record that, as of the date of approval of the call to the Shareholders' Meeting, the Board has not yet resolved to execute the Buy-back Program.

2.2.3 Main terms and conditions of the capital reduction

The maximum amount of the capital reduction will be equal to the number of shares acquired under the Buy-back Program, multiplied by 0.06 euros per share; capital will be reduced by way of the redemption of said shares, up to a maximum of 3,591,000 euros, equal to the nominal value of the maximum number of shares of treasury stock to be acquired under the Buy-back Program (59,850,000 common shares, each with a par value of 0.06 euros).

Notwithstanding the foregoing, pursuant to article 340.3 of the Corporate Enterprises Law, if the Company does not acquire the maximum number of 59,850,000 shares under the Buy-back Program, capital will be reduced by the amount related to the shares actually acquired under said Buy-back Program.

The proposal is therefore to delegate to the Board the powers necessary to set the final figure of the capital reduction in accordance with the procedure explained above.

The capital reduction will not entail the repayment of contributions to shareholders, because the Company itself is the owner of the shares being redeemed, and will be carried out with a charge to unrestricted reserves, recording a provision to a reserve for redeemed capital equal to the nominal value of the redeemed shares, the use of which will be subject to the same requirements as those imposed on the reduction of capital stock under article 335 c) of the Corporate Enterprises Law.

Consequently, pursuant to article 335 c) of the Corporate Enterprises Law, creditors will not have the right of opposition referred to in article 334 of the Corporate Enterprises Law.

It is also proposed to the Shareholders' Meeting that the Board be delegated the powers necessary to execute the resolution to reduce capital (with express powers of delegation pursuant to article 249.2 of the Corporate Enterprises Law), also delegating the powers necessary to specify other points which are not expressly stipulated in said resolution or are a consequence thereof, and to adopt resolutions, publish notices, take actions and execute public or private documents, as necessary or advisable for the most complete execution of the capital reduction.

It is proposed to empower the Board to take such steps and actions as are necessary or advisable so that, after the resolution to reduce capital has been executed, it can amend the article of the bylaws under which capital stock is set, so that it reflects the new capital figure and the new number of outstanding shares (after deducting the shares of treasury stock the redemption of which is proposed) and so that the redeemed shares are excluded from trading on the related stock markets and their accounting entries are removed.

2.2.4 Proposed resolution

The following is a transcription of the wording of resolution fourteen proposed to the Shareholders' Meeting in connection with the capital reduction:

RESOLUTION FOURTEEN

*“To reduce the Company’s capital stock by way of the acquisition of shares under a buy-back program of the Company, for a maximum amount of 3,591,000 euros, for their redemption, authorized, as the case may be, by the Board of Directors (the “**Buy-back Program**”), as follows:*

1. Amount and form of capital reduction: The nominal amount of the capital reduction at the Company will be equal to the number of shares acquired under the Buy-back Program, multiplied by 0.06 euros per share; the capital reduction will be carried out by way of the redemption of said shares, up to a maximum of 3,591,000 euros, equal to the nominal value of the maximum number of shares of treasury stock to be acquired under the Buy-back Program (59,850,000 common shares, each with a par value of 0.06 euros).

As explained below, the final figure of the capital reduction will be set by the Board having regard to the final number of shares acquired under the Buy-back Program.

2. Procedure for acquiring the shares that are to be redeemed: The shares that are to be redeemed will be acquired by the Company under the Buy-back Program, which will end, at the latest, on the date set by the Board, and will be carried out subject to the price and volume conditions established in article 5 of Regulation (EU) n° 596/2014 of the European Parliament and of the Council, of 16 April 2014, on market abuse, and in Commission Delegated Regulation (EU) 2016/1052, of 8 March 2016, supplementing Regulation (EU) n° 596/2014 on market abuse with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures.

By virtue of the foregoing, pursuant to article 340.3 of the Corporate Enterprises Law, if the Company does not acquire the maximum number of 59,850,000 shares, each with a par value of 0.06 euros, under the Buy-back Program, capital will be deemed to have been reduced by the amount related to the shares actually acquired under said Program.

3. Procedure for the reduction and reserves to which it is charged: Pursuant to article 342 of the Corporate Enterprises Law, the capital reduction must be executed within one month after the end of the Buy-back Program.

The capital reduction does not entail the repayment of contributions to shareholders, because the Company itself is the owner of the shares being redeemed, and will be carried out with a charge to unrestricted reserves, recording a provision to a reserve for redeemed capital equal to the nominal value of the redeemed shares, the use of which will be subject to the same requirements as those imposed on the reduction of capital stock under article 335 c) of the Corporate Enterprises Law.

Consequently, as stated in the aforesaid article, creditors of the Company will not have the right of opposition referred to in article 334 of the Corporate Enterprises Law.

4. Delegation of powers: To delegate the necessary powers to the Board of Directors, with express powers of delegation, so that it may execute this resolution, being able to specify other points which are not expressly stipulated herein or are a consequence hereof. In particular, and without limitation, the following powers are delegated to the Board of Directors, with express powers of delegation:

a) to approve the execution of the Buy-back Program and to set the maximum number of shares that can be bought back by the Company, within the limits set in this resolution and by law, as well as any other terms of the Buy-back Program, all pursuant to the applicable legislation;

- b) *to take any actions, make any statements or take any steps required in connection with the public communication of the Buy-back Program and with any actions which may, as the case may be, have to be taken vis-à-vis Spanish or foreign regulators and securities markets; to negotiate, agree and execute as many contracts, agreements, commitments or instructions as are necessary or advisable for the success of the Buy-back Program and the capital reduction;*
- c) *to publish the notices required by law, to acquire the shares under the Buy-back Program and, within one month after the end of said Program, to redeem them as agreed herein;*
- d) *to declare the capital reduction to be closed and executed, setting for such purpose the final number of shares to be redeemed and, accordingly, the amount to which the Company's capital stock is to be reduced in accordance with the rules stipulated in this resolution;*
- e) *to set the final figure of the capital reduction having regard to this resolution and to establish any other circumstances required to carry it out, all in accordance with the aforesaid conditions;*
- f) *to reword the article of the bylaws that sets the capital stock, so that it reflects the capital figure and the number of shares resulting from the execution of the capital reduction;*
- g) *to take such steps and actions as are necessary or advisable and to file such documents as are required with the relevant bodies so that, following the redemption of Company shares and the execution of the related deed, and its registration at the Commercial Registry, the redeemed shares are excluded from trading on the related securities markets and the related accounting entries are removed;*
- h) *to take such actions as are necessary or advisable to execute and formalize the capital reduction vis-à-vis any entities and bodies, whether public or private, Spanish or foreign, including acts of declaration, supplement or rectification of deficiencies or omissions which could prevent or serve as an obstacle to the full effectiveness of the foregoing resolutions.*

The Board is expressly authorized so that it may, in turn, delegate the powers referred to herein, pursuant to article 249.bis l) of the Corporate Enterprises Law."

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Madrid, April 25, 2019