



**Offering 375,000,000 ordinary shares of  
PROSEGUR CASH, S.A.  
Offering Price Range: €1.95 to €2.35 per share**

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Prosegur Assets Management, S.L.U. (the “**Selling Shareholder**”) is offering 375,000,000 ordinary shares, with a nominal value of €0.02 per share (the “**Initial Offered Shares**”), of Prosegur Cash, S.A., a public limited company (*sociedad anónima*) incorporated under the laws of Spain (the “**Company**”), by way of an institutional offering to qualified institutional buyers in the United States of America and qualified investors in other jurisdictions outside the United States, including Spain (the “**Offering**”).

The Selling Shareholder has granted the Joint Global Coordinators (as described below), acting on behalf of the Managers (as described below), an option to purchase a number of additional ordinary shares of the Company up to a maximum of 10% of the Initial Offered Shares (the “**Additional Shares**” and together with the Initial Offered Shares, the “**Offered Shares**”) to cover over-allotments of shares in the Offering, if any (the “**Over-allotment Option**”). The Over-allotment Option is exercisable, in whole or in part, by the Joint Global Coordinators acting on behalf of the Managers, upon notice to the Company and the Selling Shareholder only for the purpose of covering over-allotments (if any), at any time on or before the 30<sup>th</sup> calendar day after the date on which the Company’s ordinary shares commence listing on the Spanish Stock Exchanges (as defined below) and quoted on the SIBE (as defined below).

The Company will not receive any proceeds from the sale of the Offered Shares by the Selling Shareholder in the Offering.

**Investing in the Offered Shares involves a degree of risk. See section “Risk Factors” beginning on page 14 for a discussion of certain matters that investors should consider prior to making an investment in the Company’s ordinary shares.**

This document (the “**Prospectus**”) constitutes a prospectus relating to the Company and its subsidiaries (together, the “**Group**”) for the purposes of Article 3 of Directive 2003/71/EC of the European Parliament and of the Council of the European Union, its implementing measures in Spain and the Commission Regulation (EC) No 809/2004 (as amended, the “**Prospectus Regulation**”) (together, the “**Prospectus Rules**”). This document has been prepared in accordance with, and includes the information required by, Annexes I, III and XXII of the Prospectus Regulation in connection with the Offering and application for the admission to listing (the “**Admission**”) of the shares to the Madrid, Barcelona, Bilbao and Valencia stock exchanges (the “**Spanish Stock Exchanges**”) which are regulated markets for the purposes of Directive 2004/39/EC (as amended, the “**Markets in Financial Instruments Directive**”). This Prospectus has been approved by the Spanish National Securities Market Regulator (*Comisión Nacional del Mercado de Valores*) (the “**CNMV**”), in its capacity as Spanish competent authority under the consolidated text of the Spanish Securities Market Act approved by Royal Legislative Decree 4/2015, of 23 October (*texto refundido de la Ley del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre*) and relevant implementing measures in Spain.

Prior to this Offering, there has been no public market for the Company's shares. The indicative non-binding offering price range at which the Offered Shares will be sold in the Offering is between €1.95 and €2.35 per Offered Share (the "**Offering Price Range**"). The Offering Price Range has been determined based on negotiations between the Selling Shareholder, Prosegur (which has received financial advice from Lazard) and the Joint Global Coordinators and no independent experts have been consulted in determining the Offering Price Range. The price of the Offered Shares (the "**Offering Price**") will be determined based on negotiations between the Selling Shareholder, Prosegur (which has received financial advice from Lazard) and the Joint Global Coordinators upon the finalization of the book-building period (expected to occur on or about 15 March 2017) and will be announced through the publication of a relevant fact disclosure (*hecho relevante*). No independent experts will be consulted in determining the Offering Price. The Offering Price may be outside the Offering Price Range.

The Company has applied to have its shares listed on the Spanish Stock Exchanges and to have the Shares quoted on the *Sistema de Interconexión Bursátil Español* (the "**SIBE**"). The Company's shares are expected to be listed on the Spanish Stock Exchanges and quoted on the SIBE on or about 17 March 2017 under the symbol "CASH". The Initial Offered Shares are expected to be delivered through the book-entry facilities of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. and its participating entities on or about 20 March 2017.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Offered Shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. The Offered Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities authority of any state of the US, and may not be offered, sold, pledged or otherwise transferred within the US or to any US person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of, the Securities Act, and in compliance with any applicable state or local securities laws. The Offered Shares are being offered: (i) in the US, only to qualified institutional buyers as defined in and in reliance upon Rule 144A under the Securities Act ("**Rule 144A**") and (ii) outside the US, only in offshore transactions as defined in, and in reliance upon, Regulation S under the Securities Act ("**Regulation S**") and in this case, only to investors who, if resident in a member state of the European Economic Area, are qualified investors within the meaning of Article 2(1)(e) of the Directive 2003/71/EC of the European Parliament and of the Council of the European Union. This document is not to be treated as a "prospectus" for the purposes of Section 10 of the Securities Act. Prospective purchasers are hereby notified that the sellers of the Offered Shares may be relying on an exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For additional information about eligible offerees see section "*Transfer and Selling Restrictions*".

*Joint Global Coordinators and Joint Bookrunners*

**BBVA**

**Banco Santander**

**Citigroup**

**Goldman Sachs International**

*Joint Bookrunners*

**Deutsche Bank**

**HSBC**

**JB Capital Markets**

*Co-lead Managers*

**Itau BBA**

**Bankinter**

**CaixaBank**

*Independent Advisor*

**Lazard**

**The date of this Prospectus is 2 March 2017**

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## SUMMARY

*Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A – E (A.1 – E.7).*

*This summary contains all the Elements required to be included in a summary for this type of securities and company. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.*

*Even though an Element may be required to be inserted in the summary because of the type of securities and company, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.*

*Terms in capital letters and acronyms used in this summary are defined in section “Certain Terms and Conventions” of the Prospectus.*

### SECTION A- INTRODUCTION AND WARNINGS

|            |  |   |
|------------|--|---|
| <b>A.1</b> | <b>Warning to investors</b>                    | This summary should be read as an introduction to the Prospectus. Any decision to invest in the shares of Prosegur Cash should be based on the consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, a plaintiff investor may, under the national legislation of the member state of the European Economic Area have to bear the costs of translating the Prospectus before legal proceedings are initiated. Civil liability attaches only to those who have tabled this summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether or not to invest in the Shares. |
| <b>A.2</b> | <b>Information on financial intermediaries</b> | Not applicable.<br>No consent has been given by the Company or any person responsible for drawing up this Prospectus to use this Prospectus for subsequent sale or placement of securities by financial intermediaries.   |

### SECTION B- COMPANY

|            |   |  |
|------------|---|--|
| <b>B.1</b> | <b>Legal and commercial name</b>                                | The legal name of the Company is “Prosegur Cash, S.A.” and the global brand name of the Company and its subsidiaries is “Prosegur Cash”.   |
| <b>B.2</b> | <b>Domicile/legal form/legislation/country of incorporation</b> | The Company is a public limited company ( <i>sociedad anónima</i> ) incorporated in and subject to the laws of Spain. The Company’s registered address is calle Santa Sabina, 8, 28007, Madrid, Spain and has telephone number 915 89 84 31. |
| <b>B.3</b> | <b>Current operations/</b>                                      | The Company is one of the leading global providers of cash logistics and cash management and other outsourced services to financial institutions, retailers, government  |

|                    |   |   |
|--------------------|---|---|
|                    | <p><b>principal activities and markets</b></p>  | <p>agencies and central banks, mints, jewellers and other commercial operations around the world. The Company’s global footprint extends to 15 countries (13 through its own operations and two through joint ventures) and it has the leading market position in terms of revenue in fast-growing markets such as Argentina, Brazil, Chile, Peru, Paraguay and Uruguay in Latin America and in more developed markets such as Spain and Germany in Europe (source: internal estimates based on Freedonia 2017, Company’s information and public filings of competitors). As of 31 December 2016, the Group had 39,550 employees worldwide (plus 10,644 and 6,111 for the joint ventures in India and South Africa, respectively) and its operations included approximately 9,000 soft-skin and armoured vehicles and over 550 branches and other operating facilities (mostly garages) (including the joint ventures in India and South Africa). For the years ended 31 December 2016, 2015 and 2014 the Company had consolidated revenues of €1,724.3 million, €1,746.3 million and €1,663.1 million, respectively, consolidated results from operating activities of €385.4 million, €314.7 million and €280.2 million, respectively, and consolidated post-tax profit from continuing operations of €226.2 million, €208.1 million and €172.0 million, respectively.</p> <p>The Company was incorporated on 22 February 2016 to hold and develop the Cash business of the Prosegur Group, one of the leading global private security companies with over 40 years of experience in the Alarms, Security and Cash businesses.</p> <p>The Company’s principal services include:</p> <ul style="list-style-type: none"> <li>■ Logistics <ul style="list-style-type: none"> <li>• Local and international transport services (on land, by sea and by air) of cash and other high worth valuables (including, amongst others, jewellery, art, precious metal, electronic devices, pharmaceuticals, voting cards and judicial evidence) including pick-up, transport, safekeeping, delivery and cash deposit services.</li> </ul> </li> <li>■ Cash management <ul style="list-style-type: none"> <li>• Counting, processing, fitness determination, custody, preparation and delivery of notes and coins and ATM replenishment.</li> </ul> </li> <li>■ Outsourcing <ul style="list-style-type: none"> <li>• Retail automation through self-service cash automatization machines (MAEs), including, amongst others, cash deposit devices, recycling and distribution of coins and notes services and bill payment services;</li> <li>• End-to-end ATM management, including, amongst others, forecasting, monitoring, first and second level maintenance and balancing services; and</li> <li>• AVOS (added value outsourced services) for financial institutions, including, amongst others, branch forecasting, reconciliation and settlement and credit card support services.</li> </ul> </li> </ul> |
| <p><b>B.4a</b></p> | <p><b>Significant recent trends affecting the Group and the industries in which it operates</b></p> | <p>The Company is not aware of any significant new trend influencing the Group and the industry in which it operates, notwithstanding the risk factors described elsewhere in this Summary.</p>   |

|                   |                                   |  |
|-------------------|-----------------------------------|--|
| <p><b>B.5</b></p> | <p><b>Group structure</b></p>     | <p>The following table shows the Company and its material subsidiaries prior to the Offering:</p> <p>(*) The Brazilian Security Business, currently integrated within the Group, is under divestment process which is expected to be completed during 2017.</p>  |
| <p><b>B.6</b></p> | <p><b>Selling shareholder</b></p> | <p>Prosegur Assets Management, S.L.U.</p> <p>After the Offering, the Selling Shareholder is currently expected to hold 360,000,000 Shares, representing 24% of the total share capital of the Company, assuming no exercise of the Over-allotment Option, and 322,500,000 Shares, representing 21.5% of the total share capital of the Company, assuming full exercise of the Over-allotment Option.</p> |

## B.7

## Summary of historical audited key financial information

The following tables present selected audited consolidated financial information of the Company as of 31 December 2016 as well as selected unaudited consolidated financial information of the Company for the years ended 31 December 2015 and 31 December 2014. This information is derived from, and qualified in its entirety by reference to, the Consolidated Annual Accounts, which are prepared in accordance with IFRS-EU.

*Consolidated statement of financial position*

|  | As of 31<br>December 2016<br>(audited) | As of 31<br>December 2015<br>(unaudited) | As of 31<br>December 2014<br>(unaudited) |
|--|--|--|--|
|  | (Millions of Euros)                    |  |  |
| <b>ASSETS</b>  |  |  |  |
| Property, plant and equipment .....                                  | 266.359                                | 222.347                                  | 327.197                                  |
| Goodwill .....   | 317.351                                | 306.845                                  | 358.846                                  |
| Other intangible assets .....  | 173.856                                | 173.793                                  | 247.322                                  |
| Investment property .....  | -                                      | 83.678                                   | 46.529                                   |
| Equity-accounted investees .....                                     | 28.955                                 | 13.054                                   | 20.171                                   |
| Non-current financial assets .....                                   | 2.058                                  | 2.304                                    | 22.363                                   |
| Deferred tax assets .....  | 89.546                                 | 99.801                                   | 120.313                                  |
| <b>Non-current assets</b> .....                                      | <b>878.125</b>                         | <b>901.822</b>                           | <b>1,142.741</b>                         |
| Non-current assets held for sale .....                               | 266.568                                | 232.876                                  | 19.792                                   |
| Inventories .....  | 7.457                                  | 7.145                                    | 15.753                                   |
| Trade and other receivables .....                                    | 426.776                                | 422.239                                  | 550.444                                  |
| Current receivables with Prosegur Group<br>companies .....           | 65.430                                 | 351.323                                  | 264.526                                  |
| Current tax assets .....   | 102.352                                | 45.828                                   | 72.223                                   |
| Other financial assets .....   | -                                      | -  | 8.241                                    |
| Cash and cash equivalents .....                                      | 188.780                                | 201.552                                  | 228.515                                  |
| <b>Current assets</b> .....  | <b>1,057.363</b>                       | <b>1,260.963</b>                         | <b>1,159.494</b>                         |
| <b>Total assets</b> .....  | <b>1,935.488</b>                       | <b>2,162.785</b>                         | <b>2,302.235</b>                         |
| <b>EQUITY</b>  |  |  |  |
| Share capital .....  | 30.000                                 | -  | -  |
| Translation differences .....  | (385.073)                              | (438.410)                                | (218.351)                                |
| Retained earnings and other reserves .....                           | 540.535                                | 1,385.829                                | 1,361.087                                |
| <b>Equity attributable to equity holders of the<br/>parent</b> ..... | <b>185.462</b>                         | <b>947.419</b>                           | <b>1,142.736</b>                         |
| Non-controlling interests .....                                      | 0.011                                  | 9.728                                    | 8.117                                    |
| <b>Total equity</b> .....  | <b>185.473</b>                         | <b>957.147</b>                           | <b>1,150.853</b>                         |
| <b>LIABILITIES</b>   |  |  |  |
| Financial liabilities .....  | 634.720                                | 66.830                                   | 168.189                                  |
| Deferred tax liabilities .....                                       | 67.224                                 | 62.669                                   | 85.501                                   |
| Provisions .....   | 137.047                                | 127.811                                  | 173.848                                  |
| <b>Non-current liabilities</b> .....                                 | <b>838.991</b>                         | <b>257.310</b>                           | <b>427.538</b>                           |
| Trade and other payables .....                                       | 334.796                                | 321.511                                  | 368.568                                  |
| Current tax liabilities .....  | 118.525                                | 66.134                                   | 69.065                                   |
| Financial liabilities .....  | 87.315                                 | 148.705                                  | 90.470                                   |
| Current payables with Prosegur Group<br>companies .....              | 168.708                                | 360.295                                  | 166.114                                  |
| Provisions .....   | 3.121                                  | 4.889                                    | 18.180                                   |
| Liabilities held for sale .....                                      | 184.688                                | 30.127                                   | 1.058                                    |
| Other current liabilities .....                                      | 13.871                                 | 16.667                                   | 10.389                                   |
| <b>Current liabilities</b> .....                                     | <b>911.024</b>                         | <b>948.328</b>                           | <b>723.844</b>                           |
| <b>Total liabilities</b> .....                                       | <b>1,750.015</b>                       | <b>1,205.638</b>                         | <b>1,151.382</b>                         |
| <b>Total equity and liabilities</b> .....                            | <b>1,935.488</b>                       | <b>2,162.785</b>                         | <b>2,302.235</b>                         |

| <i>Consolidated statement of profit and loss</i>  |  |  |  |
|---|--|--|--|
|   | <b>For the year<br/>ended 31<br/>December 2016<br/>(audited)</b> | <b>For the year<br/>ended 31<br/>December 2015<br/>(unaudited)</b> | <b>For the year<br/>ended 31<br/>December 2014<br/>(unaudited)</b> |
| <b>(Millions of Euros)</b>  |  |  |  |
| Revenues .....  | 1,724.258  | 1,746.265  | 1,663.140  |
| Cost of sales.....  | (1,097.331)  | (1,120.627)  | (1,106.182)  |
| <b>Gross profit .....</b>   | <b>626.927</b>   | <b>625.638</b>   | <b>556.958</b>   |
| Other income .....  | 71.433   | 22.083   | 7.092  |
| Selling, general and administrative expenses.....   | (305.757)  | 329.897  | (282.620)  |
| Other expenses.....   | (2.719)  | (1.615)  | (0.626)  |
| Profit/(loss) from equity accounted investees .....   | (4.529)  | (1.473)  | (0.590)  |
| <b>Results from operating activities .....</b>  | <b>385.355</b>   | <b>314.736</b>   | <b>280.214</b>   |
| Finance income.....   | 31.114   | 36.508   | 16.747   |
| Finance costs .....   | (40.314)   | (35.212)   | (34.193)   |
| <b>Net finance income/(costs) .....</b>   | <b>(9.200)</b>   | <b>1.296</b>   | <b>(17.446)</b>  |
| <b>Profit before income tax .....</b>   | <b>376.155</b>   | <b>316.032</b>   | <b>262.768</b>   |
| Income tax expense .....  | (149.913)  | (107.892)  | (90.728)   |
| <b>Post-tax profit from continuing operations.....</b>  | <b>226.242</b>   | <b>208.140</b>   | <b>172.040</b>   |
| Loss from discontinued operation, net of tax .....  | (47.276)   | (29.166)   | (1.615)  |
| <b>Consolidated profit for the period .....</b>   | <b>178.966</b>   | <b>178.974</b>   | <b>170.425</b>   |
| Attributable to:  |  |  |  |
| Owners of the parent.....   | 178.324  | 179.332  | 170.420  |
| Non-controlling interests .....   | 0.642  | (0.358)  | 0.005  |
| <br><i>Consolidated statements of cash flows</i>  |  |  |  |
|   | <b>For the year<br/>ended 31<br/>December 2016<br/>(audited)</b> | <b>For the year<br/>ended 31<br/>December 2015<br/>(unaudited)</b> | <b>For the year<br/>ended 31<br/>December 2014<br/>(unaudited)</b> |
| <b>(Millions of Euros)</b>  |  |  |  |
| <b>Cash flows from operating activities</b>   |  |  |  |
| <b>Profit for the period</b>  | <b>178.966</b>   | <b>178.974</b>   | <b>170.425</b>   |
| <i>Adjustments for:</i>   |  |  |  |
| Depreciation and amortization.....  | 61.893   | 73.185   | 76.102   |
| Impairment losses on non-current assets .....   | 0.009  | 0.047  | -  |
| Impairment losses on trade receivables and<br>inventories.....  | 1.457  | 1.069  | 4.496  |
| Change in provisions .....  | 78.132   | 31.808   | 32.704   |
| Losses on financial assets at fair value through<br>profit or loss .....                                    | -  | -  | 0.073  |
| Finance income.....   | (33.448)   | (43.049)   | (19.793)   |
| Finance costs.....  | 75.712   | 60.463   | 37.520   |
| Share of profit of equity-accounted investees .....   | 4.189  | 1.031  | 0.451  |
| Gains on disposal and sale of property, plant<br>and equipment .....  | (45.572)   | -  | -  |
| (Gains)/losses on disposal of subsidiaries .....  | 0.296  | -  | -  |
| Tax expense .....   | 132.114  | 97.270   | 91.038   |
| <b>Changes in working capital, excluding the<br/>effect of acquisitions and translation<br/>differences</b> |  |  |  |
| Inventories .....   | (2.475)  | (5.873)  | (0.958)  |
| Trade and other receivables (including group<br>companies).....   | 51.252   | (87.746)   | (19.567)   |
| Trade and other payables (including group<br>companies).....  | 12.063   | 113.026  | 13.306   |
| Provisions .....  | (22.189)   | (47.629)   | (31.240)   |
| Other current liabilities .....   | (0.187)  | (0.688)  | -  |
| Other current assets.....   | 1.172  | (1.337)  | (3.048)  |
| <b>Cash flows from operating activities</b>   |  |  |  |



|             |   |   |                  |                  |                  |
|-------------|---|---|------------------|------------------|------------------|
|             |   | Interest paid .....   | (16.021)         | (36.053)         | (13.496)         |
|             |   | Income tax paid.....  | (115.920)        | (91.886)         | (88.600)         |
|             |   | <b>Net cash from operating activities .....</b>   | <b>258.939</b>   | <b>242.612</b>   | <b>249.413</b>   |
|             |   | <b>Cash flows from investing activities</b>   |                  |                  |                  |
|             |   | Proceeds from sale of assets held-for-sale.....   | 100.895          | -                | -                |
|             |   | Proceeds from sale of financial assets.....   | 22.322           | -                | -                |
|             |   | Proceeds from sale of subsidiaries held-for-sale,<br>net of cash and cash equivalents.....  | 72.836           | 5.311            | -                |
|             |   | Interest received.....  | 31.058           | 32.711           | 17.510           |
|             |   | Proceeds from investments .....   | 37.012           | -                | -                |
|             |   | Acquisition of subsidiaries, net of cash and cash<br>equivalents .....  | (29.529)         | (24.690)         | (63.990)         |
|             |   | Acquisition of equity-accounted investees .....   | -                | -                | (4.933)          |
|             |   | Acquisition of property, plant and equipment.....   | (89.386)         | (69.136)         | (84.714)         |
|             |   | Acquisition of intangible assets .....  | (6.951)          | (4.504)          | (6.398)          |
|             |   | Acquisition of investment property.....   | -                | (71.315)         | (45.267)         |
|             |   | Acquisition of subsidiaries integrated.....   | (10.733)         | -                | -                |
|             |   | Acquisition of financial assets (including group<br>companies) .....  | (70.946)         | (37.724)         | (57.946)         |
|             |   | <b>Net cash used in investing activities.....</b>   | <b>56.578</b>    | <b>(169.347)</b> | <b>(245.738)</b> |
|             |   | <b>Cash flows from financing activities</b>   |                  |                  |                  |
|             |   | Proceeds from issue of share capital and share<br>premium.....  | 0.003            | -                | -                |
|             |   | Proceeds from contributions .....   | 3.289            | 16.085           | 65.570           |
|             |   | Proceeds from loans and borrowings .....  | 715.125          | 29.302           | -                |
|             |   | Proceeds from other financial liabilities.....  | -                | 8.810            | 99.025           |
|             |   | Payments for the redemption of own shares and<br>other own equity instruments .....   | (46.781)         | -                | -                |
|             |   | Payments for loans and borrowings .....   | (22.158)         | (61.215)         | (88.254)         |
|             |   | Share premium distribution.....   | (910.548)        | -                | -                |
|             |   | Dividends paid.....   | (74.619)         | (32.121)         | (95.390)         |
|             |   | <b>Net cash from (used in) financing activities .....</b>   | <b>(335.689)</b> | <b>(39.139)</b>  | <b>(19.049)</b>  |
|             |   | Net increase/(decrease) in cash and cash<br>equivalents .....   | (20.172)         | 34.126           | (15.374)         |
|             |   | Cash and cash equivalents at the beginning of<br>period .....   | 241.425          | 228.646          | 240.507          |
|             |   | Effect of translation differences on cash held .....  | (9.650)          | (21.347)         | 3.513            |
|             |   | <b>Cash and cash equivalents at year end<br/>including: .....</b>   | <b>211.603</b>   | <b>241.425</b>   | <b>228.646</b>   |
|             |   | Cash and cash equivalents at year end from<br>continuing operations.....  | 188.780          | 201.552          | 228.515          |
|             |   | Cash and cash equivalents at year end from<br>discounting operations.....   | 22.823           | 39.873           | 0.131            |
| <b>B.9</b>  | <b>Profit forecast or estimates</b>                                 | Not applicable. The Prospectus does not contain profit forecasts or estimates.  |                  |                  |                  |
| <b>B.10</b> | <b>Qualifications in the audit report on historical information</b> | <p>The audit report corresponding to the Consolidated Annual Accounts issued by KPMG Auditores, S.L., is unqualified.</p> <p>This auditor report, fully attached to the Prospectus, includes an emphasis of matter which draws attention to Note 2 to the consolidated annual accounts, which, as well as describing the accounting policies applied, states that the 2016 consolidated annual accounts are the first set of financial statements of the Group to be prepared under IFRS-EU. As permitted under IFRS-EU, the Group has opted to present comparative financial information, for comparative purposes only, as if the subsidiaries contributed to and acquired by the Group in 2016 had formed part of the Group at 1 January 2014, on the basis that they were part of the Prosegur Group before this date. The auditors' opinion is not modified in respect of this matter.</p> |                  |                  |                  |
| <b>B.11</b> | <b>If the issuer's working capital is not sufficient for</b>        | Not applicable. In the opinion of the Company, the working capital available to the Company is sufficient for the Company's present requirements and, in particular, is sufficient for at least the next twelve months from the date of this Prospectus. This is  |                  |                  |                  |

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| its present requirements, an explanation should be included | expected to continue being the case upon completion of the Offering. |
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| <b>SECTION C - SECURITIES</b> |  |  |
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| <b>C.1</b>                    | <b>Description of class of the securities</b>                            | <p>The Offering will initially be 375,000,000 Shares, with a nominal value of €0.02 per share, representing 25% of the total share capital of the Company. This amount may be increased in case of exercise of the Over-allotment Option up to a maximum of 37,500,000 Shares, with a nominal value of €0.02 per share representing 2.5% of the total share capital of the Company (that is, up to a maximum of 10% of the total number of the Initial Offered Shares).</p> <p>All the Offered Shares are owned by the Selling Shareholder and no newly-issued shares will be offered in the context of the Offering.</p> <p>The Shares have the ISIN code ES0105229001, allocated by the Spanish National Agency for the Codification of Securities (<i>Agencia Nacional de Codificación de Valores Mobiliarios</i>), an entity dependent upon the CNMV. It is expected that the Shares will be traded on the Spanish Stock Exchanges and quoted on the SIBE under the symbol “CASH”.</p> |
| <b>C.2</b>                    | <b>Currency of the securities issue</b>                                  | The Shares are denominated in euro.  |
| <b>C.3</b>                    | <b>Number of issued and fully paid-up shares</b>                         | <p>There is only one class of shares in the Company and each Share entitles its holder to one vote.</p> <p>As of the date of this Prospectus, there are 1,500,000,000 Shares of €0.02 nominal value each in issue, represented by nominative book-entry records. All Shares are fully subscribed and paid-up.</p>  |
| <b>C.4</b>                    | <b>Rights attached to the shares</b>                                     | <p>The Shares rank <i>pari passu</i> in all respects with each other, including for voting purposes and for all distributions of the Company’s profits and proceeds from liquidation.</p> <p>The Shares grant their owners the rights set forth in the Bylaws and under Spanish Companies Act, such as, amongst others, (i) the rights to attend Shareholders’ Meetings of the Company with the right to speak, limited to holders of record of at least 1,000 Shares, (ii) the right to vote in the Shareholders’ Meeting of the Company, (iii) the right to dividends proportional to their paid-up shareholding in the Company, (iv) the pre-emptive right to subscribe for newly-issued ordinary shares in capital increases with cash contributions, and (v) the right to any remaining assets in proportion to their respective shareholdings upon liquidation of the Company.</p>   |
| <b>C.5</b>                    | <b>Description of restrictions on free transferability of the shares</b> | Other than restrictions applicable under the relevant securities laws, there are no restrictions on the free transferability of the Shares, without prejudice to the lock-up arrangements agreed in connection with the Offering.  |
| <b>C.6</b>                    | <b>Applications for admission to trading on regulated markets</b>        | Application will be made to list the Shares on the Spanish Stock Exchanges and to have them quoted on the SIBE, which is expected to occur on or about 17 March 2017. No application has been made or is currently intended to be made for the Shares to be admitted to listing on any other exchange.   |

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| C.7 | <b>Dividend policy</b> | <p>It is the Company's current intention to pay annual dividends corresponding to, at least, 50-60% of its previous year's net income.</p> <p>For the years 2017, 2018 and 2019, it is the Company's current intention to pay interim cash dividends (<i>dividendos a cuenta</i>) payable in four equal instalments (in December of the approval year and in March, June and September of the following year). These interim cash dividends would be annually approved by the Board of Directors in December and would be ratified annually by the annual Shareholders' Meeting of the following year. As an exception to the proposed payment calendar mentioned, the Board of Directors currently intends to approve an interim cash dividend in December 2017 to be paid 40% in December 2017, 20% in March 2018, 20% in June 2018 and 20% in September 2018. This interim cash dividend would be submitted for ratification by the 2018 annual Shareholders' Meeting.</p> <p>The payment of dividends, if any, and the amounts and timing thereof, will depend upon a number of factors, including, but not limited to, legal, tax and regulatory requirements, net income attributable to the parent or availability of distributable reserves, the Company's business evolution and growth strategy, inorganic investment opportunities, general economic and business conditions, market returns, credit solvency and such other factors which the Board of Directors may deem relevant. Furthermore, the dividend policy is subject to change, as the Board of Directors will revisit the dividend policy from time to time.</p> <p>In any case, any Company's dividend based on the application of the results for each year proposed by the Board of Directors distribution will be submitted for approval by the Shareholders' Meeting.</p> |
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| <b>SECTION D- RISKS</b> |   |  |
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| D.1                     | <b>Key information on the key risks that is specific to the Group or its industry</b> | <p>Investing in the Company's Shares involves a degree of risk. You should carefully consider the risks and uncertainties described below, together with the other information contained in this Prospectus, before making any investment decision. Any of the following risks and uncertainties could have a material adverse effect on the Company's business, financial condition and results of operations. The market price of the Shares could decline due to any of these risks and uncertainties and you could lose all or a part of your investment.</p> <p><b><i>Risks Related to the Company's Relationship with the Prosegur Group</i></b></p> <ul style="list-style-type: none"> <li>■ The Company's organisational and ownership structure may create conflicts of interest</li> <li>■ The Company has no direct control over the costs incurred by the provider of services under the Management Services Agreements, which may only be terminated under certain conditions</li> <li>■ If Prosegur loses control of the Company, certain of the Company's agreements could be terminated, including the License Agreement</li> <li>■ The Company's reputation could be damaged</li> <li>■ The Company faces risks in relation to the sale of its Brazilian Security Business to the Prosegur Group</li> </ul> <p><b><i>Risks Related to the Company's Business and its Industry</i></b></p> <ul style="list-style-type: none"> <li>■ The Company operates in highly competitive markets and may be unable to respond effectively to developments in line with its competitors</li> <li>■ The current market shares of the Company may not be sustainable in the future</li> <li>■ Decreased use of cash could have a negative impact on the Company's business</li> <li>■ The Company's business is at risk of criminal attacks and incidents involving weapons</li> <li>■ The Company may be subject to losses due to mismatches or fraud with respect to</li> </ul> |

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|  |  | <p>cash under the Company's care</p> <ul style="list-style-type: none"> <li>■ The Company's success depends on its ability to attract and retain qualified personnel and its ability to control labour costs</li> <li>■ The profit margins achieved in the past may not be sustainable in the future</li> <li>■ The Company is subject to counterparty risk</li> <li>■ Failures of the Company's information technology (IT) infrastructure could have a material adverse effect on its business</li> <li>■ The Company's relationships with its unions could deteriorate</li> </ul> <p><b><i>Risks related to the recent creation of the Company</i></b></p> <ul style="list-style-type: none"> <li>■ The Company has a limited history as a stand-alone company and there is no assurance it will be as profitable as the Cash business in the past</li> <li>■ The Company may be adversely affected by changes resulting from the Carve-out of its business from the Prosegur Group</li> <li>■ The historical financial information contained in this Prospectus is limited and may not be indicative of the Company's future performance</li> </ul> <p><b><i>Risks Related to the Regions where the Company Operates</i></b></p> <ul style="list-style-type: none"> <li>■ The Company is exposed to exchange rate risk</li> <li>■ The Company may be materially adversely affected by developments in the emerging markets where it operates, particularly Latin America</li> </ul> <p><b><i>Other Risks Related to the Company</i></b></p> <ul style="list-style-type: none"> <li>■ The Company is subject to risks related to labour and tax contingencies and litigation, in particular in Brazil, due, amongst other factors, to the complex nature of labour and tax regulation in that country</li> <li>■ The Company's leverage and debt service obligations may have a material adverse effect on its business</li> <li>■ The Company's statement of financial position includes significant amounts of goodwill and other intangible assets which may be subject to impairment in the future</li> <li>■ The Company is dependent on revenues from a small number of customers</li> <li>■ The Company faces risks related to acquisitions</li> <li>■ The Company is party to and may enter into joint ventures and other partnership arrangements (such as shared ownership of subsidiaries) with third parties which may not be successful</li> </ul> <p><b><i>Macroeconomic Risks</i></b></p> <ul style="list-style-type: none"> <li>■ Economic conditions in the regions where the Company operates could have a material adverse effect on the Company's business, financial condition and results of operations</li> <li>■ The Company faces certain risks inherent in some countries in which the Company operates</li> <li>■ The Company is subject to interest rate risk</li> <li>■ Increased fuel costs may adversely impact the Company's margins</li> </ul> <p><b><i>Legal, Regulatory and Compliance Risks</i></b></p> <ul style="list-style-type: none"> <li>■ The Company's effective income tax rate could change</li> <li>■ The Company may be involved from time to time in litigation, arbitration and regulatory proceedings</li> <li>■ The termination, expiration or non-renewal of licenses and permits may prevent the Company from carrying out certain of its operations</li> <li>■ The Company's insurance coverage may be insufficient</li> <li>■ The Company's anti-money laundering and anti-terrorism policies may be circumvented or otherwise not be sufficient to prevent all money laundering or</li> </ul> |
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|            |  | <p>terrorism financing</p> <ul style="list-style-type: none"> <li>■ The Company operates in a highly regulated environment</li> <li>■ The Company has risks associated with confidential information</li> </ul>   |
| <b>D.3</b> | <b>Key information on the key risks that is specific to the shares</b> | <p><b><i>Risks Related to the Shares and the Offering</i></b></p> <ul style="list-style-type: none"> <li>■ The Company cannot assure that the Offering Price Range will match the future price of the Shares following the Offering</li> <li>■ The market price of the Shares may fluctuate widely in response to different factors</li> <li>■ There is no established trading market for the Shares and a liquid market for the Shares may fail to develop</li> <li>■ There can be no assurance that the Company will be able to make distributions to the Company's shareholders in the future</li> <li>■ Substantial sales of Shares by Prosegur and/or the Selling Shareholder, or the possibility of such sales, may affect the market price of the Shares</li> <li>■ Investors in this Offering may experience dilution of their ownership interest due to the future issuance of additional Shares or convertible debt</li> <li>■ The Offering may be revoked</li> <li>■ Shareholders in certain jurisdictions may not be able to exercise their preferential subscription rights to acquire further Shares</li> <li>■ Changes in the Spanish clearing and settlement system</li> <li>■ Shareholders in countries with currencies other than the euro face additional investment risk from currency exchange rate fluctuations in connection with their holding of the Shares</li> <li>■ It may be difficult for shareholders outside Spain to effect service of process on or enforce foreign court judgments against the Company or its Directors</li> <li>■ The Offered Shares will not be freely transferable in the United States</li> <li>■ The Company may be classified as a passive foreign investment company, which could result in adverse US federal income tax consequences to US Holders of Offered Shares</li> </ul> |

| <b>SECTION E - ADMISSION AND THE OFFER</b> |  |  |
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| <b>E.1</b>                                 | <b>Total net proceeds of the Offering and estimated expenses</b> | <p>Pursuant to the Offering, the Selling Shareholder expects to raise gross proceeds of between €731.3 million and €881.3 million (based on the minimum and maximum prices of the indicative non-binding Offering Price Range, respectively) in case that the Over-allotment Option is not exercised, and of between €804.4 million and €969.4 million (based on the minimum and maximum prices of the indicative non-binding Offering Price Range, respectively) in case that the Over-allotment Option is exercised in full.</p> <p>Assuming that the Over-allotment Option is entirely exercised, the maximum estimated expenses (fees and expenses) payable by the Company and Selling Shareholder in relation to the Offering (excluding any taxes, in particular VAT which shall be added where applicable) amount to approximately €0.4 million and €28.0 million, respectively. The Company and the Selling Shareholder will not pass through to the investors any of the Offering expenses.</p> |

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| <b>E.2a</b> | <b>Reasons for the Offering and use of proceeds</b> | <p>The main reasons for the Offering are the following:</p> <ul style="list-style-type: none"> <li>(i) make the Company, as a pure Cash agent, lead the consolidation process in the Cash industry;</li> <li>(ii) redeploy funds obtained from the Offering to invest in new technologies and grow the Prosegur Group Security and Alarms businesses;</li> <li>(iii) enhance Prosegur Group value proposition through a rebalance of each business portfolio and the redistribution of value across the different business divisions and by means of this proposition to investor targeting Cash-type investments; and</li> <li>(iv) return in cash to the Prosegur shareholders part of the capital invested in the Prosegur Group.</li> </ul> <p>Prosegur aims to use the proceeds of the Offering for an approximate amount between €300 million and €400 million to pursue the growth of the Alarms and Security businesses of the Prosegur Group.</p>  |
| <b>E.3</b>  | <b>Terms and conditions of the Offering</b>         | <p>The Selling Shareholder is offering 375,000,000 Initial Offered Shares at the Offering Price, which at the midpoint of the Offering Price Range that would provide the Selling Shareholder with gross proceeds of €806.3 million.</p> <p>In addition, the Selling Shareholder will grant the Joint Global Coordinators, acting on behalf of the Managers, an option to purchase up to a maximum of 37,500,000 Additional Shares, representing up to 10% of the total number of the Initial Offered Shares, exercisable in whole or in part at any time on or before the 30th calendar day after Admission.</p> <p>In member states of the European Economic Area, the Offering consists of an offering not qualifying as a public offering for the purposes of the European Parliament and Council Directive 2003/71/EC of 4 November 2003 and only addressed to and directed at persons who are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (including any relevant implementing measure in each relevant member state of the EEA, such as the Spanish Securities Market Act and Spanish Royal Decree 1310/2005 of 4 November (<i>Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos</i>)).</p> <p>In addition, the Offering consist of an offering (i) in the US to persons reasonably believed to be qualified institutional buyers (QIBs) as defined in, and in reliance on, Rule 144A under the Securities Acts and (ii) outside the US in compliance with Regulation S under the Securities Act.</p> <p>The indicative non-binding Offering Price Range is €1.95 to €2.35 per Offered Share. The Offering Price Range has been determined by negotiations amongst the Selling Shareholder, Prosegur (which has received financial advice from Lazard) and the Joint Global Coordinators, and no independent experts have been consulted in determining the Offering Price Range. The Offering Price Range implies an aggregate Offering Price of between approximately €731.3 million and €881.3 million, if the Over-allotment Option is not exercised, and of between €804.4 million and €969.4 million, if the Over-allotment Option is fully exercised, and a market capitalisation of the Company totalling between €2,925.0 million and €3,525.0 million, approximately. The Offering Price Range is indicative only and the Offering Price may be higher or lower than the Offering Price Range. There can be no assurance that the prices at which the Shares will sell in the public market after the Offering will not be lower than the Offering Price Range or that an active trading market in the Company's ordinary shares will develop and continue after the Offering.</p> <p>The Offering Price of the Offered Shares will be determined based on negotiations between the Selling Shareholder, Prosegur (which has received financial advice from Lazard) and the Joint Global Coordinators, upon the finalization of the book-building period (expected to be determined on or about 15 March 2017) and will be announced through the publication of a relevant fact disclosure (hecho relevante). The date of setting of the Offering Price may be</p> |

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|            |   | <p>postponed or advanced by the Company as a consequence of the extension or reduction, as the case may be, of the book-building period. No independent experts will be consulted in determining the Offering Price.</p> <p>The Offering will be conducted through a book-building process. During the book-building period, which is expected to start on 3 March 2017, after the registration of this Prospectus with the CNMV and until 15 March 2017 (both inclusive), the Managers will market the Offered Shares amongst investors in accordance with, and subject to, the selling restrictions set forth in this Prospectus. Investors may submit their purchase proposals during this period, indicating the number of Initial Offered Shares and the potential purchase price at which they would be interested to acquire.</p> <p>The book-building period may be reduced or extended by agreement of the Selling Shareholder and the Joint Global Coordinators if, in the first case, the book of demand is sufficiently covered in their view before the end of the book-building period or, in the second case, if they understand that an extension of the book-building period is convenient to ensure the success of the Offering. In the event that there is such a reduction or extension of the book-building period, the Selling Shareholder will inform the market through the publication of a relevant fact disclosure (<i>hecho relevante</i>) and the subsequent steps in the tentative calendar of the Offering may be postponed or advanced.</p> <p>The purchase proposals made by investors during the book-building period will constitute only an indication of interest of the investors in the Initial Offered Shares and shall accordingly not be binding with respect to the number of Initial Offered Shares and the price either for the investors or the Selling Shareholder. Confirmation of the purchase proposals once the Offering Price has been fixed will be irrevocable. Investors will be expected to confirm their purchase proposals to their custodian entities responsible for their “billing and delivery” including in their settlement instructions the 35 digits corresponding to each of the final investor’s settlement account in Iberclear and the 20 digits corresponding to each final investor’s securities account in an Iberclear participant (failure to furnish such instructions to their respective “billing and delivery” entities may result in investors not being allocated Initial Offered Shares or custodians not accepting settlement). The Company will bear any expenses payable to the Spanish Stock Exchanges and Iberclear deriving from the registration of the Shares under the name of the relevant investors.</p> <p>The Company and the Selling Shareholder have discussed with the Joint Global Coordinators their principles for allocation, the factors they believe to be relevant to the allocation and pricing of the Offered Shares and have agreed the objectives and process for the allocation and pricing of the Offered Shares. The Joint Global Coordinators will take into account their prudential responsibilities to manage their risk properly when agreeing the allocation, pricing and timing.</p> <p>The final decision on the allocation of the Offered Shares shall be made by the Company and the Selling Shareholder after consultation with the Joint Global Coordinators, on the Transaction Date, which is expected to occur on or about 16 March 2017.</p> <p>The Selling Shareholder expressly reserves the right to withdraw the Offering, postpone it, defer it, or suspend it temporarily or indefinitely for any reason at any time before the setting of the Offering Price. In addition, the Offering may be revoked upon the occurrence of certain circumstances including the occurrence of customary termination provisions to be set forth in the Underwriting Agreement.</p> |
| <b>E.4</b> | <b>Material interests in the Offering</b> | <p>The Managers and their respective affiliates may have engaged in transactions with and may have performed various lending, trading, investment banking (including as underwriters, bookrunners or placement agents), financial advisory and other services for the Company and the Selling Shareholder and their respective affiliates, for which they received customary fees, and they and their respective affiliates may provide such services for the Company and the Selling Shareholder and their respective affiliates in the future. Certain of the Managers (either directly or through their affiliates) are clients and/or lenders under</p>  |

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|            |  | <p>certain of the Prosegur Group's debt facilities and/or provide performance and other guarantees to the Prosegur Group. Moreover, in the ordinary course of their business activities, the Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments, including corporate debt facilities, of the Group and the Selling Shareholder.</p> <p>Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Bankinter, S.A., CaixaBank, S.A., Citigroup Global Markets Limited, Deutsche Bank Luxembourg, S.A., London Branch, Goldman Sachs Bank USA and HSBC Bank plc, Sucursal en España are lenders under the Loan Agreement and the Revolving Credit Facility.</p> |
| <b>E.5</b> | <b>Entities offering the shares and lock-up arrangements</b> | <p><b>Entities offering the Offered Shares</b><br/>The Selling Shareholder is the entity offering the Offered Shares.</p> <p><b>Lock-up arrangements</b><br/>Pursuant to the Underwriting Agreement, the following parties will be subject to lock-up arrangements for the periods from the execution of the Underwriting Agreement to the date falling on the following dates after Admission:</p> <ul style="list-style-type: none"> <li>■ The Company 180 days</li> <li>■ The Selling Shareholder 180 days</li> <li>■ Prosegur 180 days</li> </ul> <p>The lock-up arrangements are subject to customary exceptions.</p>  |
| <b>E.6</b> | <b>Dilution</b>  | As all of the Offering is secondary, it will have no dilutive effect.   |
| <b>E.7</b> | <b>Expenses charged to the Investors</b>                     | <p>Notwithstanding any expenses, broker fees or commissions that might be charged by the participating entities in Iberclear in accordance with their respective practices (and which are external to the Selling Shareholder and the Company), for the purposes of the transfer of the Shares, the Selling Shareholder will not charge final investors any expenses in addition to the Offering Price.</p> <p>Purchasers of the Offered Shares may be required to pay stamp taxes and other charges in compliance with the laws and practices of their country of purchase in addition to the Offering Price.</p>  |



## **RISK FACTORS**

*Investing in the Shares involves a degree of risk. You should carefully consider the risks and uncertainties described below, together with the other information contained in this Prospectus, before making any investment decision.*

*The following risks and uncertainties address risks that the Company has identified as material to the Company, its Group and/or the value of the Shares, but this is not an exhaustive list or explanation of all risks and uncertainties which investors may face when making an investment in the Shares. Additional risks or uncertainties relating to the Company, its Group and/or the value of the Shares that are not currently known to the Company, or that the Company currently deems immaterial, could also adversely affect the Company, its Group and/or the value of the Shares.*

*Any of the following risks and uncertainties could have a material adverse effect on the Company's business, financial condition and results of operations. The market price of the Shares could decline due to any of these risks and uncertainties, and you could lose all or part of your investment.*

*This Prospectus contains "forward-looking" statements that involve risks and uncertainties. Actual results may differ significantly from the results discussed in forward looking statements, if any. Facts that might cause such differences are discussed below and elsewhere in this Prospectus. See section "Forward-looking Statements".*

*References in this section to "Company" refer to the Company and its Group unless the context otherwise requires.*

*Terms in capital letters and acronyms used in this section are defined in section "Certain Terms and Conventions" of the Prospectus.*

### **Risks Related to the Company's Relationship with the Prosegur Group**

#### ***The Company's organisational and ownership structure may create conflicts of interest***

The Company's organisational and ownership structure involves a number of relationships that may give rise to certain conflicts of interest between the Company and its shareholders, on the one hand, and the Prosegur Group, on the other hand.

Following the completion of the Offering, the Prosegur Group will be the Company's controlling shareholder and will be a related party under the applicable securities laws governing related-party transactions. The Prosegur Group may have interests which differ from the Company's interests or those of the Company's other shareholders, including with respect to any acquisitions made and the timing and amount of dividends paid by the Company.

The Prosegur Group continues to operate its Alarms and Security businesses, which are closely related to the Company's business, and there can be no assurance that the interests of the Prosegur Group will coincide with the interests of purchasers of the Offered Shares or that the Prosegur Group will act in a manner that is in the Company's best interests. To the extent that the Company fails to appropriately deal with any such conflicts, it could negatively impact its reputation and its competitive position, all of which could have a material adverse effect on its business, financial condition and results of operations.

Moreover, three of the Company's Directors are proprietary Directors representing Prosegur. In addition, Mr. Christian Gut Revoredo, the executive Chairman of the Company's Board of Directors, is also the Chief Executive Officer of Prosegur. He divides his time, and receives remuneration from, both Prosegur and the Company. As described in this Prospectus, the activities of Prosegur (Alarms, Security) and Prosegur Cash (Cash) will be different, and in any case subject to the corporate rules detailed in the Framework Agreement. To achieve the objectives of Mr. Christian Gut Revoredo as Chairman of the Company and also as Chief Executives Officer of Prosegur, Prosegur has strengthened the team and resources supporting Mr. Christian Gut Revoredo to ensure proper availability to fulfil both positions and therefore the Company is fully confident that he will meet the objectives of Prosegur Cash.

In order to comply with Recommendation no. 2 of the Spanish Corporate Governance Code, on 17 February 2017, Prosegur and the Company entered into the Framework Agreement. The Framework Agreement sets forth, among other matters, the exclusive scope of activity of each group (including reciprocal non-compete obligations), in the context of any future acquisitions of businesses, preferential rights to acquire any specific business units within such businesses that fall within the areas of activity, and the framework in which related-party transactions shall be carried out in an attempt to prevent potential conflicts of interest, as well as the obligation of the Company to provide Prosegur with certain information in order to allow it to comply with its statutory and contractual obligations. It is foreseen that after the date of filing of this Prospectus with the CNMV, but in any case before Admission, the terms and conditions of all the related-party transactions in force, including the Framework Agreement, the License Agreement, the Management Services Agreements, the RE Lease Agreements, the sublease agreements and the Brazilian Security Business Sale Agreement entered into by the Prosegur Group and the Group are submitted to the Board of Directors of the Company for consideration and, as the case may be, ratification, following a favorable report issued by the Audit Committee, also as the case may be, and with the abstention of the proprietary Directors appointed by Prosegur.

For the year ended 31 December 2016, the Group's revenue derived from commercial related-party transactions with Prosegur Group companies amounted to €61.8 million. The revenue derived from finance related-party transactions with Prosegur Group companies amounted to €23.2 million for the year ended 31 December 2016. Expenses incurred by the Group for commercial related-party transactions with Prosegur Group

amounted to €86.3 million for the year ended 31 December 2016. In addition, the expenses derived from finance related-party transactions with Prosegur Group companies amounted to €2.7 million for the year ended 31 December 2016.

The table below shows the Group's balances from related-party transactions with Prosegur Group companies as of the dates indicated that are not included in the consolidation perimeter of the Group:

|  | <u>31<br/>December<br/>2016</u> | <u>31<br/>December<br/>2015</u> | <u>31<br/>December<br/>2014</u> |
|--|---------------------------------|---------------------------------|---------------------------------|
|  | Millions of<br>Euros            |                                 |                                 |
| Current investments in Group companies and associates                |                                 |                                 |                                 |
| Loans to Group companies .....                                       | 24.4                            | 324.4                           | 261.2                           |
| Other financial assets .....   | 2.2                             | 4.2                             | 1.3                             |
| Trade and other receivables.....                                     |                                 |                                 |                                 |
| Trade receivables, current.....                                      | 38.8                            | 22.7                            | 2.0                             |
| <b>Total current receivables with Prosegur group companies .....</b> | <b>65.4</b>                     | <b>351.3</b>                    | <b>264.5</b>                    |
| Financial liabilities .....  |                                 |                                 |                                 |
| Other financial liabilities .....                                    | 2.1                             | 1.2                             | 1.2                             |
| Loans from Group companies, current.....                             |                                 |                                 |                                 |
| Loans from companies.....  | 134.8                           | 237.9                           | 110.3                           |
| Dividends to be paid .....   | -                               | 25.9                            | 24.0                            |
| Trade and other payables .....                                       |                                 |                                 |                                 |
| Trade and other payables .....                                       | 31.7                            | 95.3                            | 30.7                            |
| <b>Total current liabilities with Prosegur group companies .....</b> | <b>168.7</b>                    | <b>360.3</b>                    | <b>166.1</b>                    |

As of 31 December 2016, the Group had outstanding financial balances against several companies of the Prosegur Group in the aggregate amount of €26.6 million (including interest). These balances had an average interest of 7.2% in 2016. Simultaneously, outstanding financial liabilities of the Group with Prosegur, as of 31 December 2016, amounted to €136.9 million (including interest). These balances had an average interest of 2.2% in 2016.

The total net amount of intercompany financial balances and liabilities between the Group and the Prosegur Group amounted to €110.3 million in favour of the Prosegur Group, as of 31 December 2016. This outstanding financial liability of €110.3 million was repaid in full on 21 February 2017, with a €75.0 million drawdown of the RCF plus available cash.

On 30 December 2016, the Company agreed to distribute reserves (share premium) to its shareholders in an amount of €910.5 million. Such reserve distribution was paid with the €600 million from the Loan Agreement, with €183.6 million of available cash and the remainder, €126.9 million, financed with an intercompany financing granted by Prosegur.

The commercial amounts receivable from the Prosegur Group amounted to €38.8 million, €22.7 million and €2.0 million as of 31 December 2016, 2015 and 2014,

respectively. These commercial balances correspond to accumulated amounts as of the end of each year, relating to trademark licenses (€34.7 million as of 31 December 2016 and €20.7 million as of 31 December 2015), leases rentals (€1.0 million as of 31 December 2016 and €0.5 million as of 31 December 2015 and €1.0 million as of 31 December 2014), Cash services rendered by the Group at market value (€1.0 million in each year) and other commercial amounts receivables (€2.1 as of 31 December 2016 and €0.5 million as of 31 December 2015).

The commercial amounts payable to Prosegur Group amounted to €31.7 million, €95.3 million and €30.7 million as of 31 December 2016, 2015 and 2014, respectively. These commercial balances correspond to accumulated amounts as of the end of each year, relating to trademark licenses (€2.0 million as of 31 December 2016, €43.4 million as of 31 December 2015 and €12.2 million as of 31 December 2014), management fees (€14.1 million as of 31 December 2016, €42.6 million as of 31 December 2015 and €10.8 million as of 31 December 2014), leases rentals (€9.0 million as of 31 December 2016, €5.0 million as of 31 December 2015 and €4.0 million as of 31 December 2014), security and alarms services rendered to the Group at market (€6.1 million as of 31 December 2016, €4.0 million as of 31 December 2015 and €4.5 million as of 31 December 2014) and other commercial amounts payables (€0.5 as of 31 December 2016, €0.3 as of 31 December 2015 and €0.2 million as of 31 December 2014).

***The Company has no direct control over the costs incurred by the provider of services under the Management Services Agreements, which may only be terminated under certain conditions***

Pursuant to the Management Services Agreements, certain Prosegur Group companies (hereinafter, in this section, each a “**PGA Company**” and collectively the “**PGA Companies**”) will provide to some of the companies within the Group (hereinafter, in this section, the “**Clients**”), in exchange for a fee, certain management and support services, which include human resources services, legal services, tax, accounting and financial services, corporate development, marketing and communication services, IT support services, real estate management services, risk and insurance management services, and monitoring of compliance policies services.

Under the terms of the Management Services Agreements, the Clients shall pay a fee based on their share of the total costs incurred by the relevant PGA Company in providing services to all its clients, plus a 5% profit margin. Except for serious breaches, by mutual agreement, or if the annual fees charged to the Client increase beyond a certain threshold (as compared to those for the previous year, calculated as a share of the Client’s revenues), the relevant Management Services Agreement cannot be terminated during the first three years (i.e. between 1 August 2016 and 1 August 2019).

If the price of services under the Management Services Agreements increases substantially and the Company elects not to terminate the Management Services Agreements, the Company’s business, financial condition and results of operations could be materially adversely affected.

If the Company elected to terminate the Management Services Agreements, it would have to find alternative providers of the relevant services or hire its own personnel to perform them, which could be disruptive of the Company's operations. As a result, the Company's business, financial condition and results of operations could be materially adversely affected.

From 1 August 2016 until 31 December 2016, the Clients paid €29.5 million in fees to the PGA Companies.

***If Prosegur loses control of the Company, certain of the Company's agreements could be terminated, including the License Agreement***

Pursuant to the License Agreement, the Company is licensed to use the "PROSEGUR" Licensed Trademarks in exchange for royalty payments made by the Company to Prosegur. Under the terms of the License Agreement, the Company has the exclusive right to use the Licensed Trademarks in connection with the Cash business in all jurisdictions where these are registered now or may be so in the future (except India) for the duration of the registration period (which Prosegur has an obligation to extend by renewing the registrations upon the Company's request). The royalty payments will consist of a percentage over the revenue of the Company's subsidiaries, to be determined on the basis of their profitability with respect to that obtained by third-party comparable entities operating in comparable markets. If results and sales of each subsidiary of the Company remained constant in 2017 as compared to 2016, in 2017 license royalties to be paid under the License Agreement would amount to approximately €30.4 million, which is the same as what they amounted to in 2016 under the previous contracts.

If at any time Prosegur ceases to be the Company's controlling shareholder, Prosegur could terminate the License Agreement (in which case the Company would have to cease using the Licensed Trademarks after a transition period of up to twelve months). Additionally, Prosegur could revoke the license on three months' notice in any territory if the Company does not actually and effectively use the Licensed Trademarks in that territory during one consecutive year or in case of a serious breach by the Company (in which case the Company would have to cease using the Licensed Trademarks after six months).

If the License Agreement were terminated, the Company would need to develop a new brand. Developing a new brand would require a substantial investment of resources, and there is no guarantee that a new brand would ever be as successful as the existing one. Thus, losing the right to use the "PROSEGUR" trademark could have a material adverse effect on the Company's business, financial condition and results of operations.

In addition, as of the date of this Prospectus, the Company and certain of its subsidiaries lease or sub-lease operational and non-operational buildings (office space) owned or leased by Prosegur or its subsidiaries (payments under such leases amounted to €6 million for the year ended 31 December 2016). If Prosegur loses control of the

Company, it could terminate the lease agreements for non-operational buildings currently in place.

Furthermore, in the event that Prosegur loses control of the Company, all amounts outstanding under the Loan Agreement and the RCF could be declared immediately due and payable, all of which could have a material adverse effect on the Company's business, financial condition and results of operations.

***The Company's reputation could be damaged***

The Company's reputation could be damaged as a consequence of, amongst others, any complaints by clients, employees, unions or third parties (in particular, the long-standing campaign by UNI Global Union alleging unfair labour practices by the Prosegur Group, and specifically, by the Company in Latin America and India). In addition, the Company's reputation is closely related to that of the Prosegur Group. If the public image or reputation of the Prosegur Group were to be damaged as a result of adverse publicity or otherwise, the Company could be adversely affected due to its relationship with the Prosegur Group, the fact that it will continue to use the "PROSEGUR" trademark and the fact that Prosegur will continue to be the Company's controlling shareholder.

Furthermore, any perceived or real difficulties experienced by the Company or the Prosegur Group could harm the Company's reputation, which could have a material adverse effect on its business, financial condition and results of operations.

***The Company faces risks in relation to the sale of its Brazilian Security Business to the Prosegur Group***

Pursuant to the Carve-out, the Cash business was carved out from the Prosegur Group. In Brazil, the Prosegur Group operated the Brazilian Cash Business and the Brazilian Security Business through a single local entity, Prosegur Brasil, and, due to the lengthy administrative procedures required to Carve-out the Brazilian Cash Business from the Brazilian Security Business under Brazilian law, it was not possible to legally separate these businesses prior to the Offering, and Prosegur Brasil, including both businesses, was transferred to the Company in the Carve-out.

On 31 December 2016 the Company entered into the Brazilian Security Business Sale Agreement for the sale and transfer of the Brazilian Security Business to the Prosegur Group.

The sale of the Brazilian Security Business is to be preceded by a spin-off of the Brazilian Security Business to a separate entity, with only the Brazilian Cash Business remaining part of Prosegur Brasil. While the Company expects to complete all procedures and transfer the Brazilian Security Business to the Prosegur Group during 2017 and to use the proceeds of this sale to strengthen its cash position, there is no guarantee that all such actions will be completed in 2017. In Brazil there are lengthy

administrative procedures required at both national and regional levels to enable permissions for the various parts of the Brazilian Security Business to be spun-off and transferred to the Prosegur Group. The Company therefore faces risks in relation to this sale transaction, including the delay in completing the relevant administrative procedures to enable the transfer of the Brazilian Security Business or otherwise.

Under the terms of the Brazilian Security Business Sale Agreement, the Prosegur Group has agreed to indemnify the Company for any contingencies arising from the Brazilian Security Business and, additionally, agrees to reimburse the Company – on a quarterly basis between the signing and the closing of the sale of the Brazilian Security Business, for any net cash consumed by the Brazilian Security Business. Since 1 January 2016, the Brazilian Security Business appears on the Company's consolidated statement of financial position as an asset held for sale.

Given that the Brazilian Security Business accounts for a substantial portion of the revenues of Prosegur Group's Security business and that it is a key element of the Prosegur Group's strategy, the Company has no reason to believe that Prosegur would seek to delay or avoid completion of the sale. However, if the Prosegur Group fails to meet its obligations under the Brazilian Security Business Sale Agreement, or the sale of the Brazilian Security Business to the Prosegur Group fails to take place for any other reason, then the Company may be unable to sell the Brazilian Security Business. In such case, there can be no assurance that the Company would be able to find another buyer for the Brazilian Security Business. Should the Company be unable to sell the Brazilian Security Business this in turn could have a material adverse effect on its business, financial condition and results of operations.

### **Risks Related to the Company's Business and its Industry**

#### ***The Company operates in highly competitive markets and may be unable to respond effectively to developments in line with its competitors***

The Company faces significant competition and pricing pressures from competitors using similar pricing models in the markets where it operates. While the Company believes that high start-up costs (such as those related to acquiring armoured vehicles and opening and operating cash centres) tend to limit the number of new market entrants, existing and future competition could result in lost volume of business and could have a material adverse effect on the Company's business, financial condition and results of operations.

Further, banking networks and other customers may also choose to develop their own cash platforms to save on third-party costs (i.e. insourcing), reducing their use of the Company's Cash services, or develop unified procurement platforms, which would enable them to negotiate with the Company as a single customer with significant market power. This could result in less favourable contractual terms for the Company. The effect of such developments would be particularly significant in markets such as Brazil or Argentina, the Company's largest markets in terms of revenue.

In addition, given the highly competitive nature of the Company's services, it is important to develop new solutions and product and service offerings to help retain and expand the Company's customer base. The introduction of products and services by competitors which utilize new technology, and the emergence of new industry standards and practices may make it more difficult for the Company to sell its existing products and services. Consequently, the continued development and diversification of the product and services offered by of the Company is key to its future growth and success. If the Company is not able to respond swiftly and efficiently to technological, industrial and other changes that affect the delivery of its products and services in order to keep up with the changes made by its competitors, this could have a material adverse effect on the Company's business, financial condition and results of operations.

***The current market shares of the Company may not be sustainable in the future***

In the Cash industry, profitability is correlated with market share. Larger market shares translate into higher density of stops per route, which positively influences profitability. In 2015, the Company was the second largest global provider of Cash services in the world by revenues (source: Freedonia 2017 and filings by competitors). It has market-leadership positions in geographies such as Argentina, Brazil, Chile, Peru, Paraguay, Uruguay, Germany and Spain (source: internal estimates based on Freedonia 2017, Company's information and public filings of competitors). The Company's market shares may, however, change. Future market shares, in particular local market shares, may be lower than they currently are, which would in turn likely result in lower profit margins. A substantial decrease in the Company's market share, in particular in countries like Argentina, Brazil, Chile, Peru, Germany, Spain and South Africa, where the Company's market share is substantial, could materially adversely affect its business, financial condition and results of operations.

***Decreased use of cash could have a negative impact on the Company's business***

The success of the Company's business may be adversely affected by any significant reduction in the amount of cash required to be transported or the frequency of its transportation due to competition, economic conditions or increases in other means of transacting such as card use, mobile payments and e-commerce. This may be due to a decrease in cash in circulation in general or in particular countries or markets or could arise from an increase in local cash recycling or a decrease in the number of banks and bank branches. If a decrease in the number of bank branches is not offset by higher cash needs of each branch, the Company's business, financial condition and results of operations may be adversely affected. A contraction in the number of banks could also affect the Company by concentrating customer bargaining power and reducing the Company's ability to negotiate on the pricing of its services. Such contractions could in turn have a material adverse effect on the Company's business, financial condition and results of operations.

In particular, if the Company's model of the traditional cash-based business becomes outdated, its business, financial condition and results of operations could be materially



and adversely affected. The proliferation of payment options other than cash, including credit cards, debit cards, stored-value cards, mobile payments and on-line purchase activity, could result in a reduced need for cash in the marketplace and a decline in the need for physical bank branches, which could lead to a reduction in the amount of cash required to be transported or the frequency of its transportation. Any increasing trend to cash recycling or bank branch closures may exacerbate this risk. In addition, some countries have recently enacted laws banning the use of cash for transactions above certain threshold amounts in order to fight tax fraud and money laundering. If restrictions on the use of cash are adopted more broadly, or if existing restrictions are tightened, demand for cash could decrease and the Company's business, financial condition and results of operation could be materially adversely affected.

***The Company's business is at risk of criminal attacks and incidents involving weapons***

The Company's business is subject to the risk of criminal attacks of various types, such as robbery, attempted robbery, fraud and theft in connection with the custody, processing and transport of valuable property. The Company has from time to time suffered types of criminal attacks such as robberies and theft, including cross-pavement attacks (which are defined as an incident that takes place outside of the vehicle and targets the guard carrying the containers to/from the customer). Cross-pavement attacks are infrequent, as the amount being transported is relatively low compared to the perceived and actual risks of attacking an armed crew. However, on routes where the crews are not armed due to regulation, such as in Portugal and some routes in France, cross-pavement attacks have a higher chance of success and in these instances, or as a result of other cross-pavement attacks, the Company may suffer losses which could be material to the profitability of the Company. Such attacks may also result in the death or serious bodily harm to the Company's employees or bystanders. In general, attacking an armoured vehicle or a cash centre requires highly experienced criminals armed with weapons. As a result, attacks to armoured vehicles are rare and attacks to cash centres almost non-existent in every market where the Company operates except Brazil, where the rates of criminal attacks are particularly high. In Brazil, criminal attacks have increased significantly in recent months, both in number and seriousness. If this trend continues, the Company may need to devote substantial resources to improving the security of its routes, which could negatively affect its margins in that market (the Company's largest by revenues). Furthermore, the Company is also at risk of cyberattacks to its IT platforms, including its truck navigation systems and its cash management systems, which could result in, amongst other things, the manipulation of routes to divert trucks to places where they could be easily attacked or in the manipulation of customer accounts.

To date, the Company's insurance policies have been sufficient to cover losses resulting from attacks to its armoured vehicles and cash centres, but in the future such attacks may result in losses not covered by the Company's insurance policies if they fall outside the scope of existing insurance policies or if they exceed maximum insurance payout

amounts. In addition, if assets stored by the Company at its cash centres are lost or otherwise damaged or if personnel or third parties are injured or if fatalities occur through criminal attacks, the costs of the Company's insurance policies (including premiums) may increase. Such incidents may also reduce customers' confidence in the Company. The Company reviews its security procedures periodically and invests in improvements to the security of its business. For example, the Company now uses fog generators in cash centres to reduce visibility during an attack and to help mitigate the potential losses incurred. If as a result of such reviews the Company concludes that new investments must be made to improve security, its margins could be negatively affected. See risk factor "*The Company's insurance coverage may be insufficient*".

Criminal acts could result in the Company becoming liable for compensation and costs, for example in relation to personnel, which could have a material adverse effect on the Company's business, financial condition and results of operations.

In addition, many of the Company's employees carry weapons (and often heavy weapons) in public areas, which involves risk of damage to people and property. Even though the Company trains its employees to use weapons safely, there is a risk that they will not follow proper procedures (either negligently or intentionally), or that safety procedures turn out to be inadequate in particular instances. If so, the Company may face civil and potentially criminal liability, as well as reputational harm, all of which could materially adversely affect its business, financial condition and results of operations directly as a result of any liability not covered by insurance (or as a result of higher insurance premiums) and indirectly through the negative impact on the Company's reputation.

***The Company may be subject to losses due to mismatches or fraud with respect to cash under the Company's care***

The Company's activities include the holding of cash on behalf of its customers. If there is a failure in the contract and reconciliation provisions with respect to customer cash held by the Company, or any signs of fraudulent activity on behalf of the Company or third parties it uses, this could adversely affect the Company's reputation and profitability. The Company takes steps to limit fraud by its own employees such as the filming of deliveries to monitor that procedures (including the opening of containers) are properly followed and that the amounts being delivered (which have previously been recorded), are verifiable by the Company and its customers. These steps, however, are not effective in preventing all types of fraud.

Further, the Company in some cases transports funds which will be co-mingled with funds being transported by competitors. For example, in certain countries where the Company operates, more than one Cash services provider is responsible for the transportation of funds to the central bank and these funds are co-mingled at the point of delivery to the central bank. In the event that discrepancies arise at the delivery point while the central bank counts the funds received from the different operators, the Company may be responsible for any potential losses incurred during such co-mingling.

Any of the foregoing types of theft could also damage the Company's reputation and result in a decrease in demand for the Company's cash transportation services resulting in a material adverse effect on the Company's business, financial condition and results of operations.

***The Company's success depends on its ability to attract and retain qualified personnel and its ability to control labour costs***

The security industry generally, including the Cash business, is labour intensive and consequently the Company relies on being able to attract and retain high quality employees in all the countries in which it operates. The Company considers labour to be a key component of the daily operation and continued growth of the business. In particular, the rate of staff turnover may be affected by economic conditions and as the Company requires qualified staff (for technical support and cash transportation for example) the costs associated with training may have an adverse impact on the Company's results should the rate of staff turnover increase.

The Company's success depends in large part on its ability to attract, train and retain qualified personnel within all of the geographic regions and service and product areas in which it operates. Any difficulties in finding qualified personnel, including successors for departing personnel, may have an adverse impact on the Company's results. Factors such as minimum levels of training and/or licences for employees in certain positions in various countries and increasing levels of regulation, may limit the Company's ability to recruit new employees and replace leaving employees effectively, thereby limiting the Company's ability to expand its business.

In addition, minimum wage legislation, complex labour legislation, restrictions on the number of hours employees can work, shortages of skilled workers and termination benefits may affect the Company's ability to control labour costs. The Company may not be able to increase its prices to fully compensate for increases in salaries, training of employees and associated costs. This could have a material adverse effect on its business, financial condition and results of operations.

As some of the countries where the Company operates achieve higher levels of economic development, the cost of labour in those countries may also increase, and the Company may not be able to raise its prices to compensate for the higher labour costs for various reasons, including contractual limitations, competitive pressures and insufficient demand for its services. The Company's results of operations could be materially and adversely affected if its labour costs increase significantly but it is not able to raise its prices at a similar rate.

***The profit margins achieved in the past may not be sustainable in the future***

The Cash business has historically achieved relatively higher profit margins than certain of its competitors (18.6% Adjusted EBIT Margin in 2016 compared to 11.0% and 7.1% for Loomis and Brinks, respectively, based on such companies' respective annual

reports which are substantially comparable), but there is no guarantee that it will be able to sustain such margins in the future whether due to competitive pressures or otherwise.

In addition, the Company's margins vary substantially between countries, due to the positive correlation existing in the Cash market between market share, market dispersion and profitability (as the market share of a Cash player increases, its operating resources can be deployed much more efficiently, mainly by increasing the density of stops in the routes of armoured vehicles and leveraging the fixed costs of the cash processing infrastructure, and, in consequence, the marginal costs of a market leader are significantly lower than those for smaller players). Additionally, margins at a country level may be affected by the fact that commercial negotiations are often conducted at a regional level. As a result the Company's consolidated margin may not, in any given year or at all, be representative of the margin earned in any particular country.

***The Company is subject to counterparty risk***

In the ordinary course of business, the Company is subject to the potential default in whole or in part of obligations by a counterparty or debtor (including, but not limited to, an insolvency proceeding of a customer) of the Company. Although the Company regularly reviews its exposure to its customers and other counterparties and uses independent processes of due diligence, and also reviews its exposure to certain economic sectors and regions that the Company believes to be particularly critical, payment defaults may arise from events and circumstances that are unforeseeable or difficult to predict or detect. If a major customer or other significant counterparty were to default on its obligations, this could have a material adverse effect on the Company's business, financial condition and results of operations.

***Failures of the Company's information technology (IT) infrastructure could have a material adverse effect on its business***

The Company is dependent on its information technology (IT) infrastructure, part of which it has developed itself. The Company's ability to manage and grow its business therefore requires it to develop and put in place efficient and reliable information technology systems.

Significant problems with its infrastructure, such as telephone or IT infrastructure failure, cybersecurity or other external security breaches, viruses and other disruptive events, or failure to develop new technology platforms to support new initiatives and product and service offerings, could halt or delay its ability to service its customers, hinder its ability to conduct and expand its business and result in significant remediation costs. For example, the Company relies on its IT infrastructure to receive orders and plan transportation routes. A disruption in its IT infrastructure could have a material adverse effect on its business, financial condition and results of operations.

In addition, given the nature of its business, the Company continuously evaluates and implements upgrades to its IT infrastructure. There are inherent risks associated with

upgrading such systems, including accurately capturing data and system disruptions. While the Company believes it is taking appropriate action to mitigate these risks through testing, training, and staging implementation, there can be no assurances that the Company will successfully launch these systems as planned or that the systems will be implemented without disruptions to the Company's operations. Any of these events could have a material adverse effect on the Company's business, financial condition and results of operations.

***The Company's relationships with its unions could deteriorate***

The Group had 39,550 employees worldwide (plus 10,644 and 6,111 for the joint ventures in India and South Africa, respectively) as of 31 December 2016. Most of these employees were represented by trade unions, in addition to work councils and other employee representatives, and were under the coverage of collective bargaining agreements. Collective bargaining agreements in Germany, Chile, India and France were renegotiated during 2015 and in each country the Company encountered disputes with the relevant unions, all of which were resolved.

The Company's relationship with the unions is generally good. The Company did not face significant labour disruptions during 2016 and does not expect to face them in the near future. Nevertheless, conflicts could arise in the course of on-going negotiations of collective bargaining agreements, as was the case in 2015 in Chile, Germany and France. In particular, the Company faced strikes in the branches of Santiago de Chile, Potsdam (Germany) and Rhone-Alpes (France) because local unions viewed the wage increases the Company offered as insufficient (Chile and Germany) or because they did not agree with the proposed elimination of extra pay (France). In January 2017 the Company suffered a one-day strike in Germany (where a new collective bargaining agreement is under negotiation), with a participation rate of 28% of the Company's employees in that country.

Should these relationships deteriorate, there could be a risk to customer service and increased costs associated with work stoppages and other labour problems. Any suspension of work, which could include on the grounds of safety should any rise in criminal attacks or thefts occur, would increase costs for the Company, including the need to source alternative personnel and avoid delays in the delivery of its services. Such increased costs and disruption to customer service could have a material adverse effect on the Company's business, financial condition and results of operations.

**Risks related to the recent creation of the Company**

***The Company has a limited history as a stand-alone company and there is no assurance it will be as profitable as the Cash business in the past***

The Company was incorporated on 22 February 2016. Although this Prospectus complies with and contains all information required by the Prospectus Regulation (the Company being considered a company with a complex financial history, as defined in

Article 4bis of said regulation) the Company has a limited history as a stand-alone company on which to base an evaluation of its business and prospects. See risk factor “*The historical financial information contained in this Prospectus is limited and may not be indicative of the Company’s future performance*”.

As a company with limited history, the Company’s ability to maintain or increase its revenues and maintain or improve its profitability depends on the successful realization of the Company’s stand-alone strategy. The Company’s failure to implement or achieve any component of its strategy and/or to manage its growth strategy for any reason, including any of the factors set out herein, could have a material adverse effect on the Company’s business, financial condition and results of operations.

Further, as a company with limited history, the Company is in the process of developing and implementing procedures, policies and systems of internal control. This process is ongoing and may present difficulties in the early stages. Failure to successfully implement and maintain such systems, policies, and procedures going forward could have a material adverse effect on the Company’s business, financial condition and results of operations.

Investors should consider the increased risk, expenses and difficulties frequently encountered by companies in their early stages of operation. No assurance can be given that the Company will be successful in addressing the risks it may encounter, and the Company’s failure to do so could have a material adverse effect on the Company’s business, financial condition and results of operations.

***The Company may be adversely affected by changes resulting from the Carve-out of its business from the Prosegur Group***

The Company’s current business and structure are the result of the Carve-out of the Cash business from the Prosegur Group. While Prosegur has represented that transactions implementing the Carve-out fully comply with applicable law and agreed to indemnify the Company for any breach of said representation, no assurance can be given that the Company will not encounter difficulties of an administrative, technical, industrial, operating, legal or financial nature, or otherwise, resulting from the Carve-out and, as a result, there is no guarantee that the expected benefits of the Carve-out will be realized, which could have a material adverse effect on the Company’s business, financial condition and results of operations.

The Carve-out presents risks inherent to restructuring transactions for corporate groups, including difficulties relating to management coordination, separation of budgeting and reporting procedures and commercial offerings, duplication of functions and use of resources to achieve operating efficiencies. Notwithstanding the fact that the Carve-out has been consummated except for the Brazilian Security Business Sale, the separation of certain structures, technologies and services belonging to the Company from those of the companies forming part of the rest of the Prosegur Group is still ongoing and may require more time and expense than originally anticipated. Such circumstances could

reduce expected synergies in production, distribution and sales as well as the anticipated benefits deriving from the Carve-out, which could have a material adverse effect on the Company's business, financial condition and results of operations.

In particular, the assets that now constitute the core of the Company's business and were transferred to the Company in the Carve-out were previously operated as part of an integrated business which included the Alarms and Security businesses of the Prosecur Group. The Company cannot assure that it will be able to transform the Company into a successful independent Cash business or that the challenges of operating as a stand-alone company will not occupy a significant amount of the Company's management's time and resources to the detriment of the development of its business, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Moreover, the Company may experience increased costs resulting from the Carve-out. The Company may be unable to successfully establish the infrastructure or implement the changes necessary to operate independently or may incur additional costs to do so. Failure to obtain the services necessary to operate effectively or the incurrence of greater costs in obtaining these services could have a material adverse effect on the Company's business, financial condition and results of operations. Moreover, the Company may face increased expenses which would previously have been incurred at a Prosecur Group level. Any interruption in these services or increase in the future level of the costs of such services could have a material adverse effect on the Company's business, financial condition and results of operations.

The Prosecur Group may not provide any financing or support in the future. The Company may not be able to obtain financing on the same terms as before the Carve-out, which could have a material adverse effect on the Company's business, financial condition and results of operations.

***The historical financial information contained in this Prospectus is limited and may not be indicative of the Company's future performance***

The Company was incorporated on 22 February 2016 in the context of the Carve-out. Although this Prospectus complies with and contains all information required by the Prospectus Regulation, the Company is a company with a complex financial history, as defined in Article 4bis of said regulation, and, as a result, has no audited stand-alone consolidated historical financial information for any period prior to 31 December 2016. Until 2016, the Group's subsidiaries formed part of the Prosecur Group, whose consolidated annual accounts were prepared under IFRS-EU and filed with the Madrid Commercial Registry. The Consolidated Annual Accounts included in this Prospectus have been prepared in accordance with IFRS-EU and as if the subsidiaries contributed to, or acquired by, the Company in 2016 had formed part of the Group as of 1 January 2014 as they had already formed part of the Prosecur Group on such date.

The Consolidated Annual Accounts as of and for the year ended 31 December 2016 have been audited. Comparative financial information as of and for the years ended 31 December 2015 and 31 December 2014 included therein is not audited as this comparative financial information does not relate to stand-alone financial statements as of the mentioned dates, as would be required by the legislation regulating the audit of accounts in Spain.

Additionally, the Consolidated Annual Accounts included in this Prospectus may not necessarily be indicative of the future results of the Company's business, financial condition and results of operations and what these would have been had the Company been operated at the dates and during the periods covered by these Consolidated Annual Accounts as a separate stand-alone, integrated group rather than as separate parts of integrated Cash companies within the Prosegur Group. The Consolidated Annual Accounts also do not reflect changes that will occur to the Company's business, financial condition and results of operations of its new corporate organisational structure and the Offering.

### **Risks Related to the Regions where the Company Operates**

#### ***The Company is exposed to exchange rate risk***

The Company is exposed to exchange rate risks arising from the fact that its revenues are generated in a number of different currencies (mainly Brazilian real, Argentine, Colombian, Mexican and Chilean pesos, Peruvian soles and Australian dollars) whereas its reporting currency is the euro.

The Company estimates that the joint impact on a consolidated basis of a simultaneous 15% depreciation of the Brazilian real, a 25% depreciation of the Argentine peso, a 25% depreciation of the Mexican peso and a 10% depreciation of all other non-euro currencies in which the Company obtains revenues (all such depreciations in addition to the actual fluctuation that occurred during the period) would have reduced the Company's EBIT (results from operating activities) in euro terms by 14% for the year ended 31 December 2016. Furthermore, the Company estimates that the joint impact on a consolidated basis of a simultaneous 15% appreciation of the Brazilian reais, a 25% appreciation of the Argentine peso, a 25% appreciation of the Mexican peso and a 10% appreciation of all other non-euro currencies in which the Company obtains revenues (all such appreciations in addition to the actual fluctuation that occurred during the period) would have increased the Company's EBIT (results from operating activities) in euro terms by 22% for the year ended 31 December 2016.

Exchange rate fluctuations also affect the Company's financing costs for instruments denominated in currencies other than euros. While some of these effects may be offset by corresponding inflation fluctuations, that will not necessarily be the case. The Company generally does not enter into foreign exchange derivatives to cover its future expected operations and cash flows and as a result it is possible that changes in foreign exchange rates have an adverse effect on the Company's business, financial condition



and results of operations. For example, the Company's results of operations for 2015 were adversely affected by the depreciation of the Brazilian real. In 2016, the Company's business, financial condition and results of operations were adversely affected by the depreciation of the Brazilian real and the Argentine peso.

In addition, as detailed in the Consolidated Annual Accounts, as of 31 December 2016, certain of the Company's subsidiaries in Latin America held on their balance sheets assets and liabilities denominated in currencies other than the functional currency of such subsidiaries (e.g., assets or liabilities in Argentina denominated in a currency other than the Argentine peso). As a result, and as shown in the table below, exchange rate fluctuations could affect such subsidiaries' net assets, as well as their profit for the year (due to an impact on net finance income).

|  | Exchange rate increase |         | Exchange rate decrease |         |
|--|------------------------|---------|------------------------|---------|
|  | Equity                 | P/L     | Equity                 | P/L     |
| (Thousands of Euros)                     |                        |         |                        |         |
| <b>31 December 2016</b>                  |                        |         |                        |         |
| Brazilian Real (15% variation).....      | 54,607                 | –       | (40,361)               | –       |
| Argentine Peso (25% variation).....      | 61,728                 | 2,629   | (37,037)               | (4,404) |
| Chilean Peso (10% variation) .....       | 10,567                 | (304)   | (8,646)                | 372     |
| Peruvian Nuevo Sol (10% variation) ..... | 6,649                  | 344     | (5,440)                | (421)   |
| Colombian Peso (10% variation).....      | 3,111                  | –       | (2,546)                | –       |
| <b>31 December 2015</b>                  |                        |         |                        |         |
| Brazilian Real (15% variation).....      | 40,000                 | –       | (29,565)               | –       |
| Argentine Peso (25% variation).....      | 79,703                 | (1,457) | (47,822)               | 887     |
| Chilean Peso (10% variation) .....       | 3,786                  | (3,846) | (3,098)                | (573)   |
| Peruvian Sol (10% variation).....        | 6,459                  | (3,366) | (5,285)                | 2,754   |
| Colombian Peso (10% variation).....      | 3,096                  | –       | (2,533)                | –       |
| <b>31 December 2014</b>                  |                        |         |                        |         |
| Brazilian Real (15% variation).....      | 52,926                 | –       | (39,119)               | –       |
| Argentine Peso (25% variation).....      | 64,520                 | (921)   | (38,712)               | 1,155   |
| Chilean Peso (10% variation) .....       | 3,618                  | 579     | (2,961)                | (474)   |
| Peruvian Sol (10% variation).....        | 5,463                  | (2,902) | (4,470)                | 2,374   |
| Colombian Peso (10% variation).....      | 3,463                  | –       | (2,834)                | –       |

The effects shown in the table above have been calculated assuming that all other variables, in particular interest rates, remain constant. The impact on the statements of profit and loss reflects the variation in the line item net finance income/cost considering the effect of the indicated exchange rate variation on all outstanding amounts denominated in a currency other than the functional currency of the relevant subsidiary. On the other hand, variations in equity show the impact on the net assets of each subsidiary due to the effect of the indicated exchange rate fluctuations of the functional currencies against the euro.

The table below shows the effect on the Company's equity position resulting from the conversion into euros of the financial statements of foreign operations:

| <b>Foreign operations</b>     | <b>31/12/2016</b>           | <b>31/12/2015</b>       | <b>31/12/2014</b>       |
|-------------------------------|-----------------------------|-------------------------|-------------------------|
|                               | <b>(Thousands of Euros)</b> |                         |                         |
| Brazilian Real.....           | (137,292)                   | (191,513)               | (95,751)                |
| Argentinian Peso.....         | (224,068)                   | (204,993)               | (103,899)               |
| Chilean Peso.....             | 2,001                       | (3,310)                 | (43)                    |
| Uruguayan Peso.....           | (993)                       | (1,629)                 | (659)                   |
| Paraguayan Guarani.....       | (7,121)                     | (8,579)                 | (4,334)                 |
| Colombian Peso.....           | (3,527)                     | (5,817)                 | (1,277)                 |
| Peruvian Nuevo Sol.....       | (20,078)                    | (24,114)                | (12,989)                |
| Mexican Peso.....             | 372                         | 737                     | 892                     |
| Singapore Dollar.....         | 4,137                       | 3,935                   | 2,041                   |
| Australian Dollar.....        | (78)                        | (1,426)                 | (366)                   |
| Indian Rupee.....             | (1,837)                     | (1,701)                 | (1,966)                 |
| South African Rand.....       | 3,411                       | -                       | -                       |
| <b>Translation difference</b> | <b><u>(385,073)</u></b>     | <b><u>(438,410)</u></b> | <b><u>(218,351)</u></b> |

The amount for the translation differences in 2016 amounted to €385.1 million.

As a result of the foregoing, exchange rate fluctuations could have a material adverse effect on the Company's business, financial condition and results of operations.

***The Company may be materially adversely affected by developments in the emerging markets where it operates, particularly Latin America***

The economies of some of the emerging markets where the Company operates, mainly Latin America, experienced significant volatility in recent decades, characterized, in some cases, by slow or declining growth, declining investment and hyperinflation.

Emerging markets are generally subject to greater risks than more developed markets. For example, there is typically a greater risk of loss from unfavourable political and economic developments, social and geopolitical instability, poor infrastructure and changes in governmental policies, including expropriation, nationalisation, international ownership legislation, interest rate caps and tax policies. In addition, these emerging markets are affected by conditions in global financial markets and some are particularly affected by commodity price fluctuations, which in turn may affect financial market conditions through exchange rate fluctuations, interest rate volatility and deposits volatility. As the global economic recovery remains fragile, there are risks of deterioration. If global economic conditions deteriorate, the business, financial condition and operating results of the Company may be materially adversely affected.

For example, pressures on currency stability have arisen in recent years in a number of countries in Latin America in which the Company operates, including Brazil and Argentina. Further, exchange or currency controls have from time to time been implemented in certain Latin American countries, which if in effect in the future could adversely affect the Company's ability to repatriate cash balances therefrom. Moreover, certain countries in which the Company operates (for example Argentina) have in the past limited bank depositors' ability to withdraw cash from their bank accounts (the so-called "corralito"). While such restrictions are not currently in place in any of the

countries in which the Company operates, they could be enacted or re-enacted in the future, and they could adversely affect the Company's operations as a result of a lower volume of cash being transported. In addition, limitations on the maximum denomination of currency in circulation could adversely affect the Company's operations resulting from the generally greater number of lower denomination notes being transported and processed which may produce lower profit margins for the Company than the transport and processing of higher denomination notes. The Company's operations in Latin America generated the majority of the Company's consolidated revenue for the years ended 31 December 2016 and 2015 (68% and 69% respectively) and, therefore, the conditions in the emerging markets in Latin America could have a material adverse effect on the Company's business, financial condition and results of operations.

Furthermore, financial turmoil in any particular emerging market could negatively affect other emerging markets or the global economy in general. Financial turmoil in emerging markets tends to adversely affect stock prices and debt securities prices of other emerging markets as investors move their money to more stable and developed markets, and may reduce liquidity to companies located in the affected markets. Volatility, in Latin America in particular, could affect the Company's customers' ability to gain access to international capital markets for necessary financing, refinancing and repatriation of earnings. An increase in the perceived risks associated with investing in emerging economies in general, or the emerging market economies where the Company operates in particular, could dampen capital flows to such economies and adversely affect such economies.

The Company is particularly sensitive to the economic performance of Brazil and Argentina, its largest markets in terms of revenue. Both economies have in the past been characterized by government intervention and volatile economic cycles.

In Argentina, the second largest market of the Company in terms of revenues, the economy has been subject to fluctuations caused by, amongst other factors, varying degrees of public spending, foreign investment and inflation. As in the recent past, Argentina's economy may be adversely affected if political and social pressures adversely affect the implementation by the Argentine government of policies designed to control inflation, generate growth and enhance consumer and investor confidence, or if policies implemented by the Argentine government, that are designed to achieve these goals, are not successful. In addition, for many years, and until President Mauricio Macri assumed power in 2015, Argentina had foreign exchange controls in place, which limited the Company's ability to repatriate funds from that country. The Macri Administration has made several foreign exchange reforms resulting in an opening of the market to an increase in foreign transactions as well and several domestic reforms which have modified the regulatory regime for businesses operating in Argentina. As of the date of this Prospectus, the impact on the Argentine economy of current measures and any future measures taken by the Macri Administration cannot be predicted. For example, exchange rate fluctuations driven by government reforms may affect the

relative costs of operations in Argentina. The Argentine peso was significantly devalued in both 2002 and in 2014. Should such a devaluation take place in the future, this may have a material adverse effect on the Company's business, financial condition and results of operations.

Further, companies operating in the Cash business in Argentina are required, under a regulation enacted by the Central Bank of Argentina to comply with a tariff scheme that compels businesses, including the Company, to develop pricing scales (tariffs) to be provided to customers when offering their services. The aim of the regulation is to increase transparency for customers regarding the pricing of services and to control inflation. The Company believes, and has so informed the Central Bank, that publishing its minimum and maximum prices for a given year will be sufficient to comply with the new requirements. However, if changes are required to be made to the Company's pricing models and disclosures in the future, whether to comply with such regulation, or otherwise, this could have a material adverse effect on the Company's business, financial condition and results of operations.

While the Company believes that the effect of the planned liberalization of the economy and regulatory reforms in Argentina may be positive for its business by stimulating economic activity and in turn the need for cash services, it is possible that such liberalization and regulatory reforms fail to benefit or, harm the Company's business, financial condition and results of operations. Any action taken by the current or future administrations that adversely affects economic conditions or leads to political instability in Argentina could have a material adverse effect on the Company's business, financial condition and results of operations.

In Brazil, the Company's largest market in terms of revenues, political instability has arisen in the past, most recently with the impeachment of President Dilma Rousseff, and any changes in government may lead to changes in laws and regulation which could have a material adverse effect on the Company's operations in Brazil. Further, the Brazilian government's actions in the past to control inflation and effect other policies have included wage and price controls, currency devaluations, capital controls, and limits on imports and there can be no assurance such policies will not be implemented in the future.

The Company cannot predict what measures or policies, if any, the Brazilian government may enact in response to the current or future economic or other conditions in Brazil and changes in economic or other conditions in Brazil or policies enacted in response thereto which could adversely affect its business, financial condition and results of operations.

If economic conditions in the emerging market economies where the Company operates, and Brazil and Argentina in particular, deteriorate, the Company's business, financial condition and results of operations could be materially adversely affected.

## **Other Risks Related to the Company**

*The Company is subject to risks related to labour and tax contingencies and litigation, in particular in Brazil, due, amongst other factors, to the complex nature of labour and tax regulation in that country*

The Company makes provisions for tax and labour-related risks, including tax and labour-related litigation, in the countries where it operates. These risks are particularly complex in Brazil, amongst other factors due to the complex nature of labour and tax regulation.

In Brazil, where employment disputes are particularly frequent, the Company has ongoing labour litigation relating to lawsuits by former and current employees (*causas trabalhistas*), for which it has provisions amounting to €48.7 million (for the Brazilian Cash Business only) as of 31 December 2016. To cover potential tax liabilities, the provision the Company has recorded in Brazil (for the Brazilian Cash Business only) amounts to €42.6 million as of 31 December 2016.

Tax and labour regulations are particularly complex in Brazil. This increases the level of resources, time and expenditure that the Company is required to dedicate to ensure compliance with the regulation. In what concerns labour regulation, the size of its work force further increases complexity. In Brazil alone (for the Brazilian Cash Business only), the Company had 15,205 employees as of 31 December 2016. In the Cash industry labour regulation controls factors such as route distances and breaks, meal provision, weapons for employees in the armoured vehicles and the number of employees per vehicle.

Also tax regulation is highly complex in Brazil. The Company is required to pay multiple taxes at the municipal and federal levels, prepare and file various electronic tax returns -under different forms- to federal and municipal tax authorities and issue invoices to its clients according to each applicable regulation. At the municipal level, the applicable tax calculation basis, rates and regulations may change according to each municipality where the Company performs its activities (currently, the Company is established for tax purposes in 27 states and 119 municipalities and is rendering services in nearly 2,000 municipalities). The rendering of services is taxed under different cumulative and non-cumulative indirect taxes arising at different territorial levels and the adjusted income is also subject to corporate taxes. A similar situation takes place in the import of services, which is subject to different taxes at the same time. At the federal level, the Company is subject to Brazilian transfer pricing rules, which are not aligned with international standards and practices. The Brazilian tax legislation and regulations usually give rise to different interpretations, the view of the tax and judicial authorities may change from time to time and there is not a consolidated criteria on a nationwide basis. The cumulative application of different taxes often results in additional litigation before the courts.

Should the Company fail to comply with current and future labour and/or tax regulation, this could have a material adverse effect on its business, financial condition and results of operations.

***The Company's leverage and debt service obligations may have a material adverse effect on its business***

As of 31 December 2016, the Company's total consolidated gross financial liabilities with third parties amounted to €722 million, of which €600 million is outstanding under the Loan Agreement (which loan is guaranteed by certain of the Company's subsidiaries) and €122 million was other third-party debt, including other bank debt and credit facilities (which mostly include term loans, revolving and bilateral facilities entered into by the Company and/or the Company's subsidiaries, typically denominated in the local currency of their countries of operation), finance leases and deferred payments of acquisitions.

On 10 February 2017, the Company entered into the €300 million RCF (guaranteed by certain of its subsidiaries) and on 20 February 2017 it drew down €75.0 million under that facility to be used to repay in part the financial intercompany liability with Prosegur (which net amount amounted as of 31 December 2016, to €110.3 million). The financial intercompany liability with Prosegur was fully repaid on 21 February 2017 with the €75.0 million drawdown of the RCF and available cash and, therefore, no amounts remain outstanding under this financial intercompany balance.

The table below shows the year of maturity of the Company's third-party financial indebtedness as of the dates indicated below:

|                              |                   |            | As of 31 December |               |               |                |                |               |
|------------------------------|-------------------|------------|-------------------|---------------|---------------|----------------|----------------|---------------|
|                              |                   |            | 2016              |               | 2015          |                | 2014           |               |
| Currency                     | Year of Maturity  |            | Non-current       | Current       | Non-current   | Current        | Non-current    | Current       |
| (thousands of euros)         |                   |            |                   |               |               |                |                |               |
| Bank loans .....             | Euro              | 2017- 2019 | 612,025           | 142           | 13,745        | 123            | 13,846         | 213           |
| Bank loans .....             | Brazilian real    | 2017       | –                 | 11,574        | 5,758         | 32,646         | 22,268         | 11,329        |
| Bank loans .....             | Australian dollar | 2016       | –                 | –             | –             | 47,098         | 46,997         | 13,505        |
| Bank loans .....             | Peruvian Sol      | 2017       | –                 | –             | 6,825         | 5,031          | 12,015         | 5,356         |
| Bank loans .....             | Other Currencies  | 2017-2020  | 2,377             | 31            | 5,491         | 4,173          | 4,208          | 1,309         |
| Finance lease payables ..... | Euro              | 2017-2019  | 5,472             | 3,205         | 6,909         | 3,688          | 9,341          | 3,996         |
| Finance lease payables ..... | Brazilian real    | 2017-2019  | 3,097             | 1,756         | 578           | 1,620          | 605            | 8,003         |
| Finance lease payables ..... | Other currencies  | 2017-2023  | 3,306             | 3,541         | 4,034         | 1,108          | 5,929          | 2,499         |
| Credit accounts .....        | Euro              | 2017       | –                 | 29,299        | –             | 5,847          | –              | 1,755         |
| Credit accounts .....        | Australian dollar | 2017       | –                 | –             | –             | 13,426         | –              | 12,699        |
| Credit accounts .....        | Other currencies  | 2017       | –                 | 14,008        | –             | 11,320         | –              | –             |
| Other payables .....         | Euro              | 2017-2018  | 253               | 499           | 80            | 44             | 127            | 890           |
| Other payables .....         | Brazilian real    | 2017-2019  | 8,026             | 18,000        | 22,899        | 21,879         | 51,496         | 27,336        |
| Other payables .....         | Argentine peso    | 2017-2023  | 105               | 106           | 453           | 56             | 1,059          | 229           |
| Other payables .....         | Other currencies  | 2017-2018  | 59                | 5,154         | 58            | 646            | 298            | 1,351         |
| <b>Total .....</b>           |                   |            | <b>634,720</b>    | <b>87,315</b> | <b>66,830</b> | <b>148,705</b> | <b>168,189</b> | <b>90,470</b> |

Since 31 December 2016, except for the drawdown of €75.0 million under the RCF, the Company has not incurred additional indebtedness other than drawing down certain credit lines in the ordinary course of business to manage working capital needs.

As of the date of this Prospectus, the Company is in compliance with all its debt covenants. If the Company is unable to satisfy any of its debt obligations or breaches any related financial or operating covenants or other provisions of its indebtedness in the future, the holder of that debt could accelerate such debt and declare immediately due and payable the full amount outstanding together with accrued and unpaid interest. Further, certain of the Company's financing arrangements contain cross-default provisions such that a default under one particular financing arrangement could automatically trigger defaults under other financing arrangements. Such cross-default provisions could, therefore, magnify the effect of an individual default. As a result, any default under any indebtedness to which the Company or any of its subsidiaries is a party could result in a substantial loss to the Company or could otherwise have a material adverse effect on its ability to perform its obligations in respect of any of its debt obligations. In addition, for debt instruments denominated in currencies other than euros, payments due by the Company may unexpectedly increase (in euro terms) because of exchange rate fluctuations. See risk factor "*The Company is exposed to exchange rate risk*" for further information.

Furthermore, under the terms of the Loan Agreement and the RCF, in the event of a change of control of the Company or of Prosegur, all amounts outstanding under such instruments could be declared immediately due and payable.

The Company's ability to make principal and interest payments on, and to refinance, its indebtedness will depend on its ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond its control.

The Company's level of indebtedness (which could substantially increase if it decides to use its available revolving facilities) and the fact that the Company may have to use a substantial portion of its cash flows from operations to make principal and interest payments on its indebtedness could have important consequences for the Company.

For example, it could:

- make it more difficult for the Company to satisfy its obligations with respect to its debt agreements;
- increase its vulnerability to general diverse economic and industry conditions;
- require it to dedicate a substantial portion of its cash flows from operations to payments on its indebtedness, thereby reducing the availability of its cash flows for other purposes;

- limit its flexibility in planning for, or reacting to, changes in its business and the industry in which it operates thereby placing it at a competitive disadvantage compared to its competitors that may have less debt;
- expose it to risks inherent in interest rate fluctuations because its borrowings are at variable rates of interest, which could result in higher interest expense in the event of increases in interest rates; and
- limit, by the financial and other restrictive covenants in its debt agreements, its ability to borrow additional funds and pay dividends.

***The Company's statement of financial position includes significant amounts of goodwill and other intangible assets which may be subject to impairment in the future***

The goodwill and other intangible assets recognised on the Company's statement of financial position (which were €491.2 million, €480.6 million and €606.2 million at 31 December 2016, 2015 and 2014, respectively) represented in the aggregate 55.9%, 53.2% and 53.0% of the Company's consolidated non-current assets as of 31 December 2016, 2015 and 2014, respectively, and any further acquisitions may result in the Company's recognition of additional goodwill or other intangible assets. As of 31 December 2016, 2015 and 2014 goodwill amounted to €317.4 million, €306.8 million and €358.9 million, respectively, and intangible assets to €173.9 million, €173.8 million and €247.3 million, respectively. No impairment of assets related to the value of goodwill was recognised by the Company during the years ended 31 December 2016, 2015 and 2014.

At least on an annual basis the Company assesses whether there have been impairments in the carrying value of its goodwill and certain of its intangible assets. An impairment loss is the difference between the carrying amount of an asset and its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. If the carrying value of the asset is higher than its fair value, then it is recorded at fair value by an impairment loss in the income statement. The recoverable amount is the higher of fair value less costs to sell and value in use, which is understood to be the present value of estimated future cash flows. To estimate value in use, the Company prepares forecasts of future pre-tax cash flows based on the most recent budgets approved by management. These budgets incorporate the best available estimates of income and expenses of the cash-generating units using past experience and future expectations. Should the value of intangible assets or the amounts recognised by goodwill not result in the figures projected by the Company, this in turn could have a material adverse effect on the Company's business, financial condition and results of operations.

***The Company is dependent on revenues from a small number of customers***

The Company's operations are conducted in a large number of geographical markets and within a number of customer categories, including major commercial banks and



operators of ATMs in the financial sector and large and small businesses in the retail segment. While the Company is not currently dependent at a group-wide level on any individual customer (the Company's largest customer group accounted for less than 7.3% of the Company's total revenues for the year ended 31 December 2016), its five and ten largest customers accounted for 23% and 33% of its revenues in the year ended 31 December 2016, 26% and 34% in the year ended 31 December 2015 and 31% and 38% in the year ended 31 December 2014, respectively. In certain countries, however, the Company may be dependent on one or more specific customers. Furthermore, the Company as a whole is significantly exposed to the financial institutions sector. As a result, major changes within the financial institutions sector could affect the Company's business significantly. For example, if regulations governing financial institutions change, the Company's revenues could be adversely affected given its exposure to the financial institutions sector. The Company is also dependent on recurring customers. As of 31 December 2016, for example, customers who had renewed their contracts at least once accounted for over 95% of the Company's customer portfolio.

Furthermore, in accordance with cash industry practice, the majority of the Company's customer contracts are either entered into for a short term (between one and three years) or entitle the customer to terminate the contract with a brief period of notice. If the Company's customers terminate their agreements with the Company, fail to renew them or are willing to renew them only on terms less favourable to the Company, this could have a material adverse effect on the Company's business, financial condition and results of operations.

If one or more of the Company's largest customers choose to develop their own cash platforms (insourcing), or terminates its relationship with the Company thus reducing their demand for our services, the Company's business, financial condition and results of operations could be materially adversely affected.

### ***The Company faces risks related to acquisitions***

The Prosegur Group has acquired companies in the Cash industry in recent years which now form part of the Company's business. The Company intends to engage in mergers and acquisitions activity in the future, including the possible entry into new markets in 2017. There can be no assurance that the Company will be able to identify suitable acquisition opportunities or be able to obtain the financing necessary to complete such acquisitions on terms that are satisfactory to it, or at all. Further, the expected benefits from an acquisition may not materialize and accordingly no assurance of the future profitability of such acquisitions can be given.

Acquisitions inherently involve a number of risks such as change of control provisions in the contracts of any acquired companies, local law factors and risks associated with restructuring operations. Upon the completion of acquisitions, in certain cases all of the rights and obligations of the acquired businesses may be assumed by the Company. Despite the financial, legal and business due diligence review conducted in respect of these businesses in connection with their acquisition, the Company may subsequently

uncover information that was not known to it, which may give rise to significant new contingencies or to contingencies in excess of the estimates made by the Company. Any losses incurred by the Company as a result of the occurrence of any contingencies relating to any past acquisitions for which the Company is not otherwise compensated could have a material adverse effect on the Company's business, financial condition and results of operations.

In addition, acquisitions are inherently risky because of the difficulties of integrating people, operations and technologies that may arise. There can be no assurance that any of the businesses the Company acquires can be successfully integrated or that they will perform well once integrated. Acquisitions may also lead to potential write-downs due to unforeseen business developments that may adversely affect the Company's results of operations.

The Company could also be negatively affected by acquisition or divestiture-related charges, amortization of expenses related to intangibles and charges for impairment of long-term assets. The Company may be subject to litigation in connection with, or as a result of, acquisitions or divestitures, including claims from employees, customers or third parties, and the Company may be liable for future or existing litigation and claims related to the acquired business or divestiture because either the Company is not indemnified for such claims or the indemnification is insufficient. There may also be difficulties in retaining existing or integrated personnel once the acquisition has been completed. The Company may not have sufficient guarantees or indemnities (if included at all as part of the acquisitions) to cover the risks of losses that arise following the acquisition. These effects could cause the Company to incur significant expenses and could have a material adverse effect on its business, financial condition and results of operations.

***The Company is party to and may enter into joint ventures and other partnership arrangements (such as shared ownership of subsidiaries) with third parties which may not be successful***

The Company, as part of the growth of its business, has entered into, and may enter into in the future, joint ventures and other partnerships in new territories, which allow the Company to benefit from its local partner's existing knowledge of the market.

The Company's joint venture partners in existing and future joint ventures may be unable, or unwilling, to fulfil their obligations under the relevant agreements or may experience financial or other difficulties that may adversely affect the Company's investment.

Furthermore, the Company, when it is a non-controlling party, may be restricted from taking certain actions without first obtaining permission from the local partner (as, for example, in the existing joint ventures in India and South Africa). The Company is also reliant on the continued good relationship between itself and its joint venture partners and in particular reliant on the continued business success of the partners where the

partners are in control of the management of the partnership entity. For example, a partner may veto an action that the Company wishes to make. Any failure to continue to maintain the joint ventures of the Company in future may lead to a material adverse effect on the Company's business, financial conditions and results of operations.

## **Macroeconomic Risks**

### ***Economic conditions in the regions where the Company operates could have a material adverse effect on the Company's business, financial condition and results of operations***

The Company's business performance is closely linked to the economic cycle in the countries, regions and cities in which it operates. Normally, robust economic growth in those areas where it is located results in greater demand for its services, while slow economic growth or economic contraction adversely affects demand for its services. Nonetheless, the Company in recent years has been able to grow its revenues despite slow or negative economic growth in some of its markets through offering new services and entering into new markets.

The global economy and the global financial system experienced a period of significant turbulence and uncertainty following the very severe dislocation of the financial markets that began in August 2007 and considerably worsened in 2008. This dislocation severely restricted general levels of liquidity and the availability of credit and the terms on which credit was available. There was a significant financial crisis in Spain and Spanish gross domestic product contracted in the period 2009-10 and 2012-13. The banking sector in Spain was particularly affected, which lowered demand for the Company's services.

While the global economy started to recover in late 2012, the recovery has been weak and uneven and continues to be affected by significant trends and threats. These include instability caused by the outcome of the United Kingdom's referendum to leave the EU, the slowdown of the Chinese economy and armed conflicts and terrorist attacks around the world. Further, any regional or local economic downturn affecting any of the regions where the Company operates, particularly if it affects consumer spending, could have a material adverse effect on the Company's business, financial condition and results of operations.

In 2016, global financial markets have been particularly volatile in the period leading up to the referendum held by the United Kingdom on 23 June 2016 on continuing membership in the EU, which resulted in the decision to leave the EU, and have continued to be volatile thereafter. The effects on the UK and European and global economy of the vote by the United Kingdom to exit the EU are impossible to predict but may result in significant market volatility and dislocation, and adversely affect the UK, European and global economy and the trading price of listed securities, including the Shares. This in turn may have a material adverse effect on the Company's business, financial condition and results of operations.

In Spain, where the Company is incorporated, the general elections held in December 2015 did not result in any party being able to form a government, and a subsequent general election was held on 26 June 2016. Following several months of political deadlock, on 29 October 2016 the Spanish parliament voted to re-elect sitting Prime Minister Mariano Rajoy by a simple majority (less than half) of the votes after the main opposition party decided to abstain. Given that the new government does not have the support of a stable majority in parliament, it may be unable to implement its legislative agenda or to pass budgets, which may affect economic growth or lead to new elections and further political uncertainty.

Argentina, the Company's second largest market by revenue, has been for many years economically and politically unstable, with high rates of inflation, government-controlled exchange rates, defaults by the national government on its debt, and limits on foreign companies' ability to repatriate profits. While the new administration of Mauricio Macri has enacted measures aimed at keeping inflation under control and generally at promoting growth and stability, at the date of this Prospectus the effect of such measures cannot be predicted.

In Brazil, the Company's largest market by revenue, the economy has been adversely affected by a high rate of inflation, high and increasing interest rates, declining consumer spending, increasing unemployment and political instability, arising from, amongst other matters, corruption scandals and political conditions.

The deterioration of economic conditions in the regions where the Company operates could increase the financial burden on the Company's customers, degrading their credit quality, reducing their spending capacity and negatively affecting demand for the Company's services. As a result, a weaker economy could have a material adverse effect on the Company's business, financial condition and results of operations.

***The Company faces certain risks inherent in some countries in which the Company operates***

A large part of the Company's revenue is generated outside of Spain, particularly in Latin America. The Company also operates in various countries in Asia and has recently entered into the South African market. As at 31 December 2016, the Company operated in 15 countries.

The revenues of, market value of and dividends payable by subsidiaries within the Company are exposed to risks inherent to the countries where they operate. The operations in most of the countries where the Company is present are exposed to various risks related to investments and business, such as:

- fluctuations in local economic growth;
- devaluation, depreciation or excessive valuation of local currencies;
- restrictions on profit repatriation;

- threat of nationalisation or appropriation;
- foreign ownership laws;
- changing interest rate environment;
- changes in real interest rates;
- changes in financial, economic and tax policies;
- changes in permissions, licensing or other legal requirements;
- changes in labour law and industry-wide or other collective bargaining agreements;
- social conflicts; and
- political and macro-economic instability.

The Company is exposed to these risks in all of its foreign operations to some degree, and such exposure could be material to its business, financial condition and results of operations especially in emerging markets where the political and legal environment is less stable.

Inflation-related risks that the Company is exposed to in its operations could be material to its business, financial condition and results of operations. These risks include that: the rate of price increases for its services does not match the cost of inflation; adverse inflationary effects could discourage business growth; devaluation of the currency may exceed the rate of inflation; and that any countries where the Company operates in could be subject to hyperinflationary pressures.

There can be no assurances that the Company will not be subject to material adverse developments with respect to its international operations or that any insurance coverage it has will be adequate to compensate the Company for any losses arising from such risks.

In addition, the Company's ability to access and conduct its international operations profitably is affected by a number of factors inherent to the business culture and socio-political environment of the countries and regions in which it operates. These include:

- the different and varying permission, licensing and other legal requirements of the jurisdictions the Company operates in, or may operate in, in the future;
- the different and varying cultural factors of the jurisdictions the Company operates in, or may operate in, in the future;
- trade barriers;
- difficulties in supporting, managing and recruiting staff for operations abroad;
- high cultural tolerance to petty theft in certain countries in which the Company operates;
- generally longer (compared to Spain) payment cycles; and

- difficulties with collecting accounts receivable and bad debt losses.

A negative development in any of these areas, in one or more countries, could lead to a reduction in the demand for the Company's services, cancelled or changed customer agreements, difficulties in collecting receivables and a higher cost of doing business. The Company must successfully manage and adapt to these business and cultural factors to grow its business. For example, as a recent entrant into the South African market (in February 2016), through the acquisition of 33.33% of the South African cash services and solutions company SBV, the Company faces new business and cultural factors inherent in conducting operations in a fifth continent. Any of the above risks could have a material adverse effect on the Company's business, financial condition and results of operations.

#### ***The Company is subject to interest rate risk***

The Company finances its operations in part through borrowing. As of 31 December 2016 the Company's consolidated Net Financial Debt totalled € 643.6 million, of which 97.5% was subject to floating interest rates. For the year ended 31 December 2016, if interest rates on bank loans and borrowings had been 100bps higher, the Company's post-tax profit would have been €4.2 million lower (€1.2 million lower in 2015 and €1.2 million lower in 2014). A future increase in interest rates could increase the share of cash flow used for interest payments and could have an adverse effect on the Company's business, financial condition and results of operations. In addition, the Company holds financial assets and liabilities for the purpose of satisfying its liquidity requirements and need for cash funds. These assets and liabilities are sensitive to interest rate changes and are therefore, by nature, subject to interest rate risks.

#### ***Increased fuel costs may adversely impact the Company's margins***

The Company's business is to a certain extent dependent on petrol and other fuels, which accounted for 2.4% of the Company's cost of sales and selling, general and administrative expenses in the year ended 31 December 2016. As a result, shortages of fuel or a substantial increase in the price of fuel which the Company cannot pass on to its customers through an equivalent increase in its prices could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Legal, Regulatory and Compliance Risks**

#### ***The Company's effective income tax rate could change***

The Company is present in 15 countries (13 through its own operations and two through joint ventures), all of which have different income tax laws and associated income tax rates. The Company's effective income tax rate can be significantly affected by changes in the mix of pre-tax earnings by country and the related income tax rates in those countries. Changes in income tax laws, income apportionment, or estimates of the ability to realize deferred tax assets, could significantly affect the Company's effective income tax rate,

financial position and results of operations. The Company is subject to the regular examination of its income tax returns by various tax authorities and it is possible that tax authorities disagree with tax positions the Company has taken, which could result in unanticipated tax liabilities. The Company regularly assesses the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of its provision for income taxes, but the provisions may be insufficient to cover resulting tax liabilities. Consequently, there is no assurance that the outcomes from these examinations will not have a material adverse effect on its business, financial condition and results of operations.

***The Company may be involved from time to time in litigation, arbitration and regulatory proceedings***

The Company may be involved from time to time in legal and regulatory proceedings, including in particular with respect to its employees, taxes, customer claims, suppliers and compliance with anti-trust legislation. The outcomes of such proceedings are uncertain and such matters can be lengthy, costly and disruptive to day-to-day operations. No assurance can be given that any provisions made in relation to any ongoing investigations, legal, regulatory and/or arbitration proceedings will be sufficient should any of the investigations or proceedings have an adverse outcome. An adverse outcome in any investigation or proceeding could have a material adverse effect on the Company's business, financial condition, results of operations, reputation and cash flows. The Company may also be involved in legal and regulatory proceedings relating to events which occurred prior to the Carve-out, which may also have a material adverse effect on the Company's business, financial condition and results of operations.

On 22 April 2015, the CNMC initiated a case against Prosegur, Prosegur Servicios de Efectivo España, S.L.U. (now a subsidiary of the Company as a result of the Carve-out) and Loomis Spain, S.A. for alleged anti-competitive practices in violation of EU law. On 10 November 2016, the CNMC imposed a fine of approximately €39.4 million on Prosegur and the Company's subsidiary jointly and severally. Prosegur has agreed to indemnify the Company for any fine that could ultimately be imposed on the Company's subsidiary in this proceeding. On 13 January 2017, Prosegur has filed a judicial administrative appeal (*recurso contencioso-administrativo*) at the National Appellate Court (*Audiencia Nacional*) requesting the annulment of the CNMC's resolution as well as interim suspension (*suspensión cautelar*) of the payment of the fine. The National Appellate Court has initiated the corresponding proceedings on 13 February 2017. If the interim measures are granted, Prosegur would not be required to pay the fine until there is a final judgment of the National Appellate Court. If that is the case it is very likely that the National Appellate Court would order Prosegur to post a bond to cover the fine.

The Company could be subject to similar investigations or proceedings in the future, in Spain or in other countries where the Company operates. The likelihood of such investigations or proceedings is higher in those countries where the Company has a substantial market share and/or where there is a small number of players. Future investigations or proceedings and/or sanctions would result in legal expenses and may

cause reputational damage and/or fines being imposed on the Company, which could have a material adverse effect on the Company's business, financial condition and results of operations.

***The termination, expiration or non-renewal of licenses and permits may prevent the Company from carrying out certain of its operations***

The Company requires certain licenses and permits to operate its business. For example, the Company must obtain licenses to operate its business in the countries where it operates and permits to carry weapons used in connection with its Cash activities. If the Company fails to meet a specific requirement of a license or permit, the license or permit may terminate or expire. There can be no assurance that any of the obligations required to maintain each license or permit will be met. The Company may also be unable to renew an expired license or permit. The termination, expiration or non-renewal of any of the Company's licenses or permits may have a material adverse effect on the Company's business, financial condition and results of operations.

***The Company's insurance coverage may be insufficient***

Obtaining high-quality and reliable insurance coverage is an important factor in the Company's ability to attract and retain customers and to manage the risks inherent in its business. The Company keeps insurance mainly for the transport and custody of valuables (which is key to its business and typically required by clients) and, through policies held by Prosegur, for material damage to its property and for third-party civil liability.

Insurance coverage for the transport and custody of valuables is currently arranged by the Company for all of its subsidiaries (except those in Brazil, India and South Africa), with a cap of up to US\$1 billion (approximately €1 billion) per incident (depending on country), and a separate insurance for Brazil with a cap of 850 million Brazilian reais (approximately €240 million) per incident. As a result of the Company's efforts to optimize the trade-off between risk absorption and premium payments, the coverage described may change any time insurance policies are renewed. The Company's insurance policies are subject to customary deductibles and exclusions. The Company divides insurance coverage in different layers.

Joint ventures in India and South Africa are not insured under the abovementioned corporate scheme as both are covered by stand-alone policies hired at a local level.

The Company self-insures through a Luxembourg captive reinsurance entity, Pitco Reinsurance, S.A. (hereinafter, in this section, "**Pitco Re**"). The Company is the exclusive client and the sole shareholder of Pitco Re, which provides coverage to local subsidiaries in the countries where the Company operates. Claims under US\$1 million (approximately €0.9 million), except in Brazil, where the relevant amount is 5 million Brazilian reais (approximately €1.4 million), are covered by Pitco Re. These claims typically account for over 95% of claims. There is a deductible per claim in the Pitco Re



policies, of US\$100,000 (approximately €94,000) outside Brazil and 1 million Brazilian reais (approximately €0.3 million) in Brazil.

Insurance payouts by Pitco Re are capped at US\$5.5 million (approximately €5.2 million) per year, except in Brazil, where the annual aggregate cap amounts to 19.5 million Brazilian reais (approximately €5.4 million). Once the annual caps are reached, claims are covered by third-party reinsurers. In Brazil, local regulations require that such reinsurer is a Brazilian insurance company.

Reinsurance coverage for claims above amounts assumed by Pitco Re is arranged by a leading insurance company for a pool of approximately 80 re-insurers, subject to further re-insurance with third-parties. In Latin America, where local legislation requires that the leading insurer be a local company, reinsurance is fronted by the regional subsidiary of this leading insurance company with a guarantee from its parent company, which subsequently transfers the risk to the pool of insurers.

Insurance coverage for incidents arising in the course of the transport and custody of valuables includes insurance against certain claims for damages being awarded against the Company or any of its subsidiaries as a result of declared acts of terrorism where such terrorist act includes a robbery or heist relating to values in the custody of the Company. Furthermore, in the agreements entered into with customers the scope of insurance coverage provided by the Company is explicitly stated, and the customer is responsible for insuring any losses arising outside of the scope covered by the Company.

Insurance relating to property includes, amongst others, vehicles and armoured equipment. Prosegur holds the policies and allocates its costs to the entities of the Group (including the Company) based on their revenues. Different insurance policies cover different countries where the Company operates.

Worldwide third-party liability insurance (also held at the Prosegur Group level) has an indemnity cap of €400.0 million. Insurance relating to employees includes occupational accidents (disability and death), health and life insurance. A different insurance plan is in place in each country where the Company operates in line with provisions agreed between the Company and its employees under collective bargaining agreements. For the years ended 31 December 2016, 2015 and 2014, despite the loss amounts below insurance deductibles, the Company has suffered no losses relating to incidents involving the transport of cash and valuables outside the scope of the insurance coverage described above. Notwithstanding the foregoing, there can be no assurance that in the future any of the Company's insurance policies or programmes will be sufficient to cover specific liabilities, claims made or losses suffered by the Company if and when they arise, or that the Company's insurers will provide insurance cover in response to a particular claim.

In the event that coverage under such policies or programmes is not sufficient, or that coverage is not provided at all, the Company may not have sufficient funds to meet the

relevant claim. However, the impact of such losses (including loss amounts below insurance deductibles, operation differences and mismatches, losses assumed by the captive and total cost of insurance) has been below 1.5% of total revenues during each year for the last 5 years.

Moreover, the Company's insurance policies or programmes may lapse or be cancelled, either as a result of the Company's changing assessment of the right mix between risk absorption and premium payments or for other reasons. There can be no assurance that if current insurance cover is cancelled or not renewed, replacement cover will be available at commercially reasonable rates or at all. In addition, there are types of losses the Company may incur that cannot be insured against or that are not economically reasonable to insure. In addition, in the future insurance premiums may increase and the Company may not be able to obtain similar levels of insurance on reasonable terms, or at all.

If insurance cover is not available or insufficient, or if the renewal of lapsed or cancelled insurance policies or programmes proves more expensive than in the past, the Company's business, financial condition and results of operations may be materially adversely affected.

***The Company's anti-money laundering and anti-terrorism policies may be circumvented or otherwise not be sufficient to prevent all money laundering or terrorism financing***

The Company is subject to rules and regulations regarding money laundering and the financing of terrorism, including the collection and processing of confidential information. Monitoring compliance with anti-money laundering and anti-terrorism financing rules can create a financial burden for the Company and pose significant technical problems. Although the Company believes that its current policies and procedures are sufficient to comply with applicable rules and regulations, it cannot guarantee that its anti-money laundering and anti-terrorism financing policies and procedures will not be circumvented or otherwise be sufficient to prevent all money laundering or terrorism financing. Any of such events may have severe consequences, including sanctions, fines and notably reputational consequences, which could have a material adverse effect on the Company's business, financial condition and results of operations.

***The Company operates in a highly regulated environment***

Security can be a high-profile industry, and there is a wide and ever-changing variety of regulations applicable to the Company's businesses and its customers across the world. Increased regulation in jurisdictions in which the Company operates could have a material adverse effect on its business, financial condition and results of operations.

In particular, the Company's business is directly and indirectly affected by legislation, regulations and administrative requirements from local, regional and national authorities

in the countries in which it operates, as well as special requirements from other entities, such as insurance companies and industry organisations. Certain parts of the Company's business are subject to licensing requirements. In addition, many countries have permit requirements for security services, including for the carrying of weapons when using armoured vehicles for the transportation of goods. The Company is dependent on such licences and permits being upheld and renewed where applicable. Further, many of the Company's customers, such as financial institutions, are subject to regulations and should such regulations change, this could indirectly have a material adverse effect on the Company's business, financial condition and results of operations.

There are no guarantees that legislation, regulations and requirements issued by authorities and other entities will not change in the future and thus change the conditions for the Company's business. New directives from the authorities may be issued with regards to requirements for specific practices, security solutions, and training and certification of staff. The Company may be required to make changes to its operations or make additional investments to adapt to new or amended laws or regulations, such as increasing the number of personnel in an armoured vehicle or introducing the use of note degradation mechanisms such as ink-staining to render notes invalid in case of attack. Such changes and the corresponding investments could have a material adverse effect on the Company's business, financial condition and results of operations. Similarly, a reduction or relaxation of local regulations could result in increased competition for the Company from the entry of new market entrants or growth of smaller competitors. In addition, failure to comply with any applicable laws or regulations could result in substantial sanctions and fines or revocation of the Company's operating permits and licences, which could also have a material adverse effect on its business, financial condition and results of operations.

Furthermore, in the security industry (generally, including the Cash businesses) some countries (particularly in emerging markets) impose complete or partial restrictions on foreign ownership of security companies. In Brazil, the private security law currently in place includes complete foreign ownership restrictions, from which the Company is exempt given that its ownership of Brazilian entities predates the enactment of such law. A new law, which would eliminate all foreign ownership restrictions, is currently under consideration. In India, there are partial restrictions in place and as of the date of this Prospectus foreigners may only hold minority stakes. In Mexico, only nationals may own companies engaged in road transportation activities, including transport of cash and other valuables (nationals meaning either Mexican individuals or Mexican companies that, if participated in by foreigners, impose certain restrictions on such foreigners' voting rights). The Company's investment in Mexico through a government-approved company (*sociedad anónima promotora de inversion de capital variable*) complies with these restrictions. In South Africa, there are currently no restrictions in place, but in 2014 the Parliament passed a bill limiting foreign ownership of a private security company to 49%, which is currently awaiting presidential action. Provisions in the proposed law limiting foreign ownership of security companies have been called into question on the basis that they would be in breach of the World Trade Organisation

(WTO)'s General Agreement on Trade in Services (GATS). If the law is finally enacted in its current form, and if it withstands legal challenges, it would preclude the Company from increasing its participation in SBV above 49%. It is not clear what the effect, if any, would be if the Company already has a majority stake at that time, as the new proposed law does not say what the consequences would be for existing majority holdings by foreigners.

If rules governing foreign ownership of private security companies change and make it more difficult or impossible for the Company to keep a controlling stake in certain of its subsidiaries, the Company may have to divest some or all of its interests in such subsidiaries or take other actions, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

***The Company has risks associated with confidential information***

In the normal course of business, the Company collects, processes and retains sensitive and confidential information, including information about its customers and personal information about certain individuals. The Company is subject to regulatory regimes in the countries where it operates which includes the requirement to collect certain personal and other information regarding its employees, customers (including details of what is being transported by the Company), the beneficial owners of customers and other third-parties for purposes that can include the prevention of anti-money laundering. The Company also has confidential information relating to customers, which it needs in order to carry out its services securely and efficiently, such as vault codes and certain financial and operating data. Despite the security measures the Company has in place, its facilities and systems, and those of third-party service providers and business partners, could be vulnerable to security breaches (including cybersecurity breaches), acts of vandalism, computer viruses, misplaced or lost data, programming or human errors or other similar events. Any security breach involving the misappropriation, loss or other unauthorized disclosure of confidential information, whether by the Company or by third-party service providers, could damage the Company's reputation, expose it to the risks of litigation and liability, disrupt its business or otherwise have a material adverse effect on its business, financial condition and results of operations.

**Risks Related to the Shares and the Offering**

***The Company cannot assure that the Offering Price Range will match the future price of the Shares following the Offering***

The Offering Price Range has not been established in public trading markets. The Offering Price Range for the Offered Shares (which is indicative and is not binding) has been determined by negotiations between the Selling Shareholder, Prosegur (which has received financial advice from Lazard) and the Joint Global Coordinators, without reliance on any third-party expert to assess the value of the Offered Shares. Following the Offering, the Offered Shares may not trade at price equal to or higher than the

purchase price paid by investors per Offered Share and investors may lose all or part of their investment.

***The market price of the Shares may fluctuate widely in response to different factors***

The market price of the Shares may not reflect the value of the underlying assets of the Company and may also be subject to wide fluctuations in response to many factors, some of which may be outside the Company's control, including, amongst other things, variations in the Company's operating results, additional issuances or future sales of Shares or other securities exchangeable for, or convertible into, Shares in the future, divergence in financial results from stock market expectations, changes in stock market analyst recommendations, a perception that other market sectors may have higher growth prospects, general economic conditions, legislative changes in the Company's industry and other events and factors within or outside the Company's control, announcements of investigations or regulatory scrutiny of the Company's operations or lawsuits filed against the Company, investor perception of the success and impact of the Offering and the Company's strategy, customers or providers, negative publicity, announcements by the Company or its competitors of significant acquisitions, strategic partnerships, and changes amongst the Company's key personnel. Stock markets in Spain and worldwide have from time to time (and particularly during the past few years) experienced extreme price and volume volatility, which, in addition to general economic, political and other conditions, could have a material adverse effect on the market price for the Shares. Investors may not be able to resell their Shares at or above the Offer Price.

***There is no established trading market for the Shares and a liquid market for the Shares may fail to develop***

Although the Company has applied to list the Shares on the Spanish Stock Exchanges, and the Company expects the Shares to be quoted on the SIBE on or about 17 March 2017 subject to completion of customary procedures in Spain, a liquid market for the Shares may fail to develop. Prior to Admission, there has been no public market for the Shares and there is no guarantee that an active trading market will develop or be sustained after Admission. Any delay in the commencement of trading of the Shares would impair the liquidity of the market for the Shares and make it more difficult for shareholders to sell Shares. Given that the Offered Shares are only made available to certain qualified investors, a large number of Shares may be purchased by a small number of investors and as a result an active trading market in the Shares may fail to develop. If an active trading market for the Shares does not develop, investors may not be able to sell the Shares they purchased at or above the price at which they acquired them or at all. As a result, investors could lose all or part of their investment in the Offered Shares.

***There can be no assurance that the Company will be able to make distributions to the Company's shareholders in the future***

It is the Company's current intention to pay annual dividends to its shareholders as described in "Dividends and Dividend Policy". Nonetheless, the Company's ability to pay dividends may be adversely affected by the risks described in this Prospectus and may be restricted if, for example, certain requirements under the Spanish Companies Act are not met, if countries in which the Company operates impose limitations on cash outflows, or by the Company's growth strategy. For example, dividends may only be paid to shareholders if the Company's net equity (*patrimonio neto*) is not, and as a result of the payment of dividends would not be, lower than the Company's capital stock. Moreover, even though the Company's existing financing agreements do not restrict the Company's ability to pay dividends, covenants in future financing agreements may do so.

Furthermore, dividends depend on the Company's earnings and financial condition, its debt service obligations, its cash requirements (including capital expenditure and investment plans) and other factors that the Company deems relevant from time to time. As a result, the Company's ability to pay dividends in the future cannot be assured and may be limited and/or the Company's dividend policy may change. If dividends are not paid in the future, capital appreciation, if any, of the Shares would be investors' sole source of gains.

***Substantial sales of Shares by Prosegur and/or the Selling Shareholder, or the possibility of such sales, may affect the market price of the Shares***

Substantial sales of Shares or interests in Shares by Prosegur and/or the Selling Shareholder or the possibility of such sales could cause the market price of the Shares to decline. Prosegur and/or the Selling Shareholder may, following the expiry of a lock-up period (starting on the date of the Underwriting Agreement and ending 180 days from Admission) (subject to certain customary exceptions) sell Shares in the market. The Company is unable to predict whether substantial amounts of Shares will be sold in the open market following expiry of the lock-up arrangements or earlier if the relevant consents are provided. A substantial amount of Shares being sold, or the perception that sales of this type could occur, could cause the market price of the Shares to decline, either of which, individually or concurrently, may make it more difficult for investors to sell the Shares at a time and price that they deem appropriate. In addition, the price of the Company's Shares may be affected by the price of Prosegur's shares even if there is no underlying business reason for the prices to move together. This could result in the price of the Shares fluctuating for reasons unrelated to the value of the Company. In addition, investors could elect to purchase shares of Prosegur in lieu of the Shares because Prosegur controls the Company and operates a more diversified business.

***Investors in this Offering may experience dilution of their ownership interest due to the future issuance of additional Shares or convertible debt***

In the event that the Company chooses to raise additional funds from further equity or debt financings, including sales of preferred shares or convertible debt, to finance further acquisitions or otherwise, the Company may issue previously authorised and unissued securities, resulting in the dilution of the ownership interests of purchasers of the Shares offered hereby. Such issuances may also have an impact on the market price of the Shares. The Company may, following the expiry of a lock-up period (starting on the date of the Underwriting Agreement and ending 180 days from Admission) (subject to certain exceptions, including an exception which permits the Company to issue Shares in connection with a merger or acquisition transaction) issue additional Shares to the market. The potential issuance of additional Shares or preferred stock or convertible debt may create downward pressure on the trading price of the Shares. In addition, the perception that the Company may in the future sell additional Shares, whether or not accurate, could have a similar effect. The Company may also issue additional Shares or other securities that are convertible into or exercisable for Shares in future public offerings or private placements for capital-raising purposes or for other business purposes, potentially at an offering price, conversion price or exercise price that is below the offering price for the Shares in this Offering.

***The Offering may be revoked***

If (i) the Underwriting Agreement is not signed on or before 3:00 p.m. (CET) on the date following setting of the Offering Price (which is expected to be on or about 15 March 2017, as may be postponed through a duly made notification to the CNMV; (ii) if the Offering is suspended or withdrawn by any judicial or administrative authority; (iii) if the Shares are not admitted to listing on the Spanish Stock Exchanges before 11:59 p.m. (CET) on 15 April 2017; or (iv) if the Underwriting Agreement is terminated before 7:30 p.m. (CET) on the Transaction Date (expected to be on or about 16 March 2017) upon the occurrence of the customary termination provisions set forth in the Underwriting Agreement, the Offering (and the arrangements associated with it) will be automatically revoked, and all offers to purchase Shares shall be cancelled and all purchase orders related to the Offering shall be terminated. In that case, if applicable, the investors would be required to return title to the Offered Shares and the Selling Shareholder will repurchase the Offered Shares to the purchasers for the amount paid by them in the Offering, together with interest calculated at the statutory rate (*interés legal*) (currently set at 3.00%) from the date on which the purchasers paid for the Offered Shares until and including the date on which the Selling Shareholder repays the Offering Price.

***Shareholders in certain jurisdictions may not be able to exercise their preferential subscription rights to acquire further Shares***

Pursuant to the Spanish Companies Act, holders of Shares generally have the right to subscribe and pay for a sufficient number of Shares to maintain their relative ownership

percentages prior to the issuance of any new Shares, unless such right is explicitly excluded under special circumstances by a resolution passed by the shareholders' meeting or board of directors, in accordance with the Spanish Companies Act. However, holders of Shares in certain jurisdictions outside the EU may not be able to exercise preferential subscription rights unless applicable securities law requirements are complied with or exemptions are available, although the option provided under applicable European regulations to passport a prospectus into other member states of the EEA may facilitate the exercise of such rights for residents in the EEA. Such holders, however, may be able to sell their rights in accordance with applicable laws. The Company may determine it is not in its best interests to comply with such formalities, and there can be no assurance that any exemptions will be available. Any affected shareholder may lose those preferential subscription rights and as a result, the proportionate interest of such shareholder in the Company may be diluted. In particular, holders of Shares resident in the United States may not be able to exercise any future preferential subscription rights in respect of the Shares they hold unless a registration statement under the US Securities Act is effective or an exemption from the registration requirements is available. No assurance can be given that the Company would file or have declared effective any such registration statement, that any exemption from such registration requirements would be available to allow for the exercise of the preferential subscription rights of US holders or that the Company would utilise an exemption if an exemption were to be made available.

#### ***Changes in the Spanish clearing and settlement system***

The reform of the Spanish clearing, settlement and book-entry system by virtue of which transactions carried out on the Automated Quotation System are settled by Iberclear by means of a new technical platform and cleared by BME Clearing, S.A., as central counterparty, has been recently implemented. These changes affect the way in which the Managers, the custodians, the Agent Bank and Iberclear participants will need to process orders in connection with the Offering which, among other things, could result in a delay in the Transaction Date. Investors are urged to contact their agent or custodian in Spain as soon as possible to make the arrangements necessary for registering the Shares in their name on the Transaction Date.

#### ***Shareholders in countries with currencies other than the euro face additional investment risk from exchange rate fluctuations in connection with their holding of the Shares***

The Shares will be quoted only in Euros and any future payments of dividends on the Shares will also be denominated in euro. Any investment in Shares by an investor whose principal currency is not the euro exposes the investor to foreign currency exchange risk. The euro has recently fluctuated significantly in value against many major world currencies, including the US dollar and British pound. The US dollar or other currency equivalent of any dividends paid on the Shares or any distributions made could be adversely affected by the depreciation of the euro against such currencies.



***It may be difficult for shareholders outside Spain to effect service of process on or enforce foreign court judgments against the Company or its Directors***

The Company is a public limited company (*sociedad anónima*). The rights of the Company's shareholders are governed by Spanish law and the Bylaws. These rights may differ from the rights of shareholders granted by statute or judicial precedent in other jurisdictions. All of the current Directors are resident in Spain and some of the Company's assets are currently located in Spain. As a result it may be difficult for its shareholders outside Spain to serve process on or enforce foreign judgments against the Company or its Directors.

***The Offered Shares will not be freely transferable in the United States***

Any Offered Shares offered and sold to investors located in the United States will be "restricted securities" (as defined in Rule 144 under the US Securities Act), and such Offered Shares may not be reoffered, resold, pledged or otherwise transferred, except: (i) outside the United States in accordance with Rule 903 or Rule 904 under Regulation S; (ii) to a QIB in a transaction that is exempt from registration under the US Securities Act and that meets the requirements of Rule 144A; (iii) pursuant to an effective registration statement under the US Securities Act; (iv) in accordance with Rule 144 under the US Securities Act; or (v) in another transaction not requiring registration under the US Securities Act; and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

***The Company may be classified as a passive foreign investment company, which could result in adverse US federal income tax consequences to US Holders of Offered Shares***

Based on the nature of the Company's business, the Company does not expect to be a PFIC for the current taxable year or in the foreseeable future. However, the determination of whether the Company is a PFIC is made annually. Therefore, it is possible that the Company could become a PFIC due to changes in the composition of its assets or income, or changes in its market capitalization. If the Company were a PFIC for any taxable year during which a US person holds Offered Shares, certain adverse US federal income tax consequences could apply to such US person.

## IMPORTANT INFORMATION

### **YOU SHOULD READ THE ENTIRE PROSPECTUS AND, IN PARTICULAR, “RISK FACTORS” BEGINNING ON PAGE 14 OF THIS PROSPECTUS WHEN CONSIDERING AN INVESTMENT IN THE SHARES**

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Selling Shareholder or the Managers that any recipient of this document should purchase the Offered Shares. Each purchaser of Offered Shares should determine for itself the relevance of the information contained in this document, and its purchase of Offered Shares should be based upon such investigation, as it deems necessary, including the assessment of risks involved and its own determination of the suitability of any such investment, with particular reference to their own investment objectives and experience and any other factors that may be relevant to such investor in connection with the purchase of the Offered Shares.

This document does not constitute an offer to the public generally to purchase or otherwise acquire the Offered Shares. In making an investment decision regarding the Offered Shares, an investor must rely on its own examination of the Company and the terms of the Offering, including the merits and risks involved. Investors should rely only on the information contained in this document. None of the Company, the Selling Shareholder or the Managers has authorized any other person to provide investors with different information. If anyone provides any investor with different or inconsistent information, such investor should not rely on it. Investors should assume that the information appearing in this document is accurate only as of its date. The Company's business, results of operations, financial condition and prospects and the information set forth in this document may have changed since the date of this document.

Notwithstanding the foregoing, the Company is required to issue a supplementary prospectus in respect of any significant new factor, material mistake or inaccuracy relating to the information included in this document which is capable of affecting the assessment of Shares and which arises or is noted between the date hereof and the Admission, in accordance with Article 22 of Spanish Royal Decree 1310/2005, of 4 November (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*).

The contents of the website of the Company ([www.prosegurcash.com](http://www.prosegurcash.com)) and Prosegur Compañía de Seguridad, S.A. ([www.prosegur.com](http://www.prosegur.com)) do not form any part of this document.

Investors should not consider any information in this document to be investment, legal or tax advice. An investor should consult its own legal counsel, financial adviser, accountant and other advisers for legal, tax, business, financial and related advice

regarding purchasing the Offered Shares. None of the Company, the Selling Shareholder, Lazard or the Managers or their respective affiliates, makes any representation or warranty to any offeree or purchaser of the Shares regarding the legality of an investment in the Offered Shares by such offeree or purchaser under appropriate investment or similar laws.

In connection with the Offering, the Managers and any of their respective affiliates acting as an investor for its or their own account(s) may purchase Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities, any other securities of the Company or other related investments in connection with the Offering or otherwise. Accordingly, references in this document to the Shares being sold, offered or otherwise dealt with should be read as including any issue or offer to, or subscription or dealing by, the Managers or any of their respective affiliates acting as an investor for its or their own account(s). The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Company and the Selling Shareholder may withdraw the Offering at any time prior to Admission, and the Company, the Selling Shareholder and the Managers reserve the right to reject any offer to purchase the Offered Shares, in whole or in part, and to sell to any investor less than the full amount of the Offered Shares sought by such investor. For more information on the withdrawal and revocation of the Offering, see section “*Plan of Distribution—Withdrawal and Revocation of the Offering*”.

### **NOTICE TO PROSPECTIVE INVESTORS**

This document does not constitute or form part of an offer to sell, or a solicitation of an offer to purchase, any security other than the Offered Shares. The distribution of this document and the offer and sale of the Offered Shares may be restricted by law in certain jurisdictions. Any investor must inform itself about, and observe any such restrictions. See section “*Transfer and Selling Restrictions*” elsewhere in this document.

Any investor must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Offered Shares or possesses or distributes this document and must obtain any consent, approval or permission required for its subscription for, purchase, offer or sale of the Offered Shares under the laws and regulations in force in any jurisdiction to which such investor is subject or in which such investor makes such subscriptions, purchases, offers or sales. None of the Company, the Selling Shareholder or the Managers is making an offer to sell the Offered Shares or a solicitation of an offer to buy any of the Offered Shares to any person in any jurisdiction except where such an offer or solicitation is permitted or accepts any legal responsibility for any violation by any person, whether or not an investor, or applicable restrictions.

The Offering does not constitute an offer to sell, or solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation would be unlawful. The

Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be sold within the United States, except to persons reasonably believed to be QIBs, or outside the United States in offshore transactions in compliance with Regulation S. Investors are hereby notified that sellers of the Shares may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A. None of the US Securities and Exchange Commission, any other US federal or state securities commission or any US regulatory authority has approved or disapproved of the Shares referred to in this Prospectus nor have such authorities reviewed or passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the US. Investors are cautioned that this Prospectus is not a “prospectus” within the meaning of Section 10 of the Securities Act. For a discussion of certain restrictions on transfers of the Shares in other jurisdictions, see section “*Transfer and Selling Restrictions*”.

#### **NOTICE TO UNITED STATES INVESTORS**

**THE SHARES HAVE NOT BEEN REGISTERED WITH, OR APPROVED OR DISAPPROVED BY, THE US SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER US REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED ON OR ENDORSED THE MERITS OF THE OFFERING OR THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES.**

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (“RSA 421-B”) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

## **NOTICE TO UNITED KINGDOM AND OTHER EUROPEAN ECONOMIC AREA INVESTORS**

This Prospectus and the Offering are only addressed to and directed at persons in member states of the European Economic Area (“**EEA**”) who are “qualified investors” (“**Qualified Investors**”) within the meaning of Article 2(1)(e) of the Prospectus Directive (including any relevant implementing measure in each relevant member state of the EEA). In addition, in the UK, this Prospectus is only being distributed to and is only directed at Qualified Investors who are (1) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”) or (2) persons falling within Article 49(2)(a)-(d) of the Order (all such persons together being referred to as “**Relevant Persons**”). The Shares are only available to, and any invitation, offer or agreement to purchase or otherwise acquire such securities will be engaged in only with, (1) in the UK, relevant persons and (2) in any member state of the EEA other than the UK, Qualified Investors. This Prospectus and its contents should not be acted upon or relied upon (1) in the UK, by persons who are not relevant persons or (2) in any member state of the EEA other than the United Kingdom, by persons who are not Qualified Investors.

Any person making or intending to make any offer within the EEA of the Shares should only do so in circumstances in which no obligation arises for the Company, the Selling Shareholder, or any of the Managers to produce a prospectus for such offer. None of the Company, the Selling Shareholder or the Managers has authorized or authorizes the making of any offer of the Offered Shares through any financial intermediary, other than offers made by the Managers which constitute the final placement of the Shares contemplated in this document.

## DECLARATION OF RESPONSIBILITY

This Prospectus, including the financial information included herein, is in compliance with the Prospectus Rules, which comply with the provisions of the Prospectus Directive for the purpose of giving information with regard to the Company, the Selling Shareholder and the Shares.

For the purposes of this document, the expression “**Prospectus Directive**” means Directive 2003/71/EC of 4 November 2003 (as amended), and includes any relevant implementing measure in each relevant member state of the European Economic Area.

The Company and the undersigned, Mr. José Antonio Lasanta Luri, in his capacity as Chief Executive Officer and Director of the Company and acting under a special power of attorney granted by resolutions of the Board of Directors and the Shareholders’ Meeting of the Company by means of the resolutions dated both 6 February 2017, accepts responsibility for the information contained in this document. Having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of his knowledge, in accordance with the facts and contains no omissions likely to affect its import.

Mr. Antonio Rubio Merino, acting for and on behalf of the Selling Shareholder, acting under a special power of attorney granted on 15 February 2017 by the sole director of the Selling Shareholder and the sole shareholder of the Selling Shareholder by means of the resolutions dated 6 February 2017 declares that the Selling Shareholder accepts responsibility for the information referred to the Selling Shareholder in sections “*The Offering*”, “*Principal and Selling Shareholder*” and “*Plan of Distribution*” of this document. Having taken all reasonable care to ensure that such is the case, the information referred to the Selling Shareholder in sections “*The Offering*”, “*Principal and Selling Shareholder*” and “*Plan of Distribution*” is, to the best of his knowledge, in accordance with the facts and contains no omissions likely to affect its import.

For the avoidance of doubt, none of Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Citigroup Global Markets Limited, and Goldman Sachs International (the “**Joint Global Coordinators**”), Deutsche Bank AG, London Branch, HSBC Bank plc and JB Capital Markets, S.V., S.A.U. (together with the Joint Global Coordinators, the “**Joint Bookrunners**”), Bankinter, S.A., CaixaBank, S.A. and Itau BBA USA Securities, Inc. (the “**Co-lead Managers**”, and together with the Joint Bookrunners, the “**Managers**”), or their respective affiliates make any representation or warranty, express or implied, nor accept any responsibility whatsoever with respect to the content of this document, including the accuracy or completeness of any of the information in this document.

Each Manager that is regulated in the UK by the Financial Conduct Authority is acting exclusively for the Company and the Selling Shareholder and no one else in connection with the Offering and will not be responsible to any other person for providing the protections afforded to their respective clients or for providing advice in relation to the

Offering. Apart from the responsibilities and liabilities, if any, which may be imposed on any of the Managers under the Spanish Securities Market Act or the regulatory regime established thereunder, none of the Managers accepts any responsibility whatsoever for the contents of this document or for any other statement made or purported to be made by it or any of them or on its or their behalf in connection with the Company or the Shares. Each of the Managers accordingly disclaims, to the fullest extent permitted by applicable law, all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement.

## THE OFFERING

|                         |  |
|-------------------------|--|
| The Company             | Prosegur Cash, S.A.  |
| The Selling Shareholder | Prosegur Assets Management, S.L.U.   |
| The Offering            | <p>In member states of the EEA (other than UK), the Offering consists of an offering not qualifying as a public offering for the purposes of the Prospectus Directive and only addressed to and directed at persons who are qualified investors (the “<b>Qualified Investors</b>”) within the meaning of Article 2(1)(e) of the Prospectus Directive (including any relevant implementing measure in each relevant member state of the EEA, such as the Spanish Securities Market Act and Spanish Royal Decree 1310/2005 of 4 November (<i>Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos</i>)).</p> <p>In the UK, the Offering consists of an offering only directed at Qualified Investors who are (1) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “<b>Order</b>”) or (2) persons falling within Article 49(2)(a)-(d) of the Order.</p> <p>In addition, the Offering consists of an offering (i) in the US to persons reasonably believed to be QIBs as defined in, and in reliance on, Rule 144A under the Securities Act and (ii) outside the US in compliance with Regulation S under the Securities Act.</p> |



## Offering Price

The indicative non-binding Offering Price Range at which Offered Shares are being sold in the Offering is between €1.95 and €2.35 per Offered Share, but the Offering Price may be outside this range. The Offering Price Range has been determined based on negotiations between the Selling Shareholder, Prosegur (which has received financial advice from Lazard) and the Joint Global Coordinators and no independent experts have been consulted in determining the Offering Price Range.

The Offering Price of the Offered Shares will be determined based on negotiations between the Selling Shareholder, Prosegur (which has received financial advice from Lazard) and the Joint Global Coordinators, upon the finalization of the book-building period (expected to occur on or about 15 March 2017) and will be announced through the publication of a relevant fact disclosure (*hecho relevante*). No independent experts will be consulted in determining the Offering Price.

## Total Number of Initial Offered Shares

The Selling Shareholder is offering 375,000,000 of the Company's ordinary shares in the Offering (the Initial Offered Shares).

## Over-allotment Option

The Selling Shareholder has granted the Joint Global Coordinators, acting on behalf of the Managers, an option to purchase up to a maximum of 37,500,000 Additional Shares representing 10% of the total number of the Initial Offered Shares or, as the case may be, the total number of the Initial Offered Shares exercisable in whole or in part at any time on or before the 30<sup>th</sup> calendar day after the date on which the Shares commence listing on the Spanish Stock Exchanges and quoted on the SIBE to cover over-allotments, if any.

## Listings and Quotation

Application will be made to list the Shares on the Spanish Stock Exchanges and to have them quoted on the SIBE. It is expected that the Shares will be admitted to listing on the Spanish Stock Exchanges on or about 17 March 2017 under the symbol “CASH”.

If the Shares are not listed on the Spanish Stock Exchanges and quoted on the SIBE by 11:59 p.m. (CET) on 15 April 2017, the Offering will be automatically revoked, in which case (i) the Offered Shares will be repurchased by the Selling Shareholder and (ii) the purchase price will be returned to the purchasers, together with accrued interest.

## Dividend Policy

It is the Company’s current intention to pay annual dividends corresponding to, at least, 50-60% of its previous year’s net income.

For the years 2017, 2018 and 2019, it is the Company’s current intention to pay interim cash dividends (*dividendos a cuenta*) payable in four equal instalments (in December of the approval year and in March, June and September of the following year). These interim cash dividends would be annually approved by the Board of Directors in December and would be ratified annually by the annual Shareholders’ Meeting of the following year. As an exception to the proposed payment calendar mentioned, the Board of Directors currently intends to approve an interim cash dividend in December 2017 to be paid 40% in December 2017, 20% in March 2018, 20% in June 2018 and 20% in September 2018. This interim cash dividend would be submitted for ratification by the 2018 annual Shareholders’ Meeting.

The payment of dividends, if any, and the

amounts and timing thereof, will depend upon a number of factors, including, but not limited to, legal, tax and regulatory requirements, net income attributable to the parent or availability of distributable reserves, the Company's business evolution and growth strategy, inorganic investment opportunities, general economic and business conditions, market returns, credit solvency and such other factors which the Board of Directors may deem relevant. Furthermore, the dividend policy is subject to change, as the Board of Directors will revisit the dividend policy from time to time (see section "*Dividends and Dividend Policy*").

#### Voting Rights

Each Share of the Company entitles the holder to one vote in the Shareholders' Meeting (see section "*Description of Capital Stock–Shareholders' Meetings and Voting Rights*"). Without prejudice to the above, attendance rights to the Shareholders' Meeting are granted to holders of record of at least 1,000 Shares.

#### Use of Proceeds

The Company will not receive any proceeds from the sale of the Offered Shares by the Selling Shareholder in the Offering. See section "*Reasons for the Offering and use of proceeds*".

#### Lock-up Arrangements

The Company has agreed to certain lock-up arrangements, subject to certain exceptions, for a period of 180 days from Admission.

The Selling Shareholder has agreed to similar restrictions, subject to certain exceptions, for a period of 180 days from Admission.

Prosegur has agreed to similar restrictions, subject to certain exceptions, for a period of 180 days from Admission.

See section “*Plan of Distribution–Lock-up Agreements*”.

Payment, Delivery and Settlement

The Initial Offered Shares are expected to be delivered against payment of the Offering Price, through the book-entry facilities of Iberclear and its participating entities, on or about 20 March 2017.

The Stabilization Manager

Citigroup Global Markets Limited.

## CERTAIN TERMS AND CONVENTIONS

References in this Prospectus to “Company” refer to the Company and its Group unless the context otherwise requires.

As used herein, the following terms shall have the meanings indicated:

“**Additional Shares**” means the additional Shares representing up to 10% of the Initial Offered Shares to cover over-allotments of Shares in the Offering, if any.

“**Adjusted EBIT**” refers to the Adjusted EBIT defined in section “*Management’s Discussion and Analysis of Financial Condition and Results of Operations Alternative Performance Measures*”.

“**Adjusted EBITDA**”, refers to the Adjusted EBITDA defined in section “*Management’s Discussion and Analysis of Financial Condition and Results of Operations Alternative Performance Measures*”.

“**Adjusted EBIT Margin**” refers to the Adjusted EBIT Margin defined in section “*Management’s Discussion and Analysis of Financial Condition and Results of Operations Alternative Performance Measures*”.

“**Admission**” refers to the admission of the Shares to listing on the Spanish Stock Exchanges and to have these quoted on the SIBE.

“**Agent Bank**” refers to Banco Bilbao Vizcaya Argentaria, S.A.

“**Alarms**” refers to the alarms business including:

- (i) design, installation, maintenance and monitoring of residential alarms, (including provision of alarm reception centre and response services);
- (ii) alarms on movement and GPS location;
- (iii) anti-leaks technical alarms (including, amongst others, water, gas, smokes, CO<sub>2</sub>, electric supply);
- (iv) medical alarms; and
- (v) SMART mobility platforms for remote access to installed security devices;

and “Alarms business”, “Alarms industry”, “Alarms services”, “Alarms market”, “Alarms companies”, “Alarms activities” or “Alarms operations” shall be construed accordingly.

“**APMs**” stands for alternative performance measures.

“**AOA**” stands for Asia, Oceania and Africa, the Company’s geographical operating segment which consists of the countries within said region where the Company currently conducts its operations (i.e., Australia, India, and South Africa).

“**Audit Committee**” means the Company’s Audit Committee (*Comisión de Auditoría*).

“**AVOS**” stands for Added Value Outsourced Services and means business value added process and services outsourcing.

“**Board of Directors**” refers to the board of directors of the Company.

“**Board of Directors Regulations**” means the Company’s Board of Directors Regulations (*Reglamento del Consejo de Administración*).

“**Brazilian Cash Business**” refers to the Cash business in Brazil which is currently held and conducted by Prosegur Brasil.

“**Brazilian Security Business**” refers to the Security business in Brazil formerly conducted by Prosegur and which is currently integrated within the Group (in particular, such business unit is held by Prosegur Brasil) (see section “*Business—Divestment of Brazilian Security Business to the Prosegur Group*”).

“**Brazilian Security Business Sale**” means the spin-off and sale of the Brazilian Security Business to the Prosegur Group, to be completed after the Offering, through the transactions and on the terms and conditions described in the Brazilian Security Business Sale Agreement.

“**Brazilian Security Business Sale Agreement**” means the sale agreement entered into on 31 December 2016 by TSR Participações Societárias S.A. (as seller), Prosegur Global SIS, S.L. (as purchaser) and other affiliates of the Company and Prosegur, whereby the parties thereto established the agreed terms and conditions of the Brazilian Security Business Sale.

“**Bylaws**” refers to the bylaws or articles of association of the Company (*Estatutos Sociales*).

“**Capex**” refers to capital expenditure.

“**Carve-out**” means a series of intra-group transactions including several spin-offs, contributions of assets and purchases of shares and/or assets that took place during 2015 and 2016 (and finally concluded in September 2016 except for the Brazilian Security Business Sale) whereby Prosegur transferred its Cash business to the Company and the Company transferred back to Prosegur any other businesses different from the Cash business and the Brazilian Security Business. See section “*Risk Factors-Risks Related to the recent creation of the Company-The Company may be adversely affected by changes resulting from the Carve-out of its business from the Prosegur Group*”.

“**Cash**” refers to the cash and other valuables transport and management business, including:

- (i) local and international transport services (on land, by sea and by air) of cash and other high worth valuables (including, amongst others, jewellery, art, precious metal, electronic devices, pharmaceuticals, voting cards, judicial evidence) including pick-up, transport, safekeeping, delivery and cash deposit services;
- (ii) counting, processing, fitness determination, custody, preparation and delivery of notes and coins and ATM replenishment;
- (iii) retail automation through self-service cash automatization machines (MAEs) (including, amongst others, cash deposit devices, recycling and distribution of coins and notes services, bill payment services);
- (iv) end-to-end automated teller machines (ATM) management (including, amongst others, forecasting, monitoring, first and second level maintenance and balancing services); and
- (v) AVOS (added value outsourced services) for financial institutions (including, amongst others, branch forecasting, reconciliation and settlement and credit card support services)

and “Cash business”, “Cash industry”, “Cash services”, “Cash market”, “Cash companies”, “Cash activities” or “Cash operations” shall be construed accordingly.

“**Ciser**” means Centro Informático de Servicios de Vigo, S.A.

“**CNMC**” stands for the Spanish National Commission of Markets and Competition (*Comisión Nacional de los Mercados y la Competencia*).

“**CNMV**” stands for the Spanish National Securities Market Regulator (*Comisión Nacional del Mercado de Valores*).

“**Co-lead Managers**” means Bankinter, S.A., CaixaBank, S.A. and Itau BBA USA Securities, Inc.

“**Company**” means Prosegur Cash, S.A., a public limited company (*sociedad anónima*) incorporated under the laws of Spain on 22 February 2016 (as Prosegur CIT Holding, S.L.U.) pursuant to a notarized public deed of incorporation granted before the Madrid notary Mrs. Eloisa López-Monís Gallego, under number 282 of the public notary’s official records and registered with the Madrid Commercial Register in volume 34,442, page 34 and sheet M-619528, and holder of Spanish tax identification number A-87498564, and with registered office at calle Santa Sabina 8, 28007 Madrid.

“**Consolidated Annual Accounts**” means the Company’s audited consolidated annual accounts as of and for the year ended 31 December 2016 (and also present the unaudited

comparative financial information as of and for the years ended 31 December 2015 and 31 December 2014), together with the explanatory notes thereto.

“**Directors**” refers to the members of the Board of Directors.

“**EBIT**” stands for earnings before interest and taxes, which equates to results from operating activities.

“**EBITDA**” stands for earnings before interest, taxes, depreciation and amortization.

“**EEA**” stands for European Economic Area.

“**EU**” stands for European Union.

“**Euroclear**” refers to Euroclear Bank, S.A. / N.V., as operator of the Euroclear System.

“**Europe Region**” means the Company’s geographical operating segment which consists of the European countries where the Company currently conducts its operations (i.e., Spain, Germany, France and Portugal).

“**Exchange Act**” refers to the US Securities Exchange Act of 1934, as amended.

“**Framework Agreement**” refers to the framework relationship agreement (*contrato marco de relaciones*) entered into by Prosegur and the Company on 17 February 2017 to comply with Recommendation no. 2 of the Spanish Corporate Governance Code.

“**Freedonia 2017**” refers to the report Global Security Services Market 2017 published in January 2017 by The Freedonia Group, Inc.

“**FSMA**” stands for the UK Financial Services and Markets Act 2000, as amended.

“**Group**” refers to the Company together with the subsidiaries listed in section “*General information*”.

“**Grupo Nordeste**” means Grupo Nordeste e Transbank.

“**HP Business Unit**” means the Hewlett Packard business which provided AVOS to a Spanish bank acquired by the Company in 2015.

“**Iberclear**” refers to *Sociedad de Gestión de los Sistemas de Registro, Cooperación y Liquidación de Valores, S.A.U.*

“**IFRS-EU**” refers to the International Financial Reporting Standards, as adopted by the EU.

“**Initial Offered Shares**” refers to 375,000,000 shares of the Company, each with a nominal value of €0.02, offered in the Offering.



**“Internal Code of Conduct”** means the Company’s Internal Code of Conduct in securities market (*Reglamento Interno de Conducta en Materias Relativas a los Mercado de Valores*).

**“Joint Bookrunners”** means each Joint Global Coordinator, Deutsche Bank AG, London Branch, HSBC Bank plc and JB Capital Markets, S.V., S.A.U.

**“Joint Global Coordinators”** means Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Citigroup Global Markets Limited and Goldman Sachs International.

**“Latin America”** means the Company’s geographical operating segment which consists of the Latin American countries where the Company currently conducts its operations (i.e., Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru and Uruguay).

**“Lazard”** refers to Lazard & Co., Limited.

**“License Agreement”** refers to the license agreement entered into by Prosegur and the Company on 1 January 2017 pursuant to which Prosegur grants to the Company a license to use the “PROSEGUR” trademarks to identify the Cash services and business within any of the jurisdictions, other than India, where the Licensed Trademarks are currently, or may be registered, in the future on the terms and conditions as further described in section *“Material Contracts–License Agreement.”*

**“Licensed Trademarks”** refers to the “PROSEGUR” trademarks listed in Annex 1 of the License Agreement, licensed by Prosegur to the Company under the License Agreement used or to be used by the Company to identify the Cash services and businesses within any of the jurisdictions in which it conducts operations, other than India.

**“Loan Agreement”** refers to the unsecured loan agreement for an amount of €600 million entered into by the Company with a syndicate of financial institutions (including amongst them certain of the Managers) on 20 December 2016 to finance distributions (either of dividends or reserves) to the Company’s shareholders.

**“Management Services Agreements”** refers to the management and support services agreements entered into by certain Prosegur Group companies and some of the companies within the Group on 1 August 2016 pursuant to which the former provide to the latter certain management and support services, as further described in section *“Material Contracts–Management Services Agreements”*.

**“Managers”** means each of the Joint Bookrunners and each of the Co-lead Managers.

**“Member State”** refers to any state of the EEA.

**“Nominations and Remuneration Committee”** means the Company’s Nominations and Remuneration Committee (*Comisión de Nombramientos y Retribuciones*).

“**Offered Shares**” means the Initial Offered Shares together with the Additional Shares, if any.

“**Offering**” means the initial offering by the Selling Shareholder of the Initial Offered Shares.

“**Offering Price**” means the price per Offered Share in connection with the Offering.

“**Offering Price Range**” means the indicative price range per Offered Share in the Offering, which will be between €1.95 and €2.35 per Offered Share, as determined based on negotiations between the Selling Shareholder, Prosegur (which has received financial advice from Lazard) and the Joint Global Coordinators.

“**Operating Lease**” refers to leases in which the leased asset and substantially all of the risks and rewards relating to ownership are attributable to the lessor.

“**Over-allotment Option**” means the option that the Selling Shareholder will grant the Joint Global Coordinators on behalf of the Managers to purchase the Additional Shares in connection with the Offering.

“**PFIC**” stands for passive foreign investment company

“**Prosegur**” means Prosegur Compañía de Seguridad, S.A., a public limited company (*sociedad anónima*) incorporated under the laws of Spain on 14 May 1976, registered with the Madrid Commercial Register, and holder of Spanish tax identification number A-28430882, and with registered office at calle Pajaritos 24, 28007 Madrid. Prosegur is listed on the Madrid and Barcelona Stock Exchanges since 1987.

“**Prosegur Brasil**” means Prosegur Brasil, S.A. Transportadora de Valores e Segurança.

“**Prosegur Group**” means Prosegur together with its subsidiaries as defined in article 42 of the Spanish Commercial Code.

“**Prospectus Directive**” means Directive 2003/71/EC of 4 November 2003 (as amended), and includes any relevant implementing measure in each relevant member state of the EEA.

“**Prospectus Regulation**” refers to the prospectus rules included in Annexes I, III and XXII set out in Commission Regulation (EC) No 809/2004 (and amendments thereto, including Commission Delegated Regulation (EU) 486/2012 and Commission Delegated Regulation (EU) 862/2012) enacted in the European Union.

“**Prospectus Rules**” refers to the Prospectus Regulation and the Prospective Directive.

“**QIBs**” refers to qualified institutional buyers within the meaning of Rule 144A under the Securities Act.

“**RE Lease Agreements**” means the lease agreements entered into by certain Group subsidiaries, as leasees, and certain Prosegur Group companies, as lessors, as defined and as further described in section “*Material Contracts–Real estate lease agreements.*”

“**RCF**” or the “**Revolving Credit Facility**” refers to the floating rate unsecured revolving credit facility agreement for a maximum amount of €300 million entered by the Company into with a syndicate of financial institutions (including amongst them certain of the Managers) on 10 February 2017, for general corporate purposes, including to meet the Group’s working capital requirements.

“**Regulation S**” refers to Regulation S under the Securities Act.

“**Regulatory Compliance Committe**” means the Company’s Regulatory Compliance Committe (*Comisión de Cumplimiento Normativo*).

“**Relevant Member State**” refers to each member state of the EEA that has implemented the Prospectus Directive.

“**Rule 144A**” refers to Rule 144A under the Securities Act, as amended.

“**SBV**” means the South Africa joint venture SBV Services Proprietary Limited.

“**Securities Act**” refers to the US Securities Act of 1933, as amended.

“**Security**” refers to the integrated security solutions business, including:

- (i) traditional surveillance services (including manned guarding, canine units, escorts, rounds and surveillance patrols);
- (ii) security technology solutions for companies (including monitored video systems (CCTV) and design, installation, maintenance and monitoring of anti-intrusion systems and perimeter systems, access control and fire protection);
- (iii) traditional surveillance and technology integrated solutions;
- (iv) security consulting services (including, amongst others, audit and assessment, emergency management, security planning, critic infrastructures); and
- (v) outsourcing of value added procedures and services for industrial clients (AVOS).

and “Security business”, “Security industry”, “Security services”, “Security market”, “Security companies”, “Security activities” or “Security operations” shall be construed accordingly.

“**Selling Shareholder**” means Prosegur Assets Management, S.L.U.

“**Shareholders’ Meeting**” refers to the shareholders’ meeting of the Company.

“**Shareholders’ Meeting Regulations**” means the Company’s Shareholders’ Meeting Regulations (*Reglamento de la Junta General de Accionistas*).

“**Shares**” refers to all the shares of the Company, with a nominal value of €0.02 per share.

“**SIBE**” stands for *Sistema de Interconexión Bursátil Español* and refers to the Spanish Automated Quotation System of the Spanish Stock Exchanges.

“**SIS India**” means Security & Intelligence Services (India) Limited.

“**Spanish Commercial Code**” means the *Real decreto de 22 de agosto de 1885 por el que se publica el Código de Comercio*, as amended.

“**Spanish Companies Act**” means the *texto refundido de la Ley de Sociedades de Capital aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio*, as amended.

“**Spanish Continuous Market**” means the computerized stock market connecting the Spanish Stock Exchanges.

“**Spanish Corporate Governance Code**” means the *Código de Buen Gobierno de las Sociedades Cotizadas* approved by the CNMV Board on 18 February 2015, as amended.

“**Spanish Securities Market Act**” means the *texto refundido del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre*, as amended.

“**Spanish Stock Exchanges**” refers to the Barcelona, Bilbao, Madrid and Valencia stock exchanges.

“**Stabilization Manager**” means Citi Citigroup Global Markets Limited.

“**Stabilization Period**” refers to the period commencing on 17 March 2017 and ending on 15 April 2017 in which stabilization transactions may be carried out.

“**Transvig**” means Transvig – Transporte de Valores e Vigilancia LTD.

“**Underwriting Agreement**” refers to the underwriting agreement to be entered by the Company, the Selling Shareholder and the Managers with respect to the Initial Offered Shares and the Additional Shares.

“**United Kingdom**” or “**UK**” refers to the United Kingdom of Great Britain and Northern Ireland.

**“United States”** or **“US”** refers to the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction.

**“US Holder”** means a beneficial owner of Offered Shares that is, for US federal income tax purposes: (i) a citizen or individual resident of the United States; (ii) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or (iii) an estate or trust the income of which is subject to US federal income taxation regardless of its source.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Financial information

The Company prepares its financial statements in euro, its reporting currency. The financial information of the Company included in “*Selected Consolidated Financial Information and Other Data*” of this Prospectus has been prepared in accordance with the requirements of the Prospectus Rules.

The Company was incorporated on 22 February 2016 in the context of the Carve-out and has no audited stand-alone historical consolidated financial information for any period prior to 31 December 2016. Until 2016, the Group’s subsidiaries formed part of the Prosegur Group, whose consolidated annual accounts were prepared under IFRS-EU and filed with the Madrid Commercial Registry.

The Consolidated Annual Accounts have been prepared in accordance with IFRS-EU and as if the subsidiaries contributed to, or acquired by, the Company in 2016 had formed part of the Group as of 1 January 2014 as they had already formed part of the Prosegur Group on such date.

The Group presents in this Prospectus the Company’s audited consolidated annual accounts as of and for the year ended 31 December 2016 (and also present the unaudited comparative financial information as of and for the years ended 31 December 2015 and 31 December 2014), together with the explanatory notes thereto. The Consolidated Annual Accounts are attached to this Prospectus as Annex 1.

The Consolidated Annual Accounts as of and for the year ended 31 December 2016 have been audited. Comparative financial information as of and for the years ended 31 December 2015 and 31 December 2014 included therein is not audited as this comparative financial information does not relate to stand-alone financial statements as of the mentioned dates, as would be required by the legislation regulating the audit of accounts in Spain.

Pursuant to Spanish regulatory requirements, the Consolidated Annual Accounts are required to be accompanied by a management report. Investors are strongly cautioned that the management report contains information as of a specific historical date. The information contained in the management report has not been audited. Accordingly, the management report should be read together with the other sections of this Prospectus, and particularly the sections “*Risk Factors*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations.*”

The Consolidated Annual Accounts have been approved by the Board of Directors and at the Shareholders’ Meeting on 1 March 2017.

The Consolidated Annual Accounts have been audited by KPMG Auditores, S.L. in accordance with legislation regulating the audit of accounts in Spain, as stated in their

unqualified report. This auditor report, fully attached to the Prospectus, includes an emphasis of matter which draws attention to Note 2 to the consolidated annual accounts, which, as well as describing the accounting policies applied, states that the 2016 consolidated annual accounts are the first set of financial statements of the Group to be prepared under IFRS-EU. As permitted under IFRS-EU, the Group has opted to present comparative financial information, for comparative purposes only, as if the subsidiaries contributed to and acquired by the Group in 2016 had formed part of the Group at 1 January 2014, on the basis that they were part of the Prosegur Group before this date. The auditors' opinion is not modified in respect of this matter.

### **Alternative performance measures**

In addition to the aforementioned financial information prepared according to IFRS-EU, certain APMs, which have not been prepared in accordance with IFRS-EU, have been extracted or derived from the accounting records of the Group, including "Adjusted EBITDA", "Adjusted EBIT", "Adjusted EBIT Margin", "EBITDA", "Cash Flow Conversion Rate", "Organic Growth", "Inorganic Growth", "Effect of exchange rate fluctuations" and "Net Financial Debt".

The Company believes that the APMs contribute to a better understanding of the Group's results of operations by providing additional information on what the Group considers being some of the drivers of the Group's financial performance. Furthermore, the Company believes that these APMs are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. These APMs, however, should not be regarded as alternatives to revenues, cash flow or net income as indicators of operational performance or liquidity.

The APMs are not audited, reviewed or subject to a pro forma review by the Company's auditors and are not measurements required by, or presented in accordance with, IFRS-EU. These APMs are not measurements of the Group's financial performance under IFRS-EU and should not be considered as alternatives to the information in the Consolidated Annual Accounts or to any performance measures prepared in accordance with IFRS-EU. Many of these APMs are based on the Company's historical data and there can be no guarantee that these results will actually be achieved.

Different companies may use different definitions of the APMs. Therefore the Company's definitions of these measures may not be comparable to the definitions used by other companies. While the method of calculation may differ across the industry, the Directors believe that these indicators are important to understanding the Company's and the Cash business' performance from period to period, and that they facilitate comparison with the Company's peers.

The APMs should not be considered in isolation and investors should not consider such information as alternatives to revenue, profit before tax or cash flows from operations calculated in accordance with IFRS-EU, as indications of operating performance or as measures of the Company's profitability or liquidity. Such financial information must

be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS-EU included elsewhere in this Prospectus. Investors are cautioned not to place undue reliance on these APMs and are also advised to review them in conjunction with the Consolidated Annual Accounts included elsewhere in this Prospectus.

The Company believes that the description of these APMs in this Prospectus follows and complies with the European Securities and Markets Authority Guidelines on Alternative Performance Measures (APM) dated 5 October 2015 and other applicable rules.

See section “*Management’s Discussion and Analysis of Financial Condition and Results of Operations.*” – *Alternative performance measures.*

### **Recent accounting pronouncements**

The IAS Board issued IFRS 16 (“Leases”) in January 2016. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. It will remove the distinction between “operating leases” and “finance leases”. Under the new standard, a lease is defined as a contract that provides the right to use an asset for a period of time in exchange for consideration. Therefore, companies that are lessees are required to recognize a lease liability for the obligation to make lease payments for the right to use the underlying asset for the term of the lease. IFRS 16 will effectively require companies that are lessees, including the Company, to report all leases as assets and liabilities on their statements of financial position. It will become effective from 1 January 2019 but may be implemented by companies prior to this date.

Although as of the date of this Prospectus, the EU has not yet adopted IFRS 16, the Company is currently analysing the potential impact of the first-time application of IFRS 16 on its financial statements and the changes required by IFRS 16 and expects to comply with such requirements by the time IFRS 16 comes into effect. In order to estimate such impact, the Company needs to estimate, among other factors, the term of the relevant leases taking into account whether the agreements may be early terminated or not and whether the terms may be unilaterally extended by one party or not and, in both cases, under which level of certainty, which will depend in turn on the expected use of the assets located in the underlying leased properties. Given the recent publication of this standard and the various transition options established by this standard for first-time application, the Company has not yet completed its analysis. However, based on the preliminary analysis made to date, the Company expects the application of IFRS 16 in 2019 to have a significant impact on the Company’s consolidated annual accounts as a result of the change in the accounting treatment of real estate leases currently accounted for as operating leases. The changes are estimated to have a positive impact on consolidated EBIT (results from operating activities) and a negative impact on pre-tax profit. EBIT (results from operating activities) is expected to increase as the lower operating costs should not be fully offset by the amortization costs arising from the newly recorded assets. Pre-tax profit is expected to decrease due to



higher finance costs, which together with the amortization should result in higher costs than the current operating costs. Furthermore, significant lease liabilities and the corresponding rights to use assets will impact the statement of financial position. The impact in equity as of 1 January 2019 cannot be reasonably estimated at this point in time.

Other than IFRS 16, the implementation of the standards and interpretations approved by the European Union, which are effective as of 1 January 2016, and standards and interpretations also approved by the European Union, which are not effective as of 1 January 2016 and which Prosegur Cash expects to adopt as of 1 January 2017 or thereafter have not had and are not expected to have a significant impact on the consolidated annual accounts.

### **Market and Industry Data**

Certain of the market, market share, industry and certain other data contained in this Prospectus has been taken from, or based upon, industry reports, including the Freedonia 2017 and other sources named in the sections of this Prospectus entitled “Exchange Rates”, “Business” and “Industry Overview”. Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed. The Company believes that the industry publications, surveys and forecasts used in the Prospectus are reliable but the Company has not independently verified them and cannot guarantee their accuracy or completeness and certain of this information, including market studies, are frequently based on information and assumptions which may not be exact or appropriate, and their methodology is by nature forward-looking and speculative.

Where information contained in this Prospectus has been sourced from a third party, the Company and the Directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where information in this Prospectus has been sourced from third parties, the source of such information has been clearly stated adjacent to the reproduced information.

This Prospectus also contains estimates of market data and information derived therefrom which cannot be gathered from publications by market research institutions or any other independent sources. Such information is prepared by the Company based on third-party sources and our own internal estimates. While the Company believes that these estimates of our competitive position and market share are helpful in order to give investors a better understanding of our position within the industry in which we operate, in many cases there is no publicly available information supporting these estimates. Although the Company believes that our internal market observations are reliable, our own estimates are not reviewed or verified by any external sources. Accordingly, investors are cautioned not to place undue reliance on such estimates.

Whilst the Company is not aware of any misstatements regarding the industry, market share or similar data presented in this Prospectus, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the section “Risk Factors” in this Prospectus.

### **Currency references**

Unless otherwise indicated or otherwise required by the context, all references in this Prospectus to “euro”, “€”, “EUR” or “eurocent” are to the lawful currency of the participating Member States, including Spain, in the third stage of European Economic and Monetary Union of the Treaty establishing the European Community, as amended from time to time, and all references to “US dollars”, “dollars”, “US\$”, “USD” or “\$” are to the lawful currency of the United States.

### **Rounding**

Certain numerical figures included herein have been rounded. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding. Variations in absolute values and percentages shown in the charts and notes in this Prospectus reflect calculations based upon the rounded figures, and therefore may not conform exactly to the variations and percentages that would result if the relevant calculation were based upon the underlying figures. In addition, when describing the change in a percentage between two periods, the term “pp” means percentage points. As used in this Prospectus, the term “billion” means one thousand million (1,000,000,000).

### **Exchange rates**

The Group reports its financial results in its reporting currency, the euro. The Group, however, generates a substantial part of its revenue in Argentinian peso, Australian dollar, Brazilian reais, Chilean peso, Colombian peso and Peruvian sol (functional currencies).

For the purposes of this Prospectus, the exchange rates of the currencies used in this Prospectus against the euro are the ones indicated in section “*Exchange Rate*”.

The Company has provided these exchange rates solely for the presentation of the information contained in the Prospectus. The rates should not be construed as a representation that euro amounts could have been, or could be, converted into the relevant currency at the rates set forth herein or at any other rate.

### **No profit forecast**

No statement in this Prospectus is intended to constitute a profit forecast or profit estimate for any period, nor should any statement be interpreted to mean that earnings

or earnings per Share after Admission will necessarily be greater or less than the historical earnings or earnings per Share for the Company.

### **Forward-Looking Statements**

This Prospectus contains “forward-looking statements” which are based on estimates and assumptions and involve to risks and uncertainties. Forward-looking statements are all statements other than statements of historical fact or statements in the present tense, and can be identified by words such as “may”, “could”, “will”, “would”, “should”, “expect”, “intend”, “estimate”, “anticipate”, “guidance”, “project”, “future”, “potential”, “believe”, “seek”, “plan”, “aim”, “expect”, “objective”, “goal”, “project”, “strategy”, “target”, “continue” and similar expressions or their negatives. Since these statements speak as to the future, and are based on known and unknown risks, uncertainties, estimates and assumptions, actual results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans or opportunities could differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements may be found in the sections of this Prospectus entitled “*Risk Factors*”, “*Dividends and Dividend Policy*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Business*”. These may include, amongst other things, statements relating to:

- the Company’s future revenues, operating results and margins;
- the Company’s future capital expenditures;
- the Company’s future operating expenditures;
- the Company’s future financial position and leverage;
- the Company’s dividend policy; and
- the Company’s strategy and business expansion plans.

Actual results may differ significantly from the results discussed in the forward-looking statements and, therefore, undue reliance should not be placed on any forward-looking statements.

Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward-looking statements included in this Prospectus include those described in “*Risk Factors*”. The following are certain of the factors described in “*Risk Factors*” that could cause actual results or events to differ materially from anticipated results or events:

- Slowdown in the demand for the services that the Company provides.
- Increasing competition in the Company’s industry.

- New technologies or changes in the Company's customers' business model that make the Company's services less desirable.
- Natural disasters and other catastrophic events affecting the Company's assets for which its insurance may not provide adequate coverage.
- Failure to maintain effective business support systems and uniform standards, controls and policies.
- Breaches of the Company's security measures, or attacks to its services.
- Risks derived from the expansion or development of the Company's business, including through acquisitions or other growth opportunities.
- General economic and political conditions, particularly in Latin America.
- Risks inherent in international operations.
- Regulatory changes
- Currency risks.
- Inflation and certain government measures to curb inflation in some Latin American countries.
- Litigation or other legal proceedings (employment, tax, civil, antitrust, administrative or otherwise).
- Risks inherent to the reduction of its customers' network and operations.

Readers should not place undue reliance on any forward-looking statements, which speak only as of the date of this Prospectus. Except as otherwise required by Spanish, US federal and other applicable securities law and regulations and by applicable stock exchange regulations, the Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in the Company's expectations with regard hereto, or any other change in events, conditions or circumstances on which any such statement is based.

### **Third Party Information and Statement by Experts and Declarations of any Interest**

This Prospectus does not include any statement or report attributed to a person as an expert.

## **REASONS FOR THE OFFERING AND USE OF PROCEEDS**

The main reasons for the Offering are the following:

- (i) make the Company, as a pure Cash agent, lead the consolidation process in the Cash industry;
- (ii) redeploy funds obtained from the Offering to invest in new technologies and grow the Prosegur Group Security and Alarms businesses;
- (iii) enhance Prosegur Group value proposition through a rebalance of each business portfolio and the redistribution of value across the different business divisions and by means of this proposition to investor targeting Cash-type investments; and
- (iv) return in cash to the Prosegur shareholders part of the capital invested in the Prosegur Group.

Prosegur aims to use the proceeds of the Offering for an approximate amount between €300 million and €400 million to pursue the growth of the Alarms and Security businesses of the Prosegur Group.

## **DIVIDENDS AND DIVIDEND POLICY**

### **Dividend Policy**

It is the Company's current intention to pay annual dividends corresponding to, at least, 50-60% of its previous year's net income.

For the years 2017, 2018 and 2019, it is the Company's current intention to pay interim cash dividends (*dividendos a cuenta*) payable in four equal instalments (in December of the approval year and in March, June and September of the following year). These interim cash dividends would be annually approved by the Board of Directors in December and would be ratified annually by the annual Shareholders' Meeting of the following year. As an exception to the proposed payment calendar mentioned, the Board of Directors currently intends to approve an interim cash dividend in December 2017 to be paid 40% in December 2017, 20% in March 2018, 20% in June 2018 and 20% in September 2018. This interim cash dividend would be submitted for ratification by the 2018 annual Shareholders' Meeting.

The payment of dividends, if any, and the amounts and timing thereof, will depend upon a number of factors, including, but not limited to, legal, tax and regulatory requirements, net income attributable to the parent or availability of distributable reserves, the Company's business evolution and growth strategy, inorganic investment opportunities, general economic and business conditions, market returns, credit solvency and such other factors which the Board of Directors may deem relevant. Furthermore, the dividend policy is subject to change, as the Board of Directors will revisit the dividend policy from time to time.

In any case, any Company's dividend based on the application of the results for each year proposed by the Board of Directors distribution will be submitted for approval by the Shareholders' Meeting. See section "*Description of Capital Stock*". Prior to any dividend, Spanish Companies Act requires companies incorporated in Spain to allocate at least 10% of their annual net income to a non-distributable mandatory reserve (*reserva legal*) until the balance of such reserve amounts to, at least, 20% of the respective company's share capital. A company's legal reserve is not available for distribution to its shareholders except upon such company's liquidation.

There can be no assurance that any dividends will be declared and paid in the future. Any dividends paid in the future will be subject to tax under Spanish law (see section "*Taxation-Spanish Tax Considerations*").

Neither the Loan Agreement nor the RCF contain covenants that impose restrictions on the Company's ability to pay dividends or extraordinary dividends (meaning the payment of a dividend other than out of the Company's profit for the year arising from ordinary activities) nor on making share buy-backs. See section "*Material Contracts-Financing arrangements*".

### **Limitations on Dividends and Other Distributions**

The conditions under which the Company may declare dividends based on Spanish law and the Bylaws are described under the section “*Description of Capital Stock–Dividend and Liquidation Rights*”.

## EXCHANGE RATES

The Group reports its financial results in its reporting currency, the euro. The Group, however, generates a substantial part of its revenue in Argentinian peso, Australian dollar, Brazilian reais, Chilean peso, Colombian peso, Peruvian sol and Mexican peso (functional currencies). The following table sets forth, for the periods indicated below, the high, low, average and period-end Bloomberg Composite Rate for the euro as expressed in each of the aforementioned local currencies per €1.00. The Bloomberg Composite Rate is a “best market” calculation in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the Consolidated Annual Accounts and other financial information appearing in this Prospectus.

The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily Bloomberg Composite Rates during that month, or shorter period, as the case may be.

### Argentinian peso

| Exchange Rates      | Period<br>High               | Period<br>Low | Period<br>Average | Period<br>End |
|---------------------|------------------------------|---------------|-------------------|---------------|
|                     | (Argentinian peso per €1.00) |               |                   |               |
| <b>Year:</b>        |                              |               |                   |               |
| 2015.....           | 10.45                        | 10.38         | 10.40             | 10.40         |
| 2016.....           | 16.60                        | 16.41         | 16.53             | 16.53         |
| <b>Month:</b>       |                              |               |                   |               |
| January 2016.....   | 14.91                        | 14.67         | 14.81             | 14.81         |
| February 2016.....  | 16.48                        | 16.26         | 16.42             | 16.42         |
| March 2016.....     | 16.76                        | 16.43         | 16.59             | 16.59         |
| April 2016.....     | 16.44                        | 16.23         | 16.32             | 16.32         |
| May 2016.....       | 16.03                        | 15.93         | 15.96             | 15.96         |
| June 2016.....      | 15.98                        | 15.76         | 15.90             | 15.90         |
| July 2016.....      | 16.57                        | 16.40         | 16.47             | 16.47         |
| August 2016.....    | 16.70                        | 16.56         | 16.62             | 16.62         |
| September 2016..... | 16.98                        | 16.87         | 16.95             | 16.95         |
| October 2016.....   | 16.80                        | 16.68         | 16.73             | 16.73         |
| November 2016.....  | 16.64                        | 16.46         | 16.55             | 16.55         |
| December 2016.....  | 16.79                        | 16.62         | 16.71             | 16.71         |
| January 2017.....   | 16.97                        | 16.82         | 16.91             | 16.91         |

The Bloomberg Composite Rate between the Argentinian peso and the euro on 31 January 2017 was 17.14 per €1.00.



## Australian dollar

| Exchange Rates      | Period<br>High                | Period<br>Low | Period<br>Average | Period<br>End |
|---------------------|-------------------------------|---------------|-------------------|---------------|
|                     | (Australian dollar per €1.00) |               |                   |               |
| <b>Year:</b>        |                               |               |                   |               |
| 2015.....           | 1.49                          | 1.47          | 1.48              | 1.48          |
| 2016.....           | 1.49                          | 1.48          | 1.49              | 1.49          |
| <b>Month:</b>       | <b>1.56</b>                   | <b>1.53</b>   | <b>1.55</b>       | <b>1.55</b>   |
| January 2016 .....  | 1.57                          | 1.54          | 1.56              | 1.56          |
| February 2016 ..... | 1.49                          | 1.48          | 1.48              | 1.48          |
| March 2016 .....    | 1.49                          | 1.47          | 1.48              | 1.48          |
| April 2016 .....    | 1.55                          | 1.54          | 1.55              | 1.55          |
| May 2016 .....      | 1.53                          | 1.51          | 1.52              | 1.52          |
| June 2016 .....     | 1.48                          | 1.46          | 1.47              | 1.47          |
| July 2016.....      | 1.48                          | 1.46          | 1.47              | 1.47          |
| August 2016.....    | 1.48                          | 1.47          | 1.48              | 1.48          |
| September 2016..... | 1.46                          | 1.44          | 1.45              | 1.45          |
| October 2016.....   | 1.44                          | 1.43          | 1.43              | 1.43          |
| November 2016.....  | 1.44                          | 1.43          | 1.44              | 1.44          |
| December 2016 ..... | 1.49                          | 1.47          | 1.48              | 1.48          |
| January 2017 .....  | 1.43                          | 1.42          | 1.43              | 1.43          |

The Bloomberg Composite Rate between the Australian dollar and the euro on 31 January 2017 was 1.42 per €1.00.

## Brazilian reais

| Exchange Rates      | Period<br>High              | Period<br>Low | Period<br>Average | Period<br>End |
|---------------------|-----------------------------|---------------|-------------------|---------------|
|                     | (Brazilian reais per €1.00) |               |                   |               |
| <b>Year:</b>        |                             |               |                   |               |
| 2015.....           | 3.79                        | 3.70          | 3.74              | 3.74          |
| 2016.....           | 3.85                        | 3.78          | 3.81              | 3.81          |
| <b>Month:</b>       |                             |               |                   |               |
| January 2016 .....  | 4.44                        | 4.36          | 4.40              | 4.40          |
| February 2016 ..... | 4.44                        | 4.37          | 4.41              | 4.41          |
| March 2016 .....    | 4.17                        | 4.07          | 4.11              | 4.11          |
| April 2016 .....    | 4.08                        | 4.00          | 4.03              | 4.03          |
| May 2016 .....      | 4.04                        | 3.97          | 4.00              | 4.00          |
| June 2016 .....     | 3.88                        | 3.82          | 3.84              | 3.84          |
| July 2016.....      | 3.65                        | 3.60          | 3.63              | 3.63          |
| August 2016.....    | 3.62                        | 3.57          | 3.60              | 3.60          |
| September 2016..... | 3.68                        | 3.62          | 3.65              | 3.65          |
| October 2016.....   | 3.54                        | 3.49          | 3.51              | 3.51          |
| November 2016.....  | 3.65                        | 3.57          | 3.60              | 3.60          |
| December 2016 ..... | 3.56                        | 3.51          | 3.53              | 3.53          |
| January 2017 .....  | 3.42                        | 3.38          | 3.40              | 3.40          |

The Bloomberg Composite Rate between the Brazilian reais and the euro on 31 January 2017 was 3.40 per €1.00.

## Chilean peso

| Exchange Rates       | Period<br>High           | Period<br>Low | Period<br>Average | Period<br>End |
|----------------------|--------------------------|---------------|-------------------|---------------|
|                      | (Chilean peso per €1.00) |               |                   |               |
| <b>Year:</b>         |                          |               |                   |               |
| 2015 .....           | 732.48                   | 724.74        | 727.92            | 727.92        |
| 2016 .....           | 745.82                   | 738.25        | 742.54            | 742.54        |
| <b>Month:</b>        |                          |               |                   |               |
| January 2016 .....   | 788.07                   | 779.63        | 783.72            | 783.72        |
| February 2016 .....  | 785.19                   | 775.38        | 780.07            | 780.07        |
| March 2016 .....     | 761.70                   | 752.40        | 757.02            | 757.02        |
| April 2016 .....     | 762.96                   | 755.42        | 759.39            | 759.38        |
| May 2016 .....       | 775.97                   | 768.50        | 772.62            | 772.63        |
| June 2016 .....      | 767.97                   | 759.58        | 763.54            | 763.54        |
| July 2016 .....      | 730.60                   | 724.04        | 727.29            | 727.29        |
| August 2016 .....    | 741.91                   | 735.63        | 739.33            | 739.33        |
| September 2016 ..... | 752.52                   | 745.71        | 748.51            | 748.51        |
| October 2016 .....   | 734.04                   | 728.73        | 730.86            | 730.86        |
| November 2016 .....  | 722.88                   | 715.32        | 718.72            | 718.72        |
| December 2016 .....  | 706.04                   | 699.41        | 702.54            | 702.54        |
| January 2017 .....   | 704.21                   | 698.70        | 701.67            | 701.67        |

The Bloomberg Composite Rate between the Chilean peso and the euro on 31 January 2017 was 698.39 per €1.00.

## Colombian peso

| Exchange Rates       | Period<br>High             | Period<br>Low | Period<br>Average | Period<br>End |
|----------------------|----------------------------|---------------|-------------------|---------------|
|                      | (Colombian peso per €1.00) |               |                   |               |
| <b>Year:</b>         |                            |               |                   |               |
| 2015 .....           | 3080.27                    | 3043.15       | 3057.82           | 3057.82       |
| 2016 .....           | 3378.19                    | 3330.18       | 3354.27           | 3354.27       |
| <b>Month:</b>        |                            |               |                   |               |
| January 2016 .....   | 3595.40                    | 3533.68       | 3573.01           | 3573.01       |
| February 2016 .....  | 3753.80                    | 3696.14       | 3728.30           | 3728.30       |
| March 2016 .....     | 3503.54                    | 3445.00       | 3473.28           | 3473.28       |
| April 2016 .....     | 3418.24                    | 3373.04       | 3390.05           | 3390.05       |
| May 2016 .....       | 3407.27                    | 3366.87       | 3393.85           | 3393.85       |
| June 2016 .....      | 3387.00                    | 3320.85       | 3352.24           | 3352.24       |
| July 2016 .....      | 3301.80                    | 3261.63       | 3282.88           | 3282.88       |
| August 2016 .....    | 3339.13                    | 3292.78       | 3313.18           | 3313.18       |
| September 2016 ..... | 3297.14                    | 3241.20       | 3267.45           | 3267.45       |
| October 2016 .....   | 3255.19                    | 3212.56       | 3235.80           | 3235.80       |
| November 2016 .....  | 3387.06                    | 3319.84       | 3355.45           | 3355.46       |
| December 2016 .....  | 3187.80                    | 3151.31       | 3174.46           | 3174.46       |
| January 2017 .....   | 3140.25                    | 3109.00       | 3125.27           | 3125.27       |

The Bloomberg Composite Rate between the Colombian peso and the euro on 31 January 2017 was 3,148.00 per €1.00.

## Peruvian sol

| Exchange Rates       | Period<br>High           | Period<br>Low | Period<br>Average | Period<br>End |
|----------------------|--------------------------|---------------|-------------------|---------------|
|                      | (Peruvian sol per €1.00) |               |                   |               |
| <b>Year:</b>         |                          |               |                   |               |
| 2015 .....           | 3.54                     | 3.52          | 3.53              | 3.53          |
| 2016 .....           | 3.74                     | 3.71          | 3.72              | 3.72          |
| <b>Month:</b>        |                          |               |                   |               |
| January 2016 .....   | 3.74                     | 3.72          | 3.74              | 3.74          |
| February 2016 .....  | 3.90                     | 3.88          | 3.89              | 3.89          |
| March 2016 .....     | 3.81                     | 3.77          | 3.79              | 3.79          |
| April 2016 .....     | 3.76                     | 3.73          | 3.74              | 3.74          |
| May 2016 .....       | 3.78                     | 3.76          | 3.77              | 3.77          |
| June 2016 .....      | 3.74                     | 3.71          | 3.72              | 3.72          |
| July 2016 .....      | 3.67                     | 3.65          | 3.66              | 3.66          |
| August 2016 .....    | 3.75                     | 3.73          | 3.74              | 3.74          |
| September 2016 ..... | 3.80                     | 3.78          | 3.79              | 3.79          |
| October 2016 .....   | 3.74                     | 3.72          | 3.73              | 3.73          |
| November 2016 .....  | 3.68                     | 3.66          | 3.67              | 3.67          |
| December 2016 .....  | 3.59                     | 3.57          | 3.58              | 3.58          |
| January 2017 .....   | 3.56                     | 3.54          | 3.55              | 3.55          |

The Bloomberg Composite Rate between the Peruvian sol and the euro on 31 January 2017 was 3.53 per €1.00.

## Mexican peso

| Exchange Rates       | Period<br>High           | Period<br>Low | Period<br>Average | Period<br>End |
|----------------------|--------------------------|---------------|-------------------|---------------|
|                      | (Mexican peso per €1.00) |               |                   |               |
| <b>Year:</b>         |                          |               |                   |               |
| 2015 .....           | 17.79                    | 17.53         | 17.62             | 17.62         |
| 2016 .....           | 20.84                    | 20.52         | 20.63             | 20.63         |
| <b>Month:</b>        |                          |               |                   |               |
| January 2016 .....   | 19.79                    | 19.40         | 19.63             | 19.63         |
| February 2016 .....  | 20.72                    | 20.26         | 20.50             | 20.50         |
| March 2016 .....     | 19.76                    | 19.48         | 19.62             | 19.62         |
| April 2016 .....     | 19.97                    | 19.69         | 19.82             | 19.82         |
| May 2016 .....       | 20.64                    | 20.39         | 20.53             | 20.53         |
| June 2016 .....      | 21.13                    | 20.80         | 20.95             | 20.95         |
| July 2016 .....      | 20.68                    | 20.43         | 20.58             | 20.58         |
| August 2016 .....    | 20.84                    | 20.60         | 20.73             | 20.73         |
| September 2016 ..... | 21.68                    | 21.36         | 21.53             | 21.53         |
| October 2016 .....   | 20.99                    | 20.72         | 20.83             | 20.83         |
| November 2016 .....  | 21.98                    | 21.39         | 21.66             | 21.66         |
| December 2016 .....  | 21.77                    | 21.48         | 21.63             | 21.63         |
| January 2017 .....   | 22.92                    | 22.51         | 22.74             | 22.74         |

The Bloomberg Composite Rate between the Mexican Peso and the euro on 31 January 2017 was 22.49 per €1.00.

The Company has provided these exchange rates solely for the convenience of potential investors. The rates should not be construed as a representation that euro amounts could have been, or could be, converted into the relevant local currency at the rates set forth herein or at any other rate.

## CAPITALIZATION AND INDEBTEDNESS

The following table represents a consolidated statement of capitalization and indebtedness of the Company as of 31 December 2016. The below table has been prepared using the Company's audited consolidated statement of financial position as of 31 December 2016.

This table should be read in conjunction with sections "*Selected Consolidated Financial Information and other data*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

|   | <b>31 December 2016</b>    |
|---|----------------------------|
|   | <b>(Millions of Euros)</b> |
| <b>A. Total Current liabilities</b> .....                                       | <b>911.024</b>             |
| <b>B. Total Non-Current liabilities</b> .....                                   | <b>838.991</b>             |
| <b>C. Total equity</b> .....  | <b>185.473</b>             |
| Share capital .....   | 30.000                     |
| Share premium.....  | -                          |
| Reserves.....   | -                          |
| Retained earnings and other reserves.....                                       | 540.535                    |
| Translation differences .....   | (385.073)                  |
| <b>TOTAL (A+B+C)</b> .....  | <b>1,935.488</b>           |
| <b>D. Total financial liabilities</b> .....                                     | <b>722.035</b>             |
| <b>Current financial liabilities</b> .....                                      | <b>87.315</b>              |
| Bank loans (Syndicated financing).....  | 11.747                     |
| Finance lease payables and credit accounts .....                                | 51.809                     |
| Other payables .....  | 23.759                     |
| <b>Non-current financial liabilities</b> .....                                  | <b>634.720</b>             |
| Bank loans (Syndicated financing).....  | 614.402                    |
| Finance lease payables and credit accounts .....                                | 11.875                     |
| Other payables .....  | 8.443                      |
| <b>E. Net financial indebtedness with group companies</b> .....                 | <b>110.345</b>             |
| Financial liabilities with group companies and loans from group companies ..... | 136.972                    |
| Current investments in group companies and associates .....                     | (26.627)                   |
| <b>F. Cash and cash equivalents</b> .....                                       | <b>188.780</b>             |
| <b>G. Net Financial Debt (D+E-F)</b> .....                                      | <b>643.600</b>             |
| <b>Leverage ratio (G/(C+G))</b> .....   | <b>77.6%</b>               |

Since 31 December 2016, a number of transactions have been or will be (upon Admission) carried out affecting the Net Financial Debt of the Company: (i) the sale on 12 January 2017 to third parties of certain real estate in Argentina, increasing cash and cash equivalents by €2.7 million; (ii) the payment of arrangement fees payable under the Loan Agreement and the RCF in January and February, reducing cash and cash equivalents by €3.7 million; (iii) the settlement of all financial balances with the Prosegur Group, reducing both net financial indebtedness with group companies and

cash and cash equivalents by €110.3 million each; (iv) the sale to Prosegur of certain real estate assets in Argentina and of certain Licensed Trademarks for a total amount of €153.3 million, resulting in an increase (net of taxes) of cash and cash equivalents of €127.4 million. As a result, the Net Financial Debt of the Company upon Admission is expected to amount to €517.2 million as a result of these transactions, being net financial indebtedness with group companies equal to €0 and cash and cash equivalents equal to €204.9 million. The leverage ratio is expected to decrease to 73.6%.

### **Working capital**

In the opinion of the Company, the working capital available to the Company is sufficient for the Company's present requirements and, in particular, is sufficient for at least the next twelve months from the date of this Prospectus.

## **SELECTED CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA**

The following tables present selected audited consolidated financial information of the Company for the year ended 31 December 2016 as well as selected unaudited consolidated financial information of the Company for the years ended 31 December 2015 and 31 December 2014. This information is derived from, and qualified in its entirety by reference to, the Consolidated Annual Accounts, which are prepared in accordance with IFRS-EU and which are included elsewhere in this Prospectus.

The following tables should be read in conjunction with sections “*Presentation of Financial and Other Information*”, “*Capitalization and Indebtedness*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*,” and the Consolidated Annual Accounts and related notes thereto included elsewhere in this Prospectus.

## Consolidated statement of financial position

|  | As of<br>31 December 2016<br>(audited) | As of<br>31 December 2015<br>(unaudited) | As of<br>31 December 2014<br>(unaudited) |
|--|--|--|--|
|  | (Millions of Euros)                    |  |  |
| <b>ASSETS</b>  |  |  |  |
| Property, plant and equipment .....                                  | 266.359                                | 222.347                                  | 327.197                                  |
| Goodwill .....   | 317.351                                | 306.845                                  | 358.846                                  |
| Other intangible assets .....  | 173.856                                | 173.793                                  | 247.322                                  |
| Investment property .....  | -                                      | 83.678                                   | 46.529                                   |
| Equity-accounted investees .....                                     | 28.955                                 | 13.054                                   | 20.171                                   |
| Non-current financial assets .....                                   | 2.058                                  | 2.304                                    | 22.363                                   |
| Deferred tax assets .....  | 89.546                                 | 99.801                                   | 120.313                                  |
| <b>Non-current assets</b> .....                                      | <b>878.125</b>                         | <b>901.822</b>                           | <b>1,142.741</b>                         |
| Non-current assets held for sale .....                               | 266.568                                | 232.876                                  | 19.792                                   |
| Inventories .....  | 7.457                                  | 7.145                                    | 15.753                                   |
| Trade and other receivables .....                                    | 426.776                                | 422.239                                  | 550.444                                  |
| Current receivables with Prosegur Group<br>companies .....           | 65.430                                 | 351.323                                  | 264.526                                  |
| Current tax assets .....   | 102.352                                | 45.828                                   | 72.223                                   |
| Other financial assets .....   | -                                      | -  | 8.241                                    |
| Cash and cash equivalents .....                                      | 188.780                                | 201.552                                  | 228.515                                  |
| <b>Current assets</b> .....  | <b>1,057.363</b>                       | <b>1,260.963</b>                         | <b>1,159.494</b>                         |
| <b>Total assets</b> .....  | <b>1,935.488</b>                       | <b>2,162.785</b>                         | <b>2,302.235</b>                         |
| <b>EQUITY</b>  |  |  |  |
| Share capital .....  | 30.000                                 | -  | -  |
| Translation differences .....  | (385.073)                              | (438.410)                                | (218.351)                                |
| Retained earnings and other reserves .....                           | 540.535                                | 1,385.829                                | 1,361.087                                |
| <b>Equity attributable to equity holders of the<br/>parent</b> ..... | <b>185.462</b>                         | <b>947.419</b>                           | <b>1,142.736</b>                         |
| Non-controlling interests .....                                      | 0.011                                  | 9.728                                    | 8.117                                    |
| <b>Total equity</b> .....  | <b>185.473</b>                         | <b>957.147</b>                           | <b>1,150.853</b>                         |
| <b>LIABILITIES</b>   |  |  |  |
| Financial liabilities .....  | 634.720                                | 66.830                                   | 168.189                                  |
| Deferred tax liabilities .....                                       | 67.224                                 | 62.669                                   | 85.501                                   |
| Provisions .....   | 137.047                                | 127.811                                  | 173.848                                  |
| <b>Non-current liabilities</b> .....                                 | <b>838.991</b>                         | <b>257.310</b>                           | <b>427.538</b>                           |
| Trade and other payables .....                                       | 334.796                                | 321.511                                  | 368.568                                  |
| Current tax liabilities .....  | 118.525                                | 66.134                                   | 69.065                                   |
| Financial liabilities .....  | 87.315                                 | 148.705                                  | 90.470                                   |
| Current payables with Prosegur Group<br>companies .....              | 168.708                                | 360.295                                  | 166.114                                  |
| Provisions .....   | 3.121                                  | 4.889                                    | 18.180                                   |
| Liabilities held for sale .....                                      | 184.688                                | 30.127                                   | 1.058                                    |
| Other current liabilities .....                                      | 13.871                                 | 16.667                                   | 10.389                                   |
| <b>Current liabilities</b> .....                                     | <b>911.024</b>                         | <b>948.328</b>                           | <b>723.844</b>                           |
| <b>Total liabilities</b> .....                                       | <b>1,750.015</b>                       | <b>1,205.638</b>                         | <b>1,151.382</b>                         |
| <b>Total equity and liabilities</b> .....                            | <b>1,935.488</b>                       | <b>2,162.785</b>                         | <b>2,302.235</b>                         |



## Consolidated statement of profit and loss

|   | For the year ended<br>31 December 2016<br>(audited) | For the year ended<br>31 December 2015<br>(unaudited) | For the year ended<br>31 December 2014<br>(unaudited) |
|---|---|---|---|
|   | (Millions of Euros)                                 |   |   |
| Revenues.....   | 1,724.258   | 1,746.265   | 1,663.140   |
| Cost of sales.....                                      | (1,097.331)   | (1,120.627)   | (1,106.182)   |
| <b>Gross profit</b> .....                               | <b>626.927</b>                                      | <b>625.638</b>  | <b>556.958</b>  |
| Other income .....                                      | 71.433  | 22.083  | 7.092   |
| Selling, general and administrative expenses .....      | (305.757)   | (329.897)   | (282.620)   |
| Other expenses.....                                     | (2.719)   | (1.615)   | (0.626)   |
| Profit/(loss) from equity accounted investees.....      | (4.529)   | (1.473)   | (0.590)   |
| <b>Results from operating activities</b> .....          | <b>385.355</b>                                      | <b>314.736</b>  | <b>280.214</b>  |
| Finance income.....                                     | 31.114  | 36.508  | 16.747  |
| Finance costs.....                                      | (40.314)  | (35.212)  | (34.193)  |
| <b>Net finance income/(costs)</b> .....                 | <b>(9.200)</b>                                      | <b>1.296</b>  | <b>(17.446)</b>                                       |
| <b>Profit before income tax</b> .....                   | <b>376.155</b>                                      | <b>316.032</b>  | <b>262.768</b>  |
| Income tax expense.....                                 | (149.913)   | (107.892)   | (90.728)  |
| <b>Post-tax profit from continuing operations</b> ..... | <b>226.242</b>                                      | <b>208.140</b>  | <b>172.040</b>  |
| Loss from discontinued operation, net of tax.....       | (47.276)  | (29.166)  | (1.615)   |
| <b>Consolidated profit for the period</b> .....         | <b>178.966</b>                                      | <b>178.974</b>  | <b>170.425</b>  |
| Attributable to:  |   |   |   |
| Owners of the parent.....                               | 178.324   | 179.332   | 170.420   |
| Non-controlling interests .....                         | 0.642   | (0.358)   | 0.005   |

## Consolidated statements of cash flows

|   | For the year ended 31<br>December 2016<br>(audited) | For the year ended 31<br>December 2015<br>(unaudited) | For the year ended 31<br>December 2014<br>(unaudited) |
|---|---|---|---|
|   | (Millions of Euros)                                 |   |   |
| <b>Cash flows from operating activities</b>   |   |   |   |
| <b>Profit for the period</b>  | <b>178.966</b>                                      | <b>178.974</b>  | <b>170.425</b>  |
| <i>Adjustments for:</i>   |   |   |   |
| Depreciation and amortization .....   | 61.893  | 73.185  | 76.102  |
| Impairment losses on non-current assets .....   | 0.009   | 0.047   | -   |
| Impairment losses on trade receivables and inventories .....  | 1.457   | 1.069   | 4.496   |
| Change in provisions .....  | 78.132  | 31.808  | 32.704  |
| Losses on financial assets at fair value through profit or loss .....                               | -   | -   | 0.073   |
| Finance income .....  | (33.448)  | (43.049)  | (19.793)  |
| Finance costs .....   | 75.712  | 60.463  | 37.520  |
| Share of profit of equity-accounted investees .....   | 4.189   | 1.031   | 0.451   |
| Gains on disposal and sale of property, plant and equipment .....                                   | (45.572)  | -   | -   |
| (Gains)/losses on disposal of subsidiaries .....  | 0.296   | -   | -   |
| Tax expense .....   | 132.114   | 97.270  | 91.038  |
| <b>Changes in working capital, excluding the effect of acquisitions and translation differences</b> |   |   |   |
| Inventories .....   | (2.475)   | (5.873)   | (0.958)   |
| Trade and other receivables (including group companies) .....                                       | 51.252  | (87.746)  | (19.567)  |
| Trade and other payables (including group companies) .....  | 12.063  | 113.026   | 13.306  |
| Provisions .....  | (22.189)  | (47.629)  | (31.240)  |
| Other current liabilities .....   | (0.187)   | (0.688)   | -   |
| Other current assets .....  | 1.172   | (1.337)   | (3.048)   |
| <b>Cash flows from operating activities</b>   |   |   |   |
| Interest paid .....   | (16.021)  | (36.053)  | (13.496)  |
| Income tax paid .....   | (115.920)   | (91.886)  | (88.600)  |
| <b>Net cash from operating activities</b>   | <b>258.939</b>                                      | <b>242.612</b>  | <b>249.413</b>  |
| <b>Cash flows from investing activities</b>   |   |   |   |
| Proceeds from sale of assets held-for-sale .....  | 100.895   | -   | -   |
| Proceeds from sale of financial assets .....  | 22.322  | -   | -   |
| Proceeds from sale of subsidiaries held-for-sale, net of cash and cash equivalents .....            | 72.836  | 5.311   | -   |
| Interest received .....   | 31.058  | 32.711  | 17.510  |
| Proceeds from investments .....   | 37.012  | -   | -   |
| Acquisition of subsidiaries, net of cash and cash equivalents .....                                 | (29.529)  | (24.690)  | (63.990)  |
| Acquisition of equity-accounted investees .....   | -   | -   | (4.933)   |
| Acquisition of property, plant and equipment .....  | (89.386)  | (69.136)  | (84.714)  |
| Acquisition of intangible assets .....  | (6.951)   | (4.504)   | (6.398)   |
| Acquisition of investment property .....  | -   | (71.315)  | (45.267)  |
| Acquisition of subsidiaries integrated .....  | (10.733)  | -   | -   |
| Acquisition of financial assets (including group companies) .....                                   | (70.946)  | (37.724)  | (57.946)  |
| <b>Net cash used in investing activities</b>  | <b>56.578</b>                                       | <b>(169.347)</b>                                      | <b>(245.738)</b>                                      |
| <b>Cash flows from financing activities</b>   |   |   |   |
| Proceeds from issue of share capital and share premium .....  | 0.003   | -   | -   |
| Proceeds from contributions .....   | 3.289   | 16.085  | 65.570  |
| Proceeds from loans and borrowings .....  | 715.125   | 29.302  | -   |
| Proceeds from other financial liabilities .....   | -   | 8.810   | 99.025  |
| Payments for the redemption of own shares and other own equity instruments .....                    | (46.781)  | -   | -   |
| Payments for loans and borrowings .....   | (22.158)  | (61.215)  | (88.254)  |
| Share premium distribution .....  | (910.548)   | -   | -   |
| Dividends paid .....  | (74.619)  | (32.121)  | (95.390)  |
| <b>Net cash from (used in) financing activities</b>   | <b>(335.689)</b>                                    | <b>(39.139)</b>                                       | <b>(19.049)</b>                                       |
| Net increase/(decrease) in cash and cash equivalents .....  | (20.172)  | 34.126  | (15.374)  |
| Cash and cash equivalents at the beginning of period .....  | 241.425   | 228.646   | 240.507   |
| Effect of translation differences on cash held .....  | (9.650)   | (21.347)  | 3.513   |
| <b>Cash and cash equivalents at year end including:</b>   | <b>211.603</b>                                      | <b>241.425</b>  | <b>228.646</b>  |
| Cash and cash equivalents at year end from continuing operations .....                              | 188.780   | 201.552   | 228.515   |
| Cash and cash equivalents at year end from discounting operations .....                             | 22.823  | 39.873  | 0.131   |

## **BUSINESS**

### **Overview**

The Company is one of the leading global providers of cash logistics and cash management and other outsourced services to financial institutions, retailers, government agencies and central banks, mints, jewellers and other commercial operations around the world. The Company's global footprint extends to 15 countries (13 through its own operations and two through joint ventures) and it has the leading market position in terms of revenue in fast-growing markets such as Argentina, Brazil, Chile, Peru, Paraguay and Uruguay in Latin America and in more developed markets such as Spain and Germany in Europe (source: internal estimates based on Freedonia 2017, Company's information and public filings of competitors). As of 31 December 2016, the Group had 39,550 employees worldwide (plus 10,644 and 6,111 for the joint ventures in India and South Africa, respectively) and its operations included approximately 9,000 soft-skin and armoured vehicles and over 550 branches and other operating facilities (mostly garages) (including the joint ventures in India and South Africa). For the years ended 31 December 2016, 2015 and 2014 the Company had consolidated revenues of €1,724.3 million, €1,746.3 million and €1,663.1 million, respectively, consolidated results from operating activities of €385.4 million, €314.7 million and €280.2 million, respectively, and consolidated post-tax profit from continuing operations of €226.2 million, €208.1 million and €172.0 million, respectively.

The Company was incorporated on 22 February 2016 to hold and develop the Cash business of the Prosegur Group, one of the leading global private security companies with over 40 years of experience in the Alarms, Security and Cash businesses.

The Company's principal services include:

- Logistics
  - Local and international transport services (on land, by sea and by air) of cash and other high worth valuables (including, amongst others, jewellery, art, precious metal, electronic devices, pharmaceuticals, voting cards and judicial evidence) including pick-up, transport, safekeeping, delivery and cash deposit services.
- Cash management
  - Counting, processing, fitness determination, custody, preparation and delivery of notes and coins and ATM replenishment.
- Outsourcing

- Retail automation through self-service cash automatization machines (MAEs), including, amongst others, cash deposit devices, recycling and distribution of coins and notes services and bill payment services;
- End-to-end ATM management, including, amongst others, forecasting, monitoring, first and second level maintenance and balancing services; and
- AVOS (added value outsourced services) for financial institutions, including, amongst others, branch forecasting, reconciliation and settlement and credit card support services.

### **Recent Developments**

As part of the Company's strategy to pursue growth through acquisitions, as of the date of this Prospectus the Company is actively negotiating with a third party the acquisition of additional bolt-on Cash businesses in certain countries in Latin America, with aggregate income of less than 5% of total Company's income. If an agreement is reached, it is expected that the purchase price payable by the Company would be approximately €50-60 million, and therefore within the Company's annual target of acquisitions of €50-150 million on average. The acquisition would close in 2017, subject to customary closing conditions. A letter of intent or definitive acquisition agreement related to these businesses may be entered into at any time. However, the Company can give no assurance regarding whether an agreement related to these businesses will be entered into or the definitive terms and conditions thereof.

### **Investment Highlights**

#### ***High market growth supported by solid trends and fundamentals***

The Company operates in the global Cash market, which is expected to grow at an annual rate of 4.4% between 2015 and 2020, with the largest growth markets expected to be Latin America (4.0%), Middle East and Africa (5.6%) and Asia-Pacific (8.3%) due to the high proportion of cash transactions (85% of all transactions worldwide and over 90% in emerging and developing countries during the first half of 2015) and increasing demand for security services in these geographies (source: Freedonia 2017 and PwC June 2015).

This expected market growth is supported by various secular drivers, such as growth in the amount of cash in circulation, which has grown at a compound annual rate of 6% in the United States, 9% in the Eurozone and 12% in Brazil over the 2002-2015 period. Cash processed by the Company has grown more than 9.0% in Latin America, approximately 3% in the European Region and slightly above 4% in AOA in the year 2016 as compared to the year 2015 at constant exchange rates.

Other growth drivers include positive macroeconomic dynamics, especially in emerging markets, growing access to banking services and increasing financial sophistication of

the retail sector in emerging markets, increased outsourcing of cash management needs by banks and retailers in developed countries as they search for efficiency gains, a shift in the revenue mix towards more value-added Cash services, a growing focus on safety and security across the world, and a market (the Cash market) poised for consolidation given the existing large amount of small players. Furthermore, cash generally continues to be cheaper than cashless transactions and therefore is often preferred by retailers, stimulating growth in Cash services. The use of cash as a payment option entails other unique benefits that make it likely that it will remain the most frequently used payment method for a long time. In particular, cash is almost universally accepted and trusted as a payment method and it offers privacy to its users because it does not create a record of transactions or expose personal information (as opposed, for example, to credit cards or electronic payment technologies).

### ***Market leader with leading position in its core Cash markets***

The Company is one of the leading global providers of Cash services with a strong track record of growth. It has the second highest market share globally (with an estimated 14% share in 2015) in the Cash business in terms of revenues (source: internal estimates based on Freedonia 2017, Company's information and public filings of competitors) and as of 31 December 2015 has doubled its market share since 2007, with a growth rate exceeding that of its peers during this period. The Company has leadership positions in geographies such as Argentina, Brazil, Chile, Peru, Paraguay, Uruguay, Spain and Germany (source: internal estimates based on Freedonia 2017, Company's information and public filings of competitors), where it benefits from the Company's extensive network of facilities, brand recognition and sterling reputation. The Company's large market share in the countries where it operates increases the efficiency of its operations, leading to increased margins of profitability. The Company focuses its efforts on select markets where it has or believes it can attain high market share. Furthermore, the Company was the market leader in Latin America in terms of revenues with an estimated market share of 57% (source: Freedonia 2017 and internal estimates) in 2015 and has a growing footprint in Asia-Pacific and Africa, fast-growing regions given the relatively high proportion of cash transactions and demand for security services.

### ***Delivery on key drivers based on operational and commercial excellence***

In the Cash market, there is a positive correlation between market share, market dispersion and profitability. As the market share of a Cash player increases, its operating resources can be deployed much more efficiently, mainly by increasing the density of stops in the routes of armoured vehicles and leveraging the fixed costs of the cash processing infrastructure. Thus, the marginal costs of a market leader are significantly lower than those for smaller players. The Company focuses on attaining a leadership position in the markets where it operates.

In line with its strong focus on operational excellence, the Company relies on cutting-edge productivity techniques to improve efficiency at all levels of its business and

employs best practices at each step of the process. The Company uses standardized methods to manage its facilities and fleet and relies on homogenous IT platforms. The Company's security model is based on a "total risk approach" with tight control of infrastructures, processes and people, benefitting from specialized know-how on how to deal with existing and future criminal threats.

As of 31 December 2016, the Company (including its joint ventures in India and South Africa) operates state-of-the-art physical infrastructure consisting of approximately 400 branches worldwide where it guards an average of approximately US\$10 billion utilizing 9,000 soft-skin and armoured vehicles and processes close to US\$550 billion per year. Further, the Company has successfully developed and deployed its own IT platforms for Cash services and products. For example the Company's own "SOL" (corporate logistics platform) and Genesis (cash processing platform), fully developed in-house, have enabled the Company to improve productivity and control over its operations, including improvements in risk management. The Company's IT products platform supports retail automation and ATM management.

The Company relentlessly focuses on continuous improvement of its operations, products and systems. It operates several "competence centres" (with a dedicated team of around 200 professionals in the aggregate as of 31 December 2016) to develop and promote the exchange of best practices and the development of IT platforms, supporting innovation and transferring knowledge across all of its operations and geographies. The combination of the IT platforms and competence centres has allowed the Company to increase productivity by replicating best practices and developing new ones.

The Company's brand and reputation are a key driver for its customer loyalty and low churn rates and the Company's historical rate is nearly 95% success rate in its bids for core existing customers attests to its loyal customer base and to the success of its customer-oriented model. Customer diversification (both geographical and by industry) is also an important factor behind the Company's success. See "*Business - Customer Contracts*" for more details on customer breakdown by geography and industry.

In terms of new products, the Company focuses on three major areas. First, it provides retail automation solutions that enable clients to optimize processes both in their back-office and front-office through different machines while providing early-value (meaning that the deposit starts accruing interest from the moment cash is deposited in the machine, not upon arrival to vaults) to the cash deposited. Also, it provides end-to-end ATM solutions for financial institutions. More recently, the Company began offering AVOS to financial institutions for activities closely related to means of payments that require qualified personnel.

### ***Strong and experienced management team***

The Company's senior management team of the Company has a long history of experience in the industry (over 115 years of accumulated experience) and is deeply committed to the Company's success. It has a strong track record of executing strategic

initiatives over the last years and has expanded the Company's business into new geographies such as Germany, Australia, India and most recently South Africa. Under its leadership, the Company's revenues have grown 57% since 2011. Furthermore, senior management's current compensation plan is designed to align their incentives to the attainment of the goals in the Prosegur Group's 2015-2017 strategic plan in relation to Cash business. See section "*Management and Board of Directors - Directors' Compensation*" and "*Management and Board of Directors – Senior Management' Compensation*"

### ***Track record delivering best-in-class margins and cash flow***

The Company's strategy to deliver wide-ranging or national coverage in the countries where it operates provides its customers with unparalleled coverage at local levels. The Company's national presence in many of the countries where it operates allows its larger customers to use a single cash provider to cover its cash services on a national basis. Further, the strong reputation of the Company with regulators and users of its services has produced a loyal customer base and strong brand recognition, with low customer churn (over 95% of the Company's customers as of 31 December 2016 had renewed their contracts at least once). As a result of its reputation, the Company benefits from many long-term relationships with key customers, and has been able to expand its market share in many key markets.

During the 2014-2016 period, the Company's average Adjusted EBIT Margin was 17.8% whereas the arithmetic average margin for its peers (Brinks and Loomis) was 7.8% over this period, based on such companies' respective annual reports. The reasons behind this pattern are the Company's leadership position in the countries where it operates in terms of market share (source: internal estimates based on Freedonia 2017, Company's information and public filings of competitors), which allow it to optimize truck routes to extract maximum revenue, through higher density, its profitability programs and efforts to roll out best practices through all levels of the business and a shift in the revenue mix towards higher value added services. The Company has achieved high levels of organic cash flow generation and has exhibited higher annual cash flow conversion rates (defined as Adjusted EBITDA -Capex / Adjusted EBITDA) than its peers since 2014 (75% in 2016, 81% in 2015 and 76% in 2014 compared to an average of 65%, 58% and 53% for the Company's peers). The Company has managed to do so as a result of its strong organic cash flow generation, supported by selective accretive inorganic growth and efficient investment in fleet and cash centres.

The Company has a long track record delivering best-in-class sustainability and cash flow despite market turmoil. For the past seven years, the Company has generally managed to maintain stable margins in the different countries where it operates. In addition, margins in the different countries where the Company operates show a healthy level of complementarity, with some countries growing and others falling on any given year. Between 2008 and 2016, growth in EBIT (results from operating activities) margin in the countries where the Company operates has fluctuated within a standard

deviation of 2% around the global weighted average (excluding in this calculation, new countries in which the Group started operations from 2008 to 2016).

### ***Highly resilient business model with consistent organic and inorganic growth***

The factors behind the Company's commercial success include its resilience to foreign exchange and inflation volatility, its loyal customer base and its development of new products and services to meet evolving client needs.

The Company has proved resilient to adverse macroeconomic environments (high inflation, currency depreciation and high interest rates). Inflation typically has a positive effect on volumes of cash being managed and transported due to the higher number of notes in circulation it triggers, which exceeds the effect of currency depreciation in the medium term. High interest rates also tend to accelerate the rate of currency in circulation since higher interest accrued on money at banks makes more efficient to have cash moved from ATMs or retail to banks at a higher pace, which has a positive effect on the Company's business. High inflation rates are largely passed through to clients via higher prices. In Brazil and Argentina, the two largest markets for the Company in terms of revenue, between 2014 and 2016 the Company's revenue grew at a compound annual growth rate of 1.6% in euro terms in the face of cumulative inflation for the period of 73.8% in Argentina and 18.5% in Brazil and a cumulative depreciation of 38.1% and 6.4% of the Argentine peso and the Brazilian real against the euro, respectively.

The Company has achieved substantial organic growth over the past three years due to positive market dynamics (with supporting economic growth fuelling the Company's growth), successful new products development and increasing volumes due to inflation-driven growth in cash in circulation. Furthermore, the Company has a long track record of successfully creating value by entering new markets and expanding in select markets through acquisitions that are aimed at placing the Company as a leading market player. Upon making an acquisition, the Company then applies its operating strategy to that acquisition and implements its IT platforms and general know-how.

Acquisitions in new markets include SecurLog GmbH in Germany in 2011, an interest in the Indian joint venture, SIS Cash Services Private Ltd in 2012 and Chubb Security Services Pty Limited in Australia in 2013. Further, bolt-on acquisitions in the Company's existing markets have enabled it to consolidate markets and capture operational synergies to improve costs and efficiency. Recent bolt-on acquisitions include (i) Grupo Nordeste in 2012 and Transvig in 2014, both in Brazil, (ii) Brinks Deutschland GmbH (hereinafter in this section, "**Brinks Deutschland**") in 2013, Chorus Security Wealtungs GmbH (hereinafter in this section "**Chorus**") and its subsidiary Chorus Security Service GmbH (hereinafter in this section, together with Chorus, the "**Chorus Group**") in 2014, all of them in Germany, (iii) the HP Business Unit, and Ciser in 2015 and the acquisition of MIV Gestión, S.A., in 2016, all of them in Spain, (iv) the Cash division of the Toll Group in 2016 and of the AVOS company, Cash Services Australia Pty Limited, in 2017, both in Australia, (v) in India, the



acquisition by the Indian joint venture of the cash division of the ISS Facility Services group in 2014 and the acquisition of a portfolio of ATMs' services contracts from Scientific Security Management Services in 2016, and (vi) Procesos Técnicos de Seguridad y Valores S.A.S. in Colombia in 2016. In many cases, acquisitions have generated significant efficiencies through the roll-out of the Company's IT operating platform, security processes, productivity enhancing practices and economies of scale.

### ***Appealing organic and inorganic growth opportunities***

The Company has an established presence in all the countries where it operates. The Company expects to grow in the regions where it operates as a result of nominal GDP growth, increases in cash in circulation and increases in the outsourcing of services by its customers.

#### *Expected growth in the Company's footprint*

According to the International Monetary Fund (IMF) database October 2016, in the countries where the Company operates, real GDP (weighted by the Company's revenues in each country) is expected to grow at 2.9% in Asia-Pacific, 3.4% in Africa and Middle East, 1.7% in Latin America and 1.7% in Europe during the 2015-2020 period. Inflation, which is obviously a strong determinant of growth in the Cash market, is expected to remain relatively high for the same period in some of the core markets for the Company (10.4% in Latin America according to the IMF, for example). In sum, the size of the Cash market is expected to grow at a rate of 4.0% annually in Latin America, 5.6% in Middle East and Africa and 8.3% in Asia-Pacific between 2015 and 2020 (source: Freedonia 2017). The Company's core Latin America market still has significantly lower levels of outsourcing than more mature markets like Europe, thus offering room for growth. The Company expects to be able to grow its footprint in line with these trends.

#### *Growth through acquisitions*

The Company believes that further opportunities for market consolidation will exist in certain identified geographies over the next several years and the Company plans to carefully assess potential bolt-on acquisitions (with an annual target of €50-150 million on average) to further consolidate and expand its business. There are more than 500 Cash companies globally representing 40% of the global market share, and the Company monitors approximately 100 each year and has closed 18 transactions in the last five years. As a result of its strong operating performance, high level of cash generation and low leverage, the Company expects to be well-positioned to take advantage of market consolidation opportunities going forward.

#### *Outsourcing opportunities*

Outsourcing in the Cash industry may be split into three waves. The first wave of outsourcing mostly consisted in providing cash logistics to bank branches, ATMs, retail

clients and central banks. The second wave of outsourcing consistent in providing cash management services, including managing cash at the branch network level, as well as management of incidents. The third wave includes three main types of activities: AVOS, retail automation and ATM management and bank branch automation. AVOS consists of qualified, labour-intensive activities, including managing mortgage files, customer support for online banking, credit card support services, anti-money laundering compliance, managing payments and branch reconciliation and settlement. Retail automation refers to note and coin acceptors and recyclers for both front and back offices, customized solutions for large customers and standard solutions for small-to-mid-sized customers to help them enter new segments. ATM management and bank branch automation refers to the different levels of maintenance of ATMs, cash forecasting and route planning systems, deploying ATMs owned by the Company and providing full outsourcing of bank ATMs, and automation of bank branch services. The Company believes that this third wave provides room for growth through new services, in addition to the growth opportunities provided by higher volumes of services included in the first two waves of outsourcing.

The Company aims to grow by leveraging its existing customer base through its expanded operational capabilities that enable it to sell additional value-added products and services to its existing customers. For example, the Company has leveraged its relationships with financial institutions to grow its ATM management service and AVOS. ATM maintenance capabilities, which include remote monitoring, have been organically developed in Peru, for example, which management believes has given the Company the leading market share (source: Freedonia 2017) it has there, and this is being rolled out to all of the countries where the Company operates. Further the Company aims to continue the development of its AVOS based on data monitoring, analytics tools and human resource management and increase its penetration of its existing customers through the delivery to them of additional AVOS. In addition, the Company expects to grow in the area of valuable cargo transport (other than cash) and international transport.

## **History**

The Company was incorporated as a limited liability company (*sociedad de responsabilidad limitada*) on 22 February 2016 in order to hold and develop the Cash business of the Prosegur Group. The Prosegur Group is one of the leading global private security companies with over 40 years of experience in the Alarms, Security and Cash businesses. The Prosegur Group is a Spanish public liability company (*sociedad anónima*) listed on Madrid and Barcelona Spanish Stock Exchanges (since 1987). During the course of 2016 the Prosegur Group contributed all of its Cash business as well as its Brazilian Security Business to the Company, with the latter expected to be transferred back to the Prosegur Group during 2017.

## **Business Segments**

The Company operates in three geographical segments: Latin America, the European Region and AOA.

Segments have been defined according to the organizational structure of the Group and are based on macroeconomic, commercial and operating similarities between markets and on commercial agreements between countries. The Company has a broad portfolio of global clients, which makes it easy to conduct negotiations with clients at a regional level. Management believes that this geographical segmentation is the best fit for the EBIT-centered model the Board of Directors uses to evaluate the Company's performance. This segmentation is also compatible with more granular decision-making based on business indicators.

### **Latin America**

The Company has a significant presence in Latin America (operating in Argentina, Brazil, Chile, Colombia, Mexico Peru, Paraguay and Uruguay) and is the market leader in terms of revenues with an estimated market share of 57% in the region in 2015 according to Freedonia 2017 and internal estimates. Latin America is a region characterized by high expected GDP growth, a high degree of outsourcing, increased access to banking, demand for automatic retail machines in its early stages, and a need for high security standards. The Company's business has grown in Latin America primarily through bolt-on acquisitions to build upon its existing local operations such as in Brazil with the acquisitions of Grupo Nordeste in March 2012 and Transvig in October 2014, which consolidated the Cash market in Brazil, and made the Company the only market player in Brazil with full national coverage. Growth has also occurred organically through the development of Latin American economies, for example, the increase in population with access to banking services in Peru and Paraguay which in turn has triggered greater growth rates for the Company. Peru for example has benefitted from this growth to become the showcase for the Company's ATM servicing and remote diagnostics services as well as forecasting and maintenance services. The Company's reputation and strong record in risk management have also helped it become a leading player in Latin America. For the years ended 31 December 2016, 2015 and 2014 the Company had consolidated revenues in this segment of €1,177.8 million, €1,211.3 million, and €1,148.1 million, consolidated EBIT (results from operating activities) of €275.5 million, €266.0 million and €236.9 million, and consolidated post-tax profit from continuing operations for the year of €154.1 million, 164.6 million and €141.2 million, respectively.

### ***European Region***

In the European Region, the Company operates in Spain, Germany, France and Portugal. Central and Southern Europe is characterized by moderate to low expected GDP growth, ongoing bank branch rationalization processes, a growing trend towards ATM outsourcing and some growth in the automatic retail machines segment. There is a

strong focus on productivity in the region. The Company is recognised as a leading private security operator in the Cash business in Europe in terms of market share in Spain and Germany (source: Sector studies DBK “Compañías de Seguridad” September 2016 and internal estimates). The Company’s business has grown both organically, mainly in Spain and Portugal, and through acquiring companies, such as the acquisition in Germany of 100% of Brinks Deutschland in 2013 and the Chorus Group in 2014, and the purchase in Spain of Ciser and of HP Business Unit in 2015 and of MIV Gestión, S.A. in 2016. The Company’s success is in part due to the operating improvements the Company has applied to the operations of the companies acquired through the process of integrating these entities into the Company, for example, Brinks Deutschland and Chorus illustrate that significant synergies have been captured since their acquisition.

For the years ended 31 December 2016, 2015 and 2014, the Company had consolidated revenues of €455.3 million, €441.6 million and €425.0 million, EBIT (results from operating activities) of €45.8 million, €42.0 million and €38.1 million, and consolidated post-tax profit from continuing operations for the year of €34.9 million, €26.4 million and €23.3 million, respectively.

#### **AOA**

The Company has built a presence in India, Australia and South Africa through acquisitions and joint ventures. The Company acquired a 49% in SIS Cash Services Private Ltd, the joint venture in India (see below “*Joint Ventures—South Africa*”) in 2012 and Chubb Security Services Pty Limited in Australia in 2013. The Company is also a recent entrant into the market in South Africa (see below “*Joint Ventures—South Africa*”).

The Company has a growing presence in Asia-Pacific, given the relatively high proportion of Cash transactions and demand for security services. Asia and Africa exhibit high expected GDP growth, the outsourcing trend is still in its early stages and there is room to improve due to inefficient processes and low standards compared to other regions. On top of that, long term salary increases above inflation should provide additional growth. The Company’s business has grown in Australia through bolt-on acquisitions such as the acquisition of the Cash division of the Toll Group in Australia in 2016 and, more recently, of Cash Services Australia Pty Limited in 2017.

The Company believes there is an opportunity for growth in these regions as the highest global projected growth rates are in these regions. See section “*Investment Highlights - High market growth supported by solid trends and fundamentals.*”

For the years ended 31 December 2016, 2015 and 2014 the Company had consolidated revenues in this segment of € 91.2 million, €93.4 million and €90.0 million, EBIT (results from operating activities) of (€0.8) million, €5.6 million and €6.8 million, and consolidated post-tax profit from continuing operations for the year of (€4.3) million, €3.6 million and €3.0 million, respectively.

## ***Joint Ventures***

### *India*

On 10 February 2012, Prosegur entered into a 49% joint venture for the Cash business with the partner SIS India. SIS India is a company based in India specializing in security services. See section “*Material Contracts – Joint Venture Agreements.*”

In 2014 such joint venture, named SIS Cash Services Private Ltd, incorporated a new subsidiary, SIS Prosegur Holdings Private Limited, in order to acquire from and operate the cash division of the group ISS Facility Services for a price of 180 million Indian rupies (€2.4 million).

As of 31 December 2016, the joint venture had 54 branches (41 of which had a vault room) and 2,046 soft-skin and armoured vehicles. India is a highly fragmented market with increased pressures on achieving profit margins. International standards generally are not applied, leading to inefficiencies and lower capital needs than in more developed markets.

### *South Africa*

On 25 February 2016 the Prosegur Group subscribed a 33.33% interest in the capital of the Cash business company, SBV, in South Africa, for €18.3 million. As a result of that transaction Prosegur became SBV’s largest partner. See section “*Material Contracts – Joint Venture Agreements.*”

As of 31 December 2016, SBV had 36 branches and over 1,000 soft-skin and armoured vehicles. The Company and all the entities in the Prosegur Group are subject to certain non-compete measures for the duration of the joint venture as part of the purchase which, in some circumstances, restrict its ability to conduct Cash activities in many countries in Africa and its ability to acquire other Cash companies with significant operations in Africa, other than through its participation in SBV.

## **Description of Services and Operations – By Service Type**

The Company’s services cover the entire Cash process. In 2016, the Company handled approximately US\$550 billion. The Company has a full service portfolio offering services from basic logistics to full AVOS. The Company provides the following main services to customers:

- Pick-up, transport, safekeeping and delivery of cash and other high worth valuables
- Cash management
- ATM management
- Retail automation

- International transport
- AVOS
- IAD (Independent ATM deployer)
- Other services

***Pick-up, transport, safekeeping and delivery of cash and other high worth valuables***

The Company offers pick-up and delivery services which include, amongst other services, the secure transportation of cash from and to bank branches, ATMs, retailers, cash centres and central banks. The Company also securely transports valuables such as gold, jewellery and other high worth valuables. Strict procedures are applied to the handling of transportation of these items given their highly valuable nature. These services are mostly carried out using armoured vehicles and an armed crew with the addition of IT support (such as the remote tracking of armoured vehicles and the use of hand-held devices).

In general, pick-up and delivery is carried out by a crew of two to five members equipped with weapons and bullet proof vests. In Northern Europe there is generally a ban on the use of weapons when rendering this type of service. Rather, note degradation systems are required to be used in the event of an attack, which should render the notes unusable. Personal hand-held devices are used by personnel in order to register completion of a service, get new orders, print receipts and obtain codes for locks. Cash pick-ups and deliveries are carried out using sealed containers for which the value of the content is recorded. As advances are made in the automation of these services, a higher share of work is linked to servicing machines such as ATMs and electronic (intelligent) safes. Armoured vehicles can be armoured to varying degrees and this is determined by the geographic market and the type of service being carried out. For example, an armoured vehicle used for point-to-point transport to a central bank will be equipped with a higher degree of armouring in order to protect the higher value contents transported. In general, customers contract regular services for determined times (for example, weekly pick-ups on Mondays and Fridays) and services that are contracted ad hoc, the previous day or during the ongoing transit of vehicles are priced differently than pre-arranged transit services. Software optimization tools are used to optimize the efficiency of routes daily. Execution of the routes is monitored in real-time for security and efficiency reasons through GPS tracking of the vehicles and information from personal hand-held devices carried by the crew, using IT infrastructure designed by the Company.

***Cash management***

The Company offers cash management services which include counting, processing, fitness determination, custody, preparation and delivery of notes and coins and ATM replenishment. These services are carried out in cash centres to ensure heightened

security against external risks as well as to reinforce internal control through the use of IT tools to prevent human errors or fraud. This service requires higher capital expenditures, to ensure the proper secure functioning of a cash centre, including costs associated with the installation and guarding of vaults, and advanced IT and counting systems.

Counting and processing pick-ups of notes, coins and other valuables that customers have placed in a sealed container is the key element of the cash processing service. In the event there is any discrepancy between what the customer has declared to be in the container and what the Company has counted, full traceability is required in order for the customer to accept the discrepancy. The Company maintains records to show the correct identification of the container, to verify that the container has not been damaged and to show the counting results from a counting machine used by the Company. Counted notes are split by denomination and quality and packaged in hundreds and thousands so that they can be stored and prepared for delivery either back to the market or to the central bank. Deliveries follow the reverse process to pick-ups and content is delivered and then processed in front of a camera so that customers can identify any discrepancies that may arise post-delivery.

The Company handles notes as a custodian for the owners of the notes. On a daily basis, the Company sends a certificate to every bank with the stock holding of the bank based on its inflows (deposits) and outflows (withdrawals). Retailers obtain cash from and deposit cash into their current account through the Company. Once the amount is collected and counted by the Company it is then deposited in the stock holding of their bank so that the next day the money is credited in the bank account of the retailer. Cash in every cash centre is balanced daily against customer certificates.

Given the value of cash processed and stored in each cash centre, approximately US\$10 billion nightly on average during the year ended 31 December 2016, the Company uses sophisticated IT infrastructure to keep the process monitored and controlled, and the Company has developed platforms to provide efficient and streamlined services. As of 31 December 2016, a team of 74 internal auditors is devoted to the control of the integrity of the funds and correct application of procedures.

### **ATM management**

As of the date of this Prospectus, the Company manages over 100,000 ATMs worldwide. The Company provides customers who own and operate ATMs a variety of service options. Basic services include cash replenishment referred to above and first level maintenance which can include solutions for notes and card jams and routine support. The Company also offers a full end-to-end service including cash forecasting, monitoring, first and second level maintenance, and balancing services.

The Company has developed its own proprietary IT platforms combining top-tier standardized software with customizable functionality. As an example of its IT capabilities, the Company has developed a software agent that when installed in an

ATM or an electronic safe, monitors the performance of the ATM and in the case of any malfunction can reset the ATM remotely. This is a cost-saving measure for the Company's customers as it reduces the need for technicians while improving availability. The Company believes it can be more competitive than IT companies specialized in ATM monitoring and second level maintenance (which can include software updates and the repair of worn parts), based on its proprietary technology and capability to extract synergies with other services carried out by the Company.

### ***Retail automation***

The Company provides integrated cash automation solutions, including cash deposit devices, recycling and distribution of coins and notes and bill payment services for both front and back office automation. Standard solutions are offered to small-to-medium customers whilst larger customers can request customized solutions which are fully integrated with their operational processes. The cost of a new cash automation machine can vary from approximately €5,000 to €50,000 per machine and the Company in most cases recovers this cost through the monthly fee it charges to its customers for the use of the machine.

### ***International transport***

The Company provides secure international door-to-door and ground support transportation services for foreign currency and gold. In particular, the Company offers services for the transportation of gold in countries where there are gold mines that require transportation of the gold to refineries located in other countries.

### ***AVOS***

The Company provides AVOS to customers to assist with the delegation of day-to-day management tasks. AVOS include both front office and back office tasks. AVOS offered by the Company include branch forecasting, reconciliation and settlement and credit card support services and assistance with online banking including the processing of payments, customer service support centres, telemarketing campaigns, documentation management and fraud detection services.

### ***IAD (Independent ATM deployer)***

In addition to managing ATMs owned by customers, the Company owns some ATMs. For some of those, the Company offers ATM outsourcing services pursuant to which the customer receives revenues by retaining ownership of the ATM business but not the ATM itself (which is owned by the Company). Typically, the customer selects the location where the ATM will be placed and pays directly to the landowner any associated real estate costs (for instance, rental cost of the surface used for placing the ATM at a store), and the Company supplies the cash and operates the ATM, thus taking care of everything other than real estate arrangements. The Company creates customized solutions for its small-to-mid sized bank customers to assist with cost



reduction and efficiency such as a pooling system of ATM management in which the Company assumes responsibility for the customers' ATMs as well as taking on the full management of the ATMs.

For others, the Company owns the ATM business, selecting the location and paying any associated real estate costs while generating revenues either from the end-user of the ATM as convenience fee (the fee charged directly to any end-user for withdrawing cash from the ATM) or from the issuing bank as interchange fee (the fee charged to an intermediary bank for providing such service to its end-user).

In Australia, the Company loads ATMs it owns with cash provided by a bank under a bailment agreement. Under the terms of such agreement, the Company does not acquire ownership of cash (which remains the property of the bailor until withdrawn from the ATM). The bailor providing the cash charges a fee to the Company for the availability and use of such cash. Cash loaded at the Company's ATMs pursuant to a bailment agreement does not, therefore, appear on the Company's statement of financial position as debt.

#### ***Other services***

The Company also offers other services such as handling valuable cargo, teller outsourcing, shared branches for banks (that is, branches in which more than one bank operates) and credit card distribution.

#### **Description of Services - By Customer Type**

The Company's services are offered primarily to the retail sector (approximately 36% and 32% of revenue for the years 2016 and 2015, respectively) and the banking sector (approximately 64% and 68% of revenue for the years 2016 and 2015, respectively), as detailed below.

#### ***Retail sector***

The Company has a full end-to-end retail offering. The basic service offered by the Company to retail customers typically includes cash pick-up and processing, counting, validation and deposit in the bank where the customer has its bank account. Services in an end-to-end offering also include in-store cash automation devices which accept, dispense and enable tracing of funds. The services provided to retailers are divided into back office and front office solutions which can be customized for individual customers. Retail customers are the principal customer in the developed countries where the Company operates and in this sector the Company has seen the greatest amount of growth in recent years.

### *Back office solutions*

Traditionally medium-to-large retailers carry out varying degrees of cash management activities in their back office which include the preparation of cash, such as placing cash in bags ready for collection, and the handling of cash which usually involves collecting and counting cash from all of the cash registers, to be transported by the cash-in-transit provider. The Company offers cash automation services such as devices to assist with counting, which enables its customers to reduce their operating costs.

### *Front office solutions*

The Company's front office solutions include solutions integrating the point-of-sale (POS) with recycling devices that accept payments for individual purchasers and provides change. Front office solutions have made several advances in recent years such as self-checkout kiosks.

## **Banking sector**

### *Commercial banks*

The Company has a variety of banking customers which include major multinational banks. Banking customers are the principal customers in the emerging countries where the Company operates and represent a much larger share of the Company's revenue there than in more developed countries. The Company's principal services offered to its banking customers include pick-up and preparation and delivery of cash to and from banks' branches, end-to-end ATM services, cash validation and fitness determination of incoming cash for its placement back into circulation or its transfer to the central bank. The Company also centrally stores cash stock for bank branches and ATMs in most cities where the Company operates, excess or deficit cash in stock is balanced through transports to the central bank.

The Company enters into contracts with commercial banks which generally are on a countrywide basis for periods of approximately one to three years and which include price adjustment mechanisms for inflation and corresponding wage increases. See sections "*Material Contracts*" and "*Management's Discussion and Analysis of Financial Conditions and Results of Operations—Factors Affecting the Company's Results of Operations—Effects of Inflation*".

### *Central banks*

The Company provides a variety of services linked to central banks. In most cases the central bank delegates an activity to commercial banks that then pay the Company to carry out particular services for them, but in other cases the central bank is the Company's direct customer.

For example, in Spain, in some cash centres, the Company is the custodian of notes belonging to the central bank and commercial banks can withdraw from or deposit cash with the Company to hold in its cash centres, which helps the commercial banks avoid the financial cost of holding cash stock; in other cash centres, the Company is responsible for recycling notes applying the framework for the detection of counterfeits and fitness determination defined by the European Central Bank. The Company charges the commercial banks for the deposit and withdrawal of cash from the central bank and for cash recycling in compliance with such framework.

Also, in Australia, the Company's cash centres are in charge of holding funds pursuant to a balance sheet relief mechanism where the bank owning the funds gets income from the central bank in order to compensate for the financial cost of providing liquidity to the system. The central bank gives incentives providing for correct sorting and stock optimization, activities carried out by the Company.

In South Africa, SBV is responsible for providing the cash availability infrastructure to banks and other users, defined by the South African Reserve Bank as the systematic planning, scheduling, storage and movement of cash, while managing systemic risk (adhering to the regulatory prescriptions) and meeting the demand for usable cash where needed in a timely and cost-effective fashion.

## **Competition**

The Company competes with large multi-national and national companies in the countries in which it operates. Its largest multi-national competitors are Loomis AB, G4S plc, The Brink's Company and GardaWorld. The Company also competes with local players in many of the markets in which it operates.

The Company faces competitive pricing pressure in many markets. However, the Company believes that it does not compete on price alone and that its expertise and customized product offering differentiates it from its competitors.

## **Group Structure**

At 31 December 2016, the Company had 62 subsidiaries. Cash activities are subject to regulatory controls, which, in the majority of countries in which the Company operates, require that the management of certain activities be undertaken through different companies.

The principal subsidiaries of the Company and where they are located are described under "*General Information*".

## Management Services Agreements

Pursuant to the Management Services Agreements, certain Prosegur Group companies will provide, in exchange for a fee, certain management and support services to most of the companies within the Group (human resources services, legal services, tax, accounting and financial services, corporate development, marketing and communication services, IT support services, real estate management services, risk and insurance management services, and monitoring of compliance policies services). In Brazil, instead of a management services agreement, Prosegur Brasil will enter into, after completion of the Brazilian Security Business Sale, a cost-sharing agreement with the Prosegur Group subsidiary acquiring the Brazilian Security Business to share and apportion on principles equivalent to those in the Management Services Agreement but on a no-margin basis the cost associated with these management and support activities. In Australia, the Prosegur Group does not carry out any activity other than the Cash business carried out by the Group through the Australian subsidiaries. As a result, there has never been a shared management and support structure in Australia. The Australian subsidiaries of the Group employ the personnel required to perform management and support activities internally and do not outsource them to third-party providers. See section “*Material Contracts – Management Services Agreements*” for further details.

## Real Estate and other fixed assets

The following tables sets forth the number of buildings the Company uses in each geographical segment and the annual rent it paid in 2016.

|  | At 31 December 2016 |            |           |
|--|---------------------|------------|-----------|
|  | Latin America       | Europe     | AOA       |
| <b><u>Number of buildings/plots of land</u></b>      |                     |            |           |
| <b>Operational:</b>                                  |                     |            |           |
| Lease agreements with Prosegur Group companies.....  | 72                  | 56         | 4         |
| Lease agreements with third parties.....             | 258                 | 41         | 25        |
| Owned by the Company .....                           | 41                  | 0          | 0         |
| Subtotal .....                                       | 371                 | 97         | 29        |
| <b>Other:</b>  |                     |            |           |
| Lease agreements with Prosegur Group companies.....  | 16                  | 1          | –         |
| Lease agreements with third parties.....             | 54                  | 31         | 4         |
| Owned by the Company .....                           | 1                   | –          | –         |
| Sub-total .....                                      | 71                  | 32         | 4         |
| <b>Total number of buildings/plots of land .....</b> | <b>442</b>          | <b>129</b> | <b>33</b> |

| <u>Annual rent</u>                                   | <u>For the year ended 31 December 2016</u> |               |              |
|--|--|---------------|--------------|
|  | <u>Latin America</u>                       | <u>Europe</u> | <u>AOA</u>   |
|  | <u>(Thousands of Euros)</u>                |               |              |
| <b>Operational:</b>                                  |  |               |              |
| Lease agreements with Prosegur Group companies ..... | 4,235                                      | 3,387         | 400          |
| Lease agreements with third parties .....            | 8,980                                      | 5,498         | 1,588        |
| Subtotal .....                                       | 13,215                                     | 8,885         | 1,988        |
| <b>Other:</b>  |  |               |              |
| Lease agreements with Prosegur Group companies ..... | 1,245                                      | 46            | –            |
| Lease agreements with third parties .....            | 1,097                                      | 1,381         | 209          |
| Sub-total .....                                      | 2,342                                      | 1,427         | 209          |
| <b>Total rent</b> .....                              | <b>15,557</b>                              | <b>10,312</b> | <b>2,197</b> |

1. “Operational buildings” include all buildings used in the course of the Company’s operations, including cash centres and truck garages.
2. “Other buildings” include office space, commercial delegations and corporate headquarters, amongst others.

As of 31 December 2016, the Company owned 42 real estate assets (39 buildings in Argentina and three plots of land in Brazil).

As of 31 December 2016, the Company also leased 562 buildings (400 in Latin America, 129 in the Europe Region and 33 in AOA). Of those buildings, the Company leased 149 from Prosegur Group companies and 413 from third parties. See section “*Material Contracts – Real estate lease agreements*” for a detailed description of the lease agreements entered into with the Prosegur Group and section “*Related Party Transactions-Related party transactions with the Company’s shareholders*” for a detailed description of the sub-lease agreements entered into with the Prosegur Group in relation to the non-operational buildings located at calle Pajaritos 24 and Santa Sabina 8, both in Madrid. The terms of these lease agreements entered into with third parties vary substantially between countries, types of building, etc. Most of them are long-term leases because of the need to invest substantial amounts in adapting each building to the specific needs of the Company, which is not efficient to do for short periods of time.

The table below sets forth the carrying amounts of the Company's fixed assets as of the dates indicated:

|                           | Land and<br>buildings | Technical<br>installations<br>and<br>machinery | Other<br>installations<br>and<br>furniture | Armoured<br>vehicles and<br>other<br>property,<br>plant and<br>equipment | Under<br>construction<br>and<br>advances | Total   |
|---------------------------|-----------------------|--|--|--|--|---------|
|                           | (Thousands of Euros)  |  |  |  |  |         |
| Carrying amount           |                       |  |  |  |  |         |
| At 1 January 2014 .....   | 77,252                | 36,617   | 47,358                                     | 95,211   | 49,327                                   | 305,765 |
| At 31 December 2014 ..... | 81,253                | 47,893   | 59,548                                     | 102,251  | 36,252                                   | 327,197 |
| At 1 January 2015 .....   | 81,253                | 47,893   | 59,548                                     | 102,251  | 36,252                                   | 327,197 |
| At 31 December 2015 ..... | 17,136                | 39,684   | 67,466                                     | 73,479   | 24,582                                   | 222,347 |
| At 1 January 2016 .....   | 17,136                | 39,684   | 67,466                                     | 73,479   | 24,582                                   | 222,347 |
| At 31 December 2016 ..... | 16,586                | 53,916   | 74,508                                     | 76,087   | 45,262                                   | 266,359 |

Land and buildings mostly include operational buildings (cash centres and garages); technical installations and machinery mostly include cash counting machines, MAEs and Company-owned ATMs; other installations and furniture mostly include civil works and furnitures; armoured vehicles and other property, plant and equipment mostly includes vehicles, computer hardware, walkie-talkies, laser scanners and small-hand-held devices; under construction and advances mostly includes buildings in construction, vehicles in the process of being converted into armoured vehicles and unfinished cash counting machines.

Real estate investments are initially recognized at cost, including transaction costs. The Company values its real estate assets at cost of acquisition, less accumulated depreciation and impairment, except for land, which is presented net of impairment. Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset only when it is probable that the future economic benefits associated with the assets will flow to the Company and the cost of the asset can be measured reliably. Land is not depreciated. Buildings are depreciated on a straight-line basis. Gains and losses on the sale of property are calculated by comparing the consideration received with the carrying amount, and are recognized in the consolidated statement of profit and loss.

#### **Purchase commitments for fixed assets**

The following table sets forth investments in fixed assets committed but not made as of the dates indicated:

|                                    | <u>31/12/2016</u>    | <u>31/12/2015</u> | <u>31/12/2014</u> |
|------------------------------------|----------------------|-------------------|-------------------|
|                                    | (Thousands of Euros) |                   |                   |
| Property Plant and equipment ..... | 11,283               | 12,359            | 7,246             |
| Other intangible assets .....      | 168                  | 228               | 9                 |
| <b>Total</b>                       | <u>11,451</u>        | <u>12,587</u>     | <u>7,255</u>      |

At 31 December 2016, the most significant commitments to purchase facilities amounted to €3.1 million, mainly in Argentina (€4.0 million at 31 December 2015 and €7.1 million at 31 December 2014).

### Operating lease commitments

The table below sets forth future minimum payments under non-cancellable operating leases use of buildings for the periods indicated.

| Type                               | Less than<br>1 year | 1 to 5 years  | Over 5 years  |
|------------------------------------|---------------------|---------------|---------------|
|                                    | Thousands of Euros  |               |               |
| <b>Balance at 31 December 2016</b> |                     |               |               |
| Buildings .....                    | 10,970              | 36,793        | 35,968        |
| Vehicles .....                     | 1,469               | 1,586         | –             |
|                                    | <u>12,439</u>       | <u>38,379</u> | <u>35,968</u> |
| <b>Balance at 31 December 2015</b> |                     |               |               |
| Buildings .....                    | 4,280               | 4,776         | 10,863        |
| Vehicles .....                     | 3,079               | 4,187         | 3,070         |
|                                    | <u>7,359</u>        | <u>8,963</u>  | <u>13,933</u> |
| <b>31 December 2014</b>            |                     |               |               |
| Buildings .....                    | 4,739               | 5,895         | 11,256        |
| Vehicles .....                     | 6,079               | 5,349         | 2,072         |
|                                    | <u>10,818</u>       | <u>11,244</u> | <u>13,328</u> |

At 31 December 2016 the increase in future minimum payments in comparison to 31 December 2015 mainly corresponds to the operating lease commitment related to the buildings sold by Prosegur Cash to Prosegur Group companies during 2016, which Prosegur Cash leases back from Prosegur Group companies.

The cost for operating leases in the consolidated statement of profit and loss for 2016 amounts to €54.0 million (€51.9 million in 2015 and €55.9 million in 2014). There are no contingent rents in relation to operating leases.

The operating leases required for the development of the current activity are as follows:

| Operating leases                   | Less than<br>1 year | 1 to 5<br>years | Over 5<br>years |
|------------------------------------|---------------------|-----------------|-----------------|
|                                    | Thousands of Euros  |                 |                 |
| <b>Balance at 31 December 2016</b> |                     |                 |                 |
| Buildings .....                    | 27,963              | 85,066          | 170,131         |
| Vehicles .....                     | 17,960              | 75,432          | 18,858          |
|                                    | 45,923              | 160,497         | 188,989         |

### **Divestment of the Brazilian Security Business to the Prosegur Group - the Brazilian Security Business Sale Agreement**

As a result of the Carve-out, Prosegur Brasil is part of the Group. Prosegur Brasil consists of the Brazilian Cash Business as well as the Brazilian Security Business. The Company intends to divide the Brazilian Cash Business and the Brazilian Security Business into two separate entities. Once this split has taken place, the Company intends to sell the Brazilian Security Business entity to the Prosegur Group. To this end, the Company has entered into the Brazilian Security Business Sale Agreement with the Prosegur Group under which the Company will sell to the latter the Brazilian Security Business. This sale is subject to certain closing conditions such as that the separation of the Brazilian Cash Business and the Brazilian Security Business is completed and that the required administrative procedure before the competent body of the Ministry of Justice of Brazil is completed. See section “*Risk Factors-The Company faces risks in relation to the sale of its Brazilian Security Business to the Prosegur Group*” and section “*Material Contracts – Brazilian Security Business Sale Agreement*” for a detailed description of the Brazilian Security Business Sale Agreement.

### **Customer Contracts**

The Company, through its different subsidiaries in each jurisdiction, enters into services agreements with its customers for the provision of all or part of the different Cash services it offers. Contractual arrangements vary by type of industry (retail, commercial bank, central bank, etc.) and by customer within each industry. The Company’s largest customer group accounted for less than 7.3% of the Company’s total revenues for the year ended 31 December 2016 and its five and ten largest customers accounted for 24% and 33% of its revenues in the year ended 31 December 2016, 26% and 34% in the year ended 31 December 2015 and 31% and 38% in the year ended 31 December 2014, respectively, and most of these were with banks and retailers in Latin America. In 2016, approximately 36% of the Company’s revenue came from retail contracts (32% in 2015), and 64% (68% in 2015) from contracts with financial institutions. This split varies by geography: in the European Region and AOA the split is 54% retail and 46% financial institutions, whereas in Latin America the split is 27% retail and 73% financial institutions. The Company’s contracts with customers are usually for a term of approximately one to three years and generally include a provision for automatic renewal upon the expiry of the initial term, unless notice is given. Contracts are made with customer groups on a country-by-country basis, although the Company has



contracts in multiple countries with some of its multi-national customers, and are governed by the law of the jurisdiction in which they apply. Early termination clauses are included in the material contracts which in the cases of Peru and Spain also may include the unilateral right of either party to terminate the contract provided a certain period of notice is given. The contracts the Company enters into are typically denominated in the currency of the country where the services are performed. The Company typically conducts a periodic price review of the services offered, in part to account for inflationary effects which increase, amongst other costs, the costs of wages. A number of contracts include an inflation pass-through clause which allows the Company to revise its prices in line with inflation, but even when the contract does not include such a clause the Company is often able to renegotiate its prices to take account of current inflation rates. For material services agreements with clients, see section “*Material Contracts-Material services agreements with clients*”.

### **Legal Proceedings**

At any given time, the Company may be a party to litigation or subject to non-litigated claims arising out of the normal operations of its business. The material legal proceedings outstanding or categories thereof as of the date of this Prospectus are described below. If any of the Company’s material legal proceedings are not resolved in favour of the Company, it may have a material adverse effect on its business, results of operations, financial condition and cash flows.

The Company is subject to civil, commercial, administrative, tax and labour-related claims and litigation in the countries where it operates. As the Company is extensively regulated by tax and labour laws and due to the complex nature of these particular regulations in the countries where it operates, legal proceedings related to tax and labour matters are particularly relevant for the Group, arise on a regular basis and the Company accordingly provisions for this.

The Company has significant ongoing litigation, in particular, in Brazil. Labour litigation is particularly common in Brazil. It is a common feature of the employer-employee relationship in that country as a result of legislation that entitles employees to sue employers in court upon dismissal and after having received a severance payment (which is normally paid after dismissal). In the Cash industry labour regulation controls factors such as route distances and breaks, meal provision, weapons for employees in the armoured vehicles and the number of employees per vehicle. Cases typically involve claims under collective labour agreements, such as overtime compensation, rest hours and supplemental compensation for hazardous work. Some others are union-related. As a result of the high number of claims and their complexity, the Company spends substantial resources managing these cases. In Brazil alone, the Company had approximately 15,205 employees as of 31 December 2016. The number of pending claims was 2,574, 3,166 and 3,877 as of 31 December 2016, 2015 and 2014, respectively. For labour litigation relating to lawsuits by former and current employees, the Company has made provisions in 2016 of €48.7 million (for the Brazilian Cash Business only). Also in Brazil, the Company has claims of a civil nature arising out of

the normal operations of its business for which it has made provisions in 2016 of €7.4 million (mainly for the Brazilian Cash Business). The number of civil claims pending was 315, 459 and 536 as of 31 December 2016, 2015 and 2014, respectively. See section “*Risk Factors—The Company is subject to risks related to labour and tax contingencies and litigation, in particular in Brazil, due, amongst other factors, to the complex nature of labour and tax regulation in that country*”.

The Company also has significant ongoing litigation in Brazil in relation to tax contingencies. Tax litigation is also very common in Brazil, due to the high complexity of the tax system, having several levels of tax jurisdictions and a great variety of taxes, with a different interpretation in each local jurisdiction and a lack of a consolidated criteria at the country level. These ongoing legal proceedings can be classified in a great number of categories related to several taxes from different jurisdictions: federal (such as IR, PIS, COFINS, CSLL, CPMF, IPVA), estate taxes (such as ICMS), local taxes (such as ISS) and others such as INSS in relation to taxes related to social security contributions. The number of outstanding tax proceedings as of 31 December 2016 (for the Brazilian Cash Business only) was 699. In relation to said tax proceedings, the Company has made provisions in 2016 of €42.6 million (for the Brazilian Cash Business only). See section “*Risk Factors—The Company is subject to risks related to labour and tax contingencies and litigation, in particular in Brazil, due, amongst other factors, to the complex nature of labour and tax regulation in that country*”.

Further, on 22 April 2015, the CNMC initiated a case against Prosegur, Prosegur Servicios de Efectivo España, S.L.U. (now a subsidiary of the Company as a result of the Carve-out, formerly Prosegur España, S.L.U.) and Loomis Spain, S.A. and their corresponding officers and legal representatives, in connection with alleged practices restricting competition regarding certain agreements and concerted practices in the cash transport services and processing in Spain prohibited under article 1 of Law 15/2007, of 3 July, on the Defense of Competition and article 101 of the Treaty of the Functioning of the European Union. On 10 November 2016, the CNMC issued a resolution in which it found the existence of a single and continuous infringement of article 1 of Law 15/2007, of 3 July, on the Defense of Competition and article 101 of the Treaty of the Functioning of the European Union and also found Prosegur and Prosegur Servicios de Efectivo España, S.L.U. (these two companies in a joint and severally basis (*solidariamente*)) and Loomis Spain, S.A., an officer at Prosegur and an officer at Loomis Spain, S.A. as responsible parties of this infringement and imposed monetary fines on them. The fine imposed on Prosegur and Prosegur Servicios de Efectivo España, S.L.U. on a joint and several basis (*solidariamente*) amounts to €39,419,776. The resolution was adopted by the CNMC’s board members, with the casting vote of the chairman and with two dissenting votes.

No appeal may be filed against the CNMC decision in the administrative jurisdiction (*vía administrativa*); however, on 13 January 2017, Prosegur filed a judicial administrative appeal (*recurso contencioso-administrativo*) at the National Appellate Court (*Audiencia Nacional*) requesting the annulment of the CNMC’s resolution as well

as interim suspension (*suspensión cautelar*) of the payment of the fine. The National Appellate Court has initiated the corresponding proceedings on 13 February 2017. Prosegur considers that the CNMC's resolution lacks sufficient evidence to support a solid accusation and the sanction imposed. This is also stated in the two dissenting votes issued by two of the four members of the CNMC's board. The resolution does not take into account the context and functioning of the market and does not sufficiently consider in the analysis of the conduct, two essential elements that have a direct and fundamental impact on the way companies provide Cash transport services: (i) the legal obligation to subrogate workers assigned to a given service when a transport contract is won by another rival company; and (ii) the outsourcing of services. In addition, the CNMC's resolution does not take into account the evidence provided by Prosegur, thereby infringing its right to be presumed innocent. Finally, Prosegur considers that the calculation of the sanction carried out in the CNMC's resolution is manifestly incorrect because (i) it lacks sufficient justification; and (ii) the sanction imposed is disproportionate and discriminatory.

A final resolution is not expected by the end of 2017. However, the National Appellate Court will probably adopt its decision on the interim measures request of the payment of the fine within the first semester of 2017. Prosegur will also have to present its arguments against the CNMC's resolution (*escrito de demanda*) within that same period. If the interim measures are granted, Prosegur would not be required to pay the fine until there is a final judgment of the National Appellate Court. If that is the case it is very likely that the National Appellate Court would order Prosegur to post a bond to cover the fine.

Notwithstanding the above, Prosegur has agreed to directly pay the fine imposed by the CNMC on Prosegur and on Prosegur Servicios de Efectivo España, S.L.U. on a joint and several basis, once the decision becomes final, and to pay any amount that may be sought by the CNMC from Prosegur Servicios de Efectivo España, S.L.U. or the Company within the shortest possible time period.

Prosegur shall assume, exclusively and at its own expense, the defense of Prosegur and Prosegur Servicios de Efectivo España, S.L. in the CNMC case and the CNMC resolution issued on 10 November 2016, and shall have exclusive power for the management and control of said defense and of the judicial administrative proceeding (*procedimiento contencioso administrativo*). In particular, but without limitation, Prosegur shall have exclusive power to direct, at its complete discretion, the procedural strategy and any negotiations held in this connection, to continue the judicial administrative proceeding at all instances and in the manner it deems appropriate at any given time and, if appropriate, to acquiesce, compromise and bring said proceeding to an end when it deems advisable and on the terms and conditions it deems appropriate. Prosegur Cash, in turn, shall ensure that Prosegur Servicios de Efectivo España, S.L. follows the instructions of Prosegur in everything related with CNMC case and the CNMC resolution issued on 10 November 2016.

## Employees

The Company is conscious of the high value of those professionals that make up its team. Consequently, it invests in and strives to guarantee their working conditions day-by-day in all the countries where it operates.

As of 31 December 2016, the Group had 39,550 employees worldwide (plus 10,644 and 6,111 for the joint ventures in India and South Africa, respectively), 12% of them temporary. Of the Company's employees, 77% were located in Latin America, 21% in the European Region and 2% in AOA. The Company had 38,817 and 38,429 employees at the end of 2015 and 2014, respectively. Most employees (96% in 2016 and 97.1% in 2015) were in the operating team, versus 4% and 2.9%, respectively, in the non-operating team. Non-operating team refers to those white-collar employees (i) engaged in activities at commercial, operations and support departments (human resources, legal, finance, IT, etc.) (ii) and whose associated costs are not directly passed on to clients as part of their bills. Operating team refers to all other employees (mostly blue-collar). 88% of the Company's employees have indefinite contracts. Approximately 36% of employees are under 35 years of age, and more than 80% are 50 or younger.

The Company is highly unionized in all the countries where it operates. As of the date of this Prospectus, the Company is a party to over 100 collective labour agreements with a total of approximately 70 unions affecting most of its blue-collar employees. In Europe, there is a European Working Council that meets in Madrid once a year to discuss industrial relations with union representatives from Spain, France, Portugal and Germany. The Company has external advisors to assist with compliance with the various regulatory regimes in operation in the different countries where it operates, given the extent and complexity of regulation, the changes in labour laws and the typically litigious nature of the employment relationship in certain countries, especially Brazil (see section "*Legal Proceedings*" for a discussion of ongoing employment-related litigation in Brazil).

The Company's relationship with unions is generally good. The Company did not face significant labour disruptions during 2016 and does not expect to face them in the near future. Nevertheless, conflicts could arise in the course of on-going negotiations of collective bargaining agreements, as was the case in 2015 in Chile, Germany and France. In particular, the Company faced strikes in the branches of Santiago de Chile, Potsdam (Germany) and Rhone-Alpes (France) because local unions viewed the wage increases the Company offered as insufficient (Chile and Germany) or because they did not agree with the proposed elimination of extra pay (France). In January 2017 the Company suffered a one-day strike in Germany (where a new collective bargaining agreement is under negotiation), with a participation rate of 28% of the Company's employees in that country. See section "*Risk Factors—Risks Related to the Company's Business and its Industry—The Company's relationships with its unions could deteriorate.*"

## **Risk Management**

The Company has a well-developed and effective risk management system in the countries where it operates.

The Company's comprehensive risk management system includes three different areas: security, operational audit and insurance. The Company uses its own bottom-up risk management model, which covers from minor losses and operational mismatches to catastrophic risks, attempting to manage risk in the most efficient manner. The model is based on three axes: people, procedures and buildings.

The Company's insurers have recognized the ability of the Company to mitigate risks inherent in the industry and as a result reward the Company with reasonably low premiums in its insurance policies. When the Company makes an acquisition it reviews the security standards in place in the acquired company operations and improves them as necessary to meet the Company's standards. As a result of these improvements, insurance premiums paid by the acquired company after it is acquired by the Company are generally lower than those paid by the acquired company pre-acquisition. See also "*Insurance*".

## **Insurance**

Obtaining high-quality and reliable insurance coverage is an important factor in the Company's ability to attract and retain customers and to manage the risks inherent in its business. The Company keeps insurance mainly for the transport and custody of valuables (which is key to its business and typically required by clients) and, through policies held by Prosegur, for material damage to its property and for third-party civil liability.

Insurance coverage for the transport and custody of valuables is currently arranged by the Company for all of its subsidiaries (except those in Brazil, India and South Africa), with a cap of up to US\$1 billion (approximately €1 billion) per incident (depending on country), and a separate insurance for Brazil with a cap of 850 million Brazilian reais (approximately €240 million) per incident. As a result of the Company's efforts to optimize the trade-off between risk absorption and premium payments, the coverage described may change any time insurance policies are renewed. The Company's insurance policies are subject to customary deductibles and exclusions. The Company divides insurance coverage in different layers.

Joint ventures in India and South Africa are not insured under the abovementioned corporate scheme as both are covered by stand-alone policies entered into at a local level.

The Company self-insures through a Luxembourg captive reinsurance entity, Pitco Reinsurance, S.A. (hereinafter, in this section, "**Pitco Re**"). The Company is the exclusive client and the sole shareholder of Pitco Re, which provides coverage to local

subsidiaries in the countries where the Company operates. Claims under US\$1 million (approximately €0.9 million), except in Brazil, where the relevant amount is 5 million Brazilian reais (approximately €1.4 million) are covered by Pitco Re. These claims typically account for over 95% of claims. Nevertheless, there is a deductible per claim in the Pitco Re policies, of US\$100,000 (approximately €94,000) outside Brazil and 1 million Brazilian reais (approximately €0.3 million) in Brazil.

Insurance payouts by Pitco Re are capped at US\$5.5 million (approximately €5.2 million) per year, except in Brazil, where the annual aggregate cap amounts to 19.5 million Brazilian reais (approximately €5.4 million). Once the annual caps are reached, claims are covered by third-party reinsurers. In Brazil, local regulations require that such reinsurer is a Brazilian insurance company.

Reinsurance coverage for claims above amounts assumed by Pitco Re is arranged by a leading insurance company for a pool of approximately 80 re-insurers, subject to further re-insurance with third-parties. In Latin America, where local legislation requires that the leading insurer be a local company, reinsurance is fronted by the regional subsidiary of this leading insurance company with a guarantee from its parent company, which subsequently transfers the risk to the pool of insurers.

Insurance coverage for incidents arising in the course of the transport and custody of valuables includes insurance against certain claims for damages being awarded against the Company or any of its subsidiaries as a result of declared acts of terrorism where such terrorist act includes a robbery or heist relating to values in the custody of the Company. Furthermore, in the agreements entered into with customers the scope of insurance coverage provided by the Company is explicitly stated, and the customer is responsible for insuring any losses arising outside of the scope covered by the Company.

Insurance relating to property includes, amongst others, vehicles and armoured equipment. Prosegur holds the policies and allocates its costs to the entities of the Group (including the Company) based on their revenues. Different insurance policies cover different countries where the Company operates.

Worldwide third-party liability insurance (also held at the Prosegur Group level) has an indemnity cap of €400.0 million. Insurance relating to employees includes occupational accidents (disability and death), health and life insurance. A different insurance plan is in place in each country where the Company operates in line with provisions agreed between the Company and its employees under collective bargaining agreements.

See section *“Risk Factors-The Company’s insurance coverage may be insufficient”*.

## **Fraud Prevention**

Fraud prevention is an important aspect of the management of the Company’s operations. The Company has dedicated personnel in each of its segments who focus on

internal auditing with a view to preventing acts of fraud, of which 24 are located in the European Region, one in AOA (excluding the joint ventures in India and South Africa) and 49 are located in Latin America as of 31 December 2016. Audits are carried out in the Company's cash processing centres to monitor cash, operations and regulatory compliance with 359, 349 and 397 internal cash audits carried out in 2016, 2015 and 2014, respectively. The Company remotely monitors daily settlement of cash operations at a branch level to minimize the risk of fraud. The Company prioritizes transparency with its clients and as a result updates them every day on their balance and movements. The Company works to continue improving its internal controls to further minimize the risk of fraud. For example, the Company is developing a new functionality of the "Genesis" (cash processing platform) software for use by the Company's audit team which is expected to be completed by 2017.

### **Code of Ethics and Conduct and Compliance Program**

The Company is currently bound by Prosegur's Code of Ethics and Conduct. The Company expects its Board of Directors to adopt a Code of Ethics and Conduct similar to Prosegur's Code of Ethics and Conduct on the first Board meeting after Admission. Prosegur's Code of Ethics and Conduct (and shortly after Admission, the Company's) is based on the following principles:

- Legal compliance (see below for more details on the compliance program).
- Respect for human rights. Compliance, in all practices and procedures, with the International Bill on Human Rights, adopted by the General Assembly of the United Nations.
- Equality of treatment and respect amongst employees. No discrimination. Zero tolerance for any form of harassment (physical, sexual or psychological). Promotion of a healthy work-life balance.
- Fight against bribery and corruption. Ban on any kind of direct or indirect gift, donation, favour or compensation, in cash or in kind, either from public or private entities, which may influence decision-making. Ban on "facilitation payments" intended to secure or expedite proceedings before any court, government or government agency.
- Environmental preservation. Following best environmental activities practices in all activities.
- Commitment to society. Social action projects in education, employment and social integration of handicapped individuals. Promote volunteering activities through the Fundación Prosegur.

The Board of Directors will be responsible for the Company's Code of Ethics and Conduct, including for setting the guidelines for the management of the policy. As part

of the commitment to managing a flow of communications with interest groups, the Company is involved in open, continuous and organized dialogue with such groups, both to identify their needs and, subsequently, to communicate the actions that have been taken in response to such needs. The Company's Code of Ethics and Conduct will guide and conduct its interactions with shareholders and investors, customers and users, supplies and co-partners, government authorities and competitors.

Prosegur's Corporate Compliance Program, to which the Company is currently bound until it approves its own corporate compliance program after Admission, establishes control measures intended to attenuate or eliminate the risks of normative non-compliance in Prosegur's daily operations. The program covers all legal issues that might touch upon Prosegur's operations and is mainly focused on anti-money-laundering, anti-bribery and corruption, data protection, anti-trust, and the prevention, detection and reaction against crime. In terms of compliance, Prosegur applies more stringent criteria than required by law and works actively for the highest standards of compliance to prevail across the industry. To ensure the correct implementation of the program in daily operations, training sessions are offered to employees and senior management and directors, in addition to specialized training for those in charge of compliance.

The Company expects its Board of Directors to adopt the Company's Corporate Compliance Program on the first Board meeting after Admission.

These are the general principles that will guide the Company's Corporate Compliance program (and which guide Prosegur's corporate compliance program, which is currently binding on the Company):

- Compliance with legal standards in force in the different countries where the Group's operates.
- No collaboration in third-party infringement of any law, or participation in any action that undermines the rule of law.
- Corporate crime prevention.
- Compliance with all applicable laws of fair competition and anti-trust.
- Compliance with regulations on the prevention of money laundering.
- Handling of personal information in a responsible manner and in compliance with data protection and confidentiality laws applicable in each country.

Compliance services will be provided to the Company under the Management Services Agreements.

Compliance will be overseen by a committee at the Company's level, the Regulatory Compliance Committee and by local committees. See section "*Management and Board of Directors – Board Committees - Regulatory Compliance Committee*" for more details.



## **Environment**

The Company considers that it substantially complies with applicable environmental and health protection laws and has procedures designed to encourage and ensure such compliance. For example, its armoured vehicles are compliant with local regulation on non-polluting emissions. When updating armoured vehicles the Company focuses on ensuring that lower pollution technologies are implemented including those complying with the Euro V standard. Nevertheless, in many jurisdictions these laws are complex, subject to frequent change and are increasingly becoming more stringent. Further, there can be no assurance that new environmental taxes will not be passed affecting its assets.

For 2016, 2015 and 2014 the Company did not account for any provision to address potential environmental risks since the Company considered that there were no significant contingencies associated with potential lawsuits, indemnities or other concepts. The Company considers that the potential contingencies, indemnities and other environmental risks associated with its activities are adequately covered by its insurance policies.

## **Trademarks and IT Platforms**

Prosegur owns most of the Licensed Trademarks as of the date of this Prospectus. The Licensed Trademarks are of material significance to the Company's business. Although certain of the Licensed Trademarks are still owned by subsidiaries of the Company, these will be transferred to Prosegur (or the subsidiary holding the Licensed Trademarks will be transferred to Prosegur) upon Admission, pursuant to agreements for the sale and transfer of the Licensed Trademarks and for the sale and transfer of shares in the subsidiary holding the Licensed Trademarks both entered into on 28 December 2016 at market prices determined by a third-party appraiser and conditioned upon Admission taking place. See section "*Related Party Transactions – Related Party Transactions with the Company's Shareholders*".

The Company is permitted to continue using the License Trademarks pursuant to the License Agreement in exchange for royalty payments made by the Company to Prosegur. Under the terms of the License Agreement, Prosegur granted to the Company, on an exclusive basis, a license to use the "PROSEGUR" Licensed Trademarks to identify Cash activities and businesses within any of the jurisdictions, other than India, where such Licensed Trademarks are currently, or may be registered, in the future. The computation of the royalty payments is set forth in an annex to the License Agreement. If at any time Prosegur ceases to control the Company, Prosegur may terminate the License Agreement by serving twelve-month prior notice (which would trigger a twelve-month transition period after which the Company would no longer be able to use the Licensed Trademarks). (See section "*Risk Factors – Risks Related to the Recent Creation of the Company – The Company may be adversely affected by changes resulting from the Carve-out of its business from the Prosegur Group*").

In India, the Company's joint venture operates under its own registered trademark ("SIS-PROSEGUR"), which is a co-brand owned by the joint venture itself, authorized pursuant to an agreement with Prosegur that permits the registration and use of the "PROSEGUR" trademark jointly with the SIS brand, in order to create and register the co-brand.

The Company paid for the year ended 31 December 2016 approximately €286 thousand for licences to use third-party IT platforms.

Operations are supported by corporate IT platforms interacting with some local legacy systems in the process of being deactivated. "SOL" is the corporate platform for logistics. It is a proprietary development of the Company integrated with commercial route planning tools, which covers demand and resource management, handheld devices, on-board computer and monitoring tools. It is integrated with "SIGLO", the corporate data warehouse tool used for benchmarking and analysis. "Genesis" is the corporate platform for cash processing. It is also a proprietary development of the Company covering distribution, counting, processing, preparation and delivery, stock management and client interfaces. It is also integrated with "SIGLO". Product platform integrates proprietary developments of the Company with third party applications and supports retail automation, ATM end-to-end management and some AVOS. Corporate platforms are fully integrated between them and with the required legacy systems.

Capital expenditures related to IT amounted to €5.4 million, €4.1 million and €5.3 million (for the Cash business only) for the years ended 31 December 2016, 2015 and 2014, respectively.

#### **Research and development policies**

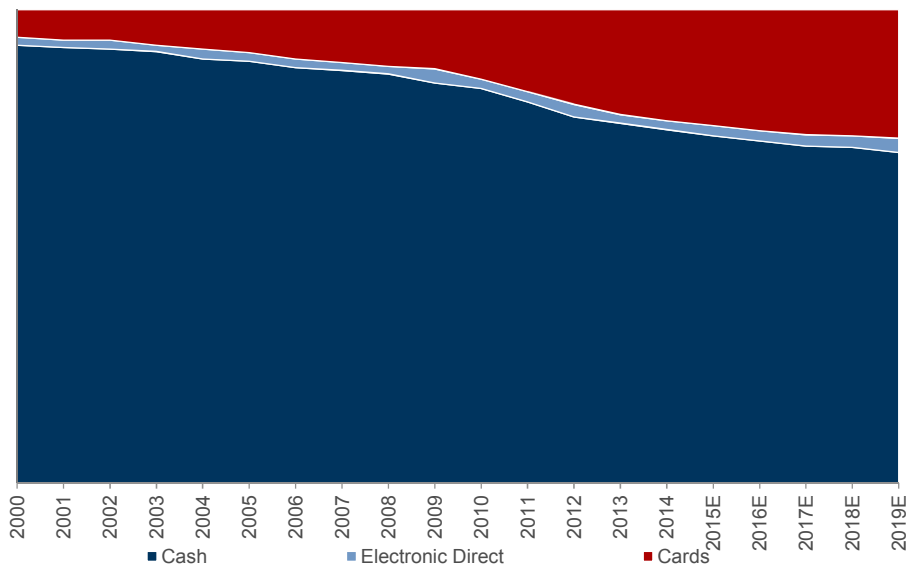
The Company did not have research and development policies in place during the period covered by the historical financial information.

## INDUSTRY OVERVIEW

### Overview of cash as payment method

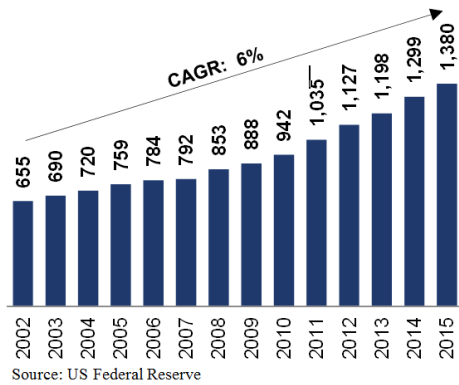
Over the past decades, new payment methods have emerged as direct competitors to cash: cheques, credit cards, mobile payments, etc. In the last 20 years, cash has lost over 15% of market share in transactions (source: Euromonitor International, 2015).

Worldwide consumer payment transaction split by method of payment (%)

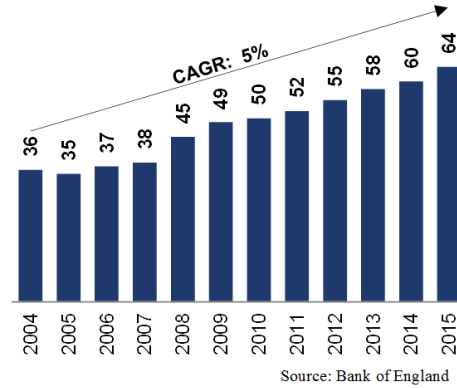


In spite of this declining trend in the percentage of cash payments compared to other alternative payment methods, the notional amount of cash in circulation has steadily grown in the last decade and continues this upward trend. GDP growth and inflation continuously increases value and the number of notes and coins in circulation. Even in Europe, where inflation is low, the total number of notes and coins has been rising at a fast pace (+5% YoY in 2016). In the Latin American countries (hereinafter, in this section, “**LatAm**”), given the high inflation in these markets, the total cash in circulation has historically grown and is likely to continue growing at a healthier pace than in Europe (source: Banco Central do Brasil, ECB, 2015).

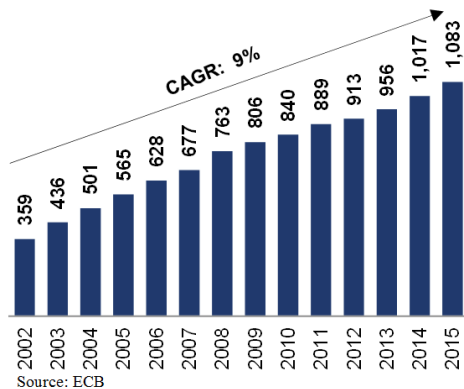
Use of cash in terms of value  
United States (billions of USD)



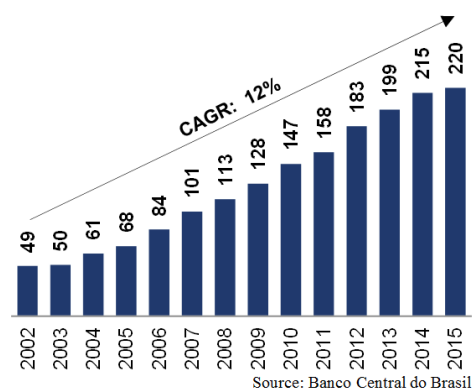
Use of cash in terms of value  
United Kingdom (billions of GBP)



Use of cash in terms of value  
Europe (billions of EUR)

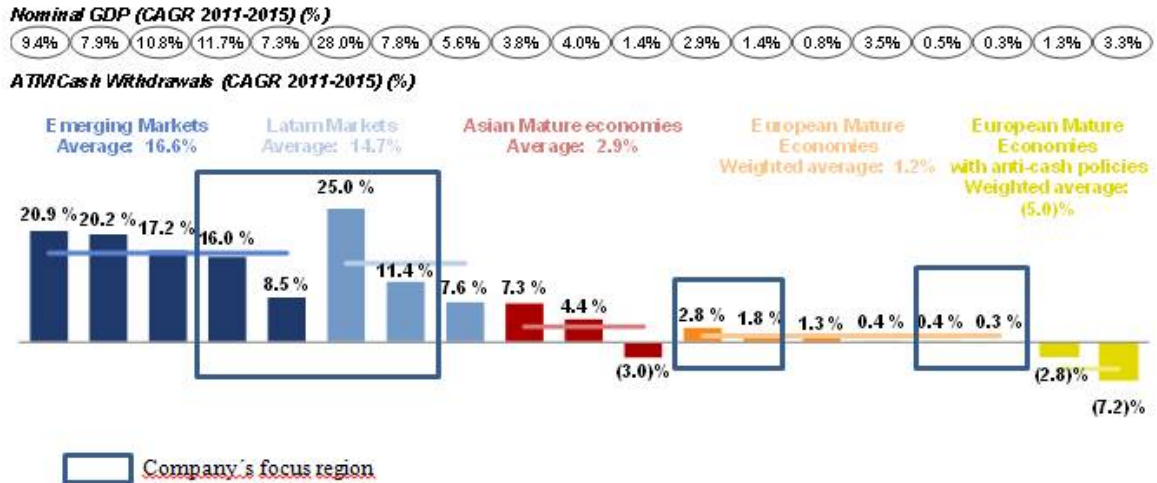


Use of cash in terms of value  
Brazil (billions of BRL)



Likewise, over the past 5 years, the value of ATM cash withdrawals (which can be used as a proxy for cash in circulation) has grown consistently across all countries except in the countries that had established anti-cash policies. This growth has been more remarkable in emerging countries, as the middle class, which has been growing over the past years in those countries continues to use cash as its primary payment method.

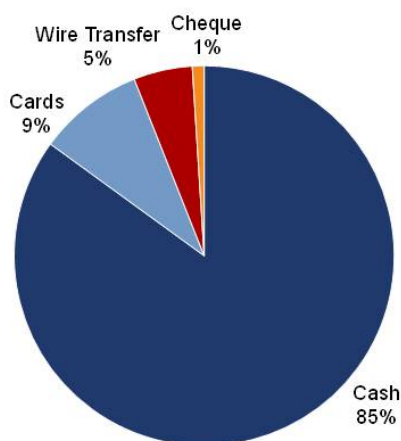
## ATM Cash withdrawals CAGR 2011-2015 (%)<sup>(1)</sup>



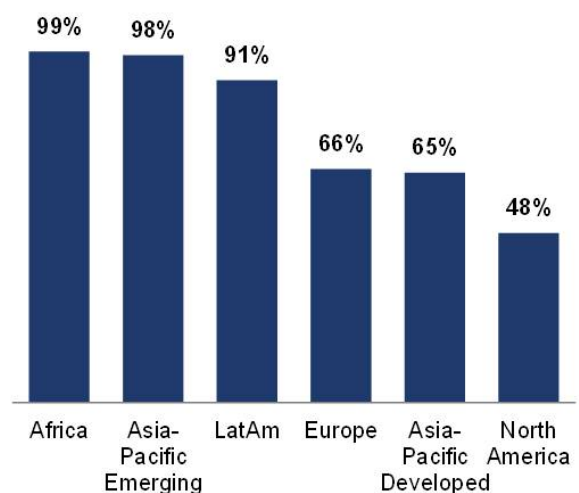
Source: Bank for International Settlements. Statistics on payment, clearing and settlement systems in the CPMI countries - Figures for 2015 - preliminary release as of September 2016. ECB. Statistical Data Warehouse. Source for GDP: International Monetary Fund current prices GDP in local currency.

<sup>(1)</sup> Countries from left to right: China, Russia, Turkey, India, South Africa, Argentina, Brazil, Mexico, Singapore, South Korea, Japan, Germany, France, Switzerland, UK, Portugal, Spain, Netherlands and Sweden. China and Japan are CAGR for 2011-2014 and are excluded from the weighted average due to unavailability of 2015 data.

### Payment methods breakdown



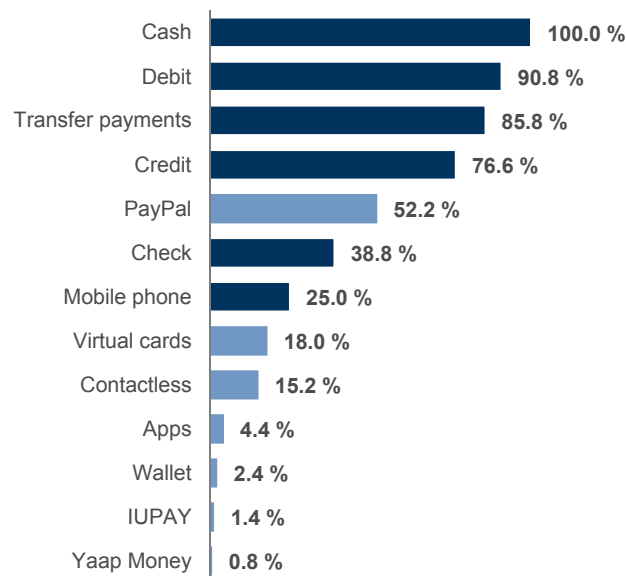
### In developing countries, cash is by far the most frequently used payment method



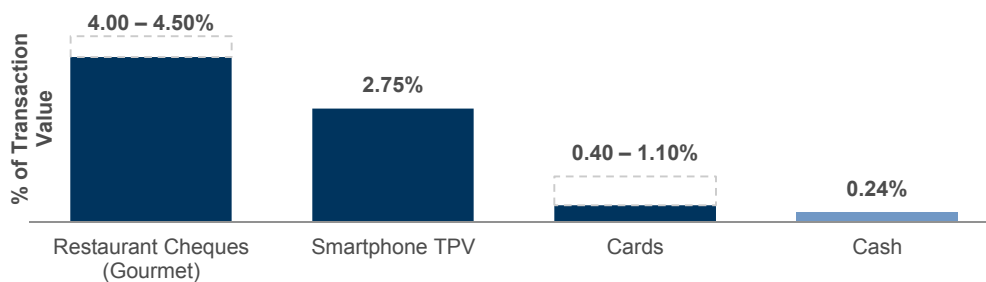
## Outlook

The use of cash entails certain unique benefits which make it likely that it will remain the most frequently used payment method for a long time:

- **Universality:** cash is the only payment accessible to all society. As an example, 100% of Spanish consumers used cash as a method of payment in 2015 (source: Survey “El futuro de los medios de pago en España”, PwC and IE Business School, 2015).



- **Trust:** cash is one of the most trusted payment methods, as it has the lowest fraud rate and appears as a safer payment method than credit or debit cards, and as such is frequently used for peer-to-peer transactions.
- **Privacy:** cash payments allow consumers to keep their consuming habits private as they do not have to share any contact or personal details when doing transactions (as opposed to checks or credit card payments).
- **Efficiency:** cash is the cheapest way of economic transaction as it does not involve any transaction costs (average of 0.24% of transaction value in the retail channel compared to 0.40-1.0% for credit cards and 2.75% for smartphones points of sale (source: ECB, The Social and Private Costs of Retail Payment Instruments, September 2012).

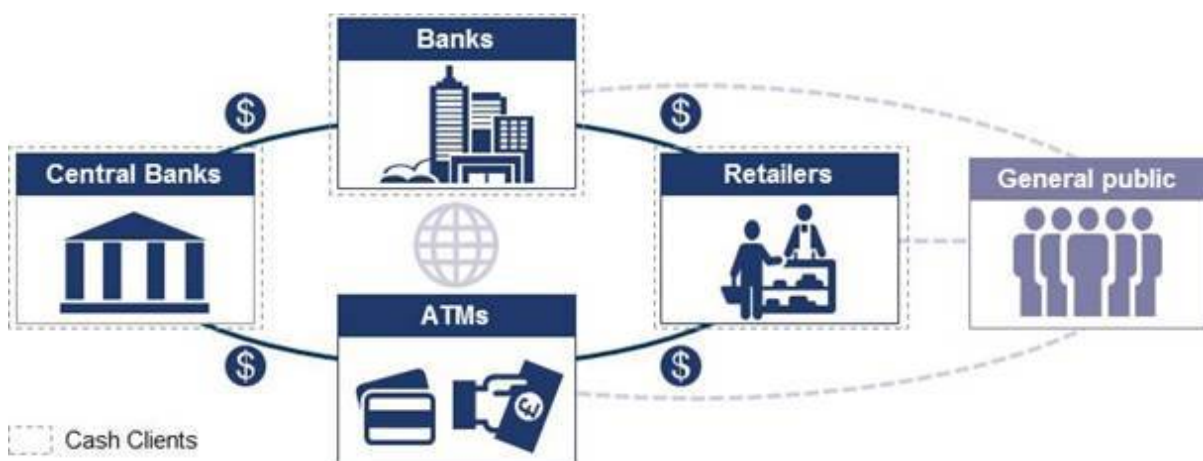


- **Seigniorage:** cash is the most efficient way of financing for any government, as governments receive free financing for the outstanding currency in circulation. As of October 2016, the value of euro notes in circulation was €1,072bn, approximately 10% of GDP of the Eurozone (source: European Central Bank).
- **Resilience:** cash is the most resilient method in case of a catastrophe. As an example, the German government has recently warned its population to stockpile cash (besides other basic products) in case of war, attack or catastrophe (source: The Frankfurter Allgemeine Sonntagszeitung, Aug-2016).

Many investors question the future of cash due to the advent of online, touch-pay and other alternatives to cash. However, a recent study carried out in seven countries reports that those who expect the end of cash in the near future are exaggerating: the development of infrastructures and bancarisation is still at a very early stage in emerging economies, and therefore does not constitute a significant risk for the use of cash in the medium term. For example, in 2015, one-in-two Argentinian consumers had a bank account, only half of these consumers had a credit card and only one-in-ten uses internet payments (source: World Bank, 2015). Even if other types of payments gain share, GDP growth and inflation continues to grow the size of the overall pie, driving the velocity of money and hence volumes in cash in circulation.

## The Cash industry

### *The cash cycle*



### *Cash key clients*

The Cash key clients are the following:

- *Commercial banks.* They are the principal customers in the emerging countries. Usually the companies enter into contracts with commercial banks which generally are on a countrywide basis for periods of approximately one to three years and which often include price adjustment mechanisms for inflation and corresponding wage increases.
- *Central banks.* Cash companies provide a variety of services linked to central banks such as the preparation of notes for cash recycling and storing stocks of notes belonging to the central bank. In most cases the central bank delegates an activity to commercial banks that then pay the Cash company to carry out particular services for them, but in other cases the central bank is the company's direct customer.
- *Retail sector.* Basic service demanded by retail customers typically cash pick-up and processing, counting, validation and deposit in the bank where the customer has its bank account. Services in an end-to-end offering also include in-store cash automation devices which accept, dispense and enable tracing of funds.

The banking sector is the primary user of Cash services, accounting for roughly two-thirds of demand in most national markets in 2015. The remaining share of the market is accounted for by retail firms and, to a much lesser extent public transportation, service businesses (e.g., casinos), institutions, and others. However, the retail sector, which remains underpenetrated in many local areas, is growing faster than the banking sector, which is undergoing consolidation (source: Freedonia 2017).

### *Main activities*

The main activities within the Cash industry are the following:

- *Logistics:* transportation of goods on land, by sea and by air.
- *Cash management:* management of cash services including, amongst others, counting, processing, fitness determination, custody, preparation and delivery of notes and coins and ATM loading and replenishment.
- *Outsourcing:*
  - Retail automation services (including, amongst others, cash deposit devices, recycling and distribution services and bill payment services).
  - Services on ATMs including, amongst others, management of physical cash balance at ATMs, branches and points of payment (PoP), reconciliation of cash machines, counting of cash, and management of cash and credit cards



replacement and planning, re-stocking, monitoring and first and second-level maintenance.

- Added value outsourced services (AVOS) for developing the traditional cash service.

AVOS include more value added cash services such as cash automation in clients, back office management, daily reconciliation, etc. AVOS also include qualified labour intensive activities outsourced for banks, such as mortgage files, online banking customer support, credit card support services, legal counselling, payments, or anti-money laundry compliance.

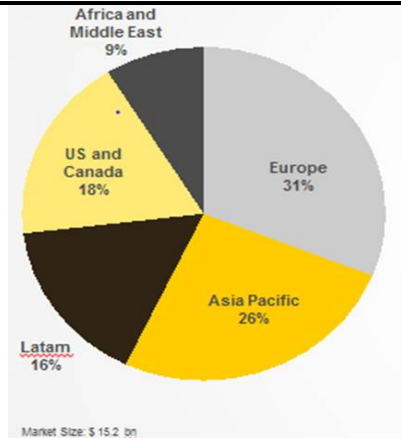
Product innovation and development of value added products with higher margins is one of the main industry challenges ahead. There is room for further improvement as cash management outsourcing is likely to grow, pushing up the share of value added services at the expense of low margin Cash revenues. The outsourcing levels for cash management in the financial industry remain very low. Despite growing demand for cash solutions outsourcing and the longevity of the business, Loomis estimates that in 2015, for the US market, for example, only 35% of the potential pool is outsourced. At the same time there are markets such as the UK, where cash management services outsourcing levels are close to zero (Goldman Sachs Research, *Europe: Business Services: Security Services*, June 2015).

### ***Size and growth outlook of the Cash industry***

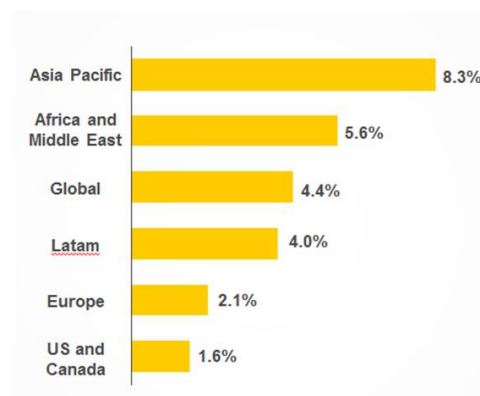
The total market size of the global Cash industry amounts to \$15.2 billion (source: Freedonia 2017). As shown on the graph below, LatAm represents a substantial proportion of the total Cash industry (16%), whereas this region only represents 7% of worldwide GDP (as of % of 2015 total GDP) (source: International Monetary Fund, World Economic Outlook Database, April 2016). The important weight of LatAm in the total Cash industry is due to the different dynamics of the Cash business in this specific region (importance of cash as a payment method, steady increase in cash circulation, lack of infrastructure and bank branches, criminal threat, etc.).

According to Freedonia 2017, the market is expected to grow at a global growth rate of 4.4% CAGR (in US\$) between 2015 and 2020E. Contrary to general belief in a decline of cash utilization, the cash services market is actually growing, and there are significant opportunities as banks outsource a rising share of cash handling. Additionally the retail market for cash services is growing driven by retail automation. Growth is expected to be higher in Asia- Pacific (8.3%), Africa and Middle East (5.6%), and LatAm (4.0%). In addition, consolidation in the European banking sector could increase further outsourcing of ATM and cash processing operations in that region.

2015 Market Breakdown by Region



Expected Cash market growth by geography (2015A-2020E)



Source: Freedonia 2017

### ***Key trends and growth drivers***

In addition to cash in circulation, global Cash market growth is supported by solid trends and fundamentals, being the main ones:

- *Positive macro dynamics.* Growth in gross domestic product as well as inflation (in particular in emerging markets) increase the amount of cash in circulation and therefore fuel the growth of the Cash market
- *Bancarisation, organised retail and automation of cash management.* Revenues in cash services depend mainly on cash inflows and outflows at bank branches, ATM withdrawals and spending at big and medium retailers. In countries with very low economic development cash utilization is very high, but the cash services sector is very small because most of the cash transactions take place in the informal economy. As emerging markets develop, people's access to bank products and services of the banking sector and large and medium retailers develop. That process is leading to a cash market growing above nominal GDP in local terms. As an example, in 2014, only 50% of adults in developing economies had a bank account (source: Global Findex database, 2014), leaving significant headroom for bancarisation to further expand and drive Cash market growth. In terms of organised retail, an increasing number of large and medium-sized retailers in developing regions demand cash management services, supporting Cash market growth
- *Increasing outsourcing trend.* Financial institutions and retailers are increasingly outsourcing their cash management services as part of cost optimization initiatives, which drives Cash activities up. The outsourcing trend can be divided into three main waves of outsourcing: (i) the first wave of outsourcing is mainly related to cash logistics, which were primarily outsourced by financial institutions to cash-in-

transit companies; (ii) the second wave of outsourcing relates to cash management services. As an example, during 2013 and 2014 Bank of America signed contracts with GardaWorld and Loomis to manage its cash processing and check imaging services in different locations across the US (source: Gardaworld (December 2013), Loomis (June 2014)); (iii) the third wave of outsourcing related to new products/services.

- *Emergence of new products/services.* Apart from the traditional cash activities such as cash logistics and processing and cash management that drive cash volumes up, the Cash market is also expected to grow thanks to new outsourcing services such as retail automation, end-to-end ATM management and AVOS (Added Value Outsourced Services) and new addressable markets such as valuable cargo (transportation of valuable goods), international transport of foreign currency and gold, or services to central banks.
- *Increasing focus on safety and security.* Growing insecurity, illustrated by the fact that between 2013 and 2014, the number of security incidents has increased by 48% (source: PricewaterhouseCoopers, Global State of Information Security Survey, 2015), reinforces the focus and demand for safe and secure services in particular when it comes to managing valuables
- *Consolidation opportunities.* The Cash sector is dominated by five players which together represent 60% of Cash market share, while the other 40% are in hands of more than 500 small local players, offering significant consolidation potential. There is a very clear trend towards local consolidation driven by economies of scale of market leaders and the risk that clients face whenever hiring a non-reliable or financially distressed cash service company. Several examples of countries where local consolidation has happened recently are Spain (Loomis acquired Efectivox in 2011), Brazil (Prosegur acquired Grupo Nordeste in 2012), Poland (Impel acquired Brinks and Kosalnet acquired G4S in 2012), Germany (Prosegur acquired Brinks and Ziemann acquired Unicorn in 2013), Canada (Garda acquired G4S in 2014), Switzerland (Loomis acquired ViaMat in 2014) and Australia (Armaguard acquired Brinks in 2014 and Prosegur acquired Toll and Cash Services Australia Pty Limited in 2016 and 2017, respectively) (source: Prosegur, Brinks, Loomis, G4S, GardaWorld filings).
- *Different regional dynamics.* As a result of different regional dynamics and different growth levels, the cash market growth is expected to be different from one region to another, with emerging markets driving the global demand for cash. Indeed, emerging markets, given their expected GDP growth and the outsourcing and bancarisation trends will be playing an important role in the development of the cash market in the future. Other more mature markets, such as the US or Northern Europe are expected to contribute in a lesser extent to cash market growth as both retail and banking sectors are already well developed and their GDP growth prospects are lower. Nevertheless, outsourcing trend and new product will support growth in mature markets.

### ***The relation between GDP, inflation and growth in the Cash industry***

In most of the countries where the Company operates, the growth of the Cash industry is correlated with macroeconomic trends, in particular with GDP growth. The more the GDP of an economy grows, the more the Cash business grows, as the Cash activity increases.

Besides benefitting from the growth of the countries in which the Company operates, the Company can also grow thanks to inflation, if it manages to pass on the inflation cost to its clients. This is only possible if the Company is able to re-price its services faster than the increase of its costs. This effect is even bigger in emerging markets where labour cost tends to grow faster than inflation.

Aside from the pass-through of inflation to prices, the existence of inflation has a positive impact on the business as (i) the notional amount of cash in circulation increases, and (ii) there is an incentive to move cash quickly. Those two positive impacts on the business enable cash handling companies to mitigate the negative effects of inflations on their performance such as currency devaluations.

### ***Competition***

The Cash industry is a sector characterized by its stable demand dynamics: as mentioned previously, despite the rise of alternative payment methods, there is still a constant need for cash and the absolute amount of cash in circulation continues to grow. The Cash business model (steady revenue base and increase of prices overtime, resilience of the business) makes it an attractive industry to enter in. However, the Cash industry also presents some challenges when entering into a new market:

- An initial capital investment required to run the business (significant investment in cash centres and armoured vehicles) deter potential new entrants.
- Initial lack of economies of scale leading to low productivity in Cash and high impact of the fixed costs of cash centres.
- A low client turnover makes it difficult for any new player in the industry to build a clientele.
- Clients' casualty aversion after several examples of frauds with material losses committed by new entrants to the Cash market constitutes an additional barrier for a potential new entrant.
- A strong regulatory framework which includes heavy insurance requirements and rigid government regulation is an additional barrier to entry.
- An increasing sophistication of services: cellular communication systems, tracking devices, transport vehicles being outfitted with high tech safes, imply significant IT capex that a new entrant might not be able to follow. There is a positive correlation

between market share and profitability, since as the market share increases, the operating resources can be deployed much more efficiently, mainly through increasing density of the routes of an armoured vehicle. Therefore, the marginal costs of the market leader are much lower than those of the smaller players. On-going and future consolidation is expected to bring scale and better pricing.

As a result of the above, the industry is composed by two types of players: (i) a few large multi-national firms, which have managed to increase both their revenues and margins in the past. Indeed, the aggregated revenues of the top 5 players in the industry have increased by 8.7% between 2014 and 2016, and the aggregated EBIT margin has increased by 210bps, going from 9.5% to 11.6% over the same period; (ii) the rest of the market is currently in the hand of more than 500 small players. The current structure of the cash industry offers significant consolidation opportunities.

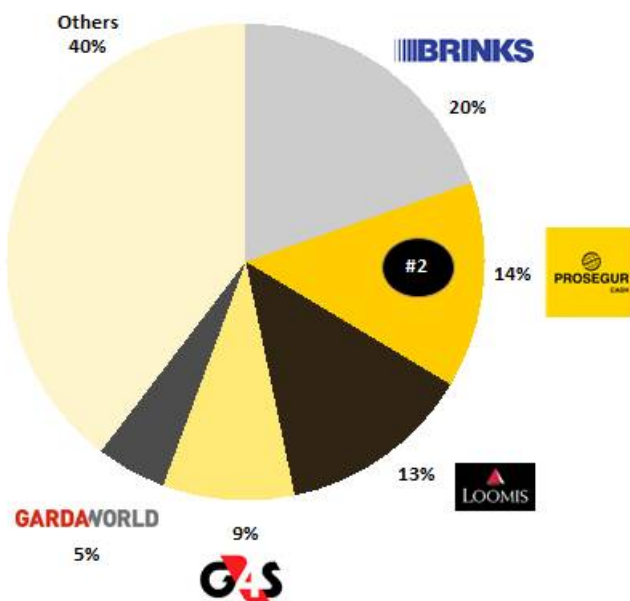
The five leading players have different regional footprints and sizes:

- Brinks (20% of global market share, listed company) operates mainly in North America and LatAm, with a market capitalisation as of 23 February 2017 of €2.5bn (FX rate of €/USD=0.94). For the year ended 31 December 2015 its revenues amounted to €2.7bn and its EBIT margin was 5.3% (source: Brink's company report converted at an, FX rate of €/USD=0.90). For the year ended 31 December 2016 its revenues amounted to €2.6bn and its EBIT margin was 7.1% (source: Brink's company report converted at an, FX rate of €/USD=0.90).
- Prosegur Cash (14% of global market share, to be listed as a result of the Offering): Focused on LatAm and Europe while growing in Asia and Africa. For the year ended 31 December 2015 its revenues amounted to €1.7bn and its Adjusted EBIT Margin was 18.0%. For the year ended 31 December 2016 its revenues amounted to €1.7bn and its Adjusted EBIT Margin was 18.6%.
- Loomis (13% of global market share, listed company) is focused on Nordic Regions and the US with a market capitalization as of 23 February 2017 of €2.2bn (FX rate of €/SEK= 0.11). For the year ended 31 December 2015 its revenues amounted to €1.7bn and its EBIT margin was 9.8% (source: Loomis company filings converted at an. FX rate of €/SEK= 0.11). For the year ended 31 December 2016 its revenues amounted to €1.8bn and its EBIT margin was 11.0% (source: Loomis company filings converted at an FX rate of €/SEK= 0.11).
- G4S (9% of global market share, listed company) is focused on UK & Ireland, Europe, Asia & Middle East and North America with a market capitalization as of 23 February 2017 (of total group) of €4.8bn (FX rate of €/GBP= 1.19). For the year

ended 31 December 2015 its revenues (of G4S Cash Solutions)<sup>1</sup> amounted to €1.2bn and its EBIT margin (of G4S Cash Solutions) was 12.5%.

- Garda World Security Corporation (5% of global market share, private company) is focused on the US and Canada.

**Cash global market share 2015 (%)<sup>(1)</sup>**



(1) Market share calculated based on 2015 companies' revenues

Source: internal estimates based on Freedonia 2017. Prosegur Cash market share includes South Africa and India.

<sup>1</sup> G4S company filings, FX rate of € / GBP = 1.38. G4S Cash Solutions figures are underlying results and therefore excludes portfolio businesses identified for sale or closure and the impact of exchange rates. Margin includes the allocation of corporate costs based on % sales.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis should be read together with the Consolidated Annual Accounts, including the accompanying notes, included in this Prospectus. The Consolidated Annual Accounts have been prepared in accordance with IFRS-EU as described in note 2 thereto. This discussion and analysis should also be read together with the information contained in "Business". Some of the information in the discussion and analysis set forth below and elsewhere in this Prospectus includes forward-looking statements that involve risks and uncertainties. See sections "Presentation of Financial and Other Information—Forward-Looking Statements" and "Risk Factors" for a discussion of important factors that could cause actual results to differ materially from the results described in the forward-looking statements contained in this Prospectus.*

### Overview

The Company was incorporated on 22 February 2016 to hold and develop the Cash business of the Prosegur Group, one of the leading global private security companies with over 40 years of experience in the Alarms, Security and Cash businesses.

The Company is one of the leading global providers of cash-in-transit and cash processing services to financial institutions, retailers, government agencies and central banks, mints, jewellers and other commercial operations around the world. The Company's global footprint extends to 15 countries (13 through its own operations and two through joint ventures) and it has the leading market position in terms of revenue in fast-growing markets such as Argentina, Brazil, Chile, Peru, Paraguay and Uruguay in Latin America and in more developed markets such as Spain and Germany in Europe (source: internal estimates based on Freedonia 2017 and public filings by competitors). As of 31 December 2016, the Group had 56,305 employees and its operations included approximately 9,000 soft-skin and armoured vehicles and over 550 branches and other operating facilities (including the Company's joint venture operations in India and South Africa). For the years ended 31 December 2016, 2015 and 2014 the Company had consolidated revenues of €1,724.3 million, €1,746.3 million and €1,663.1 million, respectively, consolidated results from operating activities of €385.4 million, €314.7 million and €280.2 million, respectively, and consolidated post-tax profit from continuing operations of €226.2 million, €208.1 million and €172.0 million, respectively.

The Company's principal services include logistics, cash management and outsourcing services.

As of 31 December 2016, 2015 and 2014 the Company's non-current assets were €878.1 million, €901.8 million and €1,142.7 million, respectively. By Cash business unit segments, as of 31 December 2016, 2015 and 2014, non-current assets allocated to the Latin America segment were €619.8 million, €534.9 million and €646.2 million, respectively; non-current assets allocated to the European Region segment were €138.3

million, €118.7 million and €147.6 million, respectively; and non-current assets allocated to the AOA segment were €120.0 million, €102.4 million and €98.5 million, respectively. By individual countries, as of 31 December 2016, 2015 and 2014, non-current assets allocated to Brazil were €378.9 million, €285.3 and €419.0 million, respectively; non-current assets allocated to Argentina were €82.9 million, €97.0 million and €98.5 million, respectively; non-current assets allocated to Germany were €70.5 million, €73.1 million and €77.9 million, respectively; and non-current assets allocated to Spain were €24.3 million, €15.9 million and €13.5 million, respectively. Non-current assets mostly include property, plant and equipment, goodwill and other intangible assets.

As of 31 December 2016, 2015 and 2014 the Company's current assets were €1,057.4 million, €1,261.0 million and €1,159.5 million, respectively. By cash business unit segments, as of 31 December 2016, 2015 and 2014, current assets allocated to the Latin America segment were €554.7 million, €450.4 million and €509.2 million, respectively; current assets allocated to the European Region segment were €136.7 million, €162.2 million and €198.1 million, respectively; and current assets allocated to the AOA segment were €72.8 million, €22.6 million and €21.3 million, respectively. Current assets mostly include non-current assets held for sale, trade and other receivables, current receivables from Prosegur Group companies and cash and cash equivalents.

The Company held non-current liabilities of €839.0 million, €257.3 million and €427.5 million as of 31 December 2016, 2015 and 2014, respectively, mostly consisting of financial liabilities and provisions. The Company held current liabilities of €911.0 million, €948.3 million and €723.8 million as of 31 December 2016, 2015 and 2014, respectively, mostly consisting of trade and other payables, financial liabilities, current tax liabilities, current payables with Prosegur Group companies and liabilities held-for-sale.

## **Segment Reporting**

The Company organizes its activities into three geographical operating segments:

- the Latin America segment, which consists of Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru and Uruguay;
- the European Region segment, which consists of Spain, Germany, France and Portugal; and
- the AOA segment which consists of Australia; and the Company's joint ventures in India and South Africa.

Each segment supplies products and services in a specific economic environment subject to risks and returns that may differ from other segments. Each segment is allocated the costs it incurs directly.



Notwithstanding the above, for financial reporting and consolidation purposes, the Company considers Luxemburg as part of the European Region. Luxemburg is a non-operating jurisdiction in which Pitco Reinsurance, S.A. is located.

See section “*Business*” for further details on the description of each operating segment.

### **Factors Affecting the Comparability of the Company’s Results of Operations**

As a result of the following events, the Company’s business, financial condition and results of operations as of and for certain of the financial periods presented in the Consolidated Annual Accounts may not be directly comparable.

#### ***Carve-out transactions***

As a consequence of the Carve-out, all net assets related to non-Cash businesses (hereinafter in this section, “Non-Cash assets”) (except for the Brazilian Security Business) held by companies within the Group were transferred to the Prosegur Group and all net assets related to Cash businesses held by the Prosegur Group were transferred to the Group progressively during 2015 and 2016. These assets were contributed to the Prosegur Group or the Group, as applicable, at the consolidated book value at Prosegur Group of each one and the sales of such assets were executed at market prices determined on the basis of third-party appraisals for each asset.

In the Consolidated Annual Accounts, assets are classified as non-current assets held-for-sale on the consolidated statement of financial position when certain conditions are met as specified in IFRS 5. In accordance with IFRS-EU, all income, expenses and cash flows related to these held-for-sale assets up to the date of sale are shown as discontinued operations on the consolidated statement of profit and loss and consolidated statement of cash flow of all years presented. See Note 15 of the Consolidated Annual Accounts.

The Non-Cash net assets classified as held-for-sale at 31 December 2014 (with a carrying amount of €18.7 million as at 31 December 2014 and corresponding entirely to subsidiaries in Brazil and Uruguay) were sold during 2015. These sales resulted in a loss for the Company from discontinued operation amounting to €6.9 million. The Non-Cash net assets classified as held-for-sale at 31 December 2015 (with a carrying amount of €141.2 million as at 31 December 2015) were sold during 2016. The Company recorded a €30.9 million loss from discontinued operations, as a result of these sales.

On 1 January 2016, the Brazilian Security Business and certain real estate located in Argentina (which had been acquired as investments during periods of severe macroeconomic instability and foreign exchange restrictions in Argentina) were classified as held-for-sale due to the high likelihood of them being sold pursuant to the selling plan approved by the Company’s management for these assets (in particular, real estate assets were available for immediate sale on that date). Administrative procedures required to carve-out the Brazilian Cash Business from the Brazilian Security Business

under Brazilian law have been ongoing in 2016. While there is no guarantee that all such actions will be completed in 2017, it is the Company's current expectation to do so. All income and expenses related to the Brazilian Security Business are shown as discontinued operations on the consolidated statement of profit and loss for all years presented (2016, 2015 and 2014) and all income and expenses related to Argentinian real estate are shown as continued operations on the consolidated statement of profit and loss for the year ended 31 December 2016. See "*Factors Affecting the Comparability of the Company's Future Results of Operations – Non-current assets held for sale*".

In addition, in 2016 the Company sold certain operating real estate assets to the Prosegur Group. Those assets appear as held-for-sale in the statement of financial position as of 31 December 2015 with a carrying amount of €61.5 million (due to the high likelihood of them being sold pursuant to the selling plan approved by the Company's management for these assets) and as non-current assets in the statement of financial position as of 31 December 2014. The Company's consolidated statements of profit and loss for the years ended 31 December 2014 and 2015 include amortization expenses for those assets.

Furthermore, the Company sold certain of the investment real estate assets in Argentina to third parties on 12 January 2017 (these transactions resulted in a loss of €0.3 million) and other such properties to the Prosegur Group on 23 February 2017 (these transactions resulted in a profit of €2.3 million). Those assets appear as non-current assets in the Company's consolidated statements of financial position as of 31 December 2014 and 2015 and as non-current assets held for sale in the Company's consolidated statement of financial position as of 31 December 2016 (with a carrying amount of €65.8 million).

The consolidated statements of profit and loss for the years ended 2014 and 2015 reflect amortization expenses and rental income for those buildings, whereas the consolidated statement of profit and loss for the year ended 31 December 2016 reflects rental income and expenses for those buildings as continued operations. See "*Factors Affecting the Comparability of the Company's Future Results of Operations – Non-current assets held for sale*".

### ***Acquisitions and divestments***

The Company and the Prosegur Group entered into certain acquisitions and joint venture agreements for the prices indicated in the years ended 31 December 2016, 2015 and 2014. In 2016, the Company acquired MIV Gestión, S.A. (€1.1 million) in Spain, the Cash division of the Toll Group (€11.8 million) in Australia and Procesos Técnicos de Seguridad y Valores S.A.S. (€0.2 million) in Colombia. In 2015, Prosegur acquired Ciser (€0.3 million) and the HP Business Unit (€2.2 million) both in Spain. In 2014, Prosegur acquired Transvig (€5.6 million) in Brazil and the Chorus Group (€1.7 million) in Germany. Goodwill was recognised for all these acquisitions. Further, in 2016, Prosegur acquired a joint venture interest in South Africa (€18.3 million) and a portfolio of ATM service contracts from Scientific Security Management Services in

India (€2.4 million). The acquisitions made by Prosegur were transferred to the Company pursuant to the Carve-out and are included in the Consolidated Annual Accounts from their respective dates of completion and, as a result, affect the comparability of the periods presented in the Consolidated Annual Accounts.

In 2016, the Company sold its stake in Sociedad de Distribución Canje y Mensajería Ltda. for €2.2 million in Chile. The Company recorded €0.3 million as post-tax loss from continuing operations as a result of this transaction.

### **Factors Affecting the Comparability of the Company's Future Results of Operations**

As a result of the following events, the Company's business, financial condition and results of operations as of and for certain of the financial periods presented in the Consolidated Annual Accounts may not be directly comparable with its financial condition and results of operations as of and for future periods.

#### ***Acquisitions***

The Prosegur Group has a history of growing its Cash business line via acquisitions and the Company's strategy is to continue growing through acquisitions (see section "*Business—Investment Highlights*"). Therefore, the information included herein regarding the Company's current business may not be indicative of its future business, financial condition or results of operations. The acquisition of additional assets will affect the Company's revenue and operating profit, which may make comparisons between periods difficult. The Company, as of the date of this Prospectus, is pursuing additional acquisition opportunities.

#### ***Non-current assets held-for-sale***

The Company holds certain assets which are not part of the Cash business and which the Company intends to sell. These assets are presented in the Consolidated Annual Accounts at their cost less accumulated depreciation under "non-current assets held-for-sale" on the consolidated statement of financial position at 31 December 2016 and 2015. As of 31 December 2016 and 2015, non-current net assets held for sale amounted to €81.9 million and €202.8 million, respectively.

These assets include all the net assets related to the Brazilian Security Business (with a carrying amount of €16.1 million as of 31 December 2016). The net results of the Brazilian Security Business are presented as loss from discontinued operations, net of tax, in the consolidated statement of profit and loss for the years ended 31 December 2016, 2015 and 2014.

These assets also include, as of 31 December 2016, certain real estate investment properties held by the Company in Argentina. Pursuant to the sale agreement described in "*Related Party Transactions – Related Party Transactions with the Company's*

*Shareholders*”, those real estate assets (except for a small portion sold to third parties on 12 January 2017 for a price of €2.7 million), were sold to the Prosegur Group on 23 February 2017 for a total price of ARS1,110 million (approximately €67.4 million) determined on the basis of a third-party appraisal of current market prices. This sale had an indirect tax cost for the Company of ARS69.74 million (approximately €4.8 million). A profit of €2.3 million was recorded at consolidated level of the Group as a result of the sale of real estate assets to the Prosegur Group, and a loss of €0.3 million was recorded as a result of the sale to third parties. The Company will use the proceeds of this transaction (€62.6 million) (net of taxes) to partially repay the drawdown of the RCF made on 20 February 2017.

### **Factors Affecting the Company’s Results of Operations**

The Company’s results of operations and financial condition are affected by a variety of factors, a number of which are outside of its control. Set out below is a discussion of the most significant factors that have affected the Company’s results during the periods under review and which the Company expects to affect its financial results in the future. Factors other than those set forth below could also have a significant impact on the Company’s business, financial condition and results of operations in the future. See section “*Risk Factors*”. There may be additional factors affecting the Company’s financial condition and results that it is as yet unaware of. See section “*Risk Factors—Risks Related to the Recent Creation of the Company and the Carve-out—The Company has a limited history as a stand-alone company and there is no assurance it will be as profitable as the Cash business has been in the past*”.

#### ***Business and political conditions in key markets***

The demand for the Company’s services may decrease as a result of business or political conditions in the countries where it operates. Although the Company’s business was not materially adversely affected by business or political conditions during the period under review, there is a risk that such conditions may materially adversely impact its business in the future as political and economic instability has occurred in the recent past in key countries of the Company’s operations.

#### ***Regulatory developments***

The Company’s business is highly regulated and the changing regulatory environment has affected, and may continue to affect, the Company’s results of operations in a number of ways. For example the Company is subject to licence fees which are periodically revised and can vary in terms of length (indefinite or temporary) and cost on a region-by-region basis in the countries where it operates. Also, certain countries may impose restrictions on foreign ownership of private security companies or strengthen restrictions currently in place, which may limit the Company’s ability to invest and operate in those countries. In addition, the Company is subject to extensive labour and other regulation in many countries where it operates, particularly Brazil, which restricts the Company’s operating flexibility and may impose additional costs on

its business. For further information on the Company's regulatory environment and a number of specific regulatory initiatives and frameworks that can have a significant impact on its business, financial condition, results of operations and prospects, see sections "*Risk Factors—Legal, Regulatory and Compliance risks*", "*Risk Factors – The Company operates in a highly regulated environment*" and "*Regulation*".

### ***Pricing of services***

The Company's commercial strategy must take into account pricing of its services to remain competitive. Price is also an important factor for many of the Company's customers and given the main peers of the Company offer similar services, the Company is often exposed to strong price competition. How the Company prices its services will depend on multiple factors such as macroeconomic conditions, competitive forces, customer type and service type. Despite fluctuating macroeconomic conditions in many of the Company's key markets, the Company's pricing strategy has in part driven the continued increases in revenues.

The Company takes a selective approach to the pursuit of business opportunities in order to ensure it can charge prices that allow it to achieve the margins it targets. The Company targets its pricing to produce certain fixed minimum margins of profitability that are driven by the volume of services requested by the customer. The Company is able to adapt its pricing as the majority of its operating expenses are semi-variable (such as subcontracting costs, temporary employees and fuel and operating materials, such as security seals, bags etc.) which enables relatively quick price adjustments. If factors other than volume, such as competitor pricing, drive pricing levels below the Company's target, the Company has a policy requiring that any price quotes to be made below the Company's pricing target must first be authorized by its national business unit managers or commercial director. The selection of business opportunities and monitoring and adaptation of pricing helps enable the Company to remain price competitive in the markets where it operates.

### ***Exchange rates fluctuations***

The Company's Consolidated Annual Accounts are presented in euros, but its operations outside the Eurozone account for a significant portion of its revenues. For the year ended 31 December 2016, the majority of the consolidated revenue generated by the Company was derived in non-euro currencies, mainly the Brazilian real, the Argentine, Colombian, Chilean and Mexican peso, the Peruvian sol and the Australian dollar.

The currencies of countries where the Company operates, such as Brazil and Argentina, have experienced substantial devaluations and volatility in recent years, and the Company's revenues from customers will decline in value if the local currencies depreciate relative to the euro. The Company does not utilize hedging strategies to address the effects of exchange rate fluctuations on its financial condition or performance. In addition, the Company's exposure to losses resulting from exchange

rate fluctuations may be increased if it becomes subject to exchange rate control regulations that restrict its ability to convert local currencies into euros.

The table below shows the evolution of the currencies of the main countries where the Company operates against the euro for the years indicated.

|                        | For the year ended 31 December |          |         |          |         |          |
|------------------------|--------------------------------|----------|---------|----------|---------|----------|
|                        | 2016                           |          | 2015    |          | 2014    |          |
|                        | Average                        | Year End | Average | Year End | Average | Year End |
| Brazilian real .....   | 3.9                            | 3.4      | 3.7     | 4.3      | 3.1     | 3.2      |
| Argentine peso.....    | 16.3                           | 16.8     | 10.2    | 14.3     | 10.7    | 10.3     |
| Colombian peso.....    | 3,379.5                        | 3,163.1  | 3,040.6 | 3,428.8  | 2,650.0 | 2,904.7  |
| Mexican peso.....      | 20.7                           | 21.8     | 17.6    | 18.9     | 17.7    | 17.9     |
| Chilean peso .....     | 748.6                          | 703.4    | 725.5   | 770.1    | 756.7   | 737.4    |
| Peruvian sol.....      | 3.7                            | 3.5      | 3.5     | 3.7      | 3.8     | 3.6      |
| Australian dollar..... | 1.5                            | 1.5      | 1.5     | 1.5      | 1.5     | 1.5      |

Source: *Oanda*

### ***Fluctuations in volume***

The Company's profitability depends largely on the volume of cash it transports and manages. This is affected by a number of factors which include the amount of cash in circulation, changes in the cash distribution network of bank branches and ATMs, the frequency of pick-ups and deliveries at banks, ATMs and retailers and customer outsourcing trends.

If the amount of cash in circulation increases, the potential volume of cash to be transported and managed by the Company increases. By contrast, when the economic cycle is in a recessionary period there is less cash in circulation and in turn less cash available to be transported and managed by the Company. The amount of cash in circulation and cash usage is also subject to change as a result of the development of alternative methods of transacting in the economy. In recent years, there has been an increase in the number of cashless transactions, which have increased their market share in terms of number of payments relative to transactions using cash. However, in the countries where the Company operates, there has been growth in consumption and increases in inflation rates which have partially offset this trend. As a result, in the countries where the Company operates, there has been no decrease in the use of cash as a means of payment (source: Bangor University, UK).

The number of banks, bank branches and ATMs that use the Company's services also affect the profitability of the Company as banks play a large role in the availability of cash. Recent demand for Cash services in the banking sector has been affected due to the consolidation of bank branches and ATMs and a reduction in the number of stops which the Company is contracted to make to those downsized networks. However, a decrease in the number of bank branches does not necessarily entail a decrease in the aggregate demand for the Company's Cash services, because a lower number of branches tends to be offset by higher cash needs by each of the remaining branches. That has been the case, for example, in Spain, where a contracting banking network in

recent years has not resulted in lower demand for the Company's Cash services. There is no assurance, however, that that will be the case at all times. Furthermore, the decrease in the banking sector has been partially offset by increases in the volume seen in the retail sector. In particular, medium-to-large retailers (who have been less affected by recent economic pressures) have increased their demand for Cash services.

Lastly, volume is driven by the level of outsourcing by customers. For example, most banks still use their own personnel to manage ATMs at the branch level, but there is a growing trend to outsource this management to Cash service providers, including the Company. In particular, the Company has seen growth in the rate of outsourcing in Australia, benefitting the Company.

### ***Effects of productivity***

The number of stops per hour that a vehicle is able to perform and the number of notes per hour that personnel are able to count and process, are key drivers of cost and efficiency and therefore the profitability of the Company. Lower volumes of stops and notes handled adversely affect these productivity indicators.

Further, the number of stops per hour made by the Company on a particular route affects the profitability of that particular route. The more stops made by the vehicle, the more profitable the route, as the Company can charge its customers for each stop made. When fewer stops are made, revenue decreases but the associated costs of the route (including fuel and personnel costs) do not decrease correspondingly (or not at all), and this makes the route less profitable.

The "density" of the branch network in the areas in which the Company operates is thus crucial for its profitability. In areas with a high density of bank branches, for example, the number of stops per hour tends to be higher with no meaningful cost difference, and therefore the Company's operations are more profitable than in areas where bank branches are more spread out.

### ***Effects of inflation***

The Company operates in certain countries with high rates of inflation, which can affect its costs and profits. Salaries, for example, are closely linked to inflation because collective bargaining agreements typically provide for revisions based on the rate of inflation. The Company benefits from inflation if it is able to re-price its services faster than the increase in its costs. The Company typically conducts a periodic price review of the services offered in Latin America, in part to account for inflationary effects. Some contracts include an inflation pass-through clause which allows the Company to revise its prices in line with inflation, but even when the contract does not include such a clause the Company is often able to renegotiate its prices to take account of current inflation rates. In addition, higher inflation rates may have a positive effect on the Company's business because the notional amount of cash in circulation increases and because there is a stronger incentive to move cash quickly. Further, inflation acts as a

natural hedge against currency depreciation. However, if inflation results in increases in costs but no corresponding increases in revenues, the Company's profitability would be adversely affected.

The table below shows the evolution of inflation in the main countries where the Company operates for the years indicated.

|                | For the year ending 31 December, |      |       |
|----------------|----------------------------------|------|-------|
|                | 2016                             | 2015 | 2014  |
|                | (in %)                           |      |       |
| Brazil.....    | 7.2                              | 10.7 | 6.4   |
| Argentina..... | 39.4                             | 29.5 | 23.9  |
| Spain.....     | 0.7                              | –    | (1.0) |
| Germany.....   | 1.2                              | 0.3  | 0.0   |
| France.....    | –                                | 0.3  | 0.1   |
| Colombia.....  | 6.0                              | 6.8  | 3.7   |
| Chile.....     | 3.5                              | 4.4  | 4.7   |
| Peru.....      | 2.9                              | 4.4  | 3.2   |
| Australia..... | 1.6                              | 1.7  | 1.6   |

Source: International Monetary Fund (for all countries except Argentina) and Wise (for Argentina).

### ***Effects of interest rates***

The Company pays interest on its loans and other interest-bearing liabilities. During the years ended 31 December 2016, 2015 and 2014 interest paid was principally relating to a debenture issued in Brazil in April 2012, a syndicated loan in Australia granted in December 2013 and certain loans in Germany issued in 2014. The debenture in Brazil and the syndicated loan in Australia were repaid in 2016. On 20 December 2016 the Company entered into the Loan Agreement and on 10 February 2017 the Company entered into the Revolving Credit Facility. As a result, the Company's interest payments will be higher in 2017 than in the recent past. In addition, the Company in the future may enter into new loans and incur other interest-bearing liabilities, any of which may incur interest rates which are less favourable to the Company than its present arrangements.

### **Critical Accounting Policies and Estimates**

The preparation of the Company's financial statements requires it to make certain estimates, judgments and assumptions under IFRS-EU that it believes are reasonable based upon the information available. These estimates, judgments and assumptions affected the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. The Company believes that, as reflected in the Consolidated Annual Accounts for the year ended 31 December 2016, the following significant accounting policies involve a high degree of judgment: business combinations; impairment of property, plant and equipment, intangible assets and investment property; available-for-sale financial assets; non-current assets held for sale and associated liabilities;



recognition and measurement of provisions and contingencies; recognition and measurement of deferred tax asset; consolidation and leases.

The accounting policies and estimates described below are substantially consistent with the ones described in the Consolidated Annual Accounts for the year ended 31 December 2016. See Note 32 to the Consolidated Annual Accounts for the year ended 31 December 2016 for a more detailed description of such accounting policies.

***Business combinations: determination of provisional fair values and related goodwill***

The Company applies the acquisition method for business combinations. At the acquisition date the Company recognises the assets acquired and liabilities assumed at fair value.

Goodwill represents the excess of the cost of acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary on the date of acquisition. Goodwill is recognized as an asset denominated in the currency of the company acquired and is tested for impairment annually or more frequently if there are certain events or changes indicating the possibility that the carrying amount may not be fully recoverable.

For impairment testing purposes, goodwill is allocated to cash-generating units (CGUs) that are expected to benefit from the business combination from which the goodwill arose. The potential impairment loss is determined by assessing the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. To estimate value in use, the Company prepares forecasts of future pre-tax cash flows based on the most recent budgets approved by management. These budgets incorporate the best available estimates of income and expenses of the CGUs using past experience and future expectations. These budgets have been prepared for the next four years and future cash flows have been calculated by applying estimated non-increasing growth rates that do not exceed the average long-term growth rates for the business in which the CGU operates. Budgeted performance is based on past performance and market outlook.

Cash flows are discounted to calculate the present value at a rate reflecting the cost of capital of the business and of the geographical area where the business is carried out. The Company considers the present value of money and risk premium calculations currently in general use among analysts for the geographical area.

If the recoverable amount is less than the carrying amount, the difference is recognised under impairment in the consolidated statement of profit and loss. Impairment losses on goodwill are not reversible.

Along with the analysis of impairment, the Company also performs a sensitivity analysis on goodwill.

***Impairment of property, plant and equipment, intangible assets and investment property: assumptions used to calculate recoverable amounts***

Assets subject to depreciation are tested for impairment provided that an event or change in circumstances indicates that their carrying amount might not be recoverable. An impairment loss is the difference between the carrying amount of an asset and its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. For impairment testing purposes, assets are grouped together at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impaired non-financial assets other than goodwill are reviewed for any reversals of that impairment at each reporting date.

To estimate value in use, the future cash flows that the assets or the corresponding CGU is expected to generate are projected and then discounted to their present value using a discount rate that reflects the current time value of money and the risks specific to the assets. The projection of such cash flows and the determination of the applicable discount rate inherently involve a high degree of judgment and uncertainty and are subject to change due to general market conditions.

To calculate impairment, the Company takes into consideration projected cash flows based on business plan approved by management. These budgets have been prepared for the next four years and future cash flows have been calculated by applying estimated non-increasing growth rates that do not exceed the average long-term growth rates for the business in which the CGU operate.

***Assumptions used to calculate fair values***

Prosegur Cash has established a control framework with respect to determining fair values. This framework includes a measurement team, reporting directly to Financial Management, with general responsibility over the supervision of all relevant fair value calculations.

On a regular basis the measurement team reviews significant unobservable criteria and measurement adjustments. If third-party information is utilized in determining fair values, such as price-fixing or broker quotations, the measurement team verifies the compliance of such information with the IFRS-EU and the level in the fair value hierarchy by which such measurements should be classified.

Significant measurement issues are reported to the Board of Directors.

In determining the fair value of an asset or liability, Prosegur Cash 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: variables 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: variables 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 the fair value hierarchy, the fair value measurement is classified in its entirety into the same level of the fair value hierarchy, corresponding to the significant input data level for the complete measurement presented by the lower level.

### ***Non-current assets held for sale and associated liabilities***

Non-current assets or disposal groups are classified as non-current assets held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. Non-current assets or disposal groups are classified as held for sale, provided that they are available for sale in their present condition subject to terms that are usual and customary for sales of such assets and that the transaction is highly probable.

Non-current assets or disposal groups classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell. See “*Assumptions used to calculate fair values*”.

Impairment losses on initial classification and subsequent remeasurement of assets classified as held-for-sale are recognised under profit and loss from continuing operations in the consolidated statement of comprehensive income, unless it is a discontinued operation. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

### ***Recognition and measurement of provisions and contingencies: assumptions used to determine the probability of occurrence and the estimated amounts of outflows of resources***

Provisions cover present obligations at the reporting date arising as a result of past events which are expected to give rise to a loss for the Company, and which are considered certain as to their nature but uncertain as to their amount and/or timing. Provisions are recognised as expenses through the consolidated statement of profit and loss during the period that can be reasonably estimated.

Provisions for restructuring and litigation are recognised when:

A present legal or constructive obligation as a result of a past event exists.

It is more likely than an outflow of resources embodying economic benefits will be required to settle the obligation.

The amount of the obligation has been estimated reliably.

When there are a number of similar obligations, the probability that a cash outflow will be required to settle the obligation is determined considering the type of obligations as a whole. Provision is made even though the probability of a cash outflow compared to any item included in the same class of obligation may be low.

Restructuring provisions include lease cancellation penalties and employee severance payments. Provisions are not recognised for future operating losses.

Management estimates provisions for future claims based on historical information on claims and recent trends which could suggest that past information on the cost could differ from future claims. Additionally, management engages various external labour, legal and tax advisors to provide independent analysis for management's use in determining best estimates.

Given the uncertainties inherent in the estimates used to determine the amount of provisions, actual outflows of resources may differ from the amounts recognised originally on the basis of the estimates.

Provisions are measured at the present 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. The increase in the provision due to the passage of time is recognised as an interest expense.

***Recognition and measurement of deferred tax assets: estimates and assumptions used to assess the recoverability of tax credits***

The deferred tax assets are calculated using the balance sheet method on the basis of the temporary differences that arise between the tax base of assets and liabilities and their carrying amounts in the Consolidated Annual Accounts, according to the tax laws and tax rates that have been enacted or substantially enacted at the reporting 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 probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are recognised for temporary differences which arise in investments in subsidiaries and associates, except when the Company is able to control the timing of the reversal of the temporary difference and it is not probable that the temporary difference will reverse in the foreseeable future.

The recognition of tax assets and liabilities depends on a series of factors, including estimates as to the timing and realization of deferred tax assets and the projected tax payment schedule. Actual income tax receipts and payments could differ from the estimates made by de Company as a result of changes in tax legislation or unforeseen transactions that could affect tax balances.

***Consolidation: determination of the control relations***

Subsidiaries, including structured entities, are those controlled by the Company, directly or indirectly. The Company controls a subsidiary when as a result of its involvement therein it is exposed or entitled to variable returns and has the ability to influence such returns via the power exercised on said entity. The Company holds the power when it holds substantive powers in force which provide it with the ability to manage relevant activities. The Company has exposure or rights to variable returns for its involvement in the subsidiary when the returns obtained from said involvement may vary according to the entity's economic performance.

***Leases: classification of leases***

The determination of whether an arrangement constitutes or contains a lease is based on the analysis of the nature of the agreement and requires assessing whether the fulfilment of the obligation thereunder is dependent on the use of a specific asset and whether an agreement conveys the right to use the assets.

Under IAS 17, leases are classified as operating leases when substantially all of the risks and rewards relating to ownership of an asset are attributable to the lessor. If the lease meets these criteria the related costs, net of incentives granted by the lessor, are expensed on a straight line basis over the term of the lease through the consolidated statement of profit and loss. Those lease agreements that transfer substantially all of the risks and rewards incidental to the ownership of the underlying asset to the lessee are classified as finance leases.

The Company is currently analysing the potential impact of the first-time application of IFRS 16 on its financial statements. See section "*Presentation of Financial and Other Information*" for more details.

**Alternative Performance Measures**

This Prospectus contains certain alternative performance measures, or "APMs" that are not defined or recognised under IFRS-EU, including "Adjusted EBITDA", "Adjusted EBIT", "Adjusted EBIT Margin", "EBITDA", "Cash Flow Conversion Rate", "Organic Growth", "Inorganic Growth", "Effect of exchange rate fluctuations" and "Net Financial Debt".

The Company uses these measures because it believes that they contribute to a better understanding of the Company's results of operations by providing additional

information on what the Company considers some of the drivers of its financial performance. Furthermore, the Company believes that these measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity in comparing the performance of businesses on a consistent basis, which can vary significantly depending upon accounting methods. Other companies may calculate these measures differently or may use such measures for different purposes than we do, limiting the usefulness of such measures as comparative measures.

The APMs should not be considered in isolation and investors should not consider such information as alternatives to revenue, profit before tax, cash flows from operations or indebtedness calculated in accordance with IFRS-EU, as indications of operating performance or as measures of the Company's profitability or liquidity. Such financial information must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS-EU included elsewhere in this Prospectus. Investors are cautioned not to place undue reliance on these APMs and are also advised to review them in conjunction with the Consolidated Annual Accounts included elsewhere in this Prospectus.

The Company believes that the description of these management measures in this Prospectus follows and complies with the European Securities and Markets Authority Guidelines on Alternative Performance Measures (APM) dated 5 October 2015.

### ***Adjusted EBITDA***

The Company calculates Adjusted EBITDA as EBITDA less items not assigned to geographical segments. The table below sets forth the Company's Adjusted EBITDA for the periods indicated:

| Adjusted EBITDA   | 2016                | 2015         | 2014         |
|---|---------------------|--------------|--------------|
|   | (Millions of Euros) |              |              |
| EBITDA.....   | 447.2               | 384.6        | 348.1        |
| Less: items not assigned to geographical segments ..... | 64.9                | 2.6          | 0.7          |
| <b>Adjusted EBITDA.....</b>                             | <b>382.3</b>        | <b>382.0</b> | <b>347.4</b> |

### ***Adjusted EBIT***

The Company calculates Adjusted EBIT as EBIT less items not assigned to geographical segments. The table below sets forth the Company's Adjusted EBIT for the periods indicated:

| Adjusted EBIT   | 2016                | 2015         | 2014         |
|---|---------------------|--------------|--------------|
|   | (Millions of Euros) |              |              |
| EBIT (results for operating activities).....            | 385.4               | 314.7        | 280.2        |
| Less: items not assigned to geographical segments ..... | 64.9                | 1.1          | (1.6)        |
| <b>Adjusted EBIT.....</b>                               | <b>320.5</b>        | <b>313.6</b> | <b>281.8</b> |

### ***Adjusted EBIT Margin***

As the table below illustrates, the Company calculates Adjusted EBIT Margin as EBIT (results from operating activities) less items not assigned to geographical segments divided by total revenue.

| <b>Adjusted EBIT Margin</b>                             | <b>2016</b>         | <b>2015</b>  | <b>2014</b>  |
|---|---------------------|--------------|--------------|
|   | (Millions of Euros) |              |              |
| EBIT (results from operating activities).....           | 385.4               | 314.7        | 280.2        |
| Less: items not assigned to geographical segments ..... | 64.9                | 1.1          | (1.6)        |
| Adjusted EBIT (I) .....                                 | 320.5               | 313.6        | 281.8        |
| Revenues (II) .....                                     | 1,724.3             | 1,746.3      | 1,663.1      |
| <b>Adjusted EBIT Margin (I/II) .....</b>                | <b>18.6%</b>        | <b>18.0%</b> | <b>16.9%</b> |

### ***EBITDA***

The Company defines EBITDA as the Company's consolidated profit for the period adding back any losses from discontinued operations (net of tax), income tax expenses, net finance costs and depreciation and amortization. The following table sets forth a reconciliation of the Company's EBITDA for each of the years indicated:

| <b>EBITDA</b>                                      | <b>2016</b>         | <b>2015</b>  | <b>2014</b>  |
|--|---------------------|--------------|--------------|
|  | (Millions of Euros) |              |              |
| Consolidated profit for the period .....           | 179.0               | 179.0        | 170.4        |
| Loss from discontinued operations, net of tax..... | 47.2                | 29.1         | 1.6          |
| Income tax expenses .....                          | 149.9               | 107.9        | 90.7         |
| Net finance income / costs .....                   | 9.2                 | (1.3)        | 17.5         |
| Depreciation and amortization .....                | 61.9                | 69.9         | 67.9         |
| <b>EBITDA .....</b>                                | <b>447.2</b>        | <b>384.6</b> | <b>348.1</b> |

### ***Cash Flow Conversion Rate***

The Company calculates Cash Flow Conversion Rate as the ratio between Adjusted EBITDA less capital expenditures over Adjusted EBITDA. The table below sets forth the Company's Cash Flow Conversion Rate for the periods indicated:

| <b>Cash Flow Conversion Rate</b>                        | <b>2016</b>         | <b>2015</b> | <b>2014</b> |
|---|---------------------|-------------|-------------|
|   | (Millions of euros) |             |             |
| EBITDA .....  | 447.2               | 384.6       | 348.1       |
| Less: items not assigned to geographical segments ..... | 64.9                | 2.6         | 0.7         |
| Adjusted EBITDA (I).....                                | 382.3               | 382.0       | 347.4       |
| CAPEX (II) .....  | 94.3                | 72.8        | 82.0        |
| <b>Cash Flow Conversion Rate ((I-II)/I) .....</b>       | <b>75%</b>          | <b>81%</b>  | <b>76%</b>  |

### ***Organic Growth***

The Company calculates Organic Growth as the increase or decrease in revenue between two periods less Inorganic Growth (as detailed below) for the most recent period and adjusting for the effect of exchange rate fluctuations (as described below).

The table below shows a reconciliation of Organic Growth to revenue for each of the years indicated:

|  | Consolidated        | Latam        | European Region | AOA          |
|--|---------------------|--------------|-----------------|--------------|
|  | (Millions of Euros) |              |                 |              |
| Revenue for the year ended 31 December 2016.....       | 1,724.3             | 1,177.8      | 455.3           | 91.2         |
| Less: Revenue for the year ended 31 December 2015..... | 1,746.3             | 1,211.3      | 441.6           | 93.4         |
| Revenue growth .....                                   | (22.0)              | (33.5)       | 13.7            | (2.2)        |
| Less: Inorganic Growth.....                            | 11.9                | 3.4          | 6.9             | 1.6          |
| Less: Effect of exchange rate fluctuations .....       | (297.2)             | (296.7)      | –               | (0.5)        |
| <b>Organic Growth</b> .....                            | <b>263.3</b>        | <b>259.8</b> | <b>6.8</b>      | <b>(3.3)</b> |
| Revenue for the year ended 31 December 2015.....       | 1,746.3             | 1,211.3      | 441.6           | 93.4         |
| Less: Revenue for the year ended 31 December 2014..... | 1,663.1             | 1,148.1      | 425.0           | 90.0         |
| Revenue growth .....                                   | 83.2                | 63.2         | 16.6            | 3.4          |
| Less: Inorganic Growth.....                            | 7.3                 | –            | 7.3             | –            |
| Less: Effect of exchange rate fluctuations .....       | (62.2)              | (62.0)       | –               | (0.2)        |
| <b>Organic Growth</b> .....                            | <b>138.1</b>        | <b>125.2</b> | <b>9.3</b>      | <b>3.6</b>   |

### ***Inorganic Growth***

The Company calculates Inorganic Growth for a given period as revenue from acquired entities. Revenue from such entities is considered inorganic for twelve months following the date of acquisition. As shown in the table below, Inorganic Growth for the year ended 31 December 2016 includes a full year of revenue for MIV Gestión, S.A., three months of revenue from HP Business Unit, ten months of revenue from Ciser, two months of revenue from Toll Group and eight months of revenue from Procesos Técnicos de Seguridad y Valores S.A.S. Inorganic Growth for the year ended 2015 includes nine months of revenue from HP Business Unit and two months of revenue from Ciser.

Inorganic Growth for the year ended 2014 includes ten months of revenue from Group Chorus.

| Inorganic Growth                              | 2016                | 2015       | 2014       |
|---|---------------------|------------|------------|
|   | (Millions of Euros) |            |            |
| HP Business Unit .....                        | 2.5                 | 6.8        | -          |
| Ciser.....                                    | 1.9                 | 0.5        | -          |
| Procesos Tecnicos de Seguridad y Valores..... | 3.4                 | -          | -          |
| Miv Gestión.....                              | 2.5                 | -          | -          |
| Toll.....                                     | 1.6                 | -          | -          |
| Grupo Chorus.....                             | -                   | -          | 2.9        |
| <b>Total Inorganic Growth</b> .....           | <b>11.9</b>         | <b>7.3</b> | <b>2.9</b> |

### ***Effect of exchange rate fluctuations***

The adjustment for exchange rate fluctuations is made by calculating revenues in euros for the most recent period based on the exchange rates used to convert non-euro amounts to euros in the earlier period. The difference between the resulting amount and



reported revenue (less Inorganic Growth) is the contribution of exchange fluctuations to revenue in the most recent period.

The table below illustrates the calculation of the effect of exchange rate fluctuations:

| Effect of exchange rate fluctuations   | 2016                | 2015    | 2014    |
|--|---------------------|---------|---------|
|  | (Millions of Euros) |         |         |
| Revenues for current year .....  | 1,724.3             | 1,746.3 | 1,663.1 |
| Less: Revenues for the current year at exchange rates of previous year ..... | 2,021.5             | 1,808.5 | 1,882.4 |
| Effect of exchange rate fluctuations .....                                   | (297.2)             | (62.2)  | (219.3) |

### ***Net Financial Debt***

The Company uses Net Financial Debt, a non-IFRS-EU measure, as a liquidity metric. The Company calculates Net Financial Debt as the sum of current and non-current financial liabilities (including other non-bank payables corresponding to deferred payments for M&A acquisitions and financial liabilities with Group companies) less cash and cash equivalents, less current investments in group companies, less other current financial assets.

The Company believes that Net Financial Debt is meaningful for investors because they show a manner of viewing the Company's solvency using the same measures used by the Company's management.

The Company's Net Financial Debt amounted to €643.6 million as of 31 December 2016, €(195.7) million as of 31 December 2015 and €(47.8) million as of 31 December 2014.

The following tables set forth reconciliations of the Net Financial Debt relating to the Cash business and Net Financial Debt of the Group.

| Net Financial Debt of Cash business   | As of 31 December,  |                |                |
|---|---------------------|----------------|----------------|
|   | 2016                | 2015           | 2014           |
|   | (Millions of Euros) |                |                |
| Financial liabilities .....   | 722.0               | 215.5          | 258.7          |
| <i>Less: not assigned financial liabilities</i> .....   | 0.0                 | 7.9            | 20.2           |
| Adjusted financial liabilities <b>(A)</b> .....   | 722.0               | 207.6          | 238.5          |
| Assigned financial liabilities with group companies <b>(B)</b> .....  | 137.0               | 67.1           | 80.4           |
| Cash and cash equivalents .....   | (188.8)             | (201.6)        | (228.6)        |
| <i>Less: not assigned cash and cash equivalents</i> .....   | 0.0                 | (25.8)         | (69.0)         |
| Adjusted cash and cash equivalents <b>(C)</b> .....   | (188.8)             | (175.8)        | (159.6)        |
| Less: assigned current investments in group companies <b>(D)</b> .....  | (26.6)              | (294.6)        | (198.9)        |
| Less: other financial current assets <b>(E)</b> .....   | -                   | -              | (8.2)          |
| <b>Net Financial Debt (A+B+C+D+E)</b> .....   | <b>643.6</b>        | <b>(195.7)</b> | <b>(47.8)</b>  |
| Less: other non-bank payables <b>(F)</b> .....  | (32.2)              | (40.0)         | (82.8)         |
| <b>Net Financial Debt (excluding other non-bank payables corresponding to deferred payments for M&amp;A acquisitions) (A+B+C+D+E+F)</b> ..... | <b>611.4</b>        | <b>(235.7)</b> | <b>(130.6)</b> |

In addition, the following table sets forth the consolidated net financial debt which includes for each line item the corresponding amounts related to the companies classified as held-for-sale.

| Net financial debt of the Group                   | As of 31 December,  |                |                |
|---|---------------------|----------------|----------------|
|   | 2016                | 2015           | 2014           |
|   | (Millions of Euros) |                |                |
| Financial liabilities .....                       | 727.5               | 216.7          | 258.7          |
| Financial liabilities with group companies.....   | 137.0               | 239.1          | 111.4          |
| Less: cash and cash equivalents .....             | (211.6)             | (241.4)        | (228.5)        |
| Less: current investments in group companies..... | (26.6)              | (328.7)        | (262.5)        |
| Less: other financial current assets.....         | -                   | -              | (8.2)          |
| <b>Net financial debt of the Group .....</b>      | <b>626.3</b>        | <b>(114.3)</b> | <b>(129.3)</b> |

## Explanation of Selected Income Statement Items

### *Revenues*

Revenues primarily consists of the fair value for the sale of services, net of value added tax, returns and discounts, and after eliminating any sales among companies consolidated by the Company. Services sold are priced based on various factors, which include, among others the quantity and denomination of notes processed, the number of stops on a route, the day of the week the transit takes place and the threshold of the total value of goods transported and processed.

### *Cost of sales*

Cost of sales primarily consists of the following direct costs:

#### *Supplies*

Supplies consist of materials required for day-to-day operations such as: cable-ties, bags, types of seals, straps and fuel.

#### *Employee expenses*

Employee expenses consist of salaries and wages, social security, termination benefits and other employee expenses.

#### *Operating Leases*

Operating Leases are leases in which the lessor retains substantially all the risks and rewards incidental to ownership. Operating Leases consist primarily of light vehicles (such as motorcycles and soft-skin vehicles), buildings (including leases of operating buildings owned by the Prosegur Group) and other small assets such as machinery or copy machines.

#### *Utilities and external services*

Utilities and external services consist primarily of utilities, insurance, sub-contracting and the maintenance of counting machines and trucks.

#### *Depreciation and amortization*

This line item principally includes property, plant and equipment (including armoured vehicles and finance leases related to armoured vehicles in Germany) depreciation charges and amortization of intangible assets (computer software).

#### *Other expenses*

Other expenses consist of worker claims, management fees, tax matters and other costs.

#### ***Other income***

Other income mainly includes income from trademarks, gains on disposal of property, plant and equipment and rental income from real estate assets (investment properties).

#### ***Selling, general and administrative expenses***

Selling, general and administrative expenses primarily consist of the following indirect costs:

#### *Supplies*

Supplies mainly include fuel expenses incurred by indirect employees.

#### *Employee expenses*

Employee expenses consist of salaries and wages, social security, termination benefits and other indirect employee expenses.

#### *Operating Leases*

Operating Leases are leases in which the lessor retains substantially all the risks and rewards incidental to ownership. Operating Leases consist primarily of light vehicles (such as motorcycles), buildings (including leases of operating buildings owned by the Prosegur Group) and office space used by indirect employees.

#### *Utilities and external services*

Utilities and external services include mainly insurance and other services such as lawyers, auditors and consultants.

### *Depreciation and amortization*

This line item principally includes property, plant and equipment depreciation charges related to indirect employees uses and amortization of intangible assets, such as goodwill and charges for the impairment of assets related to the value of goodwill. No impairment of assets related to the value of goodwill was recognized during the years ended 31 December 2016, 2015, and 2014.

### *Other expenses*

Other expenses consist of expenses for the use of trademarks, management fees, indirect tax payments and other costs.

### *Other expenses*

Other expenses mainly relate to expenses for impairment losses on receivables and expenses related to losses from the sale of certain real estate assets and subsidiaries.

### *Loss from equity-accounted investees*

Loss from equity-accounted investees primarily consists of the profit/(loss) derived from joint arrangements (companies operating in India in 2014 and 2015 in India and South Africa for the year ended 31 December 2016).

### *Finance income*

Finance income primarily consists of interest received on loans and other investments, gains/losses on foreign currency transactions and other finance income.

### *Finance costs*

Finance costs primarily consists of interest paid on loans from financial institutions and other entities, finance lease costs, losses on foreign currency transactions and other finance costs. Other finance costs include monetary adjustments to judicial deposits associated with labour lawsuits in Brazil and monetary adjustments to tax contingencies, mainly in Brazil as well.

### *Income tax expense*

Income tax expense primarily consists of current tax and deferred tax. Current tax is calculated based on the tax laws in operation at the time of reporting in the countries in which taxable income is generated. Deferred tax assets or liabilities are measured using the tax laws and tax rates that have been enacted or substantially enacted at the reporting date and are expected to be applicable when the corresponding deferred tax asset is realized or deferred tax liability is settled.

### *Loss from discontinued operations, net of tax*

Loss from discontinued operations, net of tax, corresponds to the results of the Brazilian Security Business as well as of other entities that have been divested of as a result of the Carve-out.

### **Results of Operations**

The table below sets forth the Company's consolidated results of operations for the years ended 31 December 2016, 2015 and 2014:

|   | For the year<br>ended 31<br>December<br>2016 | Variation<br>2016 vs 2015 | For the year<br>ended 31<br>December<br>2015 | Variation<br>2015 vs 2014 | For the year<br>ended 31<br>December<br>2014 |
|---|--|---------------------------|--|---------------------------|--|
| (Millions of euros except percentages)                      |  |                           |  |                           |  |
| Revenues.....   | 1,724.258                                    | (1.3)%                    | 1,746.265                                    | 5.0%                      | 1,663.140                                    |
| Cost of sales.....  | (1,097.331)                                  | (2.1)%                    | (1,120.627)                                  | 1.3%                      | (1,106.182)                                  |
| <b>Gross profit</b> .....                                   | <b>626.927</b>                               | <b>(0.2)%</b>             | <b>625.638</b>                               | <b>12.3%</b>              | <b>556.958</b>                               |
| Other income .....  | 71.433                                       | 223.5%                    | 22.083                                       | 211.4%                    | 7.092  |
| Selling, general and<br>administrative expenses.....        | (305.757)                                    | (7.3)%                    | (329.897)                                    | 16.7%                     | (282.620)                                    |
| Other expenses.....   | (2.719)                                      | 68.4%                     | (1.615)                                      | 158.0%                    | (0.626)                                      |
| Profit/(loss) from equity<br>accounted investees .....      | (4.529)                                      | 207.5%                    | (1.473)                                      | 149.7%                    | (0.590)                                      |
| <b>Results from operating activities</b> .....              | <b>385.355</b>                               | <b>22.4%</b>              | <b>314.736</b>                               | <b>12.3%</b>              | <b>280.214</b>                               |
| Finance income.....   | 31.114                                       | (14.8)%                   | 36.508                                       | 118.0%                    | 16.747                                       |
| Finance costs.....  | (40.314)                                     | 14.5%                     | (35.212)                                     | 3.0%                      | (34.193)                                     |
| <b>Net finance income/(costs)</b> .....                     | <b>(9.200)</b>                               | <b>n.a.</b>               | <b>1.296</b>                                 | <b>n.a.</b>               | <b>(17.446)</b>                              |
| <b>Profit before income tax</b> .....                       | <b>376.155</b>                               | <b>19.0%</b>              | <b>316.032</b>                               | <b>20.3%</b>              | <b>262.768</b>                               |
| Income tax expense.....                                     | (149.913)                                    | 38.9%                     | (107.892)                                    | 18.9%                     | (90.728)                                     |
| <b>Post-tax profit from continuing<br/>operations</b> ..... | <b>226.242</b>                               | <b>8.7%</b>               | <b>208.140</b>                               | <b>21.0%</b>              | <b>172.040</b>                               |
| Loss from discontinued<br>operation, net of tax.....        | (47.276)                                     | 62.1%                     | (29.166)                                     | 1,705.9%                  | (1.615)                                      |
| <b>Consolidated profit for the<br/>period</b> .....         | <b>178.966</b>                               | <b>0.0%</b>               | <b>178.974</b>                               | <b>5.0%</b>               | <b>170.425</b>                               |
| Attributable to:  |  |                           |  |                           |  |
| Owners of the parent.....                                   | 178.324                                      | (0.6)%                    | 179.332                                      | 5.2%                      | 170.420                                      |
| Non-controlling interests .....                             | 0.642  | n.a.                      | (0.358)                                      | n.a.                      | 0.005  |

The table below sets forth the Company's consolidated results of operations for each of the Company's geographical segments for the years ended 31 December 2016, 2015 and 2014:

|  | <b>European Region</b>                 |             |             |
|--|--|-------------|-------------|
|  | <b>For the year ended 31 December,</b> |             |             |
|  | <b>2016</b>                            | <b>2015</b> | <b>2014</b> |
|  | <b>(Millions of Euros)</b>             |             |             |
| Revenues .....                                   | 455.275                                | 441.573     | 424.954     |
| Other net expenses .....                         | (395.673)                              | (382.274)   | (370.437)   |
| EBITDA .....                                     | 59.602                                 | 59.299      | 54.517      |
| Depreciation and amortisation .....              | (13.829)                               | (17.298)    | (16.448)    |
| Results from operating activities (EBIT) .....   | 45.773                                 | 42.001      | 38.069      |
| Net finance income/(costs).....                  | (6.597)                                | 0.669       | 0.185       |
| Income tax expense .....                         | (4.256)                                | (16.285)    | (14.969)    |
| Post-tax profit from continuing operations ..... | 34.920                                 | 26.385      | 23.285      |

|  | <b>AOA</b>                             |             |             |
|--|--|-------------|-------------|
|  | <b>For the year ended 31 December,</b> |             |             |
|  | <b>2016</b>                            | <b>2015</b> | <b>2014</b> |
|  | <b>(Millions of Euros)</b>             |             |             |
| Revenues .....                                   | 91.156                                 | 93.372      | 90.042      |
| Other net expenses .....                         | (86.055)                               | (81.690)    | (78.360)    |
| EBITDA .....                                     | 5.101                                  | 11.682      | 11.682      |
| Depreciation and amortisation .....              | (5.937)                                | (6.114)     | (4.844)     |
| Results from operating activities (EBIT) .....   | (0.836)                                | 5.568       | 6.838       |
| Net finance income/(costs).....                  | (2.159)                                | (1.804)     | (2.486)     |
| Income tax expense .....                         | (1.292)                                | (0.197)     | (1.375)     |
| Post-tax profit from continuing operations ..... | (4.287)                                | 3.567       | 2.977       |

|  | <b>Latin America</b>                   |             |             |
|--|--|-------------|-------------|
|  | <b>For the year ended 31 December,</b> |             |             |
|  | <b>2016</b>                            | <b>2015</b> | <b>2014</b> |
|  | <b>(Millions of Euros)</b>             |             |             |
| Revenues .....                                   | 1,177.827                              | 1,211.320   | 1,148.144   |
| Other net expenses .....                         | (860.157)                              | (900.279)   | (866.912)   |
| EBITDA .....                                     | 317.670                                | 311.041     | 281.232     |
| Depreciation and amortisation .....              | (42.127)                               | (44.999)    | (44.374)    |
| Results from operating activities (EBIT) .....   | 275.543                                | 266.042     | 236.858     |
| Net finance income/(costs).....                  | (21.479)                               | (10.393)    | (20.738)    |
| Income tax expense .....                         | (99.918)                               | (91.028)    | (74.911)    |
| Post-tax profit from continuing operations ..... | 154.146                                | 164.621     | 141.209     |

The table below sets forth the Company's consolidated results of operations not assigned to any of the Company's geographical segments for the years ended 31 December 2016, 2015 and 2014:

|  | Not assigned                    |         |         |
|--|---------------------------------|---------|---------|
|  | For the year ended 31 December, |         |         |
|  | 2016                            | 2015    | 2014    |
|  | (Millions of Euros)             |         |         |
| Revenues .....                                   | –                               | –       | –       |
| Other net expenses .....                         | 64.875                          | 2.607   | 0.710   |
| EBITDA .....                                     | 64.875                          | 2.607   | 0.710   |
| Depreciation and amortization .....              | –                               | (1.482) | (2.261) |
| Results from operating activities (EBIT) .....   | 64.875                          | 1.125   | (1.551) |
| Net finance income/(costs).....                  | 21.035                          | 12.824  | 5.593   |
| Income tax expense .....                         | (44.447)                        | (0.382) | 0.527   |
| Post-tax profit from continuing operations ..... | 41.463                          | 13.567  | 4.569   |

The table below shows the distribution of revenue among the countries and geographical areas indicated for the years ended on the dates indicated:

|  | Revenue            |                  |                  |
|--|--------------------|------------------|------------------|
|  | 2016               | 2015             | 2014             |
|  | Thousands of Euros |                  |                  |
| Brazil.....                            | 481,565            | 480,239          | 573,187          |
| Argentina.....                         | 434,751            | 474,370          | 314,028          |
| Rest of Latin America countries.....   | 261,512            | 256,711          | 260,929          |
| Spain .....                            | 167,882            | 158,567          | 151,126          |
| Germany.....                           | 214,704            | 209,066          | 205,269          |
| Rest of European Region countries..... | 72,688             | 73,941           | 68,559           |
| AOA countries .....                    | 91,156             | 93,371           | 90,042           |
|  | <b>1,724,258</b>   | <b>1,746,265</b> | <b>1,663,140</b> |

### ***Comparison of Years Ended 31 December 2016 and 2015***

#### *Revenues*

Revenues decreased by 1.3% to €1,724.3 million for the year ended 31 December 2016 from €1,746.3 million for the year ended 31 December 2015. This was mostly due to currency depreciation. Organic Growth was €263.3 million and Inorganic Growth for the year was €11.9 million. Exchange rate fluctuations had a negative effect of €297.2 million.

#### Latin America

Revenues in the Latin America segment decreased by 2.8% to €1,177.8 million for the year ended 31 December 2016 from €1,211.3 million for the year ended 31 December 2015. This decrease was mainly due to currency depreciation, which was partly offset by organic growth in the region. Revenues were positively affected by price and volume increases in Argentina and price increases in Brazil and Peru (as a result of inflation and wage costs passed through to clients and new pricing schemes entering into effect). The Company also benefited from organic growth in Chile and Colombia, where the

Company added new retail customers. In Brazil, the Company's largest market by revenue, revenues were flat (€481.6 million in 2016 compared to €480.2 million in 2015). In Argentina, the Company's second largest market, revenues decreased by 8.3% to €434.8 million for the year ended 31 December 2016 from €474.4 million for the year ended 31 December 2015 mainly as a result of currency depreciation. Organic Growth in Latin America was €259.8 million. Inorganic Growth was €3.4 million and exchange rate fluctuations had a negative effect of €296.7 million.

### European Region

Revenues in the European Region segment increased by 3.1% to €455.3 million for the year ended 31 December 2016 from €441.6 million for the year ended 31 December 2015. This increase was mainly due to new strategic products introduced in Spain and Portugal such as outsourcing of banking services, counting machines and international transport, and price adjustments in Germany to pass through higher labour costs as a result of salary adjustments under collective bargaining agreements. The traditional business of logistics and cash management grew by 1.5% despite the ongoing bank restructuring process in the region. Revenue related to new products grew by 31%, accounting for almost 9% of the total revenues in the region. Revenues in Germany, the Company's largest market in the region, increased by 2.7% to €214.7 million for the year ended 31 December 2016 from €209.1 million for the year ended 31 December 2015. Revenues in Spain, the Company's second largest market in the region, increased by 5.9% to €167.9 million for the year ended 31 December 2016 from €158.6 million for the year ended 31 December 2015. Organic Growth in the European Region was €6.8 million and Inorganic Growth was €6.9 million. Exchange fluctuations had no effect on the Company's revenue in this segment because all countries in this segment use the euro.

### AOA

Revenues in the AOA segment decreased by 2.4% to €91.2 million for the year ended 31 December 2016 from €93.4 million for the year ended 31 December 2015. This modest decrease was mainly due to lower volumes, which were not offset by sales of new products. Organic Growth in AOA was €(3.3) million, Inorganic Growth was €1.6 million and exchange rate fluctuations had a negative effect of €0.6 million.

### *Cost of sales*

Cost of sales decreased by 2.1% to €1,097.3 million for the year ended 31 December 2016 from €1,120.6 million for the year ended 31 December 2015. Higher supplies, utilities and external services were more than offset with the cost savings efforts resulting from efficiency plans, lower depreciation expenses and the positive impact that the currency depreciation had in our cost base.



Supplies increased by 1.2% to €43.4 million for the year ended 31 December 2016 from €42.9 million for the year ended 31 December 2015. This increase was mainly due to purchases of bags and straps.

Utilities and external services increased by 2.5% to €115.5 million for the year ended 31 December 2016 from €112.7 million for the year ended 31 December 2015. This increase was mainly due to €4.3 million of additional expenses in 2016 to repair and maintain cash counting machines. The effect of this was partially off-set by lower outsourcing expenses for services in countries where the Company does not operate, resulting in savings of €1.4 million. The table below shows the Company's utilities and external services for the years ended 31 December 2016 and 2015.

| <b>Millions of Euros</b>                                      | <b>2016</b>  | <b>2015</b>  |
|---|--------------|--------------|
| Repairs of mainly cash counting machines and maintenance..... | 78.5         | 74.2         |
| Cleaning services.....  | 3.0          | 2.9          |
| Outsourcing of services.....                                  | 32.0         | 33.4         |
| Utilities, water, light, telephone, etc.,.....                | 2.0          | 2.2          |
| <b>Utilities and external services</b>                        | <b>115.5</b> | <b>112.7</b> |

Depreciation and amortization decreased by 16.2% to €30.6 million for the year ended 31 December 2016 from €36.5 million for the year ended 31 December 2015. This decrease was mainly due to the completion of depreciation of certain armoured vehicles in 2016 that remained in service. In addition, the useful life of armoured vehicles in Germany and Spain was extended from 6 to 10 years in 2016, resulting in a lower annual depreciation expense per affected vehicle.

Other expenses decreased by 17.1% to €101.3 million for the year ended 31 December 2016 from €122.2 million for the year ended 31 December 2015. This decrease was mainly due to lower expenses in connection with civil and labour litigation (€9.4 million lower) and cost savings resulting from efficiency plans mainly related to the following items: recruiting and training expenses (€1.6 million lower), expenses for the purchase of uniforms (€1.4 million lower), travel expenses for direct employees (€1.3 million lower), food and lodging expenses for direct employees (€1.2 million lower), office supplies (€0.7 million lower), traffic fines and sanctions (€0.6 million lower) and other direct management cost (including insurance) (€4.4 million lower). The table below shows the Company's other expenses for the years ended 31 December 2016 and 2015.

| <b>Millions of Euros</b>                                 | <b>2016</b>  | <b>2015</b>  |
|--|--------------|--------------|
| Recruiting and training.....                             | 2.0          | 3.6          |
| Office supplies.....                                     | 5.4          | 6.1          |
| Traffic fines and sanctions.....                         | 20.4         | 21.0         |
| Travel expenses for direct employees.....                | 15.2         | 16.5         |
| Food and lodging expenses for direct employees.....      | 2.0          | 3.2          |
| Purchase of uniforms.....                                | 2.3          | 3.7          |
| Civil and labour litigation.....                         | 34.2         | 43.9         |
| Other direct management costs (including insurance)..... | 19.8         | 24.2         |
| <b>Other expenses</b>                                    | <b>101.3</b> | <b>122.2</b> |

### *Gross profit*

As a result of the foregoing, gross profit increased by 0.2% to €626.9 million for the year ended 31 December 2016 from €625.6 million for the year ended 31 December 2015.

### *Other income*

Other income increased by 223.1% to €71.4 million for the year ended 31 December 2016 from €22.1 million for the year ended 31 December 2015. The increase was mainly due to the net gains from the sale of operating buildings to other Prosegur companies, amounting to €46.4 million. The increase was partially offset by the decrease in income from trademark royalties, which decreased by 20.5% to €13.6 million for the year ended 31 December 2016 from €17.1 million for the year ended 31 December 2015.

### *Selling, general and administrative expenses*

Selling, general and administrative expenses decreased by 7.3% to €305.8 million for the year ended 31 December 2016 from €329.9 million for the year ended 31 December 2015. The decrease was mainly due to the following:

Supplies decreased by 13.6% to €1.9 million for the year ended 31 December 2016 from €2.2 million for the year ended 31 December 2015. The decrease was due to an optimization in fuel use.

Employee expenses were essentially flat (€121.2 million for the year ended 31 December 2016 and €122.1 million for the year ended 31 December 2015).

Operating leases increased by 8.3% to €28.6 million for the year ended 31 December 2016 from €26.4 million for the year ended 31 December 2015. The increase was due to the sale of operative buildings to the Prosegur Group (as a result, since September 2016 the Company has incurred in operating lease expenses for those buildings' operating leases instead of depreciation costs).

Utilities and external services decreased by 13.3% to €53.3 million for the year ended 31 December 2016 from €61.5 million for the year ended 31 December 2015. The decrease of €8.2 million euros was mainly due to currency depreciation and cost-cutting efforts in hardware and software maintenance (€3.2 million lower), IT assistance (€2.2 million lower) and fees of external advisors (lawyers and consultants) (€3.0 million lower). This decrease was partially compensated by an increase of €1.2 million in utilities (water, light, telephone, etc.). The table below shows the Company's utilities and external services for the years ended 31 December 2016 and 2015.

| <b>Millions of Euros</b>                     | <b>2016</b> | <b>2015</b> |
|--|-------------|-------------|
| Fees of external advisors .....              | 23.0        | 25.2        |
| Mailing and messaging expenses .....         | 2.1         | 2.4         |
| IT assistance .....                          | 4.1         | 6.3         |
| Cleaning services .....                      | 7.0         | 8.5         |
| Hardware and software maintenance .....      | 9.9         | 13.1        |
| Utilities: water, light, telephone, etc..... | 7.2         | 6.0         |
| <b>Utilities and external services</b>       | <b>53.3</b> | <b>61.5</b> |

Depreciation and amortization were essentially flat (€31.3 million for the year ended 31 December 2016 and €33.4 million for the year ended 31 December 2015).

Other expenses decreased by 17.8% to €69.3 million for the year ended 31 December 2016 from €84.3 million for the year ended 31 December 2015. This difference was mainly due to an extraordinary indirect tax payment in Brazil of €15.3 million in 2015 and a decrease in payments for the use of trademarks (€0.9 million lower), recruiting and training (€0.7 million lower), bank fees and commissions (€0.5 million lower), marketing and advertising (€0.4 million lower), travel expenses (€0.4 million lower) and others (office supplies, insurance premiums) (€0.7 million lower). These effects were partially compensated by an increase in management fees included in this category (€4.1 million higher). The table below shows the Company's other expenses for the years ended 31 December 2016 and 2015.

| <b>Millions of Euros</b>                           | <b>2016</b>  | <b>2015</b>  |
|--|--------------|--------------|
| Indirect tax payment .....                         | 4.1          | 19.4         |
| Payments for the use of trademarks.....            | 30.1         | 31.2         |
| Marketing and advertising .....                    | 0.8          | 1.2          |
| Bank fees and commissions.....                     | 3.6          | 4.1          |
| Travel expenses .....                              | 1.2          | 1.6          |
| Management fees .....                              | 28.3         | 24.2         |
| Recruiting and training .....                      | 0.3          | 1.0          |
| Others (office supplies, insurance premiums) ..... | 0.9          | 1.6          |
| <b>Other expenses</b>                              | <b>69.30</b> | <b>84.30</b> |

#### *Other expenses*

Other expenses increased by 68.8% to €2.7 million for the year ended 31 December 2016 from €1.6 million for the year ended 31 December 2015. The increase was due to the loss from the sale to third parties of certain real estate assets in Argentina for a total amount of €0.8 million as well as the loss recorded as a result of the sale of the controlling stake in a Chilean subsidiary for €0.3 million.

#### *Loss from equity-accounted investees*

Loss from equity-accounted investees was €4.5 million for the year ended 31 December 2016, up from €1.5 million for the year ended 31 December 2015. The increase was mainly due to the acquisition of SBV Group in South Africa.

### *EBIT (Results from operating activities)*

EBIT (results from operating activities) increased by 22.4% to €385.4 million for the year ended 31 December 2016 from €314.7 million for the year ended 31 December 2015. The increase was mainly due to increases in the Latin America region and the European Region, as well as gains from the sale of operating buildings to other Prosegur Group companies (amounting to €46.4 million), partially offset by a decrease in AOA.

#### Latin America

EBIT (Results from operating activities) in the Latin America segment increased by 3.6% to €275.5 million for the year ended 31 December 2016 from €266.0 million for the year ended 31 December 2015. The increase was mainly due to inflation pass-through and higher volumes resulting from inflation, as well as sales of new value added services. The Company's efforts to cut costs and to optimize staffing and routes also contributed to the increase in EBIT (results from operating activities).

#### European Region

EBIT (Results from operating activities) in the European Region segment increased by 9.0% to €45.8 million for the year ended 31 December 2016 from €42.0 million for the year ended 31 December 2015. The increase was mainly due to the consolidation of operational plans implemented in Germany during the previous year and its corresponding synergies. The Company has also introduced efficiency improvements in other countries in the region, which have resulted in better operating margins in the Company's traditional business. Sales of new products and lower indirect costs have also contributed to EBIT (results from operating activities) growth.

#### AOA

EBIT (Results from operating activities) in the AOA segment was negative €0.8 million for the year ended 31 December 2016 and a profit of €5.6 million for the year ended 31 December 2015. The decline was due to lower volumes than expected in Oceania and the costs associated with the entrance into the South African market.

### *Finance income*

Finance income decreased by 14.8% to €31.1 million for the year ended 31 December 2016 from €36.5 million for the year ended 31 December 2015. The decrease was mainly due to currency depreciation in Brazil and Argentina, which resulted in net losses on foreign currency transactions. Finance income for the year ended 31 December 2016 mainly consisted of interest received, which increased 29.5% to €23.7 million for the year ended 31 December 2016 from €18.3 million for the year ended 31 December 2015, mostly as a result of an increase in the intercompany financial balance between the Prosegur Group and the Group. These interests are calculated considering the different amounts reached of the intercompany financial balances during the year.

Finance income for the year ended 31 December 2016 also included €7.4 million resulting from interest payments from excess cash holdings (compared to €7.8 million for the year ended 31 December 2015).

#### *Finance costs*

Finance costs increased by 14.5% to €40.3 million for the year ended 31 December 2016 from €35.2 million for the year ended 31 December 2015. The increase was mainly due to currency depreciation in Brazil and Argentina, which resulted in net losses on foreign currency transactions. In addition to interest paid for bank financing (€7.2 million for the year ended 31 December 2016 and €11.4 million for the year ended 31 December 2015), and interest paid for financing from the Prosegur Group (€2.8 million for the year ended 31 December 2016 and €5.5 million for the year ended 31 December 2015), finance costs mostly include costs due to monetary adjustments (€20.8 million for the year ended 31 December 2016 and €16.3 million for the year ended 31 December 2015) for amortized cost calculations, and for judicial deposits associated with labour lawsuits and tax contingencies, mostly in Brazil. The increase in such costs was partially offset by lower costs due to the Company's cancellation of its debenture loan in Brazil and a syndicated loan in Australia.

#### *Net finance income (costs)*

As a result of the foregoing, net finance costs were €9.2 million for the year ended 31 December 2016 whereas the Company recorded net finance income of €1.3 million for the year ended 31 December 2015.

#### *Profit before income tax*

Profit before income tax increased by 19.0% to €376.2 million for the year ended 31 December 2016 from €316.0 million for the year ended 31 December 2015. This increase was mainly due to a higher EBIT (results from operating activities) which compensated for higher financing expenses and taxes (which include the extraordinary impact of the Carve-out).

#### *Income tax expense*

Income tax expense increased by 38.9% to €149.9 million for the year ended 31 December 2016 from €107.9 million for the year ended 31 December 2015. The increase was mainly due to tax expenses relating to Carve-out-related transactions. The Company's tax expenses resulting from the Carve-out amounted to €22.3 million in 2016.

#### *Post-tax profit from continuing operations*

As a result of the foregoing, post-tax profit from continuing operations increased by 8.7% to €226.2 million for the year ended 31 December 2016 from €208.1 million for

the year ended 31 December 2015. The increase was mainly due to the net gains from the sale of operating buildings to other Prosegur Group companies.

*Loss from discontinued operations, net of tax*

Loss from discontinued operations, net of tax, was €47.2 million for the year ended 31 December 2016 and €29.1 million for the year ended 31 December 2015. The difference was mainly due to the variation in finance costs resulting from the translation differences of the security companies sold in 2016 and from the cancellation of an intra-group loan in Brazil.

In 2016, loss from discontinued operations, net of tax, only included the results of the Brazilian Security Business.

*Consolidated profit for the period*

As a result of the foregoing, consolidated profit for the period remained the same at €179.0 million for the year ended 31 December 2016 and €179.0 million for the year ended 31 December 2015.

***Comparison of Years Ended 31 December 2015 and 2014***

*Revenues*

Revenues increased by 5.0% to €1,746.3 million for the year ended 31 December 2015 from €1,663.1 million for the year ended 31 December 2014. In particular, Organic Growth was €138.1 million, Inorganic Growth was €7.3 million, and exchange rate fluctuations had a negative effect of €62.2 million. By geographic segments, the increase was mainly due to an increase in revenues in the Company's Latin America segment, which increased by 5.5% to €1,211.3 million for the year ended 31 December 2015 from €1,148.1 million for the year ended 31 December 2014, and to a lesser extent by an increase in revenues in the European Region and AOA segments, which increased by 3.9% and 3.8% to €441.6 million and €93.4 million, respectively, for the year ended 31 December 2015 from €425.0 and €90.0 million, respectively, for the year ended 31 December 2014.

Latin America

Revenues in the Latin America segment increased by 5.5% to €1,211.3 million for the year ended 31 December 2015 from €1,148.1 million for the year ended 31 December 2014. This increase was mainly due to inflation, principally in Argentina and to a lesser extent in Brazil, which resulted in increases in salaries and other costs and triggered an upward adjustment in the Company's prices, positively affecting revenues. Revenues in the Latin America segment also grew due to commercial developments and the offering of new products such as back office cash processing systems for retailers and ATM second-level maintenance for banks and commerce and to certain positive one-time

events, such as 2015 local and regional elections in Colombia. The effect of these events was partially offset by the depreciation of the Brazilian real during the year and by cost-cutting programs by certain banks (mainly in Brazil) and by strikes in Chile. In Brazil, the Company's largest market by revenue, revenues decreased by 16.2% to €480.2 million for the year ended 31 December 2015 from €573.2 million for the year ended 31 December 2014. In Argentina, the Company's second largest market by revenue, revenues increased by 51.1% to €474.4 million for the year ended 31 December 2015 from €314.0 million for the year ended 31 December 2014. Organic Growth in Latin America was €125.2 million and exchange rate fluctuations in certain countries had a negative effect of €62.0 million.

### European Region

Revenues in the European Region segment increased by 3.9% to €441.6 million for the year ended 31 December 2015 from €425.0 million for the year ended 31 December 2014. The increase was mainly due to volume increases in Spain and Germany. Revenues in Germany increased by 1.8% to €209.1 million for the year ended 31 December 2015 from €205.3 million for the year ended 31 December 2014. Revenues in Spain increased by 5.0% to €158.6 million for the year ended 31 December 2015 from €151.1 million for the year ended 31 December 2014. Organic Growth in the European Region was €9.3 million and Inorganic Growth was €7.3 million. All countries in this segment (except France) recorded increases in revenue in 2015.

### AOA

Revenues in the AOA segment increased by 3.8% to €93.4 million for the year ended 31 December 2015 from €90.0 million for the year ended 31 December 2014. This increase was mainly due to new customer contracts signed in 2014 and 2015. Organic Growth in AOA increased by €3.5 million and exchange rate had a negative effect of €0.2 million.

### *Cost of sales*

Cost of sales increased by 1.3% to €1,120.6 million for the year ended 31 December 2015 from €1,106.2 million for the year ended 31 December 2014. Higher employee expenses and depreciation and amortization costs more than offset cost-saving efforts mainly in supplies and operating leases.

Supplies decreased by 12.1% to €42.9 million for the year ended 31 December 2015 from €48.8 million for the year ended 31 December 2014. This decrease was mainly due to a decrease in the cost of fuel.

Employee expenses increased by 3.0% to €781.0 million for the year ended 31 December 2015 from €758.1 million for the year ended 31 December 2014. This increase was mainly due to the increase in expenses resulting from the entry into revised collective bargaining agreements.

Operating Leases decreased by 16.1% to €25.5 million for the year ended 31 December 2015 from €30.4 million for the year ended 31 December 2014. This decrease was mainly due to improvements in the terms of vehicle leases negotiated by the Company.

Depreciation and amortization increased by 9.9% to €36.5 million for the year ended 31 December 2015 from €33.2 million for the year ended 31 December 2014. This was mainly due to an increase in the depreciation of equipment and armoured vehicles. Currency depreciation, primarily in Brazil, led to a decrease in the amortization of intangible assets.

The table below shows the Company's utilities and external services for the years ended 31 December 2015 and 2014.

| <b>Millions of Euros</b>                                      | <b>2015</b>  | <b>2014</b>  |
|---|--------------|--------------|
| Repairs of mainly cash counting machines and maintenance..... | 74.2         | 78.1         |
| Cleaning services.....  | 2,9          | 2.8          |
| Outsourcing of services.....                                  | 33,4         | 29.6         |
| Utilities, water, light, telephone, etc.....                  | 2,2          | 2.1          |
| <b>Utilities and external services</b>                        | <b>112,7</b> | <b>112.6</b> |

The table below shows the Company's other expenses for the years ended 31 December 2016 and 2015.

| <b>Millions of Euros</b>                                 | <b>2015</b>  | <b>2014</b>  |
|--|--------------|--------------|
| Recruiting and training.....                             | 3.6          | 4,5          |
| Office supplies.....                                     | 6.1          | 7,2          |
| Traffic fines and sanctions.....                         | 21.0         | 39,0         |
| Travel expenses for direct employees.....                | 16.5         | 17,7         |
| Food and lodging expenses for direct employees.....      | 3.2          | 4,5          |
| Purchase of uniforms.....                                | 3.7          | 3,5          |
| Civil and labour litigation.....                         | 43.9         | 25,4         |
| Other direct management costs (including insurance)..... | 24.2         | 21,3         |
| <b>Other expenses</b> .....                              | <b>122.2</b> | <b>123,1</b> |

### *Gross profit*

As a result of the foregoing, gross profit increased by 12.3% to €625.6 million for the year ended 31 December 2015 from €557.0 million for the year ended 31 December 2014.

### *Other income*

Other income increased by 211.3% to €22.1 million for the year ended 31 December 2015 from €7.1 million for the year ended 31 December 2014. Other income in 2015 included rental income from real estate assets (investment properties) owned in Argentina and income from certain Licensed Trademarks owned by subsidiaries of the Company.



### *Selling, general and administrative expenses*

Selling, general and administrative expenses increased by 16.7% to €329.9 million for the year ended 31 December 2015 from €282.6 million for the year ended 31 December 2014. The increase was mainly due to higher employee expense and other expenses.

Employee expenses increased by 11.5% to €122.1 million for the year ended 31 December 2015 from €109.5 million for the year ended 31 December 2014. The increase was due to salary increases in line with inflation pursuant to collective bargaining agreements in each country.

The table below shows the Company's utilities and external services for the years ended 31 December 2015 and 2014.

| <b>Millions of Euros</b>                     | <b>2015</b> | <b>2014</b> |
|--|-------------|-------------|
| Fees of external advisors .....              | 25.2        | 25.9        |
| Mailing and messaging expenses .....         | 2.4         | 2.4         |
| IT assistance .....                          | 6.3         | 5.4         |
| Cleaning services .....                      | 8.5         | 7.0         |
| Hardware and software maintenance.....       | 13.1        | 9.6         |
| Utilities: water, light, telephone, etc..... | 6.0         | 8.2         |
| <b>Utilities and external services</b>       | <b>61.5</b> | <b>58.5</b> |

Other expenses increased by 58.2% to €84.3 million for the year ended 31 December 2015 from €53.3 million for the year ended 31 December 2014. This increase was mainly due to an increase in expenses for the use of trademarks (€31.2 million in 2015 compared to €12.2 million in 2014). In addition, in 2015 there was an extraordinary indirect tax payment in Brazil of €15.3 million and an increase in management fees to €24.2 million in 2015 from €19.1 million in 2014. The table below shows the Company's other expenses for the years ended 31 December 2015 and 2014.

| <b>Millions of Euros</b>                           | <b>2015</b>  | <b>2014</b>  |
|--|--------------|--------------|
| Indirect tax payment.....                          | 19.4         | 8.1          |
| Payments for the use of trademarks.....            | 31.2         | 12.2         |
| Marketing and advertising .....                    | 1.2          | 2.9          |
| Bank fees and commissions.....                     | 4.1          | 4.6          |
| Travel expenses .....                              | 1.6          | 2.3          |
| Management fees .....                              | 24.2         | 19.1         |
| Recruiting and training.....                       | 1.0          | 1.7          |
| Others (office supplies, insurance premiums) ..... | 1.6          | 2.4          |
| <b>Other expenses</b>                              | <b>84.30</b> | <b>53.30</b> |

### *Other expenses*

Other expenses increased by 166.7% to €1.6 million for the year ended 31 December 2015 from €0.6 million for the year ended 31 December 2014. The increase in 2015 was due to provisions for insolvency or losses from bad debts, mainly in Brazil.

### *Loss from equity-accounted investees*

Loss from equity-accounted investees increased by 150.0% to a loss of €1.5 million for the year ended 31 December 2015 from a loss of €0.6 million for the year ended 31 December 2014. The €0.9 million loss increase was due to higher payments to our customers in India for service incidents (penalties for billing errors, late deliveries, etc.).

### *EBIT (Results from operating activities)*

EBIT (Results from operating activities) increased by 12.3% to €314.7 million for the year ended 31 December 2015 from €280.2 million for the year ended 31 December 2014. This increase was due to an increase in the Latin America Region and to a lesser degree in the European Region.

### Latin America

EBIT (Results from operating activities) in the Latin America segment increased by 12.3% to €266.0 million for the year ended 31 December 2015 from €236.9 million for the year ended 31 December 2014.

Positive organic growth contribution, mainly driven by higher prices in Argentina and Brazil, and a tough cost control more than offset the efficiency measure adopted by some of the clients in different countries, which put some pressure on volumes and prices. In addition, the rise in cross-pavement attacks in Brazil has affected the Company's results in the same way as the one-time strike in Chile. On the other hand, the state and local elections in Colombia contributed positively to EBIT (results from operating activities) in 2015.

### European Region

EBIT (Results from operating activities) in the European Region segment increased by 10.2% to €42.0 million for the year ended 31 December 2015 from €38.1 million for the year ended 31 December 2014. The increase is mainly due to operational improvements developed in Germany, involving route and headcount optimization, and synergies resulting from the acquisition of Brinks, and efforts to pass any cost increases to customers through higher prices. Additionally, cost-cutting efforts and the addition of new business lines (back office outsourcing and cash automation machines for banks) in Spain contributed to the EBIT (results from operating activities) increase in the region. Other countries remained stable except France, which suffered strikes.

### AOA

EBIT (Results from operating activities) in the AOA segment decreased by 17.6% to €5.6 million for the year ended 31 December 2015 from €6.8 million for the year ended 31 December 2014. The decrease is mainly due to the costs associated with integrating corporate structures and developing new products.

### *Finance income*

Finance income increased by 118.6% to €36.5 million for the year ended 31 December 2015 from €16.7 million for the year ended 31 December 2014. The increase was mainly due to an increase of over €50 million in loans made to Prosegur Group entities, which resulted in larger interest payments, and gains due to exchange rate fluctuations of €10.3 million.

### *Finance costs*

Finance costs increased by 2.9% to €35.2 million for the year ended 31 December 2015 from €34.2 million for the year ended 31 December 2014. This increase was mainly due to interest paid on loans from financial institutions and from other entities. In particular, during the first half of 2015 the Company entered into certain new short-term indebtedness in Brazil at high interest rates (CDI + 2.75%). The main interest rate index in Brazil (CDI) also increased slightly. In addition, between May and November 2015, the Company borrowed 11.5 million euros in Argentina at a rate of 27.5% to finance the purchase of certain real estate assets. Indebtedness with the Prosegur Group also increased in 2015, but such indebtedness was paid off at the end of the year.

### *Net finance income (costs)*

Net finance income was €1.3 million for the year ended 31 December 2015 compared with a cost of €17.4 million for the year ended 31 December 2014. This difference was principally due to the increase in finance income discussed above.

### *Profit before income tax*

As a result of the foregoing, profit before income tax increased by 20.3% to €316.0 million for the year ended 31 December 2015 from €262.8 million for the year ended 31 December 2014.

### *Income tax expense*

Income tax expense increased by 18.9% to €107.9 million for the year ended 31 December 2015 from €90.7 million for the year ended 31 December 2014. The increase was mainly due to increased profit before income tax.

### *Post-tax profit from continuing operations*

As a result of the foregoing, post-tax profit from continuing operations increased by 21.0% to €208.1 million for the year ended 31 December 2015 from €172.0 million for the year ended 31 December 2014.

### *Loss from discontinued operations, net of tax*

Loss from discontinued operations, net of tax, increased to a loss of €29.2 million for the year ended 31 December 2015 from a loss of €1.6 million for the year ended 31 December 2014. The loss in 2015 was mainly due to volume reductions and, to a lesser extent, by the depreciation of the Brazilian real against the euro, resulting in a lower gross margin in euro terms. Due to the low profitability of the Brazilian Security Business, it relied on the Prosegur Group for financing at high interest rates, in line with market conditions in Brazil. The loss in 2014 mainly consisted of the depreciation in the value of non-current assets held for sale (Brazilian Security Business). In 2014 the loss was partially offset by a positive effect due to price revisions for certain labour cost increases that took place in 2013 but were not passed through to customers that year.

### *Profit for the year*

As a result of the foregoing, profit for the year increased by 5.0% to €179.0 million for the year ended 31 December 2015 from €170.4 million for the year ended 31 December 2014.

## **Financial Position**

The table below illustrates the Company's consolidated statement of financial position as of the years ended 31 December 2016, 2015 and 2014. The 2016 figures are derived from the audited Consolidated Annual Accounts and the 2015 and 2014 comparative figures are unaudited.

|   | As of 31<br>December<br>2016 | As of 31<br>December<br>2015 | As of 31<br>December<br>2014 |
|---|------------------------------|------------------------------|------------------------------|
|   | (Millions of Euros)          |                              |                              |
| <b>ASSETS</b>   |                              |                              |                              |
| Property, plant and equipment .....                     | 266.359                      | 222.347                      | 327.197                      |
| Goodwill .....  | 317.351                      | 306.845                      | 358.846                      |
| Other intangible assets .....                           | 173.856                      | 173.793                      | 247.322                      |
| Investment property .....                               | -                            | 83.678                       | 46.529                       |
| Equity-accounted investees .....                        | 28.955                       | 13.054                       | 20.171                       |
| Non-current financial assets .....                      | 2.058                        | 2.304                        | 22.363                       |
| Deferred tax assets .....                               | 89.546                       | 99.801                       | 120.313                      |
| <b>Non-current assets</b> .....                         | <b>878.125</b>               | <b>901.822</b>               | <b>1,142.741</b>             |
| Non-current assets held for sale .....                  | 266.568                      | 232.876                      | 19.792                       |
| Inventories .....                                       | 7.457                        | 7.145                        | 15.753                       |
| Trade and other receivables .....                       | 426.776                      | 422.239                      | 550.444                      |
| Current receivables with Prosegur Group companies ..... | 65.430                       | 351.323                      | 264.526                      |
| Current tax assets .....                                | 102.352                      | 45.828                       | 72.223                       |
| Other financial assets .....                            | -                            | -                            | 8.241                        |
| Cash and cash equivalents .....                         | 188.780                      | 201.552                      | 228.515                      |
| <b>Current assets</b> .....                             | <b>1,057.363</b>             | <b>1,260.963</b>             | <b>1,159.494</b>             |
| <b>Total assets</b> .....                               | <b>1,935.488</b>             | <b>2,162.785</b>             | <b>2,302.235</b>             |

|  | As of 31<br>December<br>2016 | As of 31<br>December<br>2015 | As of 31<br>December<br>2014 |
|--|------------------------------|------------------------------|------------------------------|
| (Millions of Euros)  |                              |                              |                              |
| <b>EQUITY</b>  |                              |                              |                              |
| Share capital .....  | 30.000                       | -                            | -                            |
| Translation differences .....                                    | (385.073)                    | (438.410)                    | (218.351)                    |
| Retained earnings and other reserves.....                        | 540.535                      | 1,385.829                    | 1,361.087                    |
| <b>Equity attributable to equity holders of the parent .....</b> | <b>185.462</b>               | <b>947.419</b>               | <b>1,142.736</b>             |
| Non-controlling interests .....                                  | 0.011                        | 9.728                        | 8.117                        |
| <b>Total equity .....</b>  | <b>185.473</b>               | <b>957.147</b>               | <b>1,150.853</b>             |
| <b>LIABILITIES</b>   |                              |                              |                              |
| Financial liabilities.....                                       | 634.720                      | 66.830                       | 168.189                      |
| Deferred tax liabilities .....                                   | 67.224                       | 62.669                       | 85.501                       |
| Provisions .....   | 137.047                      | 127.811                      | 173.848                      |
| <b>Non-current liabilities .....</b>                             | <b>838.991</b>               | <b>257.310</b>               | <b>427.538</b>               |
| Trade and other payables .....                                   | 334.796                      | 321.511                      | 368.568                      |
| Current tax liabilities .....                                    | 118.525                      | 66.134                       | 69.065                       |
| Financial liabilities.....                                       | 87.315                       | 148.705                      | 90.470                       |
| Current payables with Prosegur Group companies.....              | 168.708                      | 360.295                      | 166.114                      |
| Provisions .....   | 3.121                        | 4.889                        | 18.180                       |
| Liabilities held for sale .....                                  | 184.688                      | 30.127                       | 1.058                        |
| Other current liabilities .....                                  | 13.871                       | 16.667                       | 10.389                       |
| <b>Current liabilities .....</b>                                 | <b>911.024</b>               | <b>948.328</b>               | <b>723.844</b>               |
| <b>Total liabilities .....</b>                                   | <b>1,750.015</b>             | <b>1,205.638</b>             | <b>1,151.382</b>             |
| <b>Total equity and liabilities .....</b>                        | <b>1,935.488</b>             | <b>2,162.785</b>             | <b>2,302.235</b>             |

## Comparison of Financial Position as of 31 December 2016 and 2015

### *Non-current assets*

Property, plant and equipment increased by 19.8% from €222.3 million as of 31 December 2015 to €266.4 million as of 31 December 2016. The increase was mostly due to improvements in cash centres and other operational buildings and armoured vehicles in Spain, Argentina and Brazil in 2016 amounting to €89.9 million, partially offset by amortization in an amount of €43.6 million.

Goodwill increased by 3.4% from €306.8 million as of 31 December 2015 to €317.4 million as of 31 December 2016, mostly as a result of the appreciation of the Brazilian real.

Other intangible assets were essentially flat at €173.8 million as of 31 December 2015 (including €157.6 million of customer portfolio, €2.8 million of trademarks, €12.0 million of computer software and €1.4 million of other intangible assets) and at €173.9 million as of 31 December 2016 (including €160.6 million of customer portfolio, €13.1 million of computer software and €0.1 million of other intangible assets).

The table below shows the distribution of non-current assets among the countries and geographical areas indicated as of the dates indicated:

|                                  | <b>Non current assets</b>   |                |
|----------------------------------|-----------------------------|----------------|
|                                  | <b>At 31 December</b>       |                |
|                                  | <b>2016</b>                 | <b>2015</b>    |
|                                  | <b>(Thousands of Euros)</b> |                |
| Brazil.....                      | 378,944                     | 285,289        |
| Argentina.....                   | 82,862                      | 97,016         |
| Rest of Latam countries .....    | 160,562                     | 119,878        |
| Spain .....                      | 24,283                      | 15,941         |
| Germany.....                     | 70,586                      | 73,130         |
| Rest of European countries ..... | 41,480                      | 69,768         |
| AOA countries .....              | 119,408                     | 94,948         |
|                                  | <b>878,125</b>              | <b>755,970</b> |

The substantial difference between Brazil and Argentina is due to the fact that assets in both countries are of a different nature (fleet, intangible assets, real estate assets, etc.) and were built at different times (in Argentina a big portion of the assets are fully depreciated). Also, in Brazil, the non-current intangible assets corresponding to Grupo Nordeste account for a substantial portion of the total value.

#### *Current assets*

Trade and other receivables increased by 1.1% from €422.2 million as of 31 December 2015 to €426.8 million as of 31 December 2016, mostly as a result of the effect of inflation on trade receivables in Argentina and the appreciation of the Brazilian real.

Current receivables with Prosegur companies decreased by 81.38% from €351.3 million as of 31 December 2015 to €65.4 million as of 31 December 2016, mostly as a result of the fact that, in connection with the Carve-out, the Prosegur Group had all subsidiaries repay any balances with companies outside their business segment.

Non-current assets held for sale increased by 14.5% from €232.9 million as of 31 December 2015 to €266.2 million as of 31 December 2016, as a result of the classification as held for sale of the Brazilian Security Business and certain real estate assets (investment properties) in Argentina as of 1 January 2016, partially off-set by the sale of other Security business subsidiaries to Prosegur during 2016 as part of the Carve-out.

#### *Equity*

Equity decreased by 80.6% from €957.1 million as of 31 December 2015 to €185.5 million as of 31 December 2016, mostly as a result of a share premium distribution of €910.5 million, dividend distributions of €48.7 million and distributions of reserves of 46.8 million, which was partially offset by profits.

The table below shows the effect on the Company's equity position resulting from the conversion into euros of the financial statements of foreign operations:

|                          | As of 31 December,  |                  |
|--------------------------|---------------------|------------------|
|                          | 2016                | 2015             |
|                          | (Millions of Euros) |                  |
| Argentinian Peso         | (224.068)           | (204.993)        |
| Brazilian real .....     | (137.292)           | (191.513)        |
| Chilean Peso .....       | 2.001               | (3.310)          |
| Uruguayan Peso .....     | (0.993)             | (1.629)          |
| Paraguayan Guarani ..... | (7.121)             | (8.579)          |
| Colombian Peso .....     | (3.527)             | (5.817)          |
| Peruvian Nuevo Sol.....  | (20.078)            | (24.114)         |
| Mexican Peso .....       | 0.372               | 0.737            |
| Singapore Dollar .....   | 4.137               | 3.935            |
| Australian Dollar.....   | (0.078)             | (1.426)          |
| Indian Rupee .....       | (1.837)             | (1.701)          |
| South African Rand.....  | 3.411               | -                |
| <b>Total</b> .....       | <b>(385.073)</b>    | <b>(438.410)</b> |

#### *Non-current liabilities*

Non-current financial liabilities increased by 850.1% from €66.8 million as of 31 December 2015 to €634.7 million as of 31 December 2016, mostly as a result of the new €600 million term loan due 2019 entered into on 20 December 2016.

Non-current provisions increased by 7.2% from €127.8 million as of 31 December 2015 to €137.0 million as of 31 December 2016, mostly as a result of higher provisions for labour and other risks.

#### *Current liabilities*

Current financial liabilities decreased by 41.3% from €148.7 million as of 31 December 2015 to €87.3 million as of 31 December 2016, mostly as a result of the early payment of a debenture in Brazil and the early payment of an AUD70.0 million (€47 million) loan in Australia.

Current payables with Prosegur companies decreased by 53.2% from €360.3 million as of 31 December 2015 to €168.7 million as of 31 December 2016, mostly as a result of the fact that, in connection with the Carve-out, the Prosegur Group has caused all of its subsidiaries to repay any balances with companies outside their business segment.

Trade and other payables increased by 4.1% from €321.5 million as of 31 December 2015 to €334.8 million as of 31 December 2016, mostly as a result of accrued wages and associated taxes, as well as accrued expenses not yet invoiced.

Current tax liabilities increased by 79.2% from €66.1 million as of 31 December 2015 to €118.5 million as of 31 December 2016, mostly as a result of an increase in tax liabilities in Argentina as a result of higher pre-tax profit in that country, as well as tax liabilities arising from certain Carve-out transactions.

Non-current liabilities held for sale increased by 513.6% from €30.1 million as of 31 December 2015 to €184.7 million as of 31 December 2016, as a result of the classification as held for sale of the Brazilian Security Business as of 1 January 2016, partially off-set by the sale of other Security business subsidiaries to Prosegur during 2016 as part of the Carve-out.

## Comparison of Financial Position as of 31 December 2015 and 2014

### *Non-current assets*

Property, plant and equipment decreased by 32.1% from €327.2 million as of 31 December 2014 to €222.3 million as of 31 December 2015. This decrease was mostly due to assets amounting to €76.9 million being classified as non-current assets held for sale. In addition, amortization and the negative impact of currency depreciation of the Brazilian real and the Argentine peso offset the effect of improvements in cash centres and other operational buildings and armoured vehicles during the year 2015 in Spain, Argentina and France.

Goodwill decreased by 14.5% from €358.8 million as of 31 December 2014 to €306.8 million as of 31 December 2015, mostly as a result of certain assets being classified as non-current assets held for sale and the depreciation of the Brazilian real.

Other intangible assets decreased by 29.7% from €247.3 million as of 31 December 2014 (including €221.7 million of customer portfolio, €6.7 million of trademarks, €14.9 of computer software and €4.1 million of other intangible assets) to €173.8 million as of 31 December 2015 (including €157.6 million of customer portfolio, €2.8 million of trademarks, €12.0 million of computer software and €1.4 million of other intangible assets), mostly as a result of certain assets being classified as non-current assets held for sale, amortization and the depreciation of the Brazilian real.

The table below shows the distribution of non-current assets among the countries and geographical areas indicated as of the dates indicated:

|                                  | <u>Non current assets</u>   |                |
|----------------------------------|-----------------------------|----------------|
|                                  | <u>At 31 December</u>       |                |
|                                  | <u>2015</u>                 | <u>2014</u>    |
|                                  | <u>(Thousands of Euros)</u> |                |
| Brazil.....                      | 285,289                     | 419,004        |
| Argentina.....                   | 97,016                      | 98,499         |
| Rest of Latam countries .....    | 119,878                     | 144,180        |
| Spain .....                      | 15,941                      | 13,544         |
| Germany.....                     | 73,130                      | 77,879         |
| Rest of European countries ..... | 69,768                      | 43,336         |
| AOA countries .....              | 94,948                      | 95,757         |
|                                  | <u>755,970</u>              | <u>892,199</u> |

The substantial difference between Brazil and Argentina is due to the fact that assets in both countries are of a different nature and were built at different times. Also, in Brazil,



the non-current assets corresponding to Grupo Nordeste account for a substantial portion of the total value.

#### *Current assets*

Trade and other receivables decreased by 23.3% from €550.4 million as of 31 December 2014 to €422.2 million as of 31 December 2015, mostly as a result of trade receivables from security subsidiaries re-classified as held for sale.

Current receivables with Prosegur Group companies increased by 32.8% from €264.5 million as of 31 December 2014 to €351.3 million as of 31 December 2015, mostly as a result of the Carve-out, which resulted in an increase in transactions between the Group and the Prosegur Group.

Non-current assets held for sale increased by 1,076.3% from €19.8 million as of 31 December 2014 to €232.9 million as of 31 December 2015, mostly as a result of reclassifying all security companies, except the Brazilian Security Business, as held for sale as of 1 January 2015.

#### *Equity*

Equity decreased by 16.8% from €1,150.9 million as of 31 December 2014 to €957.1 million as of 31 December 2015, mostly as a result of the depreciation of the Argentine peso and the Brazilian real and of the acquisition of certain Cash entities from Prosegur pursuant to the Carve-out.

The table below shows the effect on the Company's equity position resulting from the conversion into euros of the financial statements of foreign operations:

|                          | As of 31 December,  |                  |
|--------------------------|---------------------|------------------|
|                          | 2015                | 2014             |
|                          | (Millions of Euros) |                  |
| Argentinian Peso .....   | (204.993)           | (103.899)        |
| Brazilian real .....     | (191.513)           | (95.751)         |
| Chilean Peso .....       | (3.310)             | (0.043)          |
| Uruguayan Peso .....     | (1.629)             | (0.659)          |
| Paraguayan Guarani ..... | (8.579)             | (4.334)          |
| Colombian Peso .....     | (5.817)             | (1.277)          |
| Peruvian Nuevo Sol ..... | (24.114)            | (12.989)         |
| Mexican Peso .....       | 0.737               | 0.892            |
| Singapore Dollar .....   | 3.935               | 2.041            |
| Australian Dollar .....  | (1.426)             | (0.366)          |
| Indian Rupee .....       | (1.701)             | (1.966)          |
| South African Rand ..... | -                   | -                |
| <b>Total</b> .....       | <u>(438.410)</u>    | <u>(218.351)</u> |

### *Non-current liabilities*

Non-current financial liabilities decreased by 60.3% from €168.2 million as of 31 December 2014 to €66.8 million as of 31 December 2015, mostly as a result of the outstanding loan amounting to AUD70.0 million (€47 million) in Australia being reclassified as current and the prepayment of a debenture in Brazil.

Non-current provisions decreased by 26.5% from €173.8 million as of 31 December 2014 to €127.8 million as of 31 December 2015, mostly as a result of the depreciation of the Brazilian real and Argentinian peso.

### *Current liabilities*

Current financial liabilities increased by 64.4% from €90.5 million as of 31 December 2014 to €148.7 million as of 31 December 2015, mostly as a result of reclassifying as current loan the outstanding AUD70.0 million (€47 million) loan.

Current payables with Prosegur companies increased by 116.9% from €166.1 million as of 31 December 2014 to €360.3 million as of 31 December 2015, mostly as a result of the Carve-Out, which resulted in an increase in transactions between the Group and the Prosegur Group.

Trade and other payables decreased by 12.8% from €368.6 million as of 31 December 2014 to €321.5 million as of 31 December 2015, mostly as a result of reclassifying certain trade payables of security companies as held for sale as a result of the Carve-out.

Non-current liabilities held for sale increased by 2.636.4% from €1.1 million as of 31 December 2014 to €30.1 million as of 31 December 2015, mostly as a result of reclassifying all security companies, except the Brazilian Security Business, as held for sale as of 1 January 2015.

## **Liquidity and Capital Resources**

The Company's principal sources of liquidity and capital resources are its cash and cash equivalents, undrawn credit facilities and cash flows from operating activities.

The Company's main funding sources are cash flows from operations and bank loans.

Total available liquidity comes from the following sources:

- Cash and cash equivalents of €188.8 million, €201.6 million and €228.5 million as of 31 December 2016, 2015 and 2014, respectively.
- Undrawn credit facilities of €103.6 million, 59.4 million and 74.2 million as of 31 December 2016, 2015 and 2014, respectively.

As of 31 December 2016, the Company's Net Financial Debt amounted to €643.6 million. This amount includes an intercompany financial balance with Prosegur in an aggregate net amount, as of 31 December 2016, of €110.3 million, which was repaid in full on 21 February 2017 with the proceeds of a €75.0 million drawdown of the RCF and with available cash.

As of 31 December 2015 Net Financial Debt was €(195.7) million compared with €(47.8) million as of 31 December 2014. See section “*Alternative Performance Measures–Net Financial Debt*” for a definition of Net Financial Debt and a reconciliation of Net Financial Debt.

As of 31 December 2016, the Company held €188.8 million in cash or cash equivalents (mostly bank accounts and short-term deposits). As of 31 December 2015 cash and cash equivalents were €201.6 million compared with €228.5 million as of 31 December 2014. Until the Macri Administration assumed power in 2015, there were restrictions in place in Argentina on the Company's ability to withdraw and transfer cash outside the country. Those restrictions were lifted in December 2015. See section “*Risk Factors–The Company may be materially adversely affected by developments in the emerging markets where it operates, particularly Latin America.*”

### ***Working capital***

In the opinion of the Company, the working capital available to the Company is sufficient for the Company's present requirements and, in particular, is considered sufficient for at least the next twelve months from the date of this Prospectus. The table below shows the composition of the Company's working capital as of 31 December for the years indicated:

| <b>Working Capital</b>                                  | <b>2016</b>                | <b>2015</b>  | <b>2014</b>  |
|---|----------------------------|--------------|--------------|
|   | <b>(Millions of Euros)</b> |              |              |
| Non-Current Assets held-for-sale.....                   | 266.6                      | 232.9        | 19.8         |
| Inventories.....  | 7.5                        | 7.1          | 15.6         |
| Trade and other receivables.....                        | 426.8                      | 422.2        | 550.4        |
| Current receivables with Prosegur group companies ..... | 65.4                       | 351.3        | 264.5        |
| Current tax assets .....                                | 102.4                      | 45.8         | 72.2         |
| Other current financial assets .....                    | -                          | -            | 8.2          |
| Cash and cash equivalents.....                          | 188.8                      | 201.6        | 228.5        |
| Deferred tax assets .....                               | 89.5                       | 99.8         | 120.3        |
| Trade and other payables .....                          | (334.8)                    | (321.5)      | (368.6)      |
| Current tax liabilities.....                            | (118.5)                    | (66.1)       | (69.1)       |
| Current financial liabilities.....                      | (87.3)                     | (148.7)      | (90.5)       |
| Current payables with Prosegur group companies .....    | (168.7)                    | (360.3)      | (166.1)      |
| Current provisions.....                                 | (3.1)                      | (4.9)        | (18.2)       |
| Liabilities held-for-sale .....                         | (184.7)                    | (30.1)       | (1.1)        |
| Other current liabilities .....                         | (13.9)                     | (16.7)       | (10.4)       |
| Deferred tax liabilities.....                           | (67.2)                     | (62.7)       | (85.5)       |
| Non-current long term provisions .....                  | (137.0)                    | (127.8)      | (173.8)      |
| <b>Total Working Capital.....</b>                       | <b>31.8</b>                | <b>222.0</b> | <b>296.2</b> |

## Cash flow

The following table sets forth the Company's consolidated cash flow data for the years ended 31 December 2016, 2015 and 2014. The 2016 figures are derived from the audited Consolidated Annual Accounts and the 2015 and 2014 comparative figures are unaudited.

|   | For the year<br>ended 31<br>December<br>2016 | For the year<br>ended 31<br>December<br>2015 | For the year<br>ended 31<br>December<br>2014 |
|---|--|--|--|
| (Millions of Euros)   |  |  |  |
| <b>Cash flows from operating activities</b>   |  |  |  |
| <b>Profit for the period</b> .....  | <b>178.966</b>                               | <b>178.974</b>                               | <b>170.425</b>                               |
| <i>Adjustments for:</i>   |  |  |  |
| Depreciation and amortization.....  | 61.893                                       | 73.185                                       | 76.102                                       |
| Impairment losses on non-current assets.....  | 0.009  | 0.047  | -  |
| Impairment losses on trade receivables and inventories.....   | 1.457  | 1.069  | 4.496  |
| Change in provisions.....   | 78.132                                       | 31.808                                       | 32.704                                       |
| Losses on financial assets at fair value through profit or loss.....                                    | -  | -  | 0.073  |
| Finance income.....   | (33.448)                                     | (43.049)                                     | (19.793)                                     |
| Finance costs.....  | 75.712                                       | 60.463                                       | 37.520                                       |
| Share of profit of equity-accounted investees.....  | 4.189  | 1.031  | 0.451  |
| Gains on disposal and sale of property, plant and equipment.....  | (45.572)                                     | -  | -  |
| (Gains)/losses on disposal of subsidiaries.....   | 0.296  | -  | -  |
| Tax expense.....  | 132.114                                      | 97.270                                       | 91.038                                       |
| <b>Changes in working capital, excluding the effect of<br/>acquisitions and translation differences</b> |  |  |  |
| Inventories.....  | (2.475)                                      | (5.873)                                      | (0.958)                                      |
| Trade and other receivables (including group companies).....  | (51.252)                                     | (87.746)                                     | (19.567)                                     |
| Trade and other payables (including group companies).....   | 12.063                                       | 113.026                                      | 13.306                                       |
| Provisions.....   | (22.189)                                     | (47.629)                                     | (31.240)                                     |
| Other current liabilities.....  | (0.187)                                      | (0.688)                                      | -  |
| Other current assets.....   | 1.172  | (1.337)                                      | (3.048)                                      |
| <b>Cash flows from operating activities</b>   |  |  |  |
| Interest paid.....  | (16.021)                                     | (36.053)                                     | (13.496)                                     |
| Income tax paid.....  | (115.920)                                    | (91.886)                                     | (88.600)                                     |
| <b>Net cash from operating activities</b> .....   | <b>258.939</b>                               | <b>242.612</b>                               | <b>249.413</b>                               |
| <b>Cash flows from investing activities</b>   |  |  |  |
| Proceeds from sale of assets held-for-sale.....   | 100.895                                      | -  | -  |
| Proceeds from sale of financial assets.....   | 22.322                                       | -  | -  |
| Proceeds from sale of subsidiaries held-for-sale, net of cash<br>and cash equivalents.....              | 72.836                                       | 5.311  | -  |
| Interest received.....  | 31.058                                       | 32.711                                       | 17.510                                       |
| Proceeds from investments.....  | 37.012                                       | -  | -  |
| Acquisition of subsidiaries, net of cash and cash equivalents.....                                      | (29.529)                                     | (24.690)                                     | (63.990)                                     |
| Acquisition of equity-accounted investees.....  | -  | -  | (4.933)                                      |
| Acquisition of property, plant and equipment.....   | (89.386)                                     | (69.136)                                     | (84.714)                                     |
| Acquisition of intangible assets.....   | (6.951)                                      | (4.504)                                      | (6.398)                                      |
| Acquisition of investment property.....   | -  | (71.315)                                     | (45.267)                                     |
| Acquisition of subsidiaries integrated.....   | (10.733)                                     | -  | -  |
| Acquisition of financial assets (including group companies).....  | (70.946)                                     | (37.724)                                     | (57.946)                                     |
| <b>Net cash used in investing activities</b> .....  | <b>56.578</b>                                | <b>(169.347)</b>                             | <b>(245.738)</b>                             |

| <b>Cash flows from financing activities</b>                                      |                  |                 |                 |
|--|------------------|-----------------|-----------------|
| Proceeds from issue of share capital and share premium.....                      | 0.003            | -               | -               |
| Proceeds from contributions .....  | 3.289            | 16.085          | 65.570          |
| Proceeds from loans and borrowings .....   | 715.125          | 29.302          | -               |
| Proceeds from other financial liabilities .....                                  | -                | 8.810           | 99.025          |
| Payments for the redemption of own shares and other own equity instruments ..... | (46.781)         | -               | -               |
| Payments for loans and borrowings .....  | (22.158)         | (61.215)        | (88.254)        |
| Share premium distribution.....  | (910.548)        | -               | -               |
| Dividends paid .....   | (74.619)         | (32.121)        | (95.390)        |
| <b>Net cash from (used in) financing activities .....</b>                        | <b>(335.689)</b> | <b>(39.139)</b> | <b>(19.049)</b> |
| Net increase/(decrease) in cash and cash equivalents .....                       | (20.172)         | 34.126          | (15.374)        |
| Cash and cash equivalents at the beginning of period .....                       | 241.425          | 228.646         | 240.507         |
| Effect of translation differences on cash held .....                             | (9.650)          | (21.347)        | 3.513           |
| <b>Cash and cash equivalents at year end including: .....</b>                    | <b>211.603</b>   | <b>241.425</b>  | <b>228.646</b>  |
| Cash and cash equivalents at year end from continuing operations .....           | 188.780          | 201.552         | 228.515         |
| Cash and cash equivalents at year end from discounting operations .....          | 22.823           | 39.873          | 0.131           |

#### *Net cash from operating activities*

Net cash from operating activities increased by 6.7% to €258.9 million for the year ended 31 December 2016 from €242.6 million for the year ended 31 December 2015. This increase was mainly due to an improvement in the cash flows from trade and other receivables from €(87.7) million to €(51.3) million, mostly because of payment delays in 2015 by companies in the Prosegur Group as a result of the focus on the Carve-out. By contrast, gains on disposal and sale of property, plant and equipment resulted in a negative adjustment of €45.6 million in 2016 (compared to none in 2015) as a result of the sale of operational buildings to other companies in the Prosegur Group.

Net cash from operating activities decreased by 2.7% to €242.6 million for the year ended 31 December 2015 from €249.4 million for the year ended 31 December 2014. The decrease was mainly due to payment delays by companies in the Prosegur Group in 2015 (as explained above) and higher interest and tax payments, offset in part by an improvement in trade and other payables.

#### *Net cash from/used in investing activities*

Net cash used in investing activities was €169.3 million for the year ended 31 December 2015 compared to net cash from investing activities of €56.6 million for the year ended 31 December 2016. This variation was mainly due to net proceeds from the sale of assets and subsidiaries held for sale amounting to €173.7 million (including €100.9 million from the sale of Security assets and operating buildings held for sale and €72.8 million from the sale of Security subsidiaries held for sale) as well as proceeds from the sale of financial assets (€22.3 million) and the acquisition of real estate assets in Argentina in 2015 (which had a negative effect that year), offset in part by higher capital expenditures (mostly maintenance and improvement of operational buildings in Spain, Argentina and Brazil).

Net cash used in investing activities decreased to €169.3 million for the year ended 31 December 2015 from €245.7 million for the year ended 31 December 2014. This variation was mostly due to exchange rate conversions in favourable terms, lower cash outflows due to acquisitions and lower capital expenditures for maintenance of operational buildings (mostly in Brazil).

*Net cash from / used in financing activities*

Net cash used in financing activities increased from €39.1 million for the year ended 31 December 2015 to €335.7 million for the year ended 31 December 2016, mainly due to a share premium distribution of €910.5 million using the proceeds from the €600 million term loan, €183.6 million of available cash and the remainder, €126.9 million, financed with the intercompany financing granted by Prosegur. See “*Related-party transactions with the Prosegur Group - Balances*” for more details.

Net cash used in financing activities increased from €19 million for the year ended 31 December 2014 to €39.2 million for the year ended 31 December 2015, mainly due to lower proceeds from other financial liabilities, which decreased from €99.0 million to €8.8 million (as a result of fewer non-current credit accounts in 2015) and lower cash outflows as a result of a reduction of financial leases for armoured vehicles in Brazil and Germany, and lower dividend distributions.

***Borrowings***

The following is a breakdown of the Company’s borrowings and the average interest rate thereof as of 31 December 2016, 31 December 2015 and 31 December 2014.

|   | As of 31 December,    |                |               |                       |               |                |                       |                |               |
|---|-----------------------|----------------|---------------|-----------------------|---------------|----------------|-----------------------|----------------|---------------|
|   | 2016                  |                |               | 2015                  |               |                | 2014                  |                |               |
|   | Average interest rate | Non-current    | Current       | Average interest rate | Non-current   | Current        | Average interest rate | Non-current    | Current       |
| (Thousands of Euros except percentages) |                       |                |               |                       |               |                |                       |                |               |
| Bank loans                              | 1.19%                 | 614,402        | 11,747        | 7.56%                 | 31,819        | 89,071         | 6.20%                 | 99,334         | 31,712        |
| Finance lease payables                  | 7.17%                 | 11,875         | 8,502         | 4.76%                 | 11,521        | 6,416          | 7.79%                 | 15,875         | 14,498        |
| Credit accounts                         | 3.53%                 | –              | 43,307        | 4.13%                 | –             | 30,593         | 5.29%                 | –              | 14,454        |
| Other payables                          | 10.28%                | 8,443          | 23,759        | 14.16%                | 23,490        | 22,625         | 10.69%                | 52,980         | 29,806        |
| <b>Total</b>                            |                       | <b>634,720</b> | <b>87,315</b> |                       | <b>66,830</b> | <b>148,705</b> |                       | <b>168,189</b> | <b>90,470</b> |

*Loan Agreement*

On 20 December 2016, the Company entered into the Loan Agreement, a new €600 million syndicated bullet term loan due on 20 December 2019, with an interest rate of EURIBOR plus an applicable margin (determined on the basis of a net financial debt/EBITDA ratio as defined in the Loan Agreement).

The outstanding amount under the Loan Agreement as of the date of this Prospectus is €600 million.

The terms and conditions of the Loan Agreement include certain customary financial covenants, including compliance with the financial ratios described under the section “Covenants in the Company’s borrowings”, as well as certain non-financial undertakings vis-à-vis the lenders, such as (i) reporting obligations to the lenders; (ii) acceleration of the loan triggered by, among others, breach of payment obligations under the Loan Agreement, false representation, insolvency, litigation and/or cross-defaults; and (iii) limitations to the ability of the Company, and certain of its affiliates acting as guarantors under the Loan Agreement, to incur in certain indebtedness, create security over their assets, dispose in any manner of their assets, grant any kind of financing, carry out corporate restructurings, initiate any action related to insolvency proceedings or change the general nature of their business, unless otherwise permitted under the Loan Agreement. Payment of dividends is not restricted under the Loan Agreement. Under the terms of the Loan Agreement, if Prosegur loses control of the Company or Ms. Helena Revoredo loses control of Prosegur, any amount outstanding could be declared immediately due at the time of such change of control.

As of the date of this Prospectus, the Company is in compliance with all covenants under the Loan Agreement. Management does not believe compliance with the covenants established under the Loan Agreement will restrict the Company’s operating ability in the future. See section “*Risk Factors – The Company’s leverage and debt service obligations may have a material adverse effect on its business*” and section “*Material Contracts – Financing arrangements – Loan Agreement*” for further details on this agreement.

#### *Revolving Credit Facility (RCF)*

On 10 February 2017, the Company entered into a new €300 million syndicated revolving credit facility with a maturity of five years. The new facility contains covenants similar to those for the Loan Agreement including the possibility of acceleration if Prosegur loses control of the Company or Ms. Helena Revoredo loses control of Prosegur. See “*Material Contracts—Financing Arrangements—Revolving Credit Facility*”. As of the date of this Prospectus, the Company had drawn down €75.0 million under the RCF.

#### *Overdraft Bilateral Credit Facilities*

As a result of the Company’s decision to end its cash pooling arrangements with the Prosegur Group between December 2016 and February 2017 the Company entered into a set of new overdraft bilateral credit facilities with different banks, with an aggregate limit of €70 million to cover short term cash needs. As of 31 December 2016, undrawn credit facilities totaled €27.9 million.

As of 16 February 2017, the outstanding amount under these facilities was €38.7 million (with an average interest rate of 0.74%).

#### *Credit accounts*

Credit accounts were subject to various interest rate reviews during 2016. Undrawn credit facilities held by the Company and its subsidiaries totaled €75.7 million at 31 December 2016 (with a maturity of less than one year), a 27.4% increase from €59.4 million at 31 December 2015, which was a 19.9% decrease from €74.2 million for 31 December 2014.

#### *Other bank loans*

The main outstanding bank loans, other than the Loan Agreement, are various term loans entered into by the Company's subsidiaries, typically denominated in the local currency of their countries of operation, and used to cover short-term financing needs or to finance an acquisition by the subsidiary.

#### *Finance lease payables*

The main assets acquired under finance leases are armoured vehicles and cash management machines. Total minimum payments under finance lease payables (of less than one year to over five years and including interest) were €22.3 million, €19.4 million and €33.3 million as of 31 December 2016, 2015 and 2014, respectively.

#### *Other payables*

Other payables mainly relate to deferred payments for M&A transactions during 2016, 2015 and 2014, and the principal acquisitions payment was for Grupo Nordeste and as of 31 December 2016 it also includes deferred payments related to the acquisition of Toll in Australia. The high interest rate for those payables is due to the fact that most of them are in Latin America, where interest rates are relatively higher. Other payables (current and non-current) totalled €32.2 million at 31 December 2016, €46.1 million at 31 December 2015 and €82.8 million at 31 December 2014.

#### ***Covenants in the Company's borrowings***

The Company's outstanding loan agreements contain certain restrictive covenants, including, among others, change of control provisions and compliance with certain financial ratios. The table below summarizes the applicable covenants for the main outstanding loans as of the date of this Prospectus:



| <b>Bank debt covenants</b>              |   |
|---|---|
| Loan                                    | Financial ratios and other covenants  |
| €600m Loan Agreement                    | Net financial debt / EBITDA $\leq$ 3.50x<br>EBITDA / Net finance costs $>$ 5.00x<br>Change of control |
| €300m million Revolving Credit Facility | Net financial debt / EBITDA $<$ 3.50x<br>EBITDA / Net finance costs $>$ 5.00x<br>Change of control    |

As of the date of this Prospectus, the Company is in compliance with all covenants shown in the table above.

### ***Off-balance sheet arrangements***

The Company's subsidiaries guarantee certain commercial obligations to clients and provide financial guarantees for litigation contingencies (mostly civil and labour litigation in Brazil).

### ***Contractual obligations***

The following table sets forth the Company's contractual obligations at 31 December 2016. The contractual obligations set forth in the table below reflect mainly those agreements and obligations the Company believes that in the ordinary course of its operations are customary and necessary in light of the activities in which it engages. In particular, many of the obligations set forth below are designed to maintain or grow the Company's operations through medium- to long-term investments. The Company believes that its cash flow from operations will be sufficient to satisfy its obligations set forth below, as well as its other operating costs.

The amounts presented in this table reflect the maturities on the Company's payables with repayment schedules as set out at 31 December 2016:

|   | At 31 December 2016 |                        |                  |                    |              |              |                   |
|---|---------------------|------------------------|------------------|--------------------|--------------|--------------|-------------------|
|   | Carrying amount     | Contractual cash flows | 6 months or less | 6 months to 1 year | 1 to 2 years | 2 to 5 years | More than 5 years |
| (Millions of Euros)                         |                     |                        |                  |                    |              |              |                   |
| <b>Non-derivative financial liabilities</b> |                     |                        |                  |                    |              |              |                   |
| Loans and borrowings .....                  | 626.1               | 662.8                  | 15.4             | 3.7                | 9.4          | 634.2        | –                 |
| Finance lease payables .....                | 20.4                | 23.9                   | 5.5              | 4.4                | 7.0          | 6.8          | 0.3               |
| Credit accounts .....                       | 43.3                | 46.4                   | 43.8             | 2.6                |              |              |                   |
| Other payables .....                        | 32.2                | 36.6                   | 23.9             | 1.0                | 2.9          | 4.8          | 4.0               |
| Current payables with group companies ..... | 168.7               | 168.7                  | 168.7            | –                  | –            | –            | –                 |
| Trade and other payables .....              | 262.5               | 262.6                  | 262.6            |                    | –            | –            | –                 |
| <b>Total .....</b>                          | <b>1,153.2</b>      | <b>1,201.0</b>         | <b>519.9</b>     | <b>11.7</b>        | <b>19.3</b>  | <b>645.8</b> | <b>4.3</b>        |

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

### Capital Expenditures

The following table sets forth the Company's capital expenditures (CAPEX) for the Cash business only for the years ended 31 December 2016, 2015 and 2014.

| <b>CAPEX (Millions of Euros)</b>                          | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|---|-------------|-------------|-------------|
| Lands and buildings (excluding decommissioning costs)     | 0.5         | 4.4         | 2.7         |
| Technical installations and machinery                     | 9.4         | 10.8        | 17.7        |
| Other installations and furniture                         | 16.4        | 20.9        | 18.6        |
| Armoured vehicles and other property, plant and equipment | 17.1        | 16.2        | 32.4        |
| Under construction and advances                           | 45.5        | 16.4        | 7.5         |
| Subtotal: Property, Plant and Equipment additions         | 88.9        | 68.7        | 78.9        |
| Software additions  | 5.4         | 4.1         | 3.1         |
| <b>Total CAPEX</b>  | <b>94.3</b> | <b>72.8</b> | <b>82.0</b> |

Capital expenditures in tangible assets for these periods mostly related to investments to improve cash centres, replacing cash counting machines and adapting vehicles for service, whereas capital expenditures in intangible assets mostly related to investments in computer software. In 2016, these investments were mainly in Spain, Argentina and Brazil. In 2015 they were mostly in Argentina, Spain and France and in 2014 in Argentina, Germany, Peru, Colombia and Brazil. In the Latin America segment, capital expenditures in tangible assets were €69.7 million, €55.4 million and €62.7 million in 2016, 2015 and 2014, respectively. In the European Region segment, capital expenditures in tangible assets were €15.4 million, €10.8 million and €15.7 million in 2016, 2015 and 2014, respectively. In AOA, capital expenditures in tangible assets were €4.8 million, €2.6 million and €6.3 million in 2016, 2015 and 2014, respectively. In the Latin America segment, capital expenditures in intangible assets were €1.0 million, €0.9 million and €3.7 million in 2016, 2015 and 2014, respectively. In the European Region segment, capital expenditures in intangible assets were €4.5 million, €0.4 million and €0.6 million in 2016, 2015 and 2014, respectively. There were no capital expenditures in intangible assets in the AOA segment for any of the periods.

The Company does not rely on external financing for its capital expenditures.

As of 31 December 2016, capital expenditure commitments amounted to €11.5 million (€11.3 million for tangible assets and €0.2 million for intangible assets) and mostly related to investments to adapt buildings to operate as new cash centres in Mexico, Argentina and France.

## Seasonality

The Company's revenues exhibit a mild seasonal pattern, with peaks during the summer season (particularly July) and the Christmas season, with December being the month with the highest revenue in a typical year. This pattern is due to an increase in cash transactions during the peak periods.

## Quantitative and Qualitative Disclosure about Market Risk

The Company's activities are exposed to various types of market risks such as: currency risk, credit risk, liquidity risk and interest rate and price risks. The Company's global risk management programme aims to reduce these risks through a variety of methods, including the use of financial instruments. The financial department of the Company identifies, proposes and carries out the management of these risks along with other operating units of the Company in accordance with policies approved by the Executive Committee.

The Company has chosen not to include a profit forecast or a profit estimate.

### *Currency risk*

The Company operates internationally and is therefore exposed to currency risk when operating with foreign currency. Currency risk arises when future commercial transactions, equity investments, results from operating activities and financial positions are presented in a foreign currency other than the functional currency of each company in the Group.

As the Company intends to remain in the foreign markets in which it is present in the long-term, it does not hedge equity investments, but rather assumes the risk relating to the translation to euros of the assets and liabilities denominated in foreign currencies.

Details of the main average and year-end exchange rates to euros of foreign currencies are as follows:

|                   | For the year ended 31 December |          |         |          |         |          |
|-------------------|--------------------------------|----------|---------|----------|---------|----------|
|                   | 2016                           |          | 2015    |          | 2014    |          |
|                   | Average                        | Year End | Average | Year End | Average | Year End |
| Brazilian real    | 3.9                            | 3.4      | 3.7     | 4.3      | 3.1     | 3.2      |
| Argentine peso    | 16.3                           | 16.8     | 10.2    | 14.3     | 10.7    | 10.3     |
| Colombian peso    | 3,379.5                        | 3,163.1  | 3,040.6 | 3,428.8  | 2,650.0 | 2,904.7  |
| Mexican peso      | 20.7                           | 21.8     | 17.6    | 18.9     | 17.7    | 17.9     |
| Chilean peso      | 748.6                          | 703.4    | 725.5   | 770.1    | 756.7   | 737.4    |
| Peruvian sol      | 3.7                            | 3.5      | 3.5     | 3.7      | 3.8     | 3.6      |
| Australian dollar | 1.5                            | 1.5      | 1.5     | 1.5      | 1.5     | 1.5      |

Source: Oanda

Also see section "*Exchange Rates*" for further information relating to recent currency exchange rates.

### ***Credit risk***

The Company is not significantly exposed to credit risk. Bad debts are not a significant factor in the sector in which it operates. Independent credit ratings of customers are used by the Company to assess its customers when available. Otherwise, the department for credit control assesses each customer's credit rating, considering financial position, past experience and other factors. Individual credit limits are established based on internal and external ratings in accordance with the limits set by the finance department. Credit limits are regularly monitored.

The Company has formal procedures for detecting objective evidence of impairment of trade receivables. It identifies significant delays in payments and the methods to follow to estimate the impairment loss based on an individual analysis by business area. Impairment of trade receivables at 31 December 2016 amounted to €6.8 million (€12.7 million for the year ended 31 December 2015 and €15.2 million for the year ended 31 December 2014). As the credit ratings relating to trade receivables not included in this provision are sufficient, this provision is considered to cover the credit risk.

For example, in Spain the collections department managed an approximate volume of 2,349 customers in 2016 (2,198 customers in 2015 and 2,075 customers in 2014) with monthly average turnover of €7,026 per customer in 2016 (€7,186 per customer in 2015 and €7,292 in 2014). Most payments are made by bank transfer, which represents 92% of payments, and the remaining 8% through notes (checks, promissory notes, etc.).

### ***Counterparty Risk***

All financial assets contracted in 2016 are exposed to a risk of default by the counterparties which, in all cases, are financial institutions with guaranteed solvency and high credit ratings that are not sensitive to adverse changes in the economic climate.

Details of the percentage of total turnover represented by the Group's eight main customers are as follows:

|                  | <b>For the year ended 31 December</b> |             |             |
|------------------|---------------------------------------|-------------|-------------|
|                  | <b>2016</b>                           | <b>2015</b> | <b>2014</b> |
| Counterparty     |                                       |             |             |
| Customer 1 ..... | 7.23%                                 | 8.04%       | 10.58%      |
| Customer 2 ..... | 5.68%                                 | 6.27%       | 7.33%       |
| Customer 3 ..... | 4.85%                                 | 5.25%       | 6.15%       |
| Customer 4 ..... | 3.12%                                 | 3.32%       | 3.83%       |
| Customer 5 ..... | 2.94%                                 | 3.24%       | 3.15%       |
| Customer 6 ..... | 2.27%                                 | 2.36%       | 2.89%       |
| Customer 7 ..... | 2.14%                                 | 2.30%       | 1.63%       |
| Customer 8 ..... | 1.58%                                 | 1.65%       | 1.20%       |

### ***Liquidity risk***

The Company believes a prudent policy to managing liquidity risk is based on having sufficient cash and marketable securities, as well as sufficient short-, medium- and long-term financing through credit facilities, to reach business targets safely, efficiently and on time. The treasury department of the Company aims to maintain liquidity and sufficient availability of credit to guarantee business operations.

The Company's management monitors its liquidity reserves, which comprise credit available for drawdown and cash and cash equivalents, and are forecast based on expected cash flows.

Liquidity position for 31 December 2016 is based on the following:

- Cash and cash equivalents of €188.8 million for the year ended 31 December 2016 (€201.6 million and €228.5 million as of 31 December 2015 and 2014, respectively)
- Undrawn credit facilities of €103.6 million at 31 December 2016 (€59.4 million and €74.2 million as of 31 December 2015 and 2014, respectively)

### ***Interest rate risks***

The Company is exposed to interest rate risk due to its monetary assets and liabilities. The exposure of financial liabilities (excluding other payables) for fixed and variable rate liabilities totalled €689.8 million at 31 December 2016, €169.4 million at 31 December 2015 and €175.9 million at 31 December 2014 (measuring those liabilities with a maturity of six months or less, up to liabilities maturing in more than five years).

The Company analyses its interest rate risk exposure periodically. In 2016 the majority of financial liabilities at variable interest rates were denominated in euros, Brazilian reais and Australian dollars.

The Company's management performs a simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges. Based on these scenarios, the Company calculates the effect of a certain variation in interest rates on profit and loss. For each simulation, the same interest rate variation is used for all currencies. The scenarios are only analysed for the liabilities that represent the most significant positions in which a variable interest rate is paid.

The Company's debt comprises bank loans at fixed rates. In Argentina, Chile, Peru, Brazil, Uruguay, Germany and France liabilities include credit facilities, leasing-related payables and loans from credit entities at fixed interest rates.

## Most frequently used ratios

The below tables show the calculation of the two leverage ratios most frequently used by the Company excluding held-for-sale net assets:

|   | As of 31 December,  |                |
|---|---------------------|----------------|
|   | 2016                | 2015           |
|   | (Millions of Euros) |                |
| <b>Net Financial Debt (excluding other non-bank payables corresponding to deferred payments for M&amp;A acquisitions) (A)</b> ..... | <b>611.4</b>        | <b>(235.7)</b> |
| <b>Total capital (B)</b> .....  | <b>715.0</b>        | <b>413.9</b>   |
| Net Financial Debt (excluding other non-bank payables corresponding to deferred payments for M&A acquisitions (B.1).....            | 611.4               | (235.7)        |
| Total Equity (B.2) .....  | 103.6               | 649.6          |
| <b>Ratio (A/B)</b> .....  | <b>0.86</b>         | <b>(0.57)</b>  |
|   | As of 31 December,  |                |
|   | 2016                | 2015           |
|   | (Millions of Euros) |                |
| Net Financial Debt (excluding other non-bank payables corresponding to deferred payments for M&A acquisitions) (A).....             | 611.4               | (235.7)        |
| Total Equity (B) .....  | 103.6               | 649.6          |
| <b>Ratio (A/B)</b> .....  | <b>5.9</b>          | <b>(0.36)</b>  |

## MATERIAL CONTRACTS

*The following is a summary of the main terms and conditions of all those contracts entered into by the Company or any of its subsidiaries which are considered material for the purposes of this Prospectus.*

*It is foreseen that after the date of the filing of this Prospectus with the CNMV, but in any case before Admission, the terms and conditions of all the related-party transactions in force (other than transactions which simultaneously fulfil the conditions established by article 529 ter (h) of the Spanish Companies Act), including the Framework Agreement, the License Agreement, the Management Services Agreement, the RE Lease Agreements, the sublease agreements and the Brazilian Security Business Sale Agreement entered into by the Prosegur Group and the Group are submitted to the Board of Directors of the Company for consideration and, as the case may be, ratification, following a favorable report issued by the Audit Committee, also as the case may be, and with the abstention of the proprietary Directors appointed by Prosegur.*

### **Framework Agreement**

In order to comply with Recommendation no. 2 of the Spanish Corporate Governance Code, on 17 February 2017 Prosegur and the Company entered into the Framework Agreement which sets forth, among others, the exclusive scope of activity of each group (including reciprocal non-compete obligations) and the framework in which related-party transactions shall be carried out in an attempt to prevent potential conflicts of interest, as well as the obligation of the Company to provide Prosegur with certain information in order to allow it to comply with its statutory and contractual obligations. For a more detailed description of the main terms and conditions of the Framework Agreement see section “*Management and Board of Directors—Framework Agreement of relations between the Selling Shareholder and the Company.*”

The entry into force of the Framework Agreement is subject to Admission, and shall be in force (i) as long as Prosegur directly or indirectly holds a majority stake (greater than 50%) in the share capital of the Company, or (ii) even if that stake is equal to or less than 50% of its share capital, as long as more than half of the Directors of the Company are proprietary Directors appointed at the request of Prosegur.

### **License Agreement**

On 1 January 2017, Prosegur, as licensor, and the Company, as licensee, entered into the License Agreement. By virtue of it, Prosegur grants the Company, on an exclusive basis, a license to use the “PROSEGUR” Licensed Trademarks to identify its Cash business within any of the jurisdictions, other than India, in which the Licensed Trademarks are registered now or may be so in the future (hereinafter, in this section, the “**Territories**” and, each of them, a “**Territory**”, as applicable). In this regard, Prosegur has an obligation to extend the Licensed Trademarks by renewing the

registrations upon the Company's request and the Company is entitled to require Prosegur to register the Licensed Trademarks in new territories where the Group intends to provide Cash services, in which case Prosegur is obliged to apply for the registration of the relevant trademark in such new territory within one month.

The Company is entitled to use the Licensed Trademarks in the Territories, on an exclusive basis in respect of the Cash business. Accordingly, Prosegur shall not use the Licensed Trademarks in the Territories, nor authorise third parties to do so, in respect of any Cash business. Prosegur however keeps the right to use (or authorize third parties to use) the Licensed Trademarks as well as any other signs or marks containing the word "PROSEGUR" or similar, to identify Security and Alarms businesses in any jurisdiction, including the Territories. In all cases, Prosegur remains the exclusive owner of the Licensed Trademarks and of any IP rights (*derechos de propiedad intelectual e industrial*) attached thereto.

The License Agreement entitles the Company to sublicense the use of the Licensed Trademarks, but only in favour of any entity within the Group (hereinafter, in this section, a "**Sublicensee**"). Other than these sublicenses, the Company is not entitled to dispose of, transfer, assign, charge, lien, or grant any rights over, the license without the prior written consent of Prosegur.

The License Agreement establishes the following early termination events:

- (i) if the Company does not actually and effectively use the Licensed Trademarks in a certain Territory during one consecutive year, Prosegur is entitled to partially revoke the license in respect of such Territory on three-months' notice.
- (ii) by the Company, totally, on twelve-months' notice;
- (iii) by the Company, partially only and on three-months' notice, if it decides to change the trademarks for identifying Cash services in a certain Territory;
- (iv) by Prosegur, if the Company applies for the registration of any signs or marks coinciding (partially or totally) or similar to the Licensed Trademarks without Prosegur's prior consent or takes any actions which seriously harm or prejudice the distinctiveness of the Licensed Trademarks;
- (v) by Prosegur, if Prosegur ceases to control the Company, on twelve-months' notice;
- (vi) by either party for non-remedied serious breach of the other party's obligations under the License Agreement;
- (vii) by either party, if the other party is declared insolvent or incurs in a liquidation event.



In the event of termination of the License Agreement for any reason different from the events mentioned under sections (i), (ii) or (iii) above, the Company will benefit from a twelve-month transition period for the Company and the relevant Sublicensees to progressively cease to use the Licensed Trademarks. Said transition period will be shortened to six months if the License Agreement is terminated by Prosegur for serious breach by the Company.

The Company must effectively use the Licensed Trademarks in a manner that does not prejudice their distinctiveness or their reputation and, in any case, following the terms and conditions of the manual attached to the License Agreement which establishes, amongst others, standards of quality, formats and procedures of their use. Such manual may be amended from time to time by Prosegur, for justifiable reasons. The Company will be able to use the Licensed Trademarks together with other distinctive signs or marks with the prior and written consent of Prosegur, which will not be unreasonably withheld.

The Company will be in charge of the supply, promotion and commercialization of Cash services under the highest market quality standards.

The Company shall be liable to Prosegur for any breach of its obligations relating to the correct use of the Licensed Trademarks and shall hold Prosegur harmless from all court, out of court and/or administrative claims arising from such a breach by the Company.

The Company shall exonerate Prosegur from all liability for any damage, loss, cost or expense (including reasonable attorney fees) incurred as a result of any court or out of court claim filed by a third party against Prosegur in relation to a breach of the Company's obligations set forth in the License Agreement or the providing, promotion, use and evaluation of Cash services by the Company.

Prosegur is obliged to make best efforts to maintain the validity of the Licensed Trademarks during the term of the License Agreement and, in particular, to pay the necessary registration fees. It must take as many actions as may be necessary for the maintenance of the registrations and must renew the registration of the Licensed Trademarks on expiry, if the relevant Licensed Trademark is being effectively used by the Company in the relevant Territory.

In consideration for the use of the Licensed Trademarks under the License Agreement, the Company shall pay to Prosegur an amount (hereinafter, in this section, the “**License Royalty**”) equal to the aggregated sublicense royalties (hereinafter, in this section, the “**Sublicense Royalties**”) received by the Company from the Sublicensees under the sublicense agreements entered into between the Company and its subsidiaries. As described below, a specific coefficient is applied to the Sublicense Royalties based on the correlation between the operating proceeds of the relevant Sublicensee from providing services to clients (other than Prosegur Group entities) and operating results of the relevant Sublicensee, excluding the Sublicense Royalty and any other applicable incentive that may affect its EBIT.

The fair market value of “PROSEGUR” Licensed Trademarks has been determined in 2016 by an independent expert (Duff & Phelps). Duff & Phelps assigned an individual value to each of the “PROSEGUR” trademark registries used for the different activities of the Prosegur Group (including Cash activities). The methodology used by Duff & Phelps was based in the Relief from Royalty (RfR) mechanism (related to income), which is considered standard for trademarks’ market valuation. Under this methodology, the value of a trademark corresponds to the savings that a company would have obtained should it have been the owner of said brand.

The methodology to determine the royalties that Prosegur Cash shall pay to Prosegur for the use of the “PROSEGUR” Licensed Trademarks, was defined in 2013 by another independent expert (Garrigues) for the purposes of complying with tax and transfer pricing rules (arm’s length standard). To this end, the comparable uncontrolled price (CUP) method was used. Said methodology is provided by the OECD Transfer Pricing Guidelines and it is also regulated under article 18.4 a) of Law 27/2014 of Spanish Corporate Tax Law. In applying it, comparable non-related security companies licensing schemes are identified and analyzed, to determine a range of arm’s length royalty rates. Prosegur updates the benchmarking studies to identify comparable transactions every two years to confirm the market nature of the royalties applied or otherwise update them accordingly.

In addition to the above, in order to adjust the amount of the royalties, ensuring that their payment does not leave the affiliates out of the range of arm’s length profitability that comparable entities operating in the same business sector earn in their recurrent business activities, the Transactional Net Margin Method (TNMM) provided for in the OECD Transfer Pricing Guidelines (as well as article 18.4 e) of Law 27/2014 of Spanish Corporate Tax Law) is used. In applying it, the Operating Margin (OM) Profit Level Indicator (PLI) was used, calculated as the operating income figure relative to net sales excluding financial costs and taxes.

Therefore, the License Agreement with Prosegur Cash and the Sublicense Royalties’ calculation mechanics of each Sublicense, reflects this valuation which is commensurate to the utility the brand provides to each of Prosegur Cash companies, as explained below:

- Sublicense Royalties are calculated based on the correlation between (i) operating proceeds of the relevant Sublicensee from providing services to clients (other than Prosegur Group entities) (hereinafter in this section, “**OP**”); and (ii) operating results (hereinafter in this section “**EBIT**”) of the relevant Sublicensee, excluding the Sublicense Royalty and any other applicable incentive that may affect its EBIT.
- Sublicense Royalties are charged to a Sublicensee only if its EBIT/OP is higher than zero.

- The gross Sublicense Royalty (hereinafter, in this section, the “**Gross Sublicense Royalty**”) is calculated by applying a percentage (hereinafter, in this section, the “**Applicable Percentage**”) to the relevant Sublicensee’s OP, which is determined by comparing the profitability of the operation results (EBIT/OP) of each Sublicensee with a defined targeted profitability (hereinafter, in this section, the “**Targeted Profitability**”). The Targeted Profitability may be revisited periodically, for updating in accordance with a market valuation principle and to capture the extension of the License to new territories. Any such updates, however, will only take effect if and from the time they have been agreed by both parties.

Targeted Profitability:

| <b>Territory</b>     | <b>Lower quartile</b> | <b>Median</b> |
|----------------------|-----------------------|---------------|
| Europe/Oceania ..... | 2.74%                 | 5.47%         |
| LatAm .....          | 5.72%                 | 8.78%         |
| Asia .....           | 3.87%                 | 6.73%         |

The Applicable Percentage is calculated as follows:

| <b>Comparison</b>              | <b>Qualification</b> | <b>Applicable Percentage</b> |
|--------------------------------|----------------------|------------------------------|
| (EBIT/OP)>Median .....         | Complete             |                              |
| Lower Quartile<                | Utility              | 2.97%                        |
| (EBIT/OP)<Median.....          | Limited              |                              |
| (EBIT/OP)<Lower Quartile ..... | Utility              | 1.22%                        |
|                                | Zero Utility         | 0%                           |

The Applicable Percentage will in certain circumstances be 0% for newly incorporated or recently acquired Sublicensees and in the case of Brazil is adjusted downwards as imposed by local regulations.

Sublicense Royalties charged are adjusted as necessary where a Sublicensee’s profitability of the operation results was initially higher than zero and the application of the above calculation mechanics would make it drop below zero if Sublicense Royalties were charged in full.

Royalties are calculated and paid as a two-step procedure. Sublicense Royalties are initially calculated, invoiced and paid within the relevant year based on estimated OP and EBIT of Sublicensees. Upon determination of actual amounts of Sublicensee’s OP and EBIT following year-end, Sublicense Royalties are recalculated and a positive (additional payment) or negative (reimbursement) adjustment is made.

Pursuant to the license agreements in force during 2016, the expenses incurred by the Group for the use of licences amounted to €30.4 million. These expenses accounted for

9.9% of the Company's selling, general and administrative expenses in the year ended 31 December 2016, which totalled €305.7 million.

If results and sales of each subsidiary of the Company remained constant in 2017 as compared to 2016, in 2017 License Royalties to be paid under the License Agreement would again amount to approximately €30.4 million. Changes in these will, according to the License Royalty calculation criteria described, give rise to changes in the estimated figure.

For more information regarding trademarks, see section "*Related Party Transactions-Related party transactions with the Company's shareholders*".

### **Management Services Agreements**

On 1 August 2016 certain Prosegur Group companies (hereinafter, in this section, each a "**PGA Company**" and collectively the "**PGA Companies**") entered into certain management and support services agreements (jointly, the "**Management Services Agreements**") with some of the companies within the Group (hereinafter, in this section, the "**Clients**"). Pursuant to these agreements the PGA Companies provide certain management and support services (hereinafter, in this section, the "**Services**") to the Clients.

Services agreements equivalent to the Management Services Agreements have also been entered into between the PGA Companies and several companies of the Prosegur Group. The objective of the PGA Companies is to procure all entities within the Prosegur Group (including the Clients) with management and support services through a professional and efficient-services provider shared structure, avoiding de-synergies and duplication of functions.

These Management Services Agreements form part of the Carve-out reorganization of the Prosegur Group under the idea "one group, three businesses". The PGA Companies, therefore, provide these management and support services to the three business lines of the Prosegur Group, including the Group companies (the Clients) reducing costs in the whole Prosegur Group and each business line will only pay for the concrete services received.

The management and support services to be provided under the Management Services Agreement include, as a summary, the following:

- Human resources services (recruiting, remuneration, administration, training, payroll, talent management, etc.);
- Legal services (legal advice, litigation management, M&A legal support, contracting, secretarial, etc.);

- Tax, accounting and financial services (tax advice & management, tax litigation, accounting, payments and collections, budgeting, treasury, financial reporting, controlling, procurement, etc.);
- Corporate development (M&A analysis, financials, valuation, transaction management, post-acquisition integration, etc.);
- Marketing and communication services (design and execution of internal and external communication plans, corporate image management, media management and planning, marketing activities with clients, business development, etc.);
- IT support services (systems architecture and integration, design and implementation of projects, procurement of software and hardware, helpdesk, data warehouse, etc.);
- Real estate management services (asset management, lease management, facility management, procurement of locations, etc.);
- Risk and insurance management services (internal risk control & audit procedures, vaults auditing, design of security measures, fleet management, policies management, negotiations with insurance companies, management of incidents, etc.); and
- Monitoring of compliance policies services (compliance monitoring, training of personnel, management of protocols, etc.)

Each PGA Company is a company whose object is, exclusively, the provision of Services to clients (both companies within the Group and within the Prosegur Group) except for Argentina, where the PGA Company also runs other (non-support related) activities. Notwithstanding this, the PGA Companies are also the owners of certain real estate assets and leased to Prosegur Cash. See section “*Material Contracts-Real estate lease agreements*”.

From 1 August 2016 until 31 December 2016, the Clients paid €29.5 million to the PGA Companies as aggregated Total Fees (as defined below) under the Management Services Agreements. This amount accounted for 9.6% of the Company’s selling, general and administrative expenses in the year ended 31 December 2016. See section “*Related Party Transactions-Related party transactions with the Prosegur Group*” for further detail on fees paid by the Group for management services during the entire year 2016.

It is estimated that, in 2017, aggregated Total Fees will amount to approximately €47 million.

Management Services Agreements have been entered into (i) with the Spanish PGA Company, both at Company's and local subsidiaries' level (hereinafter, in this section, the "**Spanish Management Services Agreements**") and (ii) between the corresponding local PGA Company and the relevant Client(s), for each of the following jurisdictions: Portugal, France, Germany, Argentina, Uruguay, Paraguay, Mexico, Colombia, Peru and Chile.

Particularities of the Spanish Management Services Agreements derive from the fact that the same PGA Company provides Services, simultaneously, at Prosegur Group, Company and operating Group companies' levels which require different Services in accordance with the respective business activity. This imposes certain specific cost-exclusion principles (described below) to avoid duplication.

Except for some minor differences, all the Management Services Agreements contain the same main terms and conditions:

- In rendering the Services, the PGA Companies may use their own material and human resources and third party service providers, including other subsidiaries within the Prosegur Group (non-PGA Companies).
- In consideration for the Services provided, each Client shall pay a fee (hereinafter, in this section, the "**Total Fee**") equal to its share of the total costs incurred by the relevant PGA Company plus a profit margin. This profit margin is currently 5%, in line with market standards. It will be revisited every three years to test its alignment with market standards. Any change to it, however, will only take effect if and from the time it has been agreed by the parties.
- The Total Fee is calculated as follows:
  - (i) the PGA Company will determine, in accordance with an acceptable analytical accounting method, the total of the indirect costs (including expenses) incurred in providing Services to all entities comprised within the Prosegur Group (including the Clients) to which it provides services.
  - (ii) "**Chargeable Costs**" shall be the result of deducting the Non-Chargeable Costs (as defined below) from the amount described in paragraph (i) above.
  - (iii) "**Non-Chargeable Costs**" means, generally, costs derived from any activity carried out by the PGA Company for which an independent company in equivalent circumstances would not be willing to pay, nor would be willing to carry it out by itself.
  - (iv) Under the Spanish Management Services Agreements: (a) costs derived from activities carried out by the Spanish PGA Company for the exclusive benefit of the Company, will be considered "Non-Chargeable

Costs” under the Management Services Agreements entered into with its operating subsidiaries; (b) costs derived from activities carried out by the Spanish PGA Company for the exclusive benefit of one or more operating subsidiaries of the Client, will be considered “Non-Chargeable Costs” under the Management Services Agreement entered into with the Company; and (c) costs deriving from activities conducted by the Spanish PGA Company exclusively as a consequence of the direct or indirect shareholding held by Prosegur in the Company and the Group (such as activities related to the legal structure of the Prosegur Group, definition of accounting principles, reporting obligations to Prosegur, etc.) will in all cases be considered “Non-Chargeable Costs” under all Spanish Management Services Agreements.

- (v) Chargeable Costs incurred by a PGA Company may derive from the provision of specific and/or recurring Services.
  - Those corresponding to Services specifically provided to a particular Client (i.e., in its exclusive benefit) shall be entirely allocated to that Client.
  - Where Chargeable Costs are incurred by a PGA Company in providing recurring and similar services to a number of entities (including the Clients), the portion that each particular entity shall assume, out of the total amount of Chargeable Costs incurred by the PGA Company, will be calculated in accordance with different allocation and utilization methods contained in the Management Services Agreements: services are split by categories and sub-categories, each of which has its own allocation metrics; by applying said metrics to the Chargeable Costs incurred in providing a given type of Services, each entity will be apportioned its share of Chargeable Costs.
- (vi) The Total Fee each Client shall pay will be equal to its share in the Chargeable Costs plus the 5% profit margin.
- Where costs incurred by the PGA Company derive from the provision of Services by third-parties to the relevant Client (i.e., without the relevant PGA Company having participated in the provision of such Services other than by procuring them), such costs shall be charged by the PGA Company to the Client, entirely, without adding any profit margin.
- The Management Services Agreements are in force from 1 August 2016 to 31 December 2021. Save for certain exceptions, the first three years of its term are mandatory. Following the 5-year initial term, the Management Services Agreements may be renewed for additional five-year periods by express prior agreement between the Parties.

- The Management Services Agreements may only be early-terminated:
  - (i) at any time (including within the first three years): (a) by written mutual agreement; or (b) for serious breach of the agreement, not remedied within 30 days;
  - (ii) within the first three years of the five-year initial term, on twelve-months' notice served by the Client, if, between the annual aggregate amount of the Total Fees chargeable to the Group for each year 2017 and 2018 and said amount for the respective prior year (meaning, 2016 (annualized) and 2017), there is an upward deviation equal or higher than 10% in the percentage that annual Total Fees represent over the annual consolidated revenues of the Group for the correspondent year (as established in the audited consolidated annual accounts);
  - (iii) within the five-year initial term, at any time after the first three years have elapsed: (a) on twelve-month's prior notice served in writing by the relevant PGA Company to the Client, if the Company ceases to form part of the Prosegur Group; or (b) on twelve-month's prior notice served in writing by the Client without need for justification; and
  - (iv) after the five-year initial term has elapsed, by any party to the Management Services Agreement on twelve-months' notice.

These Management Services Agreements have been established as long term agreements to give stability to the Company and, also, to avoid the potential contingencies and disruptions for the Company associated with creating a complete management and support department, including hiring new personnel. Simultaneously, as the Prosegur Group needed to make material investments in order to set up the structure for the provision of the services, the termination of the Management Services Agreements by the Company within the first three years of the ten-year initial term has been limited to the event of a material increase of cost for Prosegur Cash, as explained above.

The foregoing Management Services Agreement scheme applies for all the companies within the Group except for those located in Brazil and in Australia.

In Brazil, instead of a management services agreement, and following market practice in Brazil, Prosegur Brasil will enter into, after completion of the Brazilian Security Business Sale, a cost-sharing agreement with the Prosegur Group subsidiary acquiring the Brazilian Security Business to share and apportion on principles equivalent to those in the Management Services Agreement but on a no-margin basis, the cost associated with these management and support activities.

In Australia, the Prosegur Group does not carry any activity other than the Cash business carried out by the Group through the Australian subsidiaries. As a result, there



has never been a shared management and support structure in Australia. The Australian subsidiaries of the Group employ the personnel required to perform management and support activities internally and do not outsource them to third-party providers.

### **Real estate lease agreements**

Certain real estate assets owned by the Company that were, as of 31 December 2016, classified as non-current assets held-for-sale in Argentina, were sold to third parties on 12 January 2017 and, the rest, to the Prosegur Group on 23 February 2017 (see sections “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting the Comparability of the Company’s Future Results of Operations—Non-current assets held-for-sale*” and “*Related Party Transactions-Related party transactions with the Company’s shareholders*”).

As of the date of this Prospectus, the Company is a lessee in 562 buildings (400 in Latin America, 129 in the Europe Region and 33 in AOA) whether for operational purposes only or other (e.g. offices), and, of those buildings, the Company leases 149 owned by the Prosegur Group.

In this regard, in addition to the real estate sub-lease agreements in relation to the buildings located at calle Pajaritos 24 and Santa Sabina 8, both in Madrid (see section “*Related Party Transactions-Related party transactions with the Company’s shareholders*”), certain Group subsidiaries, as leasees, and the PGA Companies of their respective jurisdiction, as lessors, have entered into lease agreements by virtue of which the relevant PGA Company leases to each Company’s subsidiary, certain real estate assets that it owns and the subsidiary occupies and uses them, whether for operational purposes only or otherwise (offices), within the particular jurisdiction (hereinafter, in this section, the “**RE Lease Agreements**”).

The main terms and conditions of the RE Lease Agreements are common to all of them except where different conditions (which are considered as not material for these purposes) were required to comply with applicable law in the jurisdiction where the property is located. Such common terms and conditions are the following:

- (i) Mandatory term of 5 years. Following the 5-year initial term, the RE Lease Agreements may be renewed for additional five-year periods by express prior agreement between the parties.
- (ii) If Prosegur ceases to control the Company, the relevant lease agreement will remain in force. The relevant parties may however terminate the lease agreement in such circumstances, but only in relation to properties which the Company’s subsidiary does not use for operational purposes by twelve-months’ prior notice.
- (iii) The monthly rent corresponding to each particular real estate asset has been calculated on an arm’s length basis. It will be revised annually or otherwise in accordance with applicable law and practice in the jurisdiction where the property

is located. Following the first five years of the lease term, the lessor will be entitled to review the monthly rent to align it with market standards.

- (iv) Deposits and/or other guarantees exist only where required under local applicable law.
- (v) Costs of supplies (electricity and other utilities) and any other costs derived from the use of the properties (taxes) are borne by the lessee, same as costs derived from works or changes to the premises which implementation may be required pursuant to regulatory amendments. Structural works on the contrary (i.e., works needed to keep the property suitable for use) are borne by the relevant PGA Company.

In 2016, the Company's subsidiaries incurred expenses of €6 million under the RE Lease Agreements and the subleases to the Prosegur Group described in section "*Related Party Transaction- Related party transactions with the Prosegur Group*". While certain of these agreements have been in force for the entire year (mostly real estate located in Spain and Peru), the remainder have only been in force for part of the year.

It is estimated that, in 2017, where all rentals will be due for the full year, the amount to be paid by the Company's subsidiaries to the Prosegur Group under the RE Lease Agreements will amount to approximately €9.2.

### **Brazilian Security Business Sale Agreement**

On 31 December 2016 (hereinafter, in this section, the "**Signing Date**"), the Company's subsidiaries TSR Participações Societárias S.A. (hereinafter, in this section, "**TSR**") and Prosegur Brasil, amongst others, entered into a shares purchase and sale agreement pursuant to which TSR agreed to sell to a Prosegur's subsidiary, Prosegur Global SIS, S.L. (hereinafter, in this section, "**Prosegur Security Brazil**"), 100% of the shares in Yasuhiko Empreendimentos e Participações, S.A. (hereinafter, in this section, "**Yasuhiko**") for the transfer of the Brazilian Security Business to the Prosegur Group, subject to the following conditions precedent (hereinafter, in this section, the "**Conditions Precedent**"):

- (i) completion of a partial spin-off of Prosegur Brasil (which currently operates the Brazilian Cash Business and the Brazilian Security Business), by virtue of which Prosegur Brasil will transfer the Brazilian Security Business (i.e. the assets and liabilities corresponding to the Security activities held by Prosegur Brasil, including, without limitation, contracts with clients, licenses and employees, as listed in the Brazilian Security Business Sale Agreement) to Yasuhiko (hereinafter, in this section, the "**Spin-Off**"). Yasuhiko is a newly-incorporated wholly-owned subsidiary of TSR. After the Spin-Off, Prosegur Brasil will operate the Brazilian Cash Business only and Yasuhiko will operate the Brazilian Security Business;

- (ii) completion of the administrative procedures (a) regarding the Spin-Off; (b) for Yasuhiko to be suitable for operating the Brazilian Security Business; and (c) for the sale of 100% of the shares in Yasuhiko from TSR to Prosegur Security Brazil before the competent body of the Ministry of Justice of Brazil.

The parties have agreed to make best efforts to cause the Conditions Precedent be satisfied no later than 31 December 2017, although the delay in the fulfilment of the Conditions Precedent will not affect the validity of the Brazilian Security Business Sale Agreement. It shall only be terminated if the parties receive a final decision, granted by the competent governmental authorities, stating that any and/or all of the transactions contemplated therein are not approved. In such case, the parties shall negotiate in good-faith another structure permitted by law that may be used to implement the segregation of the Brazilian Security Business from Prosegur Brasil.

The Brazilian Security Business Sale Agreement provides that for as long as it remains in force all the business risks, liabilities and contingencies relating to the Brazilian Security Business are to be fully assumed by Prosegur Security Brazil. Even in the event of termination of the Brazilian Security Business Sale Agreement as described above, Prosegur Security Brazil will still keep Prosegur Brasil fully harmless. To that end Prosegur Security Brazil has agreed irrevocably and unconditionally to keep TSR and Prosegur Brasil (including its officers) fully harmless with respect to such risks, liabilities and contingencies whether arising before, on or after the Signing Date. Additionally, Prosegur itself intervenes as guarantor and unconditionally and irrevocably guarantees the due and punctual performance and observance by Prosegur Security Brazil of all its obligations under the Brazilian Security Business Sale Agreement, waiving any rights it may have to require them to proceed against any other person before claiming from Prosegur.

Closing of the transaction shall take place on the date which is the last business day of the calendar month in which all the Conditions Precedent have been duly satisfied (hereinafter, in this section, the “**Closing Date**”).

The purchase price of the shares is €18.4 million plus interest in arrears at the annual rate of 1%, due as from the Signing Date until the Closing Date (hereinafter, in this section, the “**Purchase Price**”), and shall be fully paid to TSR on the Closing Date.

Notwithstanding the need to satisfy the Conditions Precedent to formalize the transfer of the Brazilian Security Business on the Closing Date, the parties thereof undertook to economically implement such transfer as from the Signing Date.

As a result of the above, as from the Signing Date the Brazilian Security Business is being managed, to the fullest extent permitted by law, by Prosegur Security Brazil at its own benefit and risk. Additionally, the parties have to that end agreed that any profits of the Brazilian Security Business verified in the financial statements to be prepared by Yasuhiko as of Closing Date and accrued as from the financial statements prepared by Prosegur Brasil as of the Signing Date, shall correspond in full to Prosegur Security

Brazil without entitling TSR to any further payment. Equally, any losses of the Brazilian Security Business verified in the referred financial statements and accrued as from the Signing Date shall be borne by Prosegur Security Brazil entirely and will not entitle it to any price reduction. Finally, the parties have also agreed on a cash flow compensation mechanism to keep the Brazilian Cash Business harmless with respect to any cash consumption of the Brazilian Security Business. Prosegur Security Brazil shall compensate TSR on a quarterly basis as from the Signing Date, for any net cash consumed by the Brazilian Security Business (i.e., negative differences evidenced in the quarterly statements of cash flow to be prepared by Prosegur Brasil for each quarter from the Signing Date until the Closing Date). If on the contrary the Brazilian Security Business generates cash in excess of what it consumes, (i.e., positive differences (if any) in the quarterly statements of cash flow), such cash will be included and form part of the assets of the Spin-Off.

To allow the above-mentioned management of the Brazilian Security Business by Prosegur Security Brazil, TSR undertakes to instruct any officers of Prosegur Brasil and/or Yasuhiko to follow any instructions given by Prosegur Security Brazil in connection with the Brazilian Security Business, as long as such acts are permitted by law. Prosegur Security Brazil assumes full responsibility for any and all liabilities arising from actions relating to the Brazilian Security Business and agrees to keep TSR, Prosegur Brasil and their relevant officers indemnified and fully harmless in this respect.

Furthermore, as from the Signing Date and until the Closing Date, TSR has undertaken to instruct Prosegur Brasil and/or Yasuhiko, and its officers not to adopt or carry-out any of the following (in respect of the Brazilian Security Business only), unless with the Prosegur Security Brazil's prior written request: (i) issuance, sale or encumbrance of any shares of Yasuhiko, or any securities convertible into, exchangeable for, or evidencing the right to subscribe for shares in Yasuhiko; (ii) declaration or payment of any dividend or interests on share capital of Yasuhiko; (iii) acquisition, sale, transfer, lease, license or the creation of any kind of lien or encumbrance on real estate property or movable assets of Prosegur Brasil (to the extent relating to the Brazilian Security Business) or Yasuhiko, as applicable; (iv) only with respect to Yasuhiko, acquisition of any business entity (such as a limited liability company or a corporation), by merger or consolidation, purchase of substantial assets or equity interests, or by any other manner, in a single transaction or a series of related transactions; (v) change in any method of accounting (to the extent relating to the Brazilian Security Business), except as required by Brazilian GAAP or auditing practice; (vi) execution of any agreement for the deferral or adjournment of tax debts (to the extent relating to the Brazilian Security Business) that may result in any liability or future contingencies to Yasuhiko; (vii) execution of bills of exchange, payment checks, payment orders, agreements and any other document that imposes/implies any kind of liability to Prosegur Brasil or Yasuhiko (to the extent relating to the Brazilian Security Business), as applicable or which is not reflected in the financial statements of Prosegur Brasil and/or of Yasuhiko, as applicable; (viii) granting of any kind of guarantee, in any amount, in favour of third

parties (to the extent relating to the Brazilian Security Business). For the avoidance of any doubt, the parties expressly agreed that the aforementioned restrictions is only applicable in respect of the Brazilian Security Business, and therefore the Brazilian Security Business Sale Agreement does not prevent Prosegur Brasil from performing such acts in respect of Cash business or other activities.

## **Financing arrangements**

As of 31 December 2016, the Company's gross financial liabilities amounted to €722 million (see section "*Capitalization and Indebtedness*") pursuant to certain financing arrangements entered into with different financial institutions by either the Company or any of its subsidiaries within the Group. It includes €32.2 million of debt with non-financial institutions as deferred payments of acquisitions.

A description of the main financing arrangements entered into by the Company follows.

### ***Loan Agreement***

On 20 December 2016, the Company entered into the Loan Agreement for the amount of €600 million. The Loan Agreement shall be in force for a term of three years from its execution (i.e. until 20 December 2019) and shall be repaid in its entirety upon termination.

The entire amount of the Loan Agreement has been drawdown by the Company prior to the date of this Prospectus.

The Loan Agreement will bear annual interest at EURIBOR plus a margin. The margin will be adjusted with respect to the net financial debt/EBITDA ratio. The initial and current interest applicable is EURIBOR plus a margin below 1%.

The terms and conditions of the Loan Agreement include certain customary financial covenants, including compliance with the financial ratios described below, as well as, certain non-financial undertakings *vis-à-vis* the lenders, such as (i) reporting obligations to the lenders; (ii) acceleration of the loan triggered by, amongst others, breach of payment obligations under the Loan Agreement, false representation, insolvency, litigation and/or cross-defaults; and (iii) limitations to the ability of the Company, and certain of its affiliates acting as guarantors under the Loan Agreement, to incur in certain indebtedness, create security over their assets, dispose in any manner of their assets, grant any kind of financing, carry out corporate restructurings, initiate any action related to insolvency proceedings or change the general nature of their business, unless otherwise permitted under the Loan Agreement. Payments of dividends are not restricted under the Loan Agreement.

The financial ratios that the Company has to comply with under the Loan Agreement are the following:

- Net financial debt/EBITDA ratio: Below or equal to 3.50%.
- EBITDA/Net finance costs ratio: above 5.00%.

The Loan Agreement is guaranteed by the following subsidiaries of Prosegur Cash: Prosegur Brasil, Transportadora de Caudales Juncadella, S.A. and Compañía de Seguridad Prosegur, S.A.

The Loan Agreement sets out customary events of default including, amongst others, non-payment on the due date, failure to comply with the financial covenants, misrepresentation, cross default, insolvency and occurrence of a material adverse effect.

Under the terms of the Loan Agreement, the Company will have to pay immediately any outstanding amount under the Loan Agreement in case of a change of control non-authorized by the majority of the lenders. For the purposes of the Loan Agreement, “change of control” means:

(a) before Admission:

- Prosegur is no longer 100% owner (directly or indirectly) of the share capital or voting rights of the Company; or
- Ms. Helena Revoredo is no longer 50.01% owner (directly or indirectly) of the share capital or voting rights of Prosegur.

(b) after Admission,

- Prosegur is no longer 50.01% owner (directly or indirectly) of the share capital or voting rights of the Company; or
- Ms. Helena Revoredo is no longer 50.01% owner (directly or indirectly) of the share capital or voting rights of Prosegur.

The Loan Agreement is governed by Spanish law and any dispute derived therein shall be subject to the Courts of the city of Madrid.

***Revolving Credit Facility***

On 10 February 2017, the Company entered into the RCF. The RCF shall be in force for a term of five years from its execution and shall be repaid upon termination for the outstanding amounts at that time.

As of the date of this Prospectus, the Company has drawn down an amount of €75.0 million under the RCF.

Interest is payable on the loans under the RCF at a floating rate equal to EURIBOR, plus a margin. The margin that applies to the RCF is determined in accordance with a ratchet based on:

- (i) If none of the credit rating agencies established in the agreement provide a rating in connection with the Company's unsecured senior debt, the margin will be calculated by reference to the compliance with the financial ratio net financial debt/EBITDA ratio as defined under the RCF.
- (ii) If the credit rating agencies established in the agreement provide a rating in connection with the Company's unsecured senior debt, the margin will be according to the established rating grid.

The initial and current interest applicable to the RCF is Euribor plus a margin below 1%.

The RCF contains covenants by, and restrictions on, the Company, subject to certain agreed exceptions, which are typical for facilities of this type including: specific corporate restructurings, excluding the Offering and transactions carried out in its ordinary course of business. Further, payments of dividends are not restricted under the RCF.

The RCF requires that the Company complies with the following financial ratios:

- Net financial debt/EBITDA ratio: below to 3.5%.
- EBITDA/Net finance costs ratio: above 5.00%.

The RCF is guaranteed by certain subsidiaries of Prosegur Cash: Prosegur Brasil, Transportadora de Caudales Juncadella, S.A. and Compañía de Seguridad Prosegur, S.A.

The RCF sets out customary events of default including, amongst others, non-payment on the due date, failure to comply with the financial covenants, misrepresentation, cross default, insolvency and occurrence of a material adverse change.

According to the terms and conditions of the RCF, the Company will have to pay immediately any outstanding amounts thereunder in case of a change of control non-authorized by the majority of the financial creditors. For the purposes of the RCF, “change of control” means:

- (a) before Admission:
  - Prosegur is no longer 100% owner (directly or indirectly) of the share capital or voting rights of the Company; or

- Ms. Helena Revoredo is no longer 50.01% owner (directly or indirectly) of the share capital or voting rights of Prosegur.

(b) after Admission:

- Prosegur is no longer 50.01% owner (directly or indirectly) of the share capital or voting rights of the Company; or
- Ms. Helena Revoredo is no longer 50.01% owner (directly or indirectly) of the share capital or voting rights of Prosegur.

The RCF is governed by Spanish law and any dispute derived therein shall be subject to the Courts of the city of Madrid.

### **Material services agreements with clients**

As part of its ordinary course of business, the Group, through the different subsidiaries in each jurisdiction, enters into services agreements with its clients for the provision of all or part of the different services comprised within the Cash business, in each case, on terms and conditions adapted to the regulations and market practice applicable in the relevant jurisdiction.

On the date of this Prospectus, there are ten services agreements entered into by the Group with different clients which are considered material for the business of the Company as each of them represented over €25 million of consolidated revenues of the Cash business for the year ended 31 December 2016 and, in aggregate, represented approximately 33% of the total consolidated revenues of the Cash business for the same period (hereinafter, in this section, the “**Material Client Services Agreements**”).

All of the Company’s counterparties under the Material Client Services Agreements are leading entities in the banking and financial sector.

Pursuant to the terms and conditions of the Material Client Services Agreements, the relevant subsidiary of the Group undertakes to render to the client certain services comprised within the Cash business. Summarized below are the services rendered by the Group to its clients under most of the Material Client Services Agreements:

- transport services and pick-up of funds (national and foreign currency) or other securities and valuables between financial institutions, public or private, and/or public institutions and the offices and premises of the customers;
- counting, processing, fitness determination, custody, preparation and delivery of notes and coins and ATM replenishment;
- ATM management, including forecasting, and technical assistance; and
- safekeeping.



Most of the Material Client Services Agreements expressly include the obligation of the service provider to comply with the relevant insurance coverages required by law in order to partially guarantee the value of the cash and other valuables processed when rendering the services.

Four of the Material Client Services Agreements are entered into for an indefinite term and each party thereto is entitled to early terminate the agreement without cause by serving prior notice to the other party. Most of the remaining six Material Client Services Agreements are entered into for an average term of two and a half years, this without prejudice to the relevant renewal and extension provisions set forth therein, which generally contemplates automatic annual renewals once the initial term is ended.

All of the Material Client Services Agreements include market standard grounds for early termination such as loss of the relevant administrative authorizations or infringement of the required insurance coverages.

### **Joint venture agreements**

#### *India*

On 10 February 2012, Prosegur entered into a 49% joint venture with the partner SIS India. Prosegur's rights and interests in SIS Cash Services Private Ltd (the joint venture) have been assigned to the Company pursuant to the Carve-out. Rights and interests in the joint venture are freely transferable by both joint venture partners only to their respective affiliates. If the Company intended to transfer its interest in the joint venture to a third party, SIS India would hold a preferential acquisition right. SIS India cannot transfer its interest in the joint venture, other than in the context of a public offering of the joint venture's shares to occur before 1 January 2018 (in which case the Company holds anti-dilution rights) or to the Company, in accordance with SIS India's liquidity rights described below.

The Company has an option (exercisable at any time) to acquire an additional 2% of the joint venture currently owned by a third party at a price determined on the basis of the joint venture's EBITDA at the time of exercise (subject to foreign ownership limitations under Indian law, which currently would not allow the Company to hold a controlling interest in the joint venture). As of 31 December 2016, the price payable by the Company should it exercise the option would be less than €1 million. The Company has no right to call (i.e., to require it to sell) SIS India's shares in the joint venture. On the other hand, SIS India's liquidity rights enable it to require the Company to buy SIS India's shares in the joint venture. SIS India can first exercise its right to require the Company to buy SIS India's shares on 1 January 2018 (provided there has not been an initial public offering of the joint venture's shares before that date) and such right expires on 31 December 2025. As with the Company's option, the price at which SIS India could require the Company to purchase SIS India's shares in the joint venture would be based on the joint venture's EBITDA at the time of exercise and as of the date of this Prospectus, it is estimated that the price would not be considered a significant

amount for the Company. If Indian law does not allow the Company to acquire SIS India's shares, upon exercise of its liquidity rights, the Company would be required to make an interest-free loan to SIS India in an amount equal to the sale price of the shares, which would be pledged to guarantee the loan. The Company would then have an option to acquire those shares when Indian law so permits. Cancellation of the loan would constitute payment for the shares.

### *South Africa*

On 25 February 2016 the Prosegur Group subscribed a 33.33% interest in the capital of SBV, the leading Cash company in South Africa (source: internal estimates), for €18.3 million. As a result of that transaction Prosegur became SBV's largest partner.

Prosegur assigned its interest in SBV to the Company on 25 April 2016 pursuant to the Carve-out. Interests in the joint venture are freely transferable by partners only to their respective affiliates. No partner may dispose of its interests in the joint venture without first offering them to the remaining partners, who will be entitled to acquire *pro rata* to their shareholding. If these pre-emptive rights are not exercised, interests can only be transferred to a third party with the prior consent of a reinforced majority (three out of the four partners). Pre-emptive rights deviate from strict *pro rata* rules to allow the Company to reach a 50% interest where one partner has already divested and a second one is willing to, if the Company does at that time hold less than a 50% interest. The Company has an option (exercisable between 25 February 2019 and 25 February 2021, provided that it does not by then hold in excess of 50% of the shares) to require SBV to buy back its 33.33% interest, which exercise is guaranteed by the rest of partners. The price payable by SBV would be equal to the subscription price paid by the Company (€18.3) million plus an annual market interest rate. In addition, should the Company have, by the time of exercise of the put option, acquired additional shares from any of the other partners, it will simultaneously have the right to require the partner from which it acquired such shares to repurchase these, for a price equal to the purchase price paid plus an annual market interest rate.

SBV and Prosegur entered into a technology and intellectual property agreement under which Prosegur undertook to provide or procure the provision by affiliates (including the Company) of licensed know-how and technology to the joint venture. As of the date of this Prospectus, licensed know-how and technology are provided to SBV by the Company. If the Company commits and does not remedy a material breach of the agreement before 25 February 2019, SBV has an option to call and buy back the Company's 33.33% interest, as well as an option to require any partner from which the Company may have acquired additional shares, to repurchase these, for a price equal to the subscription price and the purchase price paid, respectively, by the Company, plus an annual market interest rate.

## REGULATION

*Set forth below is a summary of the current Argentinian, Brazilian, German, Peruvian and Spanish regulatory environments relating to the Cash market. Cash activities are usually regulated and tariffs and prices are usually negotiated between the parties. This discussion is intended to provide a very general outline of the most relevant applicable regulations in such countries and is not intended as a comprehensive discussion of such regulations. The reader should consider the regulatory environment discussion below as it could have a material impact on the Company's business and results of operations in the future.*

*The Group companies should comply with all the regulatory requirements and obligations required within the Cash market in the respective countries including the obtaining of the required authorizations, the renewal of these authorizations and the subscription of the necessary insurance policies for carrying the Cash activities.*

### **Argentinian framework**

In Argentina the Cash business is regulated under a regulation enacted by the Central Bank of Argentina and applicable to the Company since 27 September 2015 Communication "A" 5792 of the Central Bank of Argentina (hereinafter, in this section "BCRA") published in the Official Gazette on 28 August 2015, as amended by Communication "A" 6012, published in the Official Gazette on 11 July 2016 (hereinafter, in this section, the "Communication").

The Communication is applicable to the transport of valuables such as cash –notes and coins of the legal currency and notes and coins in foreign currency- and also precious metals –whether coined or in bars for good delivery-. In relation to the transport of valuables, providers must offer money counting, storage, safekeeping and classification services. The Communication essentially sets out the procedure for seeking authorisation, the requirements governing the functioning of Cash companies, requirements for carrying out the activity, associated operations and services, as well as the mandatory books that must be kept and the information security measures, risk mechanisms and internal audits to be implemented.

In accordance with the Communication, companies operating in the Cash business in Argentina are required to comply with a tariff scheme which compels businesses, including the Company, to develop pricing scales (tariffs) to be provided to customers when offering their services.

The Communication requires Cash companies to be authorised by the BCRA before they can operate within the Cash market. Once authorised, Cash companies must comply with the authorization maintenance requirements and reporting obligations set forth in the Communication. Cash services providers are supervised by the BCRA.

The Group carries out its Cash business in Argentina through the Argentinian subsidiaries T.C. Interplata S.A. and Transportadora de Caudales Juncadella S.A. Both companies are temporary authorised and currently in the process of obtaining the definitive authorisation from the BCRA.

In addition to the Communication, Decree 1002/99, published in the Official Gazette on 17 September 1999, also regulates the provision of private security and safekeeping services, including the transport of the transport of funds, money, valuables and goods. However, although this decree is currently in force, it is not effectively applied since the authorities for each Argentinian region were never tasked with authorising, overseeing and controlling private security and safekeeping services providers.

Cash companies are also regulated by Act 21,526 of 14 February 1977 on financial institutions, by virtue of the express reference made to this act by the Communication only with respect to external audits, minimum standards on internal controls, sanctions for members of government, administrative and supervisory, inability to perform as partners, shareholders or managers and risk management. Cash companies that provide services to financial institutions are also regulated by the Reserved Decree 2625/73, of 5 April 1973, enacting the regulations of Act 19,130 of 21 July 1971 on security measures for financial institutions.

In addition to the above, since the transport of cash and valuables involves the possession and use of armoured vehicles, firearms and ballistic vests, Cash companies must obtain the corresponding authorisations and licenses from the National Agency for Controlled Materials (hereinafter, in this section “ANMaC”), and also comply with the provisions established by the regulations governing the possession and use of such equipment, including:

- Act 24,492 of 28 June 1995, establishing the relevant requirements for the lawful possession and use of firearms;
- Act 20,429 of 5 July 1973, referred to as the “National Law on Firearms and Explosives”; and
- several provisions enacted by the ANMaC, regulating registrations of authorised individual users; authorised collective users (companies); the registration, possession, carriage and use of firearms; possession of ballistic vests; and possession of armoured vehicles.

Both, T.C. Interplata S.A. and Transportadora de Caudales Juncadella S.A. have been granted with the respective licenses by the ANMaC.

Finally, Cash companies which carry out its business activity in Argentina must comply with anti-money laundering and counter-terrorist financing provisions set forth in the following main rules:

- Act 25,246 of 10 May 2000, imposing reporting obligations on those subject to the Act and establishing a system of penalties and sanctions for breaches of anti-money laundering and counter-terrorist financing obligations;
- Decree 290/2007 of 29 March 2007, implementing further regulations under Act 25,246; and
- Resolution 24/2011 of the Financial Reporting Unit (*Unidad de Información Financiera*), specifically regulating the minimum measures and procedures that transporters of cash and valuables must observe in order to prevent, detect and report any situations, acts, operations or omissions associated with the offences of money laundering and terrorist financing.

### **Brazilian framework**

The private security activity in Brazil, including Cash activities, is regulated by Federal Law and supervised by the Federal Police.

Pursuant to applicable law, security and cash transportation services can only be performed by authorized companies and always according to the specifications and requirements specified by law. The authorization must be renewed on a yearly basis. Such renewal mandatory by law and supervised by the Federal Police, through a system called State Government.

The Group carries out its Cash business in Brazil through the Brazilian subsidiary Prosegur Brasil S.A. Transportadora de Valores e Seguranca which holds the relevant authorization for such purposes.

The regulations listed below are the main rules comprising the Brazilian regulatory framework governing the provision of Cash services:

- Law 7102/1983, of 20 June, regulating the security for financial institutions, the standards for establishments and operations of private companies providing security and cash transportation services.
- Decree 89056/83, of 24 November, which regulates the Law 7102/1983.
- Decree 3233/12 - DG/DPF (hereinafter, in this section, the “**Ordinance**”), regulating private security activities, including Cash activities in articles 20 to 62 thereto.

The Ordinance contains all specifications including applicable to the provision of Cash services, requirements applicable to the authorization request, authorized weapons or technical specifications of armoured vehicles.

Cash companies in Brazil are obliged to confidentially report to Council for Financial Activities Board (COAF) all operations or prices taken looking suspicious according to criteria specified in the said Ordinance.

### **German framework**

In Germany, the Cash business is regulated under numerous provisions which are defined in various law codes. In general the German public law codes have in common that the public authorities can impose sanctions on the Cash services provider if the company breaks regulated obligations. The most relevant regulations in Germany are the following:

- **DGUV Regulation 23**

The DGUV Regulation 23 is an accident prevention regulation for security and valuables transportation services enacted by the Employer's Liability Insurance Association. It regulates the company's obligation to remove dangers in the area of its services and to protect people (especially security and guard staff) from such dangers. Special provisions for activities in the transport of cash and valuables as well as working with cash are found in §§ 24 to 27. The violation of these regulations is considered a misdemeanour (*infracción*) and the authorities in charge can impose fines on the offender.

- ***Bewachungsverordnung* (BewachV, Guard Regulation)**

Together with the *Gewerbeordnung* (German Industrial Code or "GO") the *BewachV* sets forth those business activities that are required to be complemented by security and guarding services, including, amongst others, security and valuables transportation services, and regulates how said services are to be provided. According to § 34a GO official authorizations required to carry out the referred security and transportation services. According to §16 *BewachV* violations of its provisions are misdemeanours and are fined by the authorities.

The Group carries out its Cash business in Germany through the German subsidiary Prosegur Cash Services Germany GmbH which holds the relevant authorization for such purposes.

- ***Waffengesetz* (WaffG, German Gun Control Law)**

This law basically regulates ownership and use of weapons in the terms of its definition. It sets rules on the conditions of being allowed to carry a weapon as regards reliability, personal ability and competence of the person himself, as well as concerning the place where guns and ammunition have to be kept. On the one hand, violation of this law can lead to the start of criminal proceedings or to misdemeanour proceedings with the consequence of fines; on the other hand, the permission to carry weapons can be withdrawn.

- *Geldwäschegesetz* (GwG, Money Laundering Act)

This act says that companies are obliged to prevent money laundering and to report suspicious cases to the authorities. In addition to that it regulates that before starting a contractual relationship or before providing their services the companies bound by this act have to identify their contractors and the economic beneficiaries if there are any. This identification has to meet high standards. The companies also have to meet high due diligence standards in order to prevent the financing of terrorist activities. Violations of this Act can be punished as criminal offences under the German Criminal Code or as misdemeanours according to § 17 GwG, the fines amounting to up to €100,000. The strict provisions of the GwG have a strong indirect impact on the Company's activities as particularly banks and trading companies are legally bound by this act and will insist on appropriate contractual provisions and on adequate proceedings in the Company's services obeying to this act in order to cover their own risks deriving from it.

- Road traffic regulations

According to the German GüKG (*Güterkraftverkehrsgesetz*, road haulage legislation in relation to commercial transport of goods by motor vehicles) is subject to authorization if the permitted total weight of the vehicle exceeds 3.5 t. The GüKG defines the conditions for the grant of such a permit and for the staff that has to be deployed. It also contains regulations on compulsory insurance and on the controlling powers of the authorities. According to § 19 violation of this act can lead to fines of up to €200,000.

When carrying out its Cash activities, the relevant company of the Group has to respect the FpersG (*Fahrpersonalgesetz*, German driving personnel act) and the FPersV (*Fahrpersonalverordnung*, driving personnel regulation). These acts are only applicable in case of vehicles with a total weight of more than 2.8 t which are used for the transport of goods. Cash and other valuables are goods in terms of these provisions. They regulate the permitted number of driving hours and the compulsory breaks as well as compulsory documentation and control in this context. According to § 18 I no 13 FPersV vehicles for the transport of cash and valuables are excluded from these regulations, but according to § 1 II no 2 FPersG this act itself is applicable to driving personnel that belongs to the scope of the ArbZG (*Arbeitszeitgesetz*, the German Working Hours Act) which explicitly refers to the FPersV in its § 21a. According to § 22 FPersV violation of these provisions are misdemeanours and can be fined.

In addition to that the StVG (*Straßenverkehrsgesetz*, German Road Traffic Act) and the StVO (*Straßenverkehrsordnung*, German Road Traffic Regulation) are relevant for the Group's company. Numerous clients have their locations in the so-called pedestrian areas which in principle may not be driven through by cars. According to §§ 12, 46 StVO a special driving or parking permission for these areas must be applied for and can be refused. The decision is in the discretion of the authorities

and subject to individual consideration. Violation of driving and parking prohibition are regularly fined by the authorities just as other violations of these acts are.

- Regulations on work and social affairs

In addition to DGUV Regulation 23, authorized through AentG (*Arbeitnehmerentendegesetz*, Act on the Posting of Workers) the Ministry of Labour and Social Affairs regulated compulsory working conditions for cash-in-transit and valuables services such as minimum wages on the basis of collective wage and salary agreements by implementing a relevant regulation on 21 July 2015. That is why since 1 August 2015 not only social partners in the bargaining process have been bound by the provisions on minimum wages but all the companies and workers active in this sector. Minimum wages per hour are between €9.06 and €15.29, the amount varying from state to state and depending on the kind of work (work with money or transport).

### **Peruvian framework**

Cash activities in Peru are monitored and regulated by the National Superintendence for the Control of Security Services, Arms, Ammunition and Explosives for Civilian Use (hereinafter, in this section “**SUCAMEC**”), a dependent entity attached to the Interior Ministry of Peru, as well as by the Superintendency of Banking, Insurance and AFP (pension funds administrators) (hereinafter, in this section “**SBS**”), an organism that belongs to the Ministry of Economy and Finance.

SUCAMEC regulates the operational framework for the provision of Cash services establishing, amongst others, the requirements to be met by facilities of the transportation service providers, the minimum number of staff required in certain types of services, as well as, different obligations and requirement in relation to the armoured units.

SBS authorizes and regulates Cash services as a complement to the Financial and Banking System, following the provisions of Law No. 26,702 dated 6 December 1996 (*Texto Concordado de la Ley General del Sistema Financiero y del Sistema de Seguros y Orgánica de la Superintendencia de Banca y Seguros*) in order to ensure a proper and secure cash and valuables supply to the financial and banking sector.

The list below details the main applicable regulations regarding Cash services in Peru:

- Legislative Decree No. 1,213 dated 24 September 2015 on private security services (*Decreto Legislativo número 1.213 que Regula los Servicios de Seguridad Privada*), (hereinafter, in this section, the “**Private Security Act**”).



- Law No. 26,702 dated 6 December 1996 of General Banking and Insurance Law (*Texto Concordado de la Ley General del Sistema Financiero y del Sistema de Seguros y Orgánica de la Superintendencia de Banca y Seguros*).
- Resolution No. 243-2007 of the SBS dated 28 February 2007, which establishes the rules for preparation and presentation of financial statements of companies whose activity consists of the cash and valuables transportation, custody and administration, as well as the referral of complementary information.
- Law No. 30,299 dated 22 January 2015 (*Ley de armas de fuego, municiones, explosivos, productos pirotécnicos y materiales relacionados de uso civil*) on fire arms, ammunition, explosives, pyrotechnic products and related materials for civilian use.
- Supreme Decree No. 008-2016-IN dated 21 July, 2016, which approves the abovementioned law No. 30,299.
- Circular No. 016-2015-BCRP dated 13 April 2015 (*Reglamento de Canje y Billetes y Monedas*) that regulates the exchange of banknotes and coins of the Central Reserve Bank of Peru (*Banco Central de Reserva de Perú*).

Additionally, it is expected that the regulation developing the provisions of the Private Security Act is published during the first semester of 2017. This regulation is expected to provide a detailed regulation of the main aspects relating to the Cash activities, such as the features of the vehicles used (shielding), the liabilities of the personnel during the execution of operations, documentation required for the provision of such services, and the characteristics and safety requirements to be satisfied by the facilities and bases of private security companies performing Cash services.

As expressly set forth by the Private Security Act, Cash constitute a regulated activity which can only be provided by a private security company authorized and registered at SUCAMEC and SBS, in accordance with the requirements and obligations established by the applicable regulations. In particular, section 11 of the Private Security Act establishes that the cash and valuables transportation and custody, owned or managed by natural persons or public or private legal entities, either by land, air, sea, river or lake, shall always be provided by specialized companies.

Accordingly, those companies that intend to perform Cash activities in Peru, need to obtain two administrative authorizations, granted by SUCAMEC and by SBS. The authorization granted by SUCAMEC must be renewed every five years in any case complying with the established requirements and conditions. The authorization issued by the SBS, once obtained, is indefinite provided that the authorized companies do not cease to comply with the relevant requirements and conditions. The requirements and conditions for the application and maintenance of this authorization are established in Law No. 26,702 and its regulations.

The Peruvian operating company of the Group, Compañía de Seguridad Prosegur S.A., currently holds both administrative authorizations, the one granted by SUCAMEC (authorization No. 3404-2012, which will be in force until 20 September 2017, date on which it must be renewed) and the authorization granted by SBS. Peruvian company Prosegur Cajeros, S.A. render complementary Cash services to those regulated so it has no obligation to obtain the referred authorizations for providing these services.

Private security services in general, including Cash activities, are considered as a high risk activity and therefore security staff shall hold the relevant insurance of safe complementary risk work, obligation that is supervised by the State through SUCAMEC and the National Superintendency of Labour Control (*Superintendencia Nacional de Fiscalización Laboral*).

Finally, any entity rendering Cash services (including any complementary services) is subject to anti-money laundering policies and obligations. Both Peruvian companies of the Group (Compañía de Seguridad Prosegur S.A. and Prosegur Cajeros S.A.) comply with such regulation and have implemented a prevention system according to the existing applicable regulation, being annually audited by an external expert and also by SBS each two years.

### **Spanish framework**

In Spain, the main services comprised within the Cash business, i.e. the deposit, safekeeping, counting and sorting of coins and banknotes, deeds, securities and other property which, because of its current economic value or expected future value, may require special protection (hereinafter, in this section, the “**Cash and other Valuables Transportation Services**”), are deemed private security services under the Spanish Law 5/2014, of 4 April, on Private Security (*Ley 5/2014, de 4 de abril, de Seguridad Privada*) (hereinafter, in this section, the “**Spanish Private Security Law**”) and, therefore, the provision of such services is a regulated activity that can only be conducted by an authorised and registered private security company in accordance with the requirements and obligations established by the private security regulatory framework summarised below.

The Spanish Private Security Law regulates, in general terms, the conduct and provision of any private security activities and services for the protection of goods and persons, including the provision of Cash and other Valuables Transportation Services.

Amongst other aspects, the Spanish Private Security Law sets forth the requirements that a company must satisfy to obtain the relevant license and be registered with the National Private Security Registry (*Registro Nacional de Seguridad Privada*) as a private security company duly authorized to provide Cash and other Valuables Transportation Services. Such authorization is granted, as the case may be, for an indefinite period as long as the authorized company duly complies and fulfils with all the regulatory requirements and obligations required for that purpose under the Spanish Private Security Law. Said requirements include, amongst others, being a special

purpose entity (i.e. meaning that the corporate purpose of the relevant operating entity must be exclusively the provision of the private security services described in the Spanish Private Security Law, without being able to conduct any other activity except for those other activities expressly considered private security complementary activities under the Spanish Private Security Law), satisfying certain minimum capital levels, subscribing and maintaining certain minimum insurance coverages and financial guarantees (variable depending of the specific services to be rendered), and complying with other operating, technical and logistics requirements detailed in the Spanish Private Security Law (sufficient human, training, material, financial, and technical resources and obligations, certain security measures, certain honourability requirements and certain reporting obligations) and further detailed by the applicable private security regulations and orders in force from time to time.

Prosegur Servicios de Efectivo España, S.L., which is the Spanish operating subsidiary of the Group providing Cash and other Valuables Transportation Services in Spain, is authorized as private security company since 1976 and registered with the National Private Security Registry (*Registro Nacional de Seguridad Privada*) under license number 112.

Together with the Spanish Private Security Law, the regulations and orders listed below are the main rules comprising the Spanish regulatory framework governing the provision of Cash and other Valuables Transportation Services:

- The Royal Decree 2364/1994, of 9 December, approving the Private Security Regulation (*Real Decreto 2364/1994 de, 9 de diciembre, por el que se aprueba el Reglamento de Seguridad Privada*) regulates the main requirements and obligations to which the entities providing Cash and other Valuables Transportation Services are subject. This regulation establishes, amongst others, the characteristics of the vehicles used to transport the cash and other valuables; the number, equipment and functions of the personnel aboard those vehicles during the transport and operation; the formalities to be satisfied and the documents needed to render Cash and other Valuables Transportation Services.
- Orders INT/314/2011, of 1 February, on private security companies (*Orden INT/314/2011, de 1 de febrero, sobre empresas de seguridad privada*) and INT/317/2011, of 1 February, on private security measures (*Orden INT/317/2011, de 1 de febrero, sobre medidas de seguridad privada*), regulate further and in detail the technical specifications, characteristics and security measures of the facilities, vaults and vehicles used by private security companies to render Cash and other Valuables Transportation Services.
- Other regulations such as orders INT/315/2011, of 1 February, on Private Security Coordination Mixed Commissions (*Orden INT/315/2011, de 1 de febrero, por la que se regulan las Comisiones Mixtas de Coordinación de la Seguridad Privada*), INT/318/2011, of 1 February, on private security staff (*Orden INT/318/2011, de 1 de febrero, sobre personal de seguridad privada*), INT/316/2011, of 1 February, on

the use of alarm systems in private security (*Orden INT/316/2011, de 1 de febrero, sobre funcionamiento de los sistemas de alarma en el ámbito de la seguridad privada*), and INT/2850/2011, of 11 October, on approval of the professional qualifications for the profession and activities related to the private security sector in relation to nationals of the European Union Estate Members (*Orden INT/2850/2011, de 11 de octubre, por la que se regula el reconocimiento de las cualificaciones profesionales para el ejercicio de las profesiones y actividades relativas al sector de seguridad privada a los nacionales de los Estados miembros de la Unión Europea*).

As mentioned above, the applicable regulatory framework also regulates the logistics and operations of the Cash and other Valuables Transportation Services, i.e. how such services must be provided, including technical aspects relating the uniformity of the personnel, the equipment used, the security measures that must be in place and the use of firearms and weapons for certain specific operations and services determined by law.

In connection with the provision of armed private security services, it must be noted that (in addition to the relevant license required to the employees using firearms), the private security company must have a special license in order to provide such services. There are legal requirements for storing weapons when these are not being used in operations as well as limitations as to the type and/or number of weapons used and/or to the ammunition used. There is a legal obligation for a private security company providing armed private security services to keep a detailed register of weapons.

Private security companies are subject to the supervision of, and regular inspections carried out by, the National Police Department (*Dirección General de la Policía*), and other equivalent public security authorities in some of the Spanish regions (*comunidades autónomas*). For serious infringements of the applicable laws and regulations the competent authorities may impose sanctions consisting of up to €600,000 or even the revocation of the license to operate as private security company.

## **MANAGEMENT AND BOARD OF DIRECTORS**

The Spanish Companies Act is the principal legislation under which the Company operates. In order to adapt the Company to the corporate governance requirements and practices of listed companies, the Board of Directors at the meeting held on 19 December 2016 approved the Board of Directors Regulations and the Internal Code of Conduct, respectively.

In the same way, the Shareholders' Meeting approved on 19 December 2016 the Bylaws and the Shareholders' Meeting Regulations. On 6 February 2017, the Shareholders' Meeting acknowledged the approval of the Board of Directors Regulations.

Additionally, in order to comply with Recommendation no. 2 of the Spanish Corporate Governance Code, on 17 February 2017, Prosegur and the Company entered into the Framework Agreement.

### **Board of Directors**

The Bylaws provide, in accordance with the Spanish Companies Act, that the board of directors will be responsible for the management, representation and administration of the Company in all matters concerning the business of the Company, subject to the provisions of the Bylaws which provide for certain matters expressly reserved to the Shareholders' Meeting.

The Bylaws and the Board of Directors Regulations provide for a Board of Directors that consists of between five and fifteen members (both inclusive), elected to serve for a term of up to three years with no limits with respect to re-election (except for independent Directors that cannot be considered as independent Directors where they have been Directors for a continuous term of more than twelve years). Following and subject to the registration of this Prospectus with the CNMV, the Board of Directors will comprise nine members. If a Director does not serve out his/her term, the Board of Directors may fill the vacancy by appointing a replacement Director to serve until the next Shareholders' Meeting is held. Any natural or legal person may serve on the Board of Directors, except for persons specifically prohibited by applicable law, the Bylaws and the Board of Directors Regulations. A Director may be removed from office by the Shareholders' Meeting even if such removal is not included on the agenda for that meeting. The Chairman of the Board of Directors shall be elected from amongst its members. As of the date of this Prospectus, one of the executive Directors, Mr. Christian Gut Revoredo, has been appointed as Chairman of the Board of Directors. The executive Chairman is the Company's first executive, being its chief decision-maker and holding broad powers of attorney. He also represents the Company at the highest level and is the person responsible at the highest level for the management of the Board of Directors and its effective functioning.

According to article 529 *septies* of the Spanish Companies Act, if the chairman of the board of directors is an executive director, an independent coordinating director (*consejero independiente coordinador*) (hereinafter, in this section, the “**Senior Independent Director**”) shall be appointed from amongst the independent directors of the board of directors with the abstention of the executive directors. The appointment of the Company’s Senior Independent Director is expected to occur at the first meeting of the Board of Directors following Admission. The Senior Independent Director, once appointed, will be specifically empowered to request a call of the Board of Directors and to include items on the agenda for a meeting already called, to coordinate non-executive Directors and, if necessary, to lead the regular evaluation of the Chairman of the Board of Directors.

The deputy chairman of the board of directors, who acts as chairman in the event of the chairman’s absence or incapacity, shall be also elected from amongst the members of the board of directors. As of the date of this Prospectus, one of the proprietary Directors, Mr. Pedro Guerrero Guerrero, has been appointed as Deputy Chairman of the Board of Directors subject to the registration of this Prospectus with the CNMV.

Pursuant to articles 249 bis and 529 ter of the Spanish Companies Act, the Bylaws and the Board of Directors Regulations, the following matters must be approved by the Board of Directors in full and, subject to certain exceptions, may not be delegated to any Board Committee or to any of attorneys or representatives:

- (i) supervision of effective functioning of the committees it has constituted and the actions of the delegated bodies and executives it has appointed;
- (ii) determination of the Company’s general policies and strategies and, in particular:
  - (a) the business or strategic plan, as well as the management objectives and annual budget;
  - (b) the financing and investment policy;
  - (c) determination of the Company's corporate governance policy and that of the group of which it is the controlling entity;
  - (d) the corporate social responsibility policy;
  - (e) compensations and performance evaluations policy for senior management;
  - (f) treasury shares policy and, in particular, its limitations;
  - (g) the dividend policy;
  - (h) tax strategy of the Company; and

- (i) risk control and management policy, including tax risks, and monitoring of internal information and control systems;
- (iii) authorization or waiver of the obligations deriving from the duty of loyalty as provided in article 230 of the Spanish Companies Act;
- (iv) its own organization and functioning;
- (v) preparation of the annual accounts and their submission to the Shareholders' Meeting;
- (vi) preparation of any kind of report required by law to the Board of Directors, provided that the operation covered by the report is non-delegable;
- (vii) appointment and removal of Chief Executive Officers (*consejeros delegados*) of the Company as well as the establishment of the terms of their contracts;
- (viii) appointment and removal of managers, who report directly to the Board of Directors or to any of its members, as well as the establishment of the basic terms of their contracts, including their compensation;
- (ix) decisions related to compensation of Directors, within the framework set by the Bylaws and by the remuneration policy approved by the Shareholders' Meeting;
- (x) call of the Shareholders' Meeting and the preparation of the agenda and proposed resolutions;
- (xi) powers the Shareholders' Meeting has delegated to the Board of Directors, unless expressly authorized by it to sub-delegate them;
- (xii) its organization and functioning and, in particular, the approval and amendment of the Board of Directors Regulations;
- (xiii) approval of the financial information that the Company, as listed company, must periodically disclose;
- (xiv) definition of the structure of the group of companies of which the Company is the controlling entity;
- (xv) approval of all kinds of investments and transactions which, due to their high value or special characteristics, are strategic in nature or have high tax risk, unless their approval is reserved to the Shareholders' Meeting;
- (xvi) approval of the creation or acquisition of shares in special purpose entities or domiciled in countries or territories considered tax havens and any other transactions or operations of a similar nature whose complexity might impair the transparency of the Company and its group;

- (xvii) approval, after a report from the Nominations and Remuneration Committee, of the transactions that the Company or companies in the Group enter into with Directors, on the terms of articles 229 and 230 of the Spanish Companies Act, or with shareholders that individually or as a group hold a significant interest, including shareholders represented on the Board of Directors or other companies that are a part of the same group, or with persons related thereto (*operaciones vinculadas*), in the terms and conditions set forth in the Board of Directors Regulations; and
- (xviii) any other decisions expressly indicated in the Board of Directors Regulations.

Under urgent and duly justified cases, decisions on the foregoing matters may be adopted by delegated bodies or persons, but need to be ratified at the first Board of Directors meeting held after the decision is adopted.

The Bylaws state that the Board of Directors may delegate, according to law, the Bylaws and the Board of Directors Regulations, its functions to an Executive Committee (*Comisión Ejecutiva*) and/or in one or several Chief Executive Officers. As of the date of this Prospectus, the executive Director Mr. Jose Antonio Lasanta Luri has been appointed as Chief Executive Officer of the Company. The Chief Executive Officer is the person with the highest level of responsibility insofar as relates to the Company's day-to-day management. He directs the execution of decisions adopted by the Board of Directors and by the executive Chairman and is the person to whom the Senior Management reports. In his capacity as Chief Executive Office and, therefore, as provided for by applicable law, the powers of the Board of Directors (those which can be delegated) are delegated to him on a permanent basis.

Pursuant to article 245 of the Spanish Companies Act, the board of directors shall meet at least once per quarter. However, the Board of Directors Regulations state that the Board of Directors shall meet at least eight times per year and at minimum once per quarter and at least once within the first three months of each financial year for the required approval of the annual accounts and management report for the previous year. The chairman of the board of directors may call a meeting whenever he/she considers it is necessary or advisable, and the chairman of the board of directors is also required to call a meeting at the request of the deputy chairman or three or more board members or the Senior Independent Director, if any.

The Bylaws state that the Board of Directors shall be validly assembled provided that the majority of its members are present in person or by valid proxy. Board resolutions shall be adopted by an absolute majority of votes from amongst the Directors present at the meeting, in person or by valid proxy, other than in the events in which the law, the Bylaws or the Board of Directors Regulations require for the validity of certain resolutions to the vote in favour of a higher number of Directors. Except for the approval or amendment of the Board of Directors Regulations, the current Bylaws and the Board of Directors Regulations do not contain any special majorities to pass any resolution different from those that are established by the legislation in force as of the



date of this Prospectus. In case of a tie the Chairman of the Board of Directors shall have a casting vote.

### **Directors**

Following and subject to the registration of this Prospectus with the CNMV, the Board of Directors will comprise nine members: two executive Directors, four independent Directors and three proprietary Directors (*consejeros dominicales*). It is expected that the Nominations and Remuneration Committee issues, at its first meeting following Admission, the corresponding reports or proposals for such appointments.

The Directors, their positions within the Board of Directors, their category as Directors and, where relevant, the shareholder they represent, are detailed in the table below. As of the date of this Prospectus, all of the Directors have been appointed by the Selling Shareholder and Prosegur, as shareholders of the Company, on the dates included in the table below. The appointments of the proprietary Directors, Mrs. Chantal Gut Revoredo and Mr. Pedro Guerrero Guerrero, and the appointments of each of the independent Directors are subject to the registration of this Prospectus with the CNMV.

| Name                               | Date of first appointment | Expiry date of appointment | Position                | Category    | Shareholder represented              |
|------------------------------------|---------------------------|----------------------------|-------------------------|-------------|--------------------------------------|
| Mr. Christian Gut Revoredo         | 19/12/2016                | 19/12/2019                 | Chairman                | Executive   | N/A                                  |
| Mr. Pedro Guerrero Guerrero        | 06/02/2017                | 06/02/2020                 | Deputy Chairman         | Proprietary | Prosegur Compañía de Seguridad, S.A. |
| Mr. Jose Antonio Lasanta Luri      | 19/12/2016                | 19/12/2019                 | Chief Executive Officer | Executive   | N/A                                  |
| Mr. Claudio Aguirre Pemán          | 06/02/2017                | 06/02/2020                 | Director                | Independent | N/A                                  |
| Mrs. María Benjumea Cabeza de Vaca | 06/02/2017                | 06/02/2020                 | Director                | Independent | N/A                                  |
| Mr. Daniel Entrecanales Domecq     | 06/02/2017                | 06/02/2020                 | Director                | Independent | N/A                                  |
| Mrs. Chantal Gut Revoredo          | 06/02/2017                | 06/02/2020                 | Director                | Proprietary | Prosegur Compañía de Seguridad, S.A. |
| Mr. Antonio Rubio Merino           | 19/12/2016                | 19/12/2019                 | Director                | Proprietary | Prosegur Compañía de Seguridad, S.A. |
| Mrs. Ana Sainz de Vicuña Bemberg   | 06/02/2017                | 06/02/2020                 | Director                | Independent | N/A                                  |

As of the date of this Prospectus, all the Directors' appointments are registered with the Madrid Commercial Register except for the appointments of the proprietary Directors, Mr. Pedro Guerrero Guerrero and Mrs. Chantal Gut Revoredo, and the appointments of each of the independent Directors, which are subject to the registration of this Prospectus with the CNMV and pending to be filed with the Madrid Commercial Register.

The categories of Directors have been determined by applying the definitions set out in the Spanish Companies Act. As of the date of this Prospectus, the category assigned to each Director has not been confirmed by the Nominations and Remuneration Committee. It is expected that the Nominations and Remuneration Committee confirms,

at its first meeting following Admission, the assigned categories in accordance with applicable law and the Board of Directors Regulations.

On 6 February 2017, the Company, in accordance with article 249 of the Spanish Companies Act and following the approval of the Board of Directors (with the abstention of Mr. Christian Gut Revoredo), entered into a Director's service agreement with the executive Chairman of the Board of Directors. In addition, on 6 February 2017 the Company, in accordance with article 249 of the Spanish Companies Act and following the approval of the Board of Directors (with the abstention of Mr. Jose Antonio Lasanta Luri), entered into a Director's service agreement with the Chief Executive Officer. The entry into force of both agreements is subject to Admission.

The Non-Director Secretary of the Board of Directors is Ms. María del Mar Oña López. As of the date of this Prospectus, no Deputy Secretary has been appointed.

All members of the Board of Directors and the Secretary of the Board of Directors designated the Company's registered office as their professional address for the purpose of this Prospectus.

#### ***Directors' biographical information***

Biographical information for each of the current members of the Board of Directors, including a brief description of each Director's business experience and education is presented below.

##### *Mr. Christian Gut Revoredo*

Mr. Gut has a degree in Economics and Business Administration from CUNEF (*Centro Universitario de Estudios Financieros*) (Spain) and a Master in Business Administration from INSEAD (France).

Mr. Gut is member of the board (*patronato*) of Fundación Prosegur.

Until 2007, he was the General Manager of Prosegur in Spain. In 2008 he was appointed as Chief Executive Officer of Prosegur.

##### *Mr. Pedro Guerrero Guerrero*

Mr. Guerrero has a Bachelor's degree in Law from Universidad Complutense de Madrid and is also a State Attorney (on leave) since 1978.

He is a member of the Prosegur's Board of Directors since 2005 and Chairman of the Board of Directors of Bankinter since 2007.

He started his professional career as individual member of the Madrid Stock Exchange Market from 1982 to 1989. He was elected as Chairman of the Madrid Stock Exchange Market from 1989 to 1991. He founded A.B. Asesores in 1984. In 1999, he joined

Morgan Stanley as Managing Director. He held the position of head of private banking for Spain, Portugal and Italy at Morgan Stanley until 2001. In 1990 he was appointed as advisory counsellor to Bankinter Board of Directors, becoming full member in 2000, being appointed as Deputy Chairman of Bankinter's Board of Directors in 2002 and Chairman from 2007.

*Mr. Jose Antonio Lasanta Luri*

Mr. Lasanta has a degree in European Business Administration from Universidad Pontificia Comillas – ICADE (Spain).

He joined Prosegur in 2004, where he held different offices within the Prosegur Group such as Chief Strategy Officer, Corporate Development Director, Managing Director for Asia, Managing Director for Technology Business and Global Chief Financial Officer. Before joining Prosegur, he held executive positions in the consulting firm McKinsey and in the investment bank Rothschild.

*Mr. Claudio Aguirre Pemán*

Mr. Aguirre has a degree in Economics and Business Administration from Universidad Complutense de Madrid, an MBA from Instituto de Empresa de Madrid, and an Advanced Management Program (AMP) Graduate from Harvard Business School.

He is Chairman, CEO and Co-Founding Partner of Altamar Capital Partners and a Registered Representative in the Financial Services Authority "FSA" of the United Kingdom, and Series 7 and Series 63 Representative of the National Association of Securities Dealers ("NASD") in New York. He serves as Board Director of Redexis Gas, S.A., all the affiliated companies of the Altamar Capital Partners Group, chairs Marsh McLennan Advisory Board, and is a member of CaixaBank Banca Privada Advisory Board.

He started his professional career in 1980 at the Chase Manhattan Bank, in London. In 1987 he joined Goldman Sachs International (London), where he worked in the Investment Banking Services Group. In 1994, he joined Merrill Lynch where he held several senior positions during ten years (Co-Head globally of The Wealth Management Division & Chairman of Merrill Lynch International Bank, Head of EMEA Investment Banking Division and member of Merrill Lynch European Executive Committee). In 2009, he rejoined Goldman Sachs as a member of the International Advisory Board.

*Mrs. María Benjumea Cabeza de Vaca*

Mrs. Benjumea has a degree in Geography and History from Universidad Complutense de Madrid.

She is a founding member of the International Women's Forum (IWF) Spain and Vice President of Secot.

From the beginning of her professional career, she has been an entrepreneur. She started her professional career by setting up Taller de Arte (an innovative space which combined restoration businesses and art galleries).

In 1981 she created *Círculo de Progreso*, which later became *Infoempleo*. Since 2012 she has focused on Spain Start-up (organizing its annual South Summit, a gathering that seeks to promote enterprise and innovation). She has been awarded the Gold Medal for Merit in Work, in recognition of her ties to enterprising initiatives throughout her professional career. In 2011 she received the National Female Executive Award in the category of Business Innovation. She was awarded the Clara Campoamor Award in 2009 by Madrid Municipal Council and was named Businesswoman of the Year in 2007 by ASEME, having featured among the Top 100 female leaders in Spain in recent editions.

*Mr. Daniel Entrecanales Domecq*

Mr. Entrecanales has a degree in Economics from Carroll School of Management in Boston College.

He is a member of the Board of Directors of Acciona, S.A., Chairman of the Board of Directors of Revolution Publicidad, S.L., Joint Director of Newco Entreriver, S.L. and Deputy Chairman of the Board of Directors of Madrid Horse Week, S.L.

He started his professional career in 1993 at Unilever in Madrid and in 1995 he moved to Milan to work as Project Manager at Unilever International Innovation Center. In 1998 he joined Loewe (LVMH Group) as Marketing and Communication Director and he was a member of the Management Committee. Between 2001 and 2004, he was the Managing Director at Grupo Cinnabar S.A. In 2012, he was appointed as Chairman of the Organization Committee of Madrid Horse Week. He has also been a member of the Board of Director of companies from different sectors.

*Mrs. Chantal Gut Revoredo*

Ms. Gut has a degree in Business and Economics from CUNEF (*Centro Universitario de Estudios Financieros*) (Spain) and an MBA from IESE Business School – Universidad de Navarra.

She has been a member of the Board of Directors of Prosegur since 1997 and a member of the board (*patronato*) of Fundación Prosegur. In 2001 she was appointed as a member of the Board of Directors of Euroforum, an office she has held since then.

*Mr. Antonio Rubio Merino*

Mr. Rubio has a degree in Business and Economic Sciences from ETEA-Universidad de Córdoba and also a degree in Geography and History from Universidad Nacional de Educación a Distancia (UNED).

He started his professional career in the audit sector and has held several management positions in the finance areas of certain multinational companies such as Abengoa and Inditex. In 2009 he was appointed as Global Chief Financial Officer of Prosegur, an office he has held since then.

*Mrs. Ana Sainz de Vicuña Bemberg*

Mrs. Sainz de Vicuña has a degree in Agricultural Economics from Reading University and has also a Program for Management Development from Harvard University.

She is a member of the Board of Directors of Altamar Capital Partners, Acciona, S.A., Corporación Financiera Guadalmar (CFG) and Inmobiliaria Colonial and also a member of the audit committee of Inmobiliaria Colonial. She is also a member of the board (*patronato*) of Fundación ARPE.

She started her professional career as a financial consultant, joining the Spanish branch of Merrill Lynch International Bank in 2002, being appointed as Managing Director. She was also a member of the Board of Directors of Mobiel Dreams Factory and Asturbega (Coca-Cola group) and joined Sociedad de Valores y Bolsa on its incorporation.

#### ***Directors' managerial positions and shareholdings***

The table below sets out all entities (except for (i) family-owned and asset-holding companies, (ii) holdings in listed companies which are not relevant, (iii) companies within the Group and (iv) any other companies without relevance for the activities of the Company) in which the members of the Board of Directors have been appointed as members of the administrative, management or supervisory bodies or in which they have held shareholdings at any time during the five year period preceding the date of this Prospectus, indicating whether or not each person is still a member of such bodies or holds any shares in any such entities.

| <b>Director</b>            | <b>Company</b>                       | <b>Position/Title</b>                        | <b>Sector</b>                 | <b>In office</b> |
|----------------------------|--------------------------------------|--|-------------------------------|------------------|
| Mr. Christian Gut Revoredo | Prosegur Compañía de Seguridad, S.A. | Executive Director (Chief Executive Officer) | Security                      | Yes              |
|                            | Gubel, S.L.                          | Director/Shareholder                         | Investment company            | Yes              |
|                            | Proactinmo, S.L.                     | Director                                     | Real Estate company           | Yes              |
|                            | Euroforum Escorial, S.A.             | Director                                     | Convention Centers management | Yes              |
|                            | ArcelorMittal España, S.A.           | Director                                     | Steel                         | Yes              |
| Mr. Pedro Guerrero         | Prosegur Compañía de Seguridad, S.A. | Independent Director                         | Security                      | Yes              |
|                            | Bankinter, S.A.                      | Chairman                                     | Banking                       | Yes              |

| Director                         | Company   | Position/Title                                  | Sector                          | In office |
|----------------------------------|---|---|---------------------------------|-----------|
| Ms. Chantal Gut Revoredo         | Prosegur Compañía de Seguridad, S.A.                        | Proprietary Director (representing Gubel, S.L.) | Security                        | Yes       |
|                                  | Gubel, S.L.   | Director/Shareholder                            | Investment company              | Yes       |
|                                  | Proactinmo, S.L.  | Director  | Real Estate company             | Yes       |
|                                  | Euroforum Escorial, S.A.                                    | Director  | Convention Centers management   | Yes       |
| Mr. Daniel Entrecanales Domecq   | Acciona, S.A.   | Proprietary Director                            | Construction                    | Yes       |
| Mr. Antonio Rubio Merino         | Prosegur Gestión de Activos, S.L.                           | Director  | Management and Support Services | Yes       |
|                                  | Prosegur Soluciones Integrales de Seguridad de España, S.L. | Director  | Security                        | Yes       |
| Mrs. Ana Sainz de Vicuña Bemberg | Acciona, S.A.   | Independent Director                            | Construction                    | Yes       |
|                                  | Inmobiliaria Colonial, S.A.                                 | Independent Director                            | Real Estate                     | Yes       |

In addition to the information included in the table above, some members of the Board of Directors own shares of Prosegur including Mr Christian Gut Revoredo (885,430 shares), Mr. Pedro Guerrero Guerrero (1,000 shares), Mr. José Antonio Lasanta Luri (15,080 shares) and Mr. Antonio Rubio Merino (62,637 shares). Gubel, S.L. (a company controlled by Mrs. Helena Irene Revoredo Delvecchio), owns, directly and indirectly, 50.1% of the shares of Prosegur (309,240,330 shares) and is also a shareholder of Proactinmo, S.L. and Euroforum Escorial, S.A.

### Board of Directors Regulations

The Board of Directors is governed by the Bylaws and the Board of Directors Regulations that were adopted by the Board of Directors on 19 December 2016 and that are registered with the Madrid Commercial Register. The Board of Directors Regulations develop the Bylaws and establish the principles for the functioning of the Board of Directors, including the basic rules for its organization and functions and the standards of conduct of the Board of Directors members.

Pursuant to the Board of Directors Regulations, Directors must tender their resignation to the Board and formalize such resignation in the following cases: (a) when they cease to hold the executive positions to which their appointment as Directors is linked, or when the reasons for which they were appointed no longer exist, in particular, in the case of proprietary Directors, when the shareholder or shareholders that proposed, required or determined their appointment, totally or partially sell or transfer its participation losing the condition of significant or sufficient participation to justify the appointment; (b) when they incur in any incompatibility or prohibition event established by law; (c) when they are prosecuted by an allegedly criminal event or are subject to disciplinary procedure by a serious or very serious misconduct conducted by the

monitoring authorities; (d) when they are severely reprimanded by the Audit Committee as a consequence of the infringement of their duties as Directors; and (e) when their remaining on the Board of Directors might affect the Company's credit or reputation or otherwise jeopardizes its interests.

### **Board Committees**

In accordance with the Spanish Companies Act, the Bylaws and the Board of Directors Regulations, an Audit Committee and a Nominations and Remuneration Committee were created by the Board of Directors by virtue of the resolutions adopted on 6 February 2017, subject to the registration of this Prospectus with the CNMV. Both committees are governed by the Bylaws and the Board of Directors Regulations.

Additionally, the Bylaws state that the Board of Directors may delegate, according to law, its functions to an Executive Committee. As of the date of this Prospectus, this committee has not been created.

### ***Audit Committee***

The Audit Committee shall be comprised of a minimum of three and a maximum of five Directors appointed by the Board of Directors. The Spanish Companies Act and the Board of Directors Regulations require all members of the Audit Committee to be non-executive Directors, and the majority of them shall be independent Directors. In appointing its members, and particularly its Chairman, the Board of Directors shall take into account their knowledge and experience in accounting, auditing as well as in risk management. Likewise, at least one of the independent Directors shall be appointed taking into account his/her knowledge and experience in accounting, auditing or both. As a group, the members of the Committee shall have relevant technical knowledge relating to the industry to which the Company belongs.

The Chairman of the Audit Committee is appointed by the Board of Directors from amongst the independent members of the committee to serve for a maximum term of four years and may be re-elected as Chairman at least one year after his/her removal. The Secretary of the Audit Committee is appointed by the Audit Committee with no need to be a Director or member of the Audit Committee.

The Audit Committee may adopt its own additional particular regulations.

A quorum for the Audit Committee shall be validly established with the attendance, in person or by proxy, of at least one half of the members thereof, and the committee shall adopt resolutions by an absolute majority of those present at the meeting in person or by valid proxy. In case of a tie the Chairman of the Audit Committee shall have a casting vote.

Following and subject to registration of this Prospectus with the CNMV, the Audit Committee will be comprised of three members appointed by the Board of Directors as detailed in the table below:

| <b>Name</b>                        | <b>Date of first appointment</b> | <b>Title</b> | <b>Category</b> |
|------------------------------------|----------------------------------|--------------|-----------------|
| Mr. Daniel Entrecanales Domecq     | 6 February 2017                  | Chairman     | Independent     |
| Mr. Claudio Aguirre Pemán          | 6 February 2017                  | Member       | Independent     |
| Mrs. María Benjumea Cabeza de Vaca | 6 February 2017                  | Member       | Independent     |

The secretary of the Audit Committee will be the Non-Director Secretary of the Board of Directors, Ms. María del Mar Oña López.

The Audit Committee is responsible for reviewing and overseeing the economic and financial information on the Company and the Board of Directors and any other information that the Board of Directors deems relevant. In particular, duties of the Audit Committee include but are not limited to the following:

- (a) Reporting to the Shareholders' Meeting about matters that relate to the Audit Committee's scope of action particularly the outcome of audits, explaining how the audit contributed to the integrity of financial information and the Audit Committee's role in the process.
- (b) Ensure that the Board of Directors seeks to present the annual accounts to the Shareholders' Meeting with no limitations or reservations on the audit report and, in the exceptional event of reservations, the Chair of the Audit Committee must explain the situation and ensure that the auditors clearly explain the content and scope of these limitations and reservations to the shareholders.
- (c) Submit proposals for selecting, appointing, re-electing and replacing external auditors to the Board of Directors; assume responsibility for applying the selection process in accordance with the law, and assume responsibility for the contractual terms and conditions and for regularly collecting information from the auditor about the audit plan and its implementation; and ensure the independent performance of its duties.
- (d) As for the external auditor: (i) if the external auditor resigns, analyse the circumstances behind this decision; (ii) ensure that the external auditor's remuneration does not compromise the quality or independence of his/her work; (iii) oversee that the Company informs the CNMV of the change of auditor as a relevant fact disclosure (*hecho relevante*) and adds a statement about any potential disagreements with the outgoing auditor and, if applicable, explains the content of these disagreements; (iv) ensure that the external auditor meets with the full session of the Board of Directors on an yearly basis to report about his/her work and the progress of the Company's accounting situation and risks; (v) oversee compliance with the auditing contract and ensure that the opinion about the annual financial statements and the main content of the audit report is written clearly and



accurately; and (vi) ensure that the Company and the external auditor comply with applicable rules on non-audit services, limits on concentration of auditing business and, in general, all other rules about the independence of auditors.

- (e) Establish and maintain appropriate relationships with the external auditor so as to receive information about any issues that may pose a threat to the auditor's independence, which will then be assessed by the Audit Committee; and any other information in relation to account auditing process of the accounts; when appropriate, authorise services that are not prohibited pursuant to the law; and any other communications stipulated in the account auditing legislation and auditing rules. In any case, the Audit Committee must receive an annual declaration from the account auditor regarding his/her independence from the company or companies that are directly or indirectly linked to the Audit Committee, as well as detailed and individual information about any additional services that have been provided by the auditor and paid for by these companies, or any additional services provided by individuals or companies linked to the auditor pursuant to the legislation in force.
- (f) Issue an annual report, before the account audit report, in which it declares whether or not the auditor's independence is compromised. In all events, this report must contain an opinion about the substantiated assessment of the provision of each and every additional service mentioned above (individually and as a group), which is different from legal auditing and in connection with the independence system or the regulations on account auditing.
- (g) Oversee internal auditing particularly (i) guarantee that internal auditing is independent and efficient; (ii) propose the selection, appointment and termination of appointment of the manager of the internal audit service; (iii) propose the budget for the service; (iv) review the annual work plan for internal auditing and the annual activity report; (v) receive periodic information about its activities; and (vi) verify that senior management takes the conclusions and recommendations in its reports into account.
- (h) Oversee the process of preparation and presentation of mandatory financial information and submit recommendations or proposals to the Board of Directors aimed at safeguarding its integrity.
- (i) Oversee the efficacy of the Company's internal control and the risk management systems (including tax risks) and discuss with the account auditor any significant weaknesses of the internal control system which have been detected during auditing. Independence must never be compromised. Following from this, and when appropriate, the Audit Committee must submit recommendations or proposals to the Board of Directors and indicate the follow-up time frame. In this context, it must propose the risk control and management policy to the Board of Directors.

- (j) Oversee the operation of the risk control and management unit.
- (k) Analyse and report on the economic conditions, accounting impact and, when appropriate, proposed exchange ratio for operations that involve structural and corporate changes and have been planned by the Company, before they are submitted to the Board of Directors.
- (l) Reporting to the Board of Directors beforehand of any matters required by law and the Bylaws, in particular regarding: (i) the financial information which the Company must disclose periodically; and (ii) creation or acquisition of interests in special purpose vehicles or companies headquartered in countries or territories that are considered to be tax havens.
- (m) Review offering prospectuses and any other relevant information that the Board of Directors must supply to the markets and its supervisory bodies.
- (n) Establish and oversee a system that allows employees to report, confidentially and, if possible and appropriate, anonymously potentially relevant irregularities, particularly financial and accounting irregularities, within the Company.
- (o) Periodically assess the suitability of the Company's corporate governance system with the aim of ensuring that it fulfils the mission of promoting the corporate interest and considers, as appropriate, the legitimate interests of all other stakeholders; propose improvements; and oversee compliance with internal codes of conduct and the Company's corporate governance rules. Specifically, the Audit Committee must receive information and, when appropriate, generate a report about (i) the actions and decisions made by the Regulatory Compliance Committee when performing its duties pursuant to the Company's internal code of conduct; and (ii) the disciplinary measures which must be applied, when appropriate, to members of the Company's senior management team.
- (p) Oversee the strategy for communicating and maintaining relationships with shareholders and investors, including small- and medium-sized shareholders.
- (q) Review the Company's corporate responsibility policy to ensure that it aims to create value; supervise the strategy and practices with regard to corporate social responsibility and assess compliance therewith; and assess the relationship processes with the different groups of interest.
- (r) Assess all matters in relation to the Company's non-financial risks, including technological, operational, legal, social, environmental, political and reputational risks.
- (s) Coordinate the process for reporting non-financial information and information about diversity according to the applicable regulations and the leading international standards.

- (t) Report on related parties transactions.
- (u) Perform the following functions in relation to the Framework Agreement:
  - (i) To report in advance, as to its essential elements (price, term and object) on related party transactions between the Company and Prosegur, or between any of the companies of their respective groups, whose approval is reserved the Board of Directors in accordance with the Framework Agreement.
  - (ii) To report in advance the periodic public information and annual corporate governance report of the Company relating to the Framework Agreement and the related party transactions between the Group and the Prosegur Group.
  - (iii) To report on situations where a concurrence on business opportunities between companies belonging to the Group and the Prosegur Group arise and monitor compliance with the provisions of the Framework Agreement on the given matter.
  - (iv) To report regularly on the implementation of the Framework Agreement.
  - (v) To inform in advance of any proposal to amend the Framework Agreement, as well as any prospective proposals aimed at settling the disagreements that may arise between its signatories during its implementation.

Provisions in c), e) and f) in this section are without prejudice to the regulations on account auditing.

The Audit Committee must meet regularly and at least four times a year.

#### ***Nominations and Remuneration Committee***

The Nominations and Remuneration Committee shall be comprised of a minimum of three and a maximum of five Directors appointed by the Board of Directors. The Spanish Companies Act and the Board of Directors Regulations require all members of the Nominations and Remuneration Committee to be non-executive Directors, and the majority of them must be independent Directors.

The Chairman of the Nominations and Remuneration Committee is appointed by the Board of Directors, from amongst the independent members of the committee. The Secretary of the Nominations and Remuneration Committee is appointed by the Nominations and Remuneration Committee with no need to be a Director or member of the Nominations and Remuneration Committee.

The Nominations and Remuneration Committee may adopt its own additional particular regulations.

A quorum for the Nominations and Remuneration Committee shall be validly established with the attendance, in person or by proxy, of at least one half of the members thereof, and the committee shall adopt resolutions by an absolute majority of those present at the meeting in person or by proxy. In case of a tie the Chairman of the Nominations and Remuneration Committee shall have a casting vote.

Following and subject to registration of this Prospectus with the CNMV, the Nominations and Remuneration Committee will be comprised of three members appointed by the Board of Directors as detailed in the table below:

| <b>Name</b>                      | <b>Date of first appointment</b> | <b>Title</b> | <b>Category</b> |
|----------------------------------|----------------------------------|--------------|-----------------|
| Mr. Claudio Aguirre Pemán        | 6 February 2017                  | Chairman     | Independent     |
| Mr. Pedro Guerrero Guerrero      | 6 February 2017                  | Member       | Proprietary     |
| Mrs. Ana Sainz de Vicuña Bemberg | 6 February 2017                  | Member       | Independent     |

The Secretary of the Nominations and Remuneration Committee will be the Company's Human Resources Director, Mr. Juan Luis Martín Carrera.

In particular, duties of the Nominations and Remuneration Committee include but are not limited to the following:

- (a) Assess the skills, knowledge and experience required on the Board of Directors. To this end, the Nominations and Remuneration Committee shall define the necessary duties and skills that the candidates must possess to fill each vacancy and will evaluate the time and dedication necessary for effectively performing their duties and confirm that non-executive Directors have enough free time to perform their duties correctly.
- (b) Inform the Board of Directors about matters in connection with gender diversity and set a representation goal for the least represented gender in the Board of Directors and draw up guidelines for achieving this goal.
- (c) Submit proposals to the Board of Directors for the appointment of independent directors by co-option or for submission to the Shareholders' Meeting, and submit proposals for re-electing or removal of these directors to be decided by the Shareholders' Meeting.
- (d) Submit proposals for the appointments of the other Directors of the Company to be appointed by co-option or submission to the Shareholders' Meeting, and submit proposals for re-electing or removal of these Directors to be decided by the Shareholders' Meeting.

- (e) On an annual basis, verify compliance with the policy on the selection of directors and report thereon in the annual corporate governance report.
- (f) Submit proposals for appointments and removal of positions in the Board of Directors, including the Secretary and Deputy-Secretaries, and submit proposals for the members of each of the Board's committees to the Board of Directors.
- (g) Examine and organise the succession of the Board's Chair and the Company's top executive and, when appropriate, submit proposals to the Board of Directors so that the succession is orderly and planned.
- (h) Organise and coordinate the periodic assessment of the Board's Chair and, in conjunction, the periodic assessment of the Board of Directors, its members and the Company's top executive.
- (i) Submit proposals to the Board of Directors for appointments and removal of senior management and the basic terms and conditions of their contracts.
- (j) Submit a proposal to the Board of Directors for the remuneration policy for directors and general managers or those performing senior management functions under the direct supervision of the Board of Directors, the executive committees or managing directors; and submit a proposal for individual remuneration and other contractual terms and conditions for executive directors and ensure compliance therewith.
- (k) Verify that the Company's remuneration policy is complied with.
- (l) Periodically review the remuneration policy for directors and senior managers, including remuneration schemes with or referenced to Company shares and the application thereof; analyse their suitability and pay and ensure that their individual remuneration is proportional to the remuneration of other Company directors and senior manager.
- (m) Verify the information about remuneration for directors and senior managers in corporate documents, including the annual report on remuneration for directors.
- (n) Report on transactions that involve or may involve conflicts of interest.
- (o) Ensure that potential conflicts of interest do not compromise the independence of external advisory services provided, when appropriate, to the Nominations and Remuneration Committee.

The Nominations and Remuneration Committee shall meet at the request of the Board of Directors or the Chairman of the Board of Directors, whenever is necessary to perform its duties and at least once per year for the preparation of Directors' remuneration information that the Board of Directors must approve and include in its annual public documentation.

## Senior Management

The following table sets out the key members of the management team of the Company which consists of those managers reporting to the Chief Executive Officer (hereinafter, in this section, the “**Senior Management**” or the “**Senior Manager**”), and their positions as of the date of this Prospectus, as formalized by the Board of Directors by virtue of the resolutions adopted on 6 February 2017 and on 23 February 2017.

| Name                          | Date of formalization of appointment | Position/Title                               |
|-------------------------------|--------------------------------------|--|
| Mr. Juan Cocci                | 6 February 2017                      | Managing Director of Latin America           |
| Mr. Martín Matos              | 6 February 2017                      | Deputy Managing Director of Latin America    |
| Mr. Gonzaga Higuero Robles    | 6 February 2017                      | Managing Director of European Region and AOA |
| Mr. Luis Javier Oro Pradera   | 6 February 2017                      | Director of Innovation and Productivity      |
| Mr. Antonio España Contreras  | 6 February 2017                      | Chief Financial Officer                      |
| Mr. Juan Luis Martín Carrera  | 6 February 2017                      | Human Resources Director                     |
| Mrs. María del Mar Oña López  | 6 February 2017                      | General Counsel                              |
| Mrs. Marina Couso Ruano       | 6 February 2017                      | Strategy Global Manager                      |
| Mr. Pablo de la Morena Arranz | 6 February 2017                      | Investor Relations Director                  |
| Mr. Antonio Montero Díaz      | 23 February 2017                     | Security Director                            |

### *Senior Management biographical information*

Biographical information for each of the current members of the Senior Management team, including a brief description of each business experience and education, is presented below.

#### *Mr. Juan Cocci*

Mr. Cocci has a PADE Master from IAE Business School.

As of the date of this Prospectus, Mr. Juan Cocci has been appointed as Managing Director of the Company in Latin America.

He joined Prosegur in 1971 and during his forty-five year professional career held different offices within the Prosegur Group such as Commercial Manager, Managing Director of South Latin America Region, Country Manager in Argentina, Cash Business Director in Argentina and Branch Director in Argentina. Under his management, the revenues and profitability in the referred region have experienced sustained growth. Additionally, Mr. Cocci has also lead the Prosegur’s institutional position in the referred region.

*Mr. Martín Matos*

Mr. Matos has a degree in business administration from the Montevideo University (Uruguay) and an Executive Master in Business Administration from the Montevideo University (Uruguay), where he also was a lecturer at the Economics and Management College.

As of the date of this Prospectus, Mr. Matos has been appointed as Deputy Managing Director of the Company in Latin America.

He joined Prosegur in 1993 and since then he has held different offices within Prosegur's technology division, as well as other offices such as Chief Financial Officer for Uruguay, Deputy Chief Executive Officer for Latin America, Regional Director in Argentina and Country Manager in Uruguay. Before joining Prosegur, he worked as an auditor at Deloitte.

*Mr. Gonzaga Higuero Robles*

Mr. Higuero has a degree in law and business administration from the Universidad Pontificia Comillas – ICADE (Spain) and a Master in Business Administration from IESE Business School (Spain).

As of the date of this Prospectus, Mr. Higuero has been appointed as Managing Director of the Company in the European Region and AOA.

He joined Prosegur in 2002 and since then he has held different executive positions within Prosegur as Cash Business Controller, Director of B2B Spain and Regional Director in Latin America and Europe. Before joining Prosegur, he worked as Operating Director in Carrefour.

*Mr. Luis Javier Oro Pradera*

Mr. Oro has a degree in industrial engineering from the Zaragoza University (Spain) and a Master in Business Administration from IESE Business School (Spain).

As of the date of this Prospectus, Mr. Oro has been appointed as Director of Innovation and Productivity of the Company.

He joined Prosegur in 2006 and since then he has held different positions within Prosegur's commercial and business areas, such as director of the Cash services business in Spain, Head of Centres of Excellence and Corporate Director of Cash services. Before joining Prosegur, he worked at the consulting firm McKinsey.

*Mr. Antonio España Contreras*

Mr. España has a degree in telecommunication engineering from Universidad de Málaga (Spain), a Master in Business Administration from IESE Business School (Spain) and a Master in Economics from Universidad Rey Juan Carlos (Spain).

As of the date of this Prospectus, Mr. España has been appointed as Chief Financial Officer of the Company.

Mr. España joined Prosegur in 2013 and since then he has held the positions of Global Finance and Treasury Director, Chief Financial Officer for Europe and Chief Financial Officer for Spain. Before joining Prosegur, he worked as director at KPMG and as principal in the consulting firm Arthur D. Little.

*Mr. Juan Luis Martín Carrera*

Mr. Martín has a degree in law from Universidad de Salamanca (Spain), LLM Master in European and International Public Law, respectively, from Groningen University (The Netherlands), and a Master in International Labour Law from Fundación Sagardoy (Spain).

As of the date of this Prospectus, Mr. Martín has been appointed as Human Resources Director of the Company.

He joined Prosegur in 2011 and since then he has held the position of Labour Relations Manager for Spain and Corporate Employment Director. Before joining Prosegur, he worked at Deloitte.

*Mrs. María del Mar Oña López*

Mrs. Oña has a degree in law from Universidad Autónoma de Madrid (Spain) and a post-graduate in private international law from the same university. She also completed her college studies in the Bucerius Law School (Germany) and was lecturer of private international law in Universidad de Castilla La Mancha (Spain).

As of the date of this Prospectus, Mrs. Oña has been appointed as General Counsel of the Company.

She joined Prosegur in 2011 and since then she has held the position of Legal Counsel for Europe and Asia, and Global Legal Director of M&A. Before joining Prosegur, she worked at the law firm Clifford Chance.

*Mrs. Marina Couso Ruano*

Mrs. Couso has a degree in economics from Universidad CEU San Pablo in Madrid (Spain) and a Master Degree in Financial Auditing from Universidad Pontificia de Salamanca (Spain).



As of the date of this Prospectus, Mrs. Couso has been appointed as Strategy Global Manager.

She joined Prosegur in 2002 and since then she has held the position of Chief Financial Officer for Alarm business, Asia Chief Financial Officer and Financial Control Global Manager. Before joining Prosegur, she worked at PricewaterhouseCoopers.

*Mr. Pablo de la Morena Arranz*

Mr. de la Morena has a degree in law and business administration from Universidad Pontificia de Comillas - ICADE (Spain) and an Executive Master in Business Administration from IE Business School (Spain).

As of the date of this Prospectus, Mr. de la Morena has been appointed as Investor Relations Director of the Company.

He joined Prosegur in 2012 and since then he has held the position of Business Controller, Deputy CFO and Strategy Manager. Before joining Prosegur, he worked at CEMEX.

*Mr. Antonio Montero Díaz*

Mr. Montero has a degree in Business Management from Universidad Adolfo Ibañez (Chile) and in Security Management from Universidad of Comillas (Argentina).

As of the date of this Prospectus, Mr. Montero has been appointed as Security Director of the Company.

He joined Prosegur in 1986 and since then he has held several managerial positions in the Security department in Spain and Argentina as Quality Manager in Argentina, Risk Manager for Latinoamerica region and General Manager of Prosegur Cash in Chile.

### ***Senior Management positions and shareholdings***

The table below sets out all entities (except for (i) family-owned and asset-holding companies, (ii) holdings in listed companies which are not relevant, (iii) companies within the Group and (iv) any other companies without relevance for the activities of the Company) in which the members of the Senior Management have been appointed as members of the administrative, management or supervisory bodies or in which they have held shareholdings at any time during the five year period preceding the date of this Prospectus, indicating whether or not each person is still a member of such bodies or holds any shares in any such entities.

| Senior Manager               | Company  | Position/Title | Sector   | In office                                   |
|------------------------------|--|----------------|----------|---|
| Mr. Antonio España Contreras | Prosegur Alarmas España, S.L.                            | Director       | Alarms   | Yes. Expected to be replaced upon Admission |
|                              | Prosegur Soluciones Integrales de Seguridad España, S.L. | Director       | Security | Yes. Expected to be replaced upon Admission |
|                              | Prosegur Soluciones, S.A.                                | Joint Director | Alarms   | Yes. Expected to be replaced upon Admission |

In addition to the information included in the table above, some members of the Senior Management own shares of Prosegur including Mr. Luis Javier Oro Pradera (8,139 shares), Mr. Juan Luis Martín Carrera (2,830 shares), Mr. Antonio España Contreras (2,637 shares ), Ms. Maria del Mar Oña López (2,637 shares) and Mr. Pablo de la Morena Arranz (2,443 shares).

### **Regulatory Compliance Committee**

A Regulatory Compliance Committee has been created at the level of the Company but it will start functioning upon Admission. The duties of this Regulatory Compliance Committee are currently carried out and satisfied by the Prosegur compliance committee.

The Regulatory Compliance Committee focus on the compliance by the Company with the Cash industry-specific regulatory requirements, amongst others, code of ethics and conduct, regulations relating to anti-money laundering (AML) and anti-bribery and corruption (ABC), corporate crime prevention policy, anti-trust and data protection regulations.

In particular, duties of the Regulatory Compliance Committee include but are not limited to the following:

- Ensure and monitoring that the necessary resources are applied to the detection of any potential regulatory risks;
- Establishment and maintenance of a regulatory compliance program, practices, protocols and policies appropriate for the Company on prevention, detection and action on regulatory risks;
- Advising management and the Company's governance bodies on regulatory compliance laws, rules and standards;

- Ensure and monitoring that the necessary resources are applied to the personnel training on regulatory compliance needs; and
- Identification and ongoing assessment of compliance with the regulatory compliance laws, rules and standards.

The Regulatory Compliance Committee will report to the Audit Committee once it starts functioning after Admission.

As of the date of this Prospectus, the Regulatory Compliance Committee is formed by the following members of the Senior Management team of the Company: the Chief Financial Officer, the Human Resources Director, and the General Counsel, and by the Internal Audit Director and by the Compliance Officer of the Prosegur Group.

In addition to the Regulatory Compliance Committee established at the level of the Company, similar regulatory compliance committees are already established in each country where the Group operates. Until the Regulatory Compliance Committee starts functioning, these local compliance committees will continue to report to the Prosegur compliance committee.

The local regulatory compliance committees are composed of senior managers of the support areas, which generally include the Chief Financial Officer, as well as the heads of Human Resources, Legal and Security, all of them employees of Prosegur Group. At the country level the Compliance Officer is generally the local head of legal, except in some countries (e.g. Peru), where according to AML legal requirements the AML's Compliance Officer is an employee of the subsidiary dedicated exclusively to this role.

The local regulatory compliance committees operate under principles and structure similar to that under which the Regulatory Compliance Committee will operate, adapted to local country specific regulatory requirements and will report to and coordinate with the Regulatory Compliance Committee through the Prosegur Group Compliance Officer.

These local regulatory compliance committees may present to the Prosegur Group Compliance Officer proposals and measures, either due to the specific regulatory needs of a given country or because a local team has identified potential improvements. The Regulatory Compliance Committee will decide on their adoption (whether in a given country or across the Group). In addition, the Regulatory Compliance Committee may identify new needs and order their implementation by the local compliance committees.

See section "*Business - Code of Ethics and Conduct and Compliance Program*".

### **Conflicts of interest**

As of the date of this Prospectus, the Company is not aware of any conflict of interest affecting their Directors *vis-à-vis* the Company and the Selling Shareholder or Prosegur.

Pursuant to article 229 of the Spanish Companies Act, directors are required to report all circumstances that may give rise to a conflict of interests to the board of directors as soon as they become aware of such circumstances. Directors should refrain from voting on matters in which they may have a personal interest, whether directly or indirectly.

Additionally, according to the Spanish Companies Act, the board of directors Regulations and the recommendations of the Spanish Corporate Governance Code, directors should refrain from engaging in commercial or professional transactions with the Company, without having first informed and received approval for the transaction from the board of directors, which shall request a report from the Audit Committee. Such authorization shall not be necessary if all the following conditions are met in respect of the relevant transaction: (a) the transaction is performed pursuant to an agreement with standard conditions and which are applied to large number of customers (*contratos de adhesión*); (b) the transaction is performed for a price generally applied by the party acting as the supplier; and (c) the transaction does not exceed one per cent of the Company's annual turnover. Those directors representing significant shareholders must also refrain from participating in the debate and voting of decisions relating to conflict of interests between the Company and the significant shareholder.

The Company is not aware of any agreement or arrangement between significant shareholders, clients, suppliers or any others by virtue of which any Director or member of the Senior Management team have been so appointed, without prejudice to the appointment of proprietary Directors proposed by Prosegur.

### ***Non-compete obligation***

Directors, or persons related to them are not entitled to engage in activities, whether directly or indirectly, that compete, actually or potentially, with the Company or that, in any other manner, puts the director in a permanent conflict of interest with the Company, except with the express authorization of the Shareholders' Meeting and provided that they fulfil the requirements set out in articles 230.3 and 529.ter h) of the Spanish Companies Act. Directors are not entitled to hold office or render services to entities that are competitors of the Company. Any person holding interests that are contrary to the Company's best interests must resign from his/her office at the request of the Shareholders' Meeting, when the risk of damage to the Company becomes relevant.

To the best of the Company's knowledge, as of the date of this Prospectus, no Director renders services to an entity that is a competitor of the Company.

### **Internal Code of Conduct**

On 19 December 2016, the Board of Directors approved the Internal Code of Conduct. The Internal Code of Conduct regulates, amongst other issues, the conduct of Directors and management with regard to the treatment, use and disclosure of inside information relating to the Company. The Internal Code of Conduct applies, amongst others, to all

members of the Board of Directors, Senior Management team and employees with access to inside information, as well as to the Company's external advisors handling such inside information.

### **Corporate governance**

The Spanish Companies Act sets out certain mandatory legal provisions applicable to Spanish companies whose shares are listed on the Spanish Stock Exchanges. In addition, the Spanish Corporate Governance Code sets out certain recommendations on corporate governance to be considered (on a "comply or explain" basis) by companies whose shares are listed on the Spanish Stock Exchanges. As of the date of this Prospectus, the Company believes that it substantially complies with these recommendations.

Some of the Company's corporate practices currently vary from the recommendations in certain respects. Nevertheless, the Company is committed to observe strict corporate governance policies and, after Admission, to the extent appropriate considering the Company's circumstances, its technical capacities and the Group shareholdings structure, to adapt its practices to the above mentioned principles of good corporate governance.

The Company's corporate practices vary from the recommendations in the following ways:

- Recommendation no. 4: As of the date of this Prospectus, the Company has not approved a policy for communication and contacts with shareholders, institutional investors and proxy advisors.

However, as soon as reasonably practicable after Admission, the Company will define processes and guidelines deemed appropriate and implement a policy for communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position. It will be made available in the Company's website, including information related to how the policy has been put into practice. Such policy is estimated to be approved during 2017.

- Recommendation no. 7: As of the date of this Prospectus, the Company expects to broadcast its general shareholders meetings through the same means used by the Prosegur Group, as the Company considers that these means are sufficient and it will not be necessary to broadcast the general shareholders meetings through its website.
- Recommendation no. 14: As of the date of this Prospectus, the Company has not approved a policy for selecting directors. However, as soon as practicable after Admission, the Company will proceed with the approval of such policy as it is considered a priority. Such policy is estimated to be approved during 2017.

- Recommendation no. 25: As of the date of this Prospectus, the Board Directors Regulations does not establish a maximum number of company's boards on which Directors can serve, as the Company understands that it is not necessary.
- Recommendation no. 45: As of the date of this Prospectus, the Company has not approved a risk management policy. However, as soon as practicable after Admission, the Company will proceed with the approval of such policy. Such policy is estimated to be approved during 2017.
- Recommendation no. 48: Both article 30.2 of the Bylaws and article 15.2 of the Board of Directors Regulation set forth, when regulating the Nominations and Remuneration Committee that the Board of Directors may agree to create two separate committees.
- However, this recommendation is expressly addressed to large capitalization companies, and thus is not expected to apply to the Company upon Admission.
- Recommendation no. 54: As of the date of this Prospectus, the Company has not approved a corporate social responsibility policy different from the one applicable to the Prosegur Group. However, as soon as practicable after Admission, the Company will proceed with the approval of such policy on the grounds of the same principles of the corporate social responsibility policy approved by Prosegur and in similar terms. Such policy is estimated to be approved during 2017.
- Recommendation no. 62: As of the date of this Prospectus, the Company does not consider implementing the referred recommendation appropriate given the directors remuneration system.

In relation to other recommendations, to be complied in practice, it is expected that the Company adopts a decision before the first Shareholders' Meeting, considering the Company's circumstances, its technical capacities and the Group shareholding structure.

The Board of Directors will prepare an annual corporate governance report and such report will be submitted to the Shareholders' Meeting for informative purposes. The report will be announced through the publication by the Company of a relevant fact disclosure (*hecho relevante*) and published in the Company's website. The first report to be prepared will be the report in respect of the year ended 31 December 2017.

Pursuant to article 529.decies of the Spanish Companies Act, the proposal of appointment or re-election of members of the board of listed companies corresponds to the nominations and remuneration committee, in the case of independent Directors, and to the board itself in other cases and such proposal of appointment or re-election must be preceded by a report from the nominations and remuneration committee. As of the date of this Prospectus, neither the appointment of the current directors was preceded by proposals and reports of the Nominations and Remuneration Committee nor the category assigned to each director confirmed by the Nominations and Remuneration

Committee, as this committee was not in place yet on the date of each of the appointments. Once this committee starts functioning and as soon as practicable following Admission, this committee shall issue the corresponding proposals and reports and confirm the assigned categories in accordance with applicable law and the Board of Directors Regulations.

### **Other commitments**

Upon Admission, the Company's website will be adapted to the requirements imposed by the Spanish securities market regulations.

In addition, upon Admission, the Company intends to use its best efforts to comply with the recommendations and lines of action regarding control of financial information (*Sistema de Control Interno de Información Financiera* or *SCIIF*), whose implementation is still pending as of the date of this Prospectus. The Company intends to implement the SCIIF as soon as reasonably possible within the next year.

### **Directors' remuneration**

The Bylaws establish that the office of Director is remunerated, save for the office of proprietary Directors who are also managers (*directivos*) of the parent company (i.e. currently Prosegur), which is not remunerated.

With the exceptions provided for in the preceding paragraph, Directors' remuneration by reason of the office as director will consist of an annual basic fee and an additional fee for the attendance at Board of Directors' meetings and Board of Directors' committees meetings.

The maximum annual aggregate remuneration that the Company may pay to all of its Directors as remuneration by reason of the office as director shall be set by the Shareholders' Meeting and will remain unchanged until the Shareholders' Meeting decide to modify it. The Board of Directors within the maximum set by the Shareholders' Meeting shall determine, prior a proposal from the Nominations and Remuneration Committee, the specific amount to be paid to each Director and the distribution thereof amongst Directors.

In addition, the Bylaws include the possibility for establishment of Director's remuneration systems that are linked to the listing price of the shares or that entail the delivery of shares or of stock options. The application of these remuneration systems must be approved by the Shareholders' Meeting.

The remuneration policy for Directors shall be approved by the Shareholders' Meeting at least once every three years as a separate item from the agenda. On 6 February 2017, the Shareholders' Meeting approved a remuneration policy for the Directors that will be in force during 2017, 2018 and 2019 subject to Admission (hereinafter, in this section, the "**Remuneration Policy**"). The Remuneration Policy establishes that each Director

will receive the sufficient remuneration in order to remunerate the responsibility and time commitment required by the office and in accordance with the remuneration paid in the market by other comparable companies at a national and international level, taking into account the long term interest of all the Company's shareholders. The Remuneration Policy should be adequate to the concurrent circumstances in each moment, paying special attention to the evolution of the regulation of better practices, recommendations and national and international trends in relation to the remuneration of directors of listed companies and the prevailing conditions in the market.

The Remuneration Policy is based upon the following principles and guidelines:

- (a) The Company's "value creation" in the long term, aligning the remuneration systems and the strategic plan.
- (b) Attraction, motivation and retention of the best professionals.
- (c) Responsible achievement of the objectives, in accordance with the risk management policies of the Company.
- (d) Transparency in the remuneration policy.

The Remuneration Policy differentiates between the remuneration system by reason of the office as director and the remuneration system for the performance of executive duties by the executive Directors.

It is expected that the Remuneration Policy would be expressly ratified by the Nominations and Remuneration Committee at its first meeting following Admission.

The Company estimates that the total remuneration payable to the Directors by reason of the office as director in 2017 will amount to approximately €770,000, on the assumption that in 2017 (following Admission and notwithstanding other meetings held before), the Board of Directors will meet six times, the Audit Committee three times and the Nomination and Remuneration Committee two times. Said amount does not include the executive Director's remuneration for the performance of executive duties. In addition, proprietary Directors that are also managers (*directivos*) at Prosegur will not receive any remuneration as Directors of the Company (currently, Mr. Antonio Rubio Merino is the sole proprietary Director that is also a manager (*directivo*) at Prosegur).

In the case of the executive Directors, for the performance of executive duties, the Company estimates that the total base salary payable in 2017 will amount to approximately €510,000. This amount includes the compensation payable to the Chief Executive Officer for post-contractual non-competition clause and is calculated pro rata the number of months following Admission that the executive Directors will effectively be in office in 2017. The maximum short-term variable remuneration (annual bonus) that executive Directors may accrue in 2017 (which would be payable by the Company in 2018) would amount to a total of €570,000 (equal to 150% of the annual target



variable remuneration). The maximum long term incentive (LTI) that executive Directors may accrue under the plan described below, assuming a 100% fulfilment, would amount to approximately €1,050,000 accrued and payable under the terms and conditions of the long term incentive plan described below.

***Remuneration system by reason of the office as director***

The maximum annual aggregate remuneration payable to all Directors by reason of the office as director (except to proprietary Directors that are also managers (*directivos*) of Prosegur, who will not receive any remuneration as Directors of the Company) shall not exceed €1,500,000 as approved by the Shareholders' Meeting on 6 February 2017, in accordance with the Bylaws. This amount does not include the remuneration that, as base salary or variable remuneration, or in any other concept related to the executive Director's remuneration, corresponds to the executive Directors for the performance of executive duties.

The elements of remuneration for Directors by reason of their office as directors, approved by the Shareholders' Meeting within the framework of the Remuneration Policy, are summarised below:

*Basic fee*

The Directors will receive an annual basic fee adequate to the market standards, by reason of the office as director at the Board of Directors and at the Board of Directors' committees to which they belong, payable quarterly.

*Meeting fee*

The Directors will receive a meeting fee for their attendance to the meetings of the Board of Directors and the Board of Directors' committees to which they belong.

For 2017 and subject to Admission, the Board of Directors has agreed the following remuneration fees for Directors for the elements mentioned above:

|  | <b>Chairman</b> | <b>Member</b> |
|--|-----------------|---------------|
| <b>Board of Directors</b>                    |                 |               |
| Basic fees                                   | 52,000 €        | 52,000 €      |
| Meeting fee                                  | 1,650 €         | 1,650 €       |
| <b>Audit Committe</b>                        |                 |               |
| Basic fees                                   | 30,000 €        | 22,500 €      |
| Meeting fee                                  | 1,650 €         | 1,650 €       |
| <b>Nominations and Remuneration Committe</b> |                 |               |
| Basic fees                                   | 16,000 €        | 13,000 €      |
| Meeting fee                                  | 1,250 €         | 1,250 €       |

In addition, for the duties performed as Board Deputy-Chairman and subject to Admission, the Board of Directors has agreed a specific remuneration, additional to the aforementioned, consisting of an annual amount of €100,000.

Proprietary Directors that are also managers (*directivos*) at Prosegur (currently, Mr. Antonio Rubio Merino is the sole proprietary Director that is also a manager (*directivo*) at Prosegur) are excluded of the above remuneration.

The Board of Directors, prior report from the Nominations and Remuneration Committee, is entitled to revise the remuneration fees indicated in the table above for the following exercises within the maximum annual aggregate remuneration established by the Shareholders' Meeting and in accordance with the Bylaws.

### ***Remuneration system for the performance of executive duties***

The main guideline for the executive Directors is to offer remuneration that allow to attract, retain and motivate them in order to enable the Company to achieve its strategic objectives.

The executive Directors' remuneration package for the performance of executive duties at the Company (therefore, other than the ones linked to their status as members of the Board of Directors, which will be remunerated in accordance with the provisions of the previous section), approved by the Shareholders' Meeting within the framework of the Remuneration Policy, is structured as follows:

#### *Base salary*

The base salary takes account the content of the executive duties assigned to the executive Directors and the fact that this part of the remuneration must be in line with that which is paid on the market by comparable companies in terms of their capitalization, volume and international presence.

#### *Compensation payable for post-contractual non-competition clause*

In case the executive Director's contract provides a post-contractual non-competition clause, the executive Director's remuneration may include periodic basic cash compensation as remuneration for such clause.

#### *Variable remuneration*

The purpose of the variable remuneration is to strengthen the commitment of the executive Directors to the Company and to encourage the better performance of their functions. The variable remuneration comprises the following elements:

- (a) *Short-term variable remuneration* (annual bonus): The annual bonus will be payable in cash and is linked mainly to the achievement of the Company's business and financial targets as well as to the achievement of personal targets.

The objective amount may not exceed 80% of the base salary and the maximum amount 150% thereof.

The Nominations and Remuneration Committee is responsible for approving the annual bonus targets, at the beginning of each year, and the evaluation of the achievement of such targets, at year-end. This evaluation is performed on the basis of the audited results, which are prior analysed by the Audit Committee, as well as the degree of achievement of the targets.

- (b) *Medium and long-term variable remuneration* (long-term incentive - LTI): This medium and long-term incentive (multiyear bonuses, share or option plans or warrants on shares or linked to the value of shares or similar systems) is linked mainly to the Company's performance in relation to certain business and financial parameters in line with the Company's strategic objectives for the purpose of the promotion of the retention and motivation of executive Directors and a long-term Prosegur Cash "value creation". Any remuneration linked to the Company's shares will be submitted for the approval of the Shareholders' Meeting.

The Company intends to operate a long-term incentive plan (LTI) with a performance period of three consecutive years) and additional holding period (*periodo de permanencia*) of two years following the performance period in order to receive part of the incentive. The objectives of the plan will be linked to Prosegur Cash "value creation" at global or unit level (region or country) according to the post held and the scope of the beneficiary's responsibility and, where appropriate, to personal targets. The "value creation" is calculated on the basis of relevant business metrics such as EBITA, debt, capex, etc. during the reference period. Between 50% and 100% of the incentive to be received, if any, may be paid in shares of Prosegur Cash, and the rest, as the case may be, in cash.

This notwithstanding, the Company is entitled to also settle in cash the portion of the incentive payable in shares, in an amount equivalent to the market value of the shares.

In general, the value as of the date of award will not exceed 150% of the beneficiary's annual base salary at that time multiplied by the number of reference years of the plan. A minimum, target and maximum degree of achievement of the incentive will be established (the maximum degree of achievement reaching, at the most, 200% of the incentive).

- (c) *Benefits in kind*: With the objective of offering a competitive and attractive remuneration package, executive Directors may receive benefits in kind such as (but not limited to) life and accident insurance, healthcare insurance, an annual medical checkup or company vehicle in accordance with the Company's policies. In any event, the benefits in kind shall not exceed 20% of the base salary.

For 2017, the remuneration packages for the two executive Directors, approved on 6 February 2017 by the Shareholders' Meeting and the Board of Directors (within the framework approved by the Shareholders' Meeting) and subject to Admission, are the following:

*Base salary*

Executive Chairman: an annual gross amount for the entire year of €374,876.

Chief Executive Officer: an annual gross amount for the entire year of €182,000.

*Compensation payable for post-contractual non-competition clause*

Only the Chief Executive Officer has in his agreement, as part of his base salary, a two years post-contractual non-competition clause. In 2017, gross compensation payable to the Chief Executive Officer for this concept would amount to €78,000 for the entire year.

*Variable remuneration*

(a) *Short-term variable remuneration for 2017 (annual bonus 2017)*

Executive Chairman: gross minimum achievement amount of €250,000 and gross maximum achievement amount of €375,000.

Chief Executive Officer: gross minimum achievement amount of €130,000 and gross maximum achievement amount of €195,000.

(b) *Medium and long-term variable remuneration (LTI)*

The Executive Chairman and the Chief Executive Officer participate in the Long-Term Incentive Plan 2015-2017 of Prosegur entitled "Plan 2015-2017", approved by Prosegur Shareholders' Meeting on 28 April 2015. This plan covers years 2015 to 2017. 100% of the incentive to be received, if any, will be paid, in the case of the Executive Chairman, in shares of Prosegur (up to a maximum of 956,856 shares) and, in the case of the Chief Executive Officer, 50% in cash (up to a maximum of €412,500) and 50% in shares of Prosegur (up to a maximum of 87,712 shares), with an additional holding period of two years following the performance period in the case of the Chief Executive Officer.

Since more than two thirds of the Prosegur "Plan 2015-2017" have already elapsed, and in order to facilitate the transition, the Board of Directors has agreed to maintain the participation of the Executive Chairman and the Chief Executive Officer in the "Plan 2015-2017", in accordance with the regulations approved by the board of directors of Prosegur, but adapting its targets and method of payment as indicated below in order to bring their interests into line with those of the

Company's shareholders assuming the Company the terms and conditions of such plan for the Executive Chairman and the Chief Executive Officer:

- Executive Chairman: one sixth of the Executive Chairman's incentive (i.e. up to a maximum of 159,476 Prosegur shares) becomes linked to the Prosegur Cash "value creation" objective at global level in the period 2015-2017.

The "value creation" will be calculated as the difference between years 2017 and 2014 of EBITA (which provides a view of the Company's earnings before interest, taxes and amortisation of goodwill or of intangible assets and is calculated as defined in the APMs as it is stated in the management report), applying a multiplier, less the investment in CAPEX cumulative of years 2015, 2016 and 2017 (calculated as defined in the APMs as it is stated in the management report) and WCR (working capital requirements) variation from year 2017 and year 2014 (defined for these purposes as inventories  $\pm$  clients  $\pm$  suppliers), for the sum of all the countries in which Prosegur Cash (and/or other companies of Prosegur Group that develop Cash activities) operated at the beginning of 2015.

This part of the incentive shall be calculated based on the approved annual accounts of Prosegur Cash corresponding to 2017, and shall be paid by Prosegur Cash in its entirety once such accounts have been approved (the remaining five sixth would be paid by Prosegur as the case maybe under the "Plan 2015-2017"). The maximum long term incentive that the executive Chairman may accrue, assuming a 100% fulfilment, would amount to approximately €500,000.

This part of the incentive, of the amount which may accrue, will be paid by Prosegur Cash in shares of the latter, converting the shares of Prosegur into shares of Prosegur Cash by the application of a ratio equal to the result of dividing (i) the average of the closing price of the Prosegur share of the fifteen stock market sessions prior to the Admission; by (ii) the placement price of the shares of Prosegur Cash in the Offering; subject to a maximum, in any event, of 638,000 shares of Prosegur Cash.

The above notwithstanding, the Company is entitled, following a resolution of the Nomination and Remuneration Committee, to also settle in cash the portion of the incentive payable in shares, in an amount equivalent to the market value of the shares.

- Chief Executive Officer: the total incentive of the Chief Executive Officer (i.e. a maximum of €412,500 and of 87,712 shares of Prosegur) becomes linked to Prosegur Cash "value creation" objective at global level in the period 2015-2017.

The "value creation" will be calculated as described above.

The maximum long term incentive that the executive Chief Executive Officer may accrue, assuming a 100% fulfilment, would amount to approximately €550,000.

The part of the incentive in shares, of the amount which may accrue, will be paid by Prosegur Cash in shares of the latter, converting the shares of Prosegur into shares of Prosegur Cash at the same ratio indicated above for the Executive Chairman; subject to a maximum, in any event, of 351,000 shares of Prosegur Cash. Also, the cash-portion of the incentive, of the amount which may accrue, will be paid by Prosegur Cash.

The above notwithstanding, the Company is entitled, following a resolution of the Nomination and Remuneration Committee, to also settle in cash the portion of the incentive payable in shares, in an amount equivalent to the market value of the shares.

As of Admission, the Chief Executive Officer will continue to participate in certain Prosegur long-term variable remuneration schemes that were granted before the Offering. In particular, the Chief Executive Officer will receive from Prosegur in 2017 a total of 19,260 shares of Prosegur (or its equivalent value in cash) corresponding to the Prosegur long-term plan 2012-2014.

The Company intends to implement, prior approval by the Shareholders' Meeting, a long-term incentive plan for the period 2018-2020, in line with the Remuneration Policy described above.

#### *Benefits in kind*

Only the Chief Executive Officer receives benefits in kind consisting of life and accident insurance, healthcare insurance, annual medical checkup or company vehicle.

For the design of 2017 remuneration packages for the executive Directors, it was considered that the executive Chairman will maintain and continue to carry out the duties of his office as Chief Executive Officer at Prosegur, combining both offices (Chief Executive Officer at Prosegur and Executive Chairman at Prosegur Cash) and dividing his time between both companies in a reasonable and fair manner in order to adequately serve the businesses of both companies, also receiving the appropriate remuneration from both companies.

The remuneration package of the Executive Chairman and of the Chief Executive Officer will be reviewed for future years, within the framework of the Remuneration Policy, taking into account, in particular, the executive Director's worth and merits, the market conditions in comparable companies and the fact that it is acceptable for the Company, with a maximum increase of 25% annually in the total package.

## **Senior Management compensation**

The Senior Management remuneration was approved by the Board of Directors on 6 February 2017 subject to Admission.

The total remuneration of Senior Management is made up of various elements, primarily consisting of: base salary, short-term variable remuneration, long-term variable remuneration, compensation payable for post-contractual non-competition clause and benefits in-kind.

### *Base salary*

The base salary takes account the content of the duties assigned to the Senior Manager and the fact that this part of the remuneration must be in line with that which is paid on the market by comparable companies in terms of their capitalization, volume and international presence.

### *Short-term variable remuneration*

Short-term variable remuneration (annual bonus) will be payable in cash. It is linked mainly to yearly Prosegur Cash “value creation” (as detailed in “*Director Compensation – Variable remuneration*”) as well as to the achievement of personal targets.

### *Long-term variable remuneration*

Long-term variable remuneration will be payable in cash and in shares. It is linked mainly to long-term Prosegur Cash “value creation” (as detailed in “*Director Compensation – Variable remuneration*”). This plan covers a three years performance period with a holding period of two years following the performance period.

### *Compensation payable for post-contractual non-competition clause*

In case the Senior Manager’s contract provides a post-contractual non-competition clause, the Senior Manager may receive a cash compensation as remuneration for such clause.

### *Benefits in kind*

With the objective of offering a competitive and attractive remuneration package, Senior Managers may receive benefits in kind such as (but not limited to) life insurance, healthcare insurance or company vehicle.

The Company has not set aside or accrued any amount to provide pension, retirement or similar benefits.

In general, the contracts of the Senior Management are labour contracts with an indefinite duration, with termination and compensate conditions according to the labour

legislation except for the post-termination non-competition clause which is remunerated in their pay slip.

The Company estimates that in 2017 the remuneration for the members of the Senior Management for the elements described above will add up to approximately €3,120,000. Out of that total, approximately €2,300,000 correspond to the annual base salary, the compensation payable for post-contractual non-competition clauses and benefits in kind, and the remainder, approximately €820,000 to short-term variable remuneration (annual bonuses). The annual bonuses would be payable by the Company in 2018.

In addition, nine of the ten members of the Senior Management team also participate in the Long-Term Incentive Plan 2015-2017. In accordance with the terms approved by the Board of Directors on 6 February 2017, the total incentive of the Senior Management is linked to Prosegur Cash “value creation” objectives in the period 2015-2017 at (i) global level, (ii) its managed department, and (iii) individual level. The total incentive to be received by the Senior Management, if any, will be paid by Prosegur Cash, in shares or by cash, as the case may be. Notwithstanding this, any portion payable in shares may be paid in cash at the election of the Company following a resolution of the Nomination and Remuneration Committee. Payment of the incentive is subject to a holding period of two years following the performance period. The maximum long term incentive (LTI) that the Senior Management may accrue under the plan, assuming a 100% fulfilment, would amount to approximately €1,385,000 accrued and payable under the terms and conditions of the long term incentive plan described above.

As of Admission, certain members of the Senior Management of the Company will continue to participate as beneficiaries in certain Prosegur long-term variable remuneration schemes that were granted before the Offering. In particular, in 2017 they will receive from Prosegur a total of 84,520 shares of Prosegur (or its equivalent value in cash) corresponding to the Prosegur long-term plan 2012-2014.

The Company has signed a liability insurance policy to cover responsibilities for Directors and Senior Management of the Company for a total cost of € 25 thousand per year.

### **Framework Agreement between Prosegur and the Company**

In order to comply with the Recommendation no. 2 of the Spanish Corporate Governance Code (which provides that when the parent and a subsidiary are both listed companies they should accurately disclose (i) the business activities carried on by each of them and the potential business relationship that might exist between the companies, as well as between the listed subsidiary and the other companies of the group, and (ii) the mechanisms put in place to resolve potential conflicts of interest), on 17 February 2017 Prosegur and the Company entered into the Framework Agreement which main provisions can be summarised as follows:



- Definition of the area of activity of Prosegur and the entities of the Prosegur Group, on the one part, and the area of activity of the Company and entities of Prosegur Cash Group, on the other part, based on the principle of protection of the corporate interest of the Company's minority shareholders.

The Framework Agreement establishes that the Prosegur Group may carry out activities in the Cash business exclusively through the Prosegur Cash Group.

The area of activity of the Prosegur Cash Group is limited to the Cash business and therefore neither the Company nor other companies of the Prosegur Cash Group may carry out activities in the Alarms and/or Security businesses.

- Reciprocal non-compete obligations between the Prosegur Group and the Prosegur Cash Group, consisting of the following provisions:
  - Prosegur and Prosegur Cash shall refrain from taking advantage of any business opportunity relating to, respectively, (i) Cash or (ii) Security or Alarms activities, and they shall inform the other party should they identify any such business opportunity in order that it may assess the convenience of carrying it out, and
  - In the context of any future acquisition of businesses, Prosegur and Prosegur Cash shall offer to the other party the acquisition of any specific business units within such business that fall within the areas of, respectively, (i) Cash or (ii) Security or Alarms. Failing an agreement between the parties on the terms and conditions of the acquisition, the party which has been offered the acquisition of the business unit shall be entitled to appoint an independent expert to issue a valuation, and in the event of a discrepancy by the offering party, it shall be entitled to appoint a second independent expert, in which case the price shall be the average price between the price determined by each expert. At any time of the process, the party which has been offered the acquisition may reject it, in which case the other party shall divest the relevant business unit to a third party on no more favourable terms than those offered to the other company.
- Business related party transactions between the Prosegur Cash Group and the Prosegur Group.

Annex 1 to the Framework Agreement identifies the related party transactions in force between companies of the Prosegur Cash Group and companies of the Prosegur Group, including the Management Services Agreements, the RE Lease Agreements, and the License Agreement. See sections "*Material Contracts—Management Services Agreements*", "*Material Contracts—Real estate lease agreements*", "*Material Contracts—Brazilian Security Business Sale Agreement*", "*Material Contracts—License Agreement*", and "*Related party transactions—Related party transactions with the Company's shareholders.*"

Other than transactions which simultaneously fulfil the conditions established by article 529 ter (h) of the Spanish Companies Act, all related party transactions between companies of the Prosegur Cash Group and companies of the Prosegur Group must be authorized by the Board of Directors, with the abstention of the proprietary Directors appointed by Prosegur, following a prior favourable report of the Audit Committee.

In this line, it is envisaged that after the date of the filing of this Prospectus with the CNMV, but in any case before Admission, the terms and conditions of the related-party transactions referred to above are submitted to the Board of Directors for consideration, and as the case may be, ratification, following a favourable report by the Audit Committee, also as the case may be. As mentioned above, the proprietary directors appointed by Prosegur in the Board of Directors of the Company shall abstain from participating in the deliberations and voting on such resolutions.

Notwithstanding this, according to their terms, none of the existing contracts entered into by entities of the Prosegur Group and entities of the Prosegur Cash Group will be affected by the entry into force of the Framework Agreement upon Admission or by Admission itself.

- Certain obligations on the part of the Company to provide information to Prosegur so that the latter is able to fulfil its legal and contractual obligations and obligations against supervisory bodies.
- The framework in which related-party transactions between the Company and Prosegur shall be carried out, including the obligation to carry any such transactions on the most favourable terms that the party providing the good or service is offering in the market in respect of the same goods or services from time to time.
- Duties of the Audit Committee in relation to related party transactions.

The Audit Committee shall be in charge of, amongst others, information duties about related party transactions (see section “*Management and Board of Directors–Audit Committee*”).

The entry into force of the Framework Agreement is subject to Admission, and shall be in force (i) as long as Prosegur directly or indirectly holds a majority stake (greater than 50%) in the share capital of the Company, or (ii) even if that stake is equal to or less than 50% of its share capital, as long as more than half of the Directors are proprietary Directors appointed at the request of Prosegur. The termination of the Framework Agreement will not imply the termination of other contracts entered into by Prosegur and the Company, or entities of the Prosegur Group or Prosegur Cash Group unless the corresponding contract state expressly otherwise.

Notwithstanding this, it is envisaged that following the filing of this Prospectus with the CNMV, but in any case before Admission, the terms and conditions of the Framework

Agreement shall be submitted to the Board of Directors of the Company for consideration and, as the case may be, ratification, following a favourable report by the Audit Committee, also as the case may be. The proprietary Directors appointed by Prosegur in the Board of Directors of the Company shall abstain from participating in the deliberations and voting on such resolution.

In this section and in the Framework Agreement:

- The “**Prosegur Group**” comprises Prosegur, as parent company, and all its subsidiaries pursuant to article 42 of the Spanish Commercial Code, excluding, unless otherwise expressly indicated, companies belonging to the Prosegur Cash Group as defined below.
- The “**Prosegur Cash Group**” comprises the Company, as parent company, and all its subsidiaries pursuant to article 42 of the Spanish Commercial Code.

#### **No convictions and other negative statements**

To the best of the Company’s knowledge, none of its Directors or members of its Senior Management team have, in the five years preceding the date of this Prospectus: (i) been convicted in relation to fraudulent offences; (ii) acted as directors or senior managers of entities affected by bankruptcy, receivership or compulsory liquidation; (iii) been publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies); or (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer of securities or from acting in the management or conduct of the affairs of any issuer.

In June 2015, the Company’s Chief Executive Officer was called to testify by a Madrid court in his capacity as a former board member of a company unrelated to the Prosegur Group in which he had previously made a personal financial investment but had no managerial role. The court is investigating alleged financial wrongdoing by such company. Although the court’s investigation is ongoing, the Company’s Chief Executive Officer has not formally been accused (*encausado*) of any wrongdoing. Based on its current information, the Company is fully confident in the ability of such individual to carry out his duties with the Company with integrity.

#### **Family relationships**

Mrs. Helena Irene Revoredo Delvecchio, Mrs. Chantal Gut Revoredo and Mr. Christian Gut Revoredo are first-degree relatives. The three of them are members of Prosegur’s board of directors and Mr. Christian Gut Revoredo is also Prosegur’s Chief Executive Officer. Additionally, Mrs. Helena Irene Revoredo Delvecchio indirectly holds a controlling stake in Prosegur.

The Company and its subsidiaries Prosegur Global CIT RoW, S.L.U. and Prosegur Servicios de Efectivo España, S.L.U. signed three sub-leases with Prosegur for 1%, 2%

and 12%, respectively, of available space in the buildings located at calle Pajaritos 24 and Santa Sabina 8, both in Madrid. The sub-leases entered into by the Company and Prosegur Global CIT RoW, S.L.U. are dated 1 August 2016. The sub-lease entered into by Prosegur Servicios de Efectivo España, S.L.U. is dated 1 January 2017. In turn, such buildings were previously leased by Proactinmo, S.L., which is a company controlled by Mrs. Helena Irene Revoredo Delvecchio. See section “*Related Party Transactions—Related party transactions with the Company’s shareholders*”.

#### **Agreements with Directors and Senior Management including post-termination benefits**

Neither the Directors (except for the Chief Executive Officer) nor the Senior Management of the Company will obtain any post termination payments, save the eventual indemnity established by the labour legislation for severance payments under unfair dismissals.

Only the Chief Executive Officer will be entitled to receive a post termination payment amounting to €500,000 in case of termination of the relationship due to a breach of the agreement by the Company, by mutual agreement or by Company decision.

#### **Lock-up arrangements**

To the best of the Company’s knowledge, none of its Directors or members of its Senior Management team intend to purchase Shares in the Offering, which is made (i) in the United States to persons reasonably believed to be QIBs as defined in, and in reliance on, Rule 144A under the Securities Act and (ii) outside the United States in compliance with Regulation S under the Securities Act. Consequently, no post-Admission lock-up arrangement has been envisaged for the Directors or members of the Senior Management team.

## PRINCIPAL AND SELLING SHAREHOLDER

The following table sets forth certain information with respect to the ownership of the Shares prior to the Offering and after the Offering assuming that all the Offered Shares are sold in the Offering and full and no exercise of the Over-allotment Option.

| Owner                                | Prior to the Offering               |    | Number of Shares offered in the Offering | Over-allotment Option | Total (number + Over-allotment Option) | After the Offering |  |             |  |
|--------------------------------------|-------------------------------------|----|--|-----------------------|--|--------------------|--|-------------|--|
|                                      | Number of Shares beneficially owned | %  |  |                       |  | Number of Shares   | Number of Shares owned (assuming a full exercise of the Over-allotment Option) | %           | Number of Shares owned (assuming no exercise of the Over-allotment Option) |
| Prosegur Assets Management, S.L.U.   | 735,000,000                         | 49 | 375,000,000                              | 37,500,000            | 412,500,000                            | 322,500,000        | 21.5   | 360,000,000 | 24.0   |
| Prosegur Compañía de Seguridad, S.A. | 765,000,000                         | 51 | -  | -                     | -                                      | 765,000,000        | 51.0   | 765,000,000 | 51.0   |
| Public                               | -                                   | -  | -  | -                     | -                                      | 412,500,000        | 27.5   | 375,000,000 | 25.0   |

As of the date of this Prospectus, all the total share capital of the Company is held by the Selling Shareholder and Prosegur as detailed in the table above. After the Offering Prosegur will hold, directly and indirectly through the Selling Shareholder, 72.5% of the share capital of the Company, assuming that the Over-allotment Option is fully exercised.

All the Shares rank, and will rank after the Offering, *pari passu* in all respects with each other's, including for voting purposes and for all distributions of the Company's profits and proceeds from liquidation.

The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company.

## RELATED PARTY TRANSACTIONS

The Company enters into transactions with certain related parties or its affiliates from time to time and in the ordinary course of its business. Material related party transactions entered into during the period covered by the Consolidated Annual Accounts and up to the date of this Prospectus are set out below.

For additional information on the Company's related party transactions, see Note 28 to the Consolidated Annual Accounts.

As provided for in the Board of Directors Regulations, any transactions that the Company enters into with the Directors or shareholders, who hold, individually or together with others, a significant holding, or with persons related thereto, must be approved by the absolute majority of votes from the Directors present at the meeting, in person or by valid proxy, following a favourable report from the Audit Committee. Such authorization shall not be necessary if all the following conditions are met in respect of the relevant transaction: (a) the transaction is performed pursuant to an agreement with standard conditions and which are applied to large number of customers (*contratos de adhesión*); (b) the transaction is performed for a price generally applied by the party acting as the supplier; and (c) the transaction does not exceed one per cent of the Company's annual turnover. Those Directors representing significant shareholders must also refrain from participating in the debate and voting of decisions relating to conflict of interests between the Company and the significant shareholder.

All related party transactions executed during 2016 have been carried out at an arm's length within the ordinary course of the Company's business.

It is foreseen that after the date of filing of this Prospectus with the CNMV, but in any case before Admission, the terms and conditions of all the related-party transactions in force (other than transactions which simultaneously fulfil the conditions established by article 529 ter (h) of the Spanish Companies Act), including the Framework Agreement, the License Agreement, the Management Services Agreements, the Real Estate Lease Agreements, the sublease agreements and the Brazilian Security Business Sale Agreement entered into by the Prosegur Group and the Group are submitted to the Board of Directors of the Company for consideration and, as the case may be, ratification, following a favorable report issued by the Audit Committee, also as the case may be, and with the abstention of the proprietary Directors appointed by Prosegur.

### **Related party transactions with the Prosegur Group**

#### ***Income***

The Group's income derived from commercial related-party transactions with Prosegur Group companies amounted to €61.8 million for the year ended 31 December 2016 (€23.2 million and €1.9 million for the years ended 31 December 2015 and 2014, respectively).

In addition, the income derived from finance related-party transactions with Prosegur Group companies amounted to €23.2 million for the year ended 31 December 2016 (€19.1 million and €7.7 million for the years ended 31 December 2015 and 2014, respectively). During 2014, 2015 and 2016, all companies within the same country operated under a cash pooling scheme. The Cash business has typically been the cash-generating unit of the Prosegur Group and as a result of this, balances in its favour under this cash pooling scheme were typically significant. In Latin American countries, interest rates are significantly higher than in other jurisdictions (10%-20%) and so are interests generated under the cash pooling scheme in favour of Prosegur Cash.

The table below sets forth the Group's income derived from related-party transactions with Prosegur Group companies as of the dates indicated:

|   | 31<br>December<br>2016 | 31<br>December<br>2015 | 31<br>December<br>2014 |
|---|------------------------|------------------------|------------------------|
|   | Million euro           |                        |                        |
| Trademarks.....                                 | 13.6                   | 17.1                   | -                      |
| Real estate sales .....                         | 46.4                   | -                      | -                      |
| Services .....                                  | 1.8                    | 6.1                    | 1.9                    |
| <b>Commercial transactions</b> .....            | <b>61.8</b>            | <b>23.2</b>            | <b>1.9</b>             |
| Interest received and other finance income..... | 23.2                   | 19.1                   | 7.7                    |
| <b>Finance transactions</b> .....               | <b>23.2</b>            | <b>19.1</b>            | <b>7.7</b>             |

In 2015 and 2016, revenues derived from trademarks correspond to the use by the Prosegur Group companies of certain trademark registries owned by Juncadella Prosegur Internacional, S.A. and its wholly owned subsidiary Compañía RIDUR 2016, S.A. (both of which are companies belonging to the Group in 2016 and 2015). These trademark registries (as well as the shares in Compañía RIDUR 2016, S.A.) will be transferred to Prosegur with effect as of Admission as described in section “*Contracts with the Prosegur Group- Licensed trademarks transfer agreements*” below and, as a result, no revenues deriving from trademarks will be received by the Company in 2017.

In 2016, the Group sold to Prosegur Group real estate assets located in different jurisdictions for an aggregate amount of €46.4 million determined on the basis of a third-party appraisal of current market prices.

The remaining revenues for commercial transactions amounting to €1.8 million for the year ended 31 December 2016 (€6.1 million and €1.9 million for the years ended 31 December 2015 and 2014, respectively) correspond to the supply of operating services consisting of cash pick-up and cash processing (usually of small remittances) provided by certain operating companies belonging to the Group at the facilities or business units of Prosegur Group companies under standard conditions generally applicable to their clients.

Revenues corresponding to finance transactions mainly correspond to the interest received by the Group from finance balances held by the Group companies against Prosegur Group entities as of 31 December 2016, 2015 and 2014.

### *Expenses*

Expenses incurred by the Group for commercial related-party transactions with Prosegur Group amounted to €86.3 million for the year ended 31 December 2016 (€63.7 million and €39.6 million for the years 2015 and 2014, respectively). In addition, the expenses derived from finance related-party transactions with Prosegur Group companies amounted to €2.7 million for the year ended 31 December 2016 (€5.9 million and €2.0 million for the years ended 31 December 2015 and 2014, respectively).

The table below sets forth the expenses incurred by the Group for related-party transactions with Prosegur Group companies as of the dates indicated:

|                                      | <b>31<br/>December<br/>2016</b> | <b>31<br/>December<br/>2015</b> | <b>31<br/>December<br/>2014</b> |
|--------------------------------------|---------------------------------|---------------------------------|---------------------------------|
|                                      | <b>Million euro</b>             |                                 |                                 |
| Trademarks.....                      | (30.3)                          | (31.2)                          | (12.2)                          |
| Management fees .....                | (40.8)                          | (24.2)                          | (19.2)                          |
| Other services.....                  | (9.2)                           | (4.6)                           | (5.4)                           |
| Leases.....                          | (6.0)                           | (3.7)                           | (2.9)                           |
| <b>Commercial transactions</b> ..... | <b>(86.3)</b>                   | <b>(63.7)</b>                   | <b>(39.6)</b>                   |
| Finance expenses.....                | (2.7)                           | (5.9)                           | (2.0)                           |
| <b>Finance transactions</b> .....    | <b>(2.7)</b>                    | <b>(5.9)</b>                    | <b>(2.0)</b>                    |

Expenses incurred for trademarks correspond to the use of the “PROSEGUR” trademark by the Group pursuant to license agreements no longer in force as of the date of this Prospectus. As from 1 January 2017, the licensing of trademarks is governed by the License Agreement.

Expenses incurred for management fees correspond to the provision by Prosegur Group companies of certain management and support services in exchange for a fee. Said services were provided, until 1 August 2016, under contracts no longer in force as of the date of this Prospectus, and as from 1 August 2016, management and support services are provided under the Management Services Agreements (not only services formerly provided under the management fee contracts, but additional ones included as a result of the Carve-out of personnel to create the outsourced platform for management and support services).

In addition to the management and support services, during 2016, 2015 and 2014 certain operating companies belonging to the Security and Alarms businesses of the Prosegur Group provided services to the entities of the Group under standard conditions generally applicable to their clients. These services include security (physical security), auxiliary



staff (courier service, hostesses and receptionists), installation and maintenance of electronic security systems and alarms (monitored video systems, anti-intrusion systems, access control, fire protection, monitoring and central station alarm and response services). In 2016, the Group incurred in expenses for these services from Prosegur Group amounting to €9.2 million (€4.6 million and €5.3 million for the years 2015 and 2014, respectively).

Expenses incurred for leases correspond to payments under the lease agreements by virtue of which the relevant Prosegur Group company leases to each Group's subsidiary certain real estate assets that it owns and the subsidiary occupies and uses them, whether for operational purposes only or otherwise (offices), in the relevant jurisdiction.

Finance expenses correspond to the interest paid by the Group from the finance balances that the Group companies had against Prosegur Group companies as of 31 December 2016, 2015 and 2014.

### ***Balances***

The table below shows the Groups balances from related-party transactions with Prosegur Group companies as of the dates indicated that are not included in the consolidation perimeter of the Group:

|  | 31<br>December<br>2016 | 31<br>December<br>2015 | 31<br>December<br>2014 |
|--|------------------------|------------------------|------------------------|
|  | Millions of Euros      |                        |                        |
| Current investments in Group companies and associates                |                        |                        |                        |
| Loans to Group companies .....                                       | 24.4                   | 324.4                  | 261.2                  |
| Other financial assets .....   | 2.2                    | 4.2                    | 1.3                    |
| Trade and other receivables.....                                     |                        |                        |                        |
| Trade receivables, current.....                                      | 38.8                   | 22.7                   | 2.0                    |
| <b>Total current receivables with Prosegur group companies .....</b> | <b>65.4</b>            | <b>351.3</b>           | <b>264.5</b>           |
| Financial liabilities .....  |                        |                        |                        |
| Other financial liabilities .....                                    | 2.1                    | 1.2                    | 1.2                    |
| Loans from Group companies, current.....                             |                        |                        |                        |
| Loans from companies.....  | 134.8                  | 237.9                  | 110.3                  |
| Dividends to be paid .....   | -                      | 25.9                   | 24.0                   |
| Trade and other payables .....                                       |                        |                        |                        |
| Trade and other payables .....                                       | 31.7                   | 95.3                   | 30.7                   |
| <b>Total current liabilities with Prosegur group companies .....</b> | <b>168.7</b>           | <b>360.3</b>           | <b>166.1</b>           |

As of 31 December 2016, 2015 and 2014, the Group had outstanding financial balances against several companies of the Prosegur Group in Argentina, Spain, Paraguay, Chile and Brazil in the aggregate amount of €26.6 million (including pending to be paid interests for €2.2 million in 2016), €328.6 and €262.5 million, respectively. These balances had an average interest of 7.2% in 2016, 7.18% in 2015 and 7.43% in 2014.

Simultaneously, outstanding financial liabilities of the Group with Prosegur in Spain, as of 31 December 2016, 2015 and 2014, amounted to €136.9 million (including pending to be paid interests for €2.1 in 2016), €239.1 million and €111.5 million, respectively. Of these €136.9 million, €126.9 million correspond to an intercompany financing granted by Prosegur, for Prosegur Cash to finance a portion of the distribution of reserves (share premium) referred to below, and the remainder €10 million, to financial intercompany liabilities incurred in different countries for various purposes. These balances had an average interest of 2.2% in 2016, 2.9% in 2015 and 3.0% in 2014.

The total net amount of intercompany financial balances and liabilities between the Group and the Prosegur Group amounted to €110.3 million, as of 31 December 2016, in favour of the Prosegur Group. This outstanding financial liability of the Group as at 31 December 2016 amounting €110.3 million, has been repaid in full on 21 February 2017, with a €75.0 million drawdown of the RCF plus available cash.

On 30 December 2016, the Company agreed to distribute reserves (share premium) to its shareholders in an amount of €910.5 million. Such reserve distribution was paid with the €600 million from the Loan Agreement, with €183.6 million of available cash and the remainder, €126.9 million, financed with the above mentioned intercompany financing granted by Prosegur.

The commercial amounts receivable from the Prosegur Group amounted to €38.8 million, €22.7 million and €2.0 million as of 31 December 2016, 2015 and 2014, respectively. These commercial balances correspond to accumulated amounts as of the end of each year, relating to trademark licenses (€34.7 million as of 31 December 2016 and €20.7 million as of 31 December 2015), leases rentals (€1.0 million as of 31 December 2016 and €0.5 million as of 31 December 2015 and €1.0 million as of 31 December 2014), Cash services rendered by the Group at market value (€1.0 million in each year) and other commercial amounts receivables (€2.1 as of 31 December 2016 and €0.5 million as of 31 December 2015).

The commercial amounts payable to Prosegur Group amounted to €31.7 million, €95.3 million and €30.7 million as of 31 December 2016, 2015 and 2014, respectively. These commercial balances correspond to accumulated amounts as of the end of each year, relating to trademark licenses (€2.0 million as of 31 December 2016, €43.4 million as of 31 December 2015 and €12.2 million as of 31 December 2014), management fees (€14.1 million as of 31 December 2016, €42.6 million as of 31 December 2015 and €10.8 million as of 31 December 2014), leases rentals (€9.0 million as of 31 December 2016, €5.0 million as of 31 December 2015 and €4.0 million as of 31 December 2014), security and alarms services rendered to the Group at market (€6.1 million as of 31 December 2016, €4.0 million as of 31 December 2015 and €4.5 million as of 31 December 2014) and other commercial amounts payables (€0.5 as of 31 December 2016, €0.3 as of 31 December 2015 and €0.2 million as of 31 December 2014).

### ***Contracts with the Prosegur Group***

In addition to the figures detailed above, the following is a description of the main contracts subscribed by the Group with certain Prosegur Group entities regarding transfer and leases of real estate assets, trademarks and provision of certain services, which are in force as of the date of this Prospectus and which are also considered material for the relationship of both groups.

#### *Real estate lease agreements*

Certain Group companies, as leasees, and certain Prosegur Group companies located in different jurisdictions, as lessors, have entered into lease agreements by virtue of which the relevant Prosegur Group company leases to each Group's subsidiary, certain real estate assets that it owns and the subsidiary occupies and uses them, whether for operational purposes only or otherwise (offices), within the particular jurisdiction.

As of the date of this Prospectus these leases are governed by the RE Lease Agreements. See section "*Material Contracts—Real estate lease agreements*" for further details.

In 2016, the Company's subsidiaries paid €6 million (including only for this year the sub-lease agreements described below) to the Prosegur Group under these leases (€3.7 million and €2.9 million for the years 2015 and 2014, respectively). In 2016, certain of the RE Lease Agreements have been in force of the entire year (mostly real estate located in Spain and Peru) and the remainder have only been in force for part of the year.

It is estimated that, in 2017, the amount to be paid by the Company's subsidiaries to the Prosegur Group under these leases will amount to approximately €9.2 million.

#### *Real estate sub-lease agreements*

The Company and its subsidiaries Prosegur Global CIT RoW, S.L.U. and Prosegur Servicios de Efectivo España, S.L.U. have signed three sub-leases with Prosegur for 1%, 2% and 12%, respectively, of available space in the buildings located at calle Pajaritos 24 and Santa Sabina 8, both in Madrid. The sub-leases entered into by the Company and Prosegur Global CIT RoW, S.L.U. are dated 1 August 2016. The sub-lease entered into by Prosegur Servicios de Efectivo España, S.L.U. is dated 1 January 2017.

In turn, such buildings were previously leased by Proactinmo, S.L. to Prosegur in December 2015 for a term of 10 years. Proactinmo, S.L. is a company controlled by Mrs. Helena Irene Revoredó Delvecchio. See section "*Management and Board of Directors—Family relationships*".

As of 1 January 2017 the lease agreement between Proactinmo, S.L. and Prosegur has been assigned by the latter to Prosegur Gestión de Activos, S.L. which, as a result, and from such date has become the sub-lessor under the sub-leases with the Company, Prosegur Global CIT RoW, S.L.U. and Prosegur Servicios de Efectivo España, S.L.U. referred to above.

These sub-lease agreements were entered into for a ten-year initial term, with a monthly rent of €1,587, €4,770 and €19,040, respectively (VAT not included). The rent shall be revised annually, upwards or downwards, as applicable, in accordance with the Spanish Consumer Price Index (*Índice de Precios al Consumo*) for the last 12 months published by the Spanish National Statistics Institute (*Instituto Nacional de Estadística*).

In 2016, the Group paid €260 thousands under these sub-leases. It is estimated that, in 2017, the amount to be paid by the Group to the Prosegur Group under these leases will amount to approximately €0.3 million.

#### *Argentinian real estate assets sale agreement*

On 23 February 2017, Transportadora de Caudales Juncadella S.A. (an Argentinian subsidiary of the Company), as seller and Prosegur Gestión de Activos ARG, S.A. (an Argentinian company belonging to the Prosegur Group) as purchaser entered into an agreement for the sale and purchase of certain real estate assets owned by Transportadora de Caudales Juncadella S.A. in Argentina for investment purposes.

The price paid by Prosegur Gestión de Activos ARG, S.A. for the acquisition of the mentioned real estate assets amounts to a total of ARS1,110 million (approximately €67.4 million), determined on the basis of a third-party appraisal of current market prices. This sale had an indirect tax cost for the Company of ARS69.74 million (approximately €4.8 million). A profit of €2.3 million was recorded at consolidated level of the Group as a result of the sale of real estate assets to the Prosegur Group. The Company will use the proceeds of this transaction €62.6 million (net of taxes) to partially repay the drawdown of the RCF made on 20 February 2017.

For more information see section “*Management’s Discussion and Analysis of Financial Condition and Results of Operations— Factors Affecting the Comparability of the Company’s Future Results of Operations — Non-current assets held-for-sale*”.

#### *License Agreement*

On 1 January 2017, Prosegur and the Company entered into the License Agreement as further described in section “*Material Contracts—License Agreement*” for further details.

If results and sales of each subsidiary of the Company remained constant in 2017 as compared to 2016, in 2017 license royalties to be paid under the License Agreement would amount to approximately €30.4 million, the same they amounted to in 2016

under previous contracts. Changes in these will give rise to changes in the estimated figure according to license royalty calculation criteria described in section “*Material Contracts—License Agreement*”.

#### *Licensed trademarks transfer agreements*

As of the date of this Prospectus certain licensed trademarks are still owned by Juncadella Prosegur Internacional, S.A. and its wholly owned subsidiary Compañía RIDUR 2016, S.A., both of which are companies belonging to the Group. In relation to these Licensed Trademarks the following agreements have been entered into with different entities belonging to the Prosegur Group for the transfer of those trademarks to the Prosegur Group with effect as of Admission:

- (i) Licensed Trademarks assignment agreement entered into between Juncadella Prosegur Internacional, S.A., as assignor, and Prosegur, as assignee, on 28 December 2016.

By virtue of this agreement, Prosegur will effectively acquire ownership of the Licensed Trademarks detailed therein with effect as of Admission, for a price amounting to €36 million (payable before Admission), as determined by a third-party appraiser.

This agreement contains several collaboration undertakings assumed by both parties for the purposes of carrying-out the required formalities before the relevant registries and authorities in order to register the transfer of ownership of the Licensed Trademarks.

- (ii) Shares sale and purchase agreement entered into between Juncadella Prosegur Internacional, S.A., as seller, and Prosegur, as acquirer, on 28 December 2016 by virtue of which 100% of the share capital of Compañía RIDUR 2016, S.A. will be sold in favour of the latter with effects as of Admission.

By virtue of this agreement, Prosegur will effectively acquire the ownership of the whole share capital of Compañía RIDUR 2016, S.A. with effect as of Admission and, as a consequence, the ownership of all the Licensed Trademarks owned by said company.

The price for the sale and transfer of the shares of Compañía RIDUR 2016, S.A. (payable before Admission) amounts to €49.9 million, as determined by a third-party appraiser.

Any taxes accrued as a consequence of these transactions will be paid by the relevant party pursuant to applicable law.

It is intended to use part of the proceeds of this transaction (net of taxes) to repay the outstanding portion of the drawdown of the RCF made by the Company in February,

not settled out of the proceeds obtained from the Argentinian real estate assets sale, that is an amount of €12.4 million.

See section “*Business—Trademarks and IT Platforms*”.

#### *Management Services Agreement*

As explained above, on 1 August 2016, certain Prosegur Group companies and some of the companies within the Group entered into the Management Services Agreements as further described in section “*Material Contracts—Management Services Agreements*” for further details.

From 1 August 2016 until 31 December 2016, the companies within the Group paid €29.5 million in fees to Prosegur Group companies under the Management Services Agreements, which came into force in 1 August 2016. This amount accounted for 9.6% of the Company’s selling, general and administrative expenses in the year ended 31 December 2016. It is estimated that, in 2017, the amount to be paid by the Group to the Prosegur Group under the Management Services Agreements will amount to approximately €47 million.

#### *Other services contracts*

Certain operating companies belonging the Group provide operating services consisting of cash pick-up and cash processing (usually of small remittances) at the facilities or business units of Prosegur Group companies. For the supply of such services, the relevant parties execute the corresponding agreements under standard conditions generally applicable by the Group to their clients.

In 2016, the Prosegur Group paid €1.8 million to the Group for the provision of these services (€6.1 million and €1.9 million for the years 2015 and 2014, respectively).

Likewise, certain operating companies belonging to the Security and Alarms businesses of the Prosegur Group provide services to the entities of the Group. These services include security (physical security), auxiliary staff (courier service, hostesses and receptionists), installation and maintenance of electronic security systems and alarms (monitored video systems, anti-intrusion systems, access control, fire protection, monitoring and central station alarm and response services). For the supply of such services, the relevant parties execute the corresponding agreements under standard conditions generally applicable by the Prosegur Group to their clients.

In 2016, the Group incurred in expenses of €9.2 million for the provision of these services by the Prosegur Group (€4.6 million and €5.3 million for the years 2015 and 2014, respectively).

### *Framework Agreement*

On 17 February 2017, Prosegur and the Company entered into the Framework Agreement as further described in sections “*Material Contracts—Framework Agreement*” and “*Management and Board of Directors—Framework Agreement of relations between the Selling Shareholder and the Company*” for further details.

### *Indemnity commitment in favour of Prosegur Cash*

On 31 January 2017, Prosegur and Prosegur Cash executed an indemnity commitment by virtue of which Prosegur represented that transactions implementing the Carve-out fully comply with applicable law and agreed to indemnify the Company for any breach of said representation. This undertaking assumed by Prosegur to indemnify the Company can only be claimed where (i) a final and definitive ruling has been handed down by the relevant instance as a result of a third-party claim, including that of the competent authorities in any jurisdiction (a final and definitive ruling shall be deemed to exist if Prosegur accepts the third-party claim or acquiesces at any instance), which gives rise to a breach of the representation and the related indemnifiable damage; and (ii) Prosegur Cash has permitted Prosegur to exercise exclusive power in order to direct, at its complete discretion, the defense against the third-party claims at all instances and any and all negotiations held in this connection.

In addition, under this indemnity commitment, Prosegur agreed also to indemnify the Company for any fine that could ultimately be imposed on the Company’s subsidiary, Prosegur Servicios de Efectivo España, S.L.U., in the case initiated by the CNMC (see section “*Business-Legal Proceedings*”).

### *Brazilian Security Business Sale Agreement*

On 31 December 2016, TSR Participações Societárias S.A. (as seller), Prosegur Global SIS, S.L. (as purchaser) and other affiliates of the Company and Prosegur entered into the Brazilian Security Business Sale Agreement as further described in section “*Material Contracts—Brazilian Security Business Sale Agreement*” for further details.

The Company expects to complete all procedures and transfer the Brazilian Security Business to the Prosegur Group during 2017 and to use the proceeds of this sale to strengthen its cash position.

The purchase price of the shares of the Brazilian Security Business (through the purchase of the shares of Yasuhiko Empreendimentos e Participações, S.A.) is €18.4 million plus interest in arrears and shall be fully paid to TSR Participações Societárias S.A. (the seller and a Company’s subsidiary) determined on the basis of a third-party appraisal of current market prices.

***Related party transactions with managers and/or directors***

In the year ended 31 December 2016, neither any Directors nor related parties carried out transactions, other than in the ordinary business and in market conditions, with the Group.

During said period, the Directors and their related parties have not incurred in any conflicts of interest requiring disclosure in accordance with article 229 of the Spanish Companies Act.



## MARKET INFORMATION

Prior to the Offering, there has been no public market for the Shares. The Company will apply to list the Shares on the Spanish Stock Exchanges and to have them quoted through the SIBE of the Spanish Stock Exchanges under the symbol “CASH”.

The Spanish securities market for equity securities comprises the Spanish Stock Exchanges (Spanish Stock Exchanges included) and the SIBE.

### Automated Quotation System

The SIBE links the Spanish Stock Exchanges, providing any equity securities listed on it with a uniform continuous market in order to eliminate certain differences arising amongst the various local exchanges. The principal feature of the system is the computerised matching of bid and offer orders at the time of placement. Each order is completed as soon as a matching order occurs, but can be modified or cancelled until completion. The activity of the market can be continuously monitored by investors and brokers. The SIBE is operated and regulated by Sociedad de Bolsas, S.A. (hereinafter, in this section, “**Sociedad de Bolsas**”), a company owned by the companies that manage the Spanish Stock Exchanges. All trades on the SIBE must be placed through a brokerage firm, a dealer firm, or a credit entity that is a member of one of the Spanish Stock Exchanges.

In a pre-opening session held each trading day from 8:30 a.m. to 9:00 a.m. (CET), an opening price is established for each equity security traded on the SIBE based on a real-time auction in which orders can be placed, modified or cancelled, but not completed. During this pre-opening session, the system continuously displays the price at which orders would be completed if trading were to begin. Market participants only receive information relating to the auction price (if applicable) and trading volume permitted at the current bid and offering prices. If an auction price cannot be determined, the best bid and offering prices and their respective associated trading volumes are disclosed instead. The auction terminates with a random 30 second period in which the shares are allocated. Until the allocation process has finished, orders cannot be placed, modified or cancelled. In exceptional circumstances (including the admission of new securities to trade in the SIBE) and subject to prior notice to the CNMV, Sociedad de Bolsas may fix an opening price disregarding the reference price (i.e., the previous trading day's closing price), alter the price range for permitted orders with respect to the reference price and modify the reference price.

The computerised trading hours, known as the open session, range from 9:00 a.m. to 5:30 p.m. (CET). The SIBE sets out two ranges of prices for each security named “static” and “dynamic” in order to monitor the volatility of the trading price of each security. During the open session, the trading price of a security may fluctuate within a certain predetermined percentage above and below the “static” price (i.e., the price resulting from the closing auction of the previous trading day or the immediately preceding volatility auction in the current open session) (the “static range”). In addition,

the trading price may range within a certain predetermined percentage above and below the “dynamic” price (i.e., the trading price of the immediately preceding trade of the same security) (the “dynamic range”). If, during the open session, there are matching bid and offer orders for a security within the computerised system which exceed any of the above “static” and/or “dynamic” ranges, trading on the security is automatically suspended and a new auction, known as volatility auction, is held where a new reference price is set, and the “static” and “dynamic” ranges will apply over such new reference price. The “static” and “dynamic” ranges applicable to each specific security are set up and reviewed periodically by Sociedad de Bolsas. From 5:30 p.m. to 5:35 p.m. (CET), known as the closing auction, orders can be placed, modified and cancelled, but no trades can be completed.

Between 5:30 p.m. and 8:00 p.m. (CET), trades may occur outside the computerised matching system without prior authorisation of Sociedad de Bolsas (provided such trades are however disclosed to Sociedad de Bolsas) at a price within the range of 5% over the higher of the average price and the closing price for the trading day and 5% below the lower of the average price and closing price for the trading day provided that: (i) there are no outstanding bids or offers in the computerised system matching or improving the terms of the proposed off-system transaction; and (ii) amongst other requirements, the trade involves more than three hundred thousand euro (€300,000) and more than 20% of the average daily trading volume of the relevant security during the preceding three months. These off-system trades must also relate to individual orders from the same person or entity and shall be reported to Sociedad de Bolsas before 8:00 p.m. (CET).

Trades may take place at any time (with the prior authorisation of Sociedad de Bolsas) and at any price if:

- they involve more than one million five hundred thousand euro (€1,500,000) and more than 40% of the average daily trading volume of the relevant security during the preceding three months;
- the transaction results from a merger, spin-off or the restructuring of a group of companies;
- the transaction is carried out for the purposes of settling a litigation process or completing a complex set of sale and purchase agreements; or
- for any other reason which justifies the authorisation of such transaction at the discretion of Sociedad de Bolsas.

Information with respect to computerised trades, which take place between 9:00 a.m. and 5:30 p.m., is made public immediately. On the other hand, information with respect to off-system trades is reported to Sociedad de Bolsas by the end of the trading day and is also published in the Stock Exchange Official Gazette (*Boletín de Cotización*) and in the computer system by the beginning of the next trading day.

## Clearance and Settlement System

The Spanish clearance, settlement and recording system has been recently adapted by Act 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment firms (*Ley 11/2015, de 18 de junio, sobre recuperación y resolución de entidades de crédito y empresas de servicios de inversión*) and Royal Decree 878/2015, of 2 October, (*Real Decreto 878/2015, de 2 de octubre, sobre compensación, liquidación y registro de valores negociables representados mediante anotaciones en cuenta, sobre el régimen jurídico de los depositarios centrales de valores y de las entidades de contrapartida central y sobre requisitos de transparencia de los emisores de valores admitidos a negociación en un mercado secundario oficial*) to the provisions set forth in Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014, on improving securities settlement in the European Union and on central securities depositories, amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012.

Following this reform, which first phase is applicable to equity securities since 27 April 2016, transactions carried out on the Spanish Stock Exchanges are cleared, settled and recorded by Iberclear, as central securities depository, and BME Clearing, S.A., as central clearing counterparty (CCP). The second phase of the reform is scheduled for February 2017 and it will deal with fixed income securities.

Iberclear is owned by Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A., a listed holding company which holds 100% interest in each of the Spanish official secondary markets and settlement systems. BME Clearing, S.A.U. is also owned by Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.

Shares of listed Spanish companies are represented in book-entry form. Iberclear and its participating entities are responsible for keeping records in book-entry form (*anotaciones en cuenta*). The recording system is a two-tier level registry: the keeping of the central record corresponds to Iberclear and the keeping of the detail records correspond to the participating entities in Iberclear.

Access to become a participating entity in Iberclear is restricted to: (i) credit institutions, (ii) investment services companies which are authorized to render custody and administration of financial instruments, (iii) the Bank of Spain, (iv) the General Administration and the General Social Security Treasury, (v) other duly authorized central securities depositories and central clearing counterparties and (vi) other public institutions and private entities when expressly authorized to become a participating entity in central securities depositories.

The central registry managed by Iberclear reflects: (i) one or several proprietary accounts which will show the balances of the participating entities' proprietary accounts; (ii) one or several general third-party accounts that will show the overall balances that the participating entities hold for third parties; (iii) individual accounts opened in the

name of the owner, either individual or legal person; and (iv) individual special accounts of financial intermediaries which use the optional procedure of settlement of orders. Each participating entity, in turn, maintains the detail records of the owners of such shares.

Pursuant to Spanish law, the legal owner of the shares is deemed to be either:

- the participating entity registered in the records of Iberclear as holder of the shares in its own name; or
- the investor registered in the records of the participating entity as holder of the shares; or
- the investor registered in the records of Iberclear as holder of the shares in a segregated individual account.

BME Clearing is the CCP in charge of the clearing of transactions closed on the Spanish Stock Exchanges. BME Clearing interposes itself on its own account as seller in every purchase and as buyer in every sale. It calculates the buy and sell positions *vis-à-vis* the participants designated in such buy or sell instructions. The CCP then generates and sends to Iberclear the relevant settlement instructions.

The settlement and registration platform managed by Iberclear, which operates with the trade name of ARCO, receives the settlement instructions from BME Clearing and forwards them to the relevant participating entities involved in each transaction. Pursuant to the changes in the operating procedure of the platform, ARCO operates under a T+2 settlement standard, by which any transactions must be settled within two business days following the date on which the transaction was completed. This change in the settlement cycle is due to Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July, on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation 236/2012, which provides that the settlement period shall not exceed the second business day after the relevant trade takes place.

The acquisition of a legal title over shares of a company listed in one of the Spanish Stock Exchanges requires the intervention of a Spanish official stockbroker, broker-dealer or other entity authorised by Spanish law to record the transfer of listed shares. In order to evidence title over any given listed shares, the relevant participating entity must issue a certificate of ownership at the shareholder's request (*certificado de legitimación*). If the shareholder is a participating entity or a person holding shares in a segregated individual account, Iberclear must issue such certificate with respect to the shares held in their name.

## **Euroclear and Clearstream, Luxembourg**

Shares deposited with depositaries for Euroclear Bank, S.A./N.V., as operator of the Euroclear, and Clearstream Banking, Société Anonyme (hereinafter, in this section, “**Clearstream**”) and credited to the respective securities clearance account of purchasers in Euroclear or Clearstream against payment to Euroclear or Clearstream, will be held in accordance with the Terms and Conditions Governing Use of Euroclear and Clearstream, the operating procedures of the Euroclear System (as amended from time to time), the Management Regulations of Clearstream and the instructions to Participants of Clearstream (as amended from time to time), as applicable. Subject to compliance with such regulations and procedures, those persons on whose behalf accounts are kept at Euroclear or Clearstream and to whom shares have been credited (hereinafter, in this section, “**Investors**”), will be entitled to receive a number of shares equal to that amount credited in their accounts.

With respect to shares deposited with depositaries for Euroclear or Clearstream, such shares will be initially recorded in the name of Euroclear or one of its nominees or in the name of Clearstream or one of its nominees, as the case may be. Thereafter, investors may withdraw shares credited to their respective accounts if they wish to do so, upon payment of the applicable fees (as described below), if any, and once the relevant recording in the book-entry records kept by the members of Iberclear has occurred.

Under Spanish law, only the shareholder of record in Iberclear's registry is entitled to dividends and other distributions and to exercise voting, pre-emptive and other rights in respect of such shares. Euroclear (or its nominees) or Clearstream (or its nominees) will, respectively, be the sole record holders of the shares that are deposited with any depositaries for Euroclear and Clearstream until investors exercise their rights to withdraw such shares and record their ownership rights over them in the book-entry records kept by the members of Iberclear.

Cash dividends or cash distributions, as well as stock dividends or other distributions of securities, received in respect of the shares that are deposited with the depositaries for Euroclear and Clearstream will be credited to the cash accounts maintained on behalf of the investors at Euroclear and Clearstream, as the case may be, after deduction of any applicable withholding taxes, in accordance with the applicable regulations and procedures for Euroclear and Clearstream. See section “*Taxation*” below.

Euroclear and Clearstream will endeavour to inform investors of any significant events of which they become aware affecting the shares recorded in the name of Euroclear (or its nominees) and Clearstream (or its nominees) and requiring action to be taken by investors. Each of Euroclear and Clearstream may, at their discretion, take such action as they deem appropriate in order to assist investors in exercising their voting rights in respect of the shares. Such actions may include: (i) acceptance of instructions from investors to grant or to arrange for the granting of proxies, powers of attorney or other

similar certificates; or (ii) exercise by Euroclear or its nominees and Clearstream or its nominees of voting rights in accordance with the instructions provided by investors.

In case the Company offers or causes to be offered to Euroclear (or its nominees) and Clearstream (or its nominees), acting in their capacity as record holders of the shares deposited with the depositaries for Euroclear and Clearstream, any rights to subscribe for additional shares or rights of any other nature, each of Euroclear and Clearstream will, respectively, endeavour to inform investors of the terms of any such rights of which they become aware in accordance with the applicable provisions in the aforementioned regulations and procedures. Such rights will be exercised, insofar as practicable and permitted by applicable law, according to written instructions received from investors, or, alternatively, such rights may be sold and, in such event, the net proceeds will be credited to the cash account kept on behalf of the investor with Euroclear or Clearstream.

### **Tender Offers**

Tender offers are governed in Spain by articles 128 ff. of the Spanish Securities Market Act and Royal Decree 1066/2007, of 27 July (*Real Decreto 1066/2007, de 27 de julio, de régimen de las ofertas públicas de adquisición de valores*), which have implemented Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004. Other than the referred tender offer regulation, there is no other special regulation in Spain which may govern mandatory tender offers over the Shares.

Tender offers in Spain may qualify as either mandatory or voluntary.

Mandatory tender offers must be launched for all the shares of the target company and all other securities that might directly or indirectly entitle to acquire or subscribe such shares (including, without limitation, convertible and exchangeable notes) at an equitable price and not subject to any conditions when any person or entity acquires control of a Spanish company listed on the Spanish Stock Exchanges, whether such control is obtained:

- by means of the acquisition of shares or other securities that directly or indirectly entitle to subscribe or acquire voting shares in such company;
- through shareholder agreements with shareholders or other holders of said securities; or
- as a result of other situations of equivalent effect as provided in the applicable Spanish regulation on tender offers (i.e., indirect control acquired through mergers, share capital decreases, changes in the target's treasury stock, etc.).

A person or entity is deemed to have control over a target company, either individually or jointly with concerted parties, whenever:

- it acquires, directly or indirectly, a percentage of the company's voting rights equal to or greater than 30%; or
- it has acquired less than 30% of the voting rights and appoints, during the 24 month-period following the date of acquisition of said percentage of voting rights, a number of directors that, together with those already appointed by it (if any), represents more than one-half of the members of the target company's board of directors. The Spanish regulation on tender offers also sets forth certain situations where directors are deemed to have been appointed by the bidder or persons acting in concert therewith unless evidence to the contrary is provided.

Notwithstanding the above, Spanish regulations establish certain exceptional situations where control is obtained but no mandatory tender offer is required, including, amongst others:

- subject to the CNMV's approval;
- acquisitions or other transactions resulting from the conversion or capitalisation of credit into shares of listed companies the financial feasibility of which is subject to serious and imminent danger, even if the company is not undergoing bankruptcy proceedings, provided that such transactions are intended to ensure the company's financial recovery in the long-term; or
- in the event of a merger, provided that those acquiring control did not vote in favour of the merger at the relevant general meeting of shareholders of the offeree company and provided also that it can be shown that the primary purpose of the transaction is not the takeover but an industrial or corporate purpose; and
- when control has been obtained after a voluntary bid for all of the securities, if either the bid has been made at an equitable price or has been accepted by holders of securities representing at least 50% cent of the voting rights to which the bid was directed.

For the purposes of calculating the percentages of voting rights acquired, the Spanish regulation establishes the following rules:

- percentages of voting rights corresponding to: (i) companies belonging to the same group as the bidder; (ii) members of the board of directors of the bidder or of companies of its group (unless evidence to the contrary is provided); (iii) persons acting in concert with or on behalf of the bidder; (iv) voting rights which may be exercised freely and over an extended period by the bidder under proxy granted by the actual holders or owners of such rights, in the absence of their specific instructions with respect thereto; and (v) shares held by a nominee (such nominee being as a third-party whom the bidder totally or partially covers against the risks related to acquisitions or transfers of the shares or the possession thereof), will be deemed to be held by the bidder (including the voting rights attaching to shares that

constitute the underlying asset or the subject matter of financial contracts or swaps when such contracts or swaps cover, in whole or in part, against the risks inherent in ownership of the securities and have, as a result, an effect similar to that of holding shares through a nominee);

- both the voting rights arising from the ownership of shares and those enjoyed under a usufruct or pledge or under any other contractual title, will also be deemed to be held by the bidder;
- the percentage of voting rights shall be calculated based on the entire number of the company's shares with voting rights, even if the exercise of such rights has been suspended. Treasury stock held directly or indirectly by the target company (according to the information available on the date of calculation of the percentage of voting rights held by the bidder) shall be excluded from the calculation. Non-voting shares shall be taken into consideration only when they carry voting rights pursuant to applicable law; and
- acquisitions of securities or other financial instruments which entitle the holder to the subscription, conversion, exchange or acquisition of shares which carry voting rights will not result in the obligation to launch a tender offer either until such subscription, conversion, exchange or acquisition occurs.

Notwithstanding the foregoing, upon the terms established in the applicable Spanish regulation on tender offers, the CNMV will conditionally exempt a person or entity from the obligation to launch a mandatory bid when another person or entity not acting in concert with the potential bidder, directly or indirectly holds an equal or greater voting percentage in the target company.

The price of the mandatory tender offer is deemed to be equitable when it is at least equal to the highest price paid or agreed by the bidder or any person acting in concert therewith for the same securities during the twelve months preceding the announcement of the tender offer. Other rules used to calculate such equitable price are set forth in the applicable Spanish regulation. However, the CNMV may change the price determined pursuant to said rules in certain circumstances (extraordinary events affecting the price, evidence of market manipulation, etc.).

Mandatory offers must be launched as soon as possible and at any event within one month from the acquisition of the control of the target company.

Voluntary tender offers may be launched in those cases in which a mandatory offer is not legally required. Voluntary offers are subject to the same rules established for mandatory offers except for the following:

- they might be subject to certain conditions (such as amendments to the bylaws or adoption of certain resolutions by the Shareholders' Meeting of the target company, acceptance of the offer by a minimum number of shares of the target company,



approval of the offer by the Shareholders' Meeting of the bidder; and any other condition deemed by the CNMV to be in accordance with law), provided that the fulfilment of such conditions may be verified by the end of the offer acceptance period; and

- they may be launched at any price, regardless of whether it is lower than the abovementioned “equitable price”. However, if they are not launched at an equitable price and if the tender Offered Shares representing at least 50% of the voting rights are tendered in the offer (excluding voting rights already held by the bidder and those belonging to shareholders who entered into an agreement with the bidder regarding the tender offer), the bidder may become obliged to launch a mandatory tender offer.
- In any case, by virtue of an amendment to the Spanish Securities Market Act operated by Law 1/2012, of 22 June, the price in a voluntary tender offer must be the higher of (i) the equitable price and (ii) the price resulting from an independent valuation report, and must at least consist of cash as an alternative if certain circumstances have occurred during the two years prior to the announcement of the offer (basically, the trading price for the shares being affected by price manipulation practices, market or share prices being affected by natural disasters, force majeure, or other exceptional events, or the target company being subject to expropriation or confiscation resulting in significant impair of the company’s real value).

The Spanish regulation on tender offers sets forth further relevant provisions, including, amongst others:

- the board of directors of the target company will be exempt from the prohibition to carry out frustrating or defensive actions against a foreign bidder provided the latter's board of directors is not subject to equivalent passivity rules and subject to prior approval by the company’s Shareholders’ Meeting within the 18 month period before the date of the public announcement of the tender offer;
- defensive measures included in a listed company’s bylaws and transfer and voting restrictions included in agreements amongst a listed company's shareholders will remain in place whenever the company is the target of a tender offer, unless the shareholders decide otherwise (in which case any shareholders whose rights are diluted or otherwise adversely affected shall be entitled to compensation at the target company's expense); and
- squeeze-out and sell-out rights will apply provided that following a mandatory tender offer (or as a result of a voluntary offer for all the of the target's capital stock) the bidder holds shares representing at least 90% of the target company's voting capital stock and the tender offer has been accepted by the holders of securities representing at least 90% of the voting rights over which the offer was launched.

## DESCRIPTION OF CAPITAL STOCK

The following is a summary of material information regarding the Company's share capital and certain applicable provisions in connection therewith to be found in the Bylaws and (amongst other regulations) the Spanish Companies Act, the Spanish Securities Market Act and Royal Decree 878/2015 on clearing, settlement and registration of securities represented in book-entries form, on the legal framework of central depositories and central counterparties, and on the transparency requirements for securities admitted to listing on a secondary market (*Real Decreto 878/2015, de 2 de octubre, sobre compensación, liquidación y registro de valores negociables representados mediante anotaciones en cuenta, sobre el régimen jurídico de los depositarios centrales de valores y de las entidades de contrapartida central y sobre requisitos de transparencia de los emisores de valores admitidos a negociación en un mercado secundario oficial*).

This summary does not purport to be complete nor to describe all of the applicable provisions and regulations in connection with the matters described herein and is qualified in its entirety by reference to the Bylaws and to the Spanish Companies Act (or any other applicable regulations from time to time). It is recommended that prospective investors refer to the Bylaws and the Spanish Companies Act (or any other regulation referred herein) for further details. A copy of the Company's deed of incorporation and Bylaws are available at the Company's registered office (calle Santa Sabina 8, 28007 Madrid). Furthermore, a copy of the Bylaws will be also available on the Company's website ([www.prosegurcash.com/accionistas\\_inversores/gobierno\\_corporativo/estatutos\\_sociales](http://www.prosegurcash.com/accionistas_inversores/gobierno_corporativo/estatutos_sociales)) upon registration of this Prospectus with CNMV, and at the CNMV's offices.

### General

The Company was incorporated as a Spanish limited liability company (*sociedad de responsabilidad limitada*) under the corporate name of Prosegur CIT Holding, S.L. for an indefinite term under a notarized public deed executed on 22 February 2016 before the Madrid notary Mrs. Eloisa López-Monís Gallego, under number 282 of the public notary's official records. Pursuant to a notarized public deed executed on 22 September 2016 before the Madrid notary Mrs. Eloisa López-Monís Gallego, under number 1,551 of the public notary's official records, the Company formalised the decision adopted by Prosegur (the sole shareholder of the Company as of that date) on 21 September 2016 to change its corporate form into a Spanish public limited company (*sociedad anónima*). On 21 October 2016, the Company changed its corporate name to Prosegur Cash, S.A.U. pursuant to a public deed executed before the Madrid notary Mrs. Eloisa López-Monís Gallego, under number 1,776 of the public notary's official records. Prosegur was the sole shareholder of the Company until 30 November 2016 when the Selling Shareholder became shareholder of the Company by virtue of a share capital increase of the Selling Shareholder to which Prosegur contributed part of its share capital in the Company.

The Company is registered with the Commercial Register of Madrid in volume 34,442, page 34 and sheet M-619528, and holds Spanish tax identification number A-87498564, with registered office at calle Santa Sabina 8, 28007 Madrid and with telephone number 915 89 84 31.

The Company's corporate purpose (*objeto social*) is the provision of the following securities logistics and cash management services including the following activities, directly or indirectly, through stakes in any other companies or businesses with the same or equivalent corporate purpose, in each case subject to the applicable laws and regulations: (i) local and international processing and transport services (on land, by sea and by air) of cash and other high worth valuables (including, amongst others, jewellery, art, precious metal, electronic devices, pharmaceuticals, voting cards, judicial evidence) including pick-up, transport, safekeeping, delivery and deposit services; (ii) processing and automatization of cash (including, amongst others, counting, processing and packing services, as well as refurbishment of coins, cash flow control and tracking systems; (iii) integrated solutions for automated teller machines (ATM) (including, amongst others, planning, replenishment, monitoring, first and second level maintenance and balancing services); (iv) planning and forecasting of cash needs services for financial institutions; (v) self-service cash machines (MAEs) (including, amongst others, cash deposit devices, recycling and distribution of coins and notes services, bill payment services); and (vi) AVOS for banks (including, amongst others, cashiers personnel outsourcing, multi-agencies, checks processing services and related administrative services). Are expressly excluded as part of the Company's corporate purpose, any activities the conduct of which require, according to applicable law, special requirements that are not satisfied by the Company. If the applicable law would demand for the exercise of some of the activities included in the corporate purpose of the Company any professional qualification, administrative authorization or registration in public records, such activities will be performed by a person exercising such professional title and, where appropriate they may not begin before have been met administrative requirements. At the date of this Prospectus, the Company's share capital consists of €30,000,000 divided into a single series of 1,500,000,000 ordinary shares of the same class, with a nominal value of €0.02 each and each with an ISIN code ES0105229001 allocated by the Spanish National Agency for the Codification of Securities (*Agencia Nacional de Codificación de Valores Mobiliarios*), an entity dependent upon the CNMV. All of the Company's ordinary shares are fully subscribed and paid-up. Non-residents in Spain may hold shares and vote, subject to the restrictions described under section "*Restrictions on Foreign Investment*". The Shares are, and will be, freely transferable in accordance with the Spanish Companies Act, the Spanish Securities Market Act and any implementing regulations. At the date of this Prospectus there are no exchangeable securities issued.

The Shares are represented by nominative book-entries records and the entity responsible for maintaining the corresponding accounting records is Iberclear with registered office at Plaza de la Lealtad 1, 28014, Madrid, Spain.

The summary table below outlines these main changes in the Company's share capital since its incorporation:

| Date                    | Corporate action                             | Nominal value | Share premium  | Number of issued Shares | Number of resulting Shares | Resulting share capital |
|-------------------------|--|---------------|----------------|-------------------------|----------------------------|-------------------------|
| 22 February 2016 .....  | Incorporation                                | €3,000        | -              | 3,000                   | 3,000                      | €3,000                  |
| 6 May 2016 .....        | Capital increase                             | €1            | €176,641,302.0 | 1                       | 3,001                      | €3,001                  |
| 26 July 2016 .....      | Capital increase                             | €29,996,999   | €733,906,532.4 | 29,996,999              | 30,000,000                 | €30,000,000             |
| 21 September 2016 ..... | Change of corporate form and split of shares | -             | -              | -                       | 300,000,000                | €30,000,000             |
| 19 December 2016 .....  | Split of shares                              | -             | -              | -                       | 1,500,000,00               | €30,000,000             |
|                         |  |               |                |                         | 0                          | €30,000,000             |

On 6 February 2017, the Selling Shareholder and Prosegur, in their capacity as shareholders of the Company, adopted the resolutions for authorising the Board of Directors (i) to acquire treasury shares, directly by the Company or indirectly by the Company's subsidiaries, within five years from 6 February 2017, in the maximum amount permitted by the applicable legislation, (ii) to increase the share capital of the Company within five years from 6 February 2017, in a maximum amount of 50% of the total share capital of the Company as at 6 February 2017 (i.e. €15,000,000.00) and (ii) to issue securities convertible into and/or exchangeable for shares of the Company as well as warrants, up to the amount of €1,000,000,000.00 within five years from 6 February 2017.

As of the date of this Prospectus, (i) there are no shares held by the Company itself or by subsidiaries of the Company, (ii) there is no capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option, (iii) no public takeover bids by third parties in respect of the Company's equity have occurred and (iv) there are no shareholders' agreements in place and there were no transactions during the past year through which the Directors, senior management, management or affiliated persons acquired (or had the right to acquire) Shares.

## **Dividend and Liquidation Rights**

### ***Dividend distribution***

The payment of dividends to the Company's shareholders shall be authorized by the Company's Shareholders' Meeting by a majority of the attending shareholders (both personally and by proxy) at proposal of the Board of Directors. Shareholders are entitled to an amount of dividends proportional to their paid-up stockholding in the Company.

Unless the Shareholders' Meeting decides otherwise, dividends become payable by the Company from the next day on which the distribution agreement is adopted by the Shareholders' Meeting.

Prior to any dividend distribution, the Spanish Companies Act requires companies incorporated in Spain to allocate at least 10% of their annual net income to a non-distributable mandatory reserve (*reserva legal*) until the balance of such reserve amounts to, at least, 20% of the Company's share capital. As of the date of this Prospectus, legal requirements in connection with the minimum allocation of net income to the non-distributable mandatory reserve have been satisfied by the Company. A company's legal reserve is not available for distribution to its shareholders except upon such company's liquidation.

Furthermore, the Spanish Companies Act also requires the creation of a non-distributable reserve equal to the amount of goodwill (*fondo de comercio*) recorded as an asset on the company's statement of financial position, and that an amount at least equal to 5.0% of such goodwill (*fondo de comercio*) will be allocated from the net income of each year to such non-distributable reserve until such time as the non-distributable reserve is of an amount at least equal to the goodwill (*fondo de comercio*) recorded on the company's statement of financial position. If, in any given year, there are no profits or there are insufficient profits to transfer an amount equal to 5.0% of the goodwill (*fondo de comercio*) recorded on the statement of financial position, the Spanish Companies Act requires that the shortfall be transferred from freely distributable reserves to the non-distributable reserve. Since 1 January 2016, the creation of a non-distributable mandatory goodwill (*fondo de comercio*) reserve is no longer required. Amounts previously allocated to the non-distributable mandatory goodwill (*fondo de comercio*) reserve shall be reclassified as voluntary reserves and can be distributed in the amount exceeding the goodwill (*fondo de comercio*) recorded as an asset in the statement of financial position of a company.

According to the Spanish Companies Act, dividends may only be paid to shareholders of the Company from: (i) the Company's annual net income (once the mandatory reserve requirements have been met, if applicable, and provided that net income shall be applied to offset losses from previous years in the event that such losses cause the Company's net equity to fall below the share capital amount); or (ii) distributable reserves, provided that (x) the value of the Company's net equity (*patrimonio neto*) does not, and as a result of the payment of dividends will not, amount to less than the share capital; and (y) the distributable reserves are equal or higher than the R&D expenses recorded as an asset in the company's statement of financial position. Furthermore, net income will in any case be applied to offset losses from previous years in the event that such losses cause the Company's net equity to fall below the share capital amount.

Upon Admission the Company's equity structure will be sufficient to comply with the minimum thresholds set out in the Spanish Companies Act to permit dividend distribution.

In accordance with article 947 of the Spanish Commercial Code (*Real Decreto de 22 de agosto de 1885, Código de Comercio*), a shareholder's right to any given dividend

expires if unclaimed during five years after the date it becomes payable. In case of expiration of these claims, the Company will retain the unclaimed dividend.

In general terms, dividends payable to non-residents of Spain for tax purposes are subject to Spanish withholding tax at a rate of 19% from 2017 onwards. However, residents of certain countries may be entitled to an exemption or reduction of withholding tax in certain cases (see section “*Taxation-Spanish Tax Considerations-Taxation of Dividends*”).

### ***Shareholder liquidation rights***

Upon liquidation of a company, shareholders are entitled to any remaining assets in proportion to their respective shareholdings, once the company’s debts, taxes and any expenses related to the liquidation have been paid.

### **Shareholders’ Meetings and Voting Rights**

#### ***Meeting call***

Pursuant to the Bylaws, Shareholders’ Meeting Regulations which were approved by the Selling Shareholder and Prosegur on 19 December 2016 and registered with the Commercial Register, and the Spanish Companies Act, ordinary Shareholders’ Meetings are to be held annually during the first six months of each fiscal year on a date fixed by the Board of Directors. Extraordinary Shareholders’ Meetings may be called by the Board of Directors whenever it deems appropriate; or (ii) at the request, through notarial procedure, of shareholders representing at least three per cent of the Company’s share capital. Once the Shares are listing, meeting notices for all Shareholders’ Meetings shall either be published in the Commercial Register’s Official Gazette (*Boletín Oficial del Registro Mercantil*) or in a newspaper of wide circulation in Spain, on the Company’s website and on the CNMV’s website ([www.cnmv.es](http://www.cnmv.es)).

Pursuant to the provisions of the Spanish Companies Act an extraordinary Shareholders’ Meeting may be called by the Board of Directors at least 15 days in advance of the date of the meeting (as opposed to the default one month period) if the shareholders are entitled to vote on the matters considered at the meeting by electronic means accessible to all such shareholders at any given Shareholders’ Meeting. The decision to shorten the default notice period before an extraordinary Shareholders’ Meeting must be adopted by the Company’s ordinary Shareholders’ Meeting by a majority of at least two thirds of the voting share capital. Such decision will remain in force, at least, until the following ordinary Shareholders’ Meeting.

### ***Authority of the Shareholders' Meeting***

Pursuant to the Spanish Companies Act, the Bylaws and the Shareholders' Meeting Regulations, the following matters are reserved to the authority of the Shareholders' Meeting:

- (i) Approval of the annual accounts, the allocation of profits and approval of corporate management.
- (ii) Appointment and removal of the Directors, liquidators and accounts auditors, as well as exercising corporate social responsibility against any of them.
- (iii) Approval of the remuneration policy for Directors, on the terms established by law.
- (iv) Approval of remuneration system for Director consisting in shares, options over shares or remuneration indexed to shares' value.
- (v) Authorization waiver to any Director of the prohibitions deriving from the duty of loyalty and the duty of avoidance of conflict of interest, when attributed by law.
- (vi) Authorization to the acquisition of treasury shares and shares of the parent company.
- (vii) Amendment of the articles of association.
- (viii) Increases and reductions in share capital, as well as the granting of powers to the Board of Directors to increase share capital, in which case it may also grant it powers to exclude or limit pre-emptive subscription rights, in the terms provided by law.
- (ix) Issuance of convertibles securities in or instruments which grant the right to acquire new shares of the Company, as well as the delegation in the Board of Directors to execute such issuances in which case faculties to exclude or limit the pre-emptive subscription rights may also be delegated, pursuant to the terms set forth by law.
- (x) Removal and restriction of pre-emptive subscription rights.
- (xi) Structural modifications as transformation, merger or division of the Company or global assignment of assets and liabilities and relocation abroad, as well as any other transactions with similar effects.
- (xii) Acquisition or, the sell-off or contribution to another company of essential operative assets, when this involves an effective change to the company purpose. The essential nature of the asset is presumed when the amount of the operation is

in excess of 25% of the value of the assets appearing on the last approved statement of financial position.

- (xiii) Transfer to subsidiaries of essential activities carried out until then by the Company itself, although it might maintain full domain thereof. The essential nature of the activities and operative assets is presumed when the volume of the operation is in excess of 25% of the total of the assets on the statement of financial position.
- (xiv) Dissolution of the Company.
- (xv) Transactions with similar dissolution effects.
- (xvi) Approval of the final statement of financial position for dissolution.

All the foregoing matters can be dealt with at ordinary or extraordinary Shareholders' Meetings, provided that, with limited exceptions, they are included in the agenda, except for the approval of the annual accounts, the allocation of profits and approval of corporate management, which shall be dealt with only at ordinary Shareholders' Meetings.

#### ***Voting and attendance rights***

Each Share of the Company entitles the holder to one vote in the Shareholders' Meeting and there is no limit as to the maximum number of votes that may be issued by any shareholder, companies belonging to the same group or any person acting in coordination with any of the former.

Holders of record of at least 1,000 Shares with voting rights are entitled to attend the Company's Shareholders' Meeting with right to speak and vote. The Shareholders' Meeting notice shall indicate the date on which shares must be held for a shareholder to be effectively entitled to attend the meeting and exercise any voting rights. Pursuant to the Spanish Companies Act and the Bylaws, shareholders holders of at least 1,000 shares that are duly registered in the book-entry records (*anotaciones en cuenta*) managed by Iberclear and its participating entities at least five days in advance to the date of the Shareholders' Meeting shall in any case be entitled to attend at such meeting.

Amendments to the Bylaws that directly or indirectly affect the rights of a specific class of shares, including any voting and attendance rights, shall only be valid when adopted by the Shareholders' Meeting and adopted by the majority of shareholders affected in compliance with the requirements set out in the Spanish Companies Act.

Save for the prohibition for companies, either Spanish or foreign, or those whose principal shareholders, directly or indirectly, hold a significant stake in a company performing activities in the Cash market or other sectors that compete with the Company to be appointed as Director (see section "*Management and Board of*



*Directors—Conflicts of Interest—Non-compete obligation*”), the Bylaws and internal regulations do not include any provision that would have the effect of delaying, deferring or preventing a change of control of the Company and do not provide for conditions to be met by changes in the share capital of the Company which are more stringent than the provisions of the Spanish Companies Act.

### ***Proxies***

Pursuant to the Spanish Companies Act, shareholders may vote by proxy. Proxies must be given for each Shareholders’ Meeting in writing or by electronic means acceptable under the Bylaws. Proxies may be given to any person, whether or not a shareholder. Proxies may be revoked by the shareholder by giving the Company notice prior to the meeting or by personally attending the meeting.

Proxy holders are required to disclose any conflict of interest to the shareholder prior to their appointment. In case a conflict of interest arises after the proxy holder’s appointment, it shall immediately be disclosed to the shareholder. In both cases, the proxy holder shall refrain from exercising the shareholder’s voting rights after disclosure of the conflict of interest unless the shareholder has provided new specific voting instructions for each matter in respect of which the proxy holder is to vote on its behalf. A conflict of interest may (amongst other things) be deemed to arise when the proxy holder: (i) is one of the Company’s controlling shareholders or an entity controlled by such shareholder; (ii) is a member of the Company’s administrative, management or supervisory body, or that of one of the controlling shareholders or of another entity controlled by such shareholders; (iii) is the Company’s employee or auditor, or that of a controlling shareholder or another entity controlled by any of such shareholders; (iv) is a natural person related to those mentioned in (i) to (iii) above (*persona física vinculada*), as this concept is defined under the Spanish Companies Act (i.e., the spouse or similar, at that time or within the two preceding years, as well as ascendants, descendants, siblings, and their respective spouses) and under the Spanish Ministry of Economy and Competitiveness Order ECC/3050/2004, of 15 September 2014 (*Orden EHA/3050/2004 de 15 de septiembre sobre información de las operaciones vinculadas que deben suministrar las sociedades emisoras de valores admitidos a negociación en mercados secundarios oficiales*).

A proxy holder may act on behalf of more than one shareholder without limitation as to the maximum number of represented shareholders. Where a proxy holder holds proxies from several shareholders with diverging voting instructions, it shall be entitled to cast votes differently as appropriate for each shareholder.

Pursuant to the Spanish Companies Act, entities rendering investment services, acting in their capacity as professional financial intermediaries, can also be appointed as proxy holders. Seven days in advance of a Shareholders’ Meeting, financial intermediaries shall provide the Company with the identity of each client that has appointed them as proxy holders, the number of shares in respect of which votes shall be cast and the voting instructions received from each client. Financial intermediaries shall also be

entitled to cast different votes for each indirect shareholder in observance of diverging voting instructions from their clients when the entities are registered as direct holders of the shares at the book-entry level.

### ***Celebration of the meeting and adoption of resolutions***

According to the Bylaws, by reference to the Spanish Companies Act and other applicable laws, holders of at least 25% of the Company's voting stock shall attend (both personally and by proxy) a Shareholders' Meeting on its first call in order to form a quorum at such meeting. If such quorum is not met on the meeting's first call, the meeting can be reconvened by a second call, which, according to the Spanish Companies Act, requires no minimum quorum.

Nevertheless, pursuant to the Spanish Companies Act, at least 50% or 25% of the Company's voting stock shall, respectively on a Shareholders' Meeting first and second call, attend (both personally and by proxy) the meeting for the adoption of any agreement to amend the Bylaws (including, without limitation, increases and reductions of share capital), issue notes, eliminate or limit pre-emptive rights over new shares, authorize a conversion, merger, or spin-off of the Company, approve global transfers of the Company's assets and liabilities or change the Company's registered office abroad.

At least 24 hours must lapse between a Shareholders' Meeting's first and second call.

Generally, resolutions can be passed by simple majority of the votes issued by the attending shareholders (both personally and by proxy). However, where the Shareholders' Meeting is in second call, the adoption of any agreement to amend the Bylaws (including, without limitation, increases and reductions of share capital), issue notes, eliminate or limit pre-emptive rights over new shares, authorize a conversion, merger, or spin-off of the Company, approve global transfers of the Company's assets and liabilities or change the Company's registered office abroad, the vote of two thirds of those attending shareholders (both personally and by proxy) is required, in case the attending shareholders (both personally and by proxy) hold less than 50% of the total share capital of the Company.

The Spanish Companies Act allows shareholders to voluntarily group their shares so that the share capital in aggregate is equal to or greater than the result of dividing the total share capital by the number of Directors on the Board. Such grouped shareholders have the right to appoint a corresponding proportion of the members of the Board of Directors (disregarding any fractions) provided that there is a vacancy. Shareholders who exercise this grouping right may not vote on the appointment of the remaining other Directors.

### ***Legal effects of resolutions passed by the Shareholders' Meeting and opposition to the resolutions of the Shareholders' Meeting.***

A resolution passed by the Shareholders' Meeting is binding on all shareholders.

Resolutions which are either: (i) contrary to Spanish law or the Bylaws or the Shareholders' Meeting or Board of Directors Regulations; or (ii) detrimental to the corporate interests of the Company in benefit of one or more shareholders or third parties, may be contested on the terms set out in the Spanish Companies Act.

In certain circumstances (such as a significant amendment of the Company's corporate purpose, certain cases of conversion of the corporate form of the company or the change of its registered office overseas), Spanish Companies Act entitles dissenting or absent shareholders to withdraw from the Company. If this right were to be exercised, the Company would be obliged to repurchase the relevant shareholding(s) from the withdrawing shareholder in accordance with the procedures established under applicable law.

### **Shareholder Claims**

Pursuant to the Spanish Companies Act, Directors are liable towards the Company, the shareholders and the creditors for any actions or omissions that are illegal or contravene the Bylaws and for failure to perform their legal and fiduciary duties diligently.

Under Spanish law, shareholders must bring any actions against the Company's Directors as well as any other actions against the Company or challenging corporate resolutions before the competent courts in the province where the Company's registered office is located (in the Company's case, currently Madrid, Spain).

### **Representation and Transfer of Shares**

The Shares are represented by book-entry records and are indivisible. Joint holders of one or several Shares must appoint a single representative to exercise their rights jointly on their behalf. However, they shall all be jointly and severally (*solidariamente*) liable towards the Company for any obligations in their capacity as shareholders.

Iberclear (the managing entity for the Spanish clearance and settlement system of the Spanish Stock Exchanges) manages the central registry, which reflects the number of shares held by each of its participating entities (*entidades participantes*) from time to time as well as the amount of shares held by beneficial owners. Each participating entity, in turn, keeps a record of the owners of such shares. Since the Shares are represented by book-entry records, the Company will keep an electronic shareholder registry for which Iberclear shall report to the Company all transactions entered into by the Company's shareholders in respect of the Shares.

The Shares are freely transferable in accordance with the Spanish Companies Act, the Spanish Securities Market Act and any implementing regulations.

Transfers of shares listed on the Spanish Stock Exchanges must be made through or with the participation of a member of a Spanish Stock Exchange. For more information,

see section “*Market Information*”. The transfer of shares may be subject to certain fees and expenses.

### **Restrictions on Foreign Investment**

Exchange controls and foreign investments were, with certain exceptions, completely liberalized by Royal Decree 664/1999, of 23 April 1999 (*Real Decreto 664/1999, de 23 de abril, de régimen jurídico de las inversiones exteriores*), bringing the existing legal framework on foreign investments in line with the provisions of the Treaty of the European Union.

According to Royal Decree 664/1999, and subject to the restrictions described below, foreign investors may freely invest in shares of Spanish companies as well as transfer their interests, equity gains and dividends outside Spain (subject to applicable taxes and exchange controls) by filing a standardized notice with the Spanish Registry of Foreign Investments (*Registro de Inversiones Exteriores*) kept by the General Bureau of Commerce and Investments (*Dirección General de Comercio e Inversiones*) within the Ministry of Economy and Competitiveness (*Ministerio de Economía y Competitividad*) following the investment in or divestment of (if any) a Spanish company. Such filing is to be made solely for statistical, economic and administrative purposes. In case the shares belong to a Spanish company listed on any of the Spanish Stock Exchanges, the duty to file a notice regarding the foreign investment or divestment falls with the relevant entity with whom the shares (in book-entry form) have been deposited or which has acted as an intermediary in connection with such investment or divestment.

If the foreign investor is a resident of a tax haven, as defined under Royal Decree 1080/1991 of 5 July 1991 (*Real Decreto 1080/1991, de 5 de julio*), notice must be provided to the Registry of Foreign Investments (*Registro de Inversiones Exteriores*) both before and after execution of the investment. However, prior notice from residents in tax havens is excluded in the following cases:

- (i) investments in listed securities, whether or not listing in an official secondary market, as well as participations in investment funds that are registered with the CNMV; and
- (ii) investments in connection with shareholdings that do not exceed 50% of the share capital of a Spanish company.

Additional regulations apply to investments in certain industries, including air transportation, mining, manufacturing and sales of weapons and explosives for non-military use, national defence, radio, television and telecommunications. These additional restrictions do not apply to investments made by EU residents, except for those related to the Spanish defence sector and the manufacturing and sale of weapons and explosives for non-military use.

The Spanish Council of Ministers (*Consejo de Ministros*), acting on the recommendation of the Ministry of Economy and Competitiveness, may suspend the application of the aforementioned provisions relating to foreign investments for reasons of public policy, health or safety, either generally or with respect to investments in particular industries. In such cases, any purported foreign investments falling within the scope of the suspension would be subject to prior authorization from the Council of Ministers of the Spanish government, acting on the recommendation of the Ministry of Economy and Competitiveness.

Law 19/2003, of 4 July, on the establishment of a regulatory regime relating to capital flows to and from legal or natural persons abroad and the prevention of money laundering (*Ley 19/2003, de 4 de julio, sobre régimen jurídico de los movimientos de capitales y de las transacciones económicas con el exterior*) (hereinafter in this section, “**Law 19/2003**”), generally provides for the liberalization of the regulatory environment with respect to acts, businesses, transactions and other operations between Spanish residents and non-residents in respect of which charges or payments abroad will occur, as well as money transfers, variations in accounts or financial debit or credits abroad. These operations must be reported to the Ministry of Economy and Competitiveness and the Bank of Spain only for informational and statistical purposes. The most important developments resulting from Law 19/2003 are the obligations of financial intermediaries to provide to the Ministry of Economy and Competitiveness and the Bank of Spain information corresponding to client transactions.

### **Exchange control regulations**

Pursuant to Royal Decree 1816/1991 of 20 December 1991 (*Real Decreto 1816/1991, de 20 de diciembre, de transacciones económicas con el exterior*), as amended by Royal Decree 1360/2011 of 7 October (*Real Decreto 1360/2011, de 7 de octubre, que modifica el Real Decreto 1816/1991, de 20 de diciembre, sobre transacciones económicas con el exterior*) and EC Directive 88/361/EEC, any payments or transfers between non-residents and residents of Spain must be effected through an official payment services supplier registered with the Bank of Spain (*entidades registradas*) or through a foreign entity provided that such foreign account was duly declared to the relevant Spanish authorities. All payments or transfers which exceed €6,010 (or its equivalent in another currency) must be notified through the payment services supplier to the relevant Spanish general administration authorities (*Administración General del Estado*) and the Bank of Spain if made in cash or by check payable to the bearer.

### **Pre-emptive Rights and Increases of Share Capital**

Pursuant to the Spanish Companies Act, shareholders have pre-emptive rights to subscribe for newly issued shares in consideration to cash contributions or newly issued notes that are convertible into shares. Such pre-emptive rights may be waived under special circumstances by a resolution passed by the Shareholders’ Meeting or the Board of Directors (in case the Shareholders’ Meeting of a listed company delegates the decision to increase the company’s share capital or issue convertible notes waiving pre-

emptive rights to the Board of Directors), in accordance with the provisions of the Spanish Companies Act. In such cases, the resolution authorizing the waiver of pre-emptive rights will only be valid if, amongst other requirements: (i) a report is issued by an independent expert appointed by the Commercial Register (*Registro Mercantil*) stating, amongst other elements, the reasonable market value (*valor razonable*) of the shares (quotation price in case of listed companies unless other arrangements can be justified) and determining the theoretical value (*valor teórico*) of the pre-emptive rights and, in case of listed companies, also the net book value (*valor neto patrimonial*) of the shares; and (ii) the nominal value and issue premium of the newly issued shares is equivalent to the reasonable value assigned to such shares in the aforementioned independent expert's report, provided, however, that pursuant to article 505 of the Spanish Companies Act, listed companies are entitled to issue shares at a value equal or higher than their net book value, as determined by the independent expert's report.

Furthermore, pre-emptive rights will not be exercisable by shareholders in case of a share capital increase that is required for the purposes of issuing convertible notes, completing a merger, acquiring all or part of another company's assets or capital increases in-kind contributions (*ampliaciones de capital no dinerarias*) or offsetting of credit rights. Pre-emptive rights are transferable, may be traded on the SIBE and may be of value to existing shareholders since new shares may be offered for subscription at prices lower than prevailing market prices.

### **Shareholder information rights**

Until the seventh day before the general meeting is due to be held, shareholders may request in writing from the directors, any information or clarification they deem necessary regarding the items on the agenda, being obligated the directors to facilitate the information in writing by the day on which the general meeting is held.

During the general meeting, shareholders may verbally request any information or clarification they deem necessary, regarding the items of the agenda; and if it were not possible at that point, the directors must provide the requested information in writing within seven days of the general meeting having taken place.

The directors will not be obliged to provide the previous information if it was deemed unnecessary for the recognition of the shareholder's right or if there were objective reasons to consider that the information was going to be used for reasons detrimental to the company's best interests or that may prejudice the company. However, the requested information may not be withheld when the application is upheld by shareholders representing at least 25% of the share capital.

## Reporting Requirements

### *Transactions affecting voting rights*

Pursuant to Royal Decree 1362/2007 of 19 October 2007 (*Real Decreto 1362/2007, de 19 de diciembre, que desarrolla la Ley 24/1988, del Mercado de Valores*), any individual or legal entity who, by whatever means, purchases or transfers shares granting voting rights in a company listed in a secondary official market or other regulated market in the EU for which Spain is the country of origin (if the corporate address of the listed company is located in Spain), must notify the relevant issuer and the CNMV, if, as a result of such transaction, the proportion of voting rights held by that individual or legal entity reaches, exceeds or falls below a threshold of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%, 45%, 50%, 60%, 70%, 75%, 80% and 90% of the Company's total voting rights.

Additionally, the referred obligation to notify also applies to any individual or legal entity who owns, acquires or transfers, directly or indirectly, the following financial instruments when the proportion of voting rights held reaches, exceeds or falls below the thresholds detailed in paragraph above:

- (a) Financial instruments (as defined in Royal Decree 1362/2007 of 19 October 2007) which, upon maturity, grant the unconditional right or the discretionary faculty to acquire, at the sole decision of the holder of the financial instrument and pursuant to formal agreement (meaning a binding agreement pursuant to applicable law), issued shares which confer voting rights in a company listed in a secondary official market or other regulated market in the EU.
- (b) Financial instruments not included in (a) above but which are indexed to shares in a company listed in a secondary official market or other regulated market in the EU and which confer similar economic rights to those confer by virtue of the financial instruments referred to in (a) above.

The notice shall be served by means of the standard form approved by the CNMV from time to time for such purpose, within four business days from the date on which the transaction is acknowledged (Royal Decree 1362/2007 deems a transaction to be acknowledged within two business days from the date on which it is entered into). Where the individual or legal entity effecting the transaction is a non-resident of Spain, notice must also be served to the Spanish Registry of Foreign Investments (*Registro de Inversiones Exteriores*) (kept by the General Bureau of Commerce and Investments (*Dirección General de Comercio e Inversiones*) within the Ministry of Economy and Competitiveness (*Ministerio de Economía y Competitividad*)).

The foregoing disclosure requirements also apply to those transactions (other than sales and purchases of shares or financial instruments) by which the proportion of voting rights of an individual or legal entity reaches, exceeds or falls below the aforementioned thresholds that trigger the obligation to report.

Regardless of the actual ownership of the shares, any individual or legal entity with a right to acquire, transfer or exercise voting rights granted by the shares or who owns, acquires or transfers, whether directly or indirectly, other securities or financial instruments which grant a right to acquire shares with voting rights, shall also notify the company and the CNMV if the aggregate voting rights held by that individual or legal entity reaches, exceeds or falls below the aforementioned thresholds.

In case the person, legal entity or group effecting the transaction is a resident in a tax haven (as defined by applicable Spanish regulations), the threshold that triggers the obligation to disclose the acquisition or transfer of shares in a Spanish company is reduced to one per cent (and successive multiples thereof).

The Company shall report to the CNMV any self-acquisition of treasury stock which, together with all other acquisitions since the last disclosure, reaches or exceeds one per cent of the Company's share capital (irrespective of whether the Company has sold any of the company's treasury stock in the same period). In such circumstances, the disclosure notice must include the number of shares acquired by the company since the last disclosure (detailed by transaction), the number of shares sold in such period (detailed by transaction), the share prices paid in such transactions and the resulting net holding of treasury stock.

The Bylaws and internal regulations do not provide for any significant shareholdings disclosure requirements more stringent than those established under Royal Decree 1362/2007 of 19 October (as mentioned in this sub-section) and Commission Regulation (EC) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (as mentioned in the following sub-section).

#### ***Disclosure requirements applicable to Directors and Senior Managers***

In accordance with Commission Regulation (EC) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, persons discharging managerial responsibilities (including, but not limited to, Directors and members of the Senior Management), as well as persons closely associated with them, must report both to the Company and the CNMV every transaction conducted on their own account relating to the Shares, or debt instruments of the Company, or to derivatives or other financial instruments linked thereto, no later than three business days after the date of the transaction. This reporting obligation shall apply to any subsequent transaction once a total amount of €5,000 has been reached within a calendar year. The CNMV may decide to increase such threshold to €20,000.

The transactions that must be notified according to the foregoing also include (i) the pledging (other than pledges, or similar security interests, of financial instruments in connection with the depositing of the financial instruments in a custody account, unless and until such time that such pledge or other security interest is designated to secure a specific credit facility) or lending of financial instruments by or on behalf of a person discharging managerial responsibilities or a person closely associated with such a



person; (ii) transactions undertaken by persons professionally arranging or executing transactions or by another person on behalf of a person discharging managerial responsibilities or a person closely associated with such a person; and (iii) transactions made under a life insurance policy where (a) the policyholder is a person discharging managerial responsibilities or a person closely associated with such a person; (b) the investment risk is borne by the policyholder; and (c) the policyholder has the power or discretion to make investment decisions regarding specific instruments in that life insurance policy or to execute transactions regarding specific instruments for that life insurance policy.

The Company shall draw up a list of all persons discharging managerial responsibilities and persons closely associated with them. Persons discharging managerial responsibilities shall notify the persons closely associated with them of the reporting obligation described above in writing and shall keep a copy of this notification.

In addition, a person discharging managerial responsibilities within the Company shall not conduct any transactions on its own account or for the account of a third party, directly or indirectly, relating to the Shares or debt instruments of the Company or to derivatives or other financial instruments linked to them, during a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report which the Company is obliged to make public, unless so permitted by the Company (i) on a case-by-case basis due to the existence of exceptional circumstances, such as severe financial difficulty, which require the immediate sale of Shares; or (ii) due to the characteristics of the trading involved for transactions made under, or related to, an employee share or saving scheme, qualification or entitlement of shares, or transactions where the beneficial interest in the relevant security does not change.

#### ***Disclosure of shareholder agreements***

The Spanish Companies Act requires the parties to disclose shareholder agreements that affect the exercise of voting rights at a Shareholders' Meeting of a listed company or contain restrictions or conditions in connection with the transfer of shares or convertible notes. The execution, amendment or extension of such agreements shall be immediately disclosed by the parties to the shareholder agreements to the company and to the CNMV and a copy of the agreement shall be filed with the relevant Commercial Register (*Registro Mercantil*). If these requirements are not fulfilled, any provisions contained in such shareholder agreements which affect the exercise of voting rights and/or restrict or place conditions upon the transfer of shares, will not be effective. The shareholder agreements will be disclosed as relevant facts (*hechos relevantes*) on the CNMV's website.

#### ***Disclosure of net short positions***

Moreover, in accordance with EU Regulation No. 236/2012 of the European Parliament and of the Council, of 14 March 2012, any person or legal entity holding net short positions on a company's shares must report them to the CNMV on a confidential basis

in case they reach 0.2% of the share capital and disclose any subsequent reductions or increases by 0.1% and successive multiples thereof no later than 3:30 p.m. on the following trading day. Positions over 0.5% (and each 0.1% increase above that) shall be publicly disclosed.

In addition, on 19 December 2007 the CNMV issued Circular 3/2007 (*Circular 3/2007, de 19 de diciembre, de la Comisión Nacional del Mercado de Valores, sobre los Contratos de Liquidez a los efectos de su aceptación como práctica de mercado*), which sets out the requirements to be met for liquidity contracts entered into between issuers and financial institutions for the management of treasury stock to be accepted as a market practice. The Company has no intention to sign any liquidity contract regarding the Offering.

### ***Share Repurchases***

Pursuant to the Spanish Companies Act, the Company may only repurchase the Company's own shares derivatively within certain limits and in compliance with the following requirements:

- (i) the repurchase must be previously authorized by the Shareholders' Meeting in a resolution establishing the maximum number of shares to be acquired, the minimum and maximum acquisition price (if any) and the duration of the authorization, which may not exceed five years from the date of the resolution; and
- (ii) the repurchase, including the shares already acquired and currently held by the company or any person or company on the Company's behalf, does not reduce the company's net equity (*patrimonio neto*) below the aggregate amount of the Company's share capital and non-distributable reserves.

For these purposes, net equity (*patrimonio neto*) means the amount resulting from the application of the criteria used to draw up the Company's financial statements, minus the amount of profits directly allocated to such net equity, plus the amount of uncalled subscribed share capital and the total amounts of nominal value and issue premium for the subscribed share capital registered as a liability in the Company's accounting.

In addition:

- (i) the aggregate nominal value of the shares directly or indirectly repurchased by the Company, together with the aggregate nominal value of the treasury stock already held by the Company and its subsidiaries, shall not exceed ten per cent of the Company's total share capital; and
- (ii) the repurchased shares shall always be fully paid-up. The repurchase shall be deemed null and void if: (i) the shares are partially paid-up (except in case of free repurchase); or (ii) the shares entail ancillary obligations.

Treasury stock lacks voting and economic rights. Economic rights bound to treasury stock (i.e. dividend distributions and liquidation rights) shall, except for the right to bonus shares, be distributed amongst the Company's shareholders in proportion to their respective shareholdings.

Regulation (EU) 596/2014 of 16 April, of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing, amongst others, Directive 2003/6/EC of the European Parliament and of the Council of 28 January 2003 on insider dealing and market manipulation establishes rules in order to ensure the integrity of European Community financial markets and to enhance investor confidence in those markets. Article 5 of said Regulation establishes an exemption from the market manipulation rules regarding share buy-back programs by companies listed on a stock exchange in an EU member state. In order to benefit from the exemption, a buy-back program must (i) comply with certain requirements established under such buy-back program regulation; and (ii) its sole purpose must be the reduction of an issuer's share capital (either in value or in number of shares) or the fulfilment of obligations arising from either:

- (i) debt financial instruments exchangeable into equity instruments; or
- (ii) employee share option programs or other allocations of shares to employees of the issuer or those of an associated company.

Notwithstanding the foregoing, on the date hereof no option over the shares of any member of the Group has been granted or has been agreed conditionally or unconditionally to be granted.

On 19 December 2007 the CNMV issued Circular 3/2007 setting out the requirements to be met by liquidity contracts entered into by issuers with financial institutions for the management of its treasury shares to constitute an accepted market practice and, therefore, be able to rely on a safe harbor for the purposes of market abuse regulations. In this regard, the CNMV delivered a notice on 2 August 2016 to the European Securities and Markets Authority (ESMA) informing ESMA of its intention to establish an accepted market practice in relation to liquidity contracts pursuant to article 13 of Regulation (EU) 596/2014. In response to this notice ESMA issued a report (ESMA 2016/1663) on 16 December 2016 stating that the proposed accepted market practice on liquidity contracts is compatible with the referred article 13 of Regulation (EU) 596/2014.

In addition, on 18 July 2013 the CNMV published certain guidelines for securities issuers and financial intermediaries acting on their behalf regarding the "discretionary transactions with own shares" (outside the scope of the buy-back program regulation). These guidelines are in line with the buy-back program regulation in respect of price limits and volumes and include certain restricted periods and a rule of separate management of the trading activity.

## TAXATION

### Spanish Tax Considerations

#### *General*

The following is a summary of certain Spanish tax implications of the acquisition, ownership and disposition of the Shares by Spanish and non-Spanish tax resident investors. This summary is not a complete analysis or description of all the possible Spanish tax implications of such transactions and does not purport to address all tax considerations that may be relevant to all categories of potential investors, some of whom may be subject to special rules (for instance, EU pension funds and EU harmonized collective investment institutions). In particular, this tax section does not address the Spanish tax consequences applicable to certain “look through” entities (such as trusts, estates or partnerships) that may be subject to a specific tax regime applicable under the Spanish Non-Residents Income Tax Act, approved by Royal Legislative Decree 5/2004 of 5 March, as amended by 26/2014 of 27 November (hereinafter, the “**NRIT Act**”) or under the Spanish Personal Income Tax Act, approved by Act 35/2006, of 28 November, as amended by 26/2014 of 27 November (hereinafter, the “**PIT Act**”).

Accordingly, prospective investors in the Shares should consult their own tax advisers as to the applicable tax consequences of their purchase, ownership and disposition of the Shares, including the implications arising under the tax laws of any other jurisdiction, based on their particular circumstances. The description of Spanish tax laws set forth below is based on the laws currently in effect in Spain as of the date of this document, and on administrative interpretations of Spanish law made public to date. As a result, this summary is subject to any changes in such laws or interpretations occurring after the date hereof, including changes having retrospective effect.

The description of Spanish tax laws set forth below is based on Spanish law as of the date of this document and on administrative interpretations of Spanish law, without taking into account the regional tax regimes applicable in the Historical Territories of the Basque Country and the Community of Navarre or the provisions passed by Regional Governments of Spain. This description is subject to any changes in such laws or interpretations occurring after the date hereof, including changes having retroactive effect.

As used in this particular section “*Spanish Tax Considerations*”, the term “**Holder**” means a beneficial owner of the Shares:

- who is an individual or corporation resident for tax purposes in Spain or a corporation subject to NRIT operating in Spain through a permanent establishment; and

- who is an individual or corporation resident for tax purposes in any country other than Spain, and whose ownership of shares is not deemed to be effectively connected with a permanent establishment in Spain.

## Resident Individuals

### *Personal Income Tax (PIT)*

#### *Taxation of dividends*

Article 25.1 of the PIT Act provides for a definition of “investment income” that includes dividends and other income items derived from the ownership of an equity interest in an entity (such as, for instance, attendance fees at Shareholders’ Meeting, income derived from any arrangement aimed at allowing another person to use or enjoy the shares and, generally, any other income obtained as a result of being a shareholder).

Investment income earned by Holders as a result of their ownership of the Shares is calculated as the gross income less certain tax-deductible expenses, such as general securities administration and custody fees. Discretionary fees relating to an individualized management of a portfolio of securities are not treated as tax-deductible. The resulting net investment income will be considered as “savings income” (along with any other income item obtained by a Holder that is not related to the ownership of the Shares and that is treated as “savings income”), and subject to PIT at the following progressive rates (as applicable in fiscal year 2017):

| Savings tax base | Gross tax payable | Rest of savings tax base | Applicable tax rate |
|------------------|-------------------|--------------------------|---------------------|
| 0.00             | 0.00              | 6,000.00                 | 19%                 |
| 6,000.00         | 1,140.00          | 44,000.00                | 21%                 |
| 50,000.00        | 10,380.00         | Onward                   | 23%                 |

Holders shall be liable for a PIT withholding on investment income at a rate of 19% on fiscal year 2017, on the whole amount of the income obtained. This PIT withholding will be credited against the taxpayer’s annual PIT due.

The distribution of share premium is not considered as dividend. This amount will decrease the acquisition value of the Shares and any excess will be subject to PIT as “savings income” at the progressive rates mentioned above (19% /21% /23% on fiscal year 2017). These amounts will not be subject to withholding tax unless they derive from non-distributed profits.

#### *Capital gains and losses*

If the Shares are sold or otherwise transferred, such transaction may give rise to the recognition of a capital gain or loss. Such capital gain or loss will be measured by the

difference between the Holder's tax basis in the Shares and their transfer price. Such transfer price will be based on either (i) the trading price of the Shares at the transfer date or (ii) the agreed transfer price, whichever is higher. Both the acquisition price and the transfer price will be increased or decreased to reflect the taxes and expenses borne by the transfer or related to the acquisition and sale of the Shares, respectively.

Where the taxpayer owns other equivalent securities, the acquisition price of the transferred shares is based on the principle that those acquired first are sold first (FIFO).

Capital gains or losses that arise as a result of the transfer of the Shares are added to or netted from the "savings income" obtained by such Holder for the year in which such gain or loss was realized. Consequently, capital gains or losses derived from the transfer of Shares should be taxed at the progressive "savings income" PIT rates (see section "*Taxation of dividends*").

Additionally, capital gains derived from the transfer of the Shares are not subject to withholding tax.

Finally, losses derived from the transfer of the Shares cannot be considered as capital losses when equivalent shares have been acquired within the two months preceding or following the transfer that has triggered the loss. In these cases, the capital losses arising in connection with such transferred of Shares may only be claimed when the equivalent shares acquired by the taxpayer are subsequently transferred.

#### *Pre-emptive subscription rights*

As of January 1, 2017, proceeds derived from the sale of preemptive subscription rights in respect of the Shares shall be treated as capital gains for the transferor corresponding to the tax period in which the transfer takes place. The relevant amount shall be subject to withholding by the depositary entity or, otherwise, by the financial intermediary or notary public involved in the transaction.

Where not all the preemptive subscription rights are transferred, it will be considered that those transferred correspond to the Shares acquired first (FIFO).

#### ***Net Wealth Tax***

Under Royal Decree Law 13/2011, of September 16 – as amended by Act 36/2014, of December 26 in 2015, all Spanish-resident individual shareholders are liable for Net Wealth Tax (hereinafter, "NWT") on all net assets and rights deemed to be owned as of December 31, irrespective of where these assets are located or where the rights may be exercised, and amounting to more than €700,000 (such amount may be lower depending on the Spanish region of domicile of the taxpayer). A Holder who is required

to file a NWT return should value the Shares at their average trading price in the last quarter of the year. Such average trading price is published on an annual basis by the Spanish Ministry of Finance and Public Administration.

NWT is levied at rates ranging from 0.2% to 2.5% depending on the Spanish region of domicile of the taxpayer. Certain tax allowances may be available depending also on the Spanish region of domicile of the taxpayer.

### ***Inheritance and Gift Tax***

The transfer of the Shares by inheritance, gift or legacy (on death or as a gift) to individuals resident in Spain is subject to Inheritance and Gift Tax (hereinafter, “IGT”) as set out in Act 29/1987, of December 18, being payable by the person who acquires the securities, at an effective tax rate ranging from 0% to 81.6%, depending on relevant factors (such as e.g. the specific regulations imposed by each Spanish region, the amount of the pre-existing assets of the taxpayer and the degree of kinship with the deceased or donor).

### ***Corporate Income Tax (CI Tax)***

#### *Taxation of dividends*

Domestic corporations or those who, while subject to NRIT, for these purposes operate in Spain through a permanent establishment, will include dividends received in connection with Shares in their taxable base, subject to a 25% tax rate for tax periods starting from 2016 onwards, according to Act 27/2014, of 27 November (hereinafter, “CI Tax Act”).

Unless one of the exclusions set out in article 21 of CI Tax Act may apply, Holders obtaining dividends or profit distributions in respect of the Shares shall be entitled to an exemption subject to (i) having a stake, direct or indirect, of at least 5% or an acquisition value over €20 million and (ii) holding the stake uninterrupted for a year – requirement which may be fulfilled after the distribution of such dividend (and provided that other requirements that need to be analysed on a case by case basis are fulfilled).

As a general rule, the gross dividend received annually from the Shares will be subject to withholding tax at a 19% for tax periods starting as of 2017 onwards. Holders shall be able to credit such withholding tax against their annual CI Tax due.

Notwithstanding, it will not be subject to withholding tax dividends entitled to an exemption at the level of the Holder, provided that the requirements (briefly described in the precedent paragraph) set out in article 21 of CI Tax Act are fulfilled.

The distribution of share premium is not considered as dividend for tax purposes. This amount will decrease the acquisition value of the Shares and any excess will be subject

to CI Tax at a 25% tax rate for tax periods starting as of 2016 onwards but may be entitled to an exemption at the level of the Holder, provided that the referred requirements set out in article 21 of CI Tax Act are fulfilled. These amounts will not be subject to withholding tax.

#### *Taxation of gains and losses*

Gains arising from the sale of the Shares by a Holder (tax resident in Spain or subject to NRIT but operating in Spain through a permanent establishment) will be included in its CI Tax taxable base, and shall generally be subject to CI Tax at the above tax rate.

Gains arising from the sale of the Shares will not be subject to withholding tax and may also be entitled to an exemption at the level of the Holder, provided that the requirements (briefly described in the precedent section) set out in article 21 of CI Tax Act are fulfilled.

According to RDL 3/2016, the following general rules apply to losses arising from the transfer of the Shares by a Holder (tax resident in Spain or subject to NRIT but operating in Spain through a permanent establishment):

- (i) Losses derived from “qualified” investments (i.e. those satisfying the requirements to claim the exemption set out in article 21 of the CIT Act) will be non-deductible.
- (ii) Losses resulting from the transfer of “non-qualified” investments must be included in the tax base but must be reduced by the amount of any income obtained on an earlier intra-group transfer to which an exemption or credit regime for the avoidance of double taxation had been claimed.

Additionally, these losses must be reduced by the amount of any dividends or shares in income received from the investee after the tax period in which the year 2009 commenced, provided those dividends or shares in income have not reduced the cost price and have been eligible for the exemption set out in Article 21 of the CIT Act.

Additional restrictions to the deduction of tax losses may apply if the loss is generated as the result of a transfer of shares between entities belonging to the same corporate group.

Legal entities resident in Spain for tax purposes that acquire ownership or other rights over the Shares by inheritance, gift or legacy are not subject to the IGT but must include the market value of the Shares in their taxable income for CI Tax purposes.

#### *Pre-emptive subscription rights*

The income obtained from the sale of pre-emptive subscription rights will be accounted for in accordance with prevailing accounting regulations, which have full effect for tax purposes.



## **Non-Resident Shareholders**

### ***Non-residents Income Tax (NRIT)***

#### *Taxation of dividends*

According to the NRIT Act, dividends paid by a Spanish resident company to a non-Spanish tax resident Holder not holding the Shares through a permanent establishment located in Spain are subject to NRIT, withheld at the source on the gross amount of dividends, currently at a tax rate of 19%.

Certain corporate Holders resident in an EU Member State (other than a tax haven jurisdiction for Spanish tax purposes) may also be entitled to an exemption from NRIT dividend withholding tax to the extent that they are entitled to the benefits of the Spanish NRIT provisions that implement the regime of the EU Parent-Subsidiary Directive.

In order to be eligible for the exemption, the recipient of the dividends must hold, directly or indirectly, a stake of at least five per cent of the shares of the distributing entity or the acquisition value of the stake must be over €20 million. The abovementioned stake must be held uninterruptedly for at least one year prior to the distribution date or complete that period after the distribution of such dividend. Additionally, other requirements (including specific anti-abuse rules that need to be analysed on a case-by-case basis and procedural formalities, such as the supply of a government-issued tax residence certificate) must be met. Holders claiming the applicability of such exemption that have not met a minimum one year holding period as of a given dividend distribution date (but who could meet such requirement afterwards) should be aware that the NRIT Act requires the Company to withhold the applicable NRIT on such dividends, and that such Holders will need to request a direct refund of such withholding tax from the Spanish tax authorities pursuant to the Spanish refund procedure described below under “*Spanish refund procedure*”.

In addition, Holders resident in certain countries may be entitled to the benefits of a double taxation convention (hereinafter, in this section, “**DTC**”) in effect between Spain and their country of tax residence providing from a reduced tax rate or an exemption on dividends, subject to the satisfaction of any conditions specified in the relevant DTC, including providing evidence of the tax residence of the Holder by means of a certificate of tax residence duly issued by the tax authorities of its country of tax residence making express reference to the Holders’ entitlement to the benefits of such DTC (or equivalent specific form required under an applicable DTC). In the case of US persons, US Internal revenue Service Form 6166 will satisfy this certificate requirement. From a Spanish tax perspective, tax residence certificates issued by a foreign tax authority (or equivalent DTC forms) are deemed to be valid only for one year as from their date of issuance. In general, the US-Spain DTC provides for a tax rate of 15% on dividends.

In accordance with the Order of the Ministry of Finance and Taxation of 13 April 2000, upon distribution of a dividend, the Company or the Company's paying agent will withhold an amount equal to the NRIT amount required to be withheld according to the general rules set forth above (19% for fiscal year 2017), transferring the resulting net amount to the financial institution acting as a depository of the shares held by such Holder. For this purpose, the depository is the financial institution with which the Holder has ratified a contract of deposit or management with respect to shares in the Company held by such Holders. If the applicable depository is resident, domiciled or represented in Spain and it provides timely evidence of the Holder's right to obtain the DTC-reduced tax rate or exemption, it will immediately receive the amount withheld, which will be credited to the relevant Holder (the "Quick refund Procedure"). For these purposes, the relevant certificate of residence (or equivalent DTC form) stating that the Holder is resident of such country within the meaning of the DTC must be provided before the tenth day following the end of the month in which the dividends were paid.

If such certificate of tax residence or, as the case may be, the equivalent DTC form referred to above, is not provided to it by the relevant depository within the mentioned time frame the relevant NRIT withheld will be paid to the Spanish tax authorities, and a Holder entitled to an exemption or reduction of NRIT pursuant to the NRIT Act or pursuant to an applicable DTC may subsequently request a refund of the amounts withheld in excess from the Spanish tax authorities, following the standard refund procedure described below under "*Spanish refund procedure*".

#### *Spanish refund procedure*

According to Royal Decree 1776/2004, dated 30 July (NRIT regulations) and the Order of the Ministry of Finance and Taxation EHA/3316/2010, of December 17, as amended, a refund of an amount withheld in excess of any applicable NRIT (taking into account an available exemption or reduction under the NRIT Act or applicable DTC) can be requested and obtained directly from the relevant Spanish tax authorities.

To pursue the refund claim, the Holder is required to file:

- the corresponding Spanish tax refund form (currently, Form 210);
- a valid certificate of tax residence issued by the relevant tax authorities of the Holder's country of residence stating that the Holder is a resident of such country (and, in case an exemption or reduction of NRIT is claimed pursuant to a DTC, such certificate must indicate that the relevant Holder is a resident therein within the meaning of the relevant DTC) or, as the case may be, the equivalent DTC form, as referred to above under "*Taxation of dividends*"; and
- a withholding tax certificate from the Company stating that Spanish NRIT was withheld and collected with respect to such Holder.

- a proof of beneficial ownership, and
- documentary evidence of the bank account in which the excess amount withheld should be paid.

For further details, prospective Holders should consult their own tax advisors.

*Taxation of capital gains*

Capital gains derived from the transfer or sale of the Shares will be deemed to be income arising in Spain, and, therefore, subject to NRIT (currently at a rate of 19%).

However, capital gains derived from the transfer or sale of Shares will be exempt from taxation in Spain in any of the three following cases:

- Capital gains derived from the transfer of the Shares carried out on an official Spanish secondary stock market (such as the Spanish Stock Exchanges), by any Holder who is tax resident of a country that has entered into a DTC with Spain containing an “exchange of tax information” clause (such as the US-Spain DTC). This exemption is not applicable to capital gains obtained by a Holder through a country or territory that is classified as a tax haven under the Spanish tax regulations, nor by a Holder holding the Shares through a permanent establishment located in Spain.
- Capital gains obtained directly by any Holder resident of another EU Member State or indirectly through a permanent establishment of such Holder in a EU Member State (other than Spain), provided that:
  - the Company’s assets do not mainly consist of, directly or indirectly, real estate property located in Spain;
  - in the case of individual taxpayers, the Holder has not held a direct or indirect interest of at least 25% in the Company’s capital or net equity during the preceding twelve months;
  - in the case of non-resident entities, the transfer shall meet the requirements for the application of the exemption provided for in article 21 of the Corporate Income Tax Act; and
  - the gain is not obtained through a country or territory defined as a tax haven under the applicable Spanish tax regulations.
- Capital gains realized by Holders who benefit from a DTC entered into between their country of tax residence and Spain that provides for taxation of capital gains derived from the transfer of the Shares only in such Holder’s country of tax residence.

In order to be eligible for the exemptions above mentioned, a Holder must timely file the applicable NRIT tax return before the Spanish tax authorities, attaching a certificate of tax residence issued by the tax authority of its country of residence (which, if applicable, must state that the Holder is a resident of such country within the meaning of the relevant DTC) or, as the case may be, equivalent DTC form. As it has been mentioned above, certificates of tax residence (or equivalent DTC forms) will be generally valid only for a period of one year after their date of issuance.

Prospective Holders should consult their own tax advisors to obtain detailed information regarding NRIT filings they may be required to make before the Spanish Tax Authorities.

### ***Net Wealth Tax***

Non-Spanish tax resident individual Holders holding the Shares will be subject to Spanish NWT to the extent that such Holders own shares (along with other property located in Spain and rights which could be exercised in Spain) valued for a combined net amount that for 2017 is in excess of €700,000. Spanish NWT rates vary between 0.2% and 2.5%. For NWT valuation purposes, the Shares should be valued at their average trading price during the last quarter of such year (according to information published on an annual basis by the Spanish Ministry of Finance and Public Administration). Holders who benefit from a DTC that provides for net wealth taxation only in the Holder's country of residence will not be subject to NWT.

Individuals that are not resident in Spain for tax purposes who are resident in an EU or European Economic Area member State may apply the rules approved by the autonomous region where the assets and rights with more value (i) are located, (ii) can be exercised or (iii) must be fulfilled. As such, prospective holders should consult their tax advisers.

### ***Spanish Inheritance and Gift Tax***

Unless otherwise provided under an applicable DTC, transfers of the Shares upon death and by gift to individuals not resident in Spain for tax purposes are subject to Spanish IGT if the shares are located in Spain (pursuant to Spanish Act 29/1987), regardless of the residence of the heir or the beneficiary. The effective tax rate, after applying all relevant factors (legislation of the autonomous region applicable, the net wealth of the heir or beneficiary of the gift, the kinship with the deceased or the donor and the qualification for tax benefits), may range between 0% and 81.6%.

However, if the deceased, the heir or the done are resident in an EU or European Economic Area member State, depending on the specific situation, the applicable rules will be those corresponding to the relevant autonomous regions. Accordingly, prospective shareholders should consult their tax advisers.

Non-Spanish tax resident legal entities that acquire ownership or other rights over the Shares by inheritance, gift or legacy are not subject to IGT. Such acquisitions will be subject to NRIT (as described above), without prejudice to the provisions of any applicable treaty for the avoidance of double taxation entered into by Spain.

### ***Spanish Transfer Tax***

The acquisition or subscription of the Shares and any subsequent transfer thereof will be exempt from transfer tax and value added tax, under the terms and with the exemptions set out in article 314 of the Consolidated Text of the Securities Market Act, approved by Royal Legislative Decree 4/2015 of 23 October 2015 (former, article 108 of the Securities Market Act 24/1988, of 28 July 1988).

Additionally, no stamp duty will be levied on such acquisition, subscription and transfers.

### **Application to the Company of the special holding company tax regime**

The Company (as well as Prosegur Global CIT, S.L.U., Prosegur Global CIT RoW, S.L.U., Prosegur International CIT, S.L.U., Prosegur International CIT 2, S.L.U., Armor Acquisition, S.A. and Juncadella Prosegur Internacional, S.A.) has opted (and has duly communicated such option to the relevant authorities) to be taxed under the “*Régimen especial de las Entidades de Tenencia de Valores Extranjeros*” (an “ETVE”), the special regime for foreign-securities holding companies (hereinafter, in this section, the “**FSHC regime**”).

Entities fulfilling the following requirements may qualify for the said regime:

- (a) Their corporate purpose must include the management and administration of securities representing the equity of entities not resident in Spain by means of the corresponding organization of material and human resources;
- (b) Their securities must be registered or “nominative”;
- (c) They may not be constituted as a Spanish or European “*Agrupacion de Interés Económico*” (economic interest group) or as an “*Unión Temporal de Empresas*” (temporary business association); and
- (d) The Company cannot be considered an asset-holding entity within the meaning of article 5.2 of CI Tax Act. An asset-holding entity will be any at which more than half of its assets are formed by securities or are not used in an economic activity.

Given the corporate purpose of the Company, the condition in paragraph (a) above should be met. In addition, neither exclusion in paragraphs (c) or (d) above should be applicable to the Company. Regarding the condition in paragraph (b) above, it should not be interpreted in a restrictive sense (preventing the application of the special regime in all cases where the shares of the entity are not formally registered) but rather should

be considered met whenever it is possible to reliably identify the shareholders or members (whether by furnishing public documents evidencing the identity or by keeping a register of shareholders subject to sufficient safeguards). Beneficial owners identification according to book-entry records is described in Representation and Transfer of Shares section above, to which the reader is referred.

This view has been confirmed by the Directorate-General of Taxes (hereinafter, in this section, “**DGT**”) in several rulings (e.g. V2631-10, of 3 December 2010 and V3230-14, of 1 December 2014) in which the DGT has established that the fact that the securities of an ETVE are compulsorily represented by book-entry records because they are admitted to listing on an official secondary market does not entail an obstacle to applying the special tax regime.

Therefore, the Company should fulfil the requirements for qualifying for the application of the FSHC regime.

The FSHC regime will apply to the tax period ending after the election to apply the FSHC regime has been formally notified to the Spanish tax authority and to subsequent tax periods closing before notification to the Spanish tax authority of any decision to opt out of this regime.

The main tax effects of application of this special regime for Holders in respect of the holding and transferring of Shares are the following:

#### ***Resident Shareholders***

Application of the FSHC regime does not introduce any specific treatment with respect to dividends or capital gains or losses obtained by PIT taxpayers holders liable for CI Tax or which operate in Spain through a permanent establishment, to which end the reader is referred to the tax treatment described in the PIT and CI Tax sections above.

#### ***Capital gains and losses***

Application of the FSHC regime does not introduce any specific treatment with respect to capital gains or losses obtained by PIT taxpayers, to which end the reader is referred to the tax treatment described in PIT section above.

#### ***Non-Resident Shareholders***

##### ***Taxation of dividends***

Where a dividend is received by a Holder which is a natural person or legal entity not resident in Spain and does not operate in Spain through a permanent establishment (in which case its tax treatment would be that corresponding to resident shareholders, as described above), the distributed profit will not be deemed obtained in Spanish territory and the dividend will therefore not be subject to Spanish withholding tax, so long as the profits have been distributed from exempt income (dividends and capital gains from

non-resident companies, the shareholdings in which fulfil the requirements of article 21 of the CI Tax)

In contrast, dividends paid by the Company out of non-exempt profits are deemed Spanish source income, and are therefore taxed following the treatment described for dividends in the above, to which the reader is referred. However, dividends received by shareholders resident in a country or territory officially classified as a tax haven will be subject to taxation and withholding in Spain, at a rate of 19%.

The first profits distributed by the Company will be deemed to come from exempt dividends and capital gains, for the purposes of determining and applying the correct tax treatment to any dividends received by a Holder.

To this end, the Company will provide Holders with the information needed to be able to determine the appropriate tax treatment.

The treatment described above does not apply to all non-Spanish resident Holders and a Holder will have to establish his foreign tax residence by submitting a certificate of tax residence duly issued by the tax authorities of its country of residence to secure the above treatment.

Prospective Holders should consult their own tax advisors regarding NRIT filings they may be required to make before the Spanish Tax Authorities.

Distributions of the share premium will be treated in the same way as distributed profits, as detailed in this paragraph.

#### *Taxation of capital gains*

Regardless of whether a Holder is a natural person or a legal entity, the income obtained as a consequence of transferring Shares will not be deemed to be obtained in Spain to the extent that it corresponds to profits deriving from exempt dividends and capital gains as described above or to changes in value attributable to shareholdings in non-Spanish resident companies that fulfil the requirements referred to above.

In contrast, capital gains obtained by the Holder out of non-exempt profits are deemed Spanish source income, and are therefore subject to NRIT following the tax treatment described for capital gains in the above, to which the reader is referred.

However, income deriving from share transfers received by Holders resident in a country or territory officially classified as a tax haven will be subject to taxation in Spain, at a rate of 19%.

To this end, the Company will provide Holders with the information needed to be able to determine the appropriate tax treatment.

The treatment described above does not apply to all non-Spanish resident Holders and a Holder will have to establish his foreign tax residence by submitting a certificate of tax residence issued by the tax authorities of its country of residence in order to secure the above treatment.

### **Certain US Federal Income Tax Considerations**

The following is a description of certain US federal income tax consequences to the US Holders described below of owning and disposing of Offered Shares, but it does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular person's decision to acquire the Offered Shares. This discussion applies only to a US Holder that acquires Offered Shares in this Offering and holds them as capital assets for US federal income tax purposes. In addition, it does not describe all of the tax consequences that may be relevant in light of the US Holder's particular circumstances, including alternative minimum tax consequences or the Medicare contribution tax on net investment income, and tax consequences applicable to US Holders subject to special rules, such as:

- certain financial institutions;
- dealers or certain traders in securities;
- certain expatriates;
- persons holding Offered Shares as part of a "straddle" or integrated transaction or similar transaction;
- persons whose functional currency for US federal income tax purposes is not the US dollar;
- entities classified as partnerships for US federal income tax purposes;
- tax-exempt entities;
- persons that own or are deemed to own 10% or more of the Company's voting stock; or
- persons holding the Offered Shares in connection with a trade or business outside the United States.

If an entity that is classified as a partnership for US federal income tax purposes owns Offered Shares, the US federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships owning Offered Shares and partners in such partnerships should consult their tax advisers as to the particular US federal income tax consequences of owning and disposing of the Offered Shares.



This discussion is based on the US Internal Revenue Code of 1986, as amended (hereinafter, in this section, the “**Code**”), administrative pronouncements, judicial decisions, final, temporary and proposed Treasury Regulations and the income tax treaty between the United States and Spain (hereinafter, in this section, the “**Treaty**”), all as of the date hereof and changes to any of which subsequent to the date of this Prospectus may affect the tax consequences described herein (possibly with retroactive effect).

US Holders should consult their tax advisers concerning the US federal, state, local, and foreign tax consequences of owning and disposing of Offered Shares in their particular circumstances.

Except as specifically described below, this discussion assumes that the Company was not, and will not become, a PFIC.

### ***Taxation of Distributions***

Distributions paid on Offered Shares (including the amount of any Spanish taxes withheld therefrom), other than certain pro rata distributions of ordinary shares to all shareholders, generally will be treated as dividends to the extent paid out of the Company’s current or accumulated earnings and profits (as determined under US federal income tax principles). Because the Company does not maintain calculations of its earnings and profits under US federal income tax principles, it is expected that distributions generally will be reported to US Holders as dividends.

Dividends will be treated as foreign-source income for foreign tax credit purposes and will not be eligible for the dividends-received deduction generally available to US corporations under the Code. Subject to applicable limitations, dividends paid to certain non-corporate US Holders may be eligible for taxation as “qualified dividend income” and therefore may be taxable at rates applicable to long term capital gains. US Holders should consult their tax advisers regarding the availability of these favourable rates on dividends in their particular circumstances. Dividends will generally be included in a US Holder’s income on the date of the US Holder’s receipt of the dividend. The amount of any dividend paid in euros will be the US dollar amount calculated by reference to the spot rate of exchange in effect on the date of receipt, regardless of whether the payment is in fact converted into US dollars. If the dividend is converted into US dollars on the date of receipt, a US Holder should not be required to recognize foreign currency gain or loss in respect of the dividend income. A US Holder may have foreign currency gain or loss if the dividend is converted into US dollars after the date of receipt, and any such gain or loss will be US source ordinary income or loss.

Subject to applicable limitations, Spanish income taxes withheld from dividends on Offered Shares at a rate not exceeding any applicable rate under the Treaty generally will be creditable against the US Holder’s US federal income tax liability (see section “*Taxation—Spanish Tax Considerations—Non-Resident Shareholders—Non-residents Income Tax (NRIT)—Taxation of dividends*” for a discussion of how to obtain the

Treaty rate). Spanish taxes withheld in excess of any applicable rate under the Treaty will not be eligible for credit against a US Holder's US federal income tax liability. In lieu of claiming a credit, a US Holder may elect to deduct such Spanish taxes in computing its taxable income, subject to applicable limitations. An election to deduct foreign taxes instead of claiming foreign tax credits must apply to all foreign taxes paid or accrued in the taxable year. The rules governing foreign tax credits are complex, and US Holders should consult their tax advisers regarding the creditability of foreign taxes in their particular circumstances.

### ***Sale or Other Taxable Disposition of Offered Shares***

US Holders will generally recognize taxable gain or loss on a sale or other taxable disposition of Offered Shares equal to the difference between the amount realized on the sale or other taxable disposition and the US Holder's tax basis in such Offered Shares, in each case as determined in US dollars. This gain or loss generally will be long-term capital gain or loss if at the time of sale or disposition the US Holder has owned the Offered Shares for more than one year. Any gain or loss generally will be US-source gain or loss for foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

### ***Passive Foreign Investment Company Rules***

In general, a non-US corporation is a PFIC for US federal income tax purposes for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-US corporation that owns directly or indirectly at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, and certain gains, royalties and rents.

Based on the nature of the Company's business, the Company does not expect to be a PFIC for its current taxable year or in the foreseeable future. However, a Company's PFIC status is a factual determination that is made on an annual basis and depends on the composition and character of the company's income and assets and the market value of its assets (which may be determined, in part, based on the market value of its Shares). It is possible that the Company could become a PFIC due to changes in the composition of its assets or income or in its market capitalization. Therefore, no assurance is given that the Company will not be a PFIC for any taxable year.

In general, if the Company were a PFIC for any taxable year during which a US Holder owned Shares, gain recognized by a US Holder on a sale or other disposition (including certain pledges) of the Shares, would be allocated rateably over the US Holder's holding period for the Shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before the Company became a PFIC would be taxed as

ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the tax on such amounts. Further, to the extent that any distribution received by a US Holder on its Shares exceeds 125% of the average of the annual distributions on the Shares received during the preceding three years or the US Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain, described immediately above. Certain elections may be available that would result in alternative treatments (such as a mark-to-market treatment) of the Shares. US Holders should consult their tax advisers to determine whether any of these elections would be available if the Company is a PFIC for any taxable year and, if so, what the consequences of the alternative treatments would be in their particular circumstances.

If the Company were a PFIC for any taxable year during which a US Holder owns Shares, the Company will generally continue to be treated as a PFIC with respect to the US Holder for all succeeding years during which the US Holder owns Shares, even if the Company ceases to meet the threshold requirements for PFIC status. Furthermore, if the Company were a PFIC for the taxable year in which it paid a dividend or the prior taxable year, the reduced rates discussed above with respect to dividends paid to certain non-corporate US Holders would not apply. If the Company were a PFIC, a US Holder would also be subject to annual information reporting requirements.

US Holders should consult their tax advisers regarding the application of the PFIC rules to their investment in the Offered Shares.

### ***Information Reporting and Backup Withholding***

Payments of dividends and sales proceeds that are made within the United States or through certain US-related financial intermediaries generally will be subject to information reporting and backup withholding unless (i) the US Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the US Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against the US Holder's US federal income tax liability, provided that the required information is timely furnished to the Internal Revenue Service.

Certain US Holders who are individuals (and certain entities closely-held by individuals) may be required to report information relating to their ownership of Offered Shares, unless the Offered Shares are held in accounts at certain US financial institutions. US Holders should consult their tax advisers regarding their reporting obligations with respect to the Offered Shares.

## PLAN OF DISTRIBUTION

### The Underwriting Agreement

Upon finalization of the book-building period (expected to be on or about 15 March 2017), the Company, the Selling Shareholder and the Managers expect to enter into the Underwriting Agreement with respect to the Initial Offered Shares and the Additional Shares. Subject to the satisfaction of certain conditions set out in the Underwriting Agreement and the Underwriting Agreement not having terminated in accordance with its terms, each entity listed in the following table (hereinafter, in this section, the “**Managers**”) will agree, severally but not jointly, to procure purchasers for or failing which to purchase itself the Initial Offered Shares set forth opposite its name in the following table:

| Name                                       | Number of Initial Offered Shares | Percentage of total underwriting commitment |
|--|----------------------------------|---|
| Goldman Sachs International .....          | 76,875,000                       | 20.50%                                      |
| Banco Santander, S.A. ....                 | 73,125,000                       | 19.50%                                      |
| Citigroup Global Markets Limited.....      | 73,125,000                       | 19.50%                                      |
| Banco Bilbao Vizcaya Argentaria, S.A.....  | 58,500,000                       | 15.60%                                      |
| Deutsche Bank AG, London Branch.....       | 25,500,000                       | 6.80%                                       |
| HSBC Bank plc.....                         | 25,500,000                       | 6.80%                                       |
| JB Capital Markets, S.V., S.A.U.....       | 18,750,000                       | 5.00%                                       |
| Bankinter, S.A.....                        | 13,125,000                       | 3.50%                                       |
| CaixaBank, S.A.....                        | 5,250,000                        | 1.40%                                       |
| Itau BBA USA Securities, Inc. ....         | 5,250,000                        | 1.40%                                       |
| <b>Total underwriting commitment .....</b> | <b>375,000,000</b>               | <b>100%</b>                                 |

Additionally, it is expected that Bankinter Securities Sociedad de Valores, S.A., a wholly-owned subsidiary of Bankinter, S.A., and ANZ Bank New Zealand Ltd will take part in the marketing activities of the Offering, although it will not be a party to the Underwriting Agreement and it will not receive any commission from the Selling Shareholder.

The amounts in this column refer to the number of Initial Offered Shares only, the Additional Shares, if any, would be distributed amongst Managers following the same percentages. The Selling Shareholder will inform the market of any amendment of the number or identity of the Managers, or of the percentage of Initial Offered Shares underwritten by any of which may occur through publication of a relevant fact disclosure (*hecho relevante*).

If one or more of the Managers shall fail on the Transaction Date (expected to be on or about 16 March 2017) to purchase the Offered Shares which it or they are obliged to purchase under the Underwriting Agreement (hereinafter, in this section, the “**Defaulted Shares**”), or if such failure is, in the judgment of the Joint Global Coordinators, threatened, the Joint Global Coordinators shall have the right, within 24 hours

thereafter, to make arrangements for one or more of the non-defaulting Managers, or any other Managers, to purchase all, but not less than all, of the Defaulted Shares in such amounts as may be agreed upon and upon the terms set forth in the Underwriting Agreement; if, however, the Joint Global Coordinators shall not have completed such arrangements within such 24-hour period, then (i) if the number of Defaulted Shares does not exceed 10% of the number of Offered Shares to be purchased on such date, each of the non-defaulting Managers shall be obliged, acting severally and not jointly, to purchase itself the full amount thereof in the proportions that their respective underwriting commitments bear to the underwriting commitments of all non-defaulting Managers; or (ii) if the number of Defaulted Shares exceeds 10% of the number of Offered Shares to be purchased on such date, the Underwriting Agreement or, with respect to the Transaction Date, the obligation of the Managers to purchase and the Selling Shareholder to sell the Offered Shares to be purchased and sold on the Transaction Date, shall terminate without liability on the part of any non-defaulting Manager.

Under the Underwriting Agreement, the Selling Shareholder will grant the Joint Global Coordinators, on behalf of the Managers, acting severally and not jointly, an option, exercisable in whole or in part on one occasion only at any time on or before 30 days after Admission to purchase up to a maximum of 37,500,000 Additional Shares (representing 10% of the Initial Offered Shares) at the Offering Price. See section “—*Over-allotment Option*” below.

The Company will give the Managers customary representations and warranties under the Underwriting Agreement, including in relation to the Company’s business, the Shares and the contents of this Prospectus. The Selling Shareholder will also give the Managers customary representations and warranties under the Underwriting Agreement in relation to, amongst other matters, its title to the Shares.

In consideration of the agreement by the Managers to purchase the Shares and, if and to the extent the Over-allotment Option is exercised, the Additional Shares, the Selling Shareholder will pay to the Managers a commission to be agreed under the Underwriting Agreement which will be a percentage of the aggregate Offering Price of the Offered Shares sold in the Offering. The Selling Shareholder, at its sole discretion, may elect to pay to one or more of the Managers an additional fee based on the aggregate Offering Price of the Offered Shares sold in the Offering to be agreed under the Underwriting Agreement. Furthermore, the Company will agree to reimburse the Managers for certain expenses in connection with the Offering.

The Underwriting Agreement will also provide that (i) the Company will, subject to certain exceptions, indemnify the Managers against certain liabilities, including liabilities under applicable securities laws that may arise in connection with the Offering; and (ii) the Managers will, subject to certain exceptions, indemnify the Company and the Selling Shareholder against certain liabilities and (iii) the Underwriting Agreement may be terminated under certain scenarios (see section “*Withdrawal and revocation of the Offering—Revocation of the Offering*” below).

## The Offering

The Selling Shareholder and the Company expect that the Offering will take place according to the calendar set out at section “—*Tentative calendar of the Offering*” below.

The Offering is of 375,000,000 Shares, with a nominal value of €0.02 per share (the Initial Offered Shares), representing 25% of the total share capital of the Company, which results in an offer of €7.5 million of nominal value. If the Over-allotment Option is exercised in full by the Joint Global Coordinators on behalf of the Managers, the Offering would be increased by 37,500,000 Shares, representing 2.5% of the total share capital of the Company (these Additional Shares representing 10% of the Initial Offered Shares), resulting in an offering for an aggregate nominal value of €8.3 million.

In particular, the closing date of the Offering or the “**Transaction Date**” (*fecha de operación bursátil*) is expected to be on or about 16 March 2017. The Company will publish the Offering Price through a relevant fact disclosure (*hecho relevante*) as described in section “*Pricing of the Offering-Offering Price*” below. Under Spanish law, on the Transaction Date, investors become unconditionally bound to pay for, and entitled to receive, the Initial Offered Shares purchased in the Offering.

Payment by the final investors for the Initial Offered Shares will be made no later than the second business day after the Transaction Date against delivery through the facilities of Iberclear of the Initial Offered Shares to final investors, which is expected to take place on or about 20 March 2017 (hereinafter, in this section, the “**Settlement Date**”). The Shares are expected to be listed on the Spanish Stock Exchanges and quoted on the SIBE on or about 17 March 2017, under the symbol “CASH”.

The Offering will be conducted through a book-building process. During the book-building period, which is expected to start on 3 March 2017, after the registration of this Prospectus with the CNMV and until 15 March 2017 (both inclusive), the Managers will market the Offered Shares amongst investors in accordance with, and subject to, the selling restrictions set forth in this Prospectus. Investors may submit their purchase proposals during this period, indicating the number of Initial Offered Shares and the potential purchase price at which they would be interested to acquire.

The book-building period may be reduced or extended by agreement of the Selling Shareholder and the Joint Global Coordinators if, in the first case, the book of demand is sufficiently covered in their view before the end of the book-building period or, in the second case, if they understand that an extension of the book-building period is convenient to ensure the success of the Offering. In the event that there is such a reduction or extension of the book-building period, the Selling Shareholder will inform the market through the publication of a relevant fact disclosure (*hecho relevante*) and the subsequent steps in the tentative calendar of the Offering set out in this section may be postponed or advanced.

The purchase proposals made by investors during the book-building period will constitute only an indication of interest of the investors in the Initial Offered Shares and shall accordingly not be binding with respect to the number of Initial Offered Shares and the price either for the investors or the Selling Shareholder. Confirmation of the purchase proposals once the Offering Price has been fixed will be irrevocable. Investors will be expected to confirm their purchase proposals to their custodian entities responsible for their “billing and delivery” including in their settlement instructions the 35 digits corresponding to each of the final investor’s settlement account in Iberclear and the 20 digits corresponding to each final investor’s securities account in an Iberclear participant (failure to furnish such instructions to their respective “billing and delivery” entities may result in investors not being allocated Initial Offered Shares or custodians not accepting settlement). The Company will bear any expenses payable to the Spanish Stock Exchanges and Iberclear deriving from the registration of the Shares under the name of the relevant investors.

The Company and the Selling Shareholder have discussed with the Joint Global Coordinators their principles for allocation, the factors they believe to be relevant to the allocation and pricing of the Offered Shares and have agreed the objectives and process for the allocation and pricing of the Offered Shares. The Joint Global Coordinators will take into account their prudential responsibilities to manage their risk properly when agreeing the allocation, pricing and timing.

The final decision on the allocation of the Offered Shares shall be made by the Company and the Selling Shareholder after consultation with the Joint Global Coordinators, on the Transaction Date, which is expected to occur on or about 16 March 2017.

As all of the Offering is secondary, it will have no dilutive effect.

The Offering has a single tranche and consists of a placement to institutional investors only, including into the United States only to QIBs (“qualified institutional buyers” as defined in and in reliance upon Rule 144A) and outside the United States in “offshore transactions” as defined in, and in reliance upon, Regulation S. Outside the United States, the Offering is directed only to investors who, if resident in a member state of the EEA, are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive, and if resident in Spain, to qualified investors with the meaning of Article 39 of Royal Decree 1310/2005 of November 4.

The Shares have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Any offer or sale of Shares in reliance on Rule 144A under the Securities Act will be made by brokers or dealers that are registered as such under the Exchange Act. In addition, neither this Prospectus nor the Shares have been or will be registered under any securities laws of any jurisdiction other than Spain.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Shares within the United States by a dealer that is not participating in the Offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

Banco Bilbao Vizcaya Argentaria, S.A., Bankinter, S.A. and CaixaBank, S.A. are only participating in the Offering outside the United States under Regulation S of the Securities Act. Banco Bilbao Vizcaya Argentaria, S.A., Bankinter, S.A. and CaixaBank, S.A. are not broker-dealers registered with the SEC and will not be offering or selling securities in the United States or to US nationals or residents.

Itau BBA USA Securities, Inc. will not make any offer and will not sell securities in Spain.

### **Pricing of the Offering**

Prior to the Offering, there has been no public market for the Shares.

#### ***Offering Price Range***

The indicative non-binding Offering Price Range is €1.95 to €2.35 per Offered Share. The Offering Price Range has been determined by negotiations amongst the Selling Shareholder, Prosegur (which has received financial advice from Lazard) and the Joint Global Coordinators, and no independent experts have been consulted in determining the Offering Price Range. The Offering Price Range implies an aggregate Offering Price of between approximately €731.3 million and €881.3 million, if the Over-allotment Option is not exercised, and of between €804.4 million and €969.4 million, if the Over-allotment Option is fully exercised, and a market capitalisation of the Company totalling between €2,925.0 million and €3,525.0 million, approximately. The Offering Price Range is indicative only and the Offering Price may be higher or lower than the Offering Price Range. There can be no assurance that the prices at which the Shares will sell in the public market after the Offering will not be lower than the Offering Price Range or that an active trading market in the Company's ordinary shares will develop and continue after the Offering.

#### ***Offering Price***

The Offering Price will be determined based on negotiations between the Selling Shareholder, Prosegur (which has received financial advice from Lazard) and the Joint Global Coordinators upon the finalization of the book-building period (expected to be on or 15 March 2017) and it will be announced through a relevant fact disclosure (*hecho relevante*) reported to the CNMV no later than 11:59 p.m. (CET) (unless the Selling Shareholder and the Joint Global Coordinators agree otherwise) on the date following the setting of the Offering Price (which is expected to be occur on or about 15 March 2017) (or any prior date or subsequent date if it is previously reported to the CNMV).



The underwriting price will be the price per Share to which the Managers will undertake to purchase the Initial Offered Shares that, as the case may be, are not allocated to investors, and will be equal to the Offering Price.

#### ***Expenses and taxes charged to the investor***

Purchasers of Offered Shares may be required to pay stamp taxes and other charges in compliance with the laws and practices of their country of purchase in addition to the Offering Price.

In addition, purchasers will have to bear the commissions payable to the financial intermediaries through which they will hold the Shares, including those commissions related to administration and security custody which are freely set by the relevant financial intermediaries and notified to the CNMV or Banco de España, as the case may be.

As set forth in section “*Taxation—Spanish Tax Considerations—Spanish Transfer Tax*” the acquisition or subscription of the Shares and any subsequent transfer thereof will be exempt from Transfer Tax, Stamp Duty and Value Added Tax.

#### **Payment of the Shares**

The payment of the Offering Price by the investors for the Shares purchased in the Offering shall be made between the Transaction Date (expected to be on or about 16 March 2017) and no later than 9:30 a.m. (CET) on the Settlement Date (expected to be on or about 20 March 2017), both inclusive, notwithstanding any advances requested, as the case may be.

Prior to payment, confirmation of the purchase proposals by the investors to their custodian entities responsible for their “billing and delivery” in relation to the Initial Offered Shares will need to detail, in their settlement instructions, the 35 digits corresponding to each the final investor’s settlement account in Iberclear and the 20 digits corresponding to each final investor’s securities account in an Iberclear participant (failure to furnish such instructions to their respective “billing and delivery” entities may result in investors not being allocated Offered Shares or custodians not accepting settlement).

Payment by the final investors for the Offered Shares will be made no later than the second business day after the Transaction Date against delivery through the facilities of Iberclear of the Offered Shares to final investors, which is expected to take place on or about 20 March 2017.

#### **Delivery of the Shares**

The final allocation of the Initial Offered Shares will be decided by the Company and the Selling Shareholder after consulting with the Joint Global Coordinators, which shall

notify so to the Agent Bank by means of the delivery of the corresponding files to be submitted to Iberclear and to the Spanish Stock Exchanges on or around 7:00 p.m. (Madrid time) on the Transaction Date (expected to be on or about 16 March 2017).

On the Transaction Date, the Joint Global Coordinators will submit the details of the final allocation of the Initial Offered Shares to the Managers, which will in turn notify such details to the relevant investors.

In addition, on the same date, the Agent Bank shall arrange with the Spanish Stock Exchanges the statement of sale and purchase transaction and the allocation of the corresponding book-entry registries.

Execution of the sale of the Initial Offered Shares will be deemed made on the Transaction Date, although the actual delivery will take place on the Settlement Date.

The outcome of the Offering will be published through a relevant fact disclosure (*hecho relevante*) with the CNMV on the Transaction Date or the next business day.

## **Agent**

Banco Bilbao Vizcaya Argentaria, S.A. acts as Agent Bank. In such condition, the Agent Bank will perform the following functions maintain the Initial Offered Shares deposited in the securities accounts held with it by the Selling Shareholder until settlement of the Offering, instruct the entities participating in the Offering on the procedures applicable to its execution, receiving and processing information on the selection and confirmation of purchase proposals and collaborating in the allocation of the Initial Offered Shares to final investors as per the instructions of the Joint Global Coordinators and the Company, and cooperating with the Company in the Admission process.

## **Withdrawal and revocation of the Offering**

### ***Withdrawal of the Offering***

The Selling Shareholder expressly reserves the right to withdraw the Offering, postpone it, defer it, or suspend it temporarily or indefinitely for any reason at any time before the setting of the Offering Price.

In case of withdrawal, the Selling Shareholder will notify such circumstance to the CNMV, the Agent Bank and the Joint Global Coordinators on behalf of the Managers, on the date on which the withdrawal takes place or as soon as practicable.

### ***Revocation of the Offering***

The Offering will be revoked:

- (a) if the Underwriting Agreement is not signed on or before 03:00 p.m. (CET) on the date following setting of the Offering Price (which is expected to be set on 15 March 2017 or any postponement thereof duly notified to the CNMV);
- (b) if the Offering is suspended or withdrawn by any judicial or administrative authority;
- (c) if the Shares are not admitted to listing on the Spanish Stock Exchanges before 11:59 p.m. (CET) on 15 April 2017; or
- (d) if the Underwriting Agreement is terminated before 7:00 p.m. (CET) on the Transaction Date (expected to be on or about 16 March 2017) upon the occurrence of the customary termination provisions set forth in the Underwriting Agreement, including:
  - (i) If at any time on or prior to the Transaction Date, expected to be on or about 16 March 2017 (or only with regard to the Additional Shares, until and including the relevant date of delivery) (i) there has been, in the good faith judgement of the Joint Global Coordinators, a material breach by the Company, the Selling Shareholder and/or Prosegur of any of their respective representations, warranties or undertakings contained in the Underwriting Agreement or any of the representations, and warranties of the Company, the Selling Shareholder and/or Prosegur contained in the Underwriting Agreement is not, or has ceased to be, true and correct; (ii) the CNMV or any other relevant authority suspends or revokes any necessary approval for the Offering; (iii) there has occurred any material adverse change in the financial markets in Spain, the United States, the United Kingdom or in any member state of the EEA, or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, or currency exchange rates, in each case, the effect of which event, individually or together with any other such event, in the good faith judgment of the Joint Global Coordinators, makes or is likely to make it impracticable or inadvisable to proceed with the Offering or the sale and delivery of the Shares on the terms and in the manner contemplated in the Underwriting Agreement and this Prospectus; (iv) Admission has been withdrawn, or if trading generally on the Spanish Stock Exchanges, the London Stock Exchange, the New York Stock Exchange or in the NASDAQ System has been suspended or limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by such system or by order of the regulatory authorities of Spain, the United States, the United Kingdom or any other governmental or self regulatory authority, or a material disruption has occurred in commercial banking or securities settlement, payment or clearance services in Spain, the United States, the

State of New York, the United Kingdom or any member state of the EEA; or (v) a moratorium on banking activities has been declared by the authorities of any of the European Union, Spain, the United States, the State of New York, the United Kingdom or any member state of the EEA.

- (ii) If, as explained under section “*The Underwriting Agreement*” above, the number of Defaulted Shares exceeds 10% of the number of Shares to be purchased on the Transaction Date.

In case of withdrawal or revocation of the Offering, all offers to purchase Shares shall be cancelled and all purchase orders related to the Offering shall be terminated. Additionally, the Selling Shareholder will have no obligation to deliver the Offered Shares and the investors shall have no obligation to purchase the Offered Shares. If any advance payment would have been made by any investor to the Managers, the relevant Managers will refund such amounts free of any charges, commission or expenses on the business day after the announcement of the revocation of the Offering.

In the event that the Offered Shares have already been delivered by the Selling Shareholder and the Offering Price has been paid by the investors on the business day after the announcement of the revocation of the Offering, the investors would be required to return title to the Offered Shares and the Selling Shareholder will repurchase the Offered Shares to the purchasers for the amount paid by them in the Offering, together with interest calculated at the statutory rate (*interés legal*) (currently set at 3.00%) from the date on which the purchasers paid for the Offered Shares until and including the date on which the Selling Shareholder repays the Offering Price.

The investors purchasing Offered Shares shall be deemed to have consented to the aforementioned repurchase of Offered Shares.

In case of revocation of the Offering, the Selling Shareholder will notify such circumstance to the CNMV, the Agent Bank and the Joint Global Coordinators on behalf of the Managers, on the date on which the revocation takes place or as soon as practicable.

### **Tentative calendar of the Offering**

The Company expects that the Offering will take place according to the tentative calendar set out below:

| <b>Action</b>  | <b>Estimated Date<sup>(1)</sup></b>            |
|--|--|
| Registration of the prospectus with the CNMV   | 2 March 2017                                   |
| Commencement of the book-building period in which proposals are made by the Qualified Investors  | 3 March 2017                                   |
| Finalization of the book-building period   | 15 March 2017                                  |
| Setting of the Offering Price  | 15 March 2017                                  |
| Execution of the Underwriting Agreement  | 15 March 2017                                  |
| Allocation of the Initial Offered Shares   | 16 March 2017                                  |
| Transaction Date   | 16 March 2017                                  |
| Admission to listing on the Spanish Stock Exchanges and commencement of the Stabilization Period | 17 March 2017                                  |
| Payment by final investors   | No later than 9:30 a.m. (CET) on 20 March 2017 |
| Settlement Date  | 20 March 2017                                  |
| Finalization of the Stabilization Period   | 15 April 2017                                  |

<sup>(1)</sup> Each of the times and dates is subject to change without prior notice. Any change, including in particular any shortening of the book-building period, will be published with the CNMV through a relevant fact disclosure (*hecho relevante*) related to the Prospectus.

### ***Authorizations of the Offering***

On 6 February 2017 and 15 February 2017, the Selling Shareholder and the Company determined to apply for the Admission, and the implementation by the Selling Shareholder of an offer for the sale of the Offered Shares, as contemplated in the Offering. For the avoidance of doubt, no application has been made or is currently intended to be made for the Shares to be admitted to listing on any exchange other than the Spanish Stock Exchanges and the SIBE.

The Offering shall not be subject to any administrative approval or authorisation besides the regime applicable to the approval by the CNMV of this document as a “prospectus” for the purposes of the Admission in accordance with the Spanish Securities Market Act and related regulation.

In addition, the Company will publish any change in the date expected for the Admission to listing on the Spanish Stock Exchanges of the Shares through a relevant fact disclosure (*hecho relevante*) with the CNMV.

The Company is aware of, and undertakes to comply with, all the statutory requirements and conditions for the admission and maintenance of the Shares on the Spanish Stock Exchanges, pursuant to the applicable laws and the requirements of the relevant governing bodies.

## ***Stabilization***

In connection with the Offering, Citigroup Global Markets Limited or any of its agents, as Stabilization Manager, on behalf of itself and the other Managers, may (but will be under no obligation to), to the extent permitted by applicable law and regulations, over-allot or effect transactions in Shares or effect transactions in any over the counter market or otherwise, with a view to stabilizing the market price of the Shares at a level higher than that which might otherwise prevail in the open market. Any stabilization transaction shall be undertaken in accordance with applicable laws and regulations, in particular, Commission Regulation (EU) No. 596/2014 of 16 April 2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (hereinafter, in this section “**Regulation EU 596/2014**”), as regards exemptions for buy-back programmes and stabilization of financial instruments set forth under the Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures (hereinafter, in this section “**Delegated Regulation (EU) 2016/1052**”).

The stabilization transactions shall be carried out for a maximum period of 30 calendar days from the date of the commencement of trading of Shares on the Spanish Stock Exchanges and quoted on the SIBE, provided that such trading is carried out in compliance with the applicable rules, including any rules concerning public disclosure and trade reporting. The stabilization period is expected to commence on 17 March 2017 and end on 15 April 2017.

For this purpose, the Stabilization Manager may carry out an over-allotment of Shares in the Offering, which may be covered by the Stabilization Manager pursuant to one or several securities loans granted by the Selling Shareholder. The Stabilization Manager is not required to enter into such transactions and such transactions may be effected on any regulated market, over-the-counter market, stock exchange or otherwise and may be taken at any time during the Stabilization Period. However, there is no obligation that the Stabilization Manager or any of its agents effect stabilizing transactions and there is no assurance that the stabilizing transactions will be undertaken. Such stabilization, if commenced, may be discontinued at any time without prior notice, without prejudice of the duty to give notice to the CNMV of the details of the transactions carried out under Regulation (EU) 596/2014 and Delegated Regulation (EU) 2016/1052.

In no event will measures be taken to stabilize the market price of the Shares above the Offering Price. In accordance with article 5.5 of Regulation (EU) 596/2014 and article 6.2 of Delegated Regulation (EU) 2016/1052 the details of all stabilization transactions will be notified by the Stabilization Manager to the CNMV no later than closing of the seventh daily market session following the date of execution of such stabilization transactions.

Additionally, in accordance with articles 5.4 and 5.5 of Regulation (EU) No. 596/2014 and article 6.3 of Delegated Regulation (EU) 2016/1052, the following information will be disclosed to the CNMV by the Stabilization Manager within one week of the end of the Stabilization Period: (i) whether or not stabilization transactions were undertaken; (ii) the date at which stabilization transactions started; (iii) the date on which stabilization transactions last occurred; and (iv) the price range within which the stabilization transactions were carried out, for each of the dates during which stabilization transactions were carried out.

### ***Over-allotment Option***

In connection with the Offering, the Selling Shareholder will grant to the Joint Global Coordinators, acting on behalf of the Managers, acting severally but not jointly, an option to purchase the Additional Shares (representing up to a maximum of 37,500,000 Shares, 10% of the Initial Offered Shares) at the Offering Price. The Over-allotment Option is exercisable, in whole or in part, by Global Coordinators, acting on behalf of the Managers, upon notice to the Company and the Selling Shareholder, only for the purpose of covering over-allotments (if any), at any time on or before the 30<sup>th</sup> calendar day after Admission. This period is expected to end on 15 April 2017. Any Additional Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Initial Offered Shares, including for all dividends and other distributions declared, made or paid on the Initial Offered Shares, if any, will be purchased on the same terms and conditions as the Initial Offered Shares being issued or sold in the Offering and will form a single class for all purposes with the other Shares.

### ***Lock-Up Agreements***

The Company has agreed that, without the prior written consent of the Joint Global Coordinators, during the period commencing upon Admission and ending 180 days as from Admission, neither the Company nor any of its subsidiaries nor any person acting on its or their behalf will directly or indirectly, issue, offer, pledge, sell, transfer, contract to sell, sell any option or contract to purchase, exercise any option to sell, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of any Shares or other equity securities, or any securities convertible into or exercisable or exchangeable for Shares or other Company equity securities or file any prospectus under the Prospectus Directive and the prospectus rules thereunder or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing; or enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequences of ownership of Shares or other equity securities, whether any such transaction is to be settled by delivery of Shares or warrants of the Company or such other equity securities, in cash or otherwise; or publicly announce such an intention to effect any such transaction; provided however, that these restrictions shall not apply to the grant or exercise of options or other rights to acquire

Shares or rights related to Shares under the Company's employees' share and incentive schemes, in each consistent with prior ordinary course practices.

The Selling Shareholder and Prosegur have agreed to similar restrictions for a period of 180 days as from Admission; provided however, that these restrictions shall not apply to the sale of Shares to be sold by the Selling Shareholder in the Offering intercompany transfers by the Selling Shareholder or Prosegur in favour of its controlled companies and their affiliates, any acceptance of a takeover bid which has been recommended by the board of directors of the Company, the implementation of a scheme of arrangement in respect of the sale of the Shares recommended by the board of directors of the Company, the Shares lent under a stock lending agreement, or any disposal of Shares pursuant to any offer by the Company to purchase its own securities which is made on identical terms to all holders of Shares.

### **Other Relationships**

The Managers and their respective affiliates may have engaged in transactions with and may have performed various lending, trading, investment banking (including as underwriters, bookrunners or placement agents), financial advisory and other services for the Company and the Selling Shareholder and their respective affiliates, for which they received customary fees, and they and their respective affiliates may provide such services for the Company and the Selling Shareholder and their respective affiliates in the future. Certain of the Managers (either directly or through their affiliates) are clients and/or lenders under certain of the Prosegur Group's debt facilities and/or provide performance and other guarantees to the Prosegur Group. Moreover, in the ordinary course of their business activities, the Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments, including corporate debt facilities, of the Company, the Group and the Selling Shareholder.

Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Bankinter, S.A., CaixaBank, S.A., Citigroup Global Markets Limited, Deutsche Bank Luxembourg, S.A., London Branch, Goldman Sachs Bank USA and HSBC Bank plc, Sucursal en España are lenders under the Loan Agreement and the Revolving Credit Facility. See section "*Material Contracts—Financing Arrangements—Loan Agreement / Revolving Credit Facility*" for further details.

Furthermore, certain of the Managers and/or their affiliates may be customers of the Company, the Selling Shareholder and/or other Prosegur Group companies in several countries in the ordinary course of business.



### *Offering expenses*

The following table is for illustrative purposes only and sets forth the estimated expenses payable by the Company (except as indicated below) in relation to the offer of the Offered Shares, in each case excluding any taxes, in particular VAT, which shall be added where applicable:

| <b>Expenses</b>  | <b>Thousands of Euros</b> |
|--|---------------------------|
| Underwriting commissions <sup>(1)</sup> .....  | 22,978                    |
| Iberclear fee.....   | 50                        |
| Spanish Stock Exchanges fee.....   | 210                       |
| CNMV fee.....  | 80                        |
| Legal expenses (notary public, registration with the Commercial Register) and others (publishing, legal and financial advice, audit, agent bank and others)..... | 4,913                     |
| <b>TOTAL</b>   | <b>28,371</b>             |

<sup>(1)</sup> Offered Shares underwriting commissions will be paid by the Selling Shareholder. Assuming that (i) the Offering Price is the mid-point of the Offering Price Range, that is €2.15; (ii) all the Initial Offered Shares (excluding the Additional Shares) have been placed or purchased by each of the Managers and (iii) the discretionary fee, as the case may be, is paid in full.

Assuming that the Over-allotment Option is entirely exercised, the expenses payable are the ones indicated in the table above.

The expenses payable by the Selling Shareholder would total €28.0 million, which accounts for 3.1% of the total amount of the Offering. The expenses payable by the Company would amount to €0.4 million, which represents 0.04% of the total amount of the Offering.

## TRANSFER AND SELLING RESTRICTIONS

### Transfer Restrictions

Because of the following restrictions, purchasers of Shares in the United States are advised to consult legal counsel prior to making any offer for, or resale, pledge or other transfer of, Shares.

The Offered Shares are being offered in accordance with Rule 144A and Regulation S under the Securities Act. Terms used in this section, which are defined in Rule 144A or in Regulation S under the Securities Act, are used herein as defined therein. The Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction within the United States and, accordingly, may not be offered, sold or delivered within the United States except to QIBs in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and outside the United States in accordance with Regulation S.

In addition, until 40 days after the closing of the Offering, any offer or sale of the Offered Shares originally distributed outside the United States in accordance with Regulation S that is made within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another exemption from registration under the Securities Act.

Banco Bilbao Vizcaya Argentaria, S.A., Bankinter, S.A. and CaixaBank, S.A. are only participating in the Offering outside the United States under Regulation S of the Securities Act. Banco Bilbao Vizcaya Argentaria, S.A., Bankinter, S.A. and CaixaBank, S.A. are not broker-dealers registered with the SEC and will not be offering or selling securities in the United States or to US nationals or residents.

Itau BBA USA Securities, Inc. will not make any offer and will not sell securities in Spain.

Each purchaser of the Offered Shares hereby in reliance on Rule 144A will be deemed to have represented and agreed as follows:

- (a) the purchaser is (i) a QIB, (ii) aware, and each beneficial owner of the Offered Shares has been advised, that such sale of Offered Shares is being made in reliance on Rule 144A and (iii) acquiring Offered Shares for its own account or for the account of a QIB; and
- (b) the purchaser understands that the Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be reoffered, resold, pledged or otherwise transferred except (i) (A) to a person whom the purchaser and any

person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (B) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or (C) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) and (ii) in accordance with all applicable securities laws of the states of the United States. Such purchaser acknowledges that the Offered Shares offered and sold in accordance with Rule 144A are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for re-sales of the Offered Shares.

### **Selling Restrictions**

No action has been or will be taken in any jurisdiction that would permit a public offering of the Offered Shares, or possession or distribution of this document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Offered Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Offered Shares may be distributed or published, in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the Offering. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer of, or the solicitation of an offer to buy or subscribe for, any of the Offered Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction. There will be no public offering in the United States.

No Offered Shares have been marketed to, or are available for purchase in whole or in part by, the public in Spain or elsewhere in conjunction with the Offering. This document does not constitute a public offer or the solicitation of a public offer in Spain or elsewhere to subscribe for or to buy any securities in the Company or any other entity.

### ***European Economic Area***

In relation to each Relevant Member State, an offer to the public of any Shares may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;

- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) per Relevant Member State; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the Company, any Selling Shareholder or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive and each person who initially acquires any Offered Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with each of the Managers, the Selling Shareholder and the Company that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and any Shares to be offered so as to enable an investor to decide to purchase any Shares, as the same may be varied for that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

### ***United Kingdom***

In the United Kingdom, this document is only being distributed to and is only directed at Qualified Investors who are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (hereinafter, in this section, the “**Order**”), or (ii) persons falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “Relevant Persons”). The securities described herein are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, (1) in the United Kingdom, Relevant Persons and (2) in any member state of the EEA other than the United Kingdom, Qualified Investors. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this document or any of its contents.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Offered Shares will only be communicated or caused to be communicated in circumstances in which section 21(1) of the FSMA does not apply to the Selling Shareholder or the Company.

### ***Australia***

This document (a) does not constitute a prospectus or a product disclosure statement under the Corporations Act 2001 of the Commonwealth of Australia (hereinafter, in this section, the “**Corporations Act**”); (b) does not purport to include the information required of a prospectus under Part 6D.2 of the Corporations Act or a product disclosure

statement under Part 7.9 of the Corporations Act; (c) has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission (hereinafter, in this section, “ASIC”), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (d) may not be provided in Australia other than to select investors (hereinafter, in this section, “**Exempt Investors**”) who are able to demonstrate that they (i) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act; and (ii) are “wholesale clients” for the purpose of section 761G of the Corporations Act.

The Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for, or buy, the Shares may be issued, and no draft or definitive prospectus, advertisement or other offering material relating to any Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Offered Shares, each purchaser or subscriber of Offered Shares represents and warrants to the Company, the Selling Shareholder, the Managers and their affiliates that such purchaser or subscriber is an Exempt Investor.

As any offer of Offered Shares under this document, any supplement or other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the offer of those Offered Shares for resale in Australia within twelve months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the Offered Shares each purchaser of Offered Shares undertakes to the Company, the Selling Shareholder and the Managers that such purchaser will not, for a period of twelve months from the date of purchase of the Offered Shares, offer, transfer, assign or otherwise alienate those Offered Shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

### ***Japan***

The Shares have not been, and will not be, registered under the Financial Instruments and Exchange Law of Japan (Act No. 25 of 1948, as amended, the “FIEL”) and disclosure under the FIEL has not been, and will not be, made with respect to the Offered Shares. Neither the Shares nor any interest therein may be offered, sold, resold, or otherwise transferred, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and all other applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities. As used in this paragraph, a resident of Japan is any person that is resident in Japan, including any corporation or other entity organized under the laws of Japan.

## *Singapore*

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor as defined under Section 275(2) and under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (hereinafter, in this section, “SFA”); (ii) to a relevant person as defined under Section 275(2) and under Section 275(1), or any person under Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise under, and in accordance with the conditions of, any other applicable provision of the SFA.

If Offered Shares purchased under Section 275 of the SFA are acquired by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited Investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

then the shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Offered Shares under an offer made under Section 275 of the SFA, except:

- (1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person under an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than US\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

### ***Hong Kong***

The Offered Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and no advertisement, invitation or document relating to the Offered Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offered Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance has been or will be issued, whether in Hong Kong or elsewhere.

### ***Kuwait***

The Shares have not been registered, authorized or approved for offering, marketing or sale in the State of Kuwait pursuant to Securities and Investment Funds Act of Kuwait No. 31/1990, as amended, and its executive bylaw, and as such the Offered Shares shall not be offered or sold in the State of Kuwait. Interested investors from the State of Kuwait who approach the Selling Shareholder, the Company, or any of the Managers acknowledge this restriction and that this Offering and any related materials shall be subject to all applicable foreign laws and rules; therefore, such investors must not disclose or distribute such materials to any other person.

### ***Qatar***

This document has not been filed with, reviewed or approved by the Qatar Central Bank, any other relevant Qatar governmental body or securities exchange. This document is being issued to a limited number of sophisticated investors and should not be provided to any person other than the original recipient. It is not for general circulation in the State of Qatar and should not be reproduced or used for any other purpose.

### ***UAE (excluding the Dubai International Financial Centre)***

The Offering has not been approved or licensed by the UAE Central Bank or any other relevant licensing authority in the United Arab Emirates, and does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Act, Federal Law No. 8 of 1984 (as amended) or otherwise. Accordingly, the Offered Shares may not be offered to the public in the United Arab Emirates.

The Offered Shares may be offered, and this document may be issued, only to a limited number of investors in the United Arab Emirates who qualify as sophisticated investors under the relevant laws of the United Arab Emirates. Each of the Company, the Selling Shareholder and the Managers represents and warrants that the Offered Shares will not be offered, sold, transferred or delivered to the public in the United Arab Emirates.

Nothing contained in this document is intended to constitute investment, legal, tax, accounting or other professional advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice rendered on the basis of your situation.

### ***Dubai International Financial Centre***

This document relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it.

The Offered Shares to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Offered Shares offered should conduct their own due diligence on the Offered Shares. If you do not understand the contents of this document you should consult an authorized financial adviser. The Offered Shares have not been and will not be offered, sold or publicly promoted or advertised in the Dubai International Financial Centre other than in compliance with laws applicable in the Dubai International Financial Centre, governing the issue, offering or the sale of securities.

### ***Switzerland***

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (hereinafter, in this section, “SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance of prospectuses under article 652.a or article 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under article 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Ordinary Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Offering, the Company or the Offered Shares has been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with,



and the offer of Offered Shares will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of Offered Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (hereinafter, in this section, “CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Offered Shares.

### ***Canada***

The Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

### **Buyer’s Representation**

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Offered Shares pursuant to the Offering will be deemed to have represented, warranted and agreed to and with each Manager and the Company that:

- (a) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
- (b) in the case of any Offered Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Offered Shares acquired by it in the Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the

Managers has been given to the offer or resale; or (ii) where Offered Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Offered Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this section, the expression “Prospectus Directive” means Directive EC/2003/71, as amended, and includes any relevant implementing measure in each Relevant Member State.

## **ENFORCEMENT OF CIVIL LIABILITIES**

The Company is a Spanish company and most of its assets are located outside of the United States. In addition, most of the Company's directors and executive officers, as well as the Selling Shareholder, reside or are located outside of the United States. As a result, investors may not be able to effect service of process outside these countries upon the Company or these persons or to enforce judgments obtained against the Company or these persons in foreign courts predicated solely upon the civil liability provisions of US securities laws. Furthermore, there is doubt that a lawsuit based upon US federal or state securities laws, or the laws of any non-Spanish jurisdiction, could be brought in an original action in Spain and that a foreign judgment based upon such laws would be enforceable in Spain.

## **LEGAL MATTERS**

The validity of the Shares and certain matters governed by Spanish law will be passed on for the Company by J&A Garrigues, S.L.P. and for the Managers by White&Case LLP.

Certain other matters governed by US federal and New York state law will be passed on for the Company by Davis Polk & Wardwell LLP and for the Managers by White&Case LLP.

### **INFORMATION NOT CONTAINED IN THIS PROSPECTUS**

Neither the delivery of this Prospectus nor any subscription or sale made pursuant to this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to the date of this Prospectus.

## AVAILABLE INFORMATION

The Company is not currently subject to Section 13 or 15(d) of the Exchange Act, or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. For as long as this remains the case, the Company will furnish, upon written request, to any shareholder, any owner of any beneficial interest in any of the Shares or any prospective purchaser designated by such a shareholder or such an owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act, if at the time of such request any of the Shares remain outstanding as “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act.

Copies of the documents referred to below will be available for inspection in physical form at the Company’s registered office: calle Santa Sabina 8, 28007 Madrid, Spain.

- (a) deed of incorporation of the Company;
- (b) the Bylaws (which, from 2 March 2017, will also be available on the Company’s website at: [www.prosegurcash.com/accionistas\\_inversores/gobierno\\_corporativo/estatutos\\_sociales](http://www.prosegurcash.com/accionistas_inversores/gobierno_corporativo/estatutos_sociales));
- (c) Board of Directors Regulations, Shareholders’ Meeting Regulations and Internal Code of Conduct (which, from 2 March 2017, will also be available on Company’s website at [www.prosegurcash.com/accionistas\\_inversores/gobierno\\_corporativo/reglamentos\\_gobierno\\_corporativo](http://www.prosegurcash.com/accionistas_inversores/gobierno_corporativo/reglamentos_gobierno_corporativo));
- (d) Consolidated Annual Accounts (which will be available as an attachment to this Prospectus from 2 March 2017 on the CNMV’s website at [www.cnmv.es](http://www.cnmv.es)) and from 2 March 2017 on the Company’s website at [www.prosegurcash.com/accionistas\\_inversores/informacion\\_financiera/informes\\_anuales](http://www.prosegurcash.com/accionistas_inversores/informacion_financiera/informes_anuales));
- (e) this Prospectus (which, from 2 March 2017, will be available on on the CNMV’s website at [www.cnmv.es](http://www.cnmv.es) and on the Company’s website at [www.prosegurcash.com/accionistas\\_inversores/Ofertas\\_publicas\\_venta](http://www.prosegurcash.com/accionistas_inversores/Ofertas_publicas_venta)); and
- (f) certificate of the resolutions approved by the Shareholders’ Meeting and Board of Directors in connection with the Offering.

The documents referred to in (a) to (f) above will also be available for inspection in physical form at the CNMV’s premises at: Edison 4, 28006 Madrid (Spain) and Paseo de Gracia 19, 08007 Barcelona (Spain).

## **INDEPENDENT AUDITORS**

The Consolidated Annual Accounts as of and for the year ended 31 December 2016 included in this Prospectus have been audited by KPMG Auditores, S.L., with its address at Paseo de la Castellana 259 C, 28046 Madrid (Spain), registered with the Madrid Commercial Register under volume 11,961 and sheet M-188007, and registered with the Official Registry of Accounting Auditors (ROAC) under number S0702, independent auditors, as stated in their reports appearing herein.

KPMG Auditores, S.L. has not resigned, been removed or not been re-appointed as auditor of the Company during the period covered by the historical financial information, prior to the date of this Prospectus.

## GENERAL INFORMATION

The following table sets out certain information required by the Prospectus Rules in respect of the Company's subsidiaries as of 31 December 2016 according to the Consolidated Annual Accounts and as of the date of this Prospectus. On the date of this Prospectus, the Company's subsidiaries are the following:

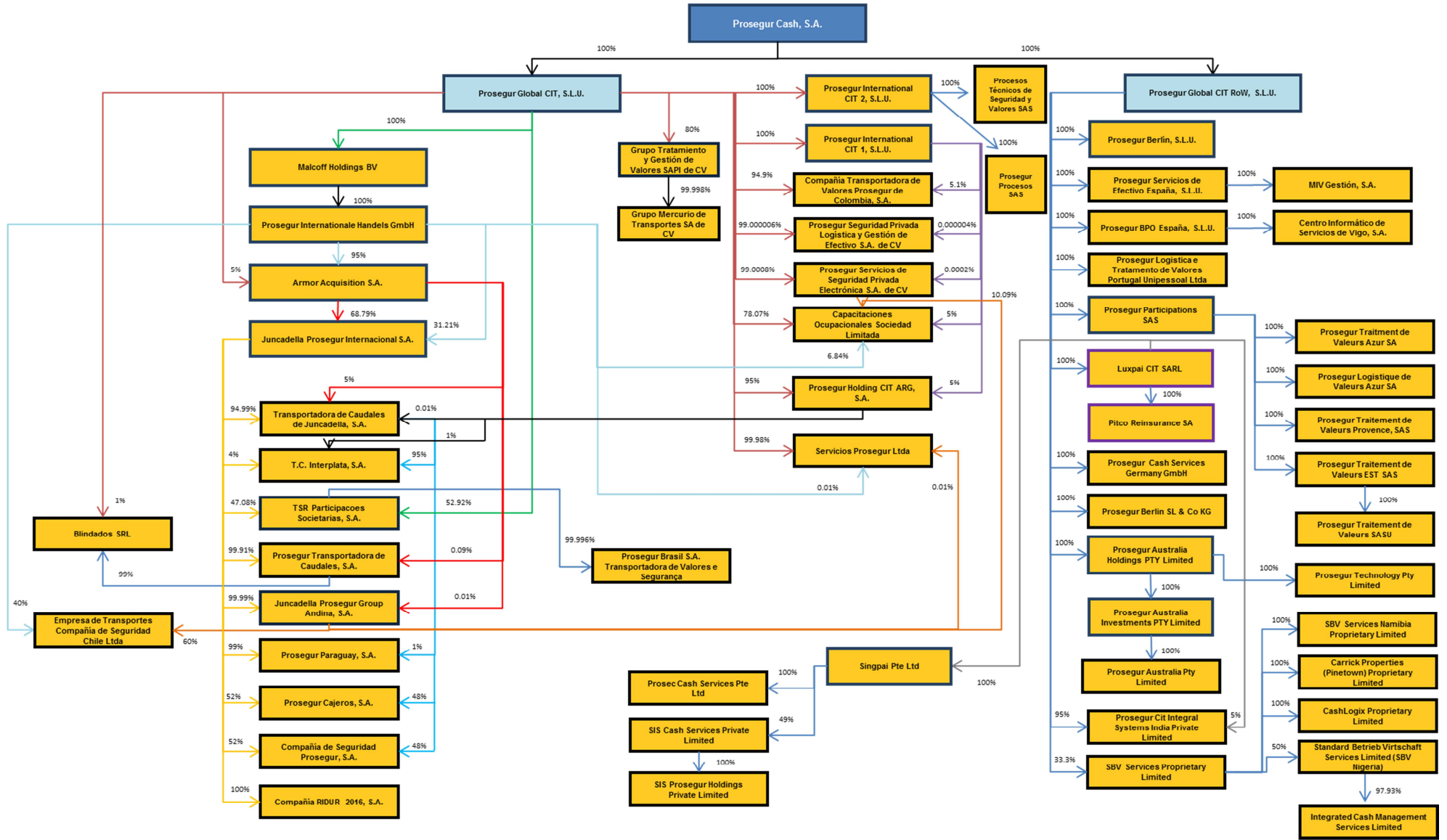
| Subsidiary  | Country of incorporation | Ownership interest (%) | Direct / Indirect |
|---|--------------------------|------------------------|-------------------|
| <b>Prosegur Global CIT, S.L.U.</b>                                    | <b>Spain</b>             | <b>100</b>             | <b>Direct</b>     |
| Prosegur International CIT 1, S.L.U.                                  | Spain                    | 100                    | Indirect          |
| Prosegur International CIT 2, S.L.U.                                  | Spain                    | 100                    | Indirect          |
| Malcoff Holdings BV   | The Netherlands          | 100                    | Indirect          |
| Prosegur Internationale Handels GmbH                                  | Germany                  | 100                    | Indirect          |
| Armor Acquisition S.A.  | Spain                    | 100                    | Indirect          |
| Juncadella Prosegur Internacional, S.A.                               | Spain                    | 100                    | Indirect          |
| Compañía RIDUR 2016, S.A.   | Spain                    | 100                    | Indirect          |
| Transportadora de Caudales de Juncadella, S.A.                        | Argentina                | 100                    | Indirect          |
| Prosegur Holding CIT ARG, S.A.  | Argentina                | 100                    | Indirect          |
| T.C. Interplata, S.A.   | Argentina                | 100                    | Indirect          |
| TSR Participacoes Societarias, S.A.                                   | Brazil                   | 100                    | Indirect          |
| Prosegur Brasil S.A. Transportadora de Valores e Seguranca            | Brazil                   | 100                    | Indirect          |
| Yasuhiko Empreendimentos e Participacoes, S.A.                        | Brazil                   | 100                    | Indirect          |
| Juncadella Prosegur Group Andina, S.A.                                | Chile                    | 100                    | Indirect          |
| Capacitaciones Ocupacionales Sociedad Limitada                        | Chile                    | 100                    | Indirect          |
| Servicios Prosegur Ltda   | Chile                    | 100                    | Indirect          |
| Empresa de Transportes Compañía de Seguridad Chile Ltda               | Chile                    | 100                    | Indirect          |
| Compañía Transportadora de Valores Prosegur de Colombia, S.A          | Colombia                 | 100                    | Indirect          |
| Procesos Técnicos de Seguridad y Valores, S.A.S.                      | Colombia                 | 99                     | Indirect          |
| Prosegur Procesos SAS   | Colombia                 | 100                    | Indirect          |
| Prosegur Seguridad Privada Logística y Gestión de Efectivo S.A. de CV | Mexico                   | 100                    | Indirect          |
| Prosegur Servicios de Seguridad Privada Electrónica S.A. de CV        | Mexico                   | 100                    | Indirect          |
| Grupo Mercurio de Transportes SA de CV                                | Mexico                   | 80                     | Indirect          |
| Grupo Tratamiento y Gestión de Valores SAPI de CV                     | Mexico                   | 80                     | Indirect          |
| Prosegur Paraguay, S.A.   | Paraguay                 | 100                    | Indirect          |
| Compañía de Seguridad Prosegur, S.A.                                  | Peru                     | 100                    | Indirect          |
| Prosegur Cajeros, S.A.  | Peru                     | 100                    | Indirect          |
| Prosegur Transportadora de Caudales, S.A.                             | Uruguay                  | 100                    | Indirect          |
| Blindados SRL   | Uruguay                  | 100                    | Indirect          |
| <b>Prosegur Global CIT RoW, S.L.U.</b>                                | <b>Spain</b>             | <b>100</b>             | <b>Direct</b>     |
| Prosegur Australia Holdings PTY Limited                               | Australia                | 100                    | Indirect          |
| Prosegur Australia Investments PTY Limited                            | Australia                | 100                    | Indirect          |
| Prosegur Australia Pty Limited  | Australia                | 100                    | Indirect          |
| Prosegur Technology Pty Limited                                       | Australia                | 100                    | Indirect          |
| Prosegur Traitement de Valeurs SASU                                   | France                   | 100                    | Indirect          |
| Prosegur Traitement de Valeurs EST SAS                                | France                   | 100                    | Indirect          |
| Prosegur Participations SAS   | France                   | 100                    | Indirect          |



|   |              |     |          |
|---|--------------|-----|----------|
| Prosegur Traitement de Valeurs Azur SA                              | France       | 100 | Indirect |
| Prosegur Logistique de Valeurs Azur SA                              | France       | 100 | Indirect |
| Prosegur Traitement de Valeurs Provence, SAS                        | France       | 100 | Indirect |
| Prosegur Cash Services Germany GmbH                                 | Germany      | 100 | Indirect |
| Prosegur Berlin SL & Co KG  | Germany      | 100 | Indirect |
| SIS Cash Services Private Limited                                   | India        | 49  | Indirect |
| SIS Prosegur Holdings Private Limited                               | India        | 49  | Indirect |
| Prosegur CIT Integral Systems India Private Limited                 | India        | 100 | Indirect |
| Pitco Reinsurance SA  | Luxembourg   | 100 | Indirect |
| Luxpai CIT SARL   | Luxembourg   | 100 | Indirect |
| Prosegur Logistica e Tratamento de Valores Portugal Unipessoal Ltda | Portugal     | 100 | Indirect |
| Singpai Pte Ltd   | Singapore    | 100 | Indirect |
| Prosec Cash Services Pte Ltd  | Singapore    | 100 | Indirect |
| SBV Services Proprietary Limited                                    | South Africa | 33  | Indirect |
| Integrated Cash Management Services Limited                         | South Africa | 16  | Indirect |
| SBV Services Namibia Proprietary Limited                            | South Africa | 33  | Indirect |
| Carrick Properties (Pinetown) Proprietary Limited                   | South Africa | 33  | Indirect |
| CashLogix Proprietary Limited                                       | South Africa | 33  | Indirect |
| Standard Betrieb Virtschaft Services Limited (SBV Nigeria)          | South Africa | 16  | Indirect |
| Centro Informático de Servicios de Vigo, S.A.                       | Spain        | 100 | Indirect |
| MIV Gestión, S.A.   | Spain        | 100 | Indirect |
| Prosegur Servicios de Efectivo España, S.L.U.                       | Spain        | 100 | Indirect |
| Prosegur Berlin, S.L.U.   | Spain        | 100 | Indirect |
| Prosegur BPO España, S.L.U.   | Spain        | 100 | Indirect |

Yasuhiko Empreendimentos e Participações, S.A. a subsidiary of TSR Participações Societárias S.A., is subject to the ongoing spin-off process regarding its sale and transfer to Prosegur Security Brazil, under the Brazilian Security Business Sale Agreement, upon which it will no longer belong to the Group. See section “*Brazilian Security Business Sale Agreement*”.

The following table shows the Company and its subsidiaries.



## MARKET AND OTHER DATA

Market data and certain industry forecast data used in this Prospectus have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications, including, amongst others:

- Various public websites of the governments of Spain and other governments;
- The Spanish Statistical Office (*Instituto Nacional de Estadística*) (INE);
- The International Monetary Fund (IMF);
- The European Commission (EC);
- The European Central Bank (ECB);
- Banco Central do Brasil;
- Bank of England; and
- The US Federal Reserve.

All third-party information, as outlined above, has to the Company's knowledge been accurately reproduced and, as far as the Company is aware and has been able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading. Wherever third-party information has been used in this Prospectus, the source of such information has been identified. However, none of the Company, the Selling Shareholder or the Managers has independently verified the information and cannot guarantee its accuracy.

Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, estimates and market research, while believed to be reliable and accurately extracted for the purposes of this Prospectus, have not been independently verified.

This Prospectus also contains estimates of market data and information derived therefrom which cannot be gathered from publications by market research institutions or any other independent sources. Such information is prepared by the Company based on third-party sources and its own internal estimates. While the Company believes that these estimates of its competitive position and market share are helpful in order to give investors a better understanding of its position within the industry in which the Group operates, in many cases, there is no publicly available information supporting these estimates. Although the Company believes that its internal market observations are reliable, its own estimates are not reviewed or verified by any external sources. Accordingly, investors are cautioned not to place undue reliance on such estimates. Whilst the Company is not aware of any misstatements regarding the industry, market share or similar data presented in this Prospectus, such data involves risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "*Risk Factors*" in this Prospectus.

In Madrid, 2 March 2017

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Prosegur Cash, S.A.  
Mr. José Antonio Lasanta Luri

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Prosegur Assets Management, S.L.U.  
Mr. Antonio Rubio Merino

**ANNEX 1**  
**CONSOLIDATED ANNUAL ACCOUNTS**

# Prosegur Cash, S.A. and Subsidiaries

## **Consolidated Annual Accounts**

31 December 2016

## **Consolidated Directors' Report**

2016

(Together with Independent Auditor's Report)



KPMG Auditores, S.L.  
Pº de la Castellana, 259C  
28046 Madrid

## Independent Auditor's Report on the Consolidated Annual Accounts

To the Shareholders of  
Prosegur Cash, S.A.

### **Report on the Consolidated Annual Accounts**

We have audited the accompanying consolidated annual accounts of Prosegur Cash, S.A. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position at 31 December 2016 and the consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and related notes to the consolidated annual accounts.

#### *Directors' Responsibility for the Consolidated Annual Accounts*

The Company's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of Prosegur Cash, S.A. and subsidiaries in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated annual accounts based on our audit. We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the consolidated annual accounts by the Company's directors 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated annual accounts taken as a whole.

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

*Opinion*

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of Prosegur Cash, S.A. and subsidiaries at 31 December 2016 and of their consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial reporting framework applicable in Spain.

*Emphasis of Matter*

We draw attention to Note 2 to the consolidated annual accounts, which, as well as describing the accounting policies applied, states that these consolidated annual accounts are the first set of financial statements prepared under IFRS-EU. As permitted under IFRS-EU, the Group has opted to present comparative financial information, for comparative purposes only, as if the subsidiaries contributed to and acquired by the Group in 2016 had formed part of the Group at 1 January 2014, on the basis that they were part of the Prosegur Group before this date. Our opinion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

The accompanying consolidated directors' report for 2016 contains such explanations as the Directors of Prosegur Cash, S.A. consider relevant to the situation of the Group, its business performance and other matters, and is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the consolidated annual accounts for 2016. Our work as auditors is limited to the verification of the consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Prosegur Cash, S.A. and subsidiaries.

KPMG Auditores, S.L.

Bernardo Rücker-Embden

1 March 2017



## **PROSEGUR CASH, S.A. AND SUBSIDIARIES**

### **Consolidated Annual Accounts and Management Report for the year ended 31 December 2016**

Prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU)

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## I. CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

(In thousands of Euros)

|   | Note | 31/12/2016     | 31/12/2015 (*) | 31/12/2014 (*)  |
|---|------|----------------|----------------|-----------------|
| Revenues  | 3    | 1,724,258      | 1,746,265      | 1,663,140       |
| Cost of sales   | 4    | (1,097,331)    | (1,120,627)    | (1,106,182)     |
| <b>Gross profit</b>   |      | <b>626,927</b> | <b>625,638</b> | <b>556,958</b>  |
| Other income  | 6    | 71,433         | 22,083         | 7,092           |
| Selling, general and administrative expenses  | 4    | (305,757)      | (329,897)      | (282,620)       |
| Other expenses  | 6    | (2,719)        | (1,615)        | (626)           |
| Profit / (Loss) from equity accounted-investees   | 14   | (4,529)        | (1,473)        | (590)           |
| <b>Results from operating activities</b>  |      | <b>385,355</b> | <b>314,736</b> | <b>280,214</b>  |
| Finance income  | 7    | 31,114         | 36,508         | 16,747          |
| Finance costs   | 7    | (40,314)       | (35,212)       | (34,193)        |
| <b>Net finance income /(costs)</b>  |      | <b>(9,200)</b> | <b>1,296</b>   | <b>(17,446)</b> |
| <b>Profit before income tax</b>   |      | <b>376,155</b> | <b>316,032</b> | <b>262,768</b>  |
| Income tax expense  | 24   | (149,913)      | (107,892)      | (90,728)        |
| <b>Post-tax profit from continuing operations</b>   |      | <b>226,242</b> | <b>208,140</b> | <b>172,040</b>  |
| Loss from discontinued operation, net of tax  | 15   | (47,276)       | (29,166)       | (1,615)         |
| <b>Consolidated profit for the period</b>   |      | <b>178,966</b> | <b>178,974</b> | <b>170,425</b>  |
| Attributable to:  |      |                |                |                 |
| Owners of the Parent  |      | 178,324        | 179,332        | 170,420         |
| Non-controlling interests   |      | 642            | (358)          | 5               |
| <b>Earnings per share from continuing operations attributable to the owners of the Parent (Euros per share)</b>   |      |                |                |                 |
| - Basic   | 8    | 0.35           | -              | -               |
| - Diluted   | 8    | 0.35           | -              | -               |
| <b>Earnings per share from discontinued operations attributable to the owners of the Parent (Euros per share)</b> |      |                |                |                 |
| - Basic   | 8    | (0.07)         | -              | -               |
| - Diluted   | 8    | (0.07)         | -              | -               |

The Notes on pages 10 to 92 are an integral part of these consolidated annual accounts

(\*) Unaudited

## II. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

(In thousands of Euros)

|   | 31/12/2016     | 31/12/2015 (*)   | 31/12/2014 (*) |
|---|----------------|------------------|----------------|
| <b>Consolidated profit for the period</b>                             | <b>178,966</b> | <b>178,974</b>   | <b>170,425</b> |
| <b>Other comprehensive income:</b>                                    |                |                  |                |
| <b>Items not to be reclassified to profit and loss</b>                |                |                  |                |
| Actuarial gains/(losses) on defined benefit plans                     | (649)          | 431              | (137)          |
|   | <b>(649)</b>   | <b>431</b>       | <b>(137)</b>   |
| <b>Items to be reclassified to profit and loss</b>                    |                |                  |                |
| Translation differences of financial statements of foreign operations | 53,238         | (218,090)        | (8,605)        |
|   | <b>53,238</b>  | <b>(218,090)</b> | <b>(8,605)</b> |
| <b>Total comprehensive income/(loss), net of taxes</b>                | <b>231,555</b> | <b>(38,685)</b>  | <b>161,683</b> |
| Attributable to:  |                |                  |                |
| - Owners of the Parent  | 231,012        | (40,296)         | 161,719        |
| - Non-controlling interests   | 543            | 1,611            | (36)           |

The Notes on pages 10 to 92 are an integral part of these consolidated annual accounts

(\*) Unaudited

### III. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2016, 2015 AND 2014

(In thousands of Euros)

|  | Note | 31/12/2016       | 31/12/2015 (*)   | 31/12/2014 (*)   |
|--|------|------------------|------------------|------------------|
| <b>ASSETS</b>  |      |                  |                  |                  |
| Property, plant and equipment                              | 10   | 266,359          | 222,347          | 327,197          |
| Goodwill   | 11   | 317,351          | 306,845          | 358,846          |
| Other intangible assets                                    | 12   | 173,856          | 173,793          | 247,322          |
| Investment property  | 13   | -                | 83,678           | 46,529           |
| Equity-accounted investees                                 | 14   | 28,955           | 13,054           | 20,171           |
| Non-current financial assets                               | 18   | 2,058            | 2,304            | 22,363           |
| Deferred tax assets  | 24   | 89,546           | 99,801           | 120,313          |
| <b>Non-current assets</b>                                  |      | <b>878,125</b>   | <b>901,822</b>   | <b>1,142,741</b> |
| Non-current assets held-for-sale                           | 15   | 266,568          | 232,876          | 19,792           |
| Inventories  | 16   | 7,457            | 7,145            | 15,753           |
| Trade and other receivables                                | 17   | 426,776          | 422,239          | 550,444          |
| Current receivables with Prosegur group companies          | 28   | 65,430           | 351,323          | 264,526          |
| Current tax assets   |      | 102,352          | 45,828           | 72,223           |
| Other financial assets                                     | 18   | -                | -                | 8,241            |
| Cash and cash equivalents                                  | 19   | 188,780          | 201,552          | 228,515          |
| <b>Current assets</b>                                      |      | <b>1,057,363</b> | <b>1,260,963</b> | <b>1,159,494</b> |
| <b>Total assets</b>  |      | <b>1,935,488</b> | <b>2,162,785</b> | <b>2,302,235</b> |
| <b>EQUITY</b>  |      |                  |                  |                  |
| Share capital  | 20   | 30,000           | -                | -                |
| Translation differences                                    | 20   | (385,073)        | (438,410)        | (218,351)        |
| Retained earning and other reserves                        | 20   | 540,535          | 1,385,829        | 1,361,087        |
| <b>Equity attributable to equity holders of the Parent</b> |      | <b>185,462</b>   | <b>947,419</b>   | <b>1,142,736</b> |
| Non-controlling interests                                  |      | 11               | 9,728            | 8,117            |
| <b>Total equity</b>  |      | <b>185,473</b>   | <b>957,147</b>   | <b>1,150,853</b> |
| <b>LIABILITIES</b>   |      |                  |                  |                  |
| Financial liabilities                                      | 22   | 634,720          | 66,830           | 168,189          |
| Deferred tax liabilities                                   | 24   | 67,224           | 62,669           | 85,501           |
| Provisions   | 21   | 137,047          | 127,811          | 173,848          |
| <b>Non-current liabilities</b>                             |      | <b>838,991</b>   | <b>257,310</b>   | <b>427,538</b>   |
| Trade and other payables                                   | 23   | 334,796          | 321,511          | 368,568          |
| Current tax liabilities                                    |      | 118,525          | 66,134           | 69,065           |
| Financial liabilities                                      | 22   | 87,315           | 148,705          | 90,470           |
| Current payables with Prosegur group companies             | 28   | 168,708          | 360,295          | 166,114          |
| Provisions   | 21   | 3,121            | 4,889            | 18,180           |
| Liabilities held-for-sale                                  | 15   | 184,688          | 30,127           | 1,058            |
| Other current liabilities                                  |      | 13,871           | 16,667           | 10,389           |
| <b>Current liabilities</b>                                 |      | <b>911,024</b>   | <b>948,328</b>   | <b>723,844</b>   |
| <b>Total liabilities</b>                                   |      | <b>1,750,015</b> | <b>1,205,638</b> | <b>1,151,382</b> |
| <b>Total equity and liabilities</b>                        |      | <b>1,935,488</b> | <b>2,162,785</b> | <b>2,302,235</b> |

The Notes on pages 10 to 92 are an integral part of these consolidated annual accounts.

(\*) Unaudited

## IV. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

(In thousands of Euros)

|   | Attributable to owners of the company |                         |                         |   | Total          | Non controlling interests (Note 20) | Total equity   |
|---|---------------------------------------|-------------------------|-------------------------|---|----------------|-------------------------------------|----------------|
|   | Share capital (Note 20)               | Share premium (Note 20) | Translation differences | Retained earning and other reserves (Note 20) |                |                                     |                |
| <b>Balance at 1 January 2014 (*)</b>            | -                                     | -                       | (209,787)               | 1,223,440                                     | 1,013,653      | 8,153                               | 1,021,806      |
| Total comprehensive income for the period       | -                                     | -                       | (8,564)                 | 170,283                                       | 161,719        | (36)                                | 161,683        |
| Dividends                                       | -                                     | -                       | -                       | (101,390)                                     | (101,390)      | -                                   | (101,390)      |
| Capitalizations                                 | -                                     | -                       | -                       | 68,754  | 68,754         | -                                   | 68,754         |
| <b>Balance at 31 December 2014 (*)</b>          | -                                     | -                       | (218,351)               | 1,361,087                                     | 1,142,736      | 8,117                               | 1,150,853      |
| Total comprehensive income for the period       | -                                     | -                       | (220,059)               | 179,763                                       | (40,296)       | 1,611                               | (38,685)       |
| Dividends                                       | -                                     | -                       | -                       | (34,019)                                      | (34,019)       | -                                   | (34,019)       |
| Capitalizations                                 | -                                     | -                       | -                       | 11,834  | 11,834         | -                                   | 11,834         |
| Acquisition from integrated Companies (Note 20) | -                                     | -                       | -                       | (128,162)                                     | (128,162)      | -                                   | (128,162)      |
| Other movements                                 | -                                     | -                       | -                       | (4,674)                                       | (4,674)        | -                                   | (4,674)        |
| <b>Balance at 31 December 2015 (*)</b>          | -                                     | -                       | (438,410)               | 1,385,829                                     | 947,419        | 9,728                               | 957,147        |
| Total comprehensive income for the period       | -                                     | -                       | 53,337                  | 177,675                                       | 231,012        | 543                                 | 231,555        |
| Issue of ordinary shares 22/02/2016 (Note 20)   | 3                                     | -                       | -                       | (3)   | -              | -                                   | -              |
| Issue of ordinary shares 06/05/2016 (Note 20)   | -                                     | 176,641                 | -                       | (176,641)                                     | -              | -                                   | -              |
| Issue of ordinary shares 26/07/2016 (Note 20)   | 29,997                                | 733,907                 | -                       | (763,904)                                     | -              | -                                   | -              |
| Repayment of share premium 30/12/2016 (Note 20) | -                                     | (910,548)               | -                       | -   | (910,548)      | -                                   | (910,548)      |
| Dividends                                       | -                                     | -                       | -                       | (48,719)                                      | (48,719)       | -                                   | (48,719)       |
| Capitalizations                                 | -                                     | -                       | -                       | 19,063  | 19,063         | -                                   | 19,063         |
| Dividends to Security Companies (Note 20)       | -                                     | -                       | -                       | (46,781)                                      | (46,781)       | -                                   | (46,781)       |
| Acquisition from integrated Companies (Note 20) | -                                     | -                       | -                       | (10,733)                                      | (10,733)       | -                                   | (10,733)       |
| Other movements                                 | -                                     | -                       | -                       | 4,749   | 4,749          | (10,260)                            | (5,511)        |
| <b>Balance at 31 December 2016</b>              | <b>30,000</b>                         | -                       | <b>(385,073)</b>        | <b>540,535</b>                                | <b>185,462</b> | <b>11</b>                           | <b>185,473</b> |

The Notes on pages 10 to 92 are an integral part of these consolidated annual accounts.

(\*) Unaudited



## V. CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

(In thousands of Euros)

|   | Note     | 31/12/2016       | 31/12/2015 (*)   | 31/12/2014 (*)   |
|---|----------|------------------|------------------|------------------|
| <b>Cash flows from operating activities</b>   |          |                  |                  |                  |
| Profit for the period   |          | 178,966          | 178,974          | 170,425          |
| <i>Adjustments for:</i>   |          |                  |                  |                  |
| Depreciation and amortisation   | 10,12    | 61,893           | 73,185           | 76,102           |
| Impairment losses on non-current assets   | 10       | 9                | 47               | -                |
| Impairment losses on trade receivables and inventories  | 16, 17   | 1,457            | 1,069            | 4,496            |
| Change in provisions  | 21       | 78,132           | 31,808           | 32,704           |
| Losses on financial assets at fair value through profit or loss                                     | 7        | -                | -                | 73               |
| Finance income  | 7, 15    | (33,448)         | (43,049)         | (19,793)         |
| Finance costs   | 7, 15    | 75,712           | 60,463           | 37,520           |
| Share of profit of equity-accounted investees   | 14       | 4,189            | 1,031            | 451              |
| Gains on disposal and sale of property, plant and equipment   |          | (45,572)         | -                | -                |
| (Gains)/losses on disposal of subsidiaries  |          | 296              | -                | -                |
| Tax expense   | 15, 24   | 132,114          | 97,270           | 91,038           |
| <b>Changes in working capital, excluding the effect of acquisitions and translation differences</b> |          |                  |                  |                  |
| Inventories   |          | (2,475)          | (5,873)          | (958)            |
| Trade and other receivables (including group companies)   |          | (51,252)         | (87,746)         | (19,567)         |
| Trade and other payables (including group companies)  |          | 12,063           | 113,026          | 13,306           |
| Provisions  | 15, 21   | (22,189)         | (47,629)         | (31,240)         |
| Other current liabilities   |          | (187)            | (688)            | -                |
| Other current assets  |          | 1,172            | (1,337)          | (3,048)          |
| <b>Cash flows from operating activities</b>   |          |                  |                  |                  |
| Interest paid   |          | (16,021)         | (36,053)         | (13,496)         |
| Income tax paid   |          | (115,920)        | (91,886)         | (88,600)         |
| <b>Net cash from operating activities</b>   |          | <b>258,939</b>   | <b>242,612</b>   | <b>249,413</b>   |
| <b>Cash flows from investing activities</b>   |          |                  |                  |                  |
| Proceeds from sale of assets held-for-sale  | 15       | 100,895          | -                | -                |
| Proceeds from sale of financial assets  |          | 22,322           | -                | -                |
| Proceeds from sale of subsidiaries held-for-sale, net of cash and cash equivalents                  | 15       | 72,836           | 5,311            | -                |
| Interest received   |          | 31,058           | 32,711           | 17,510           |
| Proceeds from investments   |          | 37,012           | -                | -                |
| Acquisition of subsidiaries, net of cash and cash equivalents                                       | 27       | (29,529)         | (24,690)         | (63,990)         |
| Acquisition of equity-accounted investees   | 14       | -                | -                | (4,933)          |
| Acquisition of property, plant and equipment  | 10, 15   | (89,386)         | (69,136)         | (84,714)         |
| Acquisition of intangible assets  | 12, 15   | (6,951)          | (4,504)          | (6,398)          |
| Acquisition of investment property  | 13, 15   | -                | (71,315)         | (45,267)         |
| Acquisition of subsidiaries integrated  |          | (10,733)         | -                | -                |
| Acquisition of financial assets (including group companies)   |          | (70,946)         | (37,724)         | (57,946)         |
| <b>Net cash used in investing activities</b>  |          | <b>56,578</b>    | <b>(169,347)</b> | <b>(245,738)</b> |
| <b>Cash flows from financing activities</b>   |          |                  |                  |                  |
| Proceeds from issue of share capital and share premium  |          | 3                | -                | -                |
| Proceeds from contributions   |          | 3,289            | 16,085           | 65,570           |
| Proceeds from loans and borrowings  | 20       | 715,125          | 29,302           | -                |
| Proceeds from other financial liabilities   |          | -                | 8,810            | 99,025           |
| Payments for the redemption of own shares and other own equity instruments                          |          | (46,781)         | -                | -                |
| Payments for loans and borrowings   |          | (22,158)         | (61,215)         | (88,254)         |
| Share premium distribution  | 20, 28.1 | (910,548)        | -                | -                |
| Dividends paid  |          | (74,619)         | (32,121)         | (95,390)         |
| <b>Net cash from (used in) financing activities</b>   |          | <b>(335,689)</b> | <b>(39,139)</b>  | <b>(19,049)</b>  |
| Net increase/(decrease) in cash and cash equivalents  |          | (20,172)         | 34,126           | (15,374)         |
| Cash and cash equivalents at the beginning of period  |          | 241,425          | 228,646          | 240,507          |
| Effect of translation differences on cash held  |          | (9,650)          | (21,347)         | 3,513            |
| <b>Cash and cash equivalents at year end</b>  |          | <b>211,603</b>   | <b>241,425</b>   | <b>228,646</b>   |
| <b>including:</b>   |          |                  |                  |                  |
| - Cash and cash equivalents at year end from continuing operations                                  |          | 188,780          | 201,552          | 228,515          |
| - Cash and cash equivalents at year end from discounting operations (Note 15)                       |          | 22,823           | 39,873           | 131              |

The Notes on pages 10 to 92 are an integral part of these consolidated annual accounts.

(\*) Unaudited

## VI. NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS AS AT 31 DECEMBER 2016

### 1. General corporate information

Prosegur Cash, S.A. (previously named Prosegur CIT Holding, S.L.U.) (hereinafter, "Prosegur Cash" or "the Company") was incorporated as a limited liability, wholly-owned company under Spanish Law on 22 February 2016, converted into a Joint-stock company on 21 September 2016 and changed its name to Prosegur Cash, S.A. on 20 October 2016. Prosegur Cash is registered in the Mercantile Register of Madrid and its registered office is located in Madrid, at calle Santa Sabina, no. 8. Prosegur Cash is a subsidiary of the Spanish entity Prosegur Compañía de Seguridad, S.A. (hereinafter, "Prosegur"), who currently owns 51% of its shares directly and indirectly controls the remaining 49%, through its wholly-owned subsidiary Prosegur Assets Management, S.L.U., thus losing its status as a wholly-owned.

As part of its business strategy, Prosegur, whose shares are listed on the Madrid and Barcelona stock exchanges and traded through the Spanish Stock Exchange Interlinking System (electronic trading system) (SIBE), as the parent of the group (hereinafter, the "Prosegur Group"), has decided to spin-off the Cash business unit into a newly-incorporated company, Prosegur Cash.

The spin-off of the Cash business unit from the Prosegur Group to Prosegur Cash took place mainly through non-monetary contributions of entities under common control of the Prosegur Group (see Note 20). Prosegur Cash has become the Parent of a Group comprised by subsidiaries (hereinafter, the "Prosegur Cash Group" or the "Group").

In this regard the transactions carried out were as follows:

- On 6 May 2016, Prosegur contributed to Prosegur Cash 100% of the share of Prosegur Global CIT ROW, S.L.U. and its subsidiaries (see Note 20).
- On 21 July 2016, Prosegur Cash acquired from Prosegur International Alarmas, S.L.U. (ex Beloura Investment, S.L.U.) 0,0000005% of the share of Cía Transportadora de Valores Prosegur Colombia, S.A. for Euro 1.
- On 26 July 2016, Prosegur contributed to Prosegur Cash 100% of the share of Prosegur Global CIT, S.L.U. and its subsidiaries (see Note 20).

Details of the Prosegur Cash Group subsidiaries are presented in Appendix I. Likewise, the Prosegur Cash Group participates in joint businesses with other participants, whose details are attached in Appendix II.

These consolidated annual accounts have been prepared considering that the subsidiaries contributed and acquired in 2016 had formed part of the Prosegur Cash Group since 1 January 2014 on the basis that they have already formed part of the Prosegur Group in these dates (see Note 2).

The statutory activity of the Prosegur Cash consists of providing the following services through Cash business companies: (i) local and international processing and transport services (on land, by sea and by air) of cash and other high worth valuables (including, among others, jewellery, art, precious metal, electronic devices, voting cards, judicial evidence) including picking, transport, safekeeping and deposit services; (ii) processing and automatization of cash (including, among others, counting, processing and packing services, as well as refurbishment of coins, cash flow control and tracking systems; (iii) integrated solutions for automated teller machines (ATM) (including, among others, planning, reloading, monitoring, first and second level maintenance and balancing services); (iv) planning and forecasting of cash needs services for financial institutions; (v) self-service cash machines (MAEs) (including, among others, cash deposit devices, recycling and distribution of coins and notes services, bill payment services); and (vi) processes and services AVOS for banks (including, among others, cashiers personnel outsourcing, multi-agencies, checks processing services and related administrative services).

## 2. Basis of Presentation

### 2.1. Basis of preparation of the consolidated annual accounts

As explained in Note 1, the Prosegur Cash Group was incorporated in 2016 mainly through non-monetary contributions of entities under common control of the Prosegur Group. For this reason Prosegur Cash had not previously prepared any consolidated annual accounts. Until that time Prosegur Cash Group subsidiaries were included in the Prosegur Group whose consolidated annual accounts were prepared under International Financial Reporting Standards as adopted by the European Union (hereinafter, "IFRS-EU") and were filed with the Mercantile Register of Madrid.

The accounting of transactions among entities under common control is excluded from IFRS 3, Business Combinations. Consequently, in the absence of a specific standard within IFRS, the contributions of Prosegur Global CIT ROW, S.L.U., Prosegur Global CIT, S.L.U. and the acquisition of Cia Transportadora de Valores Prosegur Colombia, S.A. (see Note 1) have been accounted for in the Prosegur Cash Group's consolidated financial statements using the consolidated carrying amounts under IFRS-EU at the Prosegur Group level. As the Prosegur Cash Group has been created in 2016 as a result of common control transactions, the Board of Directors has opted to present consolidated annual accounts for the year ended 31 December 2016 as well as the unaudited comparative financial information of both years 2015 and 2014 and, accordingly, the Company recorded the contribution of the subsidiaries at 1 January 2014, the beginning of the earliest period presented, which is required for the possible registration of a prospectus for admission to the Spanish Stock Exchanges. Notwithstanding, the amounts related to the capital contribution of 2016 have been presented under the caption "Retained Earnings and Other Reserves" and "Non-Controlling Interests" at 1 January 2014 and later reclassified to "Share Capital" and "Share Premium" in 2016 once the capital contributions legally and effectively took place.

These consolidated annual accounts are the first set of financial statements prepared by Prosegur Cash Group under IFRS-EU. The Prosegur Cash Group has prepared these consolidated annual accounts in accordance with IFRS 1, *First-time Adoption of International Financial Reporting Standards*, as explained in Note 2.2.

The Board of Directors has prepared the consolidated annual accounts from the accounting records of the Company and subsidiaries under IFRS-EU, in order to give a true and fair view of the consolidated equity and consolidated financial position of Prosegur Cash and subsidiaries at 31 December 2016 and of its consolidated results, consolidated cash flow and changes in consolidated equity for the year then ended.

The Prosegur Cash Group has adopted the latest versions of all applicable standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Union whose application is mandatory for each of the financial periods ending at 31 December 2014, 2015 and 2016, respectively, as explained in Note 2.8. For the changes approved during 2014, 2015 and 2016, Prosegur Cash Group has adopted them from their respective approval year and none of them retroactively.

The Board of Directors of Prosegur Cash considers that the consolidated annual accounts will be authorized for issue on 1 March 2017 and are pending approval by the shareholders at their Annual General Meeting. However, the Directors consider that these consolidated annual accounts will be approved with no changes.

### 2.2. First-Time Adoption of the International Financial Reporting Standards

The Prosegur Cash Group has prepared these consolidated annual accounts in accordance with IFRS 1 *First-time Adoption of International Financial Reporting Standards*. As explained in Note 1, the Prosegur Cash Group is a subgroup of the Prosegur Group, which prepares and issues its consolidated annual accounts in accordance with the International Financial Reporting Standards (IFRS) and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that were valid as of the balance sheet date and had been adopted by the European Union (EU).

Under IFRS 1, if a subsidiary becomes a first-time adopter of IFRS-EU later than its parent, the subsidiary shall, in its financial statements, measure its assets and liabilities in the opening statement of financial position at either:

- The carrying amounts that would be included in the parent's consolidated annual accounts, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary; or
- The carrying amounts required by the rest of IFRS, based on the subsidiary's date of transition to IFRS. In this case, the options of IFRS 1 chosen by the subsidiary may differ from those chosen by the parent.

The Prosegur Cash Group has elected to measure its assets and liabilities in its first consolidated annual accounts (IFRS-EU) based on the first option, applying the historical carrying amounts included in the Prosegur Group's consolidated annual accounts, eliminating consolidation adjustments made by the Prosegur Group and consequently Prosegur Cash adopted the same first option described above.

### 2.3. Changes in consolidation scope

The most significant changes in the companies included in the consolidated annual accounts' perimeter during the years ended 31 December 2016, 2015 and 2014 are due to acquisitions of subsidiaries and equity-accounted investees, information on which is provided in Note 27 and Note 14 respectively, as well as the acquisition of a production unit of Prosegur, according to the following details:

The following companies have been incorporated in 2016:

- In March 2016, Prosegur Holding CIT ARG, S.A. has been incorporated in Argentina.
- In December 2016, Prosegur CIT Integral Systems India Private Limited has been incorporated in India.

The following companies were incorporated in 2015:

- In January 2015, Prosegur Global CIT, S.L.U. was incorporated in Spain.
- In May 2015, Prosegur International CIT 1, S.L., Prosegur International CIT 2, S.L.U. and Prosegur Global CIT ROW, S.L.U. were incorporated in Spain.
- In May 2015, Prosegur Logistica e Tratamento de Valores Portugal Unipessoal Ltda. was incorporated in Portugal.
- In June 2015, Prosegur Berlín GmbH, S.L.U. and Prosegur BPO España, S.L.U. were incorporated in Spain.
- In November 2015, Prosegur Berlin GmbH Co KG. was incorporated in Germany.
- In December 2015, Luxpai CIT SARL was incorporated in Luxembourg.

The following companies were incorporated in 2014:

- In July 2014, the joint venture SIS Prosegur Holdings Private Limited was incorporated in India.
- In August 2014, Prosegur Technology Pty Limited was incorporated in Australia.

During 2016 and 2015 some subsidiaries and equity-accounted investees were sold mainly to Prosegur Group, information which is provided in Note 15.

On 1 August 2016 Prosegur Cash acquired from Prosegur an organised set of technical, material, intangible and human resources to provide the services to third parties (production unit) for Euros 6,036 thousand.

In the same way, on 1 August 2016, the dependent subsidiaries, Prosegur Global CIT, S.L.U. and Prosegur Global CIT ROW, S.L.U. acquired from Prosegur the organised set of technical, material, intangible and human resources for the provision of services to third parties, similar to those listed above for Prosegur Cash. The amounts agreed for the transfer of these production units were Euros 69 thousand and Euros 650 thousand, respectively.

### 2.4. Basis of measurement

These consolidated annual accounts have been prepared on the historical cost basis except for the following exceptions, where applicable:

- Assets, liabilities and contingent liabilities acquired in business combinations, which are recognised at fair value.
- Non-current assets and disposal groups classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell.

Furthermore, the Prosegur Cash Group has elected to measure its assets and liabilities in its first consolidated annual accounts based on the carrying amounts included in the Prosegur Group's consolidated annual accounts, eliminating consolidation adjustments made by the Prosegur Group.

### 2.5. Functional and presentation currency

The consolidated annual accounts are presented in thousands of Euros, the Company's functional and presentation currency. Unless otherwise stated, all financial information are presented in thousands of Euros and has been rounded off to the nearest thousand (Note 32.4).

## 2.6. Use of estimates, assumptions and relevant judgements

The preparation of the consolidated annual accounts, in accordance with IFRS-EU, requires the application of relevant accounting estimates and the undertaking of judgements, estimates and assumptions in the process for application of the Prosegur Cash accounting policies and measurement of the assets, liabilities and profit and loss.

Although estimates are calculated by Prosegur Cash's Board of Directors based on the best information available at year end, future events may require modification of these estimates in subsequent years. Any effect on the consolidated annual accounts of modifications to be made in subsequent years would be recognised prospectively, where appropriate.

Information on relevant accounting estimates, assumptions and judgments relevant to the accounting policies for 2016, 2015 and 2014, which could pose a significant risk of material adjustments for the year ending December 31, 2016, are included in the following notes:

- Business combinations: determination of provisional fair values and related goodwill (Notes 27 and 32.1).
- Impairment of property, plant and equipment, intangible assets (including goodwill) and investment property: assumptions used to calculate recoverable amounts (Notes 10, 11, 12, 13, 32.5, 32.6, 32.7 and 32.8).
- Available-for-sale financial assets: assumptions used to calculate fair values (Note 32.9).
- Non-current assets held-for-sale and associated liabilities (Notes 15 and 32.12).
- Recognition and measurement of provisions and contingencies: assumptions used to determine the probability of occurrence and the estimated amounts of outflows of resources (Notes 21, 25 and 32.14).
- Recognition and valuation of defined benefit plans for employees: actuarial assumptions for estimating the provision for defined benefit plans for employees (Notes 5.2, 21 and 32.17)
- Recognition and measurement of deferred tax assets: estimates and assumptions used to assess the recoverability of tax credits (Notes 24 and 32.16).
- Consolidation: determination of the control relations (Note 32.1).
- Leases: classification of leases (Note 32.19).

### **Determination of fair values**

Certain Prosegur Cash accounting policies and details require the determination of fair values for assets and liabilities, financial as well as non-financial.

Prosegur Cash has established a control framework with respect to determining fair values. This framework includes a measurement team, reporting directly to Financial Management, with general responsibility over the supervision of all relevant fair value calculations.

On a regular basis the measurement team reviews significant unobservable criteria and measurement adjustments. If third-party information is utilised in determining fair values, such as price-fixing or broker quotations, the measurement team verifies the compliance of such information with the IFRS-EU and the level in the fair value hierarchy by which such measurements should be classified.

Significant measurement issues are reported to the Prosegur Cash Board of Directors.

In determining the fair value of an asset or liability, Prosegur Cash 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: variables 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: variables for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

The following notes contain more information on the assumptions utilised in determining fair values:

- Note 15: Non-current assets held-for-sale.
- Note 27: Business combinations.
- Note 32.9: Financial assets.

## 2.7. Comparative information

The consolidated statement of financial position at 31 December 2016 includes unaudited comparative figures as at 31 December 2015 and 31 December 2014. The consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the notes thereto at 31 December 2016 include unaudited comparative figures for each of the years ended 31 December 2015 and 31 December 2014.

## 2.8. Standards and interpretations effective as of 1 January 2016 and 2015

These consolidated annual accounts have been prepared using the same accounting principles used by the Prosegur Group for the preparation of the consolidated annual accounts as of 1 January 2014, except for the following standards and amendments adopted by the European Union, application of which is mandatory as of 1 January 2015 and 2016 which were applied in the years 2015 and 2016, respectively:

### a) Standards effective from 1 January 2016

- Amendments to IAS 19 *Employee Benefits*. The amendments simplify the accounting of contributions made to defined benefit plans for employees which do not depend on the number of years in employment, being able to recognize such contributions as a reduction in the cost of the service in the year in which they are made, instead of allocating contributions throughout the years of service. Effective for annual periods beginning on or after 1 February 2015.
- Annual improvements to IFRS, 2010-2012 Modifies the following standards:  
IFRS 2 *Share-based payments*, definition of vesting conditions;  
IFRS 3 *Business Combinations*, subsequent measuring of consideration established;  
IFRS 8 *Operating Segments*, aggregation criteria used by management;  
IFRS 13 *Fair Value*, valuation of current accounts receivable and payable;  
IAS 16 and IAS 38: *Property, Plant and Equipment* and *Intangible assets*, methods applicable for the recognition of revaluations;  
IAS 24 *Related Party Transaction*, Information to be disclosed on outsourcing management services, Effective for annual periods beginning on or after 1 February 2015.
- Amendments to IFRS 11 *Accounting for Acquisitions of Interest in Joint Operations*. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value and the previously held interests in the joint operation will not be remeasured. Effective for annual periods beginning on or after 1 January 2016.
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization. The amendments to IAS 38 *Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate and can be overcome only when revenue and the consumption of the economic benefits are highly correlated or when the intangible asset is expressed as a measure of revenue. The amendments to IAS 16 *Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used. Effective for annual periods beginning on or after 1 January 2016.
- Annual Improvements to IFRS 2012 -2014 cycle. Amendments have been made to the following standards:  
IFRS 5 *Non-Current Assets Held-for-Sale and Discontinued Operations*, measurement and recognition of reclassifications of non-current assets held-for-sale or distribution;  
IFRS 7 *Financial Instruments*, disclosures on continuing involvement;  
IAS 19 *Employee Benefits*, what discount rate and currency to use for high-quality corporate bonds;

IAS 34 *Interim Financial Reporting*, the use of cross-references in interim management reports to management reports. Effective for annual periods beginning on or after 1 January 2016.

- Amendments to IAS 27 *Equity Method in Separate Financial Statements*. This amendment allows for the equity method to be applied in the individual financial statements of the investor. Effective for years beginning on or after 1 January 2016.
- Amendments to IAS 1 *Disclosure Initiative*. There is an emphasis on materiality. Specific single disclosures that are not material do not have to be presented – even if they are a minimum requirement of a standard. Effective for annual periods beginning on or after 1 January 2016.
- Amendments to IFRS 10, IFRS 12 and IAS 28: *Investment Entities: Applying the Consolidation Exception*. Effective for annual periods beginning on or after 1 January 2016.

#### **b) Standards effective from 1 January 2015**

- IFRIC 21 – *Levies* (Interpretation by the International Financial Reporting Standards Interpretation Committee). This interpretation of IAS 37 – *Provisions, contingent assets and contingent liabilities*, provides a guideline on when an entity must recognize a liability for a Public Administration levy, other than income tax or fines or penalties imposed for breach of legislation, in its Financial Statements. The interpretation indicates that liabilities must be recognized when the event that causes its recognition occurs and that usually is the activity and time that is identified by legislation as the tax generator, in other words, the taxable event and the tax obligation. Effective for years started from 17 June 2014. The adoption of this interpretation has not had any significant impact on Prosegur's consolidated annual accounts.
- Improvements to *IFRS 2011–2013 cycle*. The improvements to this cycle include modifications to four rules. Besides a change in relation to the rule of first-time adoption, IFRS 1, the following rules have been modified: IFRS 3 *Business combinations* (clarifies that IFRS 3 is not applicable to the formation of a joint arrangement in the financial statements of the joint arrangement itself), IFRS 13 *Fair Value* (the scope of the exception has been modified to measure the fair value of groups of financial assets and liabilities based on net value of portfolios), IAS 40 *Investment Property* (the modification clarifies that IAS 40 and IFRS 3 are not exclusive and both standards may need to be applied). The adoption of these modifications has not had any significant impact on Prosegur's consolidated annual accounts.

### **2.9. Standards and interpretations issued, approved by the European Union, which are not effective as of January 1, 2016 and which Prosegur Cash expects to adopt as of January 1, 2017 or thereafter (have not been adopted in advance)**

Standards and interpretations issued, approved by the European Union, but not effective on 1 January 2016 and which the Group expects to adopt as of 1 January 2017 or later (none have been adopted in advance):

- IFRS 15 *Revenue from Contracts with Customers*. New standard on revenue recognition (replacing IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31). Effective for annual periods beginning on or after 1 January 2018.
- IFRS 9 *Financial instruments* and subsequent amendments. This standard replaces the classification, measurement, recognition and derecognition requirements in respect of financial assets and financial liabilities, hedge accounting and impairment set out in IAS 39. Effective for annual periods beginning on or after 1 January 2018.

At the date of aprobation of these consolidated annual accounts, management of the Group does not consider that the application of the aforementioned standards and interpretations would have a significant impact on the consolidated annual accounts.

## 2.10. Rules and interpretations issued by the International Accounting Standards Board (IASB), pending to be approved by the European Union

- Amendments to IAS 12: Recognition of deferred tax assets for unrealized losses. This amendment clarifies that unrealized losses on debt instruments measured at fair value (available-for-sale financial instruments) whose tax base is the cost of acquisition give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. Effective for annual periods beginning on or after 1 January 2017.
- Amendments to IAS 7: Disclosure Initiative. This amendment introduces requirements related to disclosure on financing activities in the statement of cash flows. Mandatory application is planned for years commencing on or after 1 January 2017.
- Amendments to IFRS 2: Classification and measurement of share-based payment transaction. Clarification regarding accounting for certain types of share-based payment transactions. Effective for annual periods beginning on or after 1 January 2018.
- Amendments to IFRS 4: Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance contracts*. Provide two options for entities that issue insurance contracts within the scope of IFRS 4: overlay approach and deferral approach. Effective for annual periods beginning on or after 1 January 2018.
- Annual improvements to IFRS Standards 2014-2016 Cycle. Modifies the following standards:  
IFRS 1 *First-time Adoption of International Financial Reporting Standards*  
IFRS 12 *Disclosure of Interests in Other Entities*  
IAS 28 *Investments in Associates and Joint Ventures*  
Effective for annual periods beginning on or after 1 January 2018 / 1 January 2017 (for IFRS 12).
- IFRIC interpretation 22 *Foreign Currency Transactions and Advance Consideration*. Addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. Effective for annual periods beginning on or after 1 January 2018.
- Amendments to IAS 40: *Transfers of Investment property*. These amendments clarify the requirements on transfer to, or from, investment property. Effective for annual periods beginning on or after 1 January 2018.
- IFRS 16 *Leases*. The new standard on leases which replaces IAS 17. Effective for annual periods beginning on or after 1 January 2019.

The Group is currently analysing the potential impact of the first-time application of IFRS 16 on its consolidated annual accounts. In order to estimate such impact, the Group needs to estimate, among other factors, the term of the relevant leases taking into account whether the agreements may be early terminated or not and whether the terms may be unilaterally extended by one party or not and, in both cases, under which level of certainty, which will depend in turn on the expected use of the assets located in the underlying leased properties.

The Group has not yet completed the process, given the recent publication of this standard and the various transition options established by this standard for first-time application. Based on the analysis made to date the Group expects the application of IFRS 16 in 2019 to have a significant impact on the Group's consolidated annual accounts as a result of a change in the accounting treatment of certain real estate leases currently accounted for as operating leases. The changes are estimated to have a positive impact on consolidated EBIT and a negative impact on pre-tax profit. EBIT is expected to increase because the lower operating costs will not be fully offset by the amortization costs arising from the newly recorded assets. Pre-tax profit is expected to decrease because of higher finance costs, which together with amortization will result in higher costs than the current operating costs. Furthermore, significant lease liabilities and the corresponding rights of use assets will impact the statement of financial position.

- IFRS 14 *Regulatory Deferral Accounts*: The European Union decided not to launch the endorsement process of this interim standard and to wait for the final standard.
- Amendments to IFRS 10 and IAS 28: *Sale or contribution of assets between an investor and its associate or joint venture*. Clarification regarding the gains/losses to be recognized on such transactions depending on whether they involve businesses or assets. No date has been set for application of these amendments in the European Union.



### 3. Revenues

Revenues are obtained solely from services rendered.

| Thousands of Euros | 31/12/2016       | 31/12/2015       | 31/12/2014       |
|--------------------|------------------|------------------|------------------|
| Services rendered  | 1,724,258        | 1,746,265        | 1,663,140        |
| <b>Revenues</b>    | <b>1,724,258</b> | <b>1,746,265</b> | <b>1,663,140</b> |

For a breakdown by geographical area refer to Note 9. See Note 32.18 for a description of the Group's revenue recognition policy.

### 4. Cost of sales and Selling, general and administrative expenses

The cost of sales and selling, general and administrative expenses are as follows:

| Thousands of Euros              | 31/12/2016       | 31/12/2015       | 31/12/2014       |
|---------------------------------|------------------|------------------|------------------|
| Supplies                        | 43,426           | 42,894           | 48,843           |
| Employee expense (Note 5)       | 781,205          | 780,957          | 758,059          |
| Operating leases                | 25,318           | 25,466           | 30,426           |
| Utilities and external services | 115,476          | 112,651          | 112,589          |
| Depreciation and amortisation   | 30,577           | 36,471           | 33,168           |
| Other expenses                  | 101,329          | 122,188          | 123,097          |
| <b>Total cost of sales</b>      | <b>1,097,331</b> | <b>1,120,627</b> | <b>1,106,182</b> |

| Thousands of Euros  | 31/12/2016     | 31/12/2015     | 31/12/2014     |
|---|----------------|----------------|----------------|
| Supplies  | 1,937          | 2,158          | 1,011          |
| Employee expense (Note 5)                                 | 121,224        | 122,067        | 109,477        |
| Operating leases  | 28,648         | 26,448         | 25,502         |
| Utilities and external services                           | 53,293         | 61,515         | 58,529         |
| Depreciation and amortisation                             | 31,316         | 33,422         | 34,759         |
| Other expenses  | 69,339         | 84,287         | 53,342         |
| <b>Total selling, general and administrative expenses</b> | <b>305,757</b> | <b>329,897</b> | <b>282,620</b> |

For more details of employee expenses, see Note 5.

In 2016 other expenses include management fees and expenses for trademark use of Euros 61,424 thousand (Euros 58,361 thousand in 2015 and Euros 36,646 thousand in 2014). The cost for the use of trademarks in 2016 is Euros 30,361 thousand (Euros 31,224 thousand in 2015 and Euros 12,168 thousand in 2014). In addition in 2016 there are included indirect costs, mainly in Brazil, of Euros 6,952 thousand (Euros 16,598 thousand in 2015 and Euros 7,929 thousand in 2014) and maintenance expenses of Investment property of Euros 345 thousand (Euros 1,482 thousand in 2015 and Euros 330 thousand in 2014).

The caption utilities and external services includes trucks and counting machines, repair services as well as operational outsourcings and other services such as lawyers, auditors and consultants.

## 5. Employee Expense and Benefits

### 5.1. Employee expense

Details of the employee expense are as follows:

| Thousands of Euros            | 31/12/2016     | 31/12/2015     | 31/12/2014     |
|-------------------------------|----------------|----------------|----------------|
| Salaries and wages            | 668,771        | 653,844        | 644,699        |
| Social Security               | 161,985        | 160,591        | 159,731        |
| Other employee expense        | 50,191         | 53,476         | 48,067         |
| Termination benefits          | 21,482         | 35,113         | 15,039         |
| <b>Total employee expense</b> | <b>902,429</b> | <b>903,024</b> | <b>867,536</b> |

### 5.2. Employee benefits

The Prosegur Cash Group makes contributions to three defined benefit plans in France, Brazil and Germany. The defined benefit plan in Brazil comprises post-employment healthcare. This benefit is required by Law 9656 in that country, while the defined benefit plans in France and Germany consist of retirement premiums.

During 2016, the amount recognized as the net costs for employee benefits in the consolidated of profit and loss under Cost of sales and Selling, general and administrative expenses amounted to Euros 1,136 thousand (minor cost of Euros 361 thousand in 2015 and net costs of Euros 1,861 thousand in 2014).

The movement of the present value of obligations is shown in the following table:

| Thousands of Euros             | 31/12/2016   | 31/12/2015   | 31/12/2014   |
|--------------------------------|--------------|--------------|--------------|
| <b>Balance at 1 January</b>    | <b>4,787</b> | <b>6,789</b> | <b>4,712</b> |
| Net cost/(income) for period   | 1,136        | (361)        | 1,861        |
| Plan contributions             | (113)        | (50)         | (55)         |
| Actuarial loss/(profit)        | 955          | (961)        | 208          |
| Translation differences        | 697          | (630)        | 63           |
| <b>Balances at 31 December</b> | <b>7,462</b> | <b>4,787</b> | <b>6,789</b> |

In 2016, the negative impact on equity arising from actuarial losses amounted to Euros 649 thousand (positive impact of Euros 431 thousand in 2015 and negative impact of Euros 137 thousand in 2014) (Note 21).

The breakdown between current and non-current in the present value of obligations for the main defined benefit plans in Brazil, France and in Germany is as follows:

| Thousands of Euros | Brazil       |              |              | France       |              |              | Germany    |            |            |
|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|------------|------------|
|                    | 31/12/2016   | 31/12/2015   | 31/12/2014   | 31/12/2016   | 31/12/2015   | 31/12/2014   | 31/12/2016 | 31/12/2015 | 31/12/2014 |
| Non-current        | 4,027        | 1,694        | 2,829        | 2,821        | 2,480        | 3,342        | 614        | 613        | 618        |
| Current            | -            | -            | -            | -            | -            | -            | -          | -          | -          |
|                    | <b>4,027</b> | <b>1,694</b> | <b>2,829</b> | <b>2,821</b> | <b>2,480</b> | <b>3,342</b> | <b>614</b> | <b>613</b> | <b>618</b> |

The movement of the current value of the main obligations for the defined benefit plans, in Brazil, France and in Germany is as follows:

| Thousands of Euros             | Brazil       |              |              | France       |              |              | Germany    |            |            |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|------------|------------|
|                                | 31/12/2016   | 31/12/2015   | 31/12/2014   | 31/12/2016   | 31/12/2015   | 31/12/2014   | 31/12/2016 | 31/12/2015 | 31/12/2014 |
| <b>Balance at 1 January</b>    | <b>1,694</b> | <b>2,829</b> | <b>2,185</b> | <b>2,480</b> | <b>3,342</b> | <b>2,134</b> | <b>613</b> | <b>618</b> | <b>393</b> |
| Net cost/(income) for period   | 1,015        | 506          | 379          | 120          | (862)        | 1,208        | 1          | (5)        | 274        |
| Plan contributions             | (47)         | (50)         | (55)         | (66)         | -            | -            | -          | -          | -          |
| Actuarial loss/profit          | 668          | (961)        | 257          | 287          | -            | -            | -          | -          | (49)       |
| Translation differences        | 697          | (630)        | 63           | -            | -            | -            | -          | -          | -          |
| <b>Balances at 31 December</b> | <b>4,027</b> | <b>1,694</b> | <b>2,829</b> | <b>2,821</b> | <b>2,480</b> | <b>3,342</b> | <b>614</b> | <b>613</b> | <b>618</b> |

At 31 December 2016 Brazil's defined benefit plans have 17,866 employees and 78 retirees (19,263 employees and 75 retirees in 2015; 16,549 employees and 71 retirees in 2014). The plan in France has 588 employees at 31 December 2016 (670 employees in 2015 and 676 employees in 2014). At 31 December 2016 the plan in Germany has 2 employees (2 employees in 2015 and 2 employees in 2014).

There are no assets linked to the benefit plans in any of the countries, except in the Germany's defined benefit plan which fair value at 31 December 2016 and 2015 amounts to Euros 202 thousand.

The detail of actuarial assumptions used to calculate the present value of the main obligations of defined benefit plans in Brazil, France and in Germany is as follows:

|                      | Brazil     |            |            | France     |            |            | Germany    |            |            |
|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                      | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2016 | 31/12/2015 | 31/12/2014 |
| Inflation rate       | 5.00%      | 5.00%      | 5.00%      | 1.00%      | 1.00%      | 1.00%      | 0.60%      | 0.28%      | 0.19%      |
| Annual discount rate | 5.68%      | 7.20%      | 6.17%      | 1.36%      | 2.08%      | 2.15%      | 2.06%      | 2.06%      | 1.20%      |
| Retirement age       | n/a        | n/a        | n/a        | 65         | 65         | 65         | 65         | 65         | 65         |

The age factor assumed in the Benefit Plan of Brazil in accordance with Prosegur's Group experience is as follows:

- 0 to 5 minimum salaries = 16.97%
- 5 to 10 minimum salaries = 14.29%
- more than 10 minimum salaries = 11.42%

The mortality tables used in determining the defined benefit obligation were:

|  | Brazil                     |                            |            | France     |            |                            | Germany                    |                            |            |
|--|----------------------------|----------------------------|------------|------------|------------|----------------------------|----------------------------|----------------------------|------------|
|  | 31/12/2016                 | 31/12/2015                 | 31/12/2014 | 31/12/2016 | 31/12/2015 | 31/12/2014                 | 31/12/2016                 | 31/12/2015                 | 31/12/2014 |
| AT 2000 smoothed by 10% segregated by gender | AT 83 segregated by gender | AT 83 segregated by gender | INSEE 2014 | INSEE 2014 | INSEE 2014 | Heubeck Richttafeln 2005 G | Heubeck Richttafeln 2005 G | Heubeck Richttafeln 2005 G |            |

The defined benefit plan variables which cause the Prosegur Cash Group exposure to actuarial risk are: longevity, inflation, retirement age, medical cost trends, discount rate and market.

## 6. Other income and expenses

### Other income

Details of other income are as follows:

| Thousands of Euros                                 | 31/12/2016    | 31/12/2015    | 31/12/2014   |
|--|---------------|---------------|--------------|
| Gains on disposal of property, plant and equipment | 46,374        | -             | -            |
| Trademark income                                   | 13,640        | 17,139        | -            |
| Rental income from investment property             | 6,130         | 4,089         | 1,040        |
| Other income                                       | 5,289         | 855           | 6,052        |
| <b>Total other income</b>                          | <b>71,433</b> | <b>22,083</b> | <b>7,092</b> |

Other income for 2016 mainly contains the net gains from sale of operating buildings to other Prosegur companies of Euros 46,374 thousand, reclassified as Non-current assets held-for-sale in January 2015; gain from use of Prosegur trademark of Euros 13,640 thousand (Euros 17,139 thousand in 2015 and there was no trademark billing in 2014) and net gain from renting of investment property in Argentina, reclassified as Non-current assets held-for-sale in January 2016, of Euros 6,130 thousand (Euros 4,089 thousand in 2015 and Euros 1,040 thousand in 2014). The sale prices of these properties have been determined on the basis of appraisals carried out by independent experts.

At 31 of December 2016, the Prosegur trademarks owned by Prosegur Cash subsidiaries Juncadella Prosegur Internacional, S.A. and its subsidiary, Compañía Ridur 2016, S.A., are expected to be sold to Prosegur during the first quarter of 2017. The price to be paid will be determined by a third-party appraiser. This operation is subject to the listing of Prosegur Cash. In case the sale is effective, the trademark will not be invoiced any longer.

The Argentinian investment property will be sold to Prosegur Group in the first quarter of 2017. The price to be paid by Prosegur Group will be determined by a third-party appraiser, based on current market prices (Note 13 and Note 15).

### Other expenses

Details of other expenses are as follows:

| Thousands of Euros                      | 31/12/2016     | 31/12/2015     | 31/12/2014   |
|---|----------------|----------------|--------------|
| Impairment losses on receivables        | (1,384)        | (1,525)        | (626)        |
| Impairment losses on non-current assets | (9)            | (47)           | -            |
| Other expenses                          | (1,326)        | (43)           | -            |
| <b>Total other expenses</b>             | <b>(2,719)</b> | <b>(1,615)</b> | <b>(626)</b> |

Other expenses include the loss from the sale of two floors of the Intercontinental Tower in Argentina (Note 15) for a total amount of Euro 802 thousands, as well as the loss recorded as a result of the sale of the 51.28% holding of the Chilean company Sociedad de Distribución Canje y Mensajería Ltda of Euros 296 thousand (Note 15).

## 7. Net finance income/(costs)

Details of the net finance income/(costs) are as follows:

| Thousands of Euros   | 31/12/2016      | 31/12/2015      | 31/12/2014      |
|--|-----------------|-----------------|-----------------|
| <b>Interest paid:</b>  |                 |                 |                 |
| - Loans from financial institutions                                  | (7,198)         | (11,441)        | (8,538)         |
| - Loans from the Group   | (2,815)         | (5,524)         | (3,479)         |
| - Finance leases   | (1,989)         | (1,921)         | (2,293)         |
|  | <b>(12,002)</b> | <b>(18,886)</b> | <b>(14,310)</b> |
| <b>Interest received:</b>  |                 |                 |                 |
| - Loans and other investments  | 23,749          | 18,346          | 8,835           |
|  | <b>23,749</b>   | <b>18,346</b>   | <b>8,835</b>    |
| <b>Other profit and loss</b>   |                 |                 |                 |
| Net gains/(losses) on foreign currency transactions                  | (7,511)         | 10,338          | (2,445)         |
| Gains/(losses) on the fair value of derivative financial instruments | -               | -               | (73)            |
| Other finance income   | 7,365           | 7,824           | 7,912           |
| Other finance costs  | (20,801)        | (16,326)        | (17,365)        |
|  | <b>(20,947)</b> | <b>1,836</b>    | <b>(11,971)</b> |
| <b>Net finance income/(costs)</b>                                    | <b>(9,200)</b>  | <b>1,296</b>    | <b>(17,446)</b> |
| <b>Total finance income</b>  | <b>31,114</b>   | <b>36,508</b>   | <b>16,747</b>   |
| <b>Total finance costs</b>   | <b>(40,314)</b> | <b>(35,212)</b> | <b>(34,193)</b> |
|  | <b>(9,200)</b>  | <b>1,296</b>    | <b>(17,446)</b> |

The variation in net finance income/(costs) between 2016, 2015 y 2014 mainly reflects differences arising on transactions carried out in currencies other than the functional currency of the related country.

Interest received represent mainly interest associated from loans and other investments due from the Prosegur Group. These revenues have increased during 2016 as a result of the increase in the loans granted to the Prosegur Group (Note 28). The interest rates associated with each loan are set at market value.

Other finance costs comprise monetary adjustments, corresponding to the amortized cost, to judicial deposits associated with labor lawsuits in Brazil (Note 21), as well as the monetary adjustments to tax contingencies, mainly in Brazil (Note 21) and the monetary adjustments to deferred payables arising on business combinations in different countries.

## 8. Earnings per share

### Basic

Basic earnings per share are calculated by dividing the profit for the period attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year (Note 20 (a)).

| Euros  | 31/12/2016           |                                   |             |
|--|----------------------|-----------------------------------|-------------|
|  | Continued operations | Discontinued operations (Note 15) | Total       |
| Profit for the year attributable to owners of the Parent | 226,237,829          | (47,914,000)                      | 178,323,829 |
| Weighted average ordinary shares outstanding             | 651,724,191          | 651,724,191                       | 651,724,191 |
| <b>Basic earnings per share</b>                          | <b>0.35</b>          | <b>(0.07)</b>                     | <b>0.27</b> |

Earnings per share for the years 2014 and 2015, considering that the company would have been created in that period and with the same number of shares, would be 0.26 and 0.28 respectively (unaudited).

### Diluted

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

The parent company does not have different classes of ordinary shares which are potentially diluting.

## 9. Segment reporting

The Board of Directors is the ultimately responsible for making decisions on operations and for reviewing internal financial information to assess performance and to allocate resources.

The Board of Directors analyses business by geographical area.

The main segments are identified in geographical terms as follows:

- Europe, which includes the following countries: Spain, Germany, France, Portugal and Luxembourg (despite not being a jurisdiction where there is operational activity, is included as a consequence of the existence of the Luxembourg company Pitco Reinsurance, S.A. with a corporate purpose of insurance coverage).
- Asia-Oceania & Africa (AOA), which includes the following countries: Australia, India and South Africa.
- Latin America (Latam), which includes the following countries: Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru and Uruguay.

Geographical areas are the main cornerstone of the organisation and are embodied in the Regional General Business Management Departments, which are responsible for the commercial negotiations as well as the design of the services that each of the client's demands, covering all the lines of Business in each region. The segments have been defined according to the organizational structure and based on the similarities of the macroeconomic, commercial and marketing as well as the inter-country trade negotiations within each region.

Prosegur Cash has a large portfolio of global clients that allows for a regional and non-national negotiation. That is why segmentation by region is the best way to manage at the EBIT level, which is compatible with decision making at more granular levels based on business indicators.

The following ratios are used in segment reporting:

- EBITDA: Post-tax profit from continuing operations before net finance income/(costs), income tax, depreciation and amortization.
- EBIT: Post-tax profit from continuing operations before net finance income/(costs) and income tax.
- Consolidated profit for the period: Consolidated profit after taxes.

The Board of Directors uses EBIT to assess segment performance, since this indicator is considered to best reflect the results of the Prosegur Cash Group's different activities.

The Prosegur Cash Group is not highly dependent on any particular customers (Note 29).

### Details of revenues, EBIT and Net income by segments

Details of revenues by segments are as follows:

| Thousands of Euros    | Europe         |                |                | AOA           |               |               | Latam            |                  |                  | Not assigned |            |            | Total            |                  |                  |
|-----------------------|----------------|----------------|----------------|---------------|---------------|---------------|------------------|------------------|------------------|--------------|------------|------------|------------------|------------------|------------------|
|                       | 31/12/2016     | 31/12/2015     | 31/12/2014     | 31/12/2016    | 31/12/2015    | 31/12/2014    | 31/12/2016       | 31/12/2015       | 31/12/2014       | 31/12/2016   | 31/12/2015 | 31/12/2014 | 31/12/2016       | 31/12/2015       | 31/12/2014       |
| Revenues              | 455,275        | 441,573        | 424,954        | 91,156        | 93,372        | 90,042        | 1,177,827        | 1,211,320        | 1,148,144        | -            | -          | -          | 1,724,258        | 1,746,265        | 1,663,140        |
| % of total            | 27%            | 26%            | 26%            | 5%            | 5%            | 5%            | 68%              | 69%              | 69%              | 0%           | 0%         | 0%         | 100%             | 100%             | 100%             |
| <b>Total Revenues</b> | <b>455,275</b> | <b>441,573</b> | <b>424,954</b> | <b>91,156</b> | <b>93,372</b> | <b>90,042</b> | <b>1,177,827</b> | <b>1,211,320</b> | <b>1,148,144</b> | <b>-</b>     | <b>-</b>   | <b>-</b>   | <b>1,724,258</b> | <b>1,746,265</b> | <b>1,663,140</b> |

Details of EBIT and Post – tax profit from continuing operations by segments are as follows:

| Thousands of Euros                         | Europe     |            |            | AOA        |            |            | Latam      |            |            | Not assigned |            |            | Total       |             |             |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|------------|------------|-------------|-------------|-------------|
|  | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2016   | 31/12/2015 | 31/12/2014 | 31/12/2016  | 31/12/2015  | 31/12/2014  |
| Revenues                                   | 455,275    | 441,573    | 424,954    | 91,156     | 93,372     | 90,042     | 1,177,827  | 1,211,320  | 1,148,144  | -            | -          | -          | 1,724,258   | 1,746,265   | 1,663,140   |
| Other net expenses                         | (395,673)  | (382,274)  | (370,437)  | (86,055)   | (81,690)   | (78,360)   | (860,157)  | (900,279)  | (866,912)  | 64,875       | 2,607      | 710        | (1,277,010) | (1,361,636) | (1,314,999) |
| EBITDA                                     | 59,602     | 59,299     | 54,517     | 5,101      | 11,682     | 11,682     | 317,670    | 311,041    | 281,232    | 64,875       | 2,607      | 710        | 447,248     | 384,629     | 348,141     |
| Depreciation and amortisation              | (13,829)   | (17,298)   | (16,448)   | (5,937)    | (6,114)    | (4,844)    | (42,127)   | (44,999)   | (44,374)   | -            | (1,482)    | (2,261)    | (61,893)    | (69,893)    | (67,927)    |
| Results from operating activities (EBIT)   | 45,773     | 42,001     | 38,069     | (836)      | 5,568      | 6,838      | 275,543    | 266,042    | 236,858    | 64,875       | 1,125      | (1,551)    | 385,355     | 314,736     | 280,214     |
| Net finance income/(costs)                 | (6,597)    | 669        | 185        | (2,159)    | (1,804)    | (2,486)    | (21,479)   | (10,393)   | (20,738)   | 21,035       | 12,824     | 5,593      | (9,200)     | 1,296       | (17,446)    |
| Income tax expense                         | (4,256)    | (16,285)   | (14,969)   | (1,292)    | (197)      | (1,375)    | (99,918)   | (91,028)   | (74,911)   | (44,447)     | (382)      | 527        | (149,913)   | (107,892)   | (90,728)    |
| Post-tax profit from continuing operations | 34,920     | 26,385     | 23,285     | (4,287)    | 3,567      | 2,977      | 154,146    | 164,621    | 141,209    | 41,463       | 13,567     | 4,569      | 226,242     | 208,140     | 172,040     |

Not assigned expenses, revenues, assets and liabilities are not allocated to Cash's activity segment, because are not useful for the management analysis decision making. Not assigned items do not help on the management, that is why the effect is isolated.

Not assigned consolidated statements of profit and loss for the year ended 2016, 2015 and 2014 is as follows:

| (In thousands of Euros)                           | Total assigned  |                 |                 | Not assigned   |                 |                | Note | Total          |                |                 |
|---|-----------------|-----------------|-----------------|----------------|-----------------|----------------|------|----------------|----------------|-----------------|
|   | 31/12/2016      | 31/12/2015      | 31/12/2014      | 31/12/2016     | 31/12/2015      | 31/12/2014     |      | 31/12/2016     | 31/12/2015     | 31/12/2014      |
| Revenues  | 1,724,258       | 1,746,265       | 1,663,140       | -              | -               | -              | 3    | 1,724,258      | 1,746,265      | 1,663,140       |
| Cost of sales                                     | (1,097,331)     | (1,120,627)     | (1,106,182)     | -              | -               | -              | 4    | (1,097,331)    | (1,120,627)    | (1,106,182)     |
| <b>Gross profit</b>                               | <b>626,927</b>  | <b>625,638</b>  | <b>556,958</b>  | -              | -               | -              | -    | <b>626,927</b> | <b>625,638</b> | <b>556,958</b>  |
| Other income                                      | 5,289           | 855             | 6,052           | 66,144         | 21,228          | 1,040          | 6    | 71,433         | 22,083         | 7,092           |
| Selling, general and administrative expenses      | (305,412)       | (311,675)       | (280,029)       | (345)          | (18,222)        | (2,591)        | 4    | (305,757)      | (329,897)      | (282,620)       |
| Other expenses                                    | (1,795)         | 266             | (626)           | (924)          | (1,881)         | -              | 6    | (2,719)        | (1,615)        | (626)           |
| Profit / (Loss) from equity accounted-investees   | (4,529)         | (1,473)         | (590)           | -              | -               | -              | 14   | (4,529)        | (1,473)        | (590)           |
| <b>Results from operating activities</b>          | <b>320,480</b>  | <b>313,611</b>  | <b>281,765</b>  | <b>64,875</b>  | <b>1,125</b>    | <b>(1,551)</b> | -    | <b>385,355</b> | <b>314,736</b> | <b>280,214</b>  |
| Finance income                                    | 7,409           | 18,217          | 8,894           | 23,705         | 18,291          | 7,853          | 7    | 31,114         | 36,508         | 16,747          |
| Finance costs                                     | (37,644)        | (29,745)        | (31,933)        | (2,670)        | (5,467)         | (2,260)        | 7    | (40,314)       | (35,212)       | (34,193)        |
| <b>Net finance income /(costs)</b>                | <b>(30,235)</b> | <b>(11,528)</b> | <b>(23,039)</b> | <b>21,035</b>  | <b>12,824</b>   | <b>5,593</b>   | -    | <b>(9,200)</b> | <b>1,296</b>   | <b>(17,446)</b> |
| <b>Profit before income tax</b>                   | <b>290,245</b>  | <b>302,083</b>  | <b>258,726</b>  | <b>85,910</b>  | <b>13,949</b>   | <b>4,042</b>   | -    | <b>376,155</b> | <b>316,032</b> | <b>262,768</b>  |
| Income tax expense                                | (105,466)       | (107,510)       | (91,255)        | (44,447)       | (382)           | 527            | 24   | (149,913)      | (107,892)      | (90,728)        |
| <b>Post-tax profit from continuing operations</b> | <b>184,779</b>  | <b>194,573</b>  | <b>167,471</b>  | <b>41,463</b>  | <b>13,567</b>   | <b>4,569</b>   | -    | <b>226,242</b> | <b>208,140</b> | <b>172,040</b>  |
| Loss from discontinued operation, net of tax      | -               | -               | -               | (47,276)       | (29,166)        | (1,615)        | 15   | (47,276)       | (29,166)       | (1,615)         |
| <b>Consolidated profit for the year</b>           | <b>184,779</b>  | <b>194,573</b>  | <b>167,471</b>  | <b>(5,813)</b> | <b>(15,599)</b> | <b>2,954</b>   | -    | <b>178,966</b> | <b>178,974</b> | <b>170,425</b>  |

Not assigned results / (expenses) correspond mainly to the following details.

| Thousands of Euros  | 31/12/2016      | 31/12/2015    | 31/12/2014     |
|---|-----------------|---------------|----------------|
| Rental income from investment property (Note 6)                             | 6,130           | 4,089         | 1,040          |
| Investment property maintenance costs (Note 6)                              | (345)           | (1,482)       | (330)          |
| Gains on disposal of property, plant and equipment (Note 6)                 | 46,374          | -             | -              |
| Indirect Brazilian tax  | -               | (15,258)      | -              |
| Trademark income (Note 6)   | 13,640          | 17,139        | -              |
| Loss from sale of Sociedad de Distribucion Canje y Mensajeria Ltda (Note 6) | (296)           | -             | -              |
| Loss from sale of investment property (Note 6)                              | (802)           | -             | -              |
| Others  | 174             | (1,881)       | (2,261)        |
| <b>EBITDA/EBIT</b>  | <b>64,875</b>   | <b>2,607</b>  | <b>(1,551)</b> |
| <b>Net Finance income (Note 7)</b>  | <b>21,035</b>   | <b>12,824</b> | <b>5,593</b>   |
| Restructuring tax expenses (Note 24)  | (22,330)        | -             | -              |
| Tax on gain from disposal of PPE  | (11,858)        | -             | -              |
| Other tax expenses not assigned   | (10,259)        | (886)         | 527            |
| <b>Taxes on the continuing operations</b>                                   | <b>(44,447)</b> | <b>(886)</b>  | <b>527</b>     |
| <b>Post-tax profit from continuing operations</b>                           | <b>41,463</b>   | <b>14,545</b> | <b>4,569</b>   |

The revenue and non-current assets distribution by geography is as follows:

| Thousands of Euros       | Revenue          |                  |                  | Non current assets* |                |                |
|--------------------------|------------------|------------------|------------------|---------------------|----------------|----------------|
|                          | 31/12/2016       | 31/12/2015       | 31/12/2014       | 31/12/2016          | 31/12/2015     | 31/12/2014     |
| Brazil                   | 481,565          | 480,239          | 573,187          | 378,944             | 285,289        | 419,004        |
| Argentina                | 434,751          | 474,370          | 314,028          | 82,862              | 97,016         | 98,499         |
| Rest of Latam countries  | 261,512          | 256,711          | 260,929          | 160,562             | 119,878        | 144,180        |
| Spain                    | 167,882          | 158,567          | 151,126          | 24,283              | 15,941         | 13,544         |
| Germany                  | 214,704          | 209,066          | 205,269          | 70,586              | 73,130         | 77,879         |
| Rest of Europe countries | 72,688           | 73,941           | 68,559           | 41,480              | 69,768         | 43,336         |
| AOA                      | 91,156           | 93,371           | 90,042           | 119,408             | 94,948         | 95,757         |
|                          | <b>1,724,258</b> | <b>1,746,265</b> | <b>1,663,140</b> | <b>878,125</b>      | <b>755,970</b> | <b>892,199</b> |

\* Non current assets just for Cash business

Inter-segment transactions are carried out at arm's length.

| Thousands of Euros       | Europe     |            |            | AOA        |            |            | Latam      |            |            | Total      |            |            |
|--------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                          | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2016 | 31/12/2015 | 31/12/2014 |
| Inter - segment revenues | 3,026      | 123        | 21         | -          | -          | -          | 182        | 248        | 155        | 3,208      | 371        | 176        |

### The distribution of assets by segments

The distribution of assets by segments is as follows:

#### Cash business assets distribution by geographical segments

| Thousands of Euros                       | Europe         |                |                | AOA            |                |                | Latam            |                |                  | Total            |                  |                  |
|--|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|------------------|------------------|------------------|------------------|
|  | 31/12/2016     | 31/12/2015     | 31/12/2014     | 31/12/2016     | 31/12/2015     | 31/12/2014     | 31/12/2016       | 31/12/2015     | 31/12/2014       | 31/12/2016       | 31/12/2015       | 31/12/2014       |
| Non-Current Assets allocated to segments | 138,280        | 118,701        | 147,558        | 120,017        | 102,353        | 98,461         | 619,828          | 534,916        | 646,180          | 878,125          | 755,970          | 892,199          |
| Current Assets allocated to segments     | 136,656        | 162,177        | 198,059        | 72,809         | 22,630         | 21,333         | 554,703          | 450,441        | 509,204          | 764,168          | 635,248          | 728,596          |
|  | <b>274,936</b> | <b>280,878</b> | <b>345,617</b> | <b>192,826</b> | <b>124,983</b> | <b>119,794</b> | <b>1,174,531</b> | <b>985,357</b> | <b>1,155,384</b> | <b>1,642,293</b> | <b>1,391,218</b> | <b>1,620,795</b> |

#### Investment property and operating buildings distribution by geographical segments

In 2016 investment property, located in Latam and classified as non-current assets held-for-sale, of Euros 65,778 thousand are not included in the detail of the distribution of assets by segments presented above.

In 2015 operating buildings classified as non-current assets held-for-sale and investment property of Euros 132,361 thousand belonging to the Europe segment for the amount of Euros 15,474 thousand and the remaining relates to the Latam segment, were not included in the detail of the distribution of assets by segment presented above.

In 2014 investment property of Euros 46,529 thousand belonging to the Latam segment is not allocated to this segment. Operating buildings were allocated in Cash business in this year.

Security business assets distribution by geographical segments

In 2016, 2015 and 2014 Security business assets in Latam segments were not included in the detail of the distribution of assets by segments presented above, as the investments properties.

In addition, the finance receivables with the Prosegur Group have not been assigned in any of the years (Note 28.1) of Euros 26,627 thousand in 2016, Euros 294,555 thousand in 2015 and Euros 198,888 thousand in 2014.

**Distribution of liabilities by segments**

Details of liabilities of Cash business allocated to segments and a reconciliation with total liabilities are as follows:

Cash business liabilities distribution by geographical segments

| Thousands of Euros                | Europe     |            |            | AOA        |            |            | Latam      |            |            | Total      |            |            |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                                   | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2016 | 31/12/2015 | 31/12/2014 |
| Liabilities allocated to segments | 812,206    | 369,195    | 317,991    | 36,799     | 35,232     | 38,273     | 579,350    | 561,974    | 547,958    | 1,428,355  | 966,401    | 904,222    |

In 2016, 2015 and 2014 the not assigned liabilities are fully related to Security business in Latam, except for the finance payables with the Prosegur Group have also not been assigned in any of the years (Note 28.1) of Euros 136,972 thousand in 2016, Euros 67,056 thousand in 2015 and Euros 80,427 thousand in 2014.

In 2015 there are Euros 2,737 thousand of liabilities related to investment property not allocated to any segment. Additionally in 2015 there are Euros 30,127 thousand, classified as liability held-for-sale, fully considered as Security business liabilities in Latam not assigned.

Disclosure of the balance between assigned to Cash business and not assigned:

| (In thousands of Euros)                           | Assigned         |                  |                  | Security Brazil |                |                 | Not assigned   |                |            | Note             | Total            |                  |  |
|---|------------------|------------------|------------------|-----------------|----------------|-----------------|----------------|----------------|------------|------------------|------------------|------------------|--|
|   | 31/12/2016       | 31/12/2015 (*)   | 31/12/2014 (*)   | 31/12/2015 (*)  | 31/12/2014 (*) | 31/12/2016      | 31/12/2015 (*) | 31/12/2014 (*) | 31/12/2016 |                  | 31/12/2015 (*)   | 31/12/2014       |  |
| <b>ASSETS</b>                                     |                  |                  |                  |                 |                |                 |                |                |            |                  |                  |                  |  |
| Property, plant and equipment                     | 266,359          | 215,564          | 261,934          | 6,783           | 18,293         | -               | -              | 46,979         | 10         | 266,359          | 222,347          | 327,197          |  |
| Goodwill  | 317,351          | 294,342          | 317,059          | 12,503          | 19,098         | -               | -              | 22,889         | 11         | 317,351          | 306,945          | 358,846          |  |
| Other intangible assets                           | 173,856          | 150,828          | 205,942          | 22,965          | 27,923         | -               | -              | 13,457         | 12         | 173,856          | 173,793          | 247,322          |  |
| Investment property                               | -                | -                | -                | -               | -              | -               | -              | 83,678         | 13         | -                | 83,678           | 46,529           |  |
| Equity-accounted investees                        | 28,955           | 13,054           | 13,986           | -               | -              | -               | -              | 6,185          | 14         | 28,955           | 13,054           | 20,171           |  |
| Non-current financial assets                      | 2,058            | 2,106            | 2,212            | 198             | 4              | -               | -              | 20,147         | 18         | 2,058            | 2,304            | 22,363           |  |
| Deferred tax assets                               | 89,546           | 80,076           | 91,066           | 19,725          | 14,257         | -               | -              | 14,990         | 24         | 89,546           | 99,801           | 120,313          |  |
| <b>Non-current assets</b>                         | <b>878,125</b>   | <b>755,970</b>   | <b>892,199</b>   | <b>62,174</b>   | <b>79,575</b>  | -               | -              | <b>83,678</b>  |            | <b>878,125</b>   | <b>901,822</b>   | <b>1,142,741</b> |  |
| Non-current assets held-for-sale                  | -                | -                | -                | -               | -              | 266,568         | 232,876        | 19,792         | 15         | 266,568          | 232,876          | 19,792           |  |
| Inventories                                       | 7,457            | 6,687            | 5,470            | 458             | 546            | -               | -              | 9,737          | 16         | 7,457            | 7,145            | 15,753           |  |
| Trade and other receivables                       | 426,776          | 351,096          | 423,894          | 71,143          | 85,329         | -               | -              | 41,221         | 17         | 426,776          | 422,239          | 550,444          |  |
| Current receivables with Prosegur group companies | 38,803           | 55,691           | 65,638           | 1,077           | -              | 26,627          | 294,555        | 198,888        | 28         | 65,430           | 351,323          | 264,526          |  |
| Current tax assets                                | 102,352          | 45,949           | 65,781           | (121)           | -              | -               | -              | 6,442          | -          | 102,352          | 45,828           | 72,223           |  |
| Other financial assets                            | -                | -                | 8,241            | -               | -              | -               | -              | -              | 18         | -                | -                | 8,241            |  |
| Cash and cash equivalents                         | 188,780          | 175,825          | 159,572          | 25,727          | 42,081         | -               | -              | 26,862         | 19         | 188,780          | 201,552          | 228,515          |  |
| <b>Current assets</b>                             | <b>764,168</b>   | <b>635,248</b>   | <b>728,596</b>   | <b>98,284</b>   | <b>127,956</b> | <b>293,195</b>  | <b>527,431</b> | <b>302,942</b> |            | <b>1,057,363</b> | <b>1,260,963</b> | <b>1,159,494</b> |  |
| <b>Total assets</b>                               | <b>1,642,293</b> | <b>1,391,218</b> | <b>1,620,795</b> | <b>160,458</b>  | <b>207,531</b> | <b>293,195</b>  | <b>611,109</b> | <b>473,909</b> |            | <b>1,935,488</b> | <b>2,162,785</b> | <b>2,302,235</b> |  |
| <b>EQUITY</b>                                     |                  |                  |                  |                 |                |                 |                |                |            |                  |                  |                  |  |
| <b>Total equity</b>                               | <b>213,938</b>   | <b>424,817</b>   | <b>716,573</b>   | <b>21,141</b>   | <b>64,091</b>  | <b>(28,465)</b> | <b>511,189</b> | <b>370,189</b> |            | <b>185,473</b>   | <b>957,147</b>   | <b>1,150,853</b> |  |
| <b>LIABILITIES</b>                                |                  |                  |                  |                 |                |                 |                |                |            |                  |                  |                  |  |
| Financial liabilities                             | 634,720          | 63,664           | 158,761          | 3,166           | 4,354          | -               | -              | 5,074          | 22         | 634,720          | 66,830           | 168,189          |  |
| Deferred tax liabilities                          | 67,224           | 58,279           | 66,407           | 4,390           | 6,605          | -               | -              | 12,489         | 24         | 67,224           | 62,669           | 85,501           |  |
| Provisions  | 137,047          | 100,579          | 135,279          | 27,232          | 36,287         | -               | -              | 2,282          | 21         | 137,047          | 127,811          | 173,848          |  |
| <b>Non-current liabilities</b>                    | <b>838,991</b>   | <b>222,522</b>   | <b>360,447</b>   | <b>34,788</b>   | <b>47,246</b>  | -               | -              | <b>19,845</b>  |            | <b>838,991</b>   | <b>257,310</b>   | <b>427,538</b>   |  |
| Trade and other payables                          | 334,796          | 265,359          | 283,901          | 53,415          | 90,842         | -               | 2,737          | (6,175)        | 23         | 334,796          | 321,511          | 368,568          |  |
| Current tax liabilities                           | 118,525          | 64,684           | 65,901           | 1,450           | -              | -               | -              | 3,164          | -          | 118,525          | 66,134           | 69,065           |  |
| Financial liabilities                             | 87,315           | 143,972          | 79,717           | 4,733           | 5,182          | -               | -              | 5,571          | 22         | 87,315           | 148,705          | 90,470           |  |
| Current payables with Prosegur group companies    | 31,736           | 247,534          | 85,687           | 45,705          | -              | 136,972         | 67,056         | 80,427         | 28         | 168,708          | 360,295          | 166,114          |  |
| Provisions  | 3,121            | 4,889            | 18,180           | -               | -              | -               | -              | -              | 21         | 3,121            | 4,889            | 18,180           |  |
| Liabilities held-for-sale                         | -                | -                | -                | -               | -              | 184,688         | 30,127         | 1,058          | 15         | 184,688          | 30,127           | 1,058            |  |
| Other current liabilities                         | 13,871           | 17,441           | 10,389           | (774)           | 170            | -               | -              | (170)          | -          | 13,871           | 16,667           | 10,389           |  |
| <b>Current liabilities</b>                        | <b>589,364</b>   | <b>743,879</b>   | <b>543,775</b>   | <b>104,529</b>  | <b>96,194</b>  | <b>321,660</b>  | <b>99,920</b>  | <b>83,875</b>  |            | <b>911,024</b>   | <b>948,328</b>   | <b>723,844</b>   |  |
| <b>Total liabilities</b>                          | <b>1,428,355</b> | <b>966,401</b>   | <b>904,222</b>   | <b>139,317</b>  | <b>143,440</b> | <b>321,660</b>  | <b>99,920</b>  | <b>103,720</b> |            | <b>1,750,015</b> | <b>1,205,638</b> | <b>1,151,382</b> |  |
| <b>Total equity and liabilities</b>               | <b>1,642,293</b> | <b>1,391,218</b> | <b>1,620,795</b> | <b>160,458</b>  | <b>207,531</b> | <b>293,195</b>  | <b>611,109</b> | <b>473,909</b> |            | <b>1,935,488</b> | <b>2,162,785</b> | <b>2,302,235</b> |  |



Presented below is the cash flow statement of the Cash business.

(In thousands of Euros)

|   | Note     | 31/12/2016       | 31/12/2015 (*)   | 31/12/2014 (*)   |
|---|----------|------------------|------------------|------------------|
| <b>Cash flows from operating activities</b>   |          |                  |                  |                  |
| <b>Profit for the year</b>  |          | <b>226,242</b>   | <b>208,140</b>   | <b>172,040</b>   |
| <i>Adjustments for:</i>   |          |                  |                  |                  |
| Depreciation and amortisation   | 10,11,12 | 61,893           | 69,893           | 65,666           |
| Impairment losses on non-current assets   | 10       | 9                | 47               | -                |
| Impairment losses on trade receivables and inventories  | 16, 17   | 1,457            | 1,572            | 648              |
| Change in provisions  | 21       | 40,433           | 31,500           | 23,283           |
| (Gains)/losses on financial assets at fair value through profit or loss                             | 7        | -                | -                | 73               |
| Finance income  | 7, 15    | (31,114)         | (36,508)         | (16,747)         |
| Finance costs   | 7, 15    | 40,314           | 35,212           | 34,193           |
| Share of profit of equity-accounted investees   | 14       | 4,529            | 1,473            | 590              |
| (Gains)/losses on disposal and sale of property, plant and equipment                                | 6        | (45,572)         | 50               | (320)            |
| (Gains)/losses on disposal of subsidiaries  |          | 296              | -                | -                |
| Tax expense   | 15, 24   | 149,913          | 107,892          | 90,728           |
| <b>Changes in working capital, excluding the effect of acquisitions and translation differences</b> |          |                  |                  |                  |
| Inventories   |          | (977)            | (2,307)          | 1,043            |
| Trade and other receivables (including group companies)   |          | 11,547           | (92,072)         | 15,033           |
| Trade and other payables (including group companies)  |          | (53,838)         | 66,870           | (13,302)         |
| Provisions  | 15, 21   | (22,189)         | (49,989)         | (23,761)         |
| Other current liabilities   |          | -                | (14)             | -                |
| Other current assets  |          | -                | -                | -                |
| Interest paid   |          | (11,085)         | (18,819)         | (12,594)         |
| Income tax paid   |          | (115,920)        | (94,341)         | (86,679)         |
| <b>Net cash from operating activities</b>   |          | <b>255,938</b>   | <b>228,599</b>   | <b>249,894</b>   |
| <b>Cash flows from investing activities</b>   |          |                  |                  |                  |
| Proceeds from sale of assets held-for-sale  |          | 100,895          | -                | -                |
| Proceeds from sale of subsidiaries held-for-sale  |          | 88,907           | -                | -                |
| Interest received   |          | 30,670           | 26,170           | 15,808           |
| Proceeds from investment  |          | 37,012           | -                | -                |
| Dividends received  |          | 8,541            | -                | -                |
| Acquisition of subsidiaries, net of cash and cash   |          | (29,529)         | (24,690)         | (63,990)         |
| Acquisition of equity-accounted investees   | 14       | -                | -                | (4,933)          |
| Acquisition of property, plant and equipment  | 10, 15   | (88,126)         | (68,694)         | (75,615)         |
| Acquisition of intangible assets  | 12, 15   | (6,206)          | (4,078)          | (6,365)          |
| Acquisition of subsidiaries integrated  |          | (10,733)         | -                | -                |
| Acquisition of financial assets (including group companies)   |          | (30,009)         | (81,689)         | (125,017)        |
| <b>Net cash used in investing activities</b>  |          | <b>101,422</b>   | <b>(152,981)</b> | <b>(260,112)</b> |
| <b>Cash flows from financing activities</b>   |          |                  |                  |                  |
| Proceeds from issue of share capital and share premium  |          | 3                | -                | -                |
| Proceeds from contributions   |          | 3,289            | 8,735            | 65,570           |
| Proceeds from loans and borrowings (including group companies)                                      | 20       | 715,178          | 29,302           | -                |
| Proceeds from other financial liabilities   |          | -                | 7,690            | 82,003           |
| Payments for the redemption of own shares and other own equity instruments                          |          | (46,781)         | -                | -                |
| Payments for loans and borrowings   |          | (21,778)         | (60,047)         | (86,302)         |
| Share premium distribution  | 20, 28.1 | (910,548)        | -                | -                |
| Dividends paid  |          | (74,619)         | (32,121)         | (95,375)         |
| <b>Net cash from (used in) financing activities</b>   |          | <b>(335,256)</b> | <b>(46,441)</b>  | <b>(34,104)</b>  |
| Net increase/(decrease) in cash and cash equivalents  |          | 22,104           | 29,177           | (44,322)         |
| Cash and cash equivalents at the beginning of year  |          | 175,825          | 159,572          | 208,627          |
| Effect of translation differences on cash held  |          | (9,149)          | (12,924)         | (4,733)          |
| <b>Cash and cash equivalents at year end</b>  |          | <b>188,780</b>   | <b>175,825</b>   | <b>159,572</b>   |

(\*) Not audited

The remainder of the cash inflows/outflows are relate to the Security business.

The services rendered by the Prosegur Cash Group through its subsidiaries can be classified into the following lines of activity within each of the geographical segments:

- Logistics: Domestic and international transportation and custody of valuables: transportation in armoured vehicles and custody in the Group's vaults of cash and valuables and other high-value goods such as jewellery, works of art, precious metals, electronic devices, ballots and judicial evidence.
- Cash management: preparation of notes and coins for recirculation in accordance with national legislations and central bank requirements. This includes the processing, packing and recycling of notes.
- Outsourcing: these comprise several products including:
  - o Cash cycle management, from forecasting ATM cash requirements while minimising financial and logistics costs, and guaranteeing cash availability to loading cash in ATMs with the denominations ordered and balancing the cash in the machine at the time of loading with the data on the print out tape in the machine.
  - o Integrated management of automated front office cash machines and those for back office use at retail customers. This management service includes cash management, transportation and custody, but these are included in the package.
  - o Management of outsourcing of other services ("AVOS") at financial institutions, including document management, customer support related to payments, legal services, etc.

Prosegur Cash Group considers that will manage by the mentioned lines of business. Historical information is not available but approximately the percentages of distribution by geographic segment of the revenue would be as follows:

|                 | Europe | AOA | Latam | Total |
|-----------------|--------|-----|-------|-------|
| Logistics       |        |     |       |       |
| % of total      | 58%    | 59% | 72%   | 68%   |
| Cash Management |        |     |       |       |
| % of total      | 33%    | 39% | 22%   | 26%   |
| Outsourcing     |        |     |       |       |
| % of total      | 9%     | 2%  | 6%    | 6%    |

## 10. Property, plant and equipment

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

| Thousand of Euros                            | Land and<br>buildings | Technical<br>installations<br>and<br>machinery | Other<br>installations<br>and furniture | Armoured<br>vehicles and<br>other property,<br>plant and<br>equipment | Under<br>construction<br>and advances | Total          |
|--|-----------------------|--|---|---|---------------------------------------|----------------|
| <b>Cost</b>                                  |                       |  |   |   |                                       |                |
| <b>Balance at 1 January 2014</b>             | <b>99,122</b>         | <b>95,345</b>                                  | <b>148,374</b>                          | <b>285,116</b>  | <b>49,327</b>                         | <b>677,284</b> |
| Translation differences                      | (4,716)               | 1,303  | 4,800                                   | (3,590)   | (5,829)                               | (8,032)        |
| Business combination (Note 27)               | -                     | 156  | (66)                                    | (1,739)   | -                                     | (1,649)        |
| Additions                                    | 2,648                 | 17,722   | 22,574                                  | 34,239  | 7,485                                 | 84,668         |
| Disposals                                    | (284)                 | (9,489)  | (8,854)                                 | (3,419)   | (60)                                  | (22,106)       |
| Transfers                                    | 8,218                 | 1,643  | 1,912                                   | 2,898   | (14,671)                              | -              |
| <b>Balance at 31 December 2014</b>           | <b>104,988</b>        | <b>106,680</b>                                 | <b>168,740</b>                          | <b>313,505</b>  | <b>36,252</b>                         | <b>730,165</b> |
| Translation differences                      | (6,890)               | (16,285)                                       | (20,174)                                | (36,744)  | (6,667)                               | (86,760)       |
| Transfer to Non-current assets held-for sale | (93,120)              | (11,041)                                       | (27,103)                                | (30,031)  | (459)                                 | (161,755)      |
| Business combination (Note 27)               | -                     | 63   | 101                                     | -   | -                                     | 164            |
| Additions                                    | 5,460                 | 10,814   | 20,944                                  | 16,175  | 16,428                                | 69,821         |
| Disposals                                    | -                     | (2,345)  | (9,635)                                 | (9,365)   | (575)                                 | (21,920)       |
| Transfers                                    | 7,166                 | 6,368  | 888                                     | 5,975   | (20,397)                              | -              |
| <b>Balance at 31 December 2015</b>           | <b>17,604</b>         | <b>94,254</b>                                  | <b>133,761</b>                          | <b>259,515</b>  | <b>24,582</b>                         | <b>529,715</b> |
| Translation differences                      | (2,290)               | 9,181  | 5,402                                   | 17,217  | 457                                   | 29,967         |
| sale   | -                     | (188)  | (1,559)                                 | (7,487)   | (270)                                 | (9,504)        |
| Business combination (Note 27)               | -                     | 7  | 1,768                                   | 1,735   | -                                     | 3,510          |
| Additions                                    | 1,541                 | 9,375  | 16,433                                  | 17,056  | 45,483                                | 89,888         |
| Disposals                                    | (5)                   | (2,293)  | (6,345)                                 | (15,326)  | (1,834)                               | (25,803)       |
| Transfers                                    | 941                   | 10,737   | 4,357                                   | 7,121   | (23,156)                              | -              |
| <b>Balance at 31 December 2016</b>           | <b>17,791</b>         | <b>121,073</b>                                 | <b>153,817</b>                          | <b>279,831</b>  | <b>45,262</b>                         | <b>617,773</b> |

| Thousand of Euros                                      | Land and<br>buildings | Technical<br>installations<br>and<br>machinery | Other<br>installations<br>and furniture | Armoured<br>vehicles and<br>other property,<br>plant and<br>equipment | Under<br>construction<br>and<br>advances | Total            |
|--|-----------------------|--|---|---|--|------------------|
| <b>Depreciation</b>                                    |                       |  |   |   |  |                  |
| <b>Balance at 1 January 2014</b>                       | <b>(21,870)</b>       | <b>(58,728)</b>                                | <b>(101,016)</b>                        | <b>(189,905)</b>  | -  | <b>(371,519)</b> |
| Transalation differences                               | 33                    | 117  | 1,587                                   | 1,149   | -  | 2,886            |
| Disposals  | 102                   | 9,304  | 1,413                                   | 1,216   | -  | 12,035           |
| Depreciation for the period                            | (2,000)               | (9,480)  | (11,176)                                | (23,714)  | -  | (46,370)         |
| <b>Balance at 31 December 2014</b>                     | <b>(23,735)</b>       | <b>(58,787)</b>                                | <b>(109,192)</b>                        | <b>(211,254)</b>  | -  | <b>(402,968)</b> |
| Transalation differences                               | 258                   | 11,777   | 15,898                                  | 18,720  | -  | 46,653           |
| Transfer to Non-current assets held-for sale           | 23,321                | 255  | 36,944                                  | 24,330  | -  | 84,850           |
| Disposals  | -                     | 1,618  | 1,227                                   | 8,869   | -  | 11,714           |
| Depreciation for the period                            | (312)                 | (9,433)  | (11,171)                                | (26,654)  | -  | (47,570)         |
| Provision for impairment recognised in profit and loss | -                     | -  | -                                       | (47)  | -  | (47)             |
| <b>Balance at 31 December 2015</b>                     | <b>(468)</b>          | <b>(54,570)</b>                                | <b>(66,294)</b>                         | <b>(186,036)</b>  | -  | <b>(307,368)</b> |
| Transalation differences                               | 294                   | (4,418)  | (2,010)                                 | (13,155)  | -  | (19,289)         |
| Transfer to Non-current assets held-for sale           | -                     | 134  | 665                                     | 1,922   | -  | 2,721            |
| Disposals  | 3                     | 1,275  | 1,713                                   | 13,160  | -  | 16,151           |
| Transfers  | -                     | 314  | (670)                                   | 356   | -  | -                |
| Depreciation for the period                            | (1,034)               | (9,892)  | (12,712)                                | (19,982)  | -  | (43,620)         |
| Provision for impairment recognised in profit and loss | -                     | -  | -                                       | (9)   | -  | (9)              |
| <b>Balance at 31 December 2016</b>                     | <b>(1,205)</b>        | <b>(67,157)</b>                                | <b>(79,308)</b>                         | <b>(203,744)</b>  | -  | <b>(351,414)</b> |
| At 1 January 2014                                      | 77,252                | 36,617   | 47,358                                  | 95,211  | 49,327                                   | 305,765          |
| At 31 December 2014                                    | 81,253                | 47,893   | 59,548                                  | 102,251   | 36,252                                   | 327,197          |
| At 1 January 2015                                      | 81,253                | 47,893   | 59,548                                  | 102,251   | 36,252                                   | 327,197          |
| At 31 December 2015                                    | 17,136                | 39,684   | 67,466                                  | 73,479  | 24,582                                   | 222,347          |
| At 1 January 2016                                      | 17,136                | 39,684   | 67,466                                  | 73,479  | 24,582                                   | 222,347          |
| At 31 December 2016                                    | 16,586                | 53,916   | 74,508                                  | 76,087  | 45,262                                   | 266,359          |

Additions primarily comprise investments made to refurbish depots, installations and armoured vehicles for use in operations. In 2016, these investments were mainly carried out in Spain, Argentina and Brazil; in 2015, they were carried out in Argentina, Spain and France; in 2014, they were carried out in Argentina, Germany, Peru, Colombia and Brazil.

In the movement of 2014 the depreciation for the period includes the depreciation of the assets classified as held-for-sale in 2015 and 2016. If these assets had been excluded and just considering the Cash business depreciation for year would have been of Euros 43,332 thousand.

In the movement of 2015 the depreciation for the period includes the depreciation of the assets classified as held-for-sale in 2016. If these assets had been excluded and just considering the Cash business depreciation for year would have been of Euros 46,873 thousand.

Under construction and advances at the end of 2016 mainly reflect advances of armoured vehicles in Brazil, Argentina and Paraguay of Euros 11,917 thousand, advances of machinery in Argentina and Brazil of Euros 7,248 thousand, constructions of buildings in Argentina of Euros 5,702 thousand and adequacy of facilities in Argentina, Brazil and Australia of Euros 10,184 thousand.

Under construction and advances at the 2015 and 2014 year-end mainly reflect advances made in Argentina, Brazil and Spain for construction of armoured vehicles, assembly of banknote and coin counting machinery and refurbishment of bases. The majority of the armoured vehicles and machinery assembly has been completed in the first half of 2016.

At 31 December 2016, there are no assets subject to ownership restrictions or pledged as collateral for liabilities.

Commitments for the acquisition of property, plant and equipment are detailed in Note 26.

It is Prosegur Cash's policy to take out insurance to cover possible risks relating to property, plant and equipment. All these risks are fully covered at the 2016, 2015 and 2014 year-ends.

Property, plant and equipment under finance leases in which the Prosegur Cash Group acts as lessee are as follows:

| 31 December 2016               |                    |                                       |                                   |   |               |
|--------------------------------|--------------------|---------------------------------------|-----------------------------------|---|---------------|
|                                | Land and buildings | Technical installations and machinery | Other installations and furniture | Armoured vehicles and other property, plant and equipment | Total         |
| Thousands of Euros             |                    |                                       |                                   |   |               |
| Capitalised finance lease cost | -                  | 6,731                                 | 85                                | 36,452  | 43,268        |
| Accumulated depreciation       | -                  | (5,034)                               | (70)                              | (23,073)  | (28,177)      |
| <b>Carrying amount</b>         | <b>-</b>           | <b>1,697</b>                          | <b>15</b>                         | <b>13,379</b>   | <b>15,091</b> |
| 31 December 2015               |                    |                                       |                                   |   |               |
|                                | Land and buildings | Technical installations and machinery | Other installations and furniture | Armoured vehicles and other property, plant and equipment | Total         |
| Thousands of Euros             |                    |                                       |                                   |   |               |
| Capitalised finance lease cost | -                  | 7,852                                 | 213                               | 37,781  | 45,846        |
| Accumulated depreciation       | -                  | (5,720)                               | (192)                             | (24,556)  | (30,468)      |
| <b>Carrying amount</b>         | <b>-</b>           | <b>2,132</b>                          | <b>21</b>                         | <b>13,225</b>   | <b>15,378</b> |
| 31 December 2014               |                    |                                       |                                   |   |               |
|                                | Land and buildings | Technical installations and machinery | Other installations and furniture | Armoured vehicles and other property, plant and equipment | Total         |
| Thousands of Euros             |                    |                                       |                                   |   |               |
| Capitalised finance lease cost | 4,078              | 8,152                                 | 136                               | 38,679  | 51,045        |
| Accumulated depreciation       | (89)               | (5,597)                               | (93)                              | (17,361)  | (23,140)      |
| <b>Carrying amount</b>         | <b>3,989</b>       | <b>2,555</b>                          | <b>43</b>                         | <b>21,318</b>   | <b>27,905</b> |

Main contracts of financial leases of property, plant and equipment are as follows:

- Armoured vehicles: lease of armoured vehicles in Germany and Brazil.
- Technical installations and machinery: leases of coin counting machinery in Brazil.

The detail of the present value and minimum payments under finance leases are included in Note 22.

In 2015 the variation in land and buildings is due to reclassification to Non-current assets held-for-sale.

## 11. Goodwill

Details of movement in goodwill are as follows:

|   | Thousand of Euros |                |                |
|---|-------------------|----------------|----------------|
|   | 31/12/2016        | 31/12/2015     | 31/12/2014     |
| <b>Balance at the beginning of the period</b> | <b>306,845</b>    | <b>358,846</b> | <b>341,470</b> |
| Additions to the consolidated group (Note 27) | 6,209             | 1,318          | 6,070          |
| Measurement period adjustment                 | -                 | 221            | 13,798         |
| Disposals                                     | -                 | -              | (1,541)        |
| Transfer to Non-current assets held-for-sale  | (12,503)          | (25,776)       | -              |
| Translation differences                       | 16,800            | (27,764)       | (951)          |
| <b>Balance at the end of the period</b>       | <b>317,351</b>    | <b>306,845</b> | <b>358,846</b> |

Additions to goodwill derived from business combinations are the following:

|  |                |                        | <b>31/12/2016</b>         |  |
|--|----------------|------------------------|---------------------------|--|
|  | <u>Country</u> | <u>% Participation</u> | <u>Thousands of Euros</u> |  |
| MIV Gestión S.A.                                   | Spain          | 100%                   | 309                       |  |
| Procesos Técnicos de Seguridad y Valores SAS       | Colombia       | 100%                   | 71                        |  |
| Toll Transport Pty Ltd                             | Australia      | 100%                   | 5,829                     |  |
|  |                |                        | <b>6,209</b>              |  |
|  |                |                        | <b>31/12/2015</b>         |  |
|  | <u>Country</u> | <u>% Participation</u> | <u>Thousands of Euros</u> |  |
| Branch of activity "Call Center y Back Office"     | Spain          | 100%                   | 1,128                     |  |
| Centro Informático de Vigo S.A.                    | Spain          | 100%                   | 190                       |  |
|  |                |                        | <b>1,318</b>              |  |
|  |                |                        | <b>31/12/2014</b>         |  |
|  | <u>Country</u> | <u>% Participation</u> | <u>Thousands of Euros</u> |  |
| Evtec Management Services Pte Ltd                  | Singapore      | 100%                   | 1,498                     |  |
| Chorus Group                                       | Germany        | 100%                   | 1,412                     |  |
| Transvig - Transporte de Valores e Vigilancia LTDA | Brazil         | 100%                   | 3,160                     |  |
|  |                |                        | <b>6,070</b>              |  |

Details of the estimated goodwill in the tables above and the allocation of the amounts for which measurement was completed in the period are provided in Note 27.

Measurement period adjustments in 2015 reflect the final appraisal value of the customer portfolio appraised by an independent expert in 2015.

|  |                          | <b>31/12/2015</b>         |
|--|--------------------------|---------------------------|
|  |                          | <u>Thousands of Euros</u> |
| Transvig-Transporte de Valores e Vigilancia LTDA | <u>Country</u><br>Brazil | <u>221</u>                |
|  |                          | <b>221</b>                |

Measurement period adjustments in 2014 pertain to the following goodwill adjustments:

|                                 |                           | <b>31/12/2014</b>         |
|---------------------------------|---------------------------|---------------------------|
|                                 |                           | <u>Thousands of Euros</u> |
| Brinks Deutschland GmbH         | <u>Country</u><br>Germany | <u>11,829</u>             |
| Chubb Security Services Pty Ltd | Australia                 | 1,969                     |
|                                 |                           | <b>13,798</b>             |

Disposals in 2014 derives mainly from the change in the consolidation method of the joint ventures from proportional to equity method (see Note 14).

### Impairment testing of goodwill

Goodwill has been allocated to cash-generating units (CGU) in accordance with their respective country of operation. Goodwill is allocated to CGU for impairment testing purposes. Goodwill is allocated to the CGU that are expected to benefit from the business combination from which the goodwill arose.

A summary of the CGU to which goodwill has been allocated, by country, is as follows:

|                        | Thousand of Euros |                |                |
|------------------------|-------------------|----------------|----------------|
|                        | 31/12/2016        | 31/12/2015     | 31/12/2014     |
| Spain CGU              | 2,415             | 2,104          | 786            |
| France CGU             | 16,938            | 16,938         | 16,938         |
| Portugal CGU           | 5,730             | 5,730          | 5,730          |
| Germany CGU            | 34,305            | 34,303         | 34,303         |
| <b>Subtotal Europe</b> | <b>59,388</b>     | <b>59,075</b>  | <b>57,757</b>  |
| Australia CGU          | 38,105            | 31,309         | 31,453         |
| Rest of AOA            | -                 | -              | 6,004          |
| <b>Subtotal AOA</b>    | <b>38,105</b>     | <b>31,309</b>  | <b>37,457</b>  |
| <br>                   |                   |                |                |
| Brazil CGU             | 105,217           | 102,783        | 127,214        |
| Chile CGU              | 35,586            | 35,586         | 39,817         |
| Peru CGU               | 21,358            | 21,358         | 26,053         |
| Argentina CGU          | 30,929            | 31,369         | 42,315         |
| Colombia CGU           | 17,149            | 15,762         | 18,598         |
| Rest of Latam          | 9,619             | 9,603          | 9,635          |
| <b>Subtotal Latam</b>  | <b>219,858</b>    | <b>216,461</b> | <b>263,632</b> |
| <b>Total</b>           | <b>317,351</b>    | <b>306,845</b> | <b>358,846</b> |

Goodwill is tested for impairment annually at the end of each reporting period, or earlier if there are indications of impairment, in accordance with the accounting policy described in Note 32.8.

The recoverable amount of a CGU is determined based on its value in use. The key operating assumptions used to calculate the value in use of the various CGUs are based on budgets for the following year and on the strategic plan for subsequent years. Both the budget and the plan are approved by management and are calculated based on the experience of previous years correcting the deviations that occurred in previous periods. The gross margin and sales projections used to calculate value in use are based on macroeconomic growth rates in each country and efficiency plans designed to optimise results. 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 income in perpetuity.

The assets considered to determine the carrying value of a CGU are: Property, plant and equipment, goodwill, other intangible assets adjusted for net working capital.

In order to identify the cash flows corresponding to the subsequent years from the approved business plan, perpetual income is calculated from the projected last year's cash flow based on a growth rate which coincides with the estimate of future price changes in the geographic area to which the CGU is associated.

The projections used to calculate value in use of each item and the key assumptions considered are as follows:

- Revenue: estimates are based on growth of sales volumes and prices. In general, growth of sales volumes is based on country GDP while growth of prices is based on inflation.
- Gross profit: is based on the efficiency plans designed by Prosegur Cash Group, mainly to optimise customer portfolios applying a methodology based on analysing profitability to establish a threshold below which a commercial relationship with those customers is not considered viable. Gross margin is calculated as the Group's total sales revenue minus its cost of sales, divided by total sales revenue, expressed as a percentage.
- EBITDA: based on the average optimization costs gained in the past. EBITDA is calculated using the Group's net earnings, before the deduction of interest expenses, taxes, depreciation and amortization.
- CAPEX: mainly based on plans to renew the fleet depending on its age, with the aim of refreshing it. We consider the CAPEX ratio estimate of 5% of sales reasonable. CAPEX is calculated as sum of property, plant and equipment additions and software additions.
- Working capital: based on optimising the days sales outstanding (hereafter, "DSO") or average collection period for trade receivables. The projection is based on sales growth according to the DSO specified. We consider the ratio of working capital to sales (10%) reasonable and therefore suitable for extrapolation for use in a projection. Working capital is calculated as current assets less active current liabilities plus deferred tax less deferred tax liabilities less long-term provisions.

- Taxes: tax projections are calculated in accordance with the effective tax rate and the expected results in each jurisdiction.

The macroeconomic estimates used are obtained from external sources. The key assumptions used to calculate value in use are as follows:

|                              | 31/12/2016 |       |        | 31/12/2015 |       |        | 31/12/2014 |        |        |
|------------------------------|------------|-------|--------|------------|-------|--------|------------|--------|--------|
|                              | Europe     | AOA   | Latam  | Europe     | AOA   | Latam  | Europe     | AOA    | Latam  |
| Growth rate <sup>(1)</sup>   | 1.68%      | 3.29% | 5.51%  | 1.79%      | 3.35% | 7.61%  | 1.57%      | 4.94%  | 6.51%  |
| Discount rate <sup>(2)</sup> | 4.95%      | 9.31% | 20.00% | 4.57%      | 9.94% | 20.24% | 4.56%      | 12.87% | 15.90% |

<sup>(1)</sup> Weighted average growth rate used to extrapolate cash flows beyond the budgeted period.

<sup>(2)</sup> Weighted average discount rate after tax applied to cash flow projections.

Details of the key assumptions relating to the most significant CGU are as follows:

#### 31 December 2016

|               | Spain | France | Germany | Portugal | Australia | India  | Chile  | Brazil | Colombia | Peru   | Argentina | Rest of Latam |
|---------------|-------|--------|---------|----------|-----------|--------|--------|--------|----------|--------|-----------|---------------|
| Growth rate   | 1.56% | 1.68%  | 1.98%   | 1.81%    | 2.52%     | 4.94%  | 3.00%  | 4.51%  | 3.00%    | 2.52%  | 9.70%     | 5.25%         |
| Discount rate | 5.02% | 4.65%  | 4.24%   | 6.48%    | 7.47%     | 13.24% | 10.04% | 16.43% | 12.57%   | 10.17% | 36.24%    | 13.87%        |

#### 31 December 2015

|               | Spain | France | Germany | Portugal | Australia | India | Chile | Brazil | Colombia | Peru  | Argentina | Rest of Latam |
|---------------|-------|--------|---------|----------|-----------|-------|-------|--------|----------|-------|-----------|---------------|
| Growth rate   | 1.51% | 1.66%  | 1.92%   | 1.70%    | 2.49%     | 3.35% | 3.00% | 4.56%  | 3.04%    | 2.00% | 21.08%    | 5.20%         |
| Discount rate | 5.53% | 4.87%  | 3.99%   | 6.34%    | 5.24%     | 9.94% | 9.74% | 16.41% | 10.49%   | 9.99% | 42.51%    | 14.28%        |

#### 31 December 2014

|               | Spain | France | Germany | Portugal | Australia | India  | Chile | Brazil | Colombia | Peru  | Argentina | Rest of Latam |
|---------------|-------|--------|---------|----------|-----------|--------|-------|--------|----------|-------|-----------|---------------|
| Growth rate   | 1.34% | 1.32%  | 1.70%   | 1.50%    | 2.52%     | 6.01%  | 3.00% | 4.55%  | 3.04%    | 2.00% | 17.48%    | 5.24%         |
| Discount rate | 5.62% | 5.11%  | 3.99%   | 6.60%    | 5.36%     | 11.58% | 8.67% | 12.14% | 8.52%    | 8.31% | 40.33%    | 11.73%        |

Pre-tax discount rate are as follows:

#### 31 December 2016

|               | Spain | France | Germany | Rest of Europe | Australia | India  | Chile  | Brazil | Colombia | Peru   | Argentina | Rest of Latam |
|---------------|-------|--------|---------|----------------|-----------|--------|--------|--------|----------|--------|-----------|---------------|
| Discount rate | 5.02% | 4.65%  | 4.26%   | 6.55%          | 7.56%     | 14.29% | 10.10% | 16.70% | 12.91%   | 10.27% | 36.24%    | 13.44%        |

#### 31 December 2015

|               | Spain | France | Germany | Rest of Europe | Australia | India  | Chile | Brazil | Colombia | Peru   | Argentina | Rest of Latam |
|---------------|-------|--------|---------|----------------|-----------|--------|-------|--------|----------|--------|-----------|---------------|
| Discount rate | 5.53% | 4.87%  | 4.07%   | 6.34%          | 5.79%     | 14.03% | 9.80% | 17.14% | 10.90%   | 10.23% | 42.52%    | 14.01%        |

#### 31 December 2014

|               | Spain | France | Germany | Rest of Europe | Australia | India  | Chile | Brazil | Colombia | Peru  | Argentina | Rest of Latam |
|---------------|-------|--------|---------|----------------|-----------|--------|-------|--------|----------|-------|-----------|---------------|
| Discount rate | 5.62% | 5.11%  | 4.09%   | 6.60%          | 5.95%     | 12.63% | 8.75% | 12.76% | 8.85%    | 8.64% | 40.35%    | 11.82%        |

Management determines budgeted gross margins based on past experience and forecast market performance.

The discount rates used are post-tax values and reflect specific risks related to the country of operation. Using pre-tax rates would make no difference to the conclusions as to each CGU recoverable amount. No impairment losses have been recognised on goodwill in 2016, 2015 and 2014.

The sensitivity analysis of EBITDA consists of determining the point below which there would be an impairment loss. To do so, different hypothetical assumptions are evaluated until figures that would result in observable impairment to the consolidated annual accounts are obtained. The percentage represents the amount by which EBITDA would have to diminish, all other variables remaining constant, in order to impair the CGU.

The sensitivity analysis of the growth rate consists of determining the weighted average growth/contraction rate used to extrapolate cash flows beyond the budget period that would trigger impairment losses in each of the larger CGUs. Additionally, the sensitivity analysis of the discount rate consists of determining the WACC that begins to impair the CGU, while all other variables remain constant.



Along with impairment testing, the Prosegur Cash Group has also performed a sensitivity analysis on the goodwill allocated to the main CGU, for the purposes of the key assumptions. Details of the thresholds for discount rate, growth rate and EBITDA, above which impairment losses would arise, are as follows:

|           | 31/12/2016    |             |         | 31/12/2015    |             |         | 31/12/2014    |             |         |
|-----------|---------------|-------------|---------|---------------|-------------|---------|---------------|-------------|---------|
|           | Discount rate | Growth rate | EBITDA  | Discount rate | Growth rate | EBITDA  | Discount rate | Growth rate | EBITDA  |
| Brazil    | 19.52%        | 0.02%       | -9.30%  | 24.11%        | -8.59%      | -21.40% | 22.47%        | -10.63%     | -33.53% |
| Argentina | 140.30%       | -100.00%    | -44.67% | 100.94%       | -89.35%     | -39.33% | 105.30%       | -97.52%     | -45.53% |
| Spain     | 128.20%       | -100.00%    | -51.87% | 90.77%        | -98.32%     | -59.86% | 428.30%       | -98.13%     | -52.83% |
| France    | 5.86%         | 0.33%       | -7.89%  | 5.37%         | 1.11%       | -3.26%  | 7.95%         | -1.98%      | -17.93% |
| Colombia  | 12.76%        | 2.75%       | -0.82%  | 10.81%        | 2.60%       | -1.59%  | 9.22%         | 2.32%       | -4.95%  |
| Peru      | 35.20%        | -73.85%     | -45.52% | 42.49%        | -72.22%     | -49.65% | 35.95%        | -100.01%    | -55.96% |
| Chile     | 11.53%        | 1.13%       | -9.35%  | 18.53%        | -11.93%     | -29.43% | 22.01%        | -16.38%     | -46.80% |
| Germany   | 7.09%         | -1.28%      | -18.48% | 6.30%         | -3.56%      | -15.74% | 10.82%        | -6.75%      | -26.78% |
| Australia | 23.77%        | -35.80%     | -34.89% | 23.81%        | -40.03%     | -41.40% | 16.84%        | -12.58%     | -36.63% |

The assumptions used for the sensitivity analysis are not considered probable. Consequently there are no indicators for impairment.

## 12. Other intangible assets

Details and movement of other intangible assets are as follows:

| Thousand of Euro                              | Computer software | Customer portfolios | Trademarks      | Other intangible assets | Total            |
|---|-------------------|---------------------|-----------------|-------------------------|------------------|
| <b>Cost</b>                                   |                   |                     |                 |                         |                  |
| <b>Balance at 1 January 2014</b>              | <b>38,045</b>     | <b>289,600</b>      | <b>25,827</b>   | <b>8,207</b>            | <b>361,679</b>   |
| Translation differences                       | 290               | 3,349               | 77              | 33                      | 3,749            |
| Business combinations (Note 27)               | (348)             | 5,757               | -               | -                       | 5,409            |
| Additions                                     | 6,398             | -                   | -               | -                       | 6,398            |
| Disposals                                     | (633)             | (1,157)             | (1,197)         | (361)                   | (3,348)          |
| <b>Balance at 31 December 2014</b>            | <b>43,752</b>     | <b>297,549</b>      | <b>24,707</b>   | <b>7,879</b>            | <b>373,887</b>   |
| Translation differences                       | (6,896)           | (59,191)            | (5,159)         | (1,253)                 | (72,499)         |
| Business combinations (Note 27)               | 14                | 662                 | -               | -                       | 676              |
| Additions                                     | 4,078             | -                   | -               | -                       | 4,078            |
| Disposals                                     | (593)             | -                   | -               | -                       | (593)            |
| Transfers to Non-current assets held-for-sale | (702)             | (11,518)            | (1,950)         | (2,102)                 | (16,272)         |
| <b>Balance at 31 December 2015</b>            | <b>39,653</b>     | <b>227,502</b>      | <b>17,598</b>   | <b>4,524</b>            | <b>289,277</b>   |
| Translation differences                       | 2,252             | 40,203              | 3,250           | 809                     | 46,514           |
| Business combinations (Note 27)               | -                 | 4,593               | -               | -                       | 4,593            |
| Additions                                     | 5,435             | -                   | -               | 771                     | 6,206            |
| Disposals                                     | (2,452)           | -                   | -               | -                       | (2,452)          |
| Transfers to Non-current assets held-for-sale | (3,993)           | (27,883)            | (4,824)         | (1,348)                 | (38,048)         |
| <b>Balance at 31 December 2016</b>            | <b>40,895</b>     | <b>244,415</b>      | <b>16,024</b>   | <b>4,756</b>            | <b>306,090</b>   |
| <b>Amortisation and impairment</b>            |                   |                     |                 |                         |                  |
| <b>Balance at 1 January 2014</b>              | <b>(25,433)</b>   | <b>(55,993)</b>     | <b>(13,704)</b> | <b>(2,549)</b>          | <b>(97,679)</b>  |
| Translation differences                       | 24                | (1,079)             | (9)             | 8                       | (1,056)          |
| Disposals                                     | 144               | 1,363               | -               | -                       | 1,507            |
| Amortisation for the period                   | (3,630)           | (20,168)            | (4,267)         | (1,272)                 | (29,337)         |
| <b>Balance at 31 December 2014</b>            | <b>(28,895)</b>   | <b>(75,877)</b>     | <b>(17,980)</b> | <b>(3,813)</b>          | <b>(126,565)</b> |
| Translation differences                       | 4,664             | 17,670              | 4,559           | 956                     | 27,849           |
| Disposals                                     | 581               | -                   | -               | -                       | 581              |
| Transfers to Non-current assets held-for-sale | 97                | 4,357               | 1,645           | 526                     | 6,625            |
| Amortisation for the period                   | (4,100)           | (16,007)            | (3,065)         | (802)                   | (23,974)         |
| <b>Balance at 31 December 2015</b>            | <b>(27,653)</b>   | <b>(69,857)</b>     | <b>(14,841)</b> | <b>(3,133)</b>          | <b>(115,484)</b> |
| Translation differences                       | (1,873)           | (8,562)             | (4,135)         | (1,224)                 | (15,794)         |
| Disposals                                     | 2,234             | -                   | -               | -                       | 2,234            |
| Transfers to Non-current assets held-for-sale | 3,069             | 8,192               | 3,321           | 501                     | 15,083           |
| Amortisation for the period                   | (3,536)           | (13,577)            | (369)           | (791)                   | (18,273)         |
| <b>Balance at 31 December 2016</b>            | <b>(27,759)</b>   | <b>(83,804)</b>     | <b>(16,024)</b> | <b>(4,647)</b>          | <b>(132,234)</b> |
| <b>Carrying amount</b>                        |                   |                     |                 |                         |                  |
| At 1 January 2014                             | 12,612            | 233,607             | 12,123          | 5,658                   | 264,000          |
| At 31 December 2014                           | 14,857            | 221,672             | 6,727           | 4,066                   | 247,322          |
| At 1 January 2015                             | 14,857            | 221,672             | 6,727           | 4,066                   | 247,322          |
| At 31 December 2015                           | 12,000            | 157,645             | 2,757           | 1,391                   | 173,793          |
| At 1 January 2016                             | 12,000            | 157,645             | 2,757           | 1,391                   | 173,793          |
| At 31 December 2016                           | 13,136            | 160,611             | -               | 109                     | 173,856          |

Trademarks included in the movement of intangible assets arise in their entirety as a result of business combinations and have defined useful lives.

In the movement of 2014 the amortisation for the period includes the amortisation of the assets classified as held-for-sale in 2015 and 2016. If these assets had been excluded and just considering the Cash business depreciation for year would have been of Euros 24,595 thousand.

In the movement of 2015 the amortisation for the period includes the amortisation of the assets classified as held-for-sale in 2016. If these assets had been excluded and just considering the Cash business depreciation for year would have been of Euros 21,538 thousand.

The carrying amount and remaining useful life of individually significant customer portfolios at 31 December 2016 are as follows:

| Thousands of Euros  | 31/12/2016     |                                    |                 | Remaining useful life |
|---|----------------|------------------------------------|-----------------|-----------------------|
|   | Cost           | Amortisation and impairment losses | Carrying amount |                       |
| Nordeste Group Large Customer Portfolio<br>Norsegel Vigilancia and Transporte de Valores<br>LTDA Large Customer Portfolio | 90,456         | (24,289)                           | 66,167          | 13 years and 2 months |
| Preserve and Transpev Large Customer Portfolio  | 26,916         | (12,235)                           | 14,681          | 9 years               |
| Chubb Security Services PTY LTD Top 5 Customer Portfolio  | 24,306         | (14,709)                           | 9,597           | 6 years and 5 months  |
| Chubb Security Services PTY LTD Other Customer Portfolio  | 13,634         | (2,153)                            | 11,481          | 16 years              |
| Transbank Customer Portfolio  | 20,143         | (3,180)                            | 16,963          | 16 years              |
| Sergipe Group Nordeste Customer Portfolio   | 7,942          | (2,742)                            | 5,200           | 9 years and 2 months  |
| Fiel Large Customer Portfolio   | 7,553          | (3,651)                            | 3,902           | 5 years and 2 months  |
| Bahia GrupoNordeste Other Customer Portfolio  | 5,766          | (2,218)                            | 3,548           | 8 years               |
|   | 5,885          | (2,370)                            | 3,515           | 7 years and 2 months  |
|   | <b>202,601</b> | <b>(67,547)</b>                    | <b>135,054</b>  |                       |

The carrying amount and remaining useful life of individually significant customer portfolios at 31 December 2015 are as follows:

| Thousands of Euros  | 31/12/2015     |                                    |                 | Remaining useful life |
|---|----------------|------------------------------------|-----------------|-----------------------|
|   | Cost           | Amortisation and impairment losses | Carrying amount |                       |
| Nordeste Group Large Customer Portfolio<br>Norsegel Vigilancia and Transporte de Valores<br>LTDA Large Customer Portfolio | 83,684         | (17,822)                           | 65,862          | 14 years and 2 months |
| Preserve and Transpev Large Customer Portfolio  | 25,494         | (10,043)                           | 15,451          | 10 years              |
| Chubb Security Services PTY LTD Top 5 Customer Portfolio  | 19,338         | (10,846)                           | 8,492           | 7 years and 5 months  |
| Chubb Security Services PTY LTD Other Customer Portfolio  | 13,358         | (1,406)                            | 11,952          | 17 years              |
| Transbank Customer Portfolio  | 19,736         | (2,077)                            | 17,659          | 17 years              |
| Sergipe Group Nordeste Customer Portfolio   | 7,348          | (2,012)                            | 5,336           | 10 years and 2 months |
| Fiel Large Customer Portfolio   | 6,987          | (2,679)                            | 4,308           | 6 years and 2 months  |
| Bahia Grupo Nordeste Other Customer Portfolio   | 6,747          | (2,076)                            | 4,671           | 9 years               |
|   | 5,444          | (1,740)                            | 3,705           | 8 years and 2 months  |
|   | <b>188,136</b> | <b>(50,701)</b>                    | <b>137,435</b>  |                       |

The carrying amount and remaining useful life of individually significant customer portfolios at 31 December 2014 are as follows:

| Thousands of Euros  | 31/12/2014     |                                    |                 | Remaining useful life |
|---|----------------|------------------------------------|-----------------|-----------------------|
|   | Cost           | Amortisation and impairment losses | Carrying amount |                       |
| Nordeste Group Large Customer Portfolio<br>Norsegel Vigilancia and Transporte de Valores<br>LTDA Large Customer Portfolio | 112,031        | (17,635)                           | 94,396          | 15 years and 2 months |
| Preserve and Transpev Large Customer Portfolio  | 34,130         | (11,377)                           | 22,753          | 11 years              |
| Chubb Security Services PTY LTD Top 5 Customer Portfolio  | 25,889         | (13,118)                           | 12,771          | 8 years and 5 months  |
| Chubb Security Services PTY LTD Other Customer Portfolio  | 13,420         | (706)                              | 12,714          | 18 years              |
| Transbank Customer Portfolio  | 19,826         | (1,043)                            | 18,783          | 18 years              |
| Sergipe Group Nordeste Customer Portfolio   | 9,837          | (1,991)                            | 7,846           | 11 years and 2 months |
| Fiel Large Customer Portfolio   | 9,355          | (2,651)                            | 6,704           | 7 years and 2 months  |
| Bahia GrupoNordeste Other Customer Portfolio  | 9,033          | (2,084)                            | 6,949           | 10 years              |
|   | 7,288          | (1,721)                            | 5,567           | 9 years and 2 months  |
|   | <b>240,809</b> | <b>(52,326)</b>                    | <b>188,483</b>  |                       |

The cost at 31 December 2016, 2015 and 2014 for each individually significant customer portfolios differs due to translation differences.

In 2015 the amounts pertaining to the client portfolios of Transvig – Transporte de Valores e Vigilancia LTDA stem from definitive allocations of fair value which were provisionally allocated in 2014:

|   | Thousands of Euros |                     |
|---|--------------------|---------------------|
|   | Computer software  | Customer portfolios |
| Branch of activity "Call Center y Back Office" (Spain)      | -                  | 1,350               |
| Centro Informático de Vigo S.A. (Spain)                     | 14                 | 30                  |
| Transvig - Transporte de Valores e Vigilancia LTDA (Brazil) | -                  | (718)               |
|   | <b>14</b>          | <b>662</b>          |

All reported intangible assets have a defined useful life and are amortised in percentages ranging from 4.55% to 25% according to their estimated useful life. Details of the amortisation percentages of the customer portfolios and trademarks are described in Note 32.6.

Intangible assets are tested for impairment as described in Notes 32.6 and 32.8. No impairment losses have been recognised or reversed in 2016 in 2015 and 2014.

At 31 December 2016, there are no assets subject to ownership restrictions or pledged as collateral for liabilities.

### 13. Investment property

Details of movements in investment property are as follows:

Thousands of Euros

#### Cost

|  |               |
|--|---------------|
| <b>Balance at 1 January 2014</b>             | -             |
| Translation differences                      | 1,672         |
| Additions                                    | 45,267        |
| <b>Balance at 31 December 2014</b>           | <b>46,939</b> |
| Translation differences                      | (33,203)      |
| Additions                                    | 71,315        |
| <b>Balance at 31 December 2015</b>           | <b>85,051</b> |
| Transfer to Non-current assets held-for-sale | (85,051)      |
| <b>Balance at 31 December 2016</b>           | <b>-</b>      |

#### Depreciation and impairment

|  |                |
|--|----------------|
| <b>Balance at 1 January 2014</b>             | -              |
| Translation differences                      | (15)           |
| Additions                                    | (395)          |
| <b>Balance at 31 December 2014</b>           | <b>(410)</b>   |
| Translation differences                      | 519            |
| Additions                                    | (1,482)        |
| <b>Balance at 31 December 2015</b>           | <b>(1,373)</b> |
| Transfer to Non-current assets held-for-sale | 1,373          |
| <b>Balance at 31 December 2016</b>           | <b>-</b>       |

Investment property includes several floors of two buildings located in the city of Buenos Aires (Argentina).

In January 2016 management implemented a plan to sell these buildings. In accordance with this plan, the investment property have been classified as Non-current assets held-for-sale. During 2016 part of the buildings have been sold (see Note 15) and the rest is expected to be sold in the first quarter 2017.

The additions of investment properties during the year 2015 correspond to the acquisition of several plants of two buildings in the city of Buenos Aires.

The income and expenses generated in 2014 from investment property amounted to Euros 1,040 thousand and Euros 330 thousand respectively. The income and expenses generated in 2015 from investment property amounted to Euros 4,089 thousand and Euros 1,482 thousand respectively (for 2016 see Notes 4 and 6).

Prosegur Cash Group has taken out policies to cover the risk of these buildings. The coverage of these policies is considered sufficient.

#### 14. Equity-accounted investees

Equity-accounted investees are recognised derived from joint arrangements.

The joint arrangements comprise the following companies:

- Operating in India: SIS Cash Services Private Limited and its 100% subsidiary SIS Prosegur Holdings Private Limited;
- Operating in South Africa: SBV Services Proprietary Limited and its 100% subsidiaries SBV Services Namibia Proprietary Limited, Carrick Properties (Pinetown) Proprietary Limited and Standard Bertrieb Virtschaft Services Limited (SBV Nigeria).

These joint arrangements are structured as separate vehicles in which Prosegur Cash holds a participation in net assets (49% interest in SIS Cash Services Private Limited and 33.33% in SBV Services Proprietary Limited). Consequently, these investments are classified as joint ventures. The equity method is applied as required by IFRS 11 (see Note 32.1).

Details of movement in equity-accounted investees are as follows:

| Thousands of Euros        | 31/12/2016    | 31/12/2015    | 31/12/2014    |
|---------------------------|---------------|---------------|---------------|
| Interest in joint venture | 28,955        | 13,054        | 20,171        |
|                           | <b>28,955</b> | <b>13,054</b> | <b>20,171</b> |

| Thousands of Euros                            | 31/12/2016    | 31/12/2015    | 31/12/2014    |
|---|---------------|---------------|---------------|
| <b>Balance at the beginning of the period</b> | <b>13,054</b> | <b>20,171</b> | <b>14,381</b> |
| Acquisitions                                  | 18,331        | -             | 5,793         |
| Additions                                     | -             | -             | 565           |
| Share of profits                              | (4,529)       | (1,473)       | (590)         |
| Transfer to Non-current assets held-for-sale  | -             | (6,228)       | -             |
| Transfer                                      | 611           | 198           | -             |
| Translation differences                       | 1,488         | 386           | 22            |
| <b>Balance at the end of the period</b>       | <b>28,955</b> | <b>13,054</b> | <b>20,171</b> |

Acquisitions in 2016 mainly correspond to the subscription of shares representing 33.33% of the share capital of the South African company SBV Services Proprietary Limited (hereinafter SBV) by Prosegur Group, contributed later to Prosegur Cash Group. SBV Services Proprietary Limited operates in the cash in transit and cash management sector. Its business has been implemented nationally in South Africa. The cost of the transaction amounted to South African Rand 320 million (Euros 18,331 thousand). The transaction was carried out on 25 February 2016.

The contractual terms of the subscription of shares in SBV by the Prosegur Cash Group have a hybrid character, which includes an implicit derivative. From February 2019 until February 2021, the Prosegur Cash Group has a put option for the total of its investment in SBV, conditioned only that, at the time of its exercise, the total participation of the Prosegur Cash Group does not exceed 50% of the capital. In case of such option exercise by the Prosegur Cash Group, the mandatory repurchase of shares subscribed by the Prosegur Cash Group on 25 February 2016 will correspond to SBV, and the repurchase of those shares subsequently acquired corresponds to the seller shareholder. In the case that SBV is not able to acquire the shares subscribed by the Prosegur Cash Group, the remaining shareholders will have the obligation to do so. The sale price of the shares would equal its acquisition price, plus a market interest.

As it was not possible to assess this implicit derivative separately and determine its fair value reliably (neither at the time of purchase nor at a later date, mainly due to the fact that the put option has an underlying notional number of shares in the acquiring company, which is not listed), the hybrid financial instrument has not been separated and has been classified as an investment accounted for using the equity-method.

On the other hand, the agreements for the subscription of shares of SBV include, in addition, a right inverse; a purchase option in favour of SBV in certain circumstances. Starting from February 2016 and until February 2019, in case of serious breach (not remedied) of obligations by the Prosegur Cash Group under the contract of technology license and intellectual property rights subscribed between them, SBV will have the right to demand from the Prosegur Cash Group the forced transmission of its total participation (to itself or, in its case, to that shareholder that had sold shares to the Prosegur Cash Group). The acquisition price will be the same as in the case of the sale option described above: the price paid for the shares at the time of acquisition, plus a market interest increased by a certain margin.

Details of equity-accounted investees are as follows:

| Thousands of Euros                                | 31/12/2016    | 31/12/2015    | 31/12/2014    |
|---|---------------|---------------|---------------|
| SIS Cash Services Private Limited                 | 6,849         | 7,944         | 13,986        |
| SIS Prosegur Holdings Private Limited             | 5,359         | 5,110         | -             |
| Servicios de Seguridad Prosegur Regiones Ltda     | -             | -             | 3,510         |
| Prosegur Chile SA                                 | -             | -             | 2,675         |
| SBV Services Proprietary Limited                  | 16,682        | -             | -             |
| Carrick Properties (Pinetown) Proprietary Limited | 65            | -             | -             |
| <b>Balance at the end of the period</b>           | <b>28,955</b> | <b>13,054</b> | <b>20,171</b> |

All the companies detailed above, are allocated to AOA segment, except Prosegur Chile, S.A and Servicios de Seguridad Prosegur Regiones Ltda which belong to Latam segment and were reclassified to assets held-for-sale in 2015.

Detail of the main figures of investments accounted for using the equity method is included in Appendix III.

There are no commitments relating to significant contingent liabilities in any of the joint arrangements accounted for by the equity method.

## 15. Non-current assets held-for-sale and associated liabilities

As explained in Note 1 Prosegur decided to spin-off the cash business unit to a newly-incorporated company, Prosegur Cash. As a consequence in 2014 and 2015 Prosegur management implemented plans to sell the following assets:

- All net assets related to Security business which are held by the Prosegur Cash Group companies and were planned to be sold to Prosegur Group within the spin-off process.
- Investment properties in Argentina.
- Some operating buildings.

### Net assets related to Security business

In January 2014 the assets and liabilities of the following companies were classified as held-for-sale:

- The following companies in Brasil: Prosegur Sistemas de Seguranca, Ltda., Prosegur Administracao de Recebiveis, Ltda., Prosegur Activa Alarmes, S.A., Prosegur Gestao de Efetivos, Ltda.
- The following company in Uruguay: Prosegur Uruguay Compañía de Seguridad, S.A.

The above mentioned companies were classified as available for sale as there was a high probability of these companies being sold under a committed sales plan approved by management. These companies were available for immediate sale in January 2014. The profit and loss associated to these Security businesses was classified under discontinued operations from 2014 until the date of sale.

During 2015 the above mentioned companies were sold to the Prosegur Group. The sale process took more than one year as a result of the execution of the restructuring plan of Prosegur Group, which was composed by several concatenated operations, the ones were executed based on when the previous operations were completed, all of them approved by the Management since 2014.

In January 2015 the assets and liabilities of the following companies were classified as held-for-sale:

- The following companies in Argentina: Prosegur Seguridad, S.A., Prosegur Argentina Holding, S.A., Prosegur Inversiones Argentina, S.A., Prosegur Vigilancia Activa, S.A., Servicios Auxiliares Petroleros, S.A., Xiden, S.A.C.I., Prosegur Tecnología Argentina, S.A., General Industries Argentina, S.A., Tellex, S.A., Prosegur, S.A. and Servin Seguridad, S.A.
- The following companies in Peru: Proservicios, S.A., Proseguridad, S.A., Orus, S.A., Orus Selva, S.A. and Inversiones RB, S.A.
- The following companies in Chile: Servicios de Seguridad Prosegur Regiones, Ltda, Prosegur Tecnología Chile, Ltda, Prosegur Gestión de Activos Chile Limitada, Prosegur Chile, S.A. and Sociedad de Distribución Canje y Mensajería Ltda.
- The following companies in Singapore: Prosec Services Pte, Ltd., Prosegur Singapore Pte Ltd (ex Evtec Management Services Pted, Ltd).
- The following companies in Paraguay: Soluciones Integrales en Seguridad Prosegur Paraguay S.A. and Alarmas Prosegur Paraguay S.A.

The above mentioned companies were classified as available for sale as there was a high probability of these companies being sold under a committed sales plan approved by management. These companies were available for immediate sale in January 2015. The profit and loss associated to these Security businesses was classified under discontinued operations from 2014 and 2015 until the date of sale.

During 2016 all the companies mentioned above were sold to Prosegur Group. The sale process took more than one year as a result of the execution of the restructuring plan of Prosegur Group, which was composed by several concatenated operations, the ones were executed based on when the previous operations were completed, all of them approved by the Management since 2015.

In January 2016 the assets and liabilities of Security of Prosegur Brasil, S.A. Transportadora de Valores e Segurança have been classified as held-for-sale and on December 31, 2016, the purchase agreement between Prosegur Cash Group and the Prosegur Group has been signed. Due to regulatory reasons the spin-off process require more time and is expected to be finished before 31 December 2017.

At 31 December 2016 a sale contract with Prosegur was signed which compromises the mentioned spin-off and the transfer to Prosegur of the resulting entity.

#### Brazilian Security business Sale Agreement

In Brazil, the Prosegur Group operated a combined Cash business and a Security business through a single local entity, Prosegur Brasil, S.A. Transportadora de Valores e Segurança (the "Prosegur Brazil"). Due to the lengthy administrative procedures required to spin-off the Brazilian Cash Business from the Brazilian Security Business under Brazilian law, it was not possible to legally separate these businesses yet, and Prosegur Brazil, including both businesses, was transferred to Prosegur Cash Group.

On 1 January 2016 the Brazilian Security business was classified as available for sale as there was a high probability of this business being sold to the Prosegur Group under a committed sales plan approved by management. The profit and loss associated to this Security business is classified under discontinued operations in each of the years 2016, 2015 and 2014.

On 31 December 2016 the Prosegur Cash Group entered into the Brazilian Security business Sale Agreement in order to sell the Brazilian Security Business to the Prosegur Group. The sale of the Brazilian Security Business is to be preceded by a spin-off of the Brazilian Security Business to a separate entity, with only the Brazilian Cash Business remaining part of Prosegur Brazil. Prosegur Cash Group has been carrying out the administrative procedures relating to the transaction described above during the entire year 2016 and expects to finalize those procedures and to transfer the Brazilian Security Business to the Prosegur Group during 2017. The proceeds of this sale will be used to strengthen Prosegur Cash Group's cash position.

Under the terms of the Brazilian Security Business Sale Agreement signed on 31 December 2016, the Prosegur Group has agreed to indemnify the Prosegur Cash Group for any contingencies arising from the Brazilian Security Business and, additionally, agrees to reimburse the Prosegur Cash Group on a quarterly basis between the signing and the closing of the sale of the Brazilian Security Business, for any net cash consumed by the Brazilian Security Business.

The sale agreement includes a sale price of Euros 18,444 thousand which has been determined by management on the basis of an external independent expert's appraisal report. The net book value at 31 December 2016 amounts to 16,102 thousand euros.

Since the estimated fair value exceeds the net carrying amount of assets and liabilities held-for-sale amounting to Euros 2,342 thousand as of the valuation date, no impairment was considered necessary.

The valuation performed is based on discounted cash flows (level 3 fair value). The valuation model considers the present value of future cash flows, discounted using a discount rate for the company / projects adjusted for business risk, which includes the rate of return required by shareholders and creditors net of tax debt. The expected cash flows have been determined by considering the forecast revenue and EBITDA based on the budget approved by management. The significant unobservable inputs used refer to the forecasted annual revenue growth according to the company's expectations, long-term growth in line with long-term inflation expectations in Brazil (4.5%), forecasted EBITDA (2016-19: (0.3%) to 2.6%) and risk-adjusted discount rate (13.75% to 14.25%).

### Investment property in Argentina

These comprise investment property in Argentina with a carrying amount of Euros 65,778 thousand at 31 December 2016. In 2015 and 2014 the net book value amounted to 83,678 thousand euros and 46,529 thousand euros, respectively (see Note 13).

On 1 January 2016 investment properties were classified as available for sale as there was a high probability of them being sold under a committed sales plan approved by management. These assets were available for immediate sale on that date. The profit and loss associated to these investment properties are classified under continued operations.

Investments properties that will be sold in February 2017 (Note 31) have had a sale process longer than a year as a result of price negotiations due to the internal administrative steps were several external appraisal was required.

Total fair value, after a valuation analysis by an independent expert, amounted to a maximum prize of Euros 84,018 thousand (Euros 90,061 thousand at 31 December 2015; at 31 December 2014 there was no valuation performed due to recent purchase) and a minimum prize of Euros 60,123 thousand (Euros 71,143 thousand at 31 December 2015). The breakdown of the maximum prize was as follows:

| Thousands of Euros   | 31/12/2016    | 31/12/2015    |
|--|---------------|---------------|
| Bouchard 551   | 36,511        | 41,759        |
| Torre Intercontinental, Moreno 845/847/877 Alsina 880 and Tacuarri 242/292 | 47,507        | 48,302        |
|  | <b>84,018</b> | <b>90,061</b> |

In 2016 two floors and 16 garages of the Torre Intercontinental have been sold for Argentinian Pesos 82,749 thousand (equivalent to the amount of Euros 4,943 thousand at the time of the transaction).

The income and expenses generated in 2016 of Euros 6,130 thousand and Euros 345 thousand, respectively, are presented as profit and loss from continued operations (Note 6).



### Operating buildings

Within the restructuring process certain operating property, plant and equipment with a carrying amount of Euros 49,578 thousand were reclassified to Non-current assets held-for-sale at 1 December 2015 as there was a high probability of them being sold under a committed sales plan approved by management. In 2016 all of these assets were sold to Prosegur Group companies for Euros 95,952 thousand. The sales prices were determined based on valuations performed by third-party appraisals. The net gain from sale of these assets of Euros 46,374 thousand has been presented as income and loss from continued operations (see Note 6) as well as the related depreciation until 1 December 2015.

### Non-current assets held-for-sale and liabilities directly related to non-current assets classified as held-for-sale:

At 31 December 2016, 2015 and 2014 non-current assets held-for-sale and liabilities directly related to non-current assets classified as held-for-sale is recognised at carrying amount and comprises the following assets and liabilities:

| Thousands of Euros  | 31/12/2016     | 31/12/2015     | 31/12/2014    |
|---|----------------|----------------|---------------|
| <b>Non-current assets held-for-sale</b>   |                |                |               |
| Property, plant and equipment   | 5,652          | 61,520         | 77            |
| Investment property   | 65,778         | -              | -             |
| Goodwill  | 17,912         | 27,846         | 1,885         |
| Other intangible assets   | 23,874         | 9,357          | -             |
| Equity-accounted investees  | -              | 6,461          | -             |
| Non-current financial assets  | -              | 17,723         | 2,545         |
| Deferred tax assets   | 18,326         | 5,640          | 640           |
| Inventories   | 586            | 7,792          | -             |
| Accounts receivables  | 111,617        | 51,042         | 9,871         |
| Current financial assets  | -              | 4,885          | 4,643         |
| Other current assets  | -              | 737            | -             |
| Cash and cash equivalents   | 22,823         | 39,873         | 131           |
|   | <b>266,568</b> | <b>232,876</b> | <b>19,792</b> |
| <b>Liabilities directly related to non-current assets classified as held-for-sale</b> |                |                |               |
| Thousands of Euros  | 31/12/2016     | 31/12/2015     | 31/12/2014    |
| Long-term financial liabilities   | 20             | 311            | -             |
| Deferred tax liabilities  | 5,039          | 2,782          | -             |
| Non-current provisions  | 54,729         | 4,325          | 1,058         |
| Short-term financial liabilities  | 5,481          | 837            | -             |
| Trade and other payables  | 119,419        | 21,855         | -             |
| Other current liabilities   | -              | 17             | -             |
|   | <b>184,688</b> | <b>30,127</b>  | <b>1,058</b>  |

In all cases, the carrying amount has been smaller than the fair value less cost of sales. The result associated with the assets and liabilities classified as held for sale in 2015 and 2016 for 2014 has been classified as a result after tax of discontinued operations, for their comparability.

The decrease in property, plant and equipment in 2016 is due to the sale of operating assets (see Note 6).

During 2016, two plants of the Intercontinental Tower, classified as held-for-sale (see Note 6) were sold, resulting in a decrease of 5,682 thousand euros, The remaining change in the investment property caption is due to the devaluation of the Argentinian peso.

The remaining items, both assets and liabilities, vary as a result of the sales and contributions made by the Prosegur Cash Group with Security business companies.

**Loss from discontinued operations:**

| Thousands of Euros  | <u>31/12/2016</u> | <u>31/12/2015</u> | <u>31/12/2014</u> |
|---|-------------------|-------------------|-------------------|
| Revenues  | 417,228           | 600,106           | 596,219           |
| Cost of sales   | (324,600)         | (374,242)         | (507,158)         |
| <b>Gross profit</b>                                       | <b>92,628</b>     | <b>225,864</b>    | <b>89,061</b>     |
| Other income  | 1,342             | 1,889             | 5                 |
| Selling, general and administrative expenses              | (86,594)          | (212,929)         | (78,896)          |
| Other expenses  | (26,896)          | (32,559)          | (4,859)           |
| Depreciation and amortization                             | -                 | (3,292)           | (6,335)           |
| Results from sale of assets held-for-sale                 | 2,549             | (51)              | -                 |
| <b>Results from operating activities</b>                  | <b>(16,971)</b>   | <b>(21,078)</b>   | <b>(1,024)</b>    |
| Finance income  | 465               | 6,541             | 3,046             |
| Finance costs   | (5,021)           | (18,324)          | (3,327)           |
| Finance costs exchange rate differences                   | (33,446)          | (6,927)           | -                 |
| <b>Net finance income/(costs)</b>                         | <b>(38,002)</b>   | <b>(18,710)</b>   | <b>(281)</b>      |
| <b>Loss before income tax from discontinued operation</b> | <b>(54,973)</b>   | <b>(39,788)</b>   | <b>(1,305)</b>    |
| Income tax  | 7,697             | 10,622            | (310)             |
| <b>Loss from discontinued operation, net of tax</b>       | <b>(47,276)</b>   | <b>(29,166)</b>   | <b>(1,615)</b>    |
| Atributable to:   |                   |                   |                   |
| Owners of the Parent                                      | (47,914)          | (28,807)          | (1,615)           |
| Non-controlling interest                                  | 638               | (359)             | -                 |

Income tax for 2016, 2015 and 2014 are composed by Euros 1,080 thousand, Euros 873 thousand and Euros 63 thousand as current tax respectively and Euros 6,617 thousand, Euros 9,749 thousand and Euros (373) thousand as deferred tax respectively.

The calculation of the income tax expense, based on pre-tax profit for the period for discontinued operations is as follows:

| Thousands of Euros                            | <u>31/12/2016</u> | <u>31/12/2015</u> | <u>31/12/2014</u> |
|---|-------------------|-------------------|-------------------|
| Profit before income tax                      | <b>(54,973)</b>   | <b>(39,788)</b>   | <b>(1,305)</b>    |
| Tax rate                                      | 25%               | 28%               | 30%               |
| Result of applying tax rate to profit         | (13,743)          | (11,141)          | (392)             |
| Permanent differences                         | 12,315            | 7,329             | (2)               |
| Effect of application of different tax rates  | 8,005             | 13,809            | (47)              |
| Adjustment of deferred taxes from prior years | 308               | (187)             | 47                |
| Adjustment to taxes from prior years          | 154               | 106               | 87                |
| Loss without deferred tax                     | 661               | 710               | (4)               |
| Previously unrecognised deductions applied    | (2)               | (3)               | -                 |
| Income tax expense                            | <b>7,697</b>      | <b>10,622</b>     | <b>(310)</b>      |

**Cash flows from/(used in) discontinued operations:**

| Thousands of Euros                             | <u>31/12/2016</u> | <u>31/12/2015</u> | <u>31/12/2014</u> |
|--|-------------------|-------------------|-------------------|
| Net cash used in operating activities          | (1,338)           | 18,352            | 7,844             |
| Net cash from investing activities             | (44,844)          | (16,366)          | (1,828)           |
| Net cash from/(used in) financing activities   | (433)             | 7,302             | (6,076)           |
| <b>Net cash flows for the period</b>           | <b>(46,615)</b>   | <b>9,288</b>      | <b>(60)</b>       |
| Effect of translation differences on cash held | (501)             | (8,423)           | 30                |
| Net cash from changes in perimeter             | 30,066            | 38,877            | 161               |
| <b>Change in cash and cash equivalents</b>     | <b>(17,050)</b>   | <b>39,742</b>     | <b>131</b>        |

The impact on cash from the disposal of the net assets linked to the Security business, that are included on caption "Proceeds from sale of subsidiaries held-for-sale, net of cash and cash equivalents" under continuing operations is detailed below:

| Thousands of Euros                    | 31/12/2016    | 31/12/2015   |
|---------------------------------------|---------------|--------------|
| Consideration received                | 90,985        | 5,509        |
| Cash and cash equivalents disposed of | (18,149)      | (198)        |
| <b>Net cash inflows</b>               | <b>72,836</b> | <b>5,311</b> |

The impact from the disposal of the net assets linked to the Security business is detailed below.

#### Effect of disposal on the financial position of the Group:

| Thousands of Euros                  | 31/12/2016      | 31/12/2015     |
|-------------------------------------|-----------------|----------------|
| Consideration total                 | 93,126          | 5,509          |
| Net assets and liabilities disposed | (124,023)       | (12,487)       |
| <b>Effect of disposal</b>           | <b>(30,897)</b> | <b>(6,978)</b> |

## 16. Inventories

Details of inventories are as follows:

|                           | Thousand of Euros |              |               |
|---------------------------|-------------------|--------------|---------------|
|                           | 31/12/2016        | 31/12/2015   | 31/12/2014    |
| Fuel and other            | 3,620             | 2,000        | 5,574         |
| Operating materials       | 2,278             | 3,168        | 2,303         |
| Uniforms                  | 415               | 825          | 909           |
| Impairment of inventories | (137)             | (70)         | (520)         |
| Others                    | 1,281             | 1,223        | 7,487         |
|                           | <b>7,457</b>      | <b>7,145</b> | <b>15,753</b> |

Inventory mainly includes fuel and operating materials such as security seals, bags, etc.

## 17. Trade and other receivables

Details of trade and other receivables are as follows:

|   | Thousand of Euros |                |                |
|---|-------------------|----------------|----------------|
|   | 31/12/2016        | 31/12/2015     | 31/12/2014     |
| Customer receivables for sales and services | 302,095           | 301,440        | 383,059        |
| Less: Impairment of receivables             | (6,830)           | (12,659)       | (15,239)       |
| Trade receivables - net                     | 295,265           | 288,781        | 367,820        |
| Public administrations                      | 19,101            | 41,295         | 44,047         |
| Employee prepayments                        | 5,900             | 7,096          | 3,402          |
| Judicial deposits                           | 29,327            | 32,297         | 45,288         |
| Prepayments                                 | 30,404            | 13,344         | 14,654         |
| Other receivables                           | 46,779            | 39,426         | 75,233         |
|   | <b>426,776</b>    | <b>422,239</b> | <b>550,444</b> |

Credit risk from trade receivables is not concentrated in any one customer or country as the Prosegur Cash Group works with a large number of customers distributed among the different countries in which it operates (Note 29).

At 31 December 2016 there are no factoring contracts.

On 29 December 2015 a non-recourse factoring agreement was signed with Deutsche Bank. The factoring contract expired in January 2016. The contract expressly indicates that the purchaser would not be entitled to recourse against the seller in the event of any default or delay in collection of a transferred receivable. In other words, the purchaser assumes the credit risk and default risk.

Under the terms of this agreement, receivables sold are derecognized and the difference between their carrying amount and the amount actually received is recognized as a finance cost in the consolidated income statement (see Note 7). At 31 December 2015 receivables amounting to Brazilian Reals 26,218 thousand (equivalent to Euros 6,081 thousand at 31 December 2015) have been derecognized in connection with this contract.

In December 2014, a non-recourse factoring contract was signed on receivables totaling Brazilian Reals 47,493 thousand (equivalent to Euros 14,852 thousand at 31 December 2014). This contract was not renewed when it expired in January 2015. At 31 December 2014 receivables amounting to Brazilian Reals 47,493 thousand (equivalent to Euros 14,852 thousand at 31 December 2014) were derecognized in connection with these contracts.

Judicial deposits include the deposits related to the provision for labor claims in Brazil (Note 21).

Details of past-due trade receivables that are not impaired is as follows:

|               | Thousands of Euros |               |               |
|---------------|--------------------|---------------|---------------|
|               | 31/12/2016         | 31/12/2015    | 31/12/2014    |
| 0 to 3 months | 63,168             | 74,805        | 71,217        |
| 3 to 6 months | 5,837              | 8,705         | 10,738        |
| Over 6 months | 4,153              | 9,524         | 7,631         |
|               | <b>73,158</b>      | <b>93,034</b> | <b>89,586</b> |

The carrying amount of past-due trade receivables is similar to their fair value, as the effect of discounting is not significant.

Whenever there has been reasonable doubt about the collectability of any past-due trade receivables, impairment has been recognised.

Changes in impairment of receivables are as follows:

|   | Thousand of Euros |                 |                 |
|---|-------------------|-----------------|-----------------|
|   | 31/12/2016        | 31/12/2015      | 31/12/2014      |
| <b>Balance at the beginning of the period</b> | <b>(12,659)</b>   | <b>(15,239)</b> | <b>(13,588)</b> |
| Provision for impairment                      | (1,384)           | (1,525)         | (3,976)         |
| Applications and other                        | -                 | 1,869           | 1,505           |
| Transfer to Non-current assets held-for-sale  | 7,016             | 910             | -               |
| Translation differences                       | 197               | 1,326           | 820             |
| <b>Balance at the end of the period</b>       | <b>(6,830)</b>    | <b>(12,659)</b> | <b>(15,239)</b> |

As a general rule, impaired receivables are written off when it is not expected to recover any further amount.

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

The policies in respect of credit risk and currency risk on trade receivables are described in Note 29.1.

## 18. Non-current and other financial assets

Non-current financial assets at 31 December 2014 mainly include shares of Prosegur of Euros 19,542 thousand. All the investments are related to Security business companies and Prosegur Cash did not have significant influence. All those investments were sold or contributed to Prosegur Group in 2015.

Details of other current financial assets are as follows:

|   | Thousands of Euros |            |              |
|---|--------------------|------------|--------------|
|   | 31/12/2016         | 31/12/2015 | 31/12/2014   |
| <b>Balance at the beginning of the period</b> | -                  | 8,241      | 22           |
| Additions                                     | -                  | -          | 7,444        |
| Disposals                                     | -                  | (8,242)    | -            |
| Translation differences                       | -                  | 1          | 775          |
| <b>Balance at the end of the period</b>       | -                  | -          | <b>8,241</b> |

Other financial assets at 31 December 2014 were mainly presented by a 1-year fixed-term deposit of Euros 7,240 thousand with maturity on 2 February 2015.

## 19. Cash and cash equivalents

Details of cash and cash equivalents are as follows:

|                           | Thousand of Euro |                |                |
|---------------------------|------------------|----------------|----------------|
|                           | 31/12/2016       | 31/12/2015     | 31/12/2014     |
| Cash in hand and at banks | 181,568          | 172,307        | 155,199        |
| Current bank deposits     | 7,212            | 29,245         | 73,316         |
|                           | <b>188,780</b>   | <b>201,552</b> | <b>228,515</b> |

The effective interest rate on current bank deposits in 2016 is 9.83% (in 2015: 9.40%; in 2014: 9.70%) and the average term of deposits held in 2016 was 17 days (in 2015: 20 days; in 2014: 29 days).

The Prosegur Cash Group holds no investments in sovereign debt at the end of the reporting period and has made no such investments during 2016, 2015 and 2014.

## 20. Equity

The composition and movement of equity are presented in the consolidated statement of changes in net equity.

### a) Capital and share premium

Prosegur Cash was incorporated as a limited liability, wholly-owned company under Spanish law on 22 February 2016 with a share capital of Euros 3 thousand represented by 3,000 shares with Euro 1 of nominal value each one. The share capital was entirely paid by Prosegur Compañía de Seguridad, S.A. through a cash contribution.

As it was agreed by the sole shareholder on 6 May 2016 the share capital of Prosegur Cash was increased by Euro 1 through the issuance of 1 new share of Euro 1 of nominal value through a non-monetary contribution of the 100% participation in the spanish company Prosegur Global CIT ROW, S.L.U. This increase in the share capital created a share premium of Euros 176,641 thousand.

As it was agreed by the sole shareholder on 26 July 2016 the share capital of Prosegur Cash was increased by Euros 29,997 thousand through the issuance of 29,996,999 new shares of Euro 1 of nominal value each through a non-monetary contribution of the 100% participation in the spanish company Prosegur Global CIT, S.L.U. This increase in the share capital has created a share premium of Euros 733,907 thousands.

At 21 September 2016 Prosegur Cash was converted into a joint-stock company and the share capital of Prosegur Cash was divided into 300,000,000 shares of Euros 0.10 of nominal value each, fully subscribed and paid up. There are no restrictions for the free transferability of the shares.

At 30 November 2016 Prosegur has performed a capital increase of its wholly-owned subsidiary, the Spanish entity Prosegur Assets Management, S.L.U.; through the contribution of 49% of the shares of Prosegur Cash.

At 19 December 2016, the Company's shareholders have resolved to split each share with a nominal value of Euros 0.10 into 5 shares with a nominal value of Euros 0.02, in such a way that the share capital becomes divided into 1,500,000,000 shares with a nominal value of Euros 0.02 each. Likewise, it was agreed to transform the system of representation of the shares of the Company from nominative securities to book entry securities.

At 30 December 2016 there was a reduction of share premium of Euros 910,548 thousand for the repayment to the shareholders leaving the caption at zero.

At 31 December 2016 the share capital of Prosegur Cash amounts to Euros 30,000 thousand represented by 1,500,000,000 shares of Euro 0.02 of nominal value each.

Prosegur Compañía de Seguridad, S.A., the Parent company of Prosegur Group, is the ultimate shareholder of the Prosegur Cash Group, directly and indirectly through its wholly-owned subsidiary Prosegur Assets Management, S.L.U.

## **b) Reserves**

As explained in Note 1 and 2, Prosegur Cash was incorporated in 2016 mainly through a non-monetary contribution of entities under common control of Prosegur Group. However, the Company's Board of Directors has opted to present consolidated annual accounts for the year ended 31 December 2016 together with the unaudited comparative financial information of 2015 and 2014 and, accordingly, recorded the contribution of the subsidiaries at 1 January 2014, the beginning of the earliest period presented. Notwithstanding, the amounts related to the capital contribution of 2016 have been presented under the caption of "Retained Earnings and Other Reserves" and "Non-Controlling Interests" at 1 January 2014 and later reclassified to "Share Capital" and "Share Premium" in 2016 once the capital contributions legally and effectively occurred.

The above mentioned non-monetary contributions have been accounted for in the Prosegur Cash Group's consolidated annual accounts using the consolidated values under IFRS-EU at Prosegur Group level amounting to Euros 1,223,440 thousand for "Retained Earnings and Other Reserves" (net of translation differences amount Euros 1,013,653 thousand) and Euros 8,153 thousands "Non-Controlling Interests" at 1 January 2014.

Under the caption "dividends to Security Companies" in 2016, are included reserve distribution of Euros 46,781 thousand related to the following companies: Transportadora de Caudales Juncadella, S.A. (Argentina) and Singpai Pte Ltd (Singapore).

Under the caption "Acquisition from integrated Companies" in 2016 are included all the subsequent purchase of the companies integrated into the consolidation from 1 January 2014 of Euros 10,733 thousand: Pitco Reinsurance, S.A. (Luxembourg), Compañía Transportadora de Valores Prosegur de Colombia, S.A. (Colombia), TC Interplata, S.A. (Argentina), Transportadora de Caudales Juncadella, S.A. (Argentina), Singpai Pte Ltd (Singapore), Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de CV (Mexico), Prosegur Servicios de Seguridad Privada Electrónica, S.A. de CV (Mexico).

Under the caption "Acquisition from integrated Companies" in 2015, are included all the subsequent purchase of the companies integrated into the consolidation from 1 January 2015 of Euros 128,162 thousand: TSR Participacoes Societarias S.A. (Brazil), Prosegur Traitement de Valeurs Provence, S.A.S. (Ex-Euroval S.A.S.) (France) and Prosegur Traitement de Valeurs S.A.S.U. (France).

Within the retained earnings and other consolidated reserves there are reserves of approximately 433 million euros, corresponding to the results generated by the subsidiaries prior to the contribution to Prosegur Cash. Mentioned amount, although it may be distributed to Prosegur Cash as the parent of the group, will not be available for distribution as dividends to Prosegur Cash shareholders. This is because dividends from investments in equity instruments of the parent company that derive from results generated prior to the date of the contribution will reduce the value of said investment and therefore will not be converted into available reserves of the parent.

Additionally, current subsidiaries of Prosegur Cash have distributed dividends outside its perimeter before being contributed to Prosegur Cash for Euros 48,719 thousands in 2016 (Euros 34,019 thousand in 2015; Euros 101,390 thousand in 2014).

The proposed distribution of the parent's profit for 2016, determined in accordance with prevailing legislation and standards for the preparation of individual annual accounts, to be submitted to the sole shareholders for approval at the annual general meeting, is as follows:

| Thousand of Euros          | 31/12/2016 |
|----------------------------|------------|
| <b>Basis of allocation</b> |            |
| Profit for the year        | 5,181      |
|                            | 5,181      |
| <b>Distribución</b>        |            |
| Legal reserve              | 518        |
| Voluntary reserves         | 4,663      |
|                            | 5,181      |

### c) Translation reserves

Translation reserves comprises all foreign currency differences arising from the conversion of the financial statements of foreign operations.

Details of balances of translation differences by currencies are as follows:

| Thousand of Euros  | 31/12/2016 | 31/12/2015 | 31/12/2014 |
|--------------------|------------|------------|------------|
| Brazilian Real     | (137,292)  | (191,513)  | (95,751)   |
| Argentinian Peso   | (224,068)  | (204,993)  | (103,899)  |
| Chilean Peso       | 2,001      | (3,310)    | (43)       |
| Uruguayan Peso     | (993)      | (1,629)    | (659)      |
| Paraguayan Guarani | (7,121)    | (8,579)    | (4,334)    |
| Colombian Peso     | (3,527)    | (5,817)    | (1,277)    |
| Peruvian Nuevo Sol | (20,078)   | (24,114)   | (12,989)   |
| Mexican Peso       | 372        | 737        | 892        |
| Singapour Dollar   | 4,137      | 3,935      | 2,041      |
| Australian Dollar  | (78)       | (1,426)    | (366)      |
| Indian Rupee       | (1,837)    | (1,701)    | (1,966)    |
| South African Rand | 3,411      | -          | -          |
|                    | (385,073)  | (438,410)  | (218,351)  |

Variations mainly arise as a result of the devaluations of the Argentinian and Brazilian currency.

## 21. Provisions

Details of provisions and changes are as follows:

| Thousand of Euros                            | Labour-related risks | Legal risks | Restructuring | Employee benefits | Other risks | Total    |
|--|----------------------|-------------|---------------|-------------------|-------------|----------|
| <b>Balance at 1 January 2016</b>             | 61,532               | 4,121       | 3,821         | 4,787             | 58,439      | 132,700  |
| Provisions recognised in profit and loss     | 20,626               | 9,468       | -             | 1,136             | 15,536      | 46,766   |
| Reversals recognised in profit and loss      | (4,130)              | (1,592)     | -             | -                 | -           | (5,722)  |
| Applications                                 | (12,477)             | (4,414)     | (900)         | (113)             | (4,896)     | (22,800) |
| Reversal recognised in equity                | -                    | -           | -             | 955               | -           | 955      |
| Transfers                                    | -                    | -           | -             | -                 | 611         | 611      |
| Transfer to Non-current assets held-for-sale | (15,777)             | (532)       | -             | -                 | (10,923)    | (27,232) |
| Translation differences                      | 8,480                | 365         | -             | 697               | 5,348       | 14,890   |
| <b>Balance at 31 December 2016</b>           | 58,254               | 7,416       | 2,921         | 7,462             | 64,115      | 140,168  |
| Non current                                  | 58,254               | 7,416       | -             | 7,462             | 63,915      | 137,047  |
| Current                                      | -                    | -           | 2,921         | -                 | 200         | 3,121    |

| Thousand of Euros                            | Labour-related risks | Legal risks  | Restructuring | Employee benefits expense | Other risks   | Total          |
|--|----------------------|--------------|---------------|---------------------------|---------------|----------------|
| <b>Balance at 1 January 2015</b>             | <b>97,724</b>        | <b>4,691</b> | <b>18,180</b> | <b>6,789</b>              | <b>64,644</b> | <b>192,028</b> |
| Provisions recognised in profit and loss     | 20,044               | 1,898        | -             | (361)                     | 16,374        | 37,955         |
| Reversals recognised in profit and loss      | (509)                | -            | (1,823)       | -                         | (1,375)       | (3,707)        |
| Applications                                 | (33,406)             | (1,230)      | (12,536)      | (50)                      | (5,207)       | (52,429)       |
| Reversal recognised in equity                | -                    | -            | -             | (961)                     | -             | (961)          |
| Transfer to Non-current assets held-for-sale | (6,375)              | (232)        | -             | -                         | (5,644)       | (12,251)       |
| Translation differences                      | (15,946)             | (1,006)      | -             | (630)                     | (10,353)      | (27,935)       |
| <b>Balance at 31 December 2015</b>           | <b>61,532</b>        | <b>4,121</b> | <b>3,821</b>  | <b>4,787</b>              | <b>58,439</b> | <b>132,700</b> |
| Non current                                  | 61,532               | 4,121        | -             | 4,732                     | 57,426        | 127,811        |
| Current                                      | -                    | -            | 3,821         | 55                        | 1,013         | 4,889          |

| Thousand of Euros                        | Labour-related risks | Legal risks  | Restructuring | Employee benefits expense | Other risks   | Total          |
|--|----------------------|--------------|---------------|---------------------------|---------------|----------------|
| <b>Balance at 1 January 2014</b>         | <b>78,084</b>        | <b>4,959</b> | <b>36,164</b> | <b>4,712</b>              | <b>57,012</b> | <b>180,931</b> |
| Provisions recognised in profit and loss | 23,344               | 2,034        | -             | 1,861                     | 9,393         | 36,632         |
| Reversals recognised in profit and loss  | (1,898)              | (395)        | -             | -                         | (1,635)       | (3,928)        |
| Applications                             | (9,452)              | (1,905)      | (28,258)      | (55)                      | (3,317)       | (42,987)       |
| Business combinations                    | 104                  | 17           | 10,274        | -                         | 1,128         | 11,523         |
| Reversal recognised in equity            | -                    | -            | -             | 208                       | 14            | 222            |
| Transfers                                | 10,571               | -            | -             | -                         | -             | 10,571         |
| Translation differences                  | (3,029)              | (19)         | -             | 63                        | 2,049         | (936)          |
| <b>Balance at 31 December 2014</b>       | <b>97,724</b>        | <b>4,691</b> | <b>18,180</b> | <b>6,789</b>              | <b>64,644</b> | <b>192,028</b> |
| Non current                              | 97,724               | 4,691        | -             | 6,789                     | 64,644        | 173,848        |
| Current                                  | -                    | -            | 18,180        | -                         | -             | 18,180         |

### a) Labour-related risks

Provisions for labour-related risks, which amount to Euros 58,254 thousand at 31 December 2016 (Euros 61,532 thousand at 31 December 2015 and Euros 97,724 in 2014), are calculated case by case based on the estimated probability of success or failure. This probability determined by various law firms with whom the Prosegur Cash Group works. Furthermore, an internal review of the probability of reaching an agreement in each case based on its historical experience is carried out to determine the final provision to be recognised.

The provision for labour-related risks mainly comprises provisions for labour litigation in Brazil, which include lawsuits filed by former and current employees of the Cash business. The particularities of labour legislation in Brazil results in lawsuits becoming drawn out over time. At 31 December 2016, there were 2,574 open labour cases (3,166 at 31 December 2015 and 3,877 at 31 December 2014). From this total figure Transpev open labour cases amounts to 118 at 31 December 2016 (at 31 December 2015: 384 cases and at 31 December 2014: 1,075 cases).

This section also includes a provision of Euros 12,839 thousand (Euros 14,879 thousand at 31 December 2015) relating to the business combination formed with Transpev in 2005. In 2014 Euros 10,571 thousand was transferred to this provision from a payable associated with the business combination as a result of a debt renegotiation with the seller.

The provisions or reversals recognised in profit and loss are recorded under the caption "other expenses" under total cost of sales in Note 4 and the finance costs comprise monetary adjustments recorded under other financial expenses (see Note 7).

### b) Legal risks

The provision for legal risks, which amounts to Euros 7,416 thousand (Euros 4,121 thousand in 2015 and Euros 4,691 thousand at 31 December 2014), is mainly for civil lawsuits, which are analysed on a case-by-case basis. There are included litigations mainly in Brazil. It is probable that these amounts will have to be paid in the future,



although both the total amount to be ultimately settled and their timing are uncertain and dependent on the outcome of the lawsuits currently underway. There are no significant legal risks.

**c) Restructuring**

The provision for restructuring is related to the acquisition in 2013 of Brinks Deutschland GmbH, reflecting the estimated cost of termination benefits and other costs.

In 2014 the provision was recalculated and adjusted by Euros 10,274 thousand in connection with the updated fair value of assets and liabilities of the acquisition.

In 2016, payments amounted to Euros 900 thousand (Euros 12,536 thousand in 2015 and Euros 28,258 thousand in 2014). Income of Euros 1,823 thousand was recognised in 2015 corresponding to provisions accrued in the previous periods.

**d) Employee benefits**

The benefit plans are contracted in Germany, Brazil and France. The valuation of committed benefits performed by qualified actuaries have been revised at each of the 2016, 2015 and 2014 year end (Note 5.2).

The benefit plans in Germany and France are retirement bonuses. In Brazil there is a post-employment healthcare plan offered to employees in order to comply with local legislation (Law 9656).

**e) Other risks**

The provision for other risks, which amounts to Euros 64,115 thousand at 31 December 2016 (Euros 58,439 thousand at 31 December 2015 and Euros 64,644 thousand in 2014) includes numerous items.

It is probable that these amounts will have to be paid, although both the amount to be ultimately settled and their timing are uncertain and dependent on the outcome of the lawsuits underway.

The most significant lawsuits are as follows:

**Tax contingencies**

Tax accruals arise mainly in Brazil and Argentina related to Cash business, amounting to Euros 43,631 thousand at 31 December 2016 (Euros 39,104 thousand at 31 December 2015 and Euros 31,752 thousand in 2014).

Tax accruals associated with Brazil refer to various concepts, mainly claims of direct and indirect municipal and state taxes, as well as provisions relating to the business combination with Nordeste and Transpév from previous years. In Argentina they refer to various amounts that are not individually significant, most of them relating to municipal and provincial taxes.

The most probable outcome is used as the basis for determining tax exposures that are uncertain. Tax risks are classified as significant on the basis of the opinions expressed in external reports on analysis of the jurisprudence of the case at hand. Furthermore, internal analyses are drawn up based on similar cases encountered in the past or in other entities.

Each tax contingency is analysed in detail at each quarterly end. This analysis includes quantifying, qualifying and provisioning each risk. To determine these parameters for the year-end, an independent expert issues a letter containing an analysis and assessment of the most significant risks. This letter is used by management in determining the level of provisions to be recorded in the consolidated annual accounts.

The provisions or reversals recognised in profit and loss are included under other expenses in Note 4.

**Comcare Australia**

In 2016, payments were made for commitments associated with Australia's occupational accidents insurance plan amounting to Euros 1,195 thousand (Euros 1,347 thousand at 31 December 2015 and Euros 1,771 thousand in 2014). The accrual for 2016 amounted to Euros 832 thousand (Euros 142 thousand for 2015) leading to a total provision of Euros 4,763 thousand (Euros 5,002 thousand at 31 December 2015 and Euros 6,207 thousand in 2014), of which Euros 1,195 thousand are current provisions (Euros 1,017 thousand in 2015 and Euros 1,849 thousand in 2014).

**Accrued obligations to personnel**

These provisions include the accrued incentive, payable in cash, for the 2017 Plans (see Note 32.17).

During this period, an endowment was made and charged to the profit/loss account for the year, amounting to Euros 1,790 thousand (Euros 120 thousand in 2015). Said amount includes the fair value adjustment of share prices for the 2017 Plan.

The fair value of incentives pegged to the share's listed price was estimated on the basis of the listed price of Prosegur shares at the end of the period or at the time of payment.

**22. Financial liabilities**

Details of financial liabilities are as follows:

| Thousands of Euros     | Average interest rate | 31/12/2016     |               | Average interest rate | 31/12/2015    |                | Average interest rate | 31/12/2014     |               |
|------------------------|-----------------------|----------------|---------------|-----------------------|---------------|----------------|-----------------------|----------------|---------------|
|                        |                       | Non-current    | Current       |                       | Non-current   | Current        |                       | Non-current    | Current       |
| Bank loans             | 1.19%                 | 614,402        | 11,747        | 7.56%                 | 31,819        | 89,071         | 6.20%                 | 99,334         | 31,712        |
| Finance lease payables | 7.17%                 | 11,875         | 8,502         | 4.76%                 | 11,521        | 6,416          | 7.79%                 | 15,875         | 14,498        |
| Credit accounts        | 3.53%                 | -              | 43,307        | 4.13%                 | -             | 30,593         | 5.29%                 | -              | 14,454        |
| Other payables         | 10.28%                | 8,443          | 23,759        | 14.16%                | 23,490        | 22,625         | 10.69%                | 52,980         | 29,806        |
|                        |                       | <b>634,720</b> | <b>87,315</b> |                       | <b>66,830</b> | <b>148,705</b> |                       | <b>168,189</b> | <b>90,470</b> |

Details of financial liabilities and the corresponding terms and conditions are as follows:

| Thousands of Euros     | Currency          | Year of maturity | 31/12/2016     |               | 31/12/2015    |                | 31/12/2014     |               |
|------------------------|-------------------|------------------|----------------|---------------|---------------|----------------|----------------|---------------|
|                        |                   |                  | Non-current    | Current       | Non-current   | Current        | Non-current    | Current       |
| Bank loans             | Euro              | 2017-2019        | 612,025        | 142           | 13,745        | 123            | 13,846         | 213           |
| Bank loans             | Brazilian real    | 2017             | -              | 11,574        | 5,758         | 32,646         | 22,268         | 11,329        |
| Bank loans             | Australian dollar | 2016             | -              | -             | -             | 47,098         | 46,997         | 13,505        |
| Bank loans             | Peruvian Sol      | 2017             | -              | -             | 6,825         | 5,031          | 12,015         | 5,356         |
| Bank loans             | Other currencies  | 2017-2020        | 2,377          | 31            | 5,491         | 4,173          | 4,208          | 1,309         |
| Finance lease payables | Euro              | 2017-2019        | 5,472          | 3,205         | 6,909         | 3,688          | 9,341          | 3,996         |
| Finance lease payables | Brazilian real    | 2017-2019        | 3,097          | 1,756         | 578           | 1,620          | 605            | 8,003         |
| Finance lease payables | Other currencies  | 2017-2023        | 3,306          | 3,541         | 4,034         | 1,108          | 5,929          | 2,499         |
| Credit accounts        | Euro              | 2017             | -              | 29,299        | -             | 5,847          | -              | 1,755         |
| Credit accounts        | Australian dollar | 2017             | -              | -             | -             | 13,426         | -              | 12,699        |
| Credit accounts        | Other currencies  | 2017             | -              | 14,008        | -             | 11,320         | -              | -             |
| Other payables         | Euro              | 2017-2018        | 253            | 499           | 80            | 44             | 127            | 890           |
| Other payables         | Brazilian real    | 2017-2019        | 8,026          | 18,000        | 22,899        | 21,879         | 51,496         | 27,336        |
| Other payables         | Argentine peso    | 2017-2023        | 105            | 106           | 453           | 56             | 1,059          | 229           |
| Other payables         | Other currencies  | 2017-2018        | 59             | 5,154         | 58            | 646            | 298            | 1,351         |
|                        |                   |                  | <b>634,720</b> | <b>87,315</b> | <b>66,830</b> | <b>148,705</b> | <b>168,189</b> | <b>90,470</b> |

**Bank loans**

The main bank loans balances correspond to the Debenture in Brazil and a Syndicated loan in Australia in 2015 and 2014. In 2016 mainly corresponds to the Syndicated loan in Spain.

**Syndicated Loan (Spain)**

On 20 December 2016 Prosegur Cash arranged a three-year syndicated financing facility of Euros 600,000 thousand with the purpose to rearrange its debts. At 31 December 2016 the syndicated loan has been drawn down by Euros 600,000 thousand.

The interest rate is pegged to the Euribor plus an adjustable margin based on the variation of the ratio of net financial debt to EBITDA.

The contract states that the future full instalment should be paid at the expiration date in 2019.

Additionally, this loan has the guarantees granted by the main subsidiaries of the Prosegur Cash Group in Peru, Argentina and Brazil, in addition to the Prosegur's guarantee, the last one, for as long as the syndicated loan agreement of Prosegur is valid.

Said contract has the following obligatory financial ratios covenants for Prosegur Cash, S.A., which have been fulfilled for 2016:

- Net Financial Debt / EBITDA Ratio, which must be less than or equal to 3.5;
- EBITDA Ratio / Net Financial Expenses, which must exceed 5.

#### **Debenture (Brazil)**

On 23 April 2012, a debenture was issued in Brazil for limited public distribution with a firm guarantee of full placement. The placement institutions were Banco Bradesco BBI S.A., Banco Itaú BBA S.A. and Banco Santander.

The debenture has been cancelled in full on 28 September 2016. So, there is no outstanding balance at 31 December 2016 (on 31 December 2015: Brazilian Reals 70,936 thousand, equivalent to Euros 16,452 thousand; on 31 December 2014: Brazilian Reals 102,469 thousand, equivalent to Euros 31,815 thousand).

#### **Syndicated Loan (Australia)**

In December 2013, Prosegur, through its subsidiaries Prosegur Australia Holdings PTY Limited and Prosegur Australia Investments PTY Limited, arranged a three-year syndicated financing facility of Australian Dollars 70,000 thousand to finance the acquisition of security sector companies.

On 12 September 2016, the entire syndicated loan has been canceled in full, therefore, there is no amount as at 31 December 2016 (Australian Dollars 70,000 thousand, equivalent to Euros 46,989 thousand as at 31 December 2015; Euros 46,997 thousand at 31 December 2014).

#### **Finance lease payables**

Details of minimum payments under finance leases are as follows:

|                  | Thousand of Euro |               |               |
|------------------|------------------|---------------|---------------|
|                  | 31/12/2016       | 31/12/2015    | 31/12/2014    |
| Less than 1 year | 9,635            | 6,424         | 13,122        |
| 1 to 5 years     | 12,403           | 12,769        | 18,297        |
| Over 5 years     | 302              | 184           | 1,852         |
| Interest         | (1,963)          | (1,440)       | (2,898)       |
|                  | <b>20,377</b>    | <b>17,937</b> | <b>30,373</b> |

The main assets acquired under finance leases are armoured vehicles and cash management machines (Note 10).

#### **Credit accounts**

Details of undrawn credit facilities are as follows:

|                              | Thousand of Euro |               |               |
|------------------------------|------------------|---------------|---------------|
|                              | 31/12/2016       | 31/12/2015    | 31/12/2014    |
| Maturing in less than 1 year | 88,573           | 59,382        | 74,156        |
| Maturing in more than 1 year | 15,000           | -             | -             |
|                              | <b>103,573</b>   | <b>59,382</b> | <b>74,156</b> |

Credit accounts are subject to various interest rate reviews in 2017.

## Other payables

Other payables mainly relate to payments pending in relation to business combinations carried out in both the present period and prior years (Note 27). Details of other payables are as follows:

|   | Thousand of Euro |               |               |
|---|------------------|---------------|---------------|
|   | 31/12/2016       | 31/12/2015    | 31/12/2014    |
| <b>Non-current</b>                                |                  |               |               |
| Contingent and deferred payments for acquisitions | 776              | 22,158        | 51,852        |
| Other   | 7,667            | 1,332         | 1,128         |
|   | <b>8,443</b>     | <b>23,490</b> | <b>52,980</b> |
| <b>Current</b>                                    |                  |               |               |
| Contingent and deferred payments for acquisitions | 23,219           | 21,929        | 27,927        |
| Other   | 540              | 696           | 1,879         |
|   | <b>23,759</b>    | <b>22,625</b> | <b>29,806</b> |

The deferred and contingent payments relating to acquisitions are as follows:

| Thousands of Euros                                 | Currency          | 31/12/2016  |               | 31/12/2015    |               | 31/12/2014    |               |
|--|-------------------|-------------|---------------|---------------|---------------|---------------|---------------|
|  |                   | Non-current | Current       | Non-current   | Current       | Non-current   | Current       |
| Fiel Vigilancia e Transp. Valores                  | Brazilian real    | -           | 683           | -             | 699           | -             | 906           |
| Transvig - Transporte de Valores e Vigilancia LTDA | Brazilian real    | 769         | 384           | 805           | 268           | 805           | 268           |
| Grupo Nordeste y Transbank                         | Brazilian real    | -           | 16,934        | 21,253        | 20,913        | 50,947        | 26,564        |
| TC Interplata S.A.                                 | Peso Argentino    | 7           | 100           | 100           | 50            | 100           | 189           |
| MIV Gestión S.A.                                   | Euro              | -           | 323           | -             | -             | -             | -             |
| Assets acquisition from Toll Transport Pty Ltd     | Australian Dollar | -           | 4,795         | -             | -             | -             | -             |
|  |                   | <b>776</b>  | <b>23,219</b> | <b>22,158</b> | <b>21,929</b> | <b>51,852</b> | <b>27,927</b> |

## Bailment

The Prosegur Cash Group in Australia has access under a bailment agreement to the installations for supplying cash to the cash points belonging to the Prosegur Cash Group. Within these installations, the cash is owned by the bailor, which enters into bailment agreements directly with the Prosegur Cash Group. The Prosegur Cash Group has access to this cash for the sole purpose of loading cash into the cash points operated under this contract. Settlement of the cash assets and associated liabilities is made through regulated clearing systems including offsetting rights. As a result, no associated assets or liabilities are shown in the consolidated annual accounts. The amount of the bailment at 31 December 2016 is Australian Dollars 67.6 million, equivalent to Euros 46.65 million (Australian Dollars 60 million at 31 December 2015, equivalent to Euros 40.3 million; Australian Dollars 27 million at 31 December 2014, equivalent to Euros 18.2 million).

## 23. Trade and other payables

Details of trade and other payables are as follows:

|                                 | Thousand of Euro |                |                |
|---------------------------------|------------------|----------------|----------------|
|                                 | 31/12/2016       | 31/12/2015     | 31/12/2014     |
| Trade payables                  | 111,872          | 95,576         | 111,979        |
| Accrued personnel expenses      | 107,274          | 117,513        | 124,069        |
| Social Security and other taxes | 72,250           | 76,196         | 108,055        |
| Other payables                  | 43,399           | 32,226         | 24,465         |
|                                 | <b>334,796</b>   | <b>321,511</b> | <b>368,568</b> |

**Information on the average supplier payment period. Second final provision of Law 31/2014, of 3 December**

The average period of suppliers payments of the Spanish companies included in the consolidated annual accounts are as follows:

|                                     | <u>31/12/2016</u>  |
|-------------------------------------|--------------------|
|                                     | <u>Days</u>        |
| Average supplier payment period     | 69                 |
| Ratio of operations paid            | 68                 |
| Ratio of operationg pending payment | 78                 |
|                                     | <u>Thousand of</u> |
|                                     | <u>Euros</u>       |
| Total payments performed            | 32,035             |
| Total payments pending              | 2,943              |

In agreement with ICAC's Resolution, the transactions considered to compute the average payment term of suppliers are commercial transactions relating to the handover of goods or provision of services accrued from the date of entry into force of Law 31/2014 of 3 December. The information on supplier payments from these consolidated annual accounts refers exclusively to companies located in Spain that are consolidated by the global integration method.

Suppliers are defined, for the exclusive purposes of providing information set out in this Resolution as trade payables for debts with suppliers of goods or services, included in the account of suppliers and other payables of the current liabilities on the consolidated balance sheet.

“Average supplier payment period” is understood to be the period from delivery of the goods or provision of the service that are the supplier's responsibility and the payment being made for the operation.

The maximum legal payment term applicable to consolidated companies in 2016 according to Law 11/2013, of 26 July, is 30 days (unless the terms fulfilled in the above are fulfilled to allow such term to be raised to 60 days).

## 24. Income taxes

Prosegur Cash is included in the Prosegur Group income tax group in Spain. As well as Prosegur Compañía de Seguridad, S.A., as the parent, this consolidated tax group comprises the Spanish subsidiaries that meet the requirements set out in regulations governing consolidated taxation.

In addition, the Prosegur Cash Group files consolidated income tax returns in the following countries: France, Portugal and Australia.

- In France, the Consolidated Tax Group (*Intégration Fiscale*) is formed by six companies Prosegur Participations, SAS (parent company), Prosegur Traitement de Valeurs Azur, SA, Prosegur Logistique de Valeurs Azur, SA, Prosegur Traitement de Valeurs Provence, SAS, Prosegur Traitement de Valeurs, SASU and Prosegur Traitement de Valeurs EST, SAS.
- In Portugal, Prosegur Logistica e Tratamento de Valores Portugal SA is a member of the consolidated tax group of companies with the rest of Portuguese affiliates of Prosegur.
- In Australia, the consolidated tax group comprises five Australian companies: Prosegur Australia Holdings PTY Limited, Prosegur Australia Investments PTY Limited, Prosegur Australia Pty Limited, Prosegur Technology Pty Limited and Prosegur Asset Management Pty Ltd.

The rest of the subsidiaries file tax returns in accordance with tax legislation in force in the countries in which they operate.

The Company as well as Prosegur Global CIT, S.L.U., Prosegur Global CIT ROW, S.L.U., Prosegur International CIT 1, S.L.U., Prosegur International CIT 2, S.L.U., Armor Acquisition, S.A. and Juncadella Prosegur Internacional, S.A. has opted and has duly communicated such option to the tax authorities to be taxed under the “Régimen especial de las Entidades de Tenencia de Valores Extranjeros” (an “ETVE”), the special regime for foreign-securities holding companies (the “FSHC regime”).

Entities fulfilling the following requirements may qualify for the said regime:

- (a) Their corporate purpose must include the management and administration of securities representing the equity of entities not resident in Spain by means of the corresponding organization of material and human resources;
- (b) Their securities must be registered or "nominative";
- (c) Due to its legal form they may not be constituted as a Spanish or European "Agrupación de Interés Económico" (economic interest group) or as an "Unión Temporal de Empresas" (temporary business association); and
- (d) The Company cannot be considered an asset-holding entity within the meaning of article 5.2 of CI Tax Act. An asset-holding entity will be any at which more than half of its assets are formed by securities or are not used in an economic activity.

Below is a detail of the tax calculation for the related income and expenses to be passed to the Prosegur Cash Group. This result has not been re-calculated as if the Prosegur Cash had already existing during 2015 and 2014, it merely has been the assignment of Prosegur's calculation of those items transferred to the new Prosegur Cash Group, if a recalculation would be done the impact would not have deferred from the presented below.

Details of the income tax expense for the Prosegur Cash Group, distinguishing between current tax and deferred tax, are as follows:

| Thousands of Euros | 31/12/2016     | 31/12/2015     | 31/12/2014    |
|--------------------|----------------|----------------|---------------|
| Current tax        | 147,679        | 125,362        | 94,490        |
| Deferred tax       | 2,234          | (17,470)       | (3,762)       |
|                    | <b>149,913</b> | <b>107,892</b> | <b>90,728</b> |

The main items making up the current tax expense are as follows:

| Thousands of Euros                   | 31/12/2016     | 31/12/2015     | 31/12/2014    |
|--------------------------------------|----------------|----------------|---------------|
| Current year                         | 146,341        | 123,868        | 89,035        |
| Loss without recognised deferred tax | 1,906          | 1,583          | 4,666         |
| Prior year adjustments               | (568)          | (89)           | 789           |
|                                      | <b>147,679</b> | <b>125,362</b> | <b>94,490</b> |

The main items making up the deferred tax expense/(income) are as follows:

| Thousands of Euros                                      | 31/12/2016   | 31/12/2015      | 31/12/2014     |
|---|--------------|-----------------|----------------|
| Source and reversal of temporary differences and others | (10,583)     | (5,917)         | 228            |
| Tax losses  | 368          | (6,882)         | (8,141)        |
| Investments   | 2,529        | -               | (5,545)        |
| Goodwill for tax purposes                               | 9,920        | (4,671)         | 9,696          |
|   | <b>2,234</b> | <b>(17,470)</b> | <b>(3,762)</b> |

The deferred tax expenses from goodwill for tax purposes arose from Brazilian local mergers that had place in past years. Brazilian tax legislation allows accelerated depreciation.

The calculation of the income tax expense, based on pre-tax profit for the period, is as follows:

| Thousands of Euros                            | 31/12/2016     | 31/12/2015     | 31/12/2014     |
|---|----------------|----------------|----------------|
| <b>Profit before income tax</b>               | <b>376,155</b> | <b>316,032</b> | <b>262,768</b> |
| Tax rate                                      | 25%            | 28%            | 30%            |
| Result of applying tax rate to profit         | 94,039         | 88,489         | 78,830         |
| Permanent differences                         | 30,074         | 6,832          | 443            |
| Effect of application of different tax rates  | 24,919         | 13,014         | 7,229          |
| Adjustment of deferred taxes from prior years | (416)          | (1,904)        | (1,229)        |
| Adjustment to taxes from prior years          | (568)          | (89)           | 789            |
| Loss without deferred tax                     | 1,906          | 1,583          | 4,666          |
| Previously unrecognised deductions applied    | (41)           | (33)           | -              |
| <b>Income tax expense</b>                     | <b>149,913</b> | <b>107,892</b> | <b>90,728</b>  |

The effective average tax rate in 2016 is 39.85% (34.14% in 2015 and 34.53% in 2014). The permanent differences epigrapher includes the costs associated with the corporate restructuring carried out by Prosegur during 2016.

During years 2015 and 2016, Prosegur, as defined in its strategic plan, has carried out a process of organizational and corporate restructuring of the group aimed to transforming the management model by country into a business model (in line with the best practices of the sector), separating the divisions of Cash, Security and Alarms. The process of organizational and corporate restructuring of the Prosegur Group's Cash division has been carried out legally through execution in the years 2015 and 2016. The fiscal cost associated with this corporate restructuring for 2016 assumed by the Prosegur Cash Group amounts to Euros 22,330 thousand.

In this respect, Prosegur guarantees to the Prosegur Cash Group that the reorganization of the Prosegur Cash Group has been carried out in compliance with the regulations (in particular mercantile, administrative, labor and tax) applicable in each jurisdiction. Accordingly, the Prosegur Group undertakes to keep the Prosegur Cash Group fully indemnified and compensate for actual and pecuniary damages suffered by the Prosegur Cash Group or any of the Prosegur Cash Group's existing subsidiaries as a direct result of Breach of the guarantee on the reorganization.

The tax rates of the countries in which the Prosegur Cash operates are as follows:

| <b>Tax Rate/Country</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|-------------------------|-------------|-------------|-------------|
| Germany                 | 30.50%      | 30.50%      | 30.50%      |
| Spain                   | 25.00%      | 28.00%      | 30.00%      |
| France                  | 33.33%      | 33.33%      | 33.33%      |
| Luxembourg              | 29.20%      | 29.20%      | 29.20%      |
| Portugal                | 22.50%      | 22.50%      | 23.50%      |
| Argentina               | 35.00%      | 35.00%      | 35.00%      |
| Brazil                  | 34.00%      | 34.00%      | 34.00%      |
| Chile                   | 24.00%      | 22.50%      | 20.00%      |
| Colombia                | 35.00%      | 35.00%      | 35.00%      |
| México                  | 30.00%      | 30.00%      | 28.00%      |
| Paraguay                | 10.00%      | 10.00%      | 10.00%      |
| Peru                    | 28.00%      | 28.00%      | 30.00%      |
| Uruguay                 | 25.00%      | 25.00%      | 25.00%      |
| Australia               | 30.00%      | 30.00%      | 30.00%      |
| India                   | 38.00%      | 38.00%      | 38.00%      |
| Singapore               | 17.00%      | 17.00%      | 17.00%      |
| South Africa            | 28.00%      | n/a         | n/a         |

In Spain, the 27/2014 November 27, Corporate Income Tax law, among other things, set the reduction over two years of the general corporate tax rate, which up until 31 of December 2014 stood at 30%. Since then, the Spanish tax rates have been established as follows:

|                       | <b>Tax rate</b> |
|-----------------------|-----------------|
| Year 2015             | 28.00%          |
| Year 2016 and onwards | 25.00%          |

Also, the local tax laws of Peru and Chile changed their tax rates for the upcoming years. These tax rates are as follows:

|                       | <b>Tax rate</b> |              |
|-----------------------|-----------------|--------------|
|                       | <b>Peru</b>     | <b>Chile</b> |
| Year 2015             | 28.00%          | 22.50%       |
| Year 2016             | 28.00%          | 24.00%       |
| Year 2017             | 29.50%          | 25.50%       |
| Year 2018             | 29.50%          | 27.00%       |
| Year 2019 and onwards | 29.50%          | 27.00%       |

The deferred tax assets and liabilities have been adjusted to these new tax rates.

The composition of deferred tax assets and liabilities and movement during the periods are as follows:

**Deferred tax assets**

|  | 1 January<br>2014 | Recognised<br>in profit and<br>loss | Business<br>combinations | Recognised<br>in equity | Transfers  | Translation<br>differences | Balance at<br>31<br>December<br>2014 | Transfers to<br>Non-current<br>assets held-<br>for-sale | Recognised<br>in profit and<br>loss | Business<br>combinations | Recognised<br>in equity | Transfers | Translation<br>differences | 31<br>December<br>2015 | Transfers to<br>Non-current<br>assets held-<br>for-sale | Recognised<br>in profit and<br>loss | Business<br>combinations | Recognised<br>in equity | Transfers | Translation<br>differences | Balance at<br>31<br>December<br>2016 |
|--|-------------------|-------------------------------------|--------------------------|-------------------------|------------|----------------------------|--------------------------------------|---|-------------------------------------|--------------------------|-------------------------|-----------|----------------------------|------------------------|---|-------------------------------------|--------------------------|-------------------------|-----------|----------------------------|--------------------------------------|
| Thousands of Euros   |                   |                                     |                          |                         |            |                            |                                      |   |                                     |                          |                         |           |                            |                        |   |                                     |                          |                         |           |                            |                                      |
| Amortisation and depreciation of PPE and intangible assets | 2,305             | 452                                 | -                        | -                       | -          | 8                          | 2,765                                | (451)   | 787                                 | -                        | -                       | -         | (146)                      | 2,955                  | -   | 438                                 | -                        | -                       | -         | 95                         | 3,488                                |
| Investments  | 56                | 5,545                               | -                        | -                       | -          | 296                        | 5,897                                | (5,897)   | -                                   | -                        | -                       | -         | -                          | -                      | -   | -                                   | -                        | -                       | -         | -                          | -                                    |
| Provision differences                                      | 48,657            | 1,521                               | -                        | 6                       | 249        | 7,097                      | 57,530                               | (14,498)  | 4,813                               | -                        | -                       | -         | (6,398)                    | 41,447                 | (4,193)   | (3,338)                             | -                        | -                       | -         | 2,511                      | 36,427                               |
| Tax losses   | 7,146             | 8,141                               | 1,384                    | -                       | -          | 440                        | 17,111                               | (2,190)   | 6,882                               | -                        | -                       | -         | (420)                      | 21,383                 | (4,295)   | (368)                               | -                        | -                       | -         | 5,075                      | 21,795                               |
| Goodwill for tax purposes                                  | 49,520            | (14,982)                            | -                        | -                       | -          | 2,350                      | 36,888                               | (611)   | 4,671                               | -                        | -                       | -         | (7,378)                    | 33,570                 | (11,238)  | (690)                               | -                        | -                       | -         | 5,814                      | 27,457                               |
| Other  | 2,676             | (2,470)                             | -                        | -                       | -          | (84)                       | 122                                  | 1,036   | (295)                               | -                        | (222)                   | -         | (195)                      | 446                    | -   | (23)                                | -                        | 95                      | -         | (140)                      | 378                                  |
|  | <b>110,360</b>    | <b>(1,793)</b>                      | <b>1,384</b>             | <b>6</b>                | <b>249</b> | <b>10,107</b>              | <b>120,313</b>                       | <b>(22,611)</b>   | <b>16,858</b>                       | <b>-</b>                 | <b>(222)</b>            | <b>-</b>  | <b>(14,537)</b>            | <b>99,801</b>          | <b>(19,726)</b>   | <b>(3,980)</b>                      | <b>-</b>                 | <b>95</b>               | <b>-</b>  | <b>13,356</b>              | <b>89,546</b>                        |

**Deferred tax liabilities**

|  | 1 January<br>2014 | Recognised<br>in profit and<br>loss | Business<br>combinations | Recognised<br>in equity | Transfers    | Translation<br>differences | Balance at<br>31<br>December<br>2014 | Transfers to<br>Non-current<br>assets held-<br>for-sale | Recognised<br>in profit and<br>loss | Business<br>combinations | Recognised<br>in equity | Transfers | Translation<br>differences | 31<br>December<br>2015 | Transfers to<br>Non-current<br>assets held-<br>for-sale | Recognised<br>in profit and<br>loss | Business<br>combinations | Recognised<br>in equity | Transfers | Translation<br>differences | Balance at<br>31<br>December<br>2016 |
|--|-------------------|-------------------------------------|--------------------------|-------------------------|--------------|----------------------------|--------------------------------------|---|-------------------------------------|--------------------------|-------------------------|-----------|----------------------------|------------------------|---|-------------------------------------|--------------------------|-------------------------|-----------|----------------------------|--------------------------------------|
| Thousands of Euros   |                   |                                     |                          |                         |              |                            |                                      |   |                                     |                          |                         |           |                            |                        |   |                                     |                          |                         |           |                            |                                      |
| Amortisation and depreciation of PPE and intangible assets | (51,605)          | (269)                               | (1,050)                  | (258)                   | (634)        | (7,271)                    | (61,087)                             | 18,294  | 6,788                               | (274)                    | -                       | -         | 2,469                      | (33,810)               | (530)   | (4,852)                             | (1,344)                  | -                       | -         | (2,840)                    | (43,377)                             |
| Goodwill for tax purposes                                  | (30,080)          | 5,824                               | -                        | -                       | -            | (187)                      | (24,443)                             | (9,463)   | -                                   | -                        | -                       | -         | 10,028                     | (23,878)               | -   | 19,869                              | -                        | -                       | -         | (3,794)                    | (7,804)                              |
| Investments  | 14                | -                                   | -                        | -                       | -            | 15                         | 29                                   | (29)  | -                                   | -                        | -                       | -         | (61)                       | (61)                   | -   | (1,648)                             | -                        | -                       | -         | (66)                       | (1,775)                              |
| Other  | -                 | -                                   | -                        | -                       | -            | -                          | -                                    | -   | (6,176)                             | -                        | -                       | -         | 1,256                      | (4,920)                | 4,920   | (11,622)                            | -                        | -                       | -         | (2,645)                    | (14,268)                             |
|  | <b>(81,671)</b>   | <b>5,555</b>                        | <b>(1,050)</b>           | <b>(258)</b>            | <b>(634)</b> | <b>(7,443)</b>             | <b>(85,501)</b>                      | <b>8,802</b>  | <b>612</b>                          | <b>(274)</b>             | <b>-</b>                | <b>-</b>  | <b>13,692</b>              | <b>(62,669)</b>        | <b>4,390</b>  | <b>1,747</b>                        | <b>(1,344)</b>           | <b>-</b>                | <b>-</b>  | <b>(9,345)</b>             | <b>(67,224)</b>                      |



Details of total current and deferred income tax in relation to items recognised directly in equity during each period are as follows:

| Thousands of Euros       | <u>31/12/2016</u> | <u>31/12/2015</u> | <u>31/12/2014</u> |
|--------------------------|-------------------|-------------------|-------------------|
| Capital gains and losses | 95                | (222)             | (252)             |
|                          | <u>95</u>         | <u>(222)</u>      | <u>(252)</u>      |

Details of deferred tax assets and liabilities that are expected to be realised or reversed in periods exceeding 12 months, are as follows:

| Thousands of Euros       | <u>31/12/2016</u> | <u>31/12/2015</u> | <u>31/12/2014</u> |
|--------------------------|-------------------|-------------------|-------------------|
| Deferred tax assets      | 76,845            | 80,993            | 81,370            |
| Deferred tax liabilities | (60,162)          | (54,497)          | (60,456)          |
|                          | <u>16,683</u>     | <u>26,495</u>     | <u>20,914</u>     |

The new Spanish Corporate Income Tax Act establishes an annual limit of 25% of the positive tax base; effective for the tax year beginning on 1 January 2016.

Goodwill is amortized for tax purposes at an annual rate of 5%.

Details by country of deferred tax assets and liabilities are as follows:

| Thousands of Euros | <u>31/12/2016</u>   |                          | <u>31/12/2015</u>   |                          | <u>31/12/2014</u>   |                          |
|--------------------|---------------------|--------------------------|---------------------|--------------------------|---------------------|--------------------------|
|                    | Deferred tax assets | Deferred tax liabilities | Deferred tax assets | Deferred tax liabilities | Deferred tax assets | Deferred tax liabilities |
| Brazil             | 58,283              | (36,042)                 | 66,997              | (37,391)                 | 89,941              | (56,557)                 |
| Argentina          | 1,773               | (1,392)                  | 6,249               | (1,828)                  | 6,325               | (4,727)                  |
| France             | 1,645               | (2,134)                  | 1,542               | (2,495)                  | 1,515               | (2,856)                  |
| Other              | 27,845              | (27,656)                 | 25,013              | (20,955)                 | 22,532              | (21,361)                 |
| <b>Total</b>       | <u>89,546</u>       | <u>(67,224)</u>          | <u>99,801</u>       | <u>(62,669)</u>          | <u>120,313</u>      | <u>(85,501)</u>          |

Deferred tax assets derived from carryforward losses are recognized only if future tax benefits are considered probable.

At 31 December 2016, details of tax loss carryforwards and the years until which they can be offset are as follows:

| Year                                   | Thousands of Euros |                    |                      |
|--|--------------------|--------------------|----------------------|
|  | <u>Total</u>       | <u>Capitalized</u> | <u>Uncapitalized</u> |
| 2018                                   | 945                | -                  | 945                  |
| Subsequent years or without time limit | 107,858            | 60,881             | 46,977               |
|  | <u>108,803</u>     | <u>60,881</u>      | <u>47,922</u>        |

Details of capitalised and uncapitalised tax loss carryforwards at 31 December 2016 are as follows:

|              | Thousands of Euros |                      |
|--------------|--------------------|----------------------|
|              | <u>Capitalized</u> | <u>Uncapitalized</u> |
| Germany      | 34,590             | 32,299               |
| France       | 3,689              | 3,494                |
| Argentina    | 595                | -                    |
| Brazil       | 21,495             | -                    |
| Chile        | 512                | 262                  |
| Mexico       | -                  | 11,236               |
| Singapore    | -                  | 580                  |
| Holland      | -                  | 51                   |
| <b>Total</b> | <u>60,881</u>      | <u>47,922</u>        |

At 31 December 2016 most tax loss carryforwards uncapitalised are in Germany, Mexico and France. The rest are shown as capitalised in the consolidated annual accounts. Euros 108,803 thousand of the Company's capitalised and uncapitalised tax loss carryforwards available for offset, which total Euros 96,971 thousand, have no time limit for offset. The remaining Euros 11,832 thousand do have time limit for offset.

At 31 December 2016, details of capitalised and uncapitalised tax loss carryforwards and the periods during which they are available for offset are as follows (tax loss carryforwards expressed in thousands of Euros):

|              | Thousands of Euros |          |            | Subsequent<br>years or<br>without<br>time limit |
|--------------|--------------------|----------|------------|---|
|              | Total amount       | 2017     | 2018       |   |
| Germany      | 66,889             | -        | -          | 66,889  |
| France       | 7,183              | -        | -          | 7,183   |
| Argentina    | 595                | -        | -          | 595   |
| Brazil       | 21,495             | -        | -          | 21,495  |
| Chile        | 774                | -        | -          | 774   |
| Mexico       | 11,236             | -        | 945        | 10,291  |
| Singapore    | 580                | -        | -          | 580   |
| Holland      | 51                 | -        | -          | 51  |
| <b>Total</b> | <b>108,803</b>     | <b>-</b> | <b>945</b> | <b>107,858</b>                                  |

At 31 December 2015, details of tax loss carryforwards and the years until which they can be offset are as follows:

| Year                                   | Thousands of Euros |                |               |
|--|--------------------|----------------|---------------|
|  | Total              | Capitalized    | Uncapitalized |
| 2017                                   | 126                | 126            | -             |
| Subsequent years or without time limit | 157,356            | 104,568        | 52,788        |
|  | <b>157,482</b>     | <b>104,694</b> | <b>52,788</b> |

Details of capitalised and uncapitalised tax loss carryforwards at 31 December 2015 are as follows:

|              | Thousands of Euros |               |
|--------------|--------------------|---------------|
|              | Capitalized        | Uncapitalized |
| Germany      | 34,590             | 35,107        |
| France       | 2,212              | 4,797         |
| Argentina    | 515                | -             |
| Brazil       | 59,397             | -             |
| Chile        | 3,997              | 371           |
| Colombia     | 322                | -             |
| Mexico       | 1,644              | 12,513        |
| Peru         | 992                | -             |
| Uruguay      | 1,025              | -             |
| <b>Total</b> | <b>104,694</b>     | <b>52,788</b> |

At 31 December 2015 most tax loss carryforwards in Germany, Mexico and France have not been capitalised. While the rest are shown as capitalised in the consolidated annual accounts. Euros 113,971 thousand of the capitalised and uncapitalised tax loss carryforwards available for offset, which total Euros 97,409 thousand, have no time limit for offset. The remaining Euros 16,562 thousand do have time limit for offset.

At 31 December 2015, details of the capitalised and uncapitalised tax loss carryforwards and the periods during which they are available for offset are as follows (tax loss carryforwards expressed in thousands of Euros):

|              | Thousands of Euros |          |            | Subsequent<br>years or<br>without<br>time limit |
|--------------|--------------------|----------|------------|---|
|              | Total amount       | 2016     | 2017       |   |
| Germany      | 69,697             | -        | -          | 69,697  |
| France       | 7,009              | -        | -          | 7,009   |
| Argentina    | 515                | -        | -          | 515   |
| Brazil       | 59,397             | -        | -          | 59,397  |
| Chile        | 4,368              | -        | -          | 4,368   |
| Colombia     | 322                | -        | -          | 322   |
| Mexico       | 14,157             | -        | -          | 14,157  |
| Peru         | 866                | -        | 126        | 992   |
| Uruguay      | 1,025              | -        | -          | 1,025   |
| <b>Total</b> | <b>157,356</b>     | <b>-</b> | <b>126</b> | <b>157,482</b>                                  |

At 31 December 2014, details of tax loss carryforwards and the years until which they can be offset are as follows:

| Year                                   | Thousands of Euros |               |               |
|--|--------------------|---------------|---------------|
|  | Total              | Capitalized   | Uncapitalized |
| 2015                                   | 798                | 438           | 360           |
| 2016                                   | 946                | 946           | -             |
| Subsequent years or without time limit | 99,288             | 48,498        | 50,790        |
|  | <b>101,032</b>     | <b>49,882</b> | <b>51,150</b> |

Details of capitalised and uncapitalised tax loss carryforwards at 31 December 2014 are as follows:

|              | Thousands of Euros |               |
|--------------|--------------------|---------------|
|              | Capitalized        | Uncapitalized |
| Germany      | 31,511             | 31,981        |
| France       | 2,218              | 2,552         |
| Brazil       | 11,967             | 2,740         |
| Chile        | 1,434              | 360           |
| Mexico       | -                  | 13,517        |
| Peru         | 438                | -             |
| Uruguay      | 2,314              | -             |
| <b>Total</b> | <b>49,882</b>      | <b>51,150</b> |

At 31 December 2014, details of the capitalised and uncapitalised tax loss carryforwards and the periods during which they are available for offset are as follows (tax loss carryforwards expressed in thousands of Euros):

|              | Thousands of Euros |            |            | Subsequent<br>years or<br>without<br>time limit |
|--------------|--------------------|------------|------------|---|
|              | Total amount       | 2015       | 2016       |   |
| Germany      | 63,492             | -          | -          | 63,492  |
| France       | 4,770              | -          | -          | 4,770   |
| Brazil       | 14,707             | -          | -          | 14,707  |
| Chile        | 1,794              | 360        | 946        | 488   |
| Mexico       | 13,517             | -          | -          | 13,517  |
| Peru         | 438                | 438        | -          | -   |
| Uruguay      | 2,314              | -          | -          | 2,314   |
| <b>Total</b> | <b>101,032</b>     | <b>798</b> | <b>946</b> | <b>99,288</b>                                   |

Deferred tax assets are recognised provided that it is probable that sufficient taxable profits will be available against which the temporary differences can be utilised. For that purpose cash flows projections based on financial budgets approved by management are prepared.

Due to the treatment of certain transactions permitted by fiscal legislation, additional tax liabilities could arise in the event of an inspection. In any event, the Directors do not consider that any such liabilities that could arise would have a significant effect on these consolidated annual accounts.

During 2016 the following corporate restructuring operations were carried out under the neutral tax regime:

- 1) In Spain, Prosegur Compañía de Seguridad, S.A. made an equity contribution in kind of 0.03% of Prosegur International CIT 1, S.L. to Prosegur Global CIT S.L.U. in February 2016.
- 2) In Spain, Prosegur Compañía de Seguridad, S.A. made an equity contribution in kind of 100.0% of Prosegur Cash Services Germany GmbH to Prosegur Global CIT ROW S.L.U. in February 2016.
- 3) In Spain, Prosegur Compañía de Seguridad, S.A. made an equity contribution in kind of 44.96% of Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de CV to Prosegur Global CIT, S.L.U. in February 2016.
- 4) In Portugal, Prosegur Companhia de Segurança, Ltda. made a partial demerger in February 2016, spinning –off the Cash business line in Prosegur Logística e Tratamento de Valores Portugal, S.A.
- 5) In Spain, Prosegur Compañía de Seguridad, S.A. made an equity contribution of 5.0% of Armor Acquisition, S.A. to Prosegur Global CIT S.L.U. in April 2016.
- 6) In Spain, Prosegur Compañía de Seguridad, S.A. made an equity contribution in kind of 80.0% of Grupo Tratamiento y Gestión de Valores SAPI de CV to Prosegur Global CIT, S.L.U. in April 2016.
- 7) In Spain, Prosegur Compañía de Seguridad, S.A. made an equity contribution of 33.33% of SBV Services Proprietary Limited to Prosegur Global CIT ROW, S.L.U. in April 2016.
- 8) In Spain, Prosegur Compañía de Seguridad made an equity contribution in kind of 100.0% of Prosegur Logística e Tratamento de Valores Portugal, S.A. to Prosegur Global CIT ROW, S.L.U. in May 2016.
- 9) In Spain, Prosegur Compañía de Seguridad, S.A. made an equity contribution in kind of 100.0% of Prosegur BPO España, S.L.U. to Prosegur Global CIT ROW S.L.U. in May 2016.
- 10) In Spain, Prosegur Compañía de Seguridad made an equity contribution in kind of 100.0% of Prosegur Global CIT ROW, S.L.U. to Prosegur Cash S.A. in May 2016.
- 11) In Spain, Prosegur Compañía de Seguridad, S.A. made an equity contribution in kind of 94.9% of Compañía Transportadora de Valores Prosegur de Colombia, S.A. to Prosegur Global CIT, S.L.U. in July 2016.
- 12) In Spain, Prosegur Compañía de Seguridad, S.A. made an equity contribution in kind of 99.98% of Servicios Prosegur, Ltda. to Prosegur Global CIT, S.L.U. in July 2016.
- 13) In Spain, Prosegur Compañía de Seguridad, S.A. made an equity contribution in kind of 100.0% of Malcoff Holdings BV to Prosegur Global CIT, S.L.U. in July 2016.
- 14) In Spain, Prosegur Compañía de Seguridad, S.A. made an equity contribution in kind of 100.0% of Prosegur Global CIT, S.L.U. to Prosegur Cash S.A. in July 2016.

In 2015 the following corporate restructuring operations were carried out under the neutral tax regime:

- 1) In Brazil, Transvig Transportes de Valores e Vigilância Ltda (the absorbed company) and Prosegur Brasil, S.A. Transportadora de Valores e Segurança (the absorbing company) merged by absorption in March 2015.
- 2) In Germany, Prosegur Trier GmbH & Co. Kg and Prosegur Trier Verwaltungs GmbH (the absorbed companies) and Prosegur GmbH (the absorbing company) merged by absorption in July 2015.
- 3) In Brazil, Prosegur Holding e Participações, S.A. (the absorbed company) and TSR Participações Societárias, S.A. (the absorbing company) merged by absorption in October 2015.

## 25. Contingencies

It is expected that the contingent liabilities for bank and other guarantees related with the Prosegur Cash Group's normal business operations will not give a rise to any significant liabilities.

Guarantees provided by the Prosegur Cash Group to third parties are as follows:

| Thousands of Euros    | 31/12/2016     | 31/12/2015    | 31/12/2014     |
|-----------------------|----------------|---------------|----------------|
| Commercial guarantees | 41,515         | 39,046        | 69,983         |
| Financial guarantees  | 104,461        | 60,830        | 89,091         |
|                       | <b>145,976</b> | <b>99,876</b> | <b>159,074</b> |

Commercial guarantees include those given to customers.

At 31 December 2016 financial guarantees primarily include guarantees for litigation totalling Euros 38,522 thousand (Euros 39,920 thousand at 31 December 2015 and Euros 50,230 thousand at 31 December 2014). Civil and labour lawsuits in Brazil amount to Euros 38,482 thousand on 31 December 2016 (see Note 21).

### **National Commission of Markets and Competition**

On 22 April 2015, the National Commission of Markets and Competition (hereinafter, "CNMC") initiated a case against the parent company Prosegur and its subsidiary Prosegur Servicios de Efectivo España, S.L.U. (now a subsidiary of the Company as a result of the spin-off) and Loomis Spain, S.A. for alleged anti-competitive practices in violation of European Union law. On 10 November 2016, the CNMC imposed a fine of approximately Euros 39.4 million on Prosegur and its subsidiary jointly and severally. The CNMC's decision is not yet final and may be challenged in court. Prosegur has agreed to indemnify Prosegur Cash for any fine that is ultimately imposed on Prosegur Cash's subsidiary in this proceeding, so that Prosegur Cash has no provision regarding to this issue.

Prosegur will assume exclusively and at its expense the defense of Prosegur and Prosegur Servicios de Efectivo España, S.L. In front of the Sanctioning File and the decision of the Board of Competence of the Council of the CNMC of November 10, 2016, enjoying exclusive power with respect to the direction and control of said defense and the Contentious-Administrative Procedure.

The assessment made in due time by the CNMC may give rise to additional liabilities at such time as the procedure ended. In any event, the Board of Directors of Prosegur Cash does not consider that any such liabilities that could arise would have a significant effect on the consolidated annual accounts.

## 26. Commitments

### **Purchase commitments for fixed assets**

Investments committed but not made at period end are as follows:

| Thousands of Euros            | 31/12/2016    | 31/12/2015    | 31/12/2014   |
|-------------------------------|---------------|---------------|--------------|
| Property, plant and equipment | 11,283        | 12,359        | 7,246        |
| Other intangible assets       | 168           | 228           | 9            |
|                               | <b>11,451</b> | <b>12,587</b> | <b>7,255</b> |

At 31 December 2016, the most significant commitments to purchase facilities amount to Euros 3,095 thousand, mainly in Argentina (Euros 4,039 thousand at 31 December 2015 and Euros 7,109 thousand in 2014).

### **Operating lease commitments**

Various premises, offices, industrial bays, warehouses and vehicles are rented under non-cancellable operating lease agreements.

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

|                                    |  | Thousands of Euros |               |               |
|------------------------------------|--|--------------------|---------------|---------------|
|                                    |  | Less than 1 year   | 1 to 5 years  | Over 5 years  |
| <b>Balance at 31 December 2016</b> |  |                    |               |               |
| Type                               |  |                    |               |               |
| Buildings                          |  | 10,970             | 36,793        | 35,968        |
| Vehicles                           |  | 1,469              | 1,586         | -             |
|                                    |  | <b>12,439</b>      | <b>38,379</b> | <b>35,968</b> |
| <b>Balance at 31 December 2015</b> |  |                    |               |               |
|                                    |  | Thousands of Euros |               |               |
| Type                               |  | Less than 1 year   | 1 to 5 years  | Over 5 years  |
| Buildings                          |  | 4,280              | 4,776         | 10,863        |
| Vehicles                           |  | 3,079              | 4,187         | 3,070         |
|                                    |  | <b>7,359</b>       | <b>8,963</b>  | <b>13,933</b> |
| <b>31 December 2014</b>            |  |                    |               |               |
|                                    |  | Thousands of Euros |               |               |
| Type                               |  | Less than 1 year   | 1 to 5 years  | Over 5 years  |
| Buildings                          |  | 4,739              | 5,895         | 11,256        |
| Vehicles                           |  | 6,079              | 5,349         | 2,072         |
|                                    |  | <b>10,818</b>      | <b>11,244</b> | <b>13,328</b> |

At 31 December 2016 the increase in the future minimum payments in comparison to 31 December 2015 mainly corresponds to the operating lease commitment related to the buildings sold by Prosegur Cash to Prosegur Group companies during 2016 which Prosegur Cash leases back from Prosegur Group companies.

The cost for operating leases in the consolidated income statement for 2016 amounts to Euros 53,966 thousand (Euros 51,914 thousand in 2015 and Euros 55,928 thousand in 2014) (Note 4). There are no contingent rents in relation to operating leases.

Considering the same number of assets in use under operating leases as in 2016, and without taking into account the cancellation clauses in the respective contracts, the lease commitments for 2017 would be expected to amount to approximately Euros 45,923 thousand, of which Euros 27,963 thousand correspond to real estate and Euros 17,960 thousand to vehicles. Assuming an average duration of contracts of 15 years for buildings and 4 years for vehicles and applying the discount rate of each country (Note 11), the lease commitments would be expected to amount to 395,409 thousand euros.

## 27. Business combinations

Details of changes in goodwill are presented in Note 11.

### 27.1. Goodwill included in 2016

Details of the net assets acquired and goodwill recognised on business combination during 2016 are as follows:

|   |                       | Thousands of Euros     |                      |                                       |              |              |
|---|-----------------------|------------------------|----------------------|---------------------------------------|--------------|--------------|
| Segment to which allocated                                      | Consideration in cash | Deferred at fair value | Total purchase price | Fair value of identifiable net assets | Goodwill     |              |
| MIV Gestión, S.A. <sup>(1)</sup>                                | Europe                | 698                    | 443                  | 1,141                                 | 832          | 309          |
| Procesos Técnicos de Seguridad y Valores, S.A.S. <sup>(1)</sup> | Latam                 | 156                    | -                    | 156                                   | 85           | 71           |
| Toll Transport Pty Ltd <sup>(1)</sup>                           | AOA                   | 7,218                  | 4,545                | 11,763                                | 5,934        | 5,829        |
|   |                       | <b>8,072</b>           | <b>4,988</b>         | <b>13,060</b>                         | <b>6,851</b> | <b>6,209</b> |

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

Had the businesses acquired in 2016 been acquired on 1 January 2016, consolidated revenues would have been Euros 7,235 thousand higher and consolidated net profit would have been Euros 293 thousand higher.

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

|  | Country   | Thousands of Euros    |                                    | Outflow of cash on acquisition |
|--|-----------|-----------------------|------------------------------------|--------------------------------|
|  |           | Consideration in cash | Cash and cash equivalents acquired |                                |
| MIV Gestión, S.A.                                | Spain     | 698                   | (240)                              | <b>458</b>                     |
| Procesos Técnicos de Seguridad y Valores, S.A.S. | Colombia  | 156                   | (3)                                | <b>153</b>                     |
| Toll Transport Pty Ltd                           | Australia | 7,218                 | -                                  | <b>7,218</b>                   |
|  |           | <b>8,072</b>          | <b>(243)</b>                       | <b>7,829</b>                   |

### MIV Gestión, S.A.

On 8 January 2016, 100% of the company MIV Gestión, S.A., Spanish company specialised in international transporting of valuable and vulnerable goods, was acquired. The total transaction price was Euros 1,141 thousand, comprising a cash payment of Euros 698 thousand, a deferred payment of Euros 360 thousand, payable in 2016 and 2017, and a further deferred contingent payments of Euros 83 thousand.

This business contributed revenues of Euros 2,451 thousand and loss for the period of Euros 80 thousand to the consolidated statement of profit and loss for 2016.

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

|   | Thousands of Euros          |                        |
|---|-----------------------------|------------------------|
|   | Carrying amount of acquiree | Fair value (estimated) |
| Cash and cash equivalents               | 240                         | 240                    |
| Property, plant and equipment           | 17                          | 17                     |
| Other non-current assets                | 10                          | 10                     |
| Trade and other receivables             | 475                         | 475                    |
| Suppliers and other payables            | (427)                       | (427)                  |
| Current tax liabilities                 | (8)                         | (8)                    |
| Other intangible assets                 | -                           | 701                    |
| Deferred taxes                          | (1)                         | (176)                  |
| <b>Identifiable net assets acquired</b> | <b>306</b>                  | <b>832</b>             |

### Procesos Técnicos de Seguridad y Valores, S.A.S.

On 29 April 2016, 100% of the company Procesos Técnicos de Seguridad y Valores, S.A.S., Colombian company that specialises in cash management services through processing, packaging and utilisation of banknotes and coins, was acquired. The total transaction price was Colombian Peso 512,000 thousand (equivalent to Euros 156 thousand), comprising wholly a cash payment.

This business contributed revenues of Euros 3,362 thousand and profit for the period of Euros 237 thousand to the consolidated statement of profit and loss for 2016.

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

|   | Thousands of Euros          |                        |
|---|-----------------------------|------------------------|
|   | Carrying amount of acquiree | Fair value (estimated) |
| Cash and cash equivalents               | 3                           | 3                      |
| Property, plant and equipment           | 35                          | 35                     |
| Trade and other receivables             | 450                         | 450                    |
| Current tax assets                      | 121                         | 121                    |
| Suppliers and other payables            | (501)                       | (501)                  |
| Current tax liabilities                 | (23)                        | (23)                   |
| <b>Identifiable net assets acquired</b> | <b>85</b>                   | <b>85</b>              |

### Toll Transport Pty Ltd

On 4 November 2016, a part of cash business unit of Toll Transport Pty Ltd have been acquired in Australia.

The total transaction price was Australian Dollars 18,115 thousand (equivalent to Euros 11,763 thousand at the transaction date), comprising a cash payment of Australian Dollars 11,115 thousand (equivalent to Euros 7,218 thousand) and an amount deferred in guarantee of possible liabilities in the amount of 7,000 thousand Australian Dollars (equivalent to the purchase date: Euros 4,545 thousand).

This business contributed revenues of Euros 3,272 thousand and profit for the period of Euros 283 thousand to the consolidated statement of profit and loss for 2016.

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

|   | Thousands of Euros          |                        |
|---|-----------------------------|------------------------|
|   | Carrying amount of acquiree | Fair value (estimated) |
| Property, plant and equipment           | 3,458                       | 3,458                  |
| Suppliers and other payables            | (248)                       | (248)                  |
| Other intangible assets                 | -                           | 3,892                  |
| Deferred taxes                          | -                           | (1,168)                |
| <b>Identifiable net assets acquired</b> | <b>3,210</b>                | <b>5,934</b>           |

The goodwill on this acquisition was allocated to the AOA segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition. The intangible assets acquired comprise customer relationships (Euros 3,892 thousand) with a useful life of 13 years.

The valuation technique used to measure the fair value of the intangible assets acquired was the "Multi-period excess earnings method" (MEEM), representing a departure from the income approach method usually used to value intangible assets. The Multi-period excess earnings method considers the present value of expected net cash flows after deducting the contributions of the other assets that contribute to the generation of flows from the intangible asset valued. The aforementioned contributions consist of remuneration for the use of the assets that will contribute to the generation of the future cash flows and they are reflected as an expense to thus arrive at the flow attributable exclusively to the asset valued.

The significant, non-observable variables used relate to the annual growth in revenues expected by the company, the long-term increase in line with forecast inflation in Australia (2.0%) and the forecast post-merger EBITA (2016-2022: from 4.3% to 12.9%).

### Yasuhiko Empreendimientos e Participacoes S.A

On 19 September 2016, 100% of the company Yasuhiko Empreendimientos e Participacoes, S.A., Brazilian holding company was acquired through its subsidiary TSR Participacoes Societarias SA. The total transaction price was Brazilian Reai 1,200 (equivalent to Euros 331), comprising wholly a cash payment.

This business did no contributed revenues for the period of Euros 2016. The assets and liabilities that arose from this acquisition are not significant.

## 27.2. Goodwill incorporated in 2015 and with no changes in 2016

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

|  | Segment to which allocated | Consideration in cash | Thousands of Euros   |                                       |          |
|--|----------------------------|-----------------------|----------------------|---------------------------------------|----------|
|  |                            |                       | Total purchase price | Fair value of identifiable net assets | Goodwill |
| Call Center and Back Office line of business | Europe                     | 2,186                 | 2,186                | 1,058                                 | 1,128    |
| Centro Informático de Vigo S.A.              | Europe                     | 283                   | 283                  | 93                                    | 190      |
|  |                            | 2,469                 | 2,469                | 1,151                                 | 1,318    |



Had the businesses acquired in 2015 been acquired on 1 January 2015, consolidated revenues would have been EUR 3,900 thousand higher in 2015 and consolidated net profit for the period would have been EUR 461 thousand higher.

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

|  | Country | Thousands of Euros    |                                    | Outflow of cash on acquisition |
|--|---------|-----------------------|------------------------------------|--------------------------------|
|  |         | Consideration in cash | Cash and cash equivalents acquired |                                |
| Call Center and Back Office line of business | Spain   | 2,186                 | -                                  | <b>2,186</b>                   |
| Centro Informático de Vigo S.A.              | Spain   | 283                   | (18)                               | <b>265</b>                     |
|  |         | <u>2,469</u>          | <u>(18)</u>                        | <u><b>2,451</b></u>            |

### Line of business “Call Center y Back office”

On 1 April 2015, 100% of the Call Center and Back Office line of business was acquired in Spain. The total transaction price was Euros 2,186 thousand.

This line of business contributed revenues of Euros 6,846 thousand and profit for the year of Euros 1,141 thousand to the consolidated income statement for 2015.

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

|   | Thousands of Euros          |                        |
|---|-----------------------------|------------------------|
|   | Carrying amount of acquiree | Fair value (estimated) |
| Property, plant and equipment           | 63                          | 63                     |
| Trade and other receivables             | 82                          | 82                     |
| Suppliers and other payables            | (59)                        | (59)                   |
| Other intangible assets                 | -                           | 1,350                  |
| Deferred taxes                          | -                           | (378)                  |
| <b>Identifiable net assets acquired</b> | <b>86</b>                   | <b>1,058</b>           |

### Centro Informático de Vigo, S.A.

On 17 November 2015, 100% of Centro Informático de Vigo, S.A., a Spanish company that specialises in providing administration services for banks as part of the valuable logistics and cash management services business, was acquired. The total transaction price was Euros 283 thousand.

This line of business contributed revenues of Euros 428 thousand and a net loss for the year of Euros 177 thousand to the consolidated income statement for 2015.

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

|   | Thousands of Euros          |                        |
|---|-----------------------------|------------------------|
|   | Carrying amount of acquiree | Fair value (estimated) |
| Cash and cash equivalents               | 18                          | 18                     |
| Property, plant and equipment           | 101                         | 101                    |
| Trade and other receivables             | 334                         | 334                    |
| Suppliers and other payables            | (323)                       | (323)                  |
| Other non-current assets                | 11                          | 11                     |
| Financial debt                          | (56)                        | (56)                   |
| Other non-current liabilities           | (14)                        | (14)                   |
| Other current liabilities               | (11)                        | (11)                   |
| Other intangible assets                 | 4                           | 44                     |
| Deferred taxes                          | -                           | (11)                   |
| <b>Identifiable net assets acquired</b> | <b>64</b>                   | <b>93</b>              |

### 27.3. Goodwill added in 2014 with measurement completed in 2015

#### Transvig – Transporte de Valores e Vigilancia LTDA

Details of the net assets acquired and goodwill recognised on business combinations during 2014 are as follows:

| Segment to which allocated                         | Thousands of Euros    |                        |                      |                                       |              |              |
|--|-----------------------|------------------------|----------------------|---------------------------------------|--------------|--------------|
|  | Consideration in cash | Deferred at fair value | Total purchase price | Fair value of identifiable net assets | Goodwill     |              |
| Transvig - Transporte de Valores e Vigilancia LTDA | Latam                 | 1,994                  | 3,601                | 5,595                                 | 2,214        | 3,381        |
|  |                       | <u>1,994</u>           | <u>3,601</u>         | <u>5,595</u>                          | <u>2,214</u> | <u>3,381</u> |

On 20 October 2014, 100% of the share capital of Transvig – Transporte de Valores e Vigilancia LTDA was acquired in Brazil and subsequently was merged in March 2015 with Prosegur Brasil, S.A. Transportadora de Valores e Segurança. This company provides surveillance services, logistics of values and cash management services. The total transaction price was Brazilian Reals 17,400 thousand (equivalent to Euros 5,595 thousand at the transaction date), comprising a cash payment of Brazilian Reals 6,200 thousand (equivalent to Euros 1,994 thousand at the transaction date), a deferred payment of Brazilian Reals 6,200 thousand (equivalent to Euros 1,994 thousand at the transaction date), payable in 2014, and a further deferred amount of Brazilian Reals 5,000 thousand (equivalent to Euros 1,607 thousand at the transaction date) to secure any possible liabilities, payable in several instalments between 2015 and 2019 and bearing interest as per the contract.

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

| Country  | Thousands of Euros    |                                    |                                |              |
|--|-----------------------|------------------------------------|--------------------------------|--------------|
|  | Consideration in cash | Cash and cash equivalents acquired | Outflow of cash on acquisition |              |
| Transvig - Transporte de Valores e Vigilancia LTDA | Brazil                | 1,994                              | (618)                          | 1,376        |
|  |                       | <u>1,994</u>                       | <u>(618)</u>                   | <u>1,376</u> |

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

|   | Thousands of Euros          |                        |
|---|-----------------------------|------------------------|
|   | Carrying amount of acquiree | Fair value (estimated) |
| Cash and cash equivalents               | 618                         | 618                    |
| Inventories                             | 22                          | 22                     |
| Property, plant and equipment           | 222                         | 604                    |
| Trade and other receivables             | 551                         | 551                    |
| Suppliers and other payables            | (779)                       | (779)                  |
| Other non-current assets                | 1                           | 1                      |
| Provisions                              | (217)                       | (217)                  |
| Other intangible assets                 | -                           | 2,338                  |
| Deferred taxes                          | -                           | (924)                  |
| <b>Identifiable net assets acquired</b> | <b>418</b>                  | <b>2,214</b>           |

In 2015, a total adjustment of Euros 221 thousand was made relating to the customer portfolio (see Note 11) following the final valuation by an independent expert of the net assets acquired.

The goodwill on this acquisition was allocated to the Latam segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition. The intangible assets acquired comprise customer relationships (Euros 2,338 thousand) with a useful life of between 8 and 9 years.

The valuation technique used to measure the fair value of the intangible assets acquired was the “Multi-period excess earnings method” (MEEM), representing a departure from the income approach method usually used to value intangible assets. The Multi-period excess earnings method considers the present value of expected net cash flows after deducting the contributions of the other assets that contribute to the generation of flows from the intangible asset valued. The aforementioned contributions consist of remuneration for the use of the assets that will contribute to the generation of the future cash flows and they are reflected as an expense to thus arrive at the flow attributable exclusively to the asset valued.

The significant, non-observable variables used relate to the annual growth in revenues expected by the company, the long-term increase in line with forecast inflation in Brazil (3.6%) and the forecast post-merger EBITDA (2014-2020: from 21.0% to 13.0%).

#### 27.4. Goodwill incorporated in 2014 and with no changes in 2015

Details of the net assets acquired and goodwill recognised on business combinations during 2014 with no changes in 2015 are as follows:

|                                    | Segment to which allocated | Thousands of Euros    |                        |                      |                                       | Goodwill |
|------------------------------------|----------------------------|-----------------------|------------------------|----------------------|---------------------------------------|----------|
|                                    |                            | Consideration in cash | Deferred at fair value | Total purchase price | Fair value of identifiable net assets |          |
| Evttec Management Services Pte Ltd | AOA                        | 2,098                 | 2,183                  | 4,281                | 2,783                                 | 1,498    |
| Grupo Chorus                       | Europe                     | 1,689                 | -                      | 1,689                | 277                                   | 1,412    |
|                                    |                            | 3,787                 | 2,183                  | 5,970                | 3,060                                 | 2,910    |

Had the businesses acquired in 2014, including Transvig – Transporte de Valores e Vigilancia Ltda, been acquired on 1 January 2014, consolidated revenues would have been EUR 7,022 thousand higher in 2014 and consolidated net profit for the year would have been EUR 613 thousand higher.

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

|                                    | Country   | Thousands of Euros    |                           |                                |
|------------------------------------|-----------|-----------------------|---------------------------|--------------------------------|
|                                    |           | Consideration in cash | Cash and cash equivalents | Outflow of cash on acquisition |
| Evttec Management Services Pte Ltd | Singapore | 2,098                 | (537)                     | 1,561                          |
| Grupo Chorus                       | Germany   | 1,689                 | (96)                      | 1,593                          |
|                                    |           | 3,787                 | (633)                     | 3,154                          |

#### Evttec Management Services Pte Ltd

On 23 January 2014, 100% of the share capital of Evttec Management Services Pte Ltd, a company located in Singapore and specialised in manned guarding, was acquired. The total purchase price was SGD 7,397 thousand (equivalent to EUR 4,281 thousand at the acquisition date), comprising a cash payment of SGD 3,625 thousand (equivalent to EUR 2,098 thousand at the acquisition date), contingent consideration of SGD 3,398 thousand (equivalent to EUR 1,967 thousand at the acquisition date), to be settled in 2014 and 2015, and a further SGD 374 thousand (equivalent to EUR 216 thousand at the acquisition date) deferred to secure any possible liabilities, maturing in 2016.

The acquiree contributed revenues of Euros 8,841 thousand and profit for the year of Euros 605 thousand to the consolidated income statement for 2014. This business combination was reclassified to assets and liabilities held-for-sale in 2015.

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

|   | Thousands of Euros             |              |
|---|--------------------------------|--------------|
|   | Carrying amount of<br>acquiree | Fair value   |
| Cash and cash equivalents               | 537                            | 537          |
| Property, plant and equipment           | 84                             | 84           |
| Trade and other receivables             | 1,980                          | 1,980        |
| Other non-current assets                | 30                             | 30           |
| Suppliers and other payables            | (723)                          | (723)        |
| Current tax liabilities                 | (101)                          | (101)        |
| Other financial liabilities             | (400)                          | (400)        |
| Other intangible assets                 | -                              | 1,663        |
| Deferred taxes                          | (4)                            | (287)        |
| <b>Identifiable net assets acquired</b> | <b>1,403</b>                   | <b>2,783</b> |

The goodwill on this acquisition was allocated to the AOA segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition. The intangible assets acquired comprise customer relationships (Euros 1,663 thousand) with a useful life of 13 years.

### Chorus Group

On 17 February 2014, 100% of the share capital of Chorus Security Service Wervaltungs GmbH and its subsidiary Chorus Security Service GmbH, the companies that provide logistics of values and cash management services, was acquired in Germany. The total purchase price was Euros 1,689 thousand.

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

|   | Thousands of Euros             |            |
|---|--------------------------------|------------|
|   | Carrying amount of<br>acquiree | Fair value |
| Cash and cash equivalents               | 96                             | 96         |
| Property, plant and equipment           | 265                            | 265        |
| Trade and other receivables             | 460                            | 460        |
| Current tax assets                      | 358                            | 358        |
| Suppliers and other payables            | (1,003)                        | (1,003)    |
| Current tax liabilities                 | (110)                          | (110)      |
| Other financial liabilities             | (249)                          | (249)      |
| Provisions                              | (134)                          | (134)      |
| Other intangible assets                 | 2                              | 843        |
| Deferred taxes                          | -                              | (249)      |
| <b>Identifiable net assets acquired</b> | <b>(315)</b>                   | <b>277</b> |

### 27.5. Goodwill added in 2013 with measurement completed in 2014

Details of the net assets acquired and goodwill recognised on business combinations during 2013 for which measurement was completed in 2014 are as follows:

|                                 | Segment to which<br>allocated | Thousands of Euros       |                           |                            |   |                      |
|---------------------------------|-------------------------------|--------------------------|---------------------------|----------------------------|---|----------------------|
|                                 |                               | Consideration<br>in cash | Deferred at<br>fair value | Total<br>purchase<br>price | Fair value of<br>identifiable net<br>assets | Goodwill             |
| Brinks Deutschland GmbH         | Europe                        | -                        | -                         | -                          | (32,781)                                    | <b>32,781</b>        |
| Chubb Security Services PTY LTD | AOA                           | 61,385                   | 4,682                     | <b>66,067</b>              | 35,780                                      | <b>30,287</b>        |
|                                 |                               | <u>61,385</u>            | <u>4,682</u>              | <u><b>66,067</b></u>       | <u>2,999</u>                                | <u><b>63,068</b></u> |

Had the businesses purchased in 2013 been acquired on 01 January 2013, revenues on the consolidated income statement for 2013 would have been increased by Euros 136,987 thousand and the profit and loss of the year would have decreased by Euros 39,131 thousand, mainly generated by Brinks Deutschland GmbH, corresponding to restructuring provisions (see Note 21).

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

|                                 | Thousands of Euros       |   |   |
|---------------------------------|--------------------------|---|---|
|                                 | Consideration<br>in cash | Cash and<br>cash<br>equivalents<br>acquired | Outflow<br>/(inflow) of<br>cash on<br>acquisition |
| Country                         |                          |   |   |
| Brinks Deutschland GmbH         |                          |   |   |
| Germany                         | -                        | (8,013)                                     | <b>(8,013)</b>                                    |
| Chubb Security Services PTY LTD |                          |   |   |
| Australia                       | 61,385                   | (31,852)                                    | <b>29,533</b>                                     |
|                                 | <u>61,385</u>            | <u>(39,865)</u>                             | <b><u>21,520</u></b>                              |

### Brinks Deutschland GmbH

On 9 December 2013, 100% of the share capital of Brinks Deutschland GmbH, a company that provides logistics of values and cash management services, was acquired in Germany. The total transaction price was Euro 1 comprising a consideration of Euro 1 in cash.

The acquired business was added to the consolidated group on 31 December 2013.

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

|   | Thousands of Euros             |                          |
|---|--------------------------------|--------------------------|
|   | Carrying amount of<br>acquiree | Fair value<br>(estimate) |
| Cash and cash equivalents               | 8,013                          | 8,013                    |
| Property, plant and equipment           | 3,831                          | 3,831                    |
| Trade and other receivables             | 7,317                          | 7,317                    |
| Suppliers and other payables            | (6,704)                        | (6,704)                  |
| Provisions                              | (46,633)                       | (46,633)                 |
| Other intangible assets                 | 11                             | 11                       |
| Deferred taxes                          | 1,384                          | 1,384                    |
| <b>Identifiable net assets acquired</b> | <b><u>(32,781)</u></b>         | <b><u>(32,781)</u></b>   |

Negative net assets arise as a result of the restructuring of personnel which, prior to the acquisition, Brinks Deutschland GmbH was carrying out. The goodwill on this acquisition was allocated to the Europe segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition.

### Chubb Security Services PTY LTD

On 16 December 2013, 100% of the share capital of Chubb Security Services PTY LTD, a company that provides logistics of values and cash management services in Australia, was acquired. The total transaction price was Australian Dollars 101,742 thousand (equivalent to Euros 66,067 thousand at the transaction date), comprising a cash payment of Australian Dollars 94,532 thousand (equivalent to Euros 61,385 thousand at the transaction date), and a deferred amount of Australian Dollars 7,210 thousand (equivalent to Euros 4,682 thousand at the transaction), payable in 2014, to secure any possible liabilities.

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

|   | Thousands of Euros             |                          |
|---|--------------------------------|--------------------------|
|   | Carrying amount of<br>acquiree | Fair value<br>(estimate) |
| Cash and cash equivalents               | 31,852                         | 31,852                   |
| Property, plant and equipment           | 14,319                         | 17,046                   |
| Inventories                             | 366                            | 366                      |
| Trade and other receivables             | 9,930                          | 9,930                    |
| Suppliers and other payables            | (36,148)                       | (36,148)                 |
| Provisions                              | (11,158)                       | (11,158)                 |
| Other intangible assets                 | -                              | 32,013                   |
| Deferred taxes                          | 2,301                          | (8,121)                  |
| <b>Identifiable net assets acquired</b> | <b>11,462</b>                  | <b>35,780</b>            |

The goodwill on this acquisition was allocated to the AOA segment and mainly reflects the profitability of the business, future customers, its human capital and its value as a going concern. The intangible assets acquired comprise customer relationships (Euros 32,013 thousand) which have a useful life of 19 years based on the valuation analysis performed by an independent third party expert.

## 28. Related parties

The Prosegur Cash Group is controlled by Prosegur, which was incorporated in Madrid, Spain and holds 51% of its shares directly and indirectly controls the remaining 49%, through its wholly-owned subsidiary Prosegur Assets Management, S.L.U.

### 28.1. Balances with Prosegur Group companies

The Prosegur Cash Group has balances with companies that form part of the Prosegur Group but are not included in the consolidated annual accounts:

| Thousands of Euros   | 31/12/2016     | 31/12/2015     | 31/12/2014     |
|--|----------------|----------------|----------------|
| Current investments in Group companies and associates          |                |                |                |
| Loans to Group companies                                       | 24,451         | 324,446        | 261,158        |
| Other financial assets   | 2,176          | 4,221          | 1,341          |
| Trade and other receivables                                    |                |                |                |
| Trade receivables, current                                     | 38,803         | 22,656         | 2,027          |
| <b>Total current receivables with Prosegur group companies</b> | <b>65,430</b>  | <b>351,323</b> | <b>264,526</b> |
| <b>Total assets</b>  | <b>65,430</b>  | <b>351,323</b> | <b>264,526</b> |
| Financial liabilities  |                |                |                |
| Other financial liabilities                                    | 2,130          | 1,219          | 1,169          |
| Loans from Group companies, current                            |                |                |                |
| Loans from companies   | 134,842        | 237,913        | 110,269        |
| Dividends to be paid   | -              | 25,900         | 24,002         |
| Trade and other payables                                       |                |                |                |
| Trade and other payables                                       | 31,736         | 95,265         | 30,674         |
| <b>Total current liabilities with Prosegur group companies</b> | <b>168,708</b> | <b>360,297</b> | <b>166,114</b> |
| <b>Total liabilities</b>                                       | <b>168,708</b> | <b>360,297</b> | <b>166,114</b> |

As of 31 December 2016, 2015 and 2014, the Group Prosegur Cash had outstanding financial balances against several companies of the Prosegur Group in Argentina, Spain, Paraguay, Chile and Brazil in the aggregate amount of Euros 26,627 thousand, Euros 328,667 thousand and Euros 262,499 thousand, respectively (including pending to be

proceed interests for Euros 2,176 thousand in 2016, Euros 4,221 thousand in 2015 and Euros 1,341 thousand in 2014). These balances had an average interest of 7.2% in 2016, 7.18% in 2015 and 7.43% in 2014.

Simultaneously, outstanding financial liabilities of the Group Prosegur Cash with Prosegur in Spain, as of 31 December 2016, 2015 and 2014, amounted to Euros 136,972 thousand, Euros 239,132 thousand and Euros 111,438 thousand, respectively (including pending to be paid interests for Euros 2,130 thousand in 2016, Euros 1,219 thousand in 2015 and Euros 1,169 thousand in 2014). Of these, Euros 126,978 thousand correspond to an intercompany financing granted by Prosegur, for Prosegur Cash to finance a portion of the distribution of share premium. These balances had an average interest of 2,2% in 2016, 2,9% in 2015 and 3,0% in 2014.

The total net amount of intercompany financial assets and liabilities between the Group and the Prosegur Group amounted to Euros 110,345 thousand in favour of the Prosegur Group, as of 31 December 2016. This outstanding financial liability of Euros 110,345 thousand, will be repaid in full on February 2017.

On 30 December 2016, the Company agreed to distribute Share premium to its shareholders in an amount of Euros 910,548 thousand. Such reserve distribution was paid with the Euros 600,000 thousand from the Loan Agreement (Note 22), with Euros 183,570 thousand of available cash and the remainder, Euros 126,978 thousand, financed with the above mentioned intercompany financing granted by Prosegur.

The commercial balances between the Group and Prosegur Group in favour of the Group amounted to Euros 38,803 thousand, Euros 22,656 thousand and Euros 2,027 thousand as of 31 December 2016, 2015 and 2014, respectively. These commercial balances correspond, amongst other, to transfer pricing and outstanding and unpaid operative balances by Prosegur Group to the Group.

The commercial balances between the Group and Prosegur Group in favour of the Prosegur Group amounted to Euros 31,736 thousand, Euros 95,265 thousand and Euros 30,674 thousand as of 31 December 2016, 2015 and 2014, respectively. These commercial balances correspond, amongst other, to transfer pricing and outstanding and unpaid operative balances by the Group to Prosegur Group.

During 2016, Prosegur Cash granted an accumulated loans to Prosegur Compañía de Seguridad, S.A. and Prosegur Assets Management, S.L. for the amounts of Euros 399,621 thousand and Euros 383,949 thousand, respectively. These loans have been cancelled in full as of 31 December 2016.

## 28.2. Transactions with Prosegur Group companies

The Prosegur Cash Group has transactions with companies that form part of the Prosegur Group but are not included in the consolidated annual accounts:

| Thousands of Euros                          | 31/12/2016      | 31/12/2015      | 31/12/2014      |
|---|-----------------|-----------------|-----------------|
| <b>Incomes</b>                              |                 |                 |                 |
| Provision of services                       | 61,841          | 23,194          | 1,962           |
| Interests received and other finance income | 23,277          | 19,097          | 7,680           |
| <b>Total Income</b>                         | <b>85,118</b>   | <b>42,291</b>   | <b>9,642</b>    |
| <b>Expenses</b>                             |                 |                 |                 |
| Other services                              | (86,398)        | (63,752)        | (39,578)        |
| Interests paid and other finance expenses   | (2,670)         | (5,922)         | (2,018)         |
| <b>Total Expenses</b>                       | <b>(89,068)</b> | <b>(69,674)</b> | <b>(41,596)</b> |

## 28.3. Remuneration of members of the Board of Directors and senior management personnel

### 1. Remuneration of Board of Directors

During 2016 neither the Company's Chief Executive Officer nor all of the Board of Directors' members were employed by the Company. The administration functions were performed by the Sole administrator Prosegur until 19 December 2016, date of appointment of the current Board of Directors. There have been no payment of remunerations in this respect, nor granted advances or loans, nor have any obligations been assumed as security on their behalf.

## 2. Remuneration of Senior Management

Senior management personnel are understood to be Prosegur Cash employees who hold, de facto or de iure, senior management positions reporting directly to the Board of Directors, or the Chief Executive Officer of the Company, including those holding a power of attorney which relates to the corporate object and is not restricted to specific areas or matters.

The total remuneration accrued by senior management personnel of Prosegur Cash is as follows:

| Thousand of euros    | 31/12/2016   | 31/12/2015 | 31/12/2014 |
|----------------------|--------------|------------|------------|
| Fixed retribution    | 1,010        | 339        | 271        |
| Variable retribution | 419          | 138        | 118        |
| Remuneration in kind | 115          | 47         | 49         |
| Insurance premium    | 3            | 1          | 1          |
|                      | <b>1,547</b> | <b>524</b> | <b>438</b> |

The increase in the expenses for remuneration of the Senior Management is due to the fact that the Senior Management personnel were not in full staff of the Prosegur Cash Group, they have been incorporated into staff from August 1, 2016, coming from Prosegur Group. In previous years those expenses were classify as management fee.

### 28.4. Information required by article 229 of the Spanish Capital Companies Act

In connection with the provision set forth in articles 228, 229 and 230 of the Consolidated Text of the Capital Companies Act approved by Royal Legislative Decree 1/2010 of 2 July as amended by Law 31/2014 for the improvement of Corporate Governance, no situations have arisen during financial years 2016 in which the Sole administrator, the members of the Board of Directors and their related parties have been in direct or indirect conflict with the interests of the Prosegur Cash.

## 29. Financial risk management and fair value

### 29.1. Financial risk factors

The Prosegur Cash Group's activities are exposed to currency risk, interest rate risk, price risk, credit risk and liquidity risk. Prosegur Cash Group's global risk management programme aims to reduce these risks through a variety of methods, including the use of financial instruments.

The Finance Department identifies, proposes and carries out the management of these risks along with other operating units of the Prosegur Cash Group in accordance with policies issued by the Board of Directors.

#### **Currency risk**

The Prosegur Cash Group operates internationally and is therefore exposed to currency risk when operating with foreign currency. Currency risk arises when future commercial transactions, equity investments, results from operating activities and financial positions are presented in a foreign currency other than the functional currency of each company.

To control the risk arising in these operations, the Prosegur Cash Group's policy is to use appropriate instruments to balance and neutralise the risks associated with monetary in- and outflows, considering market expectations.

As the Prosegur Cash Group intends to remain in the foreign markets in which it is present in the long term, it does not hedge equity investments, but rather assumes the risk relating to the translation to Euros of the assets and liabilities denominated in foreign currencies.



Exposure to currency risk and the details of the carrying amount of financial instruments denominated in a currency other than the functional currency of each country are as follows:

**At 31 December 2016**

| Thousands of Euros              | Euro            | USD            | Other<br>currency | Total<br>Position |
|---------------------------------|-----------------|----------------|-------------------|-------------------|
| Non-current financial assets    | -               | 52             | -                 | 52                |
| <b>Total non-current assets</b> | -               | <b>52</b>      | -                 | <b>52</b>         |
| Trade and other receivables     | 9,068           | (1,540)        | -                 | 7,528             |
| Other current financial assets  | 17,367          | 151            | 31,329            | 48,847            |
| Cash and cash equivalents       | 3,389           | 419            | -                 | 3,808             |
| <b>Total current assets</b>     | <b>29,824</b>   | <b>(970)</b>   | <b>31,329</b>     | <b>60,183</b>     |
| Financial liabilities           | (20)            | (207)          | -                 | (227)             |
| <b>Non-current liabilities</b>  | <b>(20)</b>     | <b>(207)</b>   | -                 | <b>(227)</b>      |
| Trade and other payables        | (30,206)        | (1,819)        | -                 | (32,025)          |
| Financial liabilities           | (7,311)         | (959)          | -                 | (8,270)           |
| <b>Current liabilities</b>      | <b>(37,517)</b> | <b>(2,778)</b> | -                 | <b>(40,295)</b>   |
| <b>Net position</b>             | <b>67,361</b>   | <b>2,067</b>   | <b>31,329</b>     | <b>100,757</b>    |

**At 31 December 2015**

| Thousands of Euros              | Euro          | USD          | Total<br>Position |
|---------------------------------|---------------|--------------|-------------------|
| Loans to related parties        | 30,293        | -            | 30,293            |
| <b>Total non-current assets</b> | <b>30,293</b> | -            | <b>30,293</b>     |
| Trade and other receivables     | 24,843        | 2,826        | 27,669            |
| Other current financial assets  | 2,757         | 3,294        | 6,051             |
| Cash and cash equivalents       | 10,810        | 1,753        | 12,563            |
| <b>Total current assets</b>     | <b>38,410</b> | <b>7,873</b> | <b>46,283</b>     |
| Financial liabilities           | -             | 187          | 187               |
| <b>Non-current liabilities</b>  | -             | <b>187</b>   | <b>187</b>        |
| Trade and other payables        | 30,776        | 3,809        | 34,585            |
| Financial liabilities           | 1,754         | 4,540        | 6,294             |
| <b>Current liabilities</b>      | <b>32,530</b> | <b>8,349</b> | <b>40,879</b>     |
| <b>Net position</b>             | <b>36,173</b> | <b>(663)</b> | <b>35,510</b>     |

**At 31 December 2014**

| Thousands of Euros              | Euro          | USD           | Total<br>Position |
|---------------------------------|---------------|---------------|-------------------|
| Loans to related parties        | 29,271        | -             | 29,271            |
| Non-current financial assets    | -             | 19            | 19                |
| <b>Total non-current assets</b> | <b>29,271</b> | <b>19</b>     | <b>29,290</b>     |
| Trade and other receivables     | 15,009        | 6,413         | 21,422            |
| Other current financial assets  | 2,637         | 2,731         | 5,368             |
| Cash and cash equivalents       | 31,435        | 2,032         | 33,467            |
| <b>Total current assets</b>     | <b>49,081</b> | <b>11,176</b> | <b>60,257</b>     |
| Financial liabilities           | -             | 173           | 173               |
| <b>Non-current liabilities</b>  | -             | <b>173</b>    | <b>173</b>        |
| Trade and other payables        | 11,096        | 3,753         | 14,849            |
| Financial liabilities           | 1,907         | 2,316         | 4,223             |
| <b>Current liabilities</b>      | <b>13,003</b> | <b>6,069</b>  | <b>19,072</b>     |
| <b>Net position</b>             | <b>65,349</b> | <b>4,953</b>  | <b>70,302</b>     |

Details of the main average and period-end exchange rates to Euros of the foreign currencies are as follows:

|                      |     | 31/12/2016   |              | 31/12/2015   |              | 31/12/2014   |              |
|----------------------|-----|--------------|--------------|--------------|--------------|--------------|--------------|
|                      |     | Average rate | Closing rate | Average rate | Closing rate | Average rate | Closing rate |
| United States Dollar | USD | 1.11         | 1.05         | 1.11         | 1.09         | 1.33         | 1.21         |
| Australian Dollar    | AUD | 1.49         | 1.46         | 1.48         | 1.49         | 1.47         | 1.48         |
| Brazilian Real       | BRL | 3.86         | 3.43         | 3.69         | 4.32         | 3.12         | 3.22         |
| Argentinian Peso     | ARS | 16.33        | 16.76        | 10.23        | 14.26        | 10.72        | 10.32        |
| Chilean Peso         | CLP | 748.56       | 703.39       | 725.54       | 770.08       | 756.69       | 737.42       |
| Mexican Peso         | MXP | 20.66        | 21.77        | 17.60        | 18.91        | 17.66        | 17.87        |
| Paraguayan Guarani   | PYG | 6,098.12     | 6,063.11     | 6,311.68     | 6,294.83     | 5,376.18     | 5,628.24     |
| Peruvian Nuevo Sol   | PEN | 3.74         | 3.54         | 3.53         | 3.72         | 3.77         | 3.62         |
| Uruguayan Peso       | UYU | 33.33        | 30.84        | 30.25        | 32.52        | 25.28        | 24.26        |
| Colombian Peso       | COP | 3,379.51     | 3,163.05     | 3,040.57     | 3,428.83     | 2,650.02     | 2,904.69     |
| Indian Rupee         | INR | 74.36        | 71.59        | 68.60        | 75.56        | 68.60        | 75.56        |

A strengthening/(weakening) of the Euro against the Brazilian Real, Argentinian Peso, Chilean Peso and Nuevo Sol at 31 December would have increased/(decreased) the results by the amounts shown below.

This analysis is based on variations in foreign currency (different from the functional currency note 32.4) exchange rates that were considered to be reasonably possible at the reporting date (increase/decrease in exchange rate). The analysis assumes that all other variables, in particular interest rates, will remain constant. The income statement analysis reflects the impact that the income statement could have under its financial net results caption, considering an exchange rate variation on all pending amounts traded in a different currency to the functional one (Note 32.4). On the other hand, the sensitivity associated with equity shows the variation impact on the net assets, of each subsidiary, in functional currencies against the euro.

|                               | Exchange rate increase |         | Exchange rate decrease |           |
|-------------------------------|------------------------|---------|------------------------|-----------|
|                               | Equity                 | P/L     | Equity                 | P/L       |
| <b>31 December 2016</b>       |                        |         |                        |           |
| Brazilian Real (18% var.)     | 67,925                 | -       | (47,202)               | -         |
| Argentinian Peso (38% var.)   | 113,499                | 3,538   | (50,992)               | (7,875)   |
| Chilean Peso (10% var.)       | 10,567                 | (304)   | (8,646)                | 372       |
| Peruvian Nuevo Sol (10% var.) | 6,649                  | 344     | (5,440)                | (421)     |
| Colombian Peso (10% var.)     | 3,111                  | -       | (2,546)                | (150)     |
| <b>31 December 2015</b>       |                        |         |                        |           |
| Brazilian Real (18% var.)     | 49,755                 | -       | (34,576)               | -         |
| Argentinian Peso (38% var.)   | 146,551                | (3,791) | (65,842)               | 900,000   |
| Chilean Peso (10% var.)       | 3,786                  | (511)   | (3,098)                | (573,000) |
| Peruvian Nuevo Sol (10% var.) | 6,459                  | (3,366) | (5,285)                | 2,754     |
| Colombian Peso (10% var.)     | 3,096                  | -       | (2,533)                | -         |
| <b>31 December 2014</b>       |                        |         |                        |           |
| Brazilian Real (18% var.)     | 48,579                 | -       | (33,758)               | -         |
| Argentinian Peso (38% var.)   | 42,489                 | (466)   | (53,299)               | 381       |
| Chilean Peso (10% var.)       | 3,618                  | 579     | (2,961)                | (474)     |
| Peruvian Nuevo Sol (10% var.) | 5,463                  | (2,902) | (4,470)                | 2,374     |
| Colombian Peso (10% var.)     | 3,463                  | -       | (2,834)                | -         |

From November 2011 to December 2015, the Group suffered exchange restrictions in Argentina, the so-called exchange rate stamp.

### **Credit risk**

The Prosegur Cash Group is not significantly exposed to credit risk. Bad debts are not a significant factor in the sector in which it operates. Independent credit ratings of customers are used if available. Otherwise, the Credit Control Department assesses each customer's credit rating, considering financial position, past experience and other factors. Individual credit limits are established based on internal and external ratings in accordance with the limits set by the Finance Department. Credit limits are regularly monitored.

The Prosegur Cash Group has formal procedures for detecting objective evidence of impairment of trade receivables. It identifies significant delays in payments and the methods to follow to estimate the impairment loss based on an individual analysis by business area. Impairment of trade receivables at 31 December 2016 amounts to Euros 6,830 thousand (Euros 5,643 thousand in 2015; Euros 15,239 thousand in 2014) (see Note 17). Trade receivables balances with no credit risk are not included in this provision at the end of 2016.

Details of the percentage of total turnover represented by the eight main customers are as follows:

| Counterparty | 31/12/2016 | 31/12/2015 | 31/12/2014 |
|--------------|------------|------------|------------|
| Customer 1   | 7.23%      | 8.04%      | 10.58%     |
| Customer 2   | 5.68%      | 6.27%      | 7.33%      |
| Customer 3   | 4.85%      | 5.25%      | 6.15%      |
| Customer 4   | 3.12%      | 3.32%      | 3.83%      |
| Customer 5   | 2.94%      | 3.24%      | 3.15%      |
| Customer 6   | 2.27%      | 2.36%      | 2.89%      |
| Customer 7   | 2.14%      | 2.30%      | 1.63%      |
| Customer 8   | 1.58%      | 1.65%      | 1.20%      |

As explained in Note 17, on 29 December 2015 Prosegur Cash Group took out a factoring facility for part of its customer portfolio whereby receivables are sold without recourse, thereby transferring the associated credit risk.

Other current financial assets (see Note 18) include a fixed-term deposit. All financial assets contracted in 2016 and 2015 are exposed to risk of default by the counterparties which, in all cases, are financial institutions with guaranteed solvency and high credit ratings that are not sensitive to adverse changes in the economic climate.

### Liquidity risk

A prudent policy to managing liquidity risk is based on having sufficient cash and marketable securities, as well as sufficient short-, medium- and long-term financing through credit facilities, to reach business targets safely, efficiently and on time. The Treasury Department aims to maintain liquidity and sufficient availability to guarantee business operations.

Management monitors the Prosegur Cash Group's liquidity reserves, which comprise credit available for drawdown (see Note 22) and cash and cash equivalents (see Note 19), and are forecast based on expected cash flows.

Liquidity position for 2016, 2015 and 2014 for Cash business is based on the following:

- Cash and cash equivalents of Euros 188,780 thousand at 31 December 2016 (Euros 175,825 thousand in 2015; Euros 159,572 thousand in 2014).
- Undrawn credit facilities of Euros 103,573 thousand at 31 December 2016 (Euros 59,382 thousand in 2015; Euros 74,156 thousand in 2014).
- Cash flows from operating activities of continuing operations in 2016 amounting to Euros 255,938 thousand (Euros 228,599 thousand in 2015; Euros 249,894 thousand in 2014) (Note 9).

The amounts presented in this table reflect the cash flows stipulated in the contracts.

| Thousands of Euros                              | 31/12/2016       |                        |                  |                    |               |                |                   |
|---|------------------|------------------------|------------------|--------------------|---------------|----------------|-------------------|
|   | Carrying amount  | Contractual cash flows | 6 months or less | 6 months to 1 year | 1 to 2 years  | 2 to 5 years   | More than 5 years |
| <b>Non-derivative financial liabilities</b>     |                  |                        |                  |                    |               |                |                   |
| Loans and borrowings                            | 626,149          | 662,759                | 15,431           | 3,710              | 9,444         | 634,174        | -                 |
| Finance lease payables                          | 20,377           | 23,954                 | 5,503            | 4,353              | 6,950         | 6,838          | 310               |
| Credit accounts                                 | 43,307           | 46,399                 | 43,754           | 2,645              | -             | -              | -                 |
| Other payables                                  | 32,202           | 36,568                 | 23,926           | 1,004              | 2,883         | 4,803          | 3,952             |
| Current payables with group companies (Note 28) | 168,708          | 168,708                | 168,708          | -                  | -             | -              | -                 |
| Trade and other payables                        | 262,546          | 262,546                | 262,546          | -                  | -             | -              | -                 |
|   | <b>1,153,289</b> | <b>1,200,934</b>       | <b>519,868</b>   | <b>11,712</b>      | <b>19,277</b> | <b>645,815</b> | <b>4,262</b>      |

| Thousands of Euros                              | 31/12/2015      |                        |                  |                    |               |               |                   |
|---|-----------------|------------------------|------------------|--------------------|---------------|---------------|-------------------|
|   | Carrying amount | Contractual cash flows | 6 months or less | 6 months to 1 year | 1 to 2 years  | 2 to 5 years  | More than 5 years |
| <b>Non-derivative financial liabilities</b>     |                 |                        |                  |                    |               |               |                   |
| Loans and borrowings                            | 120,890         | 135,060                | 37,778           | 59,177             | 17,675        | 19,967        | 464               |
| Finance lease payables                          | 17,937          | 20,260                 | 3,800            | 3,274              | 5,669         | 6,129         | 1,388             |
| Credit accounts                                 | 30,593          | 31,502                 | 17,799           | 13,703             | -             | -             | -                 |
| Other payables                                  | 46,115          | 54,199                 | 24,294           | 2,728              | 25,876        | 1,302         | -                 |
| Current payables with group companies (Note 28) | 360,295         | 360,295                | 360,295          | -                  | -             | -             | -                 |
| Trade and other payables                        | 245,315         | 245,315                | 245,315          | -                  | -             | -             | -                 |
|   | <b>821,145</b>  | <b>846,631</b>         | <b>689,281</b>   | <b>78,881</b>      | <b>49,219</b> | <b>27,397</b> | <b>1,852</b>      |

| Thousands of Euros                              | 31/12/2014      |                        |                  |                    |                |               |                   |
|---|-----------------|------------------------|------------------|--------------------|----------------|---------------|-------------------|
|   | Carrying amount | Contractual cash flows | 6 months or less | 6 months to 1 year | 1 to 2 years   | 2 to 5 years  | More than 5 years |
| <b>Non-derivative financial liabilities</b>     |                 |                        |                  |                    |                |               |                   |
| Loans and borrowings                            | 131,046         | 141,773                | 13,384           | 25,703             | 73,906         | 26,398        | 2,382             |
| Finance lease payables                          | 30,374          | 36,039                 | 11,238           | 5,210              | 6,988          | 10,535        | 2,068             |
| Credit accounts                                 | 14,454          | 15,138                 | 3,421            | 11,717             | -              | -             | -                 |
| Other payables                                  | 82,785          | 103,372                | 32,641           | 4,489              | 32,563         | 33,679        | -                 |
| Current payables with group companies (Note 28) | 166,114         | 166,114                | 166,114          | -                  | -              | -             | -                 |
| Trade and other payables                        | 346,200         | 346,200                | 346,200          | -                  | -              | -             | -                 |
|   | <b>770,973</b>  | <b>808,636</b>         | <b>572,998</b>   | <b>47,119</b>      | <b>113,457</b> | <b>70,612</b> | <b>4,450</b>      |

Lastly, systematic forecasts are prepared for cash generation and requirements, allowing Prosegur Cash Group to determine and monitor its liquidity position on an ongoing basis.

#### **Interest rate, cash flow and fair value risks**

The Prosegur Cash Group is exposed to interest rate risk due to its monetary assets and liabilities.

The exposure of financial liabilities (excluding other payables) at the contract price review dates are as follows:

|   | 6 months or less | 6 to 12 months | 1 to 5 years   | More than 5 years | Total          |
|---|------------------|----------------|----------------|-------------------|----------------|
| <b>At 31 December 2016</b>                  |                  |                |                |                   |                |
| Total financial liabilities (fixed rate)    | 4,936            | 3,034          | 8,834          | 288               | 17,092         |
| Total financial liabilities (variable rate) | 52,330           | 3,257          | 617,154        | -                 | 672,741        |
|   | <b>57,266</b>    | <b>6,291</b>   | <b>625,988</b> | <b>288</b>        | <b>689,833</b> |
| <b>At 31 December 2015</b>                  |                  |                |                |                   |                |
| Total financial liabilities (fixed rate)    | 9,656            | 5,137          | 15,650         | 272               | 30,715         |
| Total financial liabilities (variable rate) | 44,680           | 66,883         | 25,752         | 1,390             | 138,705        |
|   | <b>54,336</b>    | <b>72,020</b>  | <b>41,402</b>  | <b>1,662</b>      | <b>169,420</b> |
| <b>At 31 December 2014</b>                  |                  |                |                |                   |                |
| Total financial liabilities (fixed rate)    | 14,819           | 2,662          | 27,344         | 383               | 45,208         |
| Total financial liabilities (variable rate) | 7,847            | 35,456         | 85,442         | 1,920             | 130,665        |
|   | <b>22,666</b>    | <b>38,118</b>  | <b>112,786</b> | <b>2,303</b>      | <b>175,873</b> |

The Prosegur Cash Group analyses its interest rate risk exposure dynamically. In 2016, 2015 and 2014 the majority of financial liabilities at variable interest rates were denominated in Euros, Brazilian Reals and Australian Dollars.

Management performs a simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges. Based on these scenarios, the Prosegur Cash Group calculates the effect of a certain variation in interest rates on profit and loss. For each simulation, the same interest rate variation is used for all currencies. The scenarios are only analysed for the liabilities that represent the most significant positions in which a variable interest rate is paid.

Details of financial liabilities, indicating the portion considered to be hedged, at a fixed rate, are as follows:

| <b>At 31 December 2016</b> | <b>Total debt</b> | <b>Hedged debt</b> | <b>Debt exposure</b> |
|----------------------------|-------------------|--------------------|----------------------|
| Europe                     | 650,708           | 8,652              | 642,056              |
| AOA                        | 5,082             | -                  | 5,082                |
| Latam                      | 66,245            | 8,440              | 57,805               |
|                            | <b>722,035</b>    | <b>17,092</b>      | <b>704,943</b>       |

| <b>At 31 December 2015</b> | <b>Total debt</b> | <b>Hedged debt</b> | <b>Debt exposure</b> |
|----------------------------|-------------------|--------------------|----------------------|
| Europe                     | 30,624            | 11,419             | 19,205               |
| AOA                        | 61,065            | -                  | 61,065               |
| Latam                      | 123,839           | 19,296             | 104,543              |
|                            | <b>215,528</b>    | <b>30,715</b>      | <b>184,813</b>       |

| <b>At 31 December 2014</b> | <b>Total debt</b> | <b>Hedged debt</b> | <b>Debt exposure</b> |
|----------------------------|-------------------|--------------------|----------------------|
| Europe                     | 30,496            | 14,170             | 16,326               |
| AOA                        | 62,116            | -                  | 62,116               |
| Latam                      | 166,047           | 31,248             | 134,799              |
|                            | <b>258,659</b>    | <b>45,418</b>      | <b>213,241</b>       |

The debt comprises the bank loans at fixed rates. In Argentina, Chile, Peru, Brazil, Singapore, Germany and France liabilities include credit facilities, leasing-related payables and loans from credit entities at fixed interest rates.

At 31 December 2016, if interest rates on bank loans and borrowings have been 100 basis points higher, all other variables remaining constant, post-tax profit would have been Euros 4,235 thousand lower (Euros 1,175 thousand lower in 2015; Euros 1,246 thousand lower in 2014), mainly because of higher borrowing costs on variable-interest loans.

## 29.2. Capital risk management

Capital management is aimed at safeguarding its capacity to continue operating as a going concern, with the aim of providing shareholder remuneration and benefiting other equity holders, while maintaining an optimum capital structure to reduce the cost of capital.

To maintain and adjust the capital structure, the Prosegur Cash Group can adjust the amount of dividends payable to shareholders, reimburse capital, issue shares or dispose of assets to reduce debt.

Like other groups in the sector, the Prosegur Cash Group controls its capital structure on a leverage ratio basis. This ratio is calculated as net financial debt divided by total capital. Net financial debt is the sum of current and non-current financial liabilities (excluding other non-bank payables) plus/less net derivative financial instruments, less cash and cash equivalents, less current investments in group companies, less other current financial assets, as presented in the consolidated statement of financial position. Total capital is the sum of equity plus net financial debt, as presented in the consolidated statement of financial position. The following detail corresponds just to cash business.

The following detail corresponds to the cash business:

| Thousands of Euros   | 31/12/2016     | 31/12/2015      | 31/12/2014      |
|--|----------------|-----------------|-----------------|
| Financial liabilities (Note 22*)   | 722,035        | 207,636         | 238,478         |
| Financial liabilities with group companies (Note 28*)  | 136,972        | 67,056          | 80,427          |
| Less: cash and cash equivalents (Note 19*)   | (188,780)      | (175,825)       | (159,572)       |
| Less: current investments in group companies (Note 28*)  | (26,627)       | (294,555)       | (198,888)       |
| Less: other current financial assets (Note 18*)  | -              | -               | (8,241)         |
| Net financial debt   | 643,600        | (195,688)       | (47,796)        |
| Less: other non-bank payables (Note 22*)   | (32,202)       | (40,032)        | (82,786)        |
| Net financial debt (Excluding other non bank payables corresponding to deferred payments for M&A acquisitions) | 611,398        | (235,720)       | (130,582)       |
| Net assets   | 103,593        | 649,579         | 835,034         |
| <b>Total capital</b>   | <b>714,991</b> | <b>413,859</b>  | <b>704,452</b>  |
| <b>Gearing ratio</b>   | <b>85.51%</b>  | <b>(56.96%)</b> | <b>(18.54%)</b> |

\* note only applicable to 2016

Given the nature of the Prosegur Cash Group business, it generates higher cash-flows than needed to operate, and therefore, this cash is lent to other Prosegur Group companies.

The following detail corresponds to the total Prosegur Cash Group..

| Thousands of Euros   | 31/12/2016     | 31/12/2015      | 31/12/2014      |
|--|----------------|-----------------|-----------------|
| Financial liabilities (Note 22, 15)  | 727,536        | 216,683         | 258,659         |
| Financial liabilities with group companies (Nota 28)   | 136,972        | 239,132         | 111,438         |
| Less: cash and cash equivalents (Nota 19, 15)  | (211,603)      | (241,425)       | (228,646)       |
| Less: current investments in group companies (Nota 28)   | (26,627)       | (328,667)       | (262,499)       |
| Less: other current financial assets (Note 18)   | -              | -               | (8,241)         |
| Net financial debt   | 626,278        | (114,277)       | (129,289)       |
| Less: other non-bank payables (Note 22, 15)  | (32,202)       | (46,115)        | (82,786)        |
| Net financial debt (Excluding other non bank payables corresponding to deferred payments for M&A acquisitions) | 594,076        | (160,392)       | (212,075)       |
| Net assets   | 185,473        | 957,147         | 1,150,853       |
| <b>Total capital</b>   | <b>779,549</b> | <b>796,755</b>  | <b>938,778</b>  |
| <b>Gearing ratio</b>   | <b>76.21%</b>  | <b>(20.13%)</b> | <b>(22.59%)</b> |

### 29.3. Financial instruments and fair value

#### Classification and fair value

All financial assets and liabilities have an accounting value close to their fair values due to a large extent, to the short-term maturities of these instruments.

#### Measurement bases for financial instruments not measured at fair value:

| Type                             | Measurement bases     | (Unobservable) inputs employed |
|----------------------------------|-----------------------|--------------------------------|
| Financial liabilities from banks | Discounted cash flows | *                              |
| Finance lease liabilities        | Discounted cash flows | *                              |
| Other financial liabilities      | Discounted cash flows | *                              |

\* Forecasted annual revenue growth in line with inflation rate (4.2%), forecasted EBITDA (2016-19: (0.3%) to 2.8%) and risk-adjusted discount rate (17.25% to 17.75%).

**Transfer of assets and liabilities among the various levels**

During 2016, 2015 and 2014 there were no transfer of assets and liabilities among the various levels.

**30. Other information**

The average headcount of the Prosegur Cash Group, including the equity-accounted investees companies, is as follows:

|                     | <u>31/12/2016</u>    | <u>31/12/2015</u>    | <u>31/12/2014</u>    |
|---------------------|----------------------|----------------------|----------------------|
| Operating personnel | 53,849               | 47,816               | 42,675               |
| Other               | 2,456                | 1,523                | 1,240                |
|                     | <u><b>56,305</b></u> | <u><b>49,339</b></u> | <u><b>43,915</b></u> |

The average headcount of operating personnel employed by equity-accounted investees in 2016 is 16,755 employees (10,522 people in 2015; 5,486 people in 2014).

The average headcount of personnel employed in Spain with a disability of 33% or more, by category, is as follows:

|                     | <u>31/12/2016</u> | <u>31/12/2015</u> | <u>31/12/2014</u> |
|---------------------|-------------------|-------------------|-------------------|
| Operating personnel | 21                | 32                | 26                |
| Other               | 5                 | 1                 | 3                 |
|                     | <u><b>26</b></u>  | <u><b>33</b></u>  | <u><b>29</b></u>  |

At the period end, the distribution by gender of the Prosegur Cash Group personnel is as follows:

|                     | <u>31/12/2016</u>    |                      | <u>31/12/2015</u>    |                     | <u>31/12/2014</u>    |                     |
|---------------------|----------------------|----------------------|----------------------|---------------------|----------------------|---------------------|
|                     | <u>Men</u>           | <u>Women</u>         | <u>Men</u>           | <u>Women</u>        | <u>Men</u>           | <u>Women</u>        |
| Operating personnel | 44,202               | 9,647                | 39,771               | 8,045               | 34,733               | 7,942               |
| Other               | 1,663                | 793                  | 1,143                | 380                 | 883                  | 357                 |
|                     | <u><b>45,865</b></u> | <u><b>10,440</b></u> | <u><b>40,914</b></u> | <u><b>8,425</b></u> | <u><b>35,616</b></u> | <u><b>8,299</b></u> |

The distribution by gender of the Board of Directors and Senior management personnel of the Prosegur Cash Group is as follows:

|                    | <u>31/12/2016</u> |                 |
|--------------------|-------------------|-----------------|
|                    | <u>Men</u>        | <u>Women</u>    |
| Board of Directors | 5                 | -               |
| Senior management  | 7                 | 2               |
|                    | <u><b>12</b></u>  | <u><b>2</b></u> |

In 2015 and 2014 there were no senior management personnel employed.

KPMG Auditores, S.L., the auditors of the annual accounts of the Prosegur Cash Group, have invoiced the following fees and expenses for professional services during the period:

|                                     | <u>31/12/2016</u> |
|-------------------------------------|-------------------|
| Thousands of Euros                  |                   |
| KPMG Auditores, S.L. Audit services | 587               |
| KPMG Auditores, S.L. Other services | 9                 |
|                                     | <u><b>596</b></u> |

The amounts detailed in the table above include the total fees for services rendered in 2016, irrespective of the invoice date.

Additionally, other KPMG International affiliates have invoiced the Prosegur Cash Group the following fees and expenses for professional services during the period:

| Thousands of Euros       | <u>31/12/2016</u> |
|--------------------------|-------------------|
| Audit services           | 1,121             |
| Other assurance services | 119               |
| Tax advisory services    | 232               |
| Other services           | 435               |
|                          | <u>1,907</u>      |

On the other hand, other auditors have invoiced the Prosegur Cash Group the following fees and expenses for professional services during the period:

| Thousands of Euros | <u>31/12/2016</u> |
|--------------------|-------------------|
| Audit services     | <u>2</u>          |
|                    | <u>2</u>          |

### 31. Events after the reporting date

On 12 January 2017 a plant and 8 parking spaces of investments properties in Argentina were sold, generating a loss of Euros 300 thousand.

On 13 January 2017 the Company filed a contentious-administrative appeal before the National Court requesting the annulment of the Resolution of the National Market and Competition Commission, as well as the precautionary suspension of payment of the sanction imposed. It is not expected that the sentence that ends the procedure will be issued in the current year.

On 10 February 2017, a syndicated line of credit has been signed in a Revolving format with a duration of 5 years and with a limit of Euros 300,000 thousand. On 20 February 2017, Euros 75,000 thousand of this syndicated line of credit were arranged.

On 17 January 2017 Prosegur Cash has acquired in Australia 100% of the Company Cash Services Australia Pty Limited through its subsidiary Australia Prosegur Holdings Pty Limited. The total purchase price was AUD 2,405 thousand, equivalent to Euros 1,674 thousand at the acquisition date.

On 21 February 2017 the financial assets and liabilities contracted with Prosegur Group have been fully paid. These included credit and other financial assets of Euros 24,451 thousand and Euros 2,176 thousand respectively and a loan and other financial liabilities amounting to Euros 134,842 thousand and Euros 2,130 thousand respectively.

On 23 February 2017, Prosegur Cash Group has sold to Prosegur Group the investment properties that owns for a total amount of Euros 67,380 thousand, generating a total income of Euros 2,311 thousand.

### 32. Summary of the main accounting principles

The main accounting principles used in the preparation of these consolidated annual accounts are described in this section. These principles have been applied consistently throughout the reporting periods presented.

#### 32.1. Consolidation principles

##### ***Subsidiaries***

Subsidiaries, including structured entities, are those controlled by the Company, directly or indirectly. The Company controls a subsidiary when as a result of its involvement therein it is exposed or entitled to variable returns and has the ability to influence such returns via the power exercised on said entity. The Company holds the power when it holds substantive powers in force which provide it with the ability to manage relevant activities. The Company has



exposure or rights to variable returns for its involvement in the subsidiary when the returns obtained from said involvement may vary according to the entity's economic performance.

The income, expenses and cash flows of subsidiaries are included in the consolidated annual accounts from the date on which Prosegur obtains control until the date that control ceases.

The transactions and balances held with Group companies and the unrealised gain or loss have been removed from the consolidation process. However, unrealised loss has been considered as an indicator of impairment on transferred assets.

Subsidiary accounting policies have been changed where necessary for consistency with the principles adopted by Prosegur.

The annual accounts or financial statements of the subsidiaries used in the consolidation process have been prepared as of the same date and for the same period as those of the Parent.

### ***Business combinations***

The Prosegur Cash Group applies the acquisition method for business combinations. The acquisition date is the date on which control of the acquiree is obtained.

The consideration given for a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity instruments issued and any consideration contingent on future events or compliance with certain conditions in exchange for control of the acquiree.

The consideration given excludes any payment that does not form part of the exchange for the acquired business. Acquisition costs are recognised as an expense when incurred.

At the acquisition date the Prosegur Cash Group recognises the assets acquired and liabilities assumed at fair value. Non-controlling interests in the acquiree are recognised at the proportionate interest in the fair value of the net assets acquired. This criterion is applicable only for non-dominant holdings that grant present access to the economic benefits and the right to the proportionate share of the net assets of the acquired entity in the event of liquidation. Otherwise, non-controlling interests are valued at fair value or market-based value. Liabilities assumed include any contingent liabilities that represent present obligations arising from past events for which the fair value can be reliably measured. The Prosegur Cash Group recognises indemnification assets transferred by the seller at the same time and following the same measurement criteria as the item that is subject to indemnification from the acquiree, taking into consideration any insolvency risk and any contractual limitations on the indemnified amount.

With the exception of lease and insurance contracts, the assets acquired and liabilities assumed are classified and designated for subsequent measurement based on contractual agreements, economic terms, accounting and operating policies and any other conditions existing at the acquisition date.

The excess between the consideration given, plus the value assigned to non-controlling interests, and the value of net assets acquired and liabilities assumed, is recognised as goodwill. Any shortfall, after evaluating the consideration given, the value assigned to non-controlling interests and the identification and measurement of net assets acquired, is recognised in profit or loss.

When it has only been possible to determine the business combination provisionally at the reporting date, the identifiable net assets are initially recognised at their provisional amounts and adjustments made during the measurement period are recognised as if they had been known at that date. Comparative figures for the previous year are restated where applicable and if the effect is considered material. In any event, adjustments to provisional amounts only reflect information obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the amounts recognised at that date (see Note 27).

The potential benefit of the acquiree's tax loss carryforwards and other deferred tax assets, which are not recognised as they did not qualify for recognition at the acquisition date, is accounted for as tax income provided that it does not arise from an adjustment of the measurement period.

Contingent consideration is classified according to the underlying contractual conditions as a financial asset or liability, equity instrument or provision. To the extent that subsequent changes in the fair value of an asset or financial liability do not correspond to an adjustment in the valuation period, they are recognized in consolidated results or other comprehensive income. The contingent consideration classified as equity is not subject to a subsequent update, recognizing the liquidation equally in equity. The contingent consideration classified as a provision is subsequently recognized in accordance with the corresponding standard valuation.

The cost of the business combination includes contingent consideration, if this is probable at the acquisition date and can be reliably estimated. Contingent consideration is classified in accordance with the underlying contractual terms as a financial asset, financial liability, equity instrument or provision. Subsequent changes in the fair value of a financial asset or financial liability are recognised in profit or loss or other comprehensive income, provided that they do not arise from a measurement period adjustment. Contingent consideration classified as equity is not remeasured subsequently, and settlement is accounted for in equity. Contingent consideration classified as a provision is subsequently recognised in accordance with the relevant measurement standard.

### ***Non-controlling interests***

Non-controlling interests in subsidiaries are recognised at the acquisition date at the proportional part of the fair value of the identifiable net assets. Non-controlling interests in subsidiaries acquired prior to the transition date were recognized by the percentage of equity interest in the same date of first consolidation.

Profit or loss for the year and changes in equity of the subsidiaries attributable to the Prosegur Cash Group and non-controlling interests after consolidation adjustments and eliminations, is determined in accordance with the percentage ownership at year end, without considering the possible exercise or conversion of potential voting. However, the Prosegur Cash Group's interest and non-controlling interests are calculated taking into account the eventual exercise of potential voting rights and other derivative financial instruments which, in substance, currently allow access to the economic benefits associated with the interests held, such as entitlement to a share in future dividends and changes in the value of subsidiaries.

Profit and loss and each component of other comprehensive income are allocated to equity attributable to equity holders of the Prosegur Cash Group and to non-controlling interests in proportion to their investment, even if this results in the non-controlling interests having a deficit balance. Agreements entered into between the Prosegur Cash Group and non-controlling interests are recognised as a separate transaction.

### ***Associates***

Associates are entities over which, either directly or indirectly significant influence is held. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The existence of potential voting rights that are exercisable or convertible at the end of each reporting period, including potential voting rights held by the Prosegur Cash Group or other entities, are considered when assessing whether an entity has significant influence.

Investments in associates are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases.

Investments in associates are initially recognised at cost of acquisition. The excess of the cost of the investment over the Prosegur Cash Group's share of the fair values of the identifiable net assets is recognised as goodwill, which is included in the carrying amount of the investment.

The Prosegur Cash Group's share of the profit or loss of an associate from the date of acquisition is recognised as an increase or decrease in the value of the investments, with a credit or debit to share of the profit or loss for the year of equity-accounted associates in the consolidated income statement (consolidated statement of comprehensive income). The Prosegur Cash Group's share of other comprehensive income of associates from the date of acquisition is recognised as an increase or decrease in the value of the investments in associates with a balancing entry in other comprehensive income based on the nature of the investment. The distribution of dividends is recorded as a decrease in the value of the investments.

### ***Impairment***

The Prosegur Cash Group applies the criteria for impairment described in IAS 39 Financial Instruments: Recognition and Measurement to determine whether additional impairment losses to those already recognised on the net investment in the associate, or on any other financial asset held as a result of applying the equity method, should be recognised.

Impairment is calculated by comparing the carrying amount of the net investment in the associate with its recoverable amount. The recoverable amount is the higher of value in use and fair value less costs to sell. Accordingly, value in use is calculated to the extent of the Prosegur Cash Group's interest in the present value of estimated cash flows from ordinary operations and the income generated on final disposal of the associate.

The recoverable amount of the investment in an associate is evaluated in relation to each associate, unless it does not constitute a cash-generating unit (CGU) (see Note 32.8).

Impairment losses are not allocated to goodwill or other assets implicit in the investment in associates arising from the application of the acquisition method. In subsequent years, value reversals of investments are recognised in results, insofar as there is an increase in recoverable value. Impairment losses are presented separately from the Prosegur share in the results of the associates.

### ***Joint arrangements***

Joint arrangements are those in which there is a contractual agreement to share the control over an economic activity, in such a way that decisions about the relevant activities require the unanimous consent of the Prosegur Cash Group and the remaining venturers or operators. The existence of joint control is assessed considering the definition of control over subsidiaries.

### ***Joint ventures***

Investments in joint ventures are accounted for using the equity method. This method involves incorporating the value of net assets and any goodwill corresponding to the interest in the joint venture under equity-accounted investees in the consolidated statement of financial position. The net profit/loss obtained each year corresponding to the percentage interest in joint ventures is reflected in the consolidated income statement as share in profit/(loss) for the year of equity-accounted investees. The Prosegur Cash Group opts to present this profit/loss as part of its results from operating activities as it considers that profit/loss from joint ventures forms a part of its operations.

The distribution of dividends of joint ventures is recorded as a decrease in the value of the investments. Losses of joint ventures attributable to the Prosegur Cash Group are limited to the extent of its net investment, except where the Prosegur Cash Group has legal or constructive obligations or when payments have been made on behalf of the joint ventures.

### ***Joint operations***

For joint operations, the Prosegur Cash Group recognises the assets, including its share of any assets held jointly, the liabilities, including its share of any liabilities incurred jointly with the other operators, the revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and the expenses, including its share of any expenses incurred jointly, in the consolidated annual accounts.

In sales or contributions by the Prosegur Cash Group to joint operations, it recognises the resulting gains and losses only to the extent of the other parties' interests in the joint operation. When such transactions provide evidence of a reduction in net realisable value or an impairment loss of the assets transferred, such losses are recognised in full.

In purchases by The Prosegur Cash Group from a joint operation, it only recognises the resulting gains and losses when it resells the acquired assets to a third party. However, when such transactions provide evidence of a reduction in net realisable value or an impairment loss of the assets, The Prosegur Cash Group recognises its entire share of such losses.

Acquisition of an initial and subsequent share in a joint operation is recognised following the same criteria used for business combinations, at the percentage of ownership of each individual asset and liability. However, in subsequent acquisitions of additional shares in a joint operation, the previous share in each asset and liability is not revalued.

## **32.2. Consolidated functional income statement**

The Prosegur Cash Group presents expenses recognised in the consolidated income statement based on their function, as it considers that this method provides users with more relevant information than classifying expenses by nature.

## **32.3. Segment reporting**

A business segment is a group of assets and operations which supply products or services subject to risks and returns that are separate from those of other segments of the business.

A geographical segment supplies products or services in a specific economic environment subject to risks and returns that are separate from other segments which operate in other economic environments.

Each defined segment is allocated the costs it incurs directly. Each geographical area has its own functional structure.

## 32.4. Foreign currency transactions

### ***Functional and presentation currency***

The entries of each of The Prosegur Cash Group's entities included in the consolidated annual accounts are measured using the currency of the main economic environment in which they operate (functional currency). Unless otherwise stated, the figures disclosed in the consolidated annual accounts are expressed in thousands of Euros, The Prosegur Cash Group's functional and presentation currency.

### ***Balances and transactions***

Foreign currency transactions are translated at the exchange rate prevailing at the transaction date. Foreign currency gains and losses arising on the settlement of these transactions and the translation into Euros of monetary assets and liabilities denominated in foreign currencies at the closing exchange rate are recognised in profit or loss, unless they are deferred in equity, as in the case of qualifying cash flow hedges.

Exchange gains and losses on loans and cash and cash equivalents are shown in the consolidated income statement under finance income or finance costs.

Changes in the fair value of monetary securities denominated in foreign currencies and classified as available for sale are divided into exchange differences associated with changes in amortised cost and other changes in the carrying amount. Translation differences are recognised in the consolidated income statement and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary items such as equity instruments at fair value through profit and loss are recognised as part of the gain or loss in fair value. Translation differences on non-monetary items such as equity instruments classified as-available-for-sale financial assets are recognised in equity in the revaluation reserve.

Differences on translation of deferred tax assets and liabilities denominated in foreign currencies and deferred income taxes are included in profit or loss.

In the consolidated statement of cash flows, cash flows from foreign currency transactions have been translated into Euros at the exchange rates prevailing at the dates the cash flows occur. The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognised separately in the consolidated statement of cash flows as effect of exchange rate fluctuations on cash and cash equivalents held.

### ***Translation of foreign operations***

Foreign operations whose functional currency is not the currency of a hyperinflationary economy have been translated into Euros as follows:

- i. Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparative amounts, are translated at the closing rate at the reporting date.
- ii. Income and expenses of each consolidated income statement are translated at the average monthly exchange rate.
- iii. All resulting exchange differences are recognised as translation differences in other comprehensive income.

On combination, exchange differences arising on the translation of a net investment in foreign entities and loans and other foreign currency instruments designated as hedges for these investments, are taken to shareholders' equity. When they are sold, these exchange differences are recognised in the consolidated income statement as part of the gain or loss on the sale.

## 32.5. Property, plant and equipment

Property, plant and equipment are recognised at cost of acquisition, less accumulated depreciation and impairment, except for land, which is presented net of impairment.

Historical cost includes costs directly attributable to the acquisition of the assets.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, only when it is probable that the future economic benefits associated with the assets will flow to The Prosegur Cash Group and the cost of the asset can be measured reliably. The carrying amount of components replaced is derecognised. Other repair and maintenance costs are expensed when incurred.

Land is not depreciated. Other assets are depreciated on a straight-line basis to allocate their cost or revalued amounts to their residual values over their estimated useful lives:

|                                       | Rate (%) |
|---------------------------------------|----------|
| Buildings                             | 2-3      |
| Technical installations and machinery | 10-25    |
| Other installations and equipment     | 10-30    |
| Furniture                             | 10       |
| IT equipment                          | 25       |
| Motor vehicles                        | 10-16    |
| Other property, plant and equipment   | 10-25    |

The residual value and useful lives of the assets are reviewed and adjusted as necessary at each reporting date as a change in accounting estimates.

When an asset's carrying amount exceeds its estimated recoverable amount, the carrying amount is written down immediately to the recoverable amount (see Note 32.8). The Company analyzes impairment of property, plant and equipment annually whether or not there is any indication of impairment.

Gains and losses on the sale of property, plant and equipment are calculated by comparing the consideration received with the carrying amount, and are recognised in the consolidated income statement.

## 32.6. Intangible assets

### ***Goodwill***

Goodwill represents the excess of the cost of acquisition over the fair value of the Prosegur Cash Group's share of the net identifiable assets of the acquired subsidiary on the date of acquisition. Goodwill is tested for impairment annually (see Note 32.8) and measured at cost less accumulated impairment. Gains and losses on the sale of an entity include the carrying amount of goodwill related to the entity sold.

For impairment testing purposes, goodwill is allocated to cash-generating units (CGUs). Goodwill is allocated to the CGUs that are expected to benefit from the business combination from which the goodwill relates.

### ***Customer portfolios***

Relationships with customers recognised by the Prosegur Cash Group under customer portfolios are separable and based on a contractual relationship, which means they qualify for consideration as intangible assets separate from goodwill. Generally speaking, these are service contracts with customers that have either been acquired from third parties or recognised when allocating fair values in business combinations.

Portfolios of customer contracts are recognised at fair value at the date of acquisition, less accumulated depreciation and impairment.

The fair value allocated to portfolios of customer contracts acquired from third parties is the cost of acquisition. To determine the fair value of intangible assets allocated in business combinations based on relationships with customers, the income approach has been adopted: discounting the cash flows generated by these relationships upon acquisition of the subsidiary. Cash flows are estimated using projected sales, operating investments and EBITDA margin based on the entity's business plans.

In the Prosegur Cash Group, customer portfolios are amortised on a straight-line basis over their estimated useful life. Useful life is estimated using indicators such as the average customer retention period or average churn rate. The useful lives assigned to these intangible assets are reviewed at each reporting date. The useful life of the different customer portfolios varies between 5 and 22 years.

Customer portfolios are allocated to cash-generating units (CGUs) based on the country of operation and business segment.

Additionally, customer portfolios are tested for impairment at each reporting date to see whether their recoverable amount has declined as follows:

- Checks are carried out to determine whether any events have occurred which have negatively impacted estimated cash flows generated by contracts in the portfolios (e.g. reductions in total sales or EBITDA margins).
- Estimated customer churn rates are updated to determine whether the periods during which customer portfolios generate income have changed.

If there are indications of impairment, the recoverable amount of portfolios is estimated based on the present value of the new estimates of cash flows generated by the contracts over their remaining useful life.

If churn rates have increased, the useful life of contract portfolios is re-estimated.

#### ***Trademarks and licences***

Trademarks and licences are measured at historical cost. They have finite useful lives and are carried at cost less accumulated amortisation and impairment. Trademarks and licences are amortised on a straight-line basis to allocate the cost over their estimated useful lives of 4 years.

#### ***Computer software***

Software licences acquired from third parties are capitalised on the basis of the costs incurred to acquire and prepare the licences for the use of a specific program. These costs are amortised over their estimated useful lives of between 3 and 5 years.

Computer software development and maintenance costs are charged as expenses when incurred.

### **32.7. Investment property**

The Prosegur Cash Group classifies as real estate investments the buildings to be used in full or in part to obtain rent, capital gains or both, instead of for use in the production or supply of goods or services, or else for the administrative purposes of Prosegur Cash Group or sale in the ordinary course of business. Real estate investments are initially recognised at cost, including transactions costs.

The Prosegur Cash Group values real estate investments subsequent to initial recognition applying the criteria of cost or attributed cost used for property, plant and equipment. The amortisation methods are those contained in that section. The estimate useful life of real estate investments is of 50 years.

### **32.8. Impairment of non-current assets**

Assets subject to depreciation are tested for impairment provided that an event or change in circumstances indicates that their carrying amount might not be recoverable. An impairment loss is the difference between the carrying amount of an asset and its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. For impairment testing purposes, assets are grouped together at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impaired non-financial assets other than goodwill are reviewed for any reversals of that impairment at each reporting date.

#### ***Goodwill impairment***

Goodwill has been allocated to the Prosegur Cash Group's cash-generating units (CGUs) based on the country of operation. For impairment testing purposes, goodwill is allocated to CGUs. Goodwill is allocated to the CGUs that are expected to benefit from the business combination from which the goodwill arose.

The recoverable amount is the higher of fair value less costs to sell and value in use, which is understood to be the present value of estimated future cash flows. To estimate value in use, the Prosegur Cash Group prepares forecasts of future pre-tax cash flows based on the most recent budgets approved by management. These budgets incorporate the best available estimates of income and expenses of the CGUs using past experience and future expectations. These budgets have been prepared for the next four years and future cash flows have been calculated by applying estimated non-increasing growth rates that do not exceed the average long-term growth rates for the business in which the CGU operates.

Budgeted EBITDA is based on past performance and market outlook.

Cash flows are discounted to calculate the present value at a rate reflecting the cost of capital of the business and of the geographical area where the business is carried out. The Prosegur Cash Group considers the present value of money and risk premium calculations currently in general use among analysts for the geographical area.

If the recoverable amount is less than the carrying amount, the difference is recognised under impairment in the consolidated income statement (see Note 11).

Impairment losses on goodwill are not reversible.

Along with the analysis of impairment, the Prosegur Cash Group also performs a sensitivity analysis on goodwill, which consists of verifying the impact that deviations in the estimates of key assumptions would have on the recoverable amount of a CGU (see Note 11).

## **32.9. Financial assets**

### ***Classification***

Financial assets are classified on initial recognition in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, in IAS 32 Financial Instruments: Presentation.

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, separating those initially designated from those held for trading, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. Financial instruments are classified into the above categories based on their nature and the Prosegur Cash Group's intentions on initial recognition.

### ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Prosegur Cash Group supplies money, goods or services directly to a debtor without the intention of negotiating the receivable. Loans and receivables are classified as current, except those maturing beyond 12 months after the reporting date, which are classified as non-current. Loans and receivables are generally recognised under trade and other receivables in the consolidated statement of financial position (see Note 32.11).

### ***Available-for-sale financial assets***

The Prosegur Cash Group classifies debt securities and equity instruments of other companies not classified in any other category of financial assets as available-for-sale.

### ***Recognition, measurement and derecognition of financial assets***

Acquisitions and disposals of financial assets are recognised at trade date, which is the date on which the Prosegur Cash Group undertakes to acquire or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not recognised at fair value through profit or loss. Investments are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Prosegur Cash Group has transferred substantially all the risks and rewards of ownership.

Loans and receivables are recognised at amortised cost using the effective interest method.

Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available for sale are recognised in equity. When securities classified as available for sale are sold or are irreversibly impaired, adjustments accumulated in the fair value are included in the consolidated income statement as gains and losses on the securities.

At each reporting date, the Prosegur Cash Group evaluates whether there is objective evidence that a financial asset or group of financial assets may be impaired. To determine whether securities classified as available for sale are impaired, they are tested to see whether there has been a significant or prolonged decline in the fair value of the assets below their cost.

If there is any evidence that available-for-sale financial assets are impaired, the accumulated impairment, determined as the difference between the cost of acquisition and current fair value, less any previously recognised impairment loss, is recycled from equity to the consolidated income statement. Impairment losses on investments in equity instruments recognised in the consolidated income statement are not reversed.

Financial assets are removed from the statement of financial position when they expire or when the rights to the cash flows from the financial asset have been transferred and the risks and rewards of ownership have been substantially transferred. This is the case with transfers of trade receivables in factoring transactions in which the Prosegur Cash Group retains no credit or interest rate risk.

A financial liability is recorded for the amount of the consideration received, in transfers where it retains substantially all the risks and rewards of ownership. These include discounted bills or factoring with recourse whereby the transferor retains subordinated financing or another type of guarantee that absorbs substantially all expected losses.

### **32.10. Inventories**

Inventories are measured at the lower of cost and net realisable value, distinguishing between:

- Warehouse inventories and uniforms, which are measured at weighted average cost.
- Installations in progress, which are measured at the cost of the installation, and includes materials and spare parts consumed and the standard cost of labour, and which does not differ from actual costs incurred during the year.

Net realizable value is the estimated selling price in the normal course of business, less costs to sell.

### **32.11. Trade receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment. Trade receivables are impaired when objective evidence exists that the Prosegur Cash Group will not be able to collect all the amounts due under the original terms of the receivables. Indications that receivables are impaired include major financial difficulties for the debtor, the probability that the debtor will go into administration or require refinancing and defaults or arrears on payments. Impairment is calculated as the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate. The asset's carrying amount is reduced as the impairment account is applied, and the loss taken to expense. When a receivable is no longer collectible, it is adjusted against the impairment account for receivables.

### **32.12. Non-current assets held-for-sale**

Non-current assets or disposal groups are classified as non-current assets held-for-sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. Non-current assets or disposal groups are classified as held-for-sale, provided that they are available for sale in their present condition subject to terms that are usual and customary for sales of such assets and that the transaction is highly probable.

Impairment losses on initial classification and subsequent remeasurement of assets classified as held-for-sale are recognised under profit or loss from continuing operations in the consolidated statement of comprehensive income, unless it is a discontinued operation. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

### **32.13. Cash and cash equivalents**

Cash and cash equivalents include cash in hand, demand deposits in financial institutions, other short-term, highly liquid investments with an original maturity of three months or less, and bank overdraft facilities. In the consolidated statement of financial position, bank overdrafts are classified as financial liabilities under current liabilities.

### **32.14. Provisions**

Provisions for restructuring and litigation are recognised when:

- i. A present legal or constructive obligation as a result of a past event exists.
- ii. It is more likely than an outflow of resources embodying economic benefits will be required to settle the obligation.
- iii. The amount of the obligation has been estimated reliably.



When there are a number of similar obligations, the probability that a cash outflow will be required to settle the obligation is determined considering the type of obligations as a whole. Provision is made even though the probability of a cash outflow compared to any item included in the same class of obligation may be low.

Restructuring provisions include lease cancellation penalties and employee severance payments. Provisions are not recognised for future operating losses.

Management estimates provisions for future claims based on historical information on claims and recent trends which could suggest that past information on the cost could differ from future claims. Additionally, management engages various external labour, legal and tax advisors to provide independent analysis for management's use in determining best estimates (see Note 21).

Provisions are measured at the present 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. The increase in the provision due to the passage of time is recognised as an interest expense.

### **32.15. Financial liabilities**

Financial liabilities are classified on initial recognition in accordance with the economic substance of the contractual arrangement and the definitions of a financial liability in IAS 32 *Financial Instruments: Presentation*.

Financial liabilities are initially recognised at fair value, net of any transaction costs. Financial liabilities are subsequently measured at amortised cost. Any difference between the funds obtained (net of costs necessary to obtain them) and the repayment value is recognised in the consolidated income statement over the term of the debt using the effective interest method.

Financial liabilities are classified as current liabilities unless the Prosegur Cash Group has an unconditional right to defer settlement for at least twelve months after the reporting date.

Commission paid to obtain credit facilities is recognised as loan arrangement costs providing it is probable that some or all of the facilities will be drawn down. In these cases, commission is deferred until the facility is drawn down. If there is no evidence that it is probable that the credit facility will be drawn down, the commission is capitalised as a prepayment for liquidity services and amortised over the term of the facility.

### **32.16. Current and deferred tax**

The income tax expense for the year comprises current tax and deferred tax. The income tax expense for the year is recognised in the consolidated income statement, except when it relates to transactions recognised directly in equity, in which case the associated tax is also recognised in equity.

Current taxes are measured pursuant to the tax laws that have been enacted or substantially enacted at the reporting date in the countries in which its subsidiaries and associates operate and in which taxable income is generated. Management regularly reviews decisions taken in relation to tax returns for situations where tax laws are subject to interpretation, creating any necessary provisions based on the amounts expected to be paid to the taxation authorities.

A high level of judgement is required to determine the liabilities for income taxes. There are many transactions and calculations for which the ultimate tax calculation is uncertain during the normal course of business. The Prosegur Cash Group recognises liabilities for anticipated tax problems based on estimates when it considers that additional taxes will be necessary. When the final tax result of these issues differs from the amounts that would have been initially recognised, the differences would affect income tax and tax liabilities in the year that they are known.

Deferred tax assets and liabilities are calculated using the balance sheet method on the basis of the temporary differences that arise between the tax base of assets and liabilities and their carrying amounts in the consolidated annual accounts. However, deferred taxes are not recognised if they 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, affects neither accounting profit nor taxable income/tax loss.

Deferred tax assets or liabilities are measured using the tax laws and tax rates that have been enacted or substantially enacted at the reporting 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 probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are recognised for temporary differences which arise in investments in subsidiaries and associates, except when the Prosegur Cash Group is able to control the timing of the reversal of the temporary difference and it is not probable that the temporary difference will reverse in the foreseeable future.

### **32.17. Employee benefits**

#### ***Offsetting based on Prosegur Cash share listing – 2017 Plan***

At the General Meeting held on 28 April 2015, the shareholders approved the 2017 Plan of long-term incentives for the Managing Director and Senior Management of Prosegur Cash. The 2017 Plan is essentially linked to value creation during the 2015-2017 period and sets out the payment of incentives pegged to the listing value of shares and/or cash incentives to the Managing Director and Senior Management of the Company.

For the purposes of determining the cash value of each share that the beneficiary is entitled to, the average listing for Prosegur shares on the Madrid Stock Exchange for the past fifteen trading sessions in the month before the one when the shares are delivered will be taken as a benchmark.

The quantification of the total incentive will depend on the degree to which the objectives that were established in line with the strategic plan have been achieved.

The 2017 Plan lasts three years, based on length of service and the achievement of targets, and includes an additional length-of-service bonus verified over the following two years. The Plan measures target achievement from 1 January 2015 until 31 December 2017 and length of service from 1 January 2015 until 31 December 2019. Entitlement to incentives is assessed on the following dates:

- Final measurement date: 31 December 2017.
- Length-of-service bonus date: 2020.

The 2017 Plan is a multi-annual bonus payable at a rate of 50% cash and 50% based on the listing of parent company shares.

In relation to the 2017 long-term incentive plan for the Managing Director and Senior Management of Prosegur, expense accrued in 2016 amounting to EUR 1,790 thousand, has been included in salaries and wages (Note 21).

The fair value of incentives pegged to the share's listed price was estimated on the basis of the listed price of Prosegur shares (Euros 5.9 per share) at the end of the period or at the time of payment.

#### ***Termination benefits***

Termination benefits are recognised on the earlier of the date on which the Prosegur Cash Group may no longer withdraw the offer and the date when restructuring costs resulting in the payment of termination benefits are recognised.

In termination benefits resulting from the decision of employees to accept an offer, it is deemed that the Prosegur Cash Group may no longer withdraw the offer, on the earlier date between the one on which the employees accept the offer and when a restriction on the ability of the Prosegur Cash Group to withdraw the offer takes effect.

In the case of benefits for involuntary termination, it is considered that the Prosegur Cash Group can no longer withdraw the offer when the plan has been notified to affected employees or the union representatives, and the actions necessary to complete it indicate that the occurrence of significant changes to the plan are improbable, the number of employees to be terminated, their employment category or duties and place of employment and the anticipated termination date are identified, and it establishes the termination benefits that the employees are going to receive in sufficient detail so that the employees are able to determine the type and amount of remuneration they will receive when terminated.

If the Prosegur Cash Group expects to settle the benefits in their entirety within twelve months of the reporting period, the liability is discounted using the market performance yield corresponding to the issue of high-quality corporate bonds and debentures.

**Short-term employee remuneration**

Short-term employee remuneration is remuneration to employees, other than termination benefits, whose payment is expected to be settled in its entirety within twelve months of the end of the reporting period in which the employees have rendered the services for the remuneration.

Short-term employee remuneration is reclassified as long-term, if the characteristics of the remuneration are modified or if a non-provisional change occurs in settlement expectations.

The Prosegur Cash Group recognises the anticipated cost of short-term remuneration as paid leave whose rights accumulate as the employees render the services granting them the right to collection. If the leaves are not cumulative, the expense is recognised as the leaves take place.

**Profit-sharing plans and bonuses**

The Prosegur Cash Group calculates the liability and expense for bonuses and profit-sharing using a formula based on EBITA.

The Prosegur Cash Group recognises this cost when a present, legal or implied obligation exists as a result of past events and a reliable estimate may be made of the value of the obligation.

**32.18. Revenue recognition**

Revenues include the fair value for the sale of goods and services, net of value added tax, returns and discounts, and after sales within the Prosegur Cash Group have been eliminated. The Prosegur Cash Group recognises revenues when the amount can be measured reliably, it is probable that the future economic benefits will flow to the entity and the specific terms are met for each of its activities.

Revenues are recognised on an accruals basis as follows:

- a) Sales of active surveillance services, the logistics of securities and cash management are recognised in the period in which the services are rendered, excluding taxes levied on these transactions, and deducting any discounts included in the invoice as a reduction in the transaction amount.
- b) Interest income is recognised based on the outstanding principal and the effective interest rate applicable. When a receivable is impaired, the Prosegur Cash Group 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.

**32.19. Leases*****When the Prosegur Cash Group entity is the lessee***

Leases of property, plant and equipment where the Prosegur Cash Group has substantially assumed all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the commencement of the lease term at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is distributed between the reduction in debt and the finance charge, obtaining a constant interest rate on the outstanding balance of the debt. Lease payment obligations, net of the finance charge, are recognised under financial liabilities. The interest portion of the finance charge is expensed over the lease term to obtain a constant, regular interest rate on the outstanding balance of the debt for each period. Property, plant and equipment acquired under finance lease are depreciated over the shorter of the asset's useful life and the lease term when there is no possibility of transfer of ownership; otherwise, they are depreciated over the estimated useful life of the asset.

Leases in which the lessor retains substantially all the risks and rewards incidental to ownership are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognised in profit and loss on a straight-line basis over the lease period.

***When the Prosegur Cash Group entity is the lessor***

Assets leased to third parties under operating lease contracts are included under property, plant and equipment in the consolidated statement of financial position. These assets are depreciated over their expected useful lives based on criteria consistent with those applied to similar assets owned by the Prosegur Cash Group. Lease income is recognised on a straight-line basis over the expected useful life of the assets.

### 32.20. Borrowing costs

The Prosegur Cash Group recognises borrowing costs directly attributable to the purchase, construction or production of qualifying assets as an increase in the value of these assets. Qualifying assets are those which require a substantial period of time before they can be used or sold.

### 32.21. Distribution of dividends

Dividends distributed to shareholders are recognised as a liability in the consolidated annual accounts in the period in which the dividends are approved.

### 32.22. Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a co-ordinated single plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When the operation is classified as discontinued operation, the comparative statement of profit and loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

### 32.23. Environment

The cost of armoured vehicles that are compliant with the Euro V emission standard for non-polluting particles has been recognised as an increase in the assets. At the 2015 reporting date, the Prosegur Cash Group has no contingencies, legal claims, income or expenses relating to the environment.

### 32.24. Consolidated statement of cash flows

The consolidated statement of cash flows has been prepared using the indirect method and the following expressions and definitions:

- Cash flows: inflows and outflows of cash and cash equivalents, the latter being short-term, highly liquid investments not subject to significant risk of changes in value.
- Operating activities: the ordinary activities of the companies forming the consolidated group and other activities that cannot be classified as investing or financing activities.
- Investing activities: the acquisition, sale or disposal of non-current assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in equity and financial liabilities. In particular, bank overdrafts.

On 29 December 2015 a non-recourse factoring facility was arranged for Brazilian Reals 26,218 thousand (euro equivalent at 31 December 2015: Euros 6,081 thousand) (see Note 17). This facility expired in January 2016. The contract expressly states that the purchaser will not be entitled to recourse against the seller in the event of any default or delay in collection of a transferred receivable. In other words, the buyer assumes the credit risk and default risk. The effect of the factoring facility is shown under changes in trade and other receivables in the consolidated statement of cash flows.

## APPENDIX I. – Consolidated subsidiaries

Information at 31 December 2016

| Company   | Registered offices   | % ownership                   | Participation  |  | Basis of consolidation | Activity | Auditor |
|---|--|-------------------------------|--|--|------------------------|----------|---------|
|   |  |                               | Company holding the investment   |  |                        |          |         |
| Transportadora de Caudales de Juncadella, S.A.                | Tres Arroyos 2835 Ciudad de Buenos Aires - Argentina                                     | 94.99<br>5.00<br>0.01         | Juncadella Prosegur Internacional S.A.<br>Armor Acquisition SA<br>Prosegur Holding CIT ARG, S.A.   |  | a                      | 1        | A       |
| Prosegur Holding CIT ARG, S.A.                                | Tres Arroyos 2835 Ciudad de Buenos Aires - Argentina                                     | 95<br>5                       | Prosegur Global CIT, S.L.U.<br>Prosegur Internacional CIT 1, S.L.  |  | a                      | 3        | B       |
| TC Interplata, S.A.   | Perú, 1578, Ciudad de Buenos Aires - Argentina   | 95<br>4<br>1                  | Transportadora de Caudales de Juncadella, S.A.<br>Juncadella Prosegur Internacional, S.A.<br>Prosegur Holding CIT ARG, S.A.  |  | a                      | 1        | A       |
| TSR Participacoes Societárias, S.A.                           | Av.Thomas Edison, 813 - 1º andar-Barra Funda - CEP 01140-001 São Paulo - SP -            | 47.08<br>52.92                | Juncadella Prosegur Internacional, S.A.<br>Prosegur Global CIT, S.L.U.   |  | a                      | 3        | B       |
| Prosegur Brasil, S.A. Transportadora de Valores e Segurança   | Guaratã, 633 - Prado - Belo Horizonte - MG -Brasil                                       | 100                           | TSR Participacoes Societárias, S.A.  |  | a                      | 2        | A       |
| Compañía Transportadora de Valores Prosegur de Colombia, S.A. | Avda. De las Américas, 42-25 Bogotá - Colombia   | 94.90<br>5.10<br>0.00<br>0.00 | Prosegur Global CIT, S.L.U.<br>Prosegur Internacional CIT 1, S.L.<br>Prosegur Cash, S.A.<br>Prosegur Servicios de Efectivo España, S.L.U.<br>Prosegur Global CIT ROW, S.L.U. |  | a                      | 1        | A       |
| Prosegur Procesos, S.A.S.                                     | Avda. De las Américas, 42-25 Bogotá -  | 100                           | Prosegur Internacional CIT 2, S.L.U.   |  | a                      | 1        | B       |
| Procesos Técnicos de Seguridad y Valores, S.A.S.              | DG 74 # 6-51, Ciudad de Bogotá - Colombia  | 100                           | Prosegur Internacional CIT 2, S.L.U.   |  | a                      | 1        | A       |
| Compañía de Seguridad Prosegur, S.A.                          | Av. Morro Solar 1086 URB. Sta Teresa De La Gardenia Lima - Santiago de Surco - Perú      | 52<br>48                      | Juncadella Prosegur Internacional, S.A.<br>Transportadora de Caudales de Juncadella, S.A.  |  | a                      | 1        | A       |
| Prosegur Cajeros, S.A.  | La Chira, 103 - Surco - Lima - Perú  | 52<br>48                      | Juncadella Prosegur Internacional, S.A.<br>Transportadora de Caudales de Juncadella, S.A.  |  | a                      | 1        | B       |
| Compañía Ridur 2016, S.A.                                     | Pajaritos, 24, Madrid - España   | 100                           | Juncadella Prosegur Internacional, S.A.  |  | a                      | 6        | B       |
| Centro Informático de Servicios de Vigo, S.A                  | Ru Tomas a Alonso,5 Vigo - España  | 100                           | Prosegur BPO España S.L.U.   |  | a                      | 1        | B       |
| MIV Gestión S.A   | Ru Tomas a Alonso,5 Vigo - España  | 100                           | Prosegur Servicios de Efectivo España, S.L.U.  |  | a                      | 1        | B       |
| Prosegur Servicios de Efectivo España, S.L.U.                 | Pajaritos, 24, Madrid - España   | 100                           | Prosegur Global CIT Row, S.L.U.  |  | a                      | 1        | A       |
| Prosegur Global CIT, S.L.U.                                   | Pajaritos, 24, Madrid - España   | 100                           | Prosegur Cash, S.A.  |  | a                      | 3        | B       |
| Prosegur Berlin, S.L.U.                                       | Pajaritos, 24, Madrid - España   | 100                           | Prosegur Global CIT Row, S.L.U.  |  | a                      | 3        | B       |
| Prosegur BPO España S.L.U.                                    | Pajaritos, 24, Madrid - España   | 100                           | Prosegur Global CIT Row, S.L.U.  |  | a                      | 1        | B       |
| Armor Acquisition, S.A.                                       | Pajaritos, 24, Madrid - España   | 5<br>95                       | Prosegur Global CIT, S.L.U.<br>Prosegur Intenationale Handels, GmbH  |  | a                      | 3        | A       |
| Juncadella Prosegur Internacional, S.A.                       | Pajaritos, 24, Madrid - España   | 68.79<br>31.21                | Armor Acquisition, S.A.<br>Prosegur Intenationale Handels, GmbH  |  | a                      | 3        | A       |
| Prosegur Internacional CIT 1, S.L.U.                          | Pajaritos, 24, Madrid - España   | 100                           | Prosegur Global CIT, S.L.U.  |  | a                      | 3        | B       |
| Prosegur Internacional CIT 2, S.L.U.                          | Pajaritos, 24, Madrid - España   | 100                           | Prosegur Global CIT, S.L.U.  |  | a                      | 3        | B       |
| Prosegur Global CIT ROW, S.L.U.                               | Pajaritos, 24, Madrid - España   | 100                           | Prosegur Cash, S.A.  |  | a                      | 3        | B       |
| Prosegur Traitement de Valeurs SASU                           | Rue Rene Cassin Zi de Molina - La Talaudiere - Francia                                   | 100                           | Prosegur Traitement de Valeurs EST, S.A.S.   |  | a                      | 1        | A       |
| Prosegur Traitement de Valeurs EST SAS                        | 2 Rue Lovoisier BP 61609 25010 Besancon Cedex 3 - Francia                                | 100                           | Prosegur Participations, S.A.S.  |  | a                      | 1        | A       |
| Prosegur Participations SAS                                   | 1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var - Francia   | 100                           | Prosegur Global CIT Row, S.L.U.  |  | a                      | 3        | A       |
| Prosegur Traitement de Valeurs Azur SA                        | 1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var - Francia   | 100                           | Prosegur Participations, S.A.S.  |  | a                      | 1        | A       |
| Prosegur Logistique de Valeurs Azur SA                        | 1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var - Francia   | 100                           | Prosegur Participations, S.A.S.  |  | a                      | 1        | A       |
| Prosegur Traitement de Valeurs Provence SAS                   | 604 Ave du Col de l'Ange - ZA des Plaines de Jouques - 13420 Gemenos -                   | 100                           | Prosegur Participations, S.A.S.  |  | a                      | 1        | B       |
| Luxpai CIT, S.A.R.L.  | 23, Av. Monterey - 2163 - Luxemburgo   | 100                           | Prosegur Global CIT Row, S.L.U.  |  | a                      | 3        | B       |
| Pitco Reinsurance, S.A.                                       | Av. Monterey, L-2163 - Luxemburgo  | 100                           | Luxpai CIT SARL  |  | a                      | 7        | A       |
| Malcoff Holdings, B.V.  | Schouwburgplein, 30-34, Rotterdam - Holanda  | 100                           | Prosegur Global CIT, S.L.U.  |  | a                      | 3        | B       |
| Prosegur International Handels, GmbH                          | Poststrasse 33, 20354, Hamburgo - Alemania   | 100                           | Malcoff Holding, B.V.  |  | a                      | 3        | B       |
| Prosegur Cash Services Germany, GmbH (Ex-Prosegur, GmbH)      | Kokkolastrasse 5, 40882, Ratingen - Alemania   | 100                           | Prosegur Global CIT ROW, S.L.U.  |  | a                      | 1        | A       |
| Prosegur Berlin SL & Co KG                                    | Kokkolastrasse 5, 40882, Ratingen - Alemania   | 100                           | Prosegur Global CIT ROW SLU  |  | a                      | 1        | B       |
| Juncadella Prosegur Group Andina, S.A.                        | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                                      | 99.99<br>0.01                 | Juncadella Prosegur Internacional, S.A.<br>Armor Acquisition, S.A.   |  | a                      | 3        | B       |
| Yasuhiko Empreendimentos e Participacoes, S.A.                | Rua Fernando de Albuquerque, n 31 conjunto 72 Consolação - Sao Paulo, SP - CEP 01309-030 | 100                           | TSR Participacoes Societárias, S.A.  |  | a                      | 6        | B       |

## Information at 31 December 2016 (cont.)

| Company  | Registered offices  | % ownership | Participation   |  | Basis of consolidation | Activity | Auditor |
|--|---|-------------|---|--|------------------------|----------|---------|
|  |   |             | Company holding the investment                          |  |                        |          |         |
| Capacitaciones Ocupacionales Sociedad, Ltda                              | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                               | 78.07       | Prosegur Global CIT, S.L.U.                             |  | a                      | 1        | B       |
|  |   | 5.00        | Prosegur International CIT 1, S.L.U.                    |  |                        |          |         |
|  |   | 6.84        | Prosegur International Handels, GmbH                    |  |                        |          |         |
|  |   | 10.09       | Juncadella Prosegur Group Andina, S.A.                  |  |                        |          |         |
| Servicios Prosegur, Ltda   | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                               | 99.98       | Prosegur Global CIT, S.L.U.                             |  | a                      | 1        | B       |
|  |   | 0.01        | Prosegur International Handels, GmbH                    |  |                        |          |         |
|  |   | 0.01        | Juncadella Prosegur Group Andina, S.A.                  |  |                        |          |         |
| Empresa de Transportes Compañía de Seguridad Chile, Ltda                 | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                               | 60          | Juncadella Prosegur Group Andina, S.A.                  |  | a                      | 1        | B       |
|  |   | 40          | Prosegur International Handels, GmbH                    |  |                        |          |         |
| Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V. | Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F. - México                | 100.00      | Prosegur Global CIT, S.L.U.                             |  | a                      | 1        | B       |
|  |   | 0.00        | Prosegur International CIT 1 SL                         |  |                        |          |         |
| Prosegur Servicios de Seguridad Privada Electrónica, S.A. de C.V.        | Distrito Federal, Azcapotzalco, Hogar y Seguridad, calle Piña-297 - México        | 99.9998     | Prosegur Global CIT, S.L.U.                             |  | a                      | 1        | B       |
|  |   | 0.0002      | Prosegur International CIT 1 SL                         |  |                        |          |         |
| Grupo Mercurio de Transportes, S.A. de C.V.                              | Distrito Federal, Azcapotzalco, Sector Naval, AV De las Granjas -76 - México      | 99.9998     | Grupo Tratamiento y Gestion de Valores S.A.P.I. de C.V. |  | a                      | 1        | B       |
| Grupo Tratamiento y Gestión de Valores, S.A.P.I. de C.V.                 | Distrito Federal, Azcapotzalco, Sector Naval, calle Norte 79 B - México           | 80          | Prosegur Global CIT, S.L.U.                             |  | a                      | 3        | B       |
| Prosegur CIT Integral Systems India Private Limited                      | Regus Elegance 2F, Elegance Jasola District Centre Old Mathura Road (Nueva Delhi) | 100         | Prosegur Global CIT ROW, S.L.U.                         |  | a                      | 1        | B       |
| Prosegur Logística e Tratamiento de Valores Portugal Unipessoal Ltda     | Av. Infante Dom Henrique, 326, Lisboa - Portugal                                  | 100         | Prosegur Global CIT ROW, S.L.U.                         |  | a                      | 1        | B       |
| Prosegur Transportadora de Caudales, S.A.                                | Guarani 1531 - Montevideo - Uruguay   | 99.91       | Juncadella Prosegur Internacional, S.A.                 |  | a                      | 1        | B       |
|  |   | 0.09        | Armor Acquisition, S.A.                                 |  |                        |          |         |
| Blindados, S.R.L.  | Guarani 1531 - Montevideo - Uruguay   | 99          | Prosegur Transportadora de Caudales, S.A.               |  | a                      | 1        | B       |
|  |   | 1           | Prosegur Global CIT, S.L.U.                             |  |                        |          |         |
| Prosegur Paraguay, S.A.  | C/ Artigas, esq. Concepción Leyes de Chávez - Asunción - Paraguay                 | 99          | Juncadella Prosegur Internacional, S.A.                 |  | a                      | 1        | B       |
|  |   | 1           | Transportadora de Caudales de Juncadella, S.A.          |  |                        |          |         |
| Prosegur Australia Holdings PTY, Limited                                 | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia         | 100         | Prosegur Global CIT ROW, S.L.U.                         |  | a                      | 3        | B       |
| Prosegur Australia Investments PTY, Limited                              | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia         | 100         | Prosegur Australia Holdings PTY, Limited                |  | a                      | 3        | B       |
| Prosegur Australia Pty, Limited  | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia         | 100         | Prosegur Australia Investments PTY, Limited             |  | a                      | 1        | A       |
| Prosegur Technology Pty, Limited   | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia         | 100         | Prosegur Australia Holdings PTY, Limited                |  | a                      | 6        | B       |
| Singpai Pte, Ltd   | 8 Cross Street #11-00, PWC Building, Singapore 048424                             | 100         | Luxpai Holdo, S.A.R.L.                                  |  | a                      | 3        | A       |
| Prosec Cash Services Pte, Ltd  | 111 Geylang Road, #01-01, Singapore 389216  | 100         | Singpai Pte, Ltd  |  | a                      | 6        | B       |

## Information at 31 December 2015

| Company   | Registered offices   | % ownership | Participation   |  | Basis of consolidation | Activity | Auditor |
|---|--|-------------|---|--|------------------------|----------|---------|
|   |  |             | Company holding the investment                                |  |                        |          |         |
| Transportadora de Caudales de Juncadella, S.A.                | Tres Arroyos 2835 Ciudad de Buenos Aires - Argentina                                   | 92.15       | Juncadella Prosegur Internacional, S.A.                       |  | a                      | 1        | A       |
|   |  | 4.85        | Armor Acquisition, S.A.                                       |  |                        |          |         |
|   |  | 2.85        | Prosegur Inversiones Argentina, S.A.                          |  |                        |          |         |
|   |  | 0.15        | Prosegur Argentina Holding, S.A.                              |  |                        |          |         |
| TC Interplata, S.A.   | Perú, 1578, Ciudad de Buenos Aires - Argentina   | 95          | Transportadora de Caudales de Juncadella, S.A.                |  | a                      | 1        | A       |
|   |  | 4           | Juncadella Prosegur Internacional, S.A.                       |  |                        |          |         |
|   |  | 1           | Prosegur Inversiones Argentina, S.A.                          |  |                        |          |         |
| TSR Participaciones Societarias, S.A.                         | Av. Thomas Edison, 813 - 1º andar-Barra Funda - CEP 01140-001 São Paulo - SP -         | 47.08       | Juncadella Prosegur Internacional, S.A.                       |  | a                      | 3        | B       |
|   |  | 52.92       | Prosegur Global CIT, S.L.U.                                   |  |                        |          |         |
| Prosegur Brasil, S.A. Transportadora de Valores e Segurança   | Guaratã, 633 - Prado - Belo Horizonte - MG - Brasil                                    | 100.00      | TSR Participaciones Societarias, S.A.                         |  | a                      | 2        | A       |
| Compañía Transportadora de Valores Prosegur de Colombia, S.A. | Avda. De las Américas, 42-25 Bogotá - Colombia   | 94.90       | Prosegur Cia de Seguridad, S.A.                               |  | a                      | 1        | A       |
|   |  | 5.10        | Prosegur Global Alarmas, S.L.U.                               |  |                        |          |         |
|   |  | 0.00        | Prosegur International Alarmas, S.L.U.                        |  |                        |          |         |
|   |  | 0.00        | Formacion Seleccion y Consultoria, S.A.                       |  |                        |          |         |
| Prosegur Procesos, S.A.S.                                     | Avda. De las Américas, 42-25 Bogotá - Colombia   | 100         | Compañía Transportadora de Valores Prosegur de Colombia, S.A. |  | a                      | 1        | B       |
|   |  | 52          | Juncadella Prosegur Internacional, S.A.                       |  |                        |          |         |
| Compañía de Seguridad Prosegur, S.A.                          | Av. Morro Solar 1086 URB. Sta Teresa De La Gardenia Lima - Santiago de Surco - Perú    | 48          | Transportadora de Caudales de Juncadella, S.A.                |  | a                      | 1        | A       |
|   |  | 52          | Juncadella Prosegur Internacional, S.A.                       |  |                        |          |         |
| Prosegur Cajeros, S.A.  | La Chira, 103 - Surco - Lima - Perú  | 48          | Transportadora de Caudales de Juncadella, S.A.                |  | a                      | 1        | B       |
|   |  | 100         | Prosegur Global CIT Row, S.L.U.                               |  |                        |          |         |
| Prosegur Servicios de Efectivo España, S.L.U.                 | Pajaritos, 24, Madrid - España   | 100         | Prosegur Cia de Seguridad, S.A.                               |  | a                      | 3        | B       |
| Prosegur Global CIT, S.L.U.                                   | Pajaritos, 24, Madrid - España   | 100         | Prosegur Global CIT Row, S.L.U.                               |  | a                      | 3        | B       |
| Prosegur Berlin, S.L.U.                                       | Pajaritos, 24, Madrid - España   | 100         | Prosegur Global CIT Row, S.L.U.                               |  | a                      | 3        | B       |
| Armor Acquisition, S.A.                                       | Pajaritos, 24, Madrid - España   | 5           | Prosegur Cia de Seguridad, S.A.                               |  | a                      | 3        | A       |
|   |  | 95          | Prosegur Intenationale Handels, GmbH                          |  |                        |          |         |
| Juncadella Prosegur Internacional, S.A.                       | Pajaritos, 24, Madrid - España   | 68.79       | Armor Acquisition, S.A.                                       |  | a                      | 3        | A       |
|   |  | 31.21       | Prosegur Intenationale Handels, GmbH                          |  |                        |          |         |
| Prosegur International CIT 1, S.L.                            | Pajaritos, 24, Madrid - España   | 0.03        | Prosegur Cia de Seguridad, S.A.                               |  | a                      | 3        | B       |
|   |  | 99.97       | Prosegur Global CIT, S.L.U.                                   |  |                        |          |         |
| Prosegur International CIT 2, S.L.U.                          | Pajaritos, 24, Madrid - España   | 100         | Prosegur Global CIT, S.L.U.                                   |  | a                      | 3        | B       |
| Prosegur Global CIT ROW, S.L.U.                               | Pajaritos, 24, Madrid - España   | 100         | Prosegur Cia de Seguridad, S.A.                               |  | a                      | 3        | B       |
| Prosegur Traitement de Valeurs SASU                           | Rue Rene Cassin ZI de Molina - La Talaudiere - Francia                                 | 100         | Prosegur Traitement de Valeurs EST, S.A.S.                    |  | a                      | 1        | A       |
| Prosegur Traitement de Valeurs EST SAS                        | 2 Rue Lavoisier BP 61609 25010 Besancon Cedex 3 - Francia                              | 100         | Prosegur Participations SAS (Ex-Sazias SA)                    |  | a                      | 1        | A       |
| Prosegur Participations SAS                                   | 1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var - Francia | 100         | Prosegur Global CIT Row, S.L.U.                               |  | a                      | 3        | A       |
| Prosegur Traitement de Valeurs Azur SA                        | 1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var - Francia | 100         | Prosegur Participations, S.A.S.                               |  | a                      | 1        | A       |
| Prosegur Logistique de Valeurs Azur SA                        | 1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var - Francia | 100         | Prosegur Participations, S.A.S.                               |  | a                      | 1        | A       |
| Prosegur Traitement de Valeurs Provence SAS                   | 604 Ave du Col de l'Ange - ZA des Plaines de Jouques - 13420 Gemenos - Francia         | 100         | Prosegur Participations, S.A.S.                               |  | a                      | 1        | B       |
| Luxpai CIT, S.A.R.L.  | 23, Av. Monterey - 2163 - Luxemburgo   | 100         | Prosegur Global CIT Row, S.L.U.                               |  | a                      | 3        | B       |
| Pitco Reinsurance, S.A.                                       | Av. Monterey, L-2163 - Luxemburgo  | 100         | Luxpai Holdo, S.A.R.L.  |  | a                      | 7        | A       |
| Malcoff Holdings, B.V.  | Schouwburgplein, 30-34, Rotterdam - Holanda  | 100         | Prosegur Cia de Seguridad, S.A.                               |  | a                      | 3        | B       |
| Prosegur Internationale Handels, GmbH                         | Poststrasse 33, 20354, Hamburgo - Alemania   | 100         | Malcoff Holding, B.V.   |  | a                      | 3        | B       |
| Prosegur Cash Services Germany, GmbH (Ex-Prosegur, GmbH)      | Kokkolastrasse 5, 40882, Ratingen - Alemania   | 100         | Prosegur Holding CIT ARG SA                                   |  | a                      | 1        | A       |
| Prosegur Berlin SL & Co KG                                    | Kokkolastrasse 5, 40882, Ratingen - Alemania   | 100         | Prosegur Global CIT ROW SLU                                   |  | a                      | 1        | B       |
| Juncadella Prosegur Group Andina, S.A.                        | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                                    | 99.99       | Juncadella Prosegur Internacional, S.A.                       |  | a                      | 3        | B       |
|   |  | 0.01        | Armor Acquisition, S.A.                                       |  |                        |          |         |
| Sociedad de Distribucion Canje y Mensajería Ltda              | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                                    | 20.72       | Prosegur Internationale Handels GMBH                          |  | a                      | 2        | A       |
|   |  | 30.56       | Juncadella Prosegur Group Andina SA                           |  |                        |          |         |
|   |  | 78.07       | Prosegur Global CIT, S.L.U.                                   |  |                        |          |         |
|   |  | 5.00        | Prosegur International CIT 1, S.L.U.                          |  |                        |          |         |
| Capacitaciones Ocupacionales Sociedad, Ltda                   | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                                    | 6.84        | Prosegur International Handels, GmbH                          |  | a                      | 1        | B       |
|   |  | 10.09       | Juncadella Prosegur Group Andina, S.A.                        |  |                        |          |         |
|   |  | 99.98       | Prosegur Cia de Seguridad, S.A.                               |  |                        |          |         |
| Servicios Prosegur, Ltda                                      | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                                    | 0.01        | Prosegur International Handels, GmbH                          |  | a                      | 1        | B       |
|   |  | 0.01        | Juncadella Prosegur Group Andina, S.A.                        |  |                        |          |         |
| Compañía Ridur, S.A.  | Guarani 1531 - Montevideo  | 100.00      | Juncadella Prosegur Internacional, S.A.                       |  | a                      | 6        | B       |

## Information at 31 December 2015 (cont.)

| Company  | Registered offices  | % ownership                   | Participation  |  | Basis of consolidation | Activity | Auditor |
|--|---|-------------------------------|--|--|------------------------|----------|---------|
|  |   |                               | Company holding the investment   |  |                        |          |         |
| Empresa de Transportes Compañía de Seguridad Chile, Ltda                 | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile   | 60<br>40                      | Juncadella Prosegur Group Andina, S.A.<br>Prosegur International Handels, GmbH   |  | a                      | 1        | B       |
| Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V. | Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F. - México  | 55.09<br>44.91<br>0.00        | Prosegur México, S.R.L. de C.V.<br>Prosegur Cia de Seguridad, S.A.<br>Prosegur Compañía de Seguridad S.A. de C.V.                            |  | a                      | 1        | B       |
| Prosegur Servicios de Seguridad Privada Electrónica, S.A. de C.V.        | Distrito Federal, Azcapotzalco, Hogar y Seguridad, calle Piña-297 - México                                    | 100.00<br>0.00                | Prosegur México, S.R.L. de C.V.<br>Prosegur Compañía de Seguridad S.A. de C.V.   |  | a                      | 1        | B       |
| Grupo Mercurio de Transportes, S.A. de C.V.                              | Distrito Federal, Azcapotzalco, Sector Naval, AV De las Granjas -76 - México                                  | 0.00<br>100.00                | Prosegur Custodias, S.A. de C.V.<br>Grupo Tratamiento y Gestion de Valores S.A.P.I. de C.V.  |  | a                      | 1        | B       |
| Grupo Tratamiento y Gestión de Valores, S.A.P.I. de C.V.                 | Distrito Federal, Azcapotzalco, Sector Naval, calle Norte 79 B - México                                       | 80                            | Prosegur Cia de Seguridad, S.A.  |  | a                      | 3        | B       |
| Prosegur Logística e Tratamiento de Valores Portugal S.A.                | Av. Infante Dom Henrique, 326, Lisboa - Portugal  | 100                           | Prosegur Cia de Seguridad, S.A.  |  | a                      | 1        | B       |
| Prosegur Transportadora de Caudales, S.A.                                | Guarani 1531 - Montevideo - Uruguay   | 99.91<br>0.09                 | Juncadella Prosegur Internacional, S.A.<br>Armor Acquisition, S.A.   |  | a                      | 1        | B       |
| Blindados, S.R.L.  | Guarani 1531 - Montevideo - Uruguay   | 99<br>1                       | Prosegur Transportadora de Caudales, S.A.<br>Prosegur Global CIT, S.L.U.   |  | a                      | 1        | B       |
| Prosegur Paraguay, S.A.  | C/ Artigas, esq. Concepción Leyes de Chávez- Asunción - Paraguay  | 99<br>1                       | Juncadella Prosegur Internacional, S.A.<br>Transportadora de Caudales de Juncadella, S.A.  |  | a                      | 1        | B       |
| Prosegur Australia Holdings PTY, Limited                                 | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia                                     | 100                           | Singpai Pte, Ltd   |  | a                      | 3        | B       |
| Prosegur Australia Investments PTY, Limited                              | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia                                     | 100                           | Prosegur Australia Holdings PTY, Limited   |  | a                      | 3        | B       |
| Prosegur Australia Pty, Limited  | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia                                     | 100                           | Prosegur Australia Investments PTY, Limited  |  | a                      | 1        | A       |
| Prosegur Technology Pty, Limited   | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia                                     | 100                           | Prosegur Australia Holdings PTY Limited  |  | a                      | 6        | B       |
| Singpai Pte, Ltd   | 8 Cross Street #11-00, PWC Building, Singapore 048424   | 100                           | Luxpai Holdo, S.A.R.L.   |  | a                      | 3        | A       |
| Prosec Cash Services Pte, Ltd  | 111 Geylang Road, #01-01, Singapore 389216  | 100                           | Singpai Pte, Ltd   |  | a                      | 6        | B       |
| Centro Informático de Servicios de Vigo, S.A.                            | Ru Tomas a Alonso, 5 Vigo - España  | 100                           | Prosegur BPO España, S.L.U.  |  | a                      | 5        | B       |
| Prosegur BPO España, S.L.U.  | Pajaritos, 24, Madrid - España  | 100                           | Prosegur Cia de Seguridad, S.A.  |  | a                      | 5        | B       |
| Prosegur Argentina Holding, S.A.   | Tres Arroyos 2835 Ciudad de Buenos Aires  | 95.00<br>5.00                 | Juncadella Prosegur Internacional S.A.<br>Armor Acquisition SA   |  | a                      | 3        | A       |
| Prosegur Inversiones Argentina, S.A.                                     | Tres Arroyos 2835 Ciudad de Buenos Aires  | 95.00<br>5.00                 | Juncadella Prosegur Internacional S.A.<br>Armor Acquisition SA   |  | a                      | 3        | A       |
| Servicios Auxiliares Petroleros, S.A.                                    | Tres Arroyos 2835 Ciudad de Buenos Aires  | 94.05<br>4.95<br>0.05<br>0.95 | Juncadella Prosegur Internacional S.A.<br>Armor Acquisition SA<br>Prosegur Argentina Holding S.A.<br>Prosegur Inversiones Argentina S.A.     |  | a                      | 2        | A       |
| Xiden, S.A.C.I.  | Tres Arroyos 2835 Ciudad de Buenos Aires  | 92.14                         | Juncadella Prosegur Internacional, S.A.  |  | a                      | 2        | A       |
| Prosegur Tecnología Argentina, S.A.                                      | Tres Arroyos 2835 Ciudad de Buenos Aires  | 95.00<br>94.05                | Juncadella Prosegur Internacional, S.A.  |  | a                      | 2        | A       |
| Servin Seguridad, S. A.  | Montevideo 666, piso 3º, oficina 302. Buenos Aires  | 4.95<br>0.05<br>0.95          | Juncadella Prosegur Internacional, S.A.<br>Armor Acquisition, S.A.<br>Prosegur Argentina Holding S.A.<br>Prosegur Inversiones Argentina S.A. |  | a                      | 2        | A       |
| Proservicios SA  | Av. Los Proceres nro. 250 Lima - Lima - Santiago de Surco - Peru  | 72.42<br>1.00                 | Proseguridad SA<br>Compañía de Seguridad Prosegur SA   |  | a                      | 2        | B       |
| Proseguridad SA  | Av. Los Proceres nro. 250 Lima - Lima - Santiago de Surco - Peru  | 38.04<br>35.11                | Juncadella Prosegur Internacional S.A.<br>Transportadora de Caudales Jucadella SA  |  | a                      | 2        | B       |
| Proseguridad Perú SA   | Av. Los Proceres Nro 250 Urb. San Roque Civil (primer piso MZ O LT.B1) Lima - Lima - Santiago de Surco - Peru | 62.07<br>7.05                 | Proseguridad SA<br>Inversiones RB SA   |  | a                      | 2        | B       |
| Orus Selva SA  | Nro. S/N Cas. Palmawasi San Martín - Tocache - Uchiza - Peru  | 90.00                         | Proseguridad Peru SA (Ex-Orus SA)  |  | a                      | 2        | B       |
| Inversiones RB, SA   | Avenida Nicolás Arriola, 780 Urb. Santa Catalina - La Victoria - Lima - Peru                                  | 95.00                         | Proseguridad SA  |  | a                      | 3        | B       |
| Prosegur Tecnología Chile Limitada                                       | Avenida Loboza 8395, Mod. 3 Pudahuel - Santiago   | 99.99                         | Juncadella Prosegur Group Andina SA  |  | a                      | 2        | B       |
| Prosec Services Pte Ltd  | 111 Geylang Road, #01-01, Singapore 389216  | 100                           | Singpai Pte Ltd  |  | a                      | 2        | A       |
| Evtec Management Services Pted LTD                                       | 3 New Industrial Road, #04-01 Kimly Building Singapore (536197)   | 100                           | Singpai Pte Ltd  |  | a                      | 2        | A       |
| Soluciones Integrales en Seguridad Prosegur Paraguay SA                  | Avda. Artigas Nro. 960  | 99.00<br>1.00                 | Juncadella Prosegur Internacional S.A.<br>Transportadora de Caudales Jucadella SA  |  | a                      | 2        | B       |
| Alarmas Prosegur Paraguay SA   | Avda. Artigas Nro. 960  | 99.00<br>1.00                 | Juncadella Prosegur Internacional S.A.<br>Transportadora de Caudales Jucadella SA  |  | a                      | 2        | B       |



## Information at 31 December 2014

| Company   | Registered offices   | % ownership | Participation   |   | Basis of combinations | Activity | Auditor |
|---|--|-------------|---|---|-----------------------|----------|---------|
|   |  |             | Company holding the investment                                |   |                       |          |         |
| Transportadora de Caudales de Juncadella, S.A.                                | Tres Arroyos 2835 Ciudad de Buenos Aires - Argentina                                   | 92.15       | Juncadella Prosegur Internacional, S.A.                       | a | 1                     | A        |         |
|   |  | 4.85        | Armor Acquisition, S.A.                                       |   |                       |          |         |
|   |  | 2.85        | Prosegur Inversiones Argentina, S.A.                          |   |                       |          |         |
|   |  | 0.15        | Prosegur Argentina Holding, S.A.                              |   |                       |          |         |
| TC Interplata, S.A.   | Perú, 1578, Ciudad de Buenos Aires - Argentina   | 95          | Transportadora de Caudales de Juncadella, S.A.                | a | 1                     | A        |         |
|   |  | 4           | Juncadella Prosegur Internacional, S.A.                       |   |                       |          |         |
|   |  | 1           | Prosegur Inversiones Argentina, S.A.                          |   |                       |          |         |
| TSR Participacoes Societarias, S.A.   | Av. Thomas Edison, 813 - 1º andar-Barra Funda - CEP 01140-001 São Paulo - SP -         | 47.08       | Juncadella Prosegur Internacional, S.A.                       | a | 3                     | B        |         |
|   |  | 52.92       | Prosegur Global CIT, S.L.U.                                   |   |                       |          |         |
| Prosegur Holding e Participações SA (Ex-SGCE Participações Societarias SA)    | Avenida Thomas Edison, nº 813 – Sala 03 – Barra Funda CEP 01140-001 São Paulo - SP     | 46.53       | Juncadella Prosegur Internacional SA                          | a | 3                     | A        |         |
|   |  | 10.04       | Prosegur Activa Alarmes SA                                    |   |                       |          |         |
|   |  | 43.43       | Prosegur Companhia de Seguridad SA                            |   |                       |          |         |
| Prosegur Brasil, S.A. Transportadora de Valores e Segurança                   | Guaratã, 633 - Prado - Belo Horizonte - MG - Brasil                                    | 100         | TSR Participacoes Societarias, S.A.                           | a | 2                     | A        |         |
| Transvig- Transporte de Valores e Vigilancia Ltda                             | Avda Sao Paolo 568 – Boa Vista   | 100         | Prosegur Brasil SA Transportadora de Valores e                | a | 1                     | B        |         |
|   |  | 94.90       | Prosegur Cia de Seguridad, S.A.                               |   |                       |          |         |
| Compañía Transportadora de Valores Prosegur de Colombia, S.A.                 | Avda. De las Américas, 42-25 Bogotá - Colombia   | 5.10        | Prosegur Global Alarmas, S.L.U.                               | a | 1                     | A        |         |
|   |  | 0.00        | Prosegur Internacional Alarmas, S.L.U.                        |   |                       |          |         |
|   |  | 0.00        | Formacion Selecccion y Consultoria, S.A.                      |   |                       |          |         |
|   |  | 0.00        | ESC Servicios Generales, S.L.U.                               |   |                       |          |         |
| Prosegur Procesos, S.A.S.   | Avda. De las Américas, 42-25 Bogotá - Colombia   | 100         | Compañía Transportadora de Valores Prosegur de Colombia, S.A. | a | 1                     | B        |         |
| Compañía de Seguridad Prosegur, S.A.  | Av. Morro Solar 1086 URB. Sta Teresa De La Garderia Lima - Santiago de Surco - Perú    | 52          | Juncadella Prosegur Internacional, S.A.                       | a | 1                     | A        |         |
|   |  | 48          | Transportadora de Caudales de Juncadella, S.A.                |   |                       |          |         |
| Prosegur Cajeros, S.A.  | La Chira, 103 - Surco - Lima - Perú  | 52          | Juncadella Prosegur Internacional, S.A.                       | a | 1                     | B        |         |
|   |  | 48          | Transportadora de Caudales de Juncadella, S.A.                |   |                       |          |         |
| Prosegur España, S.L.U.   | Pajaritos, 24, Madrid - España   | 100         | Prosegur Global CIT Row, S.L.U.                               | a | 1                     | A        |         |
| Armor Acquisition, S.A.   | Pajaritos, 24, Madrid - España   | 5           | Prosegur Cia de Seguridad, S.A.                               | a | 3                     | A        |         |
|   |  | 95          | Prosegur Internationale Handels, GmbH                         |   |                       |          |         |
| Juncadella Prosegur Internacional, S.A.                                       | Pajaritos, 24, Madrid - España   | 68.79       | Armor Acquisition, S.A.                                       | a | 3                     | A        |         |
|   |  | 31.21       | Prosegur Intenational Handels, GmbH                           |   |                       |          |         |
| Prosegur Traitement de Valeurs SASU   | Rue Rene Cassin Zi de Molina - La Talaudiere - Francia                                 | 100         | Prosegur Traitement de Valeurs EST, S.A.S.                    | a | 1                     | A        |         |
| Prosegur Traitement de Valeurs EST SAS  | 2 Rue Lovoisier BP 61609 25010 Besancon Cedex 3 - Francia                              | 100         | Prosegur Logistique de Valeurs Azur, S.A.                     | a | 1                     | A        |         |
| Prosegur Participations SAS   | 1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var - Francia | 100         | Prosegur Global CIT Row, S.L.U.                               | a | 3                     | A        |         |
| Prosegur Traitement de Valeurs Azur SA  | 1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var - Francia | 100         | Prosegur Participations, S.A.S.                               | a | 1                     | A        |         |
| Prosegur Logistique de Valeurs Azur SA  | 1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var - Francia | 100         | Prosegur Participations, S.A.S.                               | a | 1                     | A        |         |
| Prosegur Traitement de Valeurs Provence SAS                                   | 604 Ave du Col de l'Ange - ZA des Plaines de Jouques - 13420 Gemenos - Francia         | 100         | Prosegur Participations, S.A.S.                               | a | 1                     | B        |         |
| Pitco Reinsurance, S.A.   | Av. Monterey, L-2163 - Luxemburgo  | 100         | Luxpai Holdo, S.A.R.L.  | a | 4                     | A        |         |
| Malcoff Holdings, B.V.  | Schouwburgplein, 30-34, Rotterdam - Holanda  | 100         | Prosegur Cia de Seguridad, S.A.                               | a | 3                     | B        |         |
| Prosegur Internationale Handels, GmbH   | Poststrasse 33, 20354, Hamburgo - Alemania   | 100         | Malcoff Holding, B.V.   | a | 3                     | B        |         |
| Prosegur, GmbH  | Kokkolastrasse 5, 40882, Ratingen - Alemania   | 100         | Prosegur Holding CIT ARG SA                                   | a | 1                     | A        |         |
| Prosegur Trier GmbH & Co KG (Ex-Chorus Security Service GmbH & Co KG)         | Metternich Strasse 32, 54292 Trier, Alemania   | 100         | Prosegur, GmbH  | a | 1                     | C        |         |
| Prosegur Trier Verwaltungs GmbH (Ex-Chorus Security Service Verwaltungs GmbH) | Metternich Strasse 32, 54292 Trier, Alemania   | 100         | Prosegur, GmbH  | a | 3                     | C        |         |
| Juncadella Prosegur Group Andina, S.A.  | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                                    | 99.99       | Juncadella Prosegur Internacional, S.A.                       | a | 3                     | B        |         |
|   |  | 0.01        | Armor Acquisition, S.A.                                       |   |                       |          |         |
|   |  | 78.07       | Prosegur Global CIT, S.L.U.                                   |   |                       |          |         |
| Capacitaciones Ocupacionales Sociedad, Ltda                                   | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                                    | 5.00        | Prosegur International CIT 1, S.L.U.                          | a | 1                     | B        |         |
|   |  | 6.84        | Prosegur Internationale Handels, GmbH                         |   |                       |          |         |
|   |  | 10.09       | Juncadella Prosegur Group Andina, S.A.                        |   |                       |          |         |
| Servicios Prosegur, Ltda  | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                                    | 99.98       | Prosegur Cia de Seguridad, S.A.                               | a | 1                     | B        |         |
|   |  | 0.01        | Prosegur Internationale Handels, GmbH                         |   |                       |          |         |
|   |  | 0.01        | Juncadella Prosegur Group Andina, S.A.                        |   |                       |          |         |
| Empresa de Transportes Compañía de Seguridad Chile, Ltda                      | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                                    | 60          | Juncadella Prosegur Group Andina, S.A.                        | a | 1                     | B        |         |
|   |  | 40          | Prosegur Internationale Handels, GmbH                         |   |                       |          |         |

## Information at 31 December 2014 (cont.)

| Company  | Registered offices   | % ownership | Participation  |  | Basis of combinations | Activity | Auditor |
|--|--|-------------|--|--|-----------------------|----------|---------|
|  |  |             | Company holding the investment                           |  |                       |          |         |
| Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V. | Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F. - México   | 55.03       | Prosegur Mexico, S.R.L. de C.V.                          |  | a                     | 1        | B       |
|  |  | 44.97       | Prosegur Cia de Seguridad, S.A.                          |  |                       |          |         |
|  |  | 0.00        | Prosegur Compañía de Seguridad S.A. de C.V.              |  |                       |          |         |
| Prosegur Servicios de Seguridad Privada Electrónica, S.A. de C.V.        | Distrito Federal, Azcapotzalco, Hogar y Seguridad, calle Piña-297 - México   | 99.9998     | Prosegur Mexico, S.R.L. de C.V.                          |  | a                     | 1        | B       |
|  |  | 0.0002      | Prosegur Compañía de Seguridad S.A. de C.V.              |  |                       |          |         |
| Grupo Mercurio de Transportes, S.A. de C.V.                              | Distrito Federal, Azcapotzalco, Sector Naval, AV De las Granjas -76 - México   | 0.002       | Prosegur Custodias, S.A. de C.V.                         |  | a                     | 1        | B       |
|  |  | 99.998      | Grupo Tratamiento y Gestion de Valores S.A.P.I. de C.V.  |  |                       |          |         |
| Grupo Tratamiento y Gestión de Valores, S.A.P.I. de C.V.                 | Distrito Federal, Azcapotzalco, Sector Naval, calle Norte 79 B - México  | 80          | Prosegur Cia de Seguridad, S.A.                          |  | a                     | 3        | B       |
| Prosegur Companhia de Seguranca, Lda                                     | Av. Infante Dom Henrique, 326, Lisboa - Portugal   | 100         | Prosegur Cia de Seguridad, S.A.                          |  | a                     | 1        | B       |
| Prosegur Transportadora de Caudales, S.A.                                | Guarani 1531 - Montevideo - Uruguay  | 99.91       | Juncadella Prosegur Internacional, S.A.                  |  | a                     | 1        | B       |
|  |  | 0.09        | Armor Acquisition, S.A.                                  |  |                       |          |         |
| Blindados, S.R.L.  | Guarani 1531 - Montevideo - Uruguay  | 99          | Prosegur Transportadora de Caudales, S.A.                |  | a                     | 1        | B       |
|  |  | 1           | Prosegur Global CIT, S.L.U.                              |  |                       |          |         |
| Prosegur Paraguay, S.A.  | C/ Artigas, esq. Concepción Leyes de Chávez- Asunción - Paraguay   | 99          | Juncadella Prosegur Internacional, S.A.                  |  | a                     | 1        | B       |
|  |  | 1           | Transportadora de Caudales de Juncadella, S.A.           |  |                       |          |         |
| Prosegur Australia Holdings PTY, Limited                                 | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia  | 100         | Singpai Pte, Ltd   |  | a                     | 3        | B       |
| Prosegur Australia Investments PTY, Limited                              | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia  | 100         | Prosegur Australia Holdings PTY, Limited                 |  | a                     | 3        | B       |
| Prosegur Australia Pty, Limited  | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia  | 100         | Prosegur Australia Investments PTY, Limited              |  | a                     | 1        | A       |
| Prosegur Technology Pty, Limited   | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia  | 100         | Prosegur Australia Investments PTY, Limited              |  | a                     | 6        | B       |
| Singpai Pte, Ltd   | 8 Cross Street #11-00, PWC Building, Singapore 048424  | 100         | Luxpai Holdo, S.A.R.L.                                   |  | a                     | 3        | A       |
| Prosec Cash Services Pte, Ltd  | 111 Geylang Road, #01-01, Singapore 389216   | 100         | Singpai Pte, Ltd   |  | a                     | 6        | B       |
| Compañía Ridur, S.A.   | Guarani 1531 - Montevideo  | 100         | Juncadella Prosegur Internacional SA                     |  | a                     | 6        | B       |
| Prosegur Argentina Holding, S.A.   | Tres Arroyos 2835 Ciudad de Buenos Aires   | 95.00       | Juncadella Prosegur Internacional S.A.                   |  | a                     | 3        | A       |
|  |  | 5.00        | Armor Acquisition SA                                     |  |                       |          |         |
| Prosegur Inversiones Argentina, S.A.                                     | Tres Arroyos 2835 Ciudad de Buenos Aires   | 95.00       | Juncadella Prosegur Internacional S.A.                   |  | a                     | 3        | A       |
|  |  | 5.00        | Armor Acquisition SA                                     |  |                       |          |         |
| Servicios Auxiliares Petroleros, S.A.                                    | Tres Arroyos 2835 Ciudad de Buenos Aires   | 94.05       | Juncadella Prosegur Internacional S.A.                   |  | a                     | 2        | A       |
|  |  | 4.95        | Armor Acquisition SA                                     |  |                       |          |         |
|  |  | 0.05        | Prosegur Argentina Holding S.A.                          |  |                       |          |         |
|  |  | 0.95        | Prosegur Inversiones Argentina S.A.                      |  |                       |          |         |
| Xiden, S.A.C.I.  | Tres Arroyos 2835 Ciudad de Buenos Aires   | 92.14       | Juncadella Prosegur Internacional, S.A.                  |  | a                     | 2        | A       |
| Prosegur Tecnologia Argentina, S.A.                                      | Tres Arroyos 2835 Ciudad de Buenos Aires   | 95.00       | Juncadella Prosegur Internacional, S.A.                  |  | a                     | 2        | A       |
|  |  | 94.05       | Juncadella Prosegur Internacional, S.A.                  |  |                       |          |         |
| Servin Seguridad, S. A.  | Montevideo 666, piso 3º, oficina 302. Buenos Aires   | 4.95        | Armor Acquisition, S.A.                                  |  | a                     | 2        | A       |
|  |  | 0.05        | Prosegur Argentina Holding S.A.                          |  |                       |          |         |
|  |  | 0.95        | Prosegur Inversiones Argentina S.A.                      |  |                       |          |         |
| Prosegur Sistemas de Seguranca Ltda                                      | Av. Guaratã, 667 - Prado - Belo Horizonte - MG CEP.: 30.410-640  | 98.85       | TSR Participacoes Societarias SA                         |  | a                     | 2        | A       |
|  |  | 1.00        | Prosegur Brasil SA Transportadora de Valores e Seguranca |  |                       |          |         |
|  |  | 0.15        | Prosegur Activa Alarmes SA                               |  |                       |          |         |
| Prosegur Administracao de Recebiveis Ltda                                | Av. Thomas Edison, 813, Sobre loja, sala 02, Barra Funda, São Paulo/SP CEP.:01144-001  | 99.79       | Prosegur Brasil SA Transportadora de Valores e Seguranca |  | a                     | 2        | A       |
|  |  | 0.21        | Prosegur Sistemas de Seguranca Ltda                      |  |                       |          |         |
| Proservicios SA  | Av. Los Proceres nro. 250 Lima - Lima - Santiago de Surco - Peru   | 72.42       | Proseguridad SA  |  | a                     | 2        | B       |
| Proseguridad SA  | Av. Los Proceres nro. 250 Lima - Lima - Santiago de Surco - Peru   | 1.00        | Compañía de Seguridad Prosegur SA                        |  | a                     | 2        | B       |
|  |  | 38.04       | Juncadella Prosegur Internacional S.A.                   |  |                       |          |         |
| Proseguridad Perú SA   | Av. Los Proceres Nro 250 Urb. San Roque Civil (primer piso MZO LT.B1) Lima - Lima - Nro.S/N Cas. Palmawasi San Martin - Tocaache - Uchiza - Peru | 35.11       | Transportadora de Caudales Jucadella SA                  |  | a                     | 2        | B       |
|  |  | 62.07       | Proseguridad SA  |  |                       |          |         |
| Orus Selva SA  | Nro.S/N Cas. Palmawasi San Martin - Tocaache - Uchiza - Peru   | 7.05        | Inversiones RB SA  |  | a                     | 2        | B       |
| Inversiones RB, SA   | Avenida Nicolás Arriola, 780 Urb. Santa Catalina - La Victoria - Lima - Peru   | 90.00       | Proseguridad Peru SA (Ex-Orus SA)                        |  | a                     | 2        | B       |
| Prosegur Tecnologia Chile Limitada                                       | Avenida Loboza 8395, Mod. 3 Pudahuel - Santiago  | 95.00       | Proseguridad SA  |  | a                     | 3        | B       |
| Prosegur Servicios Pte Ltd   | 111 Geylang Road, #01-01, Singapore 389216   | 99.99       | Juncadella Prosegur Group Andina SA                      |  | a                     | 2        | B       |
| Prosec Services Pte Ltd  | 111 Geylang Road, #01-01, Singapore 389216   | 100         | Singpai Pte Ltd  |  | a                     | 2        | A       |
| Evttec Management Services Pted LTD                                      | 3 New Industrial Road.#04-01 Kimly Building Singapore (536197)   | 100         | Singpai Pte Ltd  |  | a                     | 2        | A       |
| Soluciones Integrales en Seguridad Prosegur Paraguay SA                  | Avda. Artigas Nro. 960   | 99.00       | Juncadella Prosegur Internacional S.A.                   |  | a                     | 2        | B       |
|  |  | 1.00        | Transportadora de Caudales Jucadella SA                  |  |                       |          |         |
| Alarmas Prosegur Paraguay SA   | Avda. Artigas Nro. 960   | 99.00       | Juncadella Prosegur Internacional S.A.                   |  | a                     | 2        | B       |
|  |  | 1.00        | Transportadora de Caudales Jucadella SA                  |  |                       |          |         |

**The reason of the consolidation:**

- a. Control is exercised over the entity; consolidated using the global consolidation method.
- b. Significant influence is exercised over the entity; consolidated using the equity method.

**Activity:**

- 1. Activities from the cash management business group
- 2. Activities included in other business group (see note 15 "Non-current assets held-for-sale")
- 3. Holding company
- 4. Financial services
- 5. Auxiliary services
- 6. Dormant
- 7. Other activities

**Auditor:**

- A. Audited by KPMG
- B. Not subject to audit
- C. Audited by other auditors

**APPENDIX II. – Breakdown of Joint ventures****Information at 31 December 2016**

| Company  | Registered offices   | % ownership | Participation  |  | Basis of consolidation | Activity | Auditor |
|--|--|-------------|--|--|------------------------|----------|---------|
|  |  |             | Company holding the investment                             |  |                        |          |         |
| SIS Cash Services Private Limited  | Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna - 800001, Bihar, India         | 49          | Singpai Pte, Ltd   |  | b                      | 1        | B       |
| SIS Prosegur Holdings Private Limited                                    | Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna - 800001, Bihar, India         | 100         | SIS Cash Services Private Limited                          |  | b                      | 1        | B       |
| SBV Services Proprietary Limited   | No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johannesburg, South Africa | 33.33       | Prosegur Global CIT ROW SLU                                |  | b                      | 1        | A       |
| Standard Betrieb Virtschaft Services Limited (SBV Nigeria)               | No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johannesburg, South Africa | 50          | SBV Services Proprietary Limited                           |  | b                      | 1        | A       |
| SBV Services Namibia Proprietary Limited                                 | No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johannesburg, South Africa | 100         | SBV Services Proprietary Limited                           |  | b                      | 1        | A       |
| Carrick Properties (Pinetown) Proprietary Limited                        | No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johannesburg, South Africa | 100         | SBV Services Proprietary Limited                           |  | b                      | 1        | A       |
| CashLogix Proprietary Limited  | No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johannesburg, South Africa | 100         | SBV Services Proprietary Limited                           |  | b                      | 1        | A       |
| Integrated Cash Management Services Limited 97.93% filial de SBV Nigeria | No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johannesburg, South Africa | 97.93       | Standard Betrieb Virtschaft Services Limited (SBV Nigeria) |  | b                      | 1        | A       |

**Information at 31 December 2015 and 31 December 2014**

| Company                                       | Registered offices   | % ownership | Participation                      |  | Basis of consolidation | Activity | Auditor |
|---|--|-------------|------------------------------------|--|------------------------|----------|---------|
|   |  |             | Company holding the investment     |  |                        |          |         |
| SIS Cash Services Private Limited             | Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna - 800001, Bihar, India | 49          | Singpai Pte, Ltd                   |  | b                      | 1        | B       |
| SIS Prosegur Holdings Private Limited         | Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna - 800001, Bihar, India | 100         | SIS Cash Services Private Limited  |  | b                      | 1        | B       |
| Servicios de Seguridad Prosegur Regiones Ltda | Los Gobelinos 2567 Of. 203, Renca, Santiago                                    | 30.7        | Prosegur Chile, S.A.               |  | b                      | 2        | A       |
| Prosegur Chile, S.A.                          | Los Gobelinos 2567 Of. 203, Renca, Santiago                                    | 30          | Prosegur Intenational Handels GmbH |  | b                      | 2        | A       |

**The reason of the consolidation:**

- a. Control is exercised over the entity; consolidated using the global consolidation method.
- b. Significant influence is exercised over the entity; consolidated using the equity method.

**Activity:**

1. Activities from the cash management business group
2. Activities included in other business group (see note 15 "Non-current assets held-for-sale")
3. Holding company
4. Financial services
5. Auxiliary services
6. Dormant
7. Other activities

**Auditor:**

- A. Audited by KPMG
- B. Not subject to audit
- C. Audited by other auditors

**APPENDIX III. – Summary of the financial information of Joint ventures****Information at 31 December 2016**

| Thousand of Euros                          | SIS Cash<br>Services Private<br>Limited | SIS Prosegur<br>Holdings Private<br>Limited | SBV Services<br>Proprietary<br>Limited | Other societies<br>not significative | Total     |
|--|---|---|--|--------------------------------------|-----------|
| <b>Balance sheet information</b>           |   |   |  |                                      |           |
| Non-current assets                         | 14,663                                  | 12,026                                      | 84,019                                 | 206                                  | 110,914   |
| Non-current liabilities                    | -                                       | -   | (50,966)                               | (8)                                  | (50,974)  |
| Total net non-current assets               | 14,663                                  | 12,026                                      | 33,053                                 | 198                                  | 59,940    |
| Current assets                             | 16,038                                  | 19,596                                      | 40,450                                 | -                                    | 76,084    |
| Cash and cash equivalents                  | 2,198                                   | 10,883                                      | 19,809                                 | -                                    | 32,890    |
| Current liabilities                        | (16,723)                                | (20,685)                                    | (23,453)                               | (4)                                  | (60,865)  |
| Total net current assets                   | (685)                                   | (1,089)                                     | 16,997                                 | (4)                                  | 15,219    |
| Total net assets                           | 13,978                                  | 10,937                                      | 50,050                                 | 194                                  | 75,159    |
| Percentage of participation                | 49%                                     | 49%   | 33.33%                                 | 33.33%                               |           |
| Participation in net assets                | 6,849                                   | 5,359                                       | 16,682                                 | 65                                   | 28,955    |
| Carrying value of the participation        | 6,849                                   | 5,359                                       | 16,682                                 | 65                                   | 28,955    |
| <b>Profit and Loss account information</b> |   |   |  |                                      |           |
| Revenue                                    | 24,147                                  | 18,766                                      | 134,070                                | (47)                                 | 176,936   |
| Cost of sales                              | (26,759)                                | (19,654)                                    | (139,199)                              | (205)                                | (185,817) |
| Depreciation and amortization              | (1,740)                                 | (1,055)                                     | -                                      | -                                    | (2,795)   |
| Finance costs                              | (608)                                   | (394)                                       | (4,825)                                | 5                                    | (5,822)   |
| Income tax (gain)                          | 58                                      | 79  | 3,033                                  | -                                    | 3,170     |
| Profit from continuing operations          | (3,162)                                 | (1,203)                                     | (6,921)                                | (247)                                | (11,533)  |
| Profit for the year                        | (3,162)                                 | (1,203)                                     | (6,921)                                | (247)                                | (11,533)  |

## Information at 31 December 2015

| Thousand of Euros                          | SIS Cash<br>Services Private<br>Limited | SIS Prosegur<br>Holdings Private<br>Limited | Total    |
|--|---|---|----------|
| <b>Balance sheet information</b>           |   |   |          |
| Non-current assets                         | 14,988                                  | 12,324                                      | 27,312   |
| Total net non-current assets               | 14,988                                  | 12,324                                      | 27,312   |
| Current assets                             | 13,471                                  | 20,396                                      | 33,867   |
| Cash and cash equivalents                  | 11                                      | 4   | 15       |
| Current liabilities                        | (12,247)                                | (22,291)                                    | (34,538) |
| Current financial liabilities              | (5,507)                                 | (889)                                       | (6,396)  |
| Total net current assets                   | 1,224                                   | (1,895)                                     | (671)    |
| Total net assets                           | 16,212                                  | 10,429                                      | 26,641   |
| Percentage of participation                | 49%                                     | 49%   |          |
| Participation in net assets                | 7,944                                   | 5,110                                       | 13,054   |
| Carrying value of the participation        | 7,944                                   | 5,110                                       | 13,054   |
| <b>Profit and Loss account information</b> |   |   |          |
| Revenue                                    | 24,266                                  | 19,405                                      | 43,671   |
| Cost of sales                              | (23,761)                                | (19,254)                                    | (43,015) |
| Depreciation and amortization              | (1,602)                                 | (1,305)                                     | (2,907)  |
| Finance costs                              | (719)                                   | (179)                                       | (898)    |
| Income tax benefit                         | 62                                      | 82  | 144      |
| Profit from continuing operations          | (1,754)                                 | (1,251)                                     | (3,005)  |
| Profit for the year                        | (1,754)                                 | (1,251)                                     | (3,005)  |

## Information at 31 December 2014

| Thousand of Euros                          | SIS Cash<br>Services Private<br>Limited | SIS Prosegur<br>Holdings Private<br>Limited | Servicios de<br>Seguridad<br>Prosegur<br>Regiones Ltda | Prosegur Chile<br>S.A. | Total    |
|--|---|---|--|------------------------|----------|
| <b>Balance sheet information</b>           |   |   |  |                        |          |
| Non-current assets                         | 14,855                                  | 10,212                                      | 4,651  | 4,667                  | 34,385   |
| Non-current liabilities                    | (4,494)                                 | -   | (339)  | (213)                  | (5,046)  |
| Total net non-current assets               | 10,361                                  | 10,212                                      | 4,312  | 4,454                  | 29,339   |
| Current assets                             | 23,206                                  | 7,486                                       | 11,739   | 7,387                  | 49,818   |
| Current liabilities                        | (4,622)                                 | (18,101)                                    | (4,619)  | (2,923)                | (30,265) |
| Total net current assets                   | 18,584                                  | (10,615)                                    | 7,120  | 4,464                  | 19,553   |
| Total net assets                           | 28,945                                  | (403)                                       | 11,432   | 8,918                  | 48,892   |
| Percentage of participation                | 49%                                     | 49%   | 30.7%  | 30%                    |          |
| Participation in net assets                | 14,183                                  | (197)                                       | 3,510  | 2,675                  | 20,171   |
| Carrying value of the participation        | 14,183                                  | (197)                                       | 3,510  | 2,675                  | 20,171   |
| <b>Profit and Loss account information</b> |   |   |  |                        |          |
| Revenue                                    | 17,922                                  | 1,725                                       | 24,849   | 17,865                 | 62,361   |
| Cost of sales                              | (18,742)                                | (2,105)                                     | (23,961)   | (18,145)               | (62,953) |
| Finance costs                              | (345)                                   | (21)  | (49)   | (43)                   | (458)    |
| Income tax expense/(benefit)               | 361                                     | -   | (149)  | 81                     | 293      |
| Profit from continuing operations          | (804)                                   | (401)                                       | 690  | (242)                  | (757)    |
| Profit for the year                        | (804)                                   | (401)                                       | 690  | (242)                  | (757)    |

**PROSEGUR CASH, S.A. AND SUBSIDIARIES**

**Consolidated Management Report for the year ended 31 December  
2016**



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## Consolidated Management Report for the year ended 31 December 2016

This Management Report has been prepared in accordance with the recommendations contained in the Guidelines for the preparation of management reports of listed companies, published by the CNMV.

### 1. Position of the Company

Prosegur Cash, S.A. was incorporated as a limited liability company in accordance with Spanish law on 22 February 2016 and subsequently converted into a public limited company on 21 September 2016.

This Company was created by the spin-off of the Prosegur Group's cash business, which was carried out through the non-monetary contribution of entities under common control of the Prosegur Group (see Note 20 to the Consolidated Annual Accounts. Prosegur Cash has in itself become the parent of a group comprising several subsidiaries hereinafter the "Prosegur Cash Group" or simply the "Group").

The Prosegur Cash Group provides services in the following countries: Spain, Portugal, France, Luxembourg (despite not being a jurisdiction where there is operational activity, is included as a result of the Luxembourg company Pitco Reinsurance, S.A., with social purpose of insurance coverage), Germany, Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico, Colombia, India, Australia and South Africa.

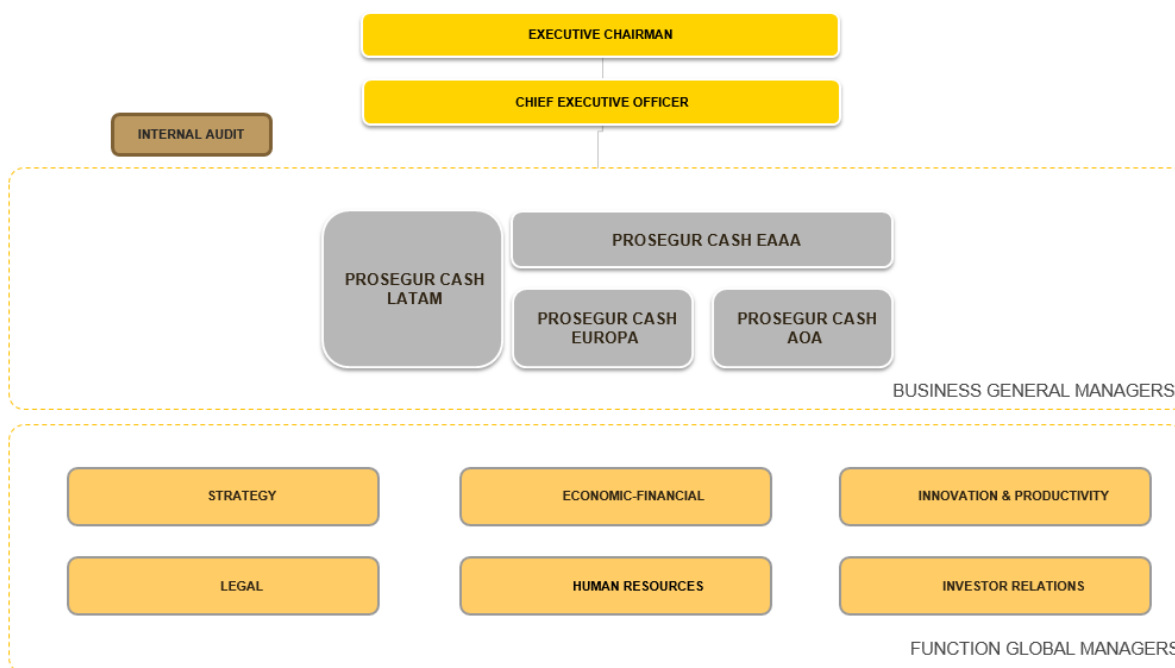
#### 1.1 Organisational structure

The Group's organisational structure is designed to improve business processes and offer added value to our clients each and every day. Its flexibility allows for a permanent adaptation to an ever-changing environment and the development of the Prosegur Cash Group as a business group.

Business is made up of the General Business Management Areas, which are distributed across three main segments, namely Latam, Europe and AOA (including Asia, Oceania and Africa) and feature an agile and efficient structure that is fully customer-oriented, enabling it to meet the different needs of customers while innovating with products.

Corporate functions are supervised by Global Support Divisions, which cover the areas of Finance, Human Resources, Investors relationships, Legal Services, Strategy and Innovation and Productivity.

The organisation of the Prosegur Cash Group is shown in the table below:



\*AOA plus Europe is EAAA

The Board of Directors is the highest management body and the ultimately responsible for decision-making on operations and review of internal financial information with a view to evaluating results and allocating resources.

### Changes in the composition of the Group

The spin-off of the Prosegur Group's cash-in-transit and cash management business unit was completed through the non-monetary contribution of entities under common control of the Prosegur Group (see Note 20 to the Consolidated Annual Accounts), whose main business is cash in transit. Prosegur Cash has in itself become the parent of a group comprising several subsidiaries hereinafter the "Prosegur Cash Group" or simply the "Group").

More specifically, the following dependent companies were contributed and the following acquisition made:

- On 6 May 2016, Prosegur delivered to Prosegur Cash 100% of the share capital of Prosegur Global CIT ROW, S.L.U. and its associate companies (see Note 20).
- On 21 July 2016, Prosegur Cash gave Prosegur Internacional Alarmas, S.L.U. 0.0000005% of the share capital of Cía Transportadora de Valores Prosegur Colombia, S.A. for a total cost of EUR 1.
- On 26 July 2016, Prosegur delivered to Prosegur Cash 100% of the share capital of Prosegur Global CIT, S.L.U. and its associate companies (see Note 20).

On 1 August 2016, Prosegur Cash acquired from Prosegur a fully organised package of human, technical, material and intangible resources, enabling it to provide private security services to third parties (production unit). The acquisition cost was EUR 6.03 million EUR.

Also on 1 August 2016, associate companies Prosegur Global CIT, S.L.U. and Prosegur Global CIT ROW, S.L.U. similarly acquired from Prosegur a fully organised bundle of human, technical, material and intangible resources, enabling them also to provide private security services to third parties, similar to the resources just mentioned for Prosegur Cash. For the transfer of these production units, the companies in question agreed to pay EUR 0.1 million and EUR 0.6 million, respectively.

Changes that took place in the composition of the Prosegur Cash Group during the 2016 reporting period due to acquisitions were mainly as a result of the following:

- On 8 January 2016, the Group acquired in Spain 100% of the company MIV Gestión S.A., a security company that provides international transport services for valuable and vulnerable goods. The total purchase price was EUR 1.1 million.
- On 29 April 2016, Prosegur acquired in Colombia 100% of the company Procesos Técnicos de Seguridad y Valores S.A.S., a company specialising in cash management services and engaged in the processing, packaging and recycling of notes and coins. The total purchase price was COP 0.5 million (equivalent on the acquisition date to EUR 0.2 million).
- On 4 November 2016, Prosegur acquired in Australia a bundle of assets from Toll Transport Pty Ltd. The total purchase price was AUD 18.1 million (equivalent on the purchase date to: EUR 11.8 million).

In 2016, acquisitions of companies owned and accounted for using the equity method were as follows:

- On 25 February 2016, shares were subscribed representing 33.33% of the share capital of the South African company SBV Services Proprietary Limited, which is engaged in the logistics and management of cash and securities. The total purchase price was ZAR 320 million (equivalent on the acquisition date to: EUR 18.38 million). This transaction was completed on 25 February 2016.

The following company was incorporated in 2016:

- In March 2016, the company Prosegur Holding CIT ARG, S.A. was incorporated in Argentina.

## 1.2 Operation

The organisation of Prosegur Cash is focused on value creation and aims to fulfil the growth strategy of Prosegur Cash, which, in turn, is based on a solid model sustained by financial strength.

The approval and implementation of the various Strategic Plans implies the determination and fulfilment of demanding targets based on the growth model and the various axes defined for each plan. The new 2015-2017 Strategic Plan was in effect in 2016. The main objectives are classified as:

### Qualitative objectives

- Management at delegation level. (Compliance expected 2015-2016).
  - ✓ Continuously measure the quality level of the services and customer satisfaction.
  - ✓ Offer value focused on the needs of the client.
- Efficiency in operations (compliance expected 2015-2017).
  - ✓ Finish implementing corporate platforms in all Prosegur countries
  - ✓ Continue with Kaizen Project.
  - ✓ Continue promoting expertise centres implementing best practices in all countries.
- Simplification of management (fulfilment expected 2015-2016).
  - ✓ To build a Prosegur that is more agile, fast, consistent, and homogeneous thanks to the simplification of processes and structures, adding up to better decision making.

### Quantitative objectives

- Growth (compliance expected 2015-2016).
  - ✓ Emphasise growth in new volume.
  - ✓ Maintain a firm commitment with the development and sale of new products.
  - ✓ Promote the specialisation of managers.
- Management of indirect costs (compliance expected 2016).
  - ✓ Simplify the decision making process and create a more streamlined organisation.
  - ✓ Reduce the burden of indirect costs, mainly in corporate business.

The Prosegur Cash Group is ready to continue with its growth strategy, both organic and inorganic, and maintains the capacity to take on new corporate acquisitions.

## 2. Business performance and results

### 2.1 Critical indicators of financial and non-financial character

| (Millions of Euro)                             | 2016           | 2015           | 2014           | Variation<br>2016 vs 2015 | Variation<br>2015 vs 2014 |
|--|----------------|----------------|----------------|---------------------------|---------------------------|
| <b>Sales</b>                                   | <b>1,724.3</b> | <b>1,746.3</b> | <b>1,663.1</b> | <b>(1.3%)</b>             | <b>5.0%</b>               |
| <b>EBITDA</b>                                  | <b>447.2</b>   | <b>384.6</b>   | <b>348.1</b>   | <b>16.3%</b>              | <b>10.5%</b>              |
| <i>Margin</i>                                  | 25.9%          | 22.0%          | 0.2            |                           |                           |
| Property, plant and equipment depreciation     | (47.1)         | (52.2)         | (49.9)         |                           |                           |
| Other intangible depreciation                  | (14.7)         | (17.7)         | (18.0)         |                           |                           |
| <b>EBIT</b>                                    | <b>385.4</b>   | <b>314.7</b>   | <b>280.2</b>   | <b>22.4%</b>              | <b>12.3%</b>              |
| <i>Margin</i>                                  | 22.3%          | 18.0%          | 16.8%          |                           |                           |
| <b>Financial results</b>                       | <b>(9.2)</b>   | <b>1.3</b>     | <b>(17.4)</b>  |                           |                           |
| <b>Profit before tax</b>                       | <b>376.2</b>   | <b>316.0</b>   | <b>262.8</b>   | <b>19.0%</b>              | <b>20.3%</b>              |
| <i>Margin</i>                                  | 21.8%          | 18.1%          | 15.8%          |                           |                           |
| <b>Tax</b>                                     | <b>(149.9)</b> | <b>(107.9)</b> | <b>(90.7)</b>  |                           |                           |
| <i>Tax rate</i>                                | (39.9%)        | (34.1%)        | (34.5%)        |                           |                           |
| <b>Net profit</b>                              | <b>226.2</b>   | <b>208.1</b>   | <b>172.1</b>   | <b>8.7%</b>               | <b>20.9%</b>              |
| <b>Net income from discontinued operations</b> | <b>(47.3)</b>  | <b>(29.2)</b>  | <b>(1.6)</b>   |                           |                           |
| Minority interests                             | 0.6            | (0.4)          | 0.0            |                           |                           |
| <b>Consolidated net profit</b>                 | <b>178.9</b>   | <b>179.0</b>   | <b>170.5</b>   | <b>(0.0%)</b>             | <b>5.0%</b>               |
| <b>Basic profit per share</b>                  | <b>0.35</b>    | <b>-</b>       |                |                           |                           |

Consolidated sales of the Prosegur Cash Group during 2016 amounted to EUR 1,724.3 million and decreased by 1.3% (2015: sales amounted to EUR 1,746.3 with an increase by 5,0%).

The EBIT/Sales margin of 22.3% demonstrates the Group's ability to maintain the profitability of businesses in spite of the impact of amortisations derived from new business acquisition operations.

The net result increases 8.7% due mainly to a good performance of sales and the inorganic growth strategies of previous years, which facilitated a solid platform to guarantee organic growth in adverse periods.

#### Sales by geographic area

The Prosegur Cash Group's consolidated sales over 2016 were EUR 1,724.3 million (in 2015: EUR 1,746.3 million, in 2014: EUR 1,663.1 million), or a total decrease of 1.3% in 2016 and an increase of 5,0% in 2015.

In fiscal year 2016, sales were down 1.3% as a result of the devaluation of foreign exchange. In fiscal year 2015, the increase in sales is due to organic growth in Latam.

The following table provides a breakdown of consolidated sales by geographical area:

| (Millions of euro)         | 2016           | 2015           | 2014           | Variation 2016<br>vs 2015 | Variation 2015<br>vs 2016 |
|----------------------------|----------------|----------------|----------------|---------------------------|---------------------------|
| Europe                     | 455.3          | 441.6          | 425.0          | 3.1%                      | 3.9%                      |
| AOA                        | 91.2           | 93.4           | 90.0           | (2.4%)                    | 3.8%                      |
| Latam                      | 1,177.8        | 1,211.3        | 1,148.1        | (2.8%)                    | 5.5%                      |
| <b>Total Prosegur Cash</b> | <b>1,724.3</b> | <b>1,746.3</b> | <b>1,663.1</b> | <b>(1.3%)</b>             | <b>5.0%</b>               |

Europe's sales have been mainly due to the process of efficient routes and the increase in volume and fees. Where all the synergies planned after the last acquisitions have been achieved. Sales in the Latam region have experienced an increase at a constant exchange rate as a result of the optimisation of routes and the good rate review achieved each year.

### Analysis of management in 2016

2016 has been a very positive year from an operational point of view since, despite the macroeconomic and political uncertainty in some of our markets, we have managed to improve on the performance of the previous year. Additionally, we have expanded our presence to a new continent, Africa, and strengthened our positioning through specific acquisitions in Spain, India and Australia.

On a sales level, our performance in Latam has been affected by the devaluation suffered in all currencies of the countries where we operate, especially in Argentina. However, the strong organic growth experienced by the region, supported mainly by an improvement in volumes managed, and the implementation of efficiency and cost optimisation programmes, have boosted operating income above previous year levels, both in absolute terms and margin.

The change of government in Argentina at the end of 2015, prompting measures such as lifting the ban on repatriating funds, and the signs of recovery that are beginning to emanate from the Brazilian economy have also contributed to improving confidence in these countries, which has also benefited our operations.

The rest of the Latin American region has maintained a performance very in line with the dynamics of their respective economies in which the Prosegur Cash Group has maintained its usual dynamics of improvement and growth above nominal GDP in most countries.

The Europe region has had a very positive year in terms of sales, driven by existing organic growth in virtually all countries. The recovery of the Spanish economy, already at full capacity, and the growth of the German business above the country's nominal GDP have contributed to alleviating the negative effects and institutional paralysis caused by the Brexit, the absence of a government in Spain, the financial and political uncertainty in Italy and the terrorist attacks in different parts of Europe. The operating result includes the costs of the corporate restructuring carried out during the year, thus being penalised with respect to the previous year.

During this period, the acquisition of MIV Gestión in Spain was carried out, which has allowed us to continue expanding our capabilities related to the outsourcing of banking market processes.

With regard to the rest of the world, which includes Asia, Oceania and Africa (AOA), we highlight our entry into Africa, the only continent where we still had no presence, through the acquisition of 33% of SBV Services. Until our entry, this company was owned by the four largest South African banks and, in the future, both their contributions and our mutual collaboration will be fundamental in consolidating and expanding the presence of SBV Services in that continent.

With this operation, Prosegur Cash reaffirms its strategy of expanding its business to new geographies with high growth potential and goes one step further in its objective of consolidating an industry that continues to demonstrate a strong growth and in which new trends in outsourcing Banking services and automation of cash management processes, augur a very promising future.

Prosegur Cash has managed to strengthen its position in India, reaching leadership positions in the southern and eastern regions of the country.

Our operations in Australia, despite having undergone a complicated year in terms of organic growth, have been reinforced by the acquisition of Toll Secure, which strengthens our presence in the Sydney and Melbourne areas and allows us to continue growing in the segments of freight transport and in the one of light vehicles.

In upcoming years, Prosegur Cash aims to lead the consolidation of this business worldwide, increasing its turnover and market shares through greater penetration of new services and inorganic expansion to new geographical locations.

In line with this strategy, Prosegur Cash is contemplating different possibilities, such as continuing with the acquisition processes of companies that strengthen its presence in existing countries, expanding this activity to new geographies or even the flotation of part of the business with the aim of creating a platform of global consolidation.

### Commercial information

The Prosegur Cash Group services are marketed through delegations and exclusive in-house commercial employees, who apply selective criteria to minimise default and possible non-payment risk. To this end, for clients with whom there is no prior experience, inquiries or consultations are conducted using public domain data in order to carry out risk evaluations and individual analyses that are objectively measurable. Once the contract is signed and during the time that the service is provided, the customer receives direct attention, allowing the optimised fulfilment of its operational needs and economic reality, which reduces the risk of non-payment.

Therefore the customer is at the centre of the business. The first objective is to fulfil the quality standards and for the client to understand that it is contracting a value added and responsible security service.

The Prosegur Cash Group continuously renews its offer and develops new products such as MAES (Automated cash machine).

### Investments

The investments of the Prosegur Cash Group are analysed in every case 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 0.6 million are submitted to the Prosegur Cash's management for approval.

Amortisation provisions totalled EUR 61.8 million in 2016 (in 2015: EUR 69.9 million, in 2014: 67.9 million). This amount corresponds to property, plant and equipment worth EUR 43.6 thousand (in 2015: 48.1 million, in 2014: 46.3 million) and computer applications worth EUR 3.5 million (in 2015: EUR 4.1 million, in 2014: 3.6 million) and other intangible assets worth EUR 14.7 million (in 2015: EUR 17.7 million, in 2014: 18.0 million).

Investment in property, plant and equipment amounted to EUR 88.9 million in 2016 (in 2015: EUR 68.7 million, in 2014: 78.9 million). Moreover, investment in computer applications totalled EUR 5.4 million (in 2015: EUR 4.1 million, in 2014: 3.1 million).

## 2.2 Personnel

Taking into account the growth strategy implemented globally in recent years, the Prosegur Cash Group generates employment in the markets where it is present.

The Prosegur Cash Group workforce closed 2016 with 56,305 employees (in 2015: 49,339 employees, in 2014: 43,915 employees), or an increase of 14.1% in 2016 and an increase of 12.3% in 2015.

The Human Resources Department is constantly seeking to improve selection processes so as to make the company more efficient at identifying the suitability of candidates for positions within the Group.

In the past three years, the average workforce has grown as follows:

| Workforce                  | 2014          | 2015          | 2016          |
|----------------------------|---------------|---------------|---------------|
| Direct                     | 42,675        | 47,816        | 53,849        |
| Indirect                   | 1,240         | 1,523         | 2,456         |
| <b>Total Prosegur Cash</b> | <b>43,915</b> | <b>49,339</b> | <b>56,305</b> |

The growth of the workforce relative to invoicing over the past three years was as follows:

| Number of persons<br>per million billed | 2014 | 2015 | 2016 |
|---|------|------|------|
| Direct                                  | 25.7 | 27.4 | 31.2 |
| Indirect                                | 0.7  | 0.9  | 1.4  |

Annual satisfaction surveys are conducted for the Prosegur Cash Group to become aware of its employees' perceptions with respect to the aspects that affect their daily work. From these surveys action plans are designed to establish improvement policies for the work environment of Group companies.

The Prosegur Cash Group applies industry standards when it comes to occupational risk prevention. It invests in specific training as well as modernisation to guarantee that employees work in safe environments, and it provides them with the best equipment.

Internal communication channels of the Prosegur Cash Group have been improved, particularly in recent years, and are available via the corporate Intranet and through strategic presentations involving a large number of employees.

### 3. Liquidity and capital resources

The Group generates sufficient cash, allowing it to carry out strategic financing transactions aimed at optimising and streamlining its financial debt pile, controlling debt ratios and complying with growth targets.

The Prosegur Cash Group calculates the net financial debt by considering the total of current and non-current external debt plus net derived financial instruments, minus cash and cash equivalents, and minus other current financial assets (Note 29.2).

The financial debt on 31 December 2016 was EUR 611.4 million (in 2015: EUR -235.7 million, in 2014: EUR -130.6 million).

#### 3.1 Liquidity

The Prosegur Cash Group has adequate liquidity reserves and financing capacity which makes it possible to ensure and respond swiftly and in a flexible manner to working capital, capital investment, or inorganic growth requirements.

On 31 December 2016, the Prosegur Group for the cash business cash reserves are EUR 292.3 million (in 2015: EUR 235.2 million, in 2014: EUR 233.8 million). This figure mainly comprises the following items:

- The balance of cash and cash equivalents totalling EUR 188.7 million (in 2015: EUR 175.8 million, in 2014: EUR 159.6 million).
- Other unused credit lines for an amount of EUR 103.6 million (in 2015: EUR 59.4 million, in 2014: EUR 74.2 million).

While the Group has the capacity to generate adequate cash to finance its operations, in December 2016 management took a precautionary measure to further enhance its liquidity by arranging a syndicated loan for the sum of EUR 600 million.

The efficiency measures of the internal administrative processes carried out over recent years have substantially improved the cash flow of the business. The maturities of the Prosegur Cash Group's debt is in line with the company's capacity for generating cash flows to repay such debt.

#### 3.2 Capital resources

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

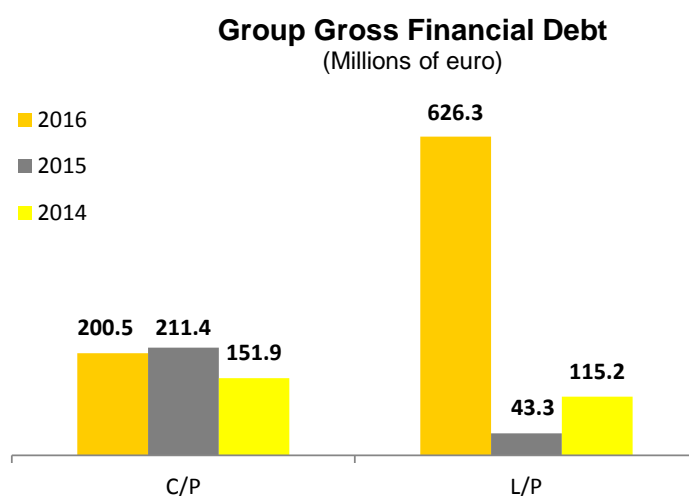


- a) In December, the Group entered into a syndicated loan agreement for the sum of EUR 600,000 thousand with a three-year maturity. At 31 December 2016, the capital drawn down under this syndicated loan amounted to EUR 600,000 thousand.
- b) The main loan arranged by Prosegur, its parent, amounts to EUR 103.5 million. This debt will be repaid in the first quarter of 2017 following the sale of several trademarks registrations (Note 6 of the consolidated report) and the real estate investments.

In consolidated terms, the gross long-term financial debt with maturity greater than one year reached EUR 626.3 million at the close of 2016 (in 2015: EUR 43.3 million, in 2014: EUR 115.2 million), largely on account of the syndicated loan agreement signed in December 2016.

The current gross financial debt totals EUR 200.5 million (in 2015: EUR 211.4 million, in 2014: EUR 151.9 million).

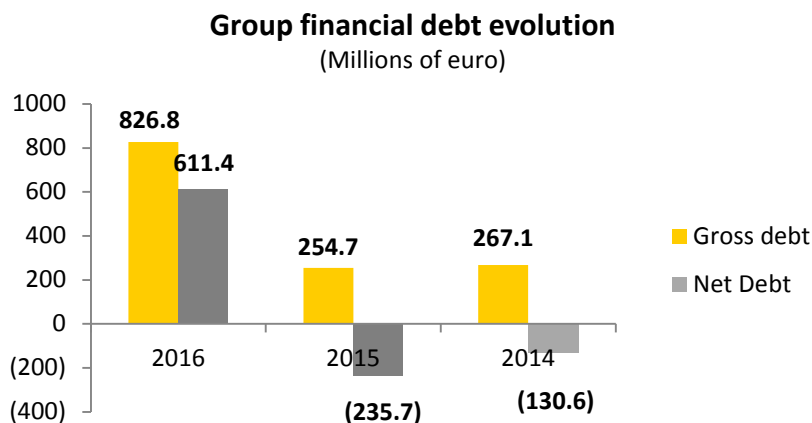
The current and non-current maturities of gross financial debt are distributed as follows:



The average cost of the financial debt, in 2016, was 1.52% (in 2015: 6.64%, in 2014: 6.39%).

The net financial debt (excluding other non-bank payables corresponding to deferred payments for M&A acquisitions) at the close of 2016 reached EUR 611.4 million (in 2015: EUR -235.7 million, in 2014: EUR -130.6 million).

The following diagram shows a comparison of gross and net debt in 2014, 2015 and 2016 (excluding deferred payments by acquisitions M&A):



Since the Prosegur Cash Group did not operate as a Group in 2015, its indebtedness in 2015 and 2014 did not reflect the indebtedness ratio that it had as of 2016.

No significant changes are expected in 2017 with regard to the structure of own funds and capital or in regard to the relative cost of capital resources in relation to the financial year ending 31 December 2016.

The following table shows the maturities of the drawn debt as per contractual obligations on 31 December 2016:

| (millions of euro)     | Less than<br>1 year | 1 to 5<br>years | Over 5<br>years | TOTAL        |
|------------------------|---------------------|-----------------|-----------------|--------------|
| Loans and borrowings   | 19.1                | 643.6           | 0.0             | 662.8        |
| Credit accounts        | 46.4                | 0.0             | 0.0             | 46.4         |
| Finance lease payables | 9.9                 | 13.8            | 0.3             | 24.0         |
| Other payables         | 24.9                | 7.7             | 4.0             | 36.6         |
|                        | <b>100.3</b>        | <b>665.1</b>    | <b>4.3</b>      | <b>769.7</b> |

The Prosegur Cash Group has operational leasing mainly with respect to high value assets such as buildings and vehicles. These operating leases are not reflected in the Group's statement of financial position. Future payment commitments for these leases amounted to EUR 86.8 million (in 2015: EUR 30.3 million, in 2014: EUR 35.4 million) for the contracts of the operating bases and operational vehicles (Note 26).

The Prosegur Cash Group calculates the leverage ratio for cash business as the quotient of the net financial debt (excluding other non-bank payables corresponding to deferred payments for M&A acquisitions) over total capital, with the latter defined as the sum of the net financial debt (excluding other non-bank payables corresponding to deferred payments for M&A acquisitions) and the net assets of cash business unit. On 31 December 2016, the ratio was 0.86 (in 2015 - 0.57, in 2014: -0.13).

The ratio of net financial debt (excluding other non-bank payables corresponding to deferred payments for M&A acquisitions) to own resources of cash business unit on 31 December 2016 was 5.9 (in 2015: -0.36 due to having cash, in 2014: -0.12 due to having cash).

### 3.3 Analysis of contractual obligations and off balance sheet operations

Note 26 of the Consolidated Annual Accounts includes the amounts of future minimum payments arising from operating lease contracts by maturity tranches.

Furthermore, as indicated in Note 25 of the Consolidated Annual Accounts, the Prosegur Cash Group issues guarantees to third parties for commercial and financial reasons. The total amount of guarantees issued on 31 December 2016 is EUR 146.0 million (in 2015: EUR 99.9 million, in 2014: EUR 159.0 million).

## 4. Main risks and uncertainties

The Risk Management system at Prosegur is largely based on the COSO system (Committee of Sponsoring Organizations of the Treadway Commission) and is further supplemented with standards applied at the Group's main clients from the financial sector, including the likes of Basel III and ISO 31000.

## 4.1 Operational risk

The risk management cycle at Prosegur is the following:



### Regulatory risk

Security can be a high profile sector and there is a great diversity of regulations in constant change that are applicable to the activities of the Group and its clients around the world. The increase in regulations in jurisdictions in which the Group carries out its activity could have a substantial adverse effect on its business, financial condition and results of operations.

In particular, the Group's activity is directly and indirectly affected by the laws, regulations and administrative requirements of the local, regional and national authorities of the countries in which it operates, as well as the special requirements of other entities, such as insurance companies and industry organisations. Certain parts of the Group's business are subject to licensing requirements. In addition, many countries have permit requirements for security services, including carrying weapons when using armoured vehicles for the transportation of goods. The Group is dependent on these licences and permits being maintained and renewed when appropriate. In addition, many of the Group's customers, such as financial institutions, are subject to regulations and if such regulations change indirectly it could have a substantial adverse effect on the Group's business, financial condition and results of operations.

There is no guarantee that the legislation, regulations and requirements promulgated by the authorities and other entities will not change in the future and, consequently, change the conditions of the Group's activity. Authorities may enact new directives regarding requirements for specific practices, safety solutions, and staff training and certification. The Group may be required to make changes to its operations or to make additional investments to adapt to new or amended laws or regulations, such as increasing the number of armoured vehicles or introducing the use of banknote degradation mechanisms, such as ink staining so that the banknotes are invalidated in case of a robbery. Such changes and the related investments could have a substantial adverse effect on the Group's business, financial condition and results of operations. Similarly, a reduction or relaxation of local regulations could result in increased competition for the Group by the entry of new participants into the market or by the growth of smaller competitors. In addition, failure to comply with applicable laws or regulations could result in significant fines or revocation of the Group's operating permits and licences, which could also have a substantial adverse effect on its business, financial condition and results of operations.

The Prosegur Cash Group devotes the greatest part of its efforts to regulatory compliance and the management of operational risks due to their impact on the commitments undertaken with stakeholders and, specifically, with the clients.

Regulatory risks are mitigated by identifying them at an operational level, regularly assessing the control environment and via the implementation of programmes to constantly monitor the proper operation of controls implemented.

Business Management teams define the policies, procedures and tools for their identification and quantification, and propose measures for mitigating the risks and constantly monitoring any deviation from established tolerance levels with respect to operational control level, safety and regulatory compliance. To this end it has standard procedures that are common to all countries where the Group operates and that are adapted to the requirements of the applicable policies in each case.

Likewise, management carries out an essential role in complying with all regulations affecting the Prosegur Cash Group. With respect to regulation affecting the prevention of money laundering, it relies internally on a money laundering prevention unit (Spanish acronym UPBC) in Spain. This unit is dedicated to the implementation of measures to control and monitor activities in order to prevent the cash in transit activity being used for money laundering purposes.

### **Exchange rate risk**

The Company is exposed to exchange rate risks arising from the fact that its revenues are generated in a number of different currencies (mainly Brazilian reais, Argentine, Colombian, Mexican and Chilean pesos, Paraguayan guarani, Peruvian soles and Australian dollars) whereas its reporting currency is the euro.

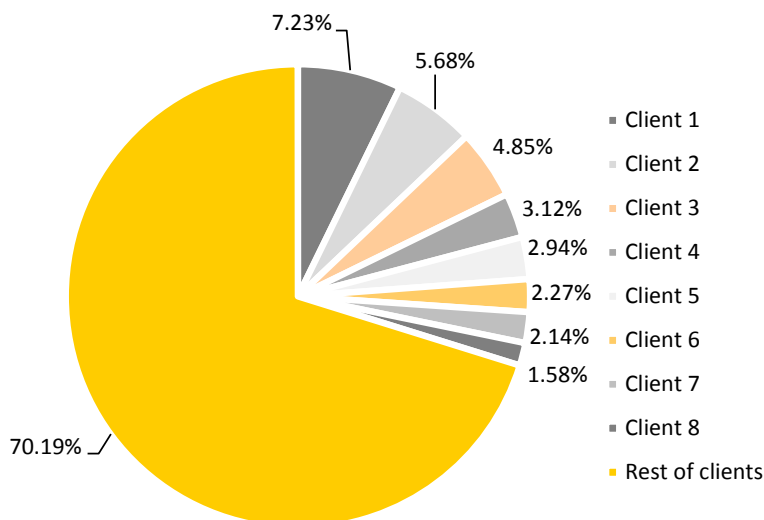
The Company estimates that the joint impact on a consolidated basis of a simultaneous 15% depreciation of the Brazilian reais, a 25% depreciation of the Argentine peso, a 25% depreciation of the Mexican pesos and a 10% depreciation of all other non-euro currencies in which the Company obtains revenues, relative to the real exchange rate of each currency, would have reduced its results from operating activities (EBIT) in euro terms by 14% for the year ended 31 December 2016. In the impact of an equivalent simultaneous 15% appreciation of the Brazilian reais, a 25% appreciation of the Argentine peso, a 25% appreciation of the Mexican pesos and a 10% appreciation of all other non-euro currencies in which the Company obtains revenues, relative to the real exchange rate of each currency, would have increased its results from operating activities (EBIT) in euro terms by 22% for the year ended 31 December 2016. To the extent local costs and revenues are denominated in the same currency, the effect of foreign exchange rate fluctuations on the Company's margins may be neutral (even though the absolute size of those margins in euro terms would still be affected).

Exchange rate fluctuations also affect the Company's financing costs for instruments denominated in currencies other than euros. While some of these effects may be offset by corresponding inflation fluctuations, that will not necessarily be the case. The Company generally does not enter into foreign exchange derivatives to cover its future expected operations and cash flows and as a result it is possible that changes in foreign exchange rates have an adverse effect on the Company's business, financial condition and results of operations. For example, the Company's results of operations for 2015 were adversely affected by the depreciation of the Brazilian reais and the Argentine peso. While the Brazilian reais has appreciated during the year ended 31 December 2016, the Argentine peso has continued its depreciation during the period, adversely affecting the Company's business, financial condition and results of operations.

Moreover, each country holds positions in currencies different to its functional currency, so exchange rate variation may impact on Profit and Loss on an individual basis. The table in note 29.1 of the Consolidated Annual Accounts shows the impact of currency variation in this regard. The analysis assumes that all other variables, in particular interest rates, will remain constant. The impact on the statement of profit and loss reflects the variation under its net finance income/(costs) caption, considering an exchange rate variation on all pending amounts traded in a different currency to the functional one (i.e., captions in different currency than Argentinian peso in the case of Argentina). On the other hand, the sensitivity associated with equity shows the variation impact on the net assets, of each subsidiary, in functional currencies against the euro.

### Client concentration

The Prosegur Cash Group is not significantly exposed to a concentration of client risk. In Note 29 of the Consolidated Annual Accounts, there are tables of representativeness of the main customers on the global invoicing of the Prosegur Cash Group, as shown in the following chart:



## 4.2 Financial risk

### Interest rates risk

The Prosegur Cash Group is exposed to interest rate risk due to its monetary assets and liabilities.

The Prosegur Cash Group analyses its interest rate risk exposure dynamically. In 2016, the majority of Prosegur Cash Group's financial liabilities at variable interest rates were denominated in euros, Brazilian Reais and Australian Dollars.

Management performs a simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges. On the basis of these scenarios, the Prosegur Cash Group calculates the impact on the result of a given variation of the interest rate. Each simulation uses the same variation in the interest rate. The scenarios are only analysed for those liabilities that represent the most significant positions subject to a floating interest rate.

### Currency risk

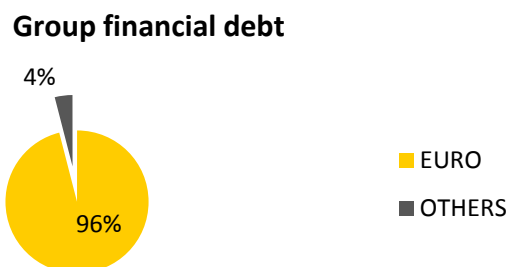
Natural hedging as conducted by the Prosegur Cash Group is based on capital expenditure required in the industry, which varies by business area, being in line with the operating cash flow generated and the possibility of timing investments made in each country based on operating requirements.

During 2016, the Prosegur Cash Group has maintained a natural hedging policy, holding debts in the currencies of the main countries where the Prosegur Cash Group operates in order to minimise exposure to currency risk in countries such as Australia or Brazil.

At the end of 2016 96% of the total Group's debt was denominated in Euros.

Note 22 of the Consolidated Annual Accounts reflects the value of financial assets and liabilities in the various currencies. The Note 29 contains relevant information on the exchange rate exposure via the rates of the main currencies affecting assets and liabilities.

In graphical form, the financial debt structure of the Prosegur Cash Group distributed by currency at the close of 2016 is as follows:



### Credit risk

The Credit and Collection Departments of each of the countries in which the Prosegur Cash Group operates carries out a risk assessment of each client on the basis of the contract data and establishes credit limits and payment terms which are recorded in the Prosegur Cash Group management systems and periodically updated. Monthly tracking of the credit situation of the clients is carried out, making any value corrections deemed necessary on the basis of clearly established policies.

Financial investments and other operations are carried out with entities with a defined rating and financial transaction framework agreements are entered into (CMOF or ISDA). The counterparty risk limits are clearly defined in the corporate policies of the Financial Management Department and updated credit limits and levels are periodically published.

## 5. Subsequent event to year end

On 12 January 2017 a plant and 8 parking spaces of investments properties in Argentina were sold, generating a loss of Euros 300 thousand.

On 13 January 2017 the Company filed a contentious-administrative appeal before the National Court requesting the annulment of the Resolution of the National Market and Competition Commission, as well as the precautionary suspension of payment of the sanction imposed. It is not expected that the sentence that ends the procedure will be issued in the current year.

On 10 February 2017, a syndicated line of credit has been signed in a Revolving format with a duration of 5 years and with a limit of Euros 300,000 thousand. On 20 February 2017, Euros 75,000 thousand of this syndicated line of credit were arranged.

On 17 January 2017 Prosegur Cash has acquired in Australia 100% of the Company Cash Services Australia Pty Limited through its subsidiary Australia Prosegur Holdings Pty Limited. The total purchase price was AUD 2,405 thousand, equivalent to Euros 1,674 thousand at the acquisition date.

On 21 February 2017 the financial assets and liabilities contracted with Prosegur Group have been fully paid. These included credit and other financial assets of Euros 24,451 thousand and Euros 2,176 thousand respectively and a loan and other financial liabilities amounting to Euros 134,842 thousand and Euros 2,130 thousand respectively.

On 23 February 2017, Prosegur Cash Group has sold to Prosegur Group the investment properties that owns for a total amount of Euros 67,380 thousand, generating a total income of Euros 2,311 thousand.

## 6. Information on the foreseeable performance of the entity

Forecasts for 2017 are optimistic. Although significant improvements in the macroeconomic aspects of both regions are not expected, it does seem that the positive stabilisation of most Latin American economies and the sustainability, albeit weak, of economic improvements in Europe, may represent a year of lower volatility in the rate of change and maintenance or increase of the rate of growth of profitability.

The Prosegur Cash Group will continue to strengthen internal control procedures focused on that guarantee efficiency in different businesses. The maintenance and control of the Group's financial discipline and the reinforcement of corporate control policies designed to provide greater control of profitability by business line and greater focus by the countries on organic growth via new products with higher margin. This comprehensive level of internal control and optimisation allows for internal improvements and growth in cash generation in 2017, continuing the path already begun in previous years.

Within the countries in the Latam region, it is estimated that the currencies of the main countries still have a way to go in terms of depreciation in 2017, although less than has been seen in previous years. This negative impact already forecasted will be compensated by the potential development of the region and capacity of the Prosegur Cash Group to gain customer loyalty by offering the best services.

The results obtained in the past by the sales teams in the Latam region in terms of their capacity to pass on price increases to the clients amid an economic context which is undergoing a gradual maturing process, allows us to remain optimistic for 2017.

Thanks to the experience gained in each one of these markets over the years, the Prosegur Cash Group has developed a business model that has proven to be successful in divergent economic environment, enabling margins to be maintained and even increased.

For its part, the economic context of Europe presents an improvement profile that will provide a gradual drive to the business and, above all, is expected to improve profitability.

The Prosegur Cash Group will continue to demonstrate capacity for adaptation to the situation and, just as it was able to minimise the impact of the strong contraction and consolidation of the banking system in Spain and Portugal, it hopes to be able to leverage the incipient favourable situation in order to become the first supplier in Spain of advanced banking outsourcing services.

To this end, new outsourcing services are added to BackOffice Banking processes.

Solid foundations have been laid to face the coming years that are expected to bring about a positive increase in margins and the achievement of reasonable growth rates.

Asia-Pacific, and potentially other geographic areas, may constitute the doorway to markets with high growth potential and diversification of risks and opportunities.

With the low cost current financing and the current low level of leverage of the Company, the Prosegur Cash Group is in an ideal position to continue with its inorganic growth process without compromising the level and ratios which measure the level of debt.

In conclusion, the Prosegur Cash Group is facing big challenges in the coming years, which include meeting the expectations to maintain the recovery trend of margins in Europe and sustaining the profitability levels in Latam despite the adverse macroeconomic environment.

The Company has quality growth levers; a world-class platform for cash in transit, with a dominant presence in emerging markets that is not matched by any competitor and the optimum solvency and financial strength to meet these challenges. And, although the coming years will be more focused on profitability and organic growth, the Prosegur Cash Group will continue to consolidate its leadership position, gaining market share and strengthening its image as a worldwide company in its industry.

## 7. Alternative Performance Measures

To comply with the European Securities and Markets Authority's ESMA Guidelines on Alternative Performance Measures (APMs), Prosegur Cash Group now offers this additional information to help readers compare and understand its financial information and to make it more reliable. While the Company presents its results in accordance with generally accepted accounting principles (IFRS-EU), Management believes that certain APMs provide useful additional financial information that should also be taken into account when appraising the Group's performance. Management also relies on these APMs when reaching financial, operational and planning decisions, and when assessing the Group's performance. Prosegur Cash Group provides those APMs deemed relevant and useful for users to reach decisions and it is convinced that these help provide a true and fair view of its financial performance.

| APM                                  | Definition and calculation   | Purpose   |
|--------------------------------------|--|---|
| Working capital                      | <p>A financial measure showing the Group's operational liquidity. Working capital is calculated as current assets less current liabilities, plus deferred tax assets less deferred tax liabilities, less non-current provisions.</p> <p>Operating working capital includes only accounts receivable plus inventories less accounts payables.</p> | <p>Positive working capital is needed to ensure that a company is able to continue operating and has sufficient funds with which to meet its current debt obligations and imminent operating expenses. The management of working capital requires the Group to control inventories, accounts receivable and payable and cash.</p>   |
| CAPEX                                | <p>Capex (<i>Capital Expenditure</i>) represents the money a company spends on equipment assets that generates a profit or return, or by increasing the value of existing fixed assets. CAPEX includes additions of both property, plant and equipment and of software as part of its intangible assets.</p>                                     | <p>CAPEX is an important indicator of a company's life cycle at a given point in time. When a company experiences rapid growth, CAPEX will exceed the depreciation of its fixed assets, indicating that the value of its equipment is increasingly quickly. In contrast, CAPEX that is similar to or even below fixed asset depreciation is a clear sign that the company is experiencing capital depletion, and may be a symptom of the company's decline.</p> |
| EBIT Margin                          | <p>EBIT Margin is calculated as results from operating activities divided by total revenue.</p>  | <p>EBIT margin provides a view of the company's operating results in comparison with the total revenue.</p>   |
| Organic Growth                       | <p>Organic Growth is calculated as the increase or decrease in revenue between two periods adjusted for acquisition and divestitures and changes in exchange rate.</p>   | <p>Organic Growth provides a view of the company's organic revenue growth.</p>  |
| Inorganic Growth                     | <p>Company calculates Inorganic growth for a given period as the aggregation of all the revenues from all the acquired entities during the last 12 months.</p>   | <p>Inorganic Growth provides a view of the company's increase or decrease of revenue due to M&amp;A or Sales variations.</p>  |
| Effect of exchange rate fluctuations | <p>The Group calculates the Effect of exchange rate fluctuations as the different of Revenues for the current year (constant exchange rate 2015) less revenues for the current year at exchange rates of previous year.</p>  | <p>The Effect of exchange rate fluctuations provides the impact of the currencies in the company's revenues.</p>  |
| Cash Flow Conversion                 | <p>The Group calculates Cash Flow Conversion Rate as the ratio between EBITDA minus capital expenditures over EBITDA.</p>  | <p>Cash Flow Conversion provides the capacity of cash generation of the company.</p>  |
|                                      |  |   |



PROSEGUR CASH, S.A. AND SUBSIDIARIES

|                    |  |   |
|--------------------|--|---|
| Net Financial Debt | The Group calculates Net Financial Debt as the sum of current and non-current financial liabilities (including other non-bank payables corresponding to deferred payments for M&A acquisitions and financial liabilities with Group companies) less cash and cash equivalents, less current investments in group companies, less other current financial assets. | Net Financial Debt provides the absolute figure of the Groups level of debt.  |
| EBITA              | EBITA is calculated on the Group's Consolidated profit for the year without factoring in loss from discontinued operation net of tax, income tax expenses, net finance income or cost and amortisation of goodwill or of intangible assets, but including amortisation of software.  | EBITA provides a view of the company's earnings before interest, taxes and amortisation of goodwill or of intangible assets.  |
| EBITDA             | EBITDA is calculated on the Group's Consolidated profit without factoring in loss from discontinued operations net of tax, income tax expenses, net finance income or cost and any depreciation or amortisation of goodwill.   | EBITDA provides an accurate view of what a company is earning or losing from its business. EBITDA excludes non-cash variables, which can vary significantly from one company to another, depending on the accounting policies applied. Depreciation and amortisation are non-monetary variables and are therefore of limited interest to investors. |

APM reconciliation is as follows:

| <b>Working Capital</b> (Millions of Euro)         | <b>2016</b> | <b>2015</b>  | <b>2014</b>  |
|---|-------------|--------------|--------------|
| Non-Current Assets held-for-sale                  | 266.6       | 232.9        | 19.8         |
| Inventories                                       | 7.5         | 7.1          | 15.6         |
| Trade and other receivables                       | 426.8       | 422.2        | 550.4        |
| Current receivables with Prosegur group companies | 65.4        | 351.3        | 264.5        |
| Current tax assets                                | 102.4       | 45.8         | 72.2         |
| Other current assets                              | -           | -            | 8.2          |
| Cash and cash equivalents                         | 188.8       | 201.6        | 228.5        |
| Deferred tax assets                               | 89.5        | 99.8         | 120.3        |
| Trade and other payables                          | (334.8)     | (321.5)      | (368.6)      |
| Current tax liabilities                           | (118.5)     | (66.1)       | (69.1)       |
| Financial liabilities                             | (87.3)      | (148.7)      | (90.5)       |
| Current payables with Prosegur group companies    | (168.7)     | (360.3)      | (166.1)      |
| Provisions  | (3.1)       | (4.9)        | (18.2)       |
| Liabilities held-for-sale                         | (184.7)     | (30.1)       | (1.1)        |
| Other current liabilities                         | (13.9)      | (16.7)       | (10.4)       |
| Deferred tax liabilities                          | (67.2)      | (62.7)       | (85.5)       |
| Long term provisions                              | (137.0)     | (127.8)      | (173.8)      |
| <b>Total Working Capital</b>                      | <b>31.8</b> | <b>222.0</b> | <b>296.2</b> |

| <b>CAPEX (Millions of Euro)</b>                           | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|---|-------------|-------------|-------------|
| Lands and buildings (excluding decommissioning costs)     | 0.5         | 4.4         | 2.7         |
| Technical installations and machinery                     | 9.4         | 10.8        | 17.7        |
| Other installations and furniture                         | 16.4        | 20.9        | 18.6        |
| Armoured vehicles and other property, plant and equipment | 17.1        | 16.2        | 32.4        |
| <u>Under construction and advances</u>                    | <u>45.5</u> | <u>16.4</u> | <u>7.5</u>  |
| Subtotal: Property, Plant and Equipment additions         | 88.9        | 68.7        | 78.9        |
| Software additions  | 5.4         | 4.1         | 3.1         |
| <b>Total CAPEX</b>  | <b>94.3</b> | <b>72.8</b> | <b>82.0</b> |

| <b>Adjusted EBIT Margin (Millions of Euros)</b> | <b>2016</b>  | <b>2015</b>  | <b>2014</b>  |
|---|--------------|--------------|--------------|
| EBIT  | 385.4        | 314.7        | 280.2        |
| Less: items not assigned                        | 64.9         | 1.1          | (1.6)        |
| Adjusted EBIT                                   | 320.5        | 313.6        | 281.8        |
| Revenues  | 1,724.3      | 1,746.3      | 1,663.1      |
| <b>Adjusted EBIT Margin</b>                     | <b>18.6%</b> | <b>18.0%</b> | <b>16.9%</b> |

| <b>Organic Growth (Millions of Euro)</b> | <b>2016</b>  | <b>2015</b>  | <b>2014</b>  |
|--|--------------|--------------|--------------|
| Revenues for current year                | 1,724.3      | 1,746.3      | 1,663.1      |
| Less: Revenues for the previous year     | 1,746.3      | 1,663.1      | 1,577.7      |
| Less: Inorganic Growth                   | 11.9         | 7.3          | 2.9          |
| Effect of exchange rate fluctuations     | (297.2)      | (62.2)       | (219.3)      |
| <b>Total Organic Growth</b>              | <b>263.3</b> | <b>138.1</b> | <b>301.8</b> |

| <b>Inorganic Growth (Millions of Euro)</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|--|-------------|-------------|-------------|
| HP Business Unit                           | 2.5         | 6.8         | -           |
| Ciser                                      | 1.9         | 0.5         | -           |
| Procesos Tecnicos de Seguridad y Valores   | 3.4         | -           | -           |
| Miv Gestión                                | 2.5         | -           | -           |
| Toll                                       | 1.6         | -           | -           |
| Grupo Chorus                               | -           | -           | 2.9         |
| <b>Total Inorganic Growth</b>              | <b>11.9</b> | <b>7.3</b>  | <b>2.9</b>  |

| <b>Effect of exchange rate fluctuations (Millions of Euro)</b>         | <b>2016</b>    | <b>2015</b>   | <b>2014</b>    |
|--|----------------|---------------|----------------|
| Revenues for current year (constant exchange rate 2015)                | 1.724,3        | 1.746,3       | 1.663,1        |
| Less: Revenues for the current year at exchange rates of previous year | 2.021,5        | 1.808,5       | 1.882,4        |
| <b>Effect of exchange rate fluctuations</b>                            | <b>(297,2)</b> | <b>(62,2)</b> | <b>(219,3)</b> |

| <b>Cash Flow Conversion Rate</b><br>(Millions of Euro)                          | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|---|-------------|-------------|-------------|
| EBITDA  | 447.2       | 384.6       | 348.1       |
| Less: items not assigned  | 64.9        | 2.6         | 0.7         |
| Adjusted EBITDA   | 382.3       | 382.0       | 347.4       |
| CAPEX   | 94.3        | 72.8        | 82.0        |
| <b>Cash Flow Conversion Rate</b> (adjusted EBITDA - CAPEX /<br>adjusted EBITDA) | 75%         | 81%         | 76%         |

| <b>Net Financial Debt</b> (Millions of Euro)  | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|---|-------------|-------------|-------------|
| Financial liabilities   | 722.0       | 215.5       | 258.7       |
| <i>Less: not assigned financial liabilities</i>   | 0.0         | 7.9         | 20.2        |
| <b>Adjusted financial liabilities (A)</b>   | 722.0       | 207.6       | 238.5       |
| <b>Assigned financial liabilities with group companies (B)</b>  | 137.0       | 67.1        | 80.4        |
| Cash and cash equivalents   | (188.8)     | (201.6)     | (228.6)     |
| <i>Less: not assigned cash and cash equivalents</i>   | 0.0         | (25.8)      | (69.0)      |
| <b>Less: adjusted cash and cash equivalents (C)</b>   | (188.8)     | (175.8)     | (159.6)     |
| <b>Less: assigned current investments in group companies (D)</b>  | (26.6)      | (294.6)     | (198.9)     |
| <b>Less: other financial current assets (E)</b>   | -           | -           | (8.2)       |
| <b>Total Net Financial Debt (A+B+C+D+E)</b>   | 643.6       | (195.7)     | (47.8)      |
| <b>Less: other non-bank payables (F)</b>  | (32.2)      | (40.0)      | (82.8)      |
| <b>Total Net Financial Debt</b> (excluding other non-bank payables corresponding to<br>deferred payments for M&A acquisitions) <b>(A+B+C+D+E+F)</b> | 611.4       | (235.7)     | (130.6)     |

| <b>EBITA</b> (Millions of Euro)              | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|--|-------------|-------------|-------------|
| Consolidated profit for the year             | 179.0       | 179.0       | 170.4       |
| Loss from discontinued operation, net of tax | 47.3        | 29.2        | (1.6)       |
| Income tax expenses                          | 149.9       | 107.9       | 90.7        |
| Net finance income / costs                   | 9.2         | (1.3)       | 17.4        |
| Amortizations                                | 14.7        | 17.8        | 25.7        |
| <b>EBITA</b>                                 | 305.5       | 274.2       | 302.6       |

| <b>EBITDA</b> (Millions of Euro)              | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|---|-------------|-------------|-------------|
| Consolidated profit for the year              | 179.0       | 179.0       | 170.4       |
| Loss from discontinued operations, net of tax | 47.2        | 29.1        | 1.6         |
| Income tax expenses                           | 149.9       | (107.9)     | 90.7        |
| Net finance income / costs                    | 9.2         | (1.3)       | 17.5        |
| Depreciation and amortization                 | 61.9        | 69.9        | 67.9        |
| <b>EBITDA</b>                                 | 447.2       | 384.6       | 348.1       |

**STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENT FOR 2016**

The members of the Board of Directors of Prosegur Cash, S.A. hereby confirm that, to the best of our knowledge, the Consolidated Annual Accounts for the year ended 31 December 2016, authorised for issue by the Board of Directors at the meeting held on 1 March 2017 and prepared in accordance with International Financial Reporting Standards as adopted by the European Union, with the objective of presenting fairly the consolidated equity, financial position and results of Prosegur Cash, S.A. and the subsidiaries taken as a whole, and that the Consolidated Management's Report provides a reliable analysis of the Group's performance and results and the position of Prosegur Cash, S.A. and its consolidated group, together with the main risks and uncertainties facing the Group.

Madrid, 1 March 2017.

Mr. Christian Gut Revoredo  
Executive President

Mr. Miguel Bandrés Gutierrez  
Director

Mr. José Antonio Lasanta Luri  
Managing Director

Mr. Francisco Javier Lopez-Huerta Martín  
Director

Mr. Antonio Rubio Merino  
Director

## **DIRECTORS' RESPONSIBILITY OVER THE CONSOLIDATED ANNUAL ACCOUNTS**

The consolidated annual accounts of Prosegur Cash, S.A. and subsidiaries are the responsibility of the directors of the parent company and have been prepared in accordance with the international financial reporting standards endorsed by the European Union.

The Directors are responsible for the completeness and objectivity of the annual accounts, including the estimates and judgements included therein. They fulfil this responsibility mainly by establishing and maintaining accounting systems and other regulations, with adequate support by 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. In any case the effectiveness of internal control systems may vary over time due to changing conditions.

The Company evaluated its internal control system on 31 December 2016. 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 annual 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.

Mr. Antonio España Contreras  
Chief Financial Officer

## SPANISH TRANSLATION OF THE SUMMARY

*Los resúmenes están elaborados a partir de requerimientos de información conocidos como “Elementos”. Estos Elementos están numerados en las Secciones A – E (A.1 – E.7).*

*Este resumen contiene todos los Elementos que deben de ser incluidos en el resumen para este tipo de valores y compañía. Dado que no se exige la inclusión de algunos Elementos, habrá algunas omisiones en la secuencia numérica de los Elementos.*

*Aunque un Elemento pueda ser exigido en el resumen por el tipo de valores y compañía podría ocurrir que no se diera información relevante en relación con el Elemento. En este caso, se incluirá una breve descripción del Elemento en el resumen con la mención de “no aplicable”.*

*Los términos en mayúscula o acrónimos utilizados en este resumen están definidos en la sección de “Certain Terms and Conventions” del folleto.*

| <b>SECCIÓN A - INTRODUCCIÓN Y ADVERTENCIAS</b> |   |  |
|--|---|--|
| <b>A.1</b>                                     | <b>Advertencia a los inversores</b>                 | Este resumen debe entenderse como una introducción al Folleto. Toda decisión de invertir en las acciones de Prosegur Cash debe basarse en el estudio del Folleto en su conjunto por el inversor. En caso de una demanda judicial basada en la información incluida en el Folleto, el inversor demandante podría estar obligado por la legislación del correspondiente estado miembro del Espacio Económico Europeo a pagar el coste de traducción del Folleto antes de iniciar el procedimiento. Solo se exigirá responsabilidad civil a aquellos que hayan elaborado este resumen, incluida cualquier traducción del mismo, pero únicamente si el resumen es engañoso, inexacto o contradictorio con las demás partes del Folleto o si, leído junto con las demás partes del Folleto, no aporta información clave que ayude a los inversores en su decisión de invertir o no en las Acciones. |
| <b>A.2</b>                                     | <b>Información sobre intermediarios financieros</b> | No aplicable.<br>Ni la Sociedad ni cualquier persona encargada de la redacción de este Folleto han autorizado el uso del Folleto para la posterior venta o colocación de valores por intermediarios financieros.   |

| <b>SECCIÓN B - SOCIEDAD</b> |  |  |
|-----------------------------|--|--|
| <b>B.1</b>                  | <b>Denominación legal y comercial</b>                          | La denominación social de la Sociedad es “Prosegur Cash, S.A.” y la marca global de la Sociedad y sus filiales es “Prosegur Cash”.   |
| <b>B.2</b>                  | <b>Domicilio/ forma jurídica/ley/país de constitución</b>      | La Sociedad es una sociedad anónima constituida en España y sujeta a la ley española. El domicilio social de la Sociedad se encuentra en la calle Santa Sabina, 8, 28007, Madrid, España y su número de teléfono es 915 89 84 31.  |
| <b>B.3</b>                  | <b>Operaciones actuales/actividades y mercados principales</b> | La Sociedad es uno de los líderes globales en la prestación de servicios de logística de efectivo, gestión de efectivo y en la externalización de servicios para entidades financieras, comercios, agencias estatales y bancos centrales, cecas, joyería y otras operaciones comerciales a nivel mundial. La Sociedad tiene presencia en 15 países (13 a través de sus propias operaciones y dos a través de <i>joint ventures</i> ) y es el líder del mercado en términos de ingresos en mercados de rápido crecimiento como Argentina, |

|             |   |  |
|-------------|---|--|
|             |   | <p>Brasil, Chile, Perú, Paraguay and Uruguay en América Latina y en mercados más desarrollados como España y Alemania en Europa (fuente: estimaciones de la Sociedad basadas en Freedonia 2017, información de la Sociedad e información pública disponible de competidores). A 31 de diciembre de 2016, el Grupo tenía 39.550 empleados en todo el mundo (más 10.644 y 6.111 a través de las <i>joint ventures</i> de India y Sudáfrica, respectivamente) y sus operaciones incluyen aproximadamente 9.000 vehículos ligeros y blindados y más de 550 sucursales y otras instalaciones (fundamentalmente garajes) (incluyendo a las <i>joint ventures</i> de India y Sudáfrica). En los ejercicios finalizados el 31 de diciembre de 2016, 2015 y 2014 la Sociedad tuvo unos ingresos consolidados de €1.724,3 millones, €1.746,3 millones y €1.663,1 millones, respectivamente, unos resultados de explotación consolidados de €385,4 millones, €314,7 millones y €280,2 millones, respectivamente, y unos resultados consolidados después de impuestos de las operaciones continuadas de €226,2 millones, €208,1 millones y €172,0 millones, respectivamente.</p> <p>La Sociedad se constituyó el 22 de febrero de 2016 para agrupar y desarrollar el negocio de Efectivo del Grupo Prosegur, uno de los líderes globales de las compañías de seguridad con más de 40 años de experiencia en los negocios de Alarmas, Seguridad y Efectivo.</p> <p>Los principales servicios prestados por la Sociedad incluyen:</p> <ul style="list-style-type: none"> <li>■ Logística <ul style="list-style-type: none"> <li>● Servicios de transporte local e internacional (por tierra, mar y aire) de efectivo y bienes de alto valor (incluyendo, entre otros, joyería, arte, metales preciosos, dispositivos electrónicos, fármacos, papeletas de voto y pruebas judiciales) incluyendo servicios de recogida, transporte, custodia, entrega y depósito.</li> </ul> </li> <li>■ Gestión de efectivo <ul style="list-style-type: none"> <li>● Contabilización, procesamiento, custodia, preparación y entrega de billetes y monedas y recarga de ATMs.</li> </ul> </li> <li>■ Externalización de servicios <ul style="list-style-type: none"> <li>● Automatización de distribución a través de máquinas de autoservicio de efectivo (MAEs), incluyendo, entre otros, dispositivos de depósito de efecto, servicios de reciclaje y distribución de monedas y billetes y servicios de pago de facturas;</li> <li>● Gestión integral de ATMs, incluyendo, entre otros, servicios de previsión, supervisión, mantenimiento de primer y segundo nivel y servicios de balance; y</li> <li>● AVOS (servicios externalizados de valor añadido) para instituciones financieras, incluyendo, entre otros, previsión de sucursales, servicios de reconciliación y compensación y servicios de soporte de tarjetas de crédito.</li> </ul> </li> </ul> |
| <b>B.4a</b> | <b>Tendencias significativas recientes que afecten al Grupo y a los sectores en que opera</b> | La Sociedad no tiene constancia de ninguna nueva tendencia significativa que afecte al Grupo y al sector en que opera, sin perjuicio de los factores de riesgo descritos en otras secciones de este Resumen.   |
| <b>B.5</b>  | <b>Estructura del Grupo</b>   | En la siguiente tabla se incluye a la Sociedad y sus principales filiales antes de la Oferta:  |

|  |   | <p>(*) El Negocio de Seguridad de Brasil, integrado actualmente en el Grupo, se encuentra en proceso de desinversión, que está previsto que finalice durante el año 2017.</p>  |  |   |  |  |                |  |  |  |                       |         |         |         |                   |         |         |         |                           |         |         |         |                           |   |        |        |  |        |        |        |                                   |       |       |        |                                 |        |        |         |                              |                |                |                  |  |         |         |        |             |       |       |        |                                   |         |         |         |                                     |        |         |         |                               |         |        |        |                           |   |   |       |                                     |         |         |         |                           |                  |                  |                  |                      |                  |                  |                  |
|--|---|--|--|---|--|--|----------------|--|--|--|-----------------------|---------|---------|---------|-------------------|---------|---------|---------|---------------------------|---------|---------|---------|---------------------------|---|--------|--------|--|--------|--------|--------|-----------------------------------|-------|-------|--------|---------------------------------|--------|--------|---------|------------------------------|----------------|----------------|------------------|--|---------|---------|--------|-------------|-------|-------|--------|-----------------------------------|---------|---------|---------|-------------------------------------|--------|---------|---------|-------------------------------|---------|--------|--------|---------------------------|---|---|-------|-------------------------------------|---------|---------|---------|---------------------------|------------------|------------------|------------------|----------------------|------------------|------------------|------------------|
| B.6  | Accionista Vendedor   | <p>Prosegur Assets Management, S.L.U.</p> <p>Actualmente, se prevé que tras la Oferta, el Accionista Vendedor sea el titular de 360.000.000 Acciones, representativas del 24,0% de la totalidad del capital social de la Sociedad, asumiendo que no se ejerce la Opción de Sobreasignación y de 322.500.000 Acciones, representativas del 21,5% de la totalidad del capital social de la Sociedad, asumiendo que se ejerce íntegramente la Opción de Sobreasignación.</p>  |  |   |  |  |                |  |  |  |                       |         |         |         |                   |         |         |         |                           |         |         |         |                           |   |        |        |  |        |        |        |                                   |       |       |        |                                 |        |        |         |                              |                |                |                  |  |         |         |        |             |       |       |        |                                   |         |         |         |                                     |        |         |         |                               |         |        |        |                           |   |   |       |                                     |         |         |         |                           |                  |                  |                  |                      |                  |                  |                  |
| B.7  | Resumen de la principal información financiera histórica auditada | <p>En las siguientes tablas se incluye la información financiera seleccionada, consolidada y auditada, de la Sociedad a 31 de diciembre de 2016, así como información financiera seleccionada, consolidada y no auditada, de la Sociedad correspondiente a los ejercicios cerrados a 31 de diciembre de 2015 y 31 de diciembre de 2014. Dicha información procede y debe interpretarse de acuerdo con las Cuentas Anuales consolidadas, que están formuladas con arreglo a NIIF-UE.</p> <p><b>Balance de situación consolidado</b></p> <table border="1"> <thead> <tr> <th></th> <th>A 31 de diciembre de 2016 (auditado) (en millones de €)</th> <th>A 31 de diciembre de 2015 (no auditado) (en millones de €)</th> <th>A 31 de diciembre de 2014 (no auditado) (en millones de €)</th> </tr> </thead> <tbody> <tr> <td><b>ACTIVOS</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Inmovilizado material</td> <td>266,359</td> <td>222,347</td> <td>327,197</td> </tr> <tr> <td>Fondo de Comercio</td> <td>317,351</td> <td>306,845</td> <td>358,846</td> </tr> <tr> <td>Otros activos intangibles</td> <td>173,856</td> <td>173,793</td> <td>247,322</td> </tr> <tr> <td>Inversiones inmobiliarias</td> <td>-</td> <td>83,678</td> <td>46,529</td> </tr> <tr> <td>Inversiones contabilizadas aplicando el método de la participación</td> <td>28,955</td> <td>13,054</td> <td>20,171</td> </tr> <tr> <td>Activos financieros no corrientes</td> <td>2,058</td> <td>2,304</td> <td>22,363</td> </tr> <tr> <td>Activos por impuestos diferidos</td> <td>89,546</td> <td>99,801</td> <td>120,313</td> </tr> <tr> <td><b>Activos no corrientes</b></td> <td><b>878,125</b></td> <td><b>901,822</b></td> <td><b>1.142,741</b></td> </tr> <tr> <td>Activos no Corrientes mantenidos para la venta</td> <td>271,342</td> <td>232,876</td> <td>19,792</td> </tr> <tr> <td>Existencias</td> <td>7,457</td> <td>7,145</td> <td>15,753</td> </tr> <tr> <td>Clientes y otras cuentas a cobrar</td> <td>426,776</td> <td>422,239</td> <td>550,444</td> </tr> <tr> <td>Cuentas a cobrar con Grupo Prosegur</td> <td>65,430</td> <td>351,323</td> <td>264,526</td> </tr> <tr> <td>Activo por impuesto corriente</td> <td>102,352</td> <td>45,828</td> <td>72,223</td> </tr> <tr> <td>Otros activos financieros</td> <td>-</td> <td>-</td> <td>8,241</td> </tr> <tr> <td>Efectivo y equivalentes al efectivo</td> <td>188,780</td> <td>201,552</td> <td>228,515</td> </tr> <tr> <td><b>Activos corrientes</b></td> <td><b>1.057,363</b></td> <td><b>1.260,963</b></td> <td><b>1.159,494</b></td> </tr> <tr> <td><b>Total activos</b></td> <td><b>1.935,488</b></td> <td><b>2.162,785</b></td> <td><b>2.302,235</b></td> </tr> </tbody> </table> |  | A 31 de diciembre de 2016 (auditado) (en millones de €) | A 31 de diciembre de 2015 (no auditado) (en millones de €) | A 31 de diciembre de 2014 (no auditado) (en millones de €) | <b>ACTIVOS</b> |  |  |  | Inmovilizado material | 266,359 | 222,347 | 327,197 | Fondo de Comercio | 317,351 | 306,845 | 358,846 | Otros activos intangibles | 173,856 | 173,793 | 247,322 | Inversiones inmobiliarias | - | 83,678 | 46,529 | Inversiones contabilizadas aplicando el método de la participación | 28,955 | 13,054 | 20,171 | Activos financieros no corrientes | 2,058 | 2,304 | 22,363 | Activos por impuestos diferidos | 89,546 | 99,801 | 120,313 | <b>Activos no corrientes</b> | <b>878,125</b> | <b>901,822</b> | <b>1.142,741</b> | Activos no Corrientes mantenidos para la venta | 271,342 | 232,876 | 19,792 | Existencias | 7,457 | 7,145 | 15,753 | Clientes y otras cuentas a cobrar | 426,776 | 422,239 | 550,444 | Cuentas a cobrar con Grupo Prosegur | 65,430 | 351,323 | 264,526 | Activo por impuesto corriente | 102,352 | 45,828 | 72,223 | Otros activos financieros | - | - | 8,241 | Efectivo y equivalentes al efectivo | 188,780 | 201,552 | 228,515 | <b>Activos corrientes</b> | <b>1.057,363</b> | <b>1.260,963</b> | <b>1.159,494</b> | <b>Total activos</b> | <b>1.935,488</b> | <b>2.162,785</b> | <b>2.302,235</b> |
|  | A 31 de diciembre de 2016 (auditado) (en millones de €)           | A 31 de diciembre de 2015 (no auditado) (en millones de €)   | A 31 de diciembre de 2014 (no auditado) (en millones de €) |   |  |  |                |  |  |  |                       |         |         |         |                   |         |         |         |                           |         |         |         |                           |   |        |        |  |        |        |        |                                   |       |       |        |                                 |        |        |         |                              |                |                |                  |  |         |         |        |             |       |       |        |                                   |         |         |         |                                     |        |         |         |                               |         |        |        |                           |   |   |       |                                     |         |         |         |                           |                  |                  |                  |                      |                  |                  |                  |
| <b>ACTIVOS</b>   |   |  |  |   |  |  |                |  |  |  |                       |         |         |         |                   |         |         |         |                           |         |         |         |                           |   |        |        |  |        |        |        |                                   |       |       |        |                                 |        |        |         |                              |                |                |                  |  |         |         |        |             |       |       |        |                                   |         |         |         |                                     |        |         |         |                               |         |        |        |                           |   |   |       |                                     |         |         |         |                           |                  |                  |                  |                      |                  |                  |                  |
| Inmovilizado material  | 266,359   | 222,347  | 327,197  |   |  |  |                |  |  |  |                       |         |         |         |                   |         |         |         |                           |         |         |         |                           |   |        |        |  |        |        |        |                                   |       |       |        |                                 |        |        |         |                              |                |                |                  |  |         |         |        |             |       |       |        |                                   |         |         |         |                                     |        |         |         |                               |         |        |        |                           |   |   |       |                                     |         |         |         |                           |                  |                  |                  |                      |                  |                  |                  |
| Fondo de Comercio  | 317,351   | 306,845  | 358,846  |   |  |  |                |  |  |  |                       |         |         |         |                   |         |         |         |                           |         |         |         |                           |   |        |        |  |        |        |        |                                   |       |       |        |                                 |        |        |         |                              |                |                |                  |  |         |         |        |             |       |       |        |                                   |         |         |         |                                     |        |         |         |                               |         |        |        |                           |   |   |       |                                     |         |         |         |                           |                  |                  |                  |                      |                  |                  |                  |
| Otros activos intangibles  | 173,856   | 173,793  | 247,322  |   |  |  |                |  |  |  |                       |         |         |         |                   |         |         |         |                           |         |         |         |                           |   |        |        |  |        |        |        |                                   |       |       |        |                                 |        |        |         |                              |                |                |                  |  |         |         |        |             |       |       |        |                                   |         |         |         |                                     |        |         |         |                               |         |        |        |                           |   |   |       |                                     |         |         |         |                           |                  |                  |                  |                      |                  |                  |                  |
| Inversiones inmobiliarias  | -   | 83,678   | 46,529   |   |  |  |                |  |  |  |                       |         |         |         |                   |         |         |         |                           |         |         |         |                           |   |        |        |  |        |        |        |                                   |       |       |        |                                 |        |        |         |                              |                |                |                  |  |         |         |        |             |       |       |        |                                   |         |         |         |                                     |        |         |         |                               |         |        |        |                           |   |   |       |                                     |         |         |         |                           |                  |                  |                  |                      |                  |                  |                  |
| Inversiones contabilizadas aplicando el método de la participación | 28,955  | 13,054   | 20,171   |   |  |  |                |  |  |  |                       |         |         |         |                   |         |         |         |                           |         |         |         |                           |   |        |        |  |        |        |        |                                   |       |       |        |                                 |        |        |         |                              |                |                |                  |  |         |         |        |             |       |       |        |                                   |         |         |         |                                     |        |         |         |                               |         |        |        |                           |   |   |       |                                     |         |         |         |                           |                  |                  |                  |                      |                  |                  |                  |
| Activos financieros no corrientes                                  | 2,058   | 2,304  | 22,363   |   |  |  |                |  |  |  |                       |         |         |         |                   |         |         |         |                           |         |         |         |                           |   |        |        |  |        |        |        |                                   |       |       |        |                                 |        |        |         |                              |                |                |                  |  |         |         |        |             |       |       |        |                                   |         |         |         |                                     |        |         |         |                               |         |        |        |                           |   |   |       |                                     |         |         |         |                           |                  |                  |                  |                      |                  |                  |                  |
| Activos por impuestos diferidos                                    | 89,546  | 99,801   | 120,313  |   |  |  |                |  |  |  |                       |         |         |         |                   |         |         |         |                           |         |         |         |                           |   |        |        |  |        |        |        |                                   |       |       |        |                                 |        |        |         |                              |                |                |                  |  |         |         |        |             |       |       |        |                                   |         |         |         |                                     |        |         |         |                               |         |        |        |                           |   |   |       |                                     |         |         |         |                           |                  |                  |                  |                      |                  |                  |                  |
| <b>Activos no corrientes</b>                                       | <b>878,125</b>  | <b>901,822</b>   | <b>1.142,741</b>   |   |  |  |                |  |  |  |                       |         |         |         |                   |         |         |         |                           |         |         |         |                           |   |        |        |  |        |        |        |                                   |       |       |        |                                 |        |        |         |                              |                |                |                  |  |         |         |        |             |       |       |        |                                   |         |         |         |                                     |        |         |         |                               |         |        |        |                           |   |   |       |                                     |         |         |         |                           |                  |                  |                  |                      |                  |                  |                  |
| Activos no Corrientes mantenidos para la venta                     | 271,342   | 232,876  | 19,792   |   |  |  |                |  |  |  |                       |         |         |         |                   |         |         |         |                           |         |         |         |                           |   |        |        |  |        |        |        |                                   |       |       |        |                                 |        |        |         |                              |                |                |                  |  |         |         |        |             |       |       |        |                                   |         |         |         |                                     |        |         |         |                               |         |        |        |                           |   |   |       |                                     |         |         |         |                           |                  |                  |                  |                      |                  |                  |                  |
| Existencias  | 7,457   | 7,145  | 15,753   |   |  |  |                |  |  |  |                       |         |         |         |                   |         |         |         |                           |         |         |         |                           |   |        |        |  |        |        |        |                                   |       |       |        |                                 |        |        |         |                              |                |                |                  |  |         |         |        |             |       |       |        |                                   |         |         |         |                                     |        |         |         |                               |         |        |        |                           |   |   |       |                                     |         |         |         |                           |                  |                  |                  |                      |                  |                  |                  |
| Clientes y otras cuentas a cobrar                                  | 426,776   | 422,239  | 550,444  |   |  |  |                |  |  |  |                       |         |         |         |                   |         |         |         |                           |         |         |         |                           |   |        |        |  |        |        |        |                                   |       |       |        |                                 |        |        |         |                              |                |                |                  |  |         |         |        |             |       |       |        |                                   |         |         |         |                                     |        |         |         |                               |         |        |        |                           |   |   |       |                                     |         |         |         |                           |                  |                  |                  |                      |                  |                  |                  |
| Cuentas a cobrar con Grupo Prosegur                                | 65,430  | 351,323  | 264,526  |   |  |  |                |  |  |  |                       |         |         |         |                   |         |         |         |                           |         |         |         |                           |   |        |        |  |        |        |        |                                   |       |       |        |                                 |        |        |         |                              |                |                |                  |  |         |         |        |             |       |       |        |                                   |         |         |         |                                     |        |         |         |                               |         |        |        |                           |   |   |       |                                     |         |         |         |                           |                  |                  |                  |                      |                  |                  |                  |
| Activo por impuesto corriente                                      | 102,352   | 45,828   | 72,223   |   |  |  |                |  |  |  |                       |         |         |         |                   |         |         |         |                           |         |         |         |                           |   |        |        |  |        |        |        |                                   |       |       |        |                                 |        |        |         |                              |                |                |                  |  |         |         |        |             |       |       |        |                                   |         |         |         |                                     |        |         |         |                               |         |        |        |                           |   |   |       |                                     |         |         |         |                           |                  |                  |                  |                      |                  |                  |                  |
| Otros activos financieros  | -   | -  | 8,241  |   |  |  |                |  |  |  |                       |         |         |         |                   |         |         |         |                           |         |         |         |                           |   |        |        |  |        |        |        |                                   |       |       |        |                                 |        |        |         |                              |                |                |                  |  |         |         |        |             |       |       |        |                                   |         |         |         |                                     |        |         |         |                               |         |        |        |                           |   |   |       |                                     |         |         |         |                           |                  |                  |                  |                      |                  |                  |                  |
| Efectivo y equivalentes al efectivo                                | 188,780   | 201,552  | 228,515  |   |  |  |                |  |  |  |                       |         |         |         |                   |         |         |         |                           |         |         |         |                           |   |        |        |  |        |        |        |                                   |       |       |        |                                 |        |        |         |                              |                |                |                  |  |         |         |        |             |       |       |        |                                   |         |         |         |                                     |        |         |         |                               |         |        |        |                           |   |   |       |                                     |         |         |         |                           |                  |                  |                  |                      |                  |                  |                  |
| <b>Activos corrientes</b>  | <b>1.057,363</b>  | <b>1.260,963</b>   | <b>1.159,494</b>   |   |  |  |                |  |  |  |                       |         |         |         |                   |         |         |         |                           |         |         |         |                           |   |        |        |  |        |        |        |                                   |       |       |        |                                 |        |        |         |                              |                |                |                  |  |         |         |        |             |       |       |        |                                   |         |         |         |                                     |        |         |         |                               |         |        |        |                           |   |   |       |                                     |         |         |         |                           |                  |                  |                  |                      |                  |                  |                  |
| <b>Total activos</b>   | <b>1.935,488</b>  | <b>2.162,785</b>   | <b>2.302,235</b>   |   |  |  |                |  |  |  |                       |         |         |         |                   |         |         |         |                           |         |         |         |                           |   |        |        |  |        |        |        |                                   |       |       |        |                                 |        |        |         |                              |                |                |                  |  |         |         |        |             |       |       |        |                                   |         |         |         |                                     |        |         |         |                               |         |        |        |                           |   |   |       |                                     |         |         |         |                           |                  |                  |                  |                      |                  |                  |                  |



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|  |  |  |   |  |
|  |  | <b>PATRIMONIO NETO</b>   |   |  |
|  |  | Capital social   | 30,000  | -  |
|  |  | Diferencias de conversión  | (385,073)   | (438,410)  |
|  |  | Ganancias acumuladas y otras reservas  | 540,535   | 1,385,829  |
|  |  | <b>Patrimonio atribuido a tenedores de instrumentos de patrimonio neto de la dominante</b>                                       | <b>185,462</b>  | <b>947,419</b>   |
|  |  | Participaciones no dominantes  | 0,011   | 9,728  |
|  |  | <b>Total patrimonio neto</b>   | <b>185,473</b>  | <b>957,147</b>   |
|  |  | <b>PASIVOS</b>   |   |  |
|  |  | Pasivos financieros  | 634,720   | 66,830   |
|  |  | Pasivos por Impuestos diferidos  | 67,224  | 62,669   |
|  |  | Provisiones  | 137,047   | 127,811  |
|  |  | <b>Pasivos no corrientes</b>   | <b>838,991</b>  | <b>257,310</b>   |
|  |  | Proveedores y otras cuentas a pagar  | 334,796   | 321,511  |
|  |  | Pasivos por impuesto corriente   | 118,525   | 66,134   |
|  |  | Pasivos financieros  | 87,315  | 148,705  |
|  |  | Cuentas a pagar con Grupo Prosegur   | 168,708   | 360,295  |
|  |  | Provisiones  | 3,121   | 4,889  |
|  |  | Pasivos directamente asociados con activos no corrientes mantenidos para la venta  | 184,688   | 30,127   |
|  |  | Otros pasivos corrientes   | 13,871  | 16,667   |
|  |  | <b>Pasivos corrientes</b>  | <b>911,024</b>  | <b>948,328</b>   |
|  |  | <b>Total pasivos</b>   | <b>1.750,015</b>  | <b>1.205,638</b>   |
|  |  | <b>Total patrimonio neto y pasivos</b>   | <b>1.935,488</b>  | <b>2.162,785</b>   |
|  |  | <b>Cuenta de resultados consolidada</b>  |   |  |
|  |  |  | <b>Ejercicio finalizado a 31 de diciembre de 2016 (auditado) (en millones de €)</b> | <b>Ejercicio finalizado a 31 de diciembre de 2015 (no auditado) (en millones de €)</b> |
|  |  |  |   | <b>Ejercicio finalizado a 31 de diciembre de 2014 (no auditado) (en millones de €)</b> |
|  |  | Ingresos ordinarios  | 1.724,258   | 1.746,265  |
|  |  | Coste de las ventas  | (1.097,331)   | (1.120,627)  |
|  |  | <b>Resultado bruto</b>   | <b>626,927</b>  | <b>625,638</b>   |
|  |  | Otros ingresos   | 71,433  | 22,083   |
|  |  | Gastos de administración y ventas  | (305,757)   | (329,857)  |
|  |  | Otros gastos   | (2,719)   | (1,615)  |
|  |  | Participación en beneficios / (pérdidas) del ejercicio de las inversiones contabilizadas aplicando el método de la participación | (4,529)   | (1,473)  |
|  |  | <b>Resultado de explotación (EBIT)</b>   | <b>385,355</b>  | <b>314,736</b>   |
|  |  | Ingresos financieros   | 31,114  | 36,508   |
|  |  | Gastos financieros   | (40,314)  | (35,212)   |
|  |  | <b>Ingresos/(costes) financieros netos</b>   | <b>(9,200)</b>  | <b>1,296</b>   |
|  |  | <b>Resultado antes de impuestos</b>  | <b>376,155</b>  | <b>316,032</b>   |
|  |  | Impuesto sobre las ganancias   | (149,913)   | (107,892)  |
|  |  | <b>Resultado después de Impuestos de las actividades continuadas</b>   | <b>226,242</b>  | <b>208,140</b>   |
|  |  | Resultado después de impuestos de las actividades interrumpidas  | (47,276)  | (29,166)   |
|  |  | <b>Resultado consolidado del periodo</b>   | <b>178,966</b>  | <b>178,974</b>   |
|  |  | Atribuible a :   |   |  |
|  |  | Propietarios de la sociedad dominante  | 178,324   | 179,332  |
|  |  | Participaciones no dominantes  | 0,642   | (0,358)  |
|  |  |  |   | 170,420  |
|  |  |  |   | 0,005  |

| <b>Estado de flujos de efectivo consolidado</b>  |   |  |  |
|--|---|--|--|
|  | <b>Ejercicio<br/>finalizado a 31<br/>de diciembre<br/>de 2016<br/>(auditado)<br/>(en millones de<br/>€)</b> | <b>Ejercicio<br/>finalizado a 31<br/>de diciembre<br/>de 2015<br/>(no auditado)<br/>(en millones de<br/>€)</b> | <b>Ejercicio<br/>finalizado a 31<br/>de diciembre<br/>de 2014<br/>(no auditado)<br/>(en millones<br/>de €)</b> |
| <b>Flujos de efectivo de las actividades de explotación:</b>   |   |  |  |
| <b>Beneficio / (Pérdida) del ejercicio</b>   | <b>178,966</b>  | <b>178,974</b>   | <b>170,425</b>   |
| <i>Ajustes por:</i>  |   |  |  |
| Depreciaciones y amortizaciones  | 61,893  | 73,185   | 76,102   |
| Pérdidas por deterioro de valores activos no corrientes  | 0,009   | 0,047  | -  |
| Pérdidas por deterioro de valores de deudores comerciales y existencias  | 1,457   | 1,069  | 4,496  |
| Variaciones de provisiones   | 78,132  | 31,808   | 32,704   |
| Pérdida de activos financieros a valor razonable con cambios en resultados   | -   | -  | 0,073  |
| Ingresos financieros   | (33,448)  | (43,049)   | (19,793)   |
| Gastos financieros   | 75,712  | 60,463   | 37,520   |
| Participaciones en (beneficios)/pérdidas de las inversiones contabilizadas aplicando el método de la participación | 4,189   | 1,031  | 0,451  |
| (Beneficio)/Pérdida por bajas y ventas de inmovilizado   | (45,572)  | -  | -  |
| (Beneficio)/Pérdidas por ventas de sociedades dependientes   | 0,296   | -  | -  |
| Impuesto sobre las ganancias   | 132,114   | 97,270   | 91,038   |
| <b>Variaciones de capital circulante, excluyendo el efecto de adquisiciones y diferencias de conversión</b>        |   |  |  |
| Existencias  | (2,475)   | (5,873)  | (0,958)  |
| Clientes y otras cuentas a cobrar (incluye compañías del Grupo)  | 51,252  | (87,746)   | (19,567)   |
| Proveedores y otras cuentas a pagar (incluye compañías del Grupo)  | 12,063  | 113,026  | 13,306   |
| Provisiones  | (22,189)  | (47,629)   | (31,240)   |
| Otros pasivos  | (0,187)   | (0,688)  | -  |
| Otros activos  | 1,172   | (1,337)  | (3,048)  |
| <b>Efectivo generado por las operaciones</b>   |   |  |  |
| Pagos de intereses   | (16,021)  | (36,053)   | (13,496)   |
| Pagos por Impuestos sobre las ganancias  | (115,920)   | (91,886)   | (88,600)   |
| <b>Efectivo neto generado por las actividades de explotación</b>   | <b>258,939</b>  | <b>242,612</b>   | <b>249,413</b>   |
| <b>Flujo de efectivo de las actividades de inversión:</b>  |   |  |  |
| Cobros por venta de activos no corrientes mantenidos para la venta   | 100,895   | -  | -  |
| Cobros procedentes de venta de activos financieros   | 22,322  | -  | -  |
| Cobros procedentes de venta de participaciones disponibles para la venta   | 72,836  | 5,311  | -  |
| Cobro de intereses   | 31,058  | 32,711   | 17,510   |
| Cobro de inversiones   | 37,012  | -  | -  |
| Adquisición de entidades dependientes, neto de efectivo y equivalentes   | (29,529)  | (24,690)   | (63,990)   |
| Adquisiciones de negocios conjuntos, neto de efectivo y equivalentes   | -   | -  | (4,933)  |
| Pagos por la adquisición de inmovilizado material  | (89,386)  | (69,136)   | (84,714)   |
| Pagos por la adquisición de activos intangibles  | (6,951)   | (4,504)  | (6,398)  |
| Pagos por la adquisición de inversiones inmobiliarias  | -   | (71,315)   | (45,267)   |
| Adquisición de negocios conjuntos, netos de efectivo y equivalentes  | (10,733)  | -  | -  |
| Pagos por la adquisición de activos financieros (incluye compañías del Grupo)                                      | (70,946)  | (37,724)   | (57,946)   |
| <b>Efectivo neto generado por las actividades de inversión</b>   | <b>56,578</b>   | <b>(169,347)</b>   | <b>(245,738)</b>   |

|             |   |  |
|-------------|---|--|
|             |   | <p><b>Flujos de efectivo de actividades de financiación:</b></p> <p>Cobros procedentes de la emisión de capital 0,003 - -</p> <p>Cobros procedentes de contribuciones 3,289 16,085 65,570</p> <p>Cobros procedentes de deudas 715,125 29,302 -</p> <p>Cobros procedentes de otros pasivos financieros - 8,810 99,025</p> <p>Pagos procedentes de la reducción de capital de las sociedades dependientes (46,781) - -</p> <p>Pagos procedentes de deudas (22,158) (61,215) (88,254)</p> <p>Distribución de prima de emisión (910,548) - -</p> <p>Dividendos pagados (74,619) (32,121) (95,390)</p> <p><b>Efectivo neto generado por actividades de financiación (335,689) (39,139) (19,049)</b></p> <p>Aumento/(Disminución) neto de efectivo y otros medio líquidos (20,172) 34,126 (15,374)</p> <p>Efectivo y otros medios líquidos y equivalentes al inicio del periodo 341,425 228,646 240,507</p> <p>Efecto de las diferencias de cambio en el efectivo (9,650) (21,347) 3,513</p> <p><b>Efectivo y equivalentes al efectivo al final del periodo 211,603 241,425 228,646</b></p> <p>Efectivo y equivalentes al efectivo al final del periodo de operaciones continuadas 188,780 201,552 228,515</p> <p>Efectivo y equivalentes al efectivo al final del periodo de operaciones descontinuadas 22,823 39,873 0,131</p> |
| <b>B.9</b>  | <b>Previsiones o estimaciones de beneficios</b>   | No aplicable. Este Folleto no contiene provisiones ni estimaciones de beneficios.  |
| <b>B.10</b> | <b>Salvedades en el informe de auditoría sobre información histórica</b>  | <p>El informe de auditoría correspondiente a las Cuentas Anuales Consolidadas emitido por KPMG Auditores, S.L. no contiene salvedades.</p> <p>Este informe de auditoría, que se adjunta en su integridad a este Folleto, contiene un párrafo de énfasis que llama la atención sobre la nota 2 de las cuentas anuales consolidadas, en la que se menciona, además de las políticas contables aplicadas, que las cuentas anuales consolidadas son las primeras que se preparan para el Grupo de conformidad con las NIIF-UE. Tal y como permiten las NIIF-UE, el Grupo ha optado por presentar la información comparativa, exclusivamente a efectos comparativos, como si las sociedades dependientes aportadas al Grupo y adquiridas por el mismo en 2016 hubieran formado parte del mismo a 1 de enero de 2014, ya que formaban parte del Grupo Prosegur antes de dicha fecha. Esta cuestión no modifica la opinión del auditor.</p>   |
| <b>B.11</b> | <b>Si el capital circulante de la entidad emisora no es suficiente para sus actuales necesidades, deberá incluirse explicación.</b> | No aplicable. En opinión de la Sociedad, el capital circulante disponible para la Sociedad es suficiente para sus necesidades actuales y, en particular, es suficiente para cubrir al menos el período de los doce meses siguientes a la fecha de este Folleto. Se prevé que esta situación no cambiara tras la realización de la Oferta.  |

| <b>SECCIÓN C - VALORES</b> |   |   |
|----------------------------|---|---|
| <b>C.1</b>                 | <b>Descripción de la clase de los valores</b> | <p>Inicialmente, la Oferta cubrirá 375.000.0000 Acciones, de un valor nominal de 0,02€ cada una de ellas, representativas del 25% de la totalidad del capital social de la Sociedad. Dicha cantidad podrá incrementarse en caso de ejercicio de la Opción de Sobreasignación hasta un máximo de 37.500.000 Acciones, de un valor nominal de 0,02€ cada una de ellas, representativas del 2.5% de la totalidad del capital social de la Sociedad (es decir, hasta un 10% del número total de Acciones Ofertadas Iniciales).</p> <p>Todas las Acciones Ofertadas Iniciales son titularidad del Accionista Vendedor y no se ofrecerán en el marco de la Oferta acciones de nueva emisión.</p> <p>Las Acciones tienen el código ISIN ES0105229001 asignado por la Agencia Nacional de</p> |

|            |   |  |
|------------|---|--|
|            |   | Codificación de Valores Mobiliarios, entidad dependiente de la CNMV. Está previsto que las Acciones se negocien en las Bolsas de Valores Españolas y coticen en el SIBE bajo el símbolo de “CASH”  |
| <b>C.2</b> | <b>Moneda de la emisión de valores</b>  | Las Acciones están denominadas en euros.   |
| <b>C.3</b> | <b>Número de acciones emitidas y totalmente desembolsadas</b>                           | Solo hay una clase de acciones en la Sociedad y cada Acción confiere un voto a su titular.<br>A la fecha de este Folleto, hay emitidas 1.500.000.000 Acciones de 0,02€ de valor nominal cada una de ellas, representadas por anotaciones en cuenta nominativas. Todas las Acciones se encuentran totalmente suscritas y desembolsadas.   |
| <b>C.4</b> | <b>Derechos que confieren las Acciones</b>  | Las Acciones tiene el mismo rango entre ellas en todos los aspectos, incluso en lo que respecta al voto y a todos los repartos de los beneficios y de la cuota de liquidación de la Sociedad.<br><br>Las Acciones confieren a sus titulares los derechos establecidos en los Estatutos y en la Ley de Sociedades de Capital española, entre otros, (i) el derecho de asistencia y voto en las Juntas de Accionistas de la Sociedad, restringido a los titulares registrados de al menos 1.000 Acciones, (ii) el derecho a votar en las Juntas de Accionistas de la Sociedad, (iii) el derecho a dividendos proporcional a la participación desembolsada en el capital social de la Sociedad, (iv) el derecho de adquisición preferente sobre acciones ordinarias de nueva emisión en ampliaciones de capital con aportaciones en metálico y (v) el derecho, en proporción a su respectiva participación en el capital social, a los activos remanentes, en su caso, en la liquidación de la Sociedad.  |
| <b>C.5</b> | <b>Descripción de las restricciones sobre la libre transmisibilidad de las acciones</b> | Aparte de las restricciones impuestas por la normativa aplicable en materia de valores, no hay ninguna restricción sobre la libre transmisibilidad de las Acciones, sin perjuicio de las condiciones sobre permanencia acordadas en relación con la Oferta.  |
| <b>C.6</b> | <b>Solicitudes de admisión a cotización en mercados regulados</b>                       | Se solicitará la admisión a negociación de las Acciones en las Bolsas de Valores Españolas y su cotización en el SIBE, lo que está previsto que se produzca alrededor del 17 de marzo de 2017. No se ha solicitado, ni actualmente se prevé solicitar, la admisión a negociación de las Acciones en ninguna otra bolsa.  |
| <b>C.7</b> | <b>Política de dividendos</b>   | A día de hoy, la Sociedad tiene intención de pagar dividendos anuales equivalentes, como mínimo, al 50-60% de su beneficio neto correspondiente al ejercicio anterior.<br>Para los años 2017, 2018 y 2019, la Sociedad tiene intención de pagar dividendos a cuenta por el mismo importe en cuatro plazos (en diciembre del año de aprobación, marzo, junio y septiembre del siguiente año). Estos dividendos a cuenta serían aprobados anualmente por el Consejo de Administración en diciembre y ratificados por la Junta de Accionistas en el siguiente año. Sin perjuicio del calendario propuesto de pagos indicado, es intención del Consejo de Administración aprobar un dividendo a cuenta en diciembre de 2017 pagadero el 40% en diciembre de 2017, el 20% en marzo de 2018, el 20% en junio de 2018 y 20% en septiembre de 2018. Este dividendo a cuenta sería sometido a la ratificación de la Junta de Accionistas de 2018.<br><br>El pago de dividendos, en su caso, y los importes y fechas, dependerán de numerosos factores incluyendo, sin limitación, requerimientos legales, fiscales y regulatorios, del beneficio neto distribuable a la matriz o disponibilidad de reservas distribuibiles, la evolución del negocio de la Sociedad y su estrategia de crecimiento, las oportunidades de crecimiento inorgánico, las condiciones económicas y de negocio generales, las rentabilidades de mercado, la solvencia crediticia y aquellos otros factores que el Consejo de Administración estime conveniente tener en cuenta. Asimismo, la política de dividendos está sujeta a cambios en tanto el Consejo de Administración podrá revisar dicha política. |

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|  |  | En cualquier caso, el reparto de dividendos de la Sociedad será sometido a la aprobación de la Junta de Accionistas, basándose en la aplicación del resultado de cada ejercicio propuesta por el Consejo de Administración. |
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| <b>SECCIÓN D - RIESGOS</b> |   |  |
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| <b>D.1</b>                 | <b>Información clave sobre los principales riesgos que son específicos del Grupo o de su sector</b> | <p>La inversión en las Acciones de la Sociedad conlleva un cierto riesgo. Antes de adoptar cualquier decisión de inversión, deberán examinarse detenidamente los riesgos e incertidumbres que se describen a continuación, junto con el resto de la información recogida en este Folleto. Cualquiera de los siguientes riesgos e incertidumbres podrían tener un efecto adverso relevante sobre el negocio, situación financiera y el resultado operativo de la Sociedad. El precio de mercado de las Acciones podría bajar como resultado de cualquiera de estos riesgos e incertidumbres y podría perderse la totalidad o parte de la inversión realizada.</p> <p><b><i>Riesgos Asociados a la Relación de la Sociedad con el Grupo Prosegur</i></b></p> <ul style="list-style-type: none"> <li>■ La estructura organizativa y de propiedad de la Sociedad puede dar lugar a conflictos de interés</li> <li>■ La Sociedad no tiene un control directo sobre los costes incurridos por el proveedor de servicios en virtud de los Contratos de Servicios de Gestión, que solo podrán cancelarse bajo determinadas condiciones</li> <li>■ Si Prosegur pierde el control de la Sociedad, algunos contratos de la Sociedad podrían quedar resueltos incluyendo el Contrato de Licencia</li> <li>■ La reputación de la Sociedad podría verse menoscabada</li> <li>■ La Sociedad se enfrenta a riesgos asociados a la venta de su Negocio de Seguridad Brasileño al Grupo Prosegur</li> </ul> <p><b><i>Riesgos Asociados al Negocio de la Sociedad y su Sector</i></b></p> <ul style="list-style-type: none"> <li>■ La Sociedad opera en mercados altamente competitivos y puede no ser capaz de responder eficazmente a los avances en línea con sus competidores</li> <li>■ Las actuales cuotas de mercado de la Sociedad podrían no ser sostenibles en el futuro</li> <li>■ El descenso del uso de efectivo podría tener un efecto negativo en el negocio de la Sociedad</li> <li>■ El negocio de la Sociedad tiene el riesgo de sufrir asaltos e incidentes con armas</li> <li>■ La Sociedad puede sufrir pérdidas por desajustes o fraude de efectivo bajo su custodia</li> <li>■ El éxito de la Sociedad depende de su capacidad para captar y retener personal cualificado y de su capacidad para controlar los costes laborales</li> <li>■ Los márgenes de beneficios conseguidos en el pasado pueden no ser sostenibles en el futuro</li> <li>■ La Sociedad está sujeta al riesgo de contraparte</li> <li>■ Los fallos que puedan afectar a los sistemas informáticos de la Sociedad podrían tener un efecto adverso relevante sobre su negocio</li> <li>■ Las relaciones de la Sociedad con sus sindicatos podrían deteriorarse</li> </ul> <p><b><i>Riesgos asociados a la reciente constitución de la Sociedad</i></b></p> <ul style="list-style-type: none"> <li>■ La Sociedad tiene una trayectoria corta como sociedad independiente y no hay garantía de que vaya a tan rentable como el Negocio de Prosegur Cash en el pasado</li> <li>■ La Sociedad puede verse negativamente afectada por cambios resultantes de la segregación de su negocio del Grupo Prosegur</li> <li>■ La información financiera histórica incluida en este Folleto es limitada y puede no ser indicativa de los futuros resultados de la Sociedad</li> </ul> |

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|     |   | <p><b>Riesgos Asociados a las Regiones en que la Sociedad Opera</b></p> <ul style="list-style-type: none"> <li>■ La Sociedad está expuesta al riesgo asociado a los tipos de cambio</li> <li>■ La Sociedad puede verse adversa y significativamente afectada por acontecimientos en los mercados emergentes en los que opera, en particular en Latinoamérica</li> </ul> <p><b>Otros Riesgos Asociados a la Sociedad</b></p> <ul style="list-style-type: none"> <li>■ La Sociedad se enfrenta a riesgos asociados a las contingencias laborales y fiscales y a los litigios, en particular en Brasil debido, entre otros factores, a la compleja naturaleza de su normativa laboral y fiscal</li> <li>■ El apalancamiento y las obligaciones de servicio de la deuda de la Sociedad pueden tener un efecto adverso relevante sobre su negocio</li> <li>■ El balance de situación de la Sociedad contiene importes relevantes en concepto de fondo de comercio y otros activos inmateriales que pueden ser objeto de depreciación en el futuro</li> <li>■ La Sociedad depende de ingresos procedentes de un reducido número de clientes</li> <li>■ La Sociedad se enfrenta a riesgos asociados a adquisiciones</li> <li>■ La Sociedad pertenece y puede incorporarse a <i>joint ventures</i> y otras modalidades de asociación (tales como la propiedad compartida de filiales) con terceros que pueden no prosperar</li> </ul> <p><b>Riesgos Macroeconómicos</b></p> <ul style="list-style-type: none"> <li>■ Las condiciones económicas en las regiones en las que la Sociedad opera podrían tener un efecto adverso relevante sobre el negocio, la situación financiera y los resultados de operaciones de la Sociedad</li> <li>■ La Sociedad se enfrenta a determinados riesgos que son inherentes a algunos de los países en que opera</li> <li>■ La Sociedad se enfrenta al riesgo asociado a los tipos de interés</li> <li>■ El incremento de los costes del combustible pueden afectar negativamente a los márgenes de la Sociedad</li> </ul> <p><b>Riesgos Legales, Regulatorios y de Cumplimiento</b></p> <ul style="list-style-type: none"> <li>■ El tipo impositivo efectivo de la Sociedad podría cambiar</li> <li>■ La Sociedad puede verse involucrada en procedimientos judiciales, arbitrales y regulatorios</li> <li>■ La cancelación, extinción o no renovación de licencias y permisos puede impedir que la Sociedad desarrolle algunas de sus operaciones</li> <li>■ La cobertura de seguros de la Sociedad puede resultar insuficiente</li> <li>■ Las políticas para la prevención del blanqueo de capitales y de financiación del terrorismo de la Sociedad pueden eludirse o no ser suficientes para impedir todas las actividades de blanqueo de capitales y de financiación del terrorismo</li> <li>■ La Sociedad opera en un entorno altamente regulado</li> <li>■ La Sociedad se enfrenta a riesgos asociados a información confidencial</li> </ul> |
| D.3 | <p><b>Información clave sobre los principales riesgos que son específicos de las acciones</b></p> | <p><b>Riesgos Asociados a las Acciones y a la Oferta</b></p> <ul style="list-style-type: none"> <li>■ La Sociedad no puede garantizar que el Rango de Precios de la Oferta coincida con el precio futuro de las Acciones después de la Oferta</li> <li>■ El precio de mercado de las Acciones puede fluctuar ampliamente en respuesta a distintos factores</li> <li>■ No hay un mercado de negociación establecido para las Acciones y puede que no se desarrolle un mercado líquido para las Acciones</li> <li>■ No puede garantizarse que en el futuro la Sociedad pueda efectuar distribuciones a favor de sus accionistas</li> <li>■ La venta de cantidades significativas de Acciones por Prosegur y/o el Accionista Vendedor, o la posibilidad de tales ventas, puede afectar al precio de mercado de las Acciones</li> <li>■ Los inversores en esta Oferta pueden sufrir una dilución de su participación</li> </ul>   |

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|  |  | <p>accionarial como consecuencia de la futura emisión de Acciones adicionales o deuda convertible</p> <ul style="list-style-type: none"> <li>■ La Oferta puede revocarse</li> <li>■ Existe la posibilidad de que Accionistas que se encuentren en determinados países no puedan ejercer su derecho de suscripción preferente para adquirir más Acciones</li> <li>■ Cambios en el sistema español de compensación</li> <li>■ Los Accionistas de países con monedas distintas del euro se enfrentan a riesgos de inversión adicionales asociados a fluctuaciones de tipos de cambio en relación con sus Acciones</li> <li>■ Los accionistas que se encuentren fuera de España pueden tener dificultades a la hora de dar traslado de notificaciones procesales a la Sociedad o sus Consejeros o de ejecutar sentencias judiciales extranjeras en su contra</li> <li>■ Las Acciones Ofertadas no serán libremente transmisibles en los Estados Unidos</li> <li>■ La Sociedad podría ser calificada como una Sociedad de inversión pasiva extranjera lo cual tendría determinadas consecuencias negativas sobre los ingresos fiscales de los titulares americanos de las Acciones Ofertadas.</li> </ul> |
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| <b>SECCIÓN E - ADMISIÓN Y LA OFERTA</b> |  |   |
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| <b>E.1</b>                              | <b>Producto total neto de la Oferta y gastos estimados</b>     | <p>El Accionista Vendedor espera obtener unos ingresos brutos de la Oferta entre 731,3 millones de € y 881,3 millones de € (sobre la base del precio mínimo y máximo del Rango de Precios de la Oferta, tentativo y no vinculante, respectivamente) si no se ejerce la Opción de Sobreasignación, y de entre 804,4 millones de € y 969,4 millones de € (sobre la base del precio mínimo y máximo del Rango de Precios de la Oferta, tentativo y no vinculante, respectivamente) si la Opción de Sobreasignación se ejerce íntegramente.</p> <p>Suponiendo que la Opción de Sobreasignación se ejerce en su totalidad, los gastos máximos estimados (honorarios y gastos) pagaderos por la Sociedad y el Accionista Vendedor en relación con la Oferta (sin incluir impuestos, en particular el IVA, que se sumará cuando proceda) ascienden a una cantidad aproximada de 0,4 millones de € y 28,0 millones de €, respectivamente. La Sociedad y el Accionista Vendedor no repercutirán en los inversores ninguna parte de los gastos de la Oferta.</p>                    |
| <b>E.2a</b>                             | <b>Motivación de la Oferta y uso de los ingresos obtenidos</b> | <p>Las principales razones para la Oferta son las siguientes:</p> <ul style="list-style-type: none"> <li>(i) hacer que la Sociedad, como agente del negocio de Efectivo, lidere el proceso de consolidación en el sector del Efectivo;</li> <li>(ii) redistribuir los ingresos obtenidos en la Oferta para la inversión en nuevas tecnologías y en la ampliación de los negocios de Seguridad y Alarmas del Grupo Prosegur;</li> <li>(iii) fortalecer la propuesta de valor del Grupo Prosegur mediante el reequilibrio de todas las carteras comerciales y la redistribución del valor en todas las divisiones de negocio y a través de esta propuesta captar inversores para el negocio de Cash: y</li> <li>(iv) retorno parcial en efectivo a los accionistas de Prosegur del capital invertido en el Grupo Prosegur.</li> </ul> <p>El Accionista Vendedor tiene la intención de destinar los ingresos obtenidos de la Oferta en una cuantía entre 300 millones de € y 400 millones de € al crecimiento de las negocios de Seguridad y Alarmas del Grupo Prosegur.</p> |
| <b>E.3</b>                              | <b>Términos y Condiciones de la Oferta</b>                     | <p>El Accionista Vendedor ofrece 375.000.000 Acciones Ofertadas Iniciales al Precio de Oferta, con lo que al precio medio del Rango de Precios de la Oferta obtendría unos ingresos brutos de 806,3 millones de euros.</p> <p>Por otra parte, el Accionista Vendedor concederá a las Entidades Coordinadoras Globales, actuando en nombre de las Entidades Aseguradoras, una opción para la compra de un máximo de 37.500.000 Acciones Adicionales, representativas de hasta un máximo del</p>  |

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|  |  | <p>10% del número total de las Acciones Ofertadas Iniciales, que será ejercitable, total o parcialmente, dentro del plazo máximo de 30 días naturales siguientes a la fecha de Admisión</p> <p>En los estados miembros del Espacio Económico Europeo, la Oferta no se configura como una oferta pública a los efectos de la Directiva 2003/71/EC del Parlamento Europeo y del Consejo de 4 de noviembre de 2003 y está dirigida exclusivamente a personas que sean inversores cualificados en el sentido del artículo 2(1)(e) de la Directiva de Folletos (incluida cualquier normativa que aplique la citada directiva en cada estado miembro pertinente de la EEE, como la Ley del Mercado de Valores española y el Real Decreto 1310/2005 de 4 de noviembre por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos).</p> <p>Asimismo, la Oferta consiste en una oferta (i) en los EEUU dirigida a personas que tengan, razonablemente, la consideración de compradores institucionales cualificados (<i>qualified institutional buyers</i>) (QIB) tal y como se definen en la <i>Rule 144A</i> de la <i>Securities Act</i> y (ii) fuera de los Estados Unidos, ajustada a la <i>Regulation S</i> de desarrollo de la <i>Securities Act</i>.</p> <p>El Rango de Precios no vinculante de la Oferta indicativo está comprendido 1,95€ y 2,35€ por Acción Ofertada. El Rango de Precios de la Oferta se ha fijado mediante negociaciones entre el Accionista Vendedor, Prosegur (asesorado por Lazard como asesor financiero) y las Entidades Coordinadoras Globales sin consultar a ningún experto independiente. El Rango de Precios de la Oferta supone un Precio de Oferta global aproximado de entre 731,3 millones de € y 881,3 millones de €, si no se ejerce la Opción de Sobreasignación y de entre 804,4 millones de € y 969,4 millones de € si se ejerce íntegramente la Opción de Sobreasignación, así como una capitalización de mercado de la Sociedad de entre 2.925.0 millones de € y 3.525.0 millones de € aproximadamente. El Rango de Precios de la Oferta es meramente indicativo, por lo que el Precio de Oferta podrá situarse por encima o por debajo del mismo. No puede garantizarse que los precios a los que se venderán las Acciones en el mercado público después de la Oferta no serán inferiores al Rango de Precios de la Oferta o que se desarrollará y subsistirá después de la Oferta un mercado activo para la negociación de las acciones ordinarias de la Sociedad.</p> <p>El Precio de Oferta de las Acciones Ofertadas se determinará por el Accionista Vendedor, Prosegur (asesorado por Lazard como asesor financiero) y las Entidades Coordinadoras Globales una vez transcurrido el período de prospección de la demanda (estando previsto que se determine alrededor del 15 de marzo de 2017) y se anunciará mediante la publicación de un hecho relevante. La fecha para la fijación del Precio de Oferta podrá aplazarse o adelantarse por la Sociedad como consecuencia de la ampliación o reducción, según los casos, del período de prospección de la demanda. No se consultará a ningún experto independiente para la determinación del Precio de Oferta.</p> <p>La Oferta se llevará a cabo mediante un proceso de prospección de la demanda. Durante el período de prospección de la demanda, que está previsto que se inicie el 3 de marzo de 2017), después del registro de este Folleto en la CNMV y finalice el 15 de marzo de 2017 (ambos inclusive), las Entidades Aseguradoras comercializarán las Acciones Ofertadas Iniciales entre los inversores de conformidad y con sujeción a las restricciones de venta establecidas en este Folleto. Los inversores pueden formular sus propuestas de compra durante este período, indicando el número de Acciones Ofertadas Iniciales y el potencial precio de compra al que estarían dispuestos a adquirirlas.</p> <p>El período de prospección de la demanda podrá reducirse o prolongarse mediante acuerdo del Accionista Vendedor y las Entidades Coordinadoras Globales si, en el primer caso, hay, en su opinión, demanda suficiente antes de la conclusión del período de prospección o, en el segundo caso, si entienden que conviene prolongar el período de prospección de la demanda para garantizar el éxito de la Oferta. En caso de reducción o ampliación del período de prospección de la demanda, el Accionista Vendedor lo pondrá en conocimiento del mercado mediante la publicación del correspondiente hecho relevante, pudiendo aplazarse o adelantarse las posteriores actuaciones del calendario provisional de la Oferta.</p> <p>Las propuestas de compra que los inversores formulen durante el período de prospección de la demanda constituirán exclusivamente una indicación de interés por su parte en las Acciones Ofertadas Iniciales, por lo que no tendrán carácter vinculante para los inversores</p> |
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|     |   | <p>ni para el Accionista Vendedor en lo que respecta al número de Acciones Ofertadas Iniciales y al precio. Las propuestas de compra confirmadas después de fijarse el Precio de Oferta serán irrevocables. Los inversores deberán confirmar sus propuestas de compra a las entidades custodias encargadas de su “facturación y entrega”, debiendo incluir en sus instrucciones de liquidación los 35 dígitos correspondientes a la cuenta de liquidación de cada inversor final en Iberclear y los 20 dígitos correspondientes a la cuenta de valores de cada inversor final en una entidad participante de Iberclear (el hecho de no cursar tales instrucciones a sus respectivas entidades de “facturación y entrega” podrá hacer que no se asignen Acciones Ofertada Iniciales a los inversores o que los custodios no acepten la liquidación). Serán por cuenta de la Sociedad los gastos pagaderos a las Bolsas Españolas y a Iberclear como consecuencia del registro de las Acciones a nombre de los pertinentes inversores.</p> <p>La Sociedad y el Accionista Vendedor han analizado con las Entidades Coordinadoras Globales sus principios de asignación, los factores que consideran relevantes para la asignación y fijación del precio de las Acciones Ofertadas y han acordado los objetivos y el proceso para la asignación y fijación del precio de las Acciones Ofertadas. Las Entidades Coordinadoras Globales tendrán en cuenta su deber de actuar con prudencia en la correcta gestión de sus riesgos al acordar la asignación, precio y calendario.</p> <p>La decisión última sobre la asignación de las Acciones Ofertadas la adoptarán la Sociedad y el Accionista Vendedor mediante consulta con las Entidades Coordinadoras Globales, en la Fecha de la Operación, aproximadamente el 15 de marzo de 2017.</p> <p>El Accionista Vendedor se reserva expresamente el derecho a retirar la Oferta, aplazarla, diferirla o suspenderla con carácter temporal o definitivo por cualquier causa, en cualquier momento anterior a la fijación del Precio de Oferta. Asimismo, la Oferta podrá revocarse al producirse determinadas circunstancias, incluidas las causas habituales de extinción que se establecerán en el Contrato de Aseguramiento.</p> |
| E.4 | <b>Intereses significativos en la Oferta</b>                    | <p>Las Entidades Aseguradoras y sus respectivas entidades asociadas pueden haber participado en operaciones y haber prestado diversos servicios de préstamo, negociación, banca de inversión (siendo, entre otros, aseguradores, directores, y colocadores), asesoramiento financiero y servicios de otro tipo para la Sociedad y el Accionista Vendedor y sus respectivas entidades asociadas, por los que habrán recibido los honorarios habituales y tanto ellos como sus respectivas entidades asociadas pueden prestar tales servicios a la Sociedad y al Accionista Vendedor y a sus respectivas entidades asociadas en el futuro. Algunas de las Entidades Aseguradoras son (bien directamente o bien a través de sus entidades asociadas) clientes y/o prestamistas en determinados instrumentos de deuda del Grupo Prosegur o han concedido avales de ejecución o de otro tipo al Grupo Prosegur. Por otra parte, en el curso ordinario de sus actividades, las Entidades Directoras y sus respectivas entidades asociadas pueden realizar o mantener un amplio abanico de inversiones y operar activamente con títulos de deuda y renta variable (o derivados de dichos títulos) e instrumentos financieros (que pueden incluir préstamos bancarios o <i>credit default swaps</i>) por cuenta propia y por cuenta de sus clientes y pueden mantener en cualquier momento posiciones largas o cortas en tales títulos e instrumentos. Las referidas actividades de inversión y valores pueden comprender valores e instrumentos, incluidos instrumentos de deuda corporativa, del Grupo y del Accionista Vendedor.</p> <p>Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Bankinter, S.A., CaixaBank, S.A., Citigroup Global Markets Limited, Deutsche Bank Luxembourg, S.A., London Branch, Goldman Sachs Bank USA y HSBC Bank plc, Sucursal en España son prestamistas bajo el Contrato de Préstamo y la Línea de Crédito Revolving.</p>   |
| E.5 | <b>Entidades que ofrecen las acciones y acuerdos de bloqueo</b> | <p><b>Entidades que ofrecen las Acciones Ofertadas</b></p> <p>El Accionista Vendedor es la entidad que ofrece las Acciones Ofertadas</p> <p><b>Acuerdos de bloqueo</b></p> <p>De acuerdo con el Contrato de Aseguramiento, las siguientes partes estarán sujetas a obligaciones de bloqueo durante los períodos comprendidos entre la formalización del Contrato de Aseguramiento y las siguientes fechas posteriores a la Admisión:</p>  |

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|            |   | <ul style="list-style-type: none"> <li>■ La Sociedad 180 días</li> <li>■ El Accionista Vendedor 180 días</li> <li>■ Prosegur 180 días</li> </ul> <p>Los acuerdos de bloqueo están sujetos a las excepciones habituales.</p>  |
| <b>E.6</b> | <b>Dilución</b>                         | Al tratarse de una Oferta secundaria, no tendrá un efecto dilutivo.  |
| <b>E.7</b> | <b>Gastos a cargo de los Inversores</b> | <p>Sin perjuicio de cualesquiera gastos, honorarios o comisiones de intermediación que pudieran cobrar las entidades participantes en Iberclear de acuerdo con su práctica habitual (y que sean externas al Accionista Vendedor y la Sociedad) en relación con la transmisión de las Acciones, el Accionista Vendedor no cobrará a los inversores finales ningún gasto además del Precio de Oferta.</p> <p>Los compradores de las Acciones Ofertadas podrán tener que pagar, además del Precio de Oferta, impuestos sobre actos jurídicos documentados y otras tasas requeridas por las leyes y prácticas del país en el que realicen la compra.</p> |

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