ANNUAL REPORT

2017

PROSEGUR CASH

Annual Report 2017

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PROSEGUR

Letter from the Chairman

We welcome you, for the first time, to this Annual Report 2017 for Prosegur Cash. We do this with great satisfaction as the financial year, of which we take stock in this report, has represented a real turning point for our transport of valuables and cash management activities.

On the last 17 March, Prosegur Cash started trading on the Spanish Stock Exchanges with the placement of 375 million shares at EUR 2 per share. The IPO of Prosegur Cash was a truly exciting project that we undertook with great enthusiasm and care, and of which we are deeply proud. We were the first company to be listed in the year, in an economic context of great uncertainty. However, ours was the largest IPO on the European markets in the first quarter. And with regard to all the IPOs worldwide, we were the fourth by volume. Undoubtedly, this data confirms the trust in this project that has also had the support of the investment community.

With the IPO of Prosegur Cash we set ourselves a primary objective; to promote the growth of the company which is focused on transport of valuables and cash management. Today, we have a company that is perfectly sized, with a prominent position in the markets in which it operates and with a strong vocation to play a leading role in the international consolidation of the industry.

Since we began to take the first steps of this plan, we have worked with the desire to create a robust, rigorous and attractive project for investors. An effort that has been rewarded, as the market has understood the value proposal that we have offered with Prosegur Cash.

We also committed ourselves to be very demanding in matters related to corporate governance, by providing the company with a system fully adapted to the applicable requirements and recommendations. We have also been very rigorous in the relations with our Parent company, Prosegur Compañía de Seguridad. To do this, we have defined a framework for action that ensures that we maintain a transparent relationship between both companies.

With this excellent starting point, the company started off fiscal year 2017 with full confidence in its capabilities and the results are proof of it.

Prosegur Cash's turnover in 2017 amounted to EUR 1,924 million, which represents an increase of 11.6% with respect to 2016. With regard to sales, we find one of the most outstanding aspects is the extraordinary progression of our new services that grew by 49.7% with respect to 2016.

In addition, our margins continue to perform positively. Operating profit attributable to the business activity grew by 12.4% up to EUR 360 million. The EBIT margin continued to widen, reaching 18.7%.

Lastly, the consolidated net profit attributable to the business activity amounted to EUR 236 million in 2017, an increase of 28.2% with respect to the same period of the previous year.

This data supports the forecast that we provided to the market at the beginning of the year in terms of organic growth, profitability levels and increase in the business volume of the new services.

I would also like to highlight the five acquisitions made during the year for a combined amount of EUR 50 million. In addition, in the last part of the year, we approved our first dividend, the first pay out of which was made in December and we established our fixed-income securities issuance program, the first issue of which was completed also in December amounting to EUR 600 million.

We face the future with a solid base on which to continue building the project of Prosegur Cash.

We will increase our involvement in the international consolidation of the industry, for which we can see two lanes of development. First, the entry into new markets and, secondly, the strengthening of our position in the markets in which we already operate and which still offer opportunities for growth.

We will also continue to pay special attention to organic development where we expect to maintain growth in constant currency above that of the markets in which we operate. Finally, we will continue to further develop the provision of new services in a scenario where the trend is towards increased outsourcing. In this environment, we are a highly specialized company and we are confident that our contribution generates enormous value for our customers.

Cash is still one of the most widespread payment methods in the world and efficient cash management is a priority for all the agents involved in the cash chain.

The data provided by the main institutions confirms that our industry is a growing market. Without any pretensions to being exhaustive, I would like to mention two of the latest ones available. According to the European Central Bank, 79% of payments in the euro area are made in cash, and in countries such as Germany, the percentage is even higher. For its part, the Bank of Spain has reported that the ATM network, which had experienced a sharp contraction since 2008, has again grown in 2017 to more than 50,000 ATMs. All this demonstrates, once again, that users need and prefer cash. Lastly, I would like to highlight the importance of cash in Latin America, a region that registers the highest dependence on cash with respect to gross domestic product. Undoubtedly, the universality, efficiency, trust and security that this method of payment provides to users are qualities that explain the need and prevalence of cash.

For my part, I can only reiterate our intention to be close to our customers, investing in programs that allow us to continue offering an innovative and differential service proposal which is why Prosegur Cash is a leader.

We will move forward with our customers in the development of their businesses, contributing together to the progress of our society, based on the trust that customers, employees and shareholders have in the company. To all of them, we want to show our gratitude.

Christian Gut
Executive Chairman

Message from the Chief Executive Officer

Prosegur Cash has completed its first year as a listed company and, in this Annual Report, we offer a broad view of the reality of the company. We want to show you the main milestones that have marked the year, also the goals that we have achieved and, finally, the challenges that we still have to face.

In this year's report I would like, first of all, to show you the main figures that define the evolution of the period.

Starting with revenues, Prosegur Cash's sales reached EUR 1,924 million, which represents an increase of 11.6% over the previous year. In organic terms and without considering the effect of currency depreciation, the increase in sales was 12.7%.

As for sales by geographies, in Latin America revenues increased by 15.4% to EUR 1,360 million. The region continued to generate the largest volume of revenue and, in 2017, accounted for 71% of total sales. Among the positive aspects, it should be noted that organic growth was 18.8%, although it was affected by the devaluation of currencies in the second half of the year and, more acutely, in the last quarter of 2017.

On the other hand, revenues from European operations accounted for 24% of total turnover, with sales amounting to EUR 465 million; which represented an increase of 2% compared to the previous year.

Lastly, the activity in Asia, Oceania and Africa (AOA) accounted for 5% of the company's sales with EUR 99 million; 9% more than in 2016. In this region, the contribution made by the acquired companies was worthy of note.

In Prosegur Cash we are making a great effort to incorporate services with greater added value for customers; complementing our main activity in the field of logistics and cash management. For this reason, it is also important to highlight the performance of new service sales.

In 2017, new services have maintained a strong growth, rate reaching EUR 167 million; which is an increase of almost 50% more than in 2016. In addition, the weight of new services in the sales mix has risen from 6.4% to 8.7%. In Latin America, new services grew by 51% to EUR 103 million, especially driven by the automation of cash management services at points of sale, the externalization of processes and international transport. The new services also experienced strong growth in Europe and AOA region. Worthy of mention are the acquisitions of Contesta in Spain and of CSA in Australia, companies providing BPO (Business Process Outsourcing) specialized services.

The good performance of sales has been accompanied by an improvement in profitability both in absolute and relative terms. Throughout the year we have reported economic data of the company excluding corporate transactions included within the IPO process, in order to show the real situation of the business.

Therefore, EBITDA attributable to Prosegur Cash's activity amounted to EUR 428 million in 2017, a 12% more than in the previous year. EBIT attributable to the company's activity increased by 12.4% to EUR 360 million. Furthermore, and according to the forecast we provided, the EBIT margin continued its upward trend and increased by 18.7% with respect to 2016.

In addition, the consolidated net profit attributable to the business activity was EUR 236 million in 2017, which represents an increase of 28.2% with respect to the same period of the previous year. And, if these transactions are taken into account, the consolidated net profit for the period amounted to EUR 305 million.

I would like to draw attention to these figures as they were achieved despite the reversal of the trend in the exchange rate of the currencies against the euro that took place in the second half of the year. In addition, we had to cover the costs of integrating the acquired companies and other costs associated with optimization measures that we implemented in the last part of the year.

With regard to profitability by geographical region, Latin America posted an EBIT of EUR 323 million and maintained an increase in margins of 23.8%. Europe posted EUR 41 million, 10% less than in 2016, with an EBIT margin of 8.8%. The region performed well with the sole exception of our activity in France. Lastly, in AOA, the improvement of the company's activity in India and South Africa has been positive, although the overall result has been affected by increased competitive pressure in Australia, as a result of which, the region recorded a negative operating result for 2017.

As for the evolution of the cash flow, in addition to the good performance of sales and profitability, Prosegur Cash continued to keep working capital under control. Thus, in 2017 it generated EUR 197 million, which we used to cover the cost of debt, finance growth and dividend pay out and the surplus was used to reduce net debt.

With regard to debt, Prosegur Cash reduced its debt by 33% since the beginning of the year. Specifically, the company reduced its leverage by EUR 212 million, which meant that net financial debt, including treasury stock, stood at EUR 431 million. Thus, we maintain a comfortable level of net debt to EBITDA of 1.0 times, well below the internal limit of 2.5 times. On this basis, we will continue to make progress within the framework of a conservative financial policy that favours high cash generation and limited indebtedness.

I would also like to comment on one of the most relevant events of the year, the issue of ordinary bonds for a total nominal amount of EUR 600 million that the company made in December. With this operation we have ensured an attractive interest rate cost of long-term debt and we have diversified our financing sources. We also provide certainty about our future financing needs and avoid any refinancing risk that may arise in the future. In short, we have placed the company in a very comfortable position to develop our growth strategy.

To that end, we want to be an agile company, with a clearly-defined roadmap for inorganic growth and hold a clear leadership position in the incorporation of high added value services. We have defined this as A.C.T.; Agility, Consolidation and Transformation.

The agility with reference to organizational efficiency. We aim to be a company with fast decision-making processes. We also aim, to have a leading role in the international consolidation of the sector, generating synergies that favour growth. And, finally, we are promoting a shift towards new products, focusing on the third outsourcing wave of high added value services, which will enable us to grow with the customer.

As a result, we are focusing on three major areas of activity that place us at the forefront of our sector. The first one refers to cash management automation at points of sale. Over the past year we have promoted the development of new cash automation solutions (MAEs) with special emphasis on the front-office of retail stores and we have improved value date solutions.

Another priority development area for the company is our AVOS activities, outsourcing high added value services. We believe that, in certain sectors, such as, for example, the financial sector, our experience can generate great value for our customers. In this field, the AVOS activity is increasingly growing so, to cope with this growth and improve our capabilities we have deployed a new IT platform.

We are also making progress on solutions to address the complete life cycle of ATMs, and solutions for cash automation in bank branches. Lastly, we will strengthen our capabilities in valued cargo and international transport activities and deepen our relationship with central banks.

As you can see, the outlook for the transport of valuables and cash management sector appears full of challenges. To give our customers the answer they expect from us, we have a fundamental lever: our employees. In Prosegur Cash we rely on a balanced team of highly qualified professionals at every level of the company. In addition, we want the people who are part of the company to have opportunities for professional growth and development. That is why we have launched an ambitious Talent Program with which to continue training the best professionals in the sector.

To conclude, I would like to thank the excellent reception given to Prosegur Cash in its first year as a listed company. For our part, I want to convey to you that all of us, who are part of this project, are strongly committed to making Prosegur Cash the world leader in transport of valuables and cash management. We will continue to work each day with this ambitious goal in view.

José Antonio Lasanta
Chief Executive Officer

1. Prosegur Cash and its business model


PROSEGUR

1. Prosegur Cash and its business model

Prosegur Cash is a multinational company, leader in the transport of valuables, cash management and service outsourcing. The company has a presence in 15 countries and provides services to financial institutions, government agencies, central Banks, Mint facilities and retail businesses, among others.

The company has a wide range of products and services such as:

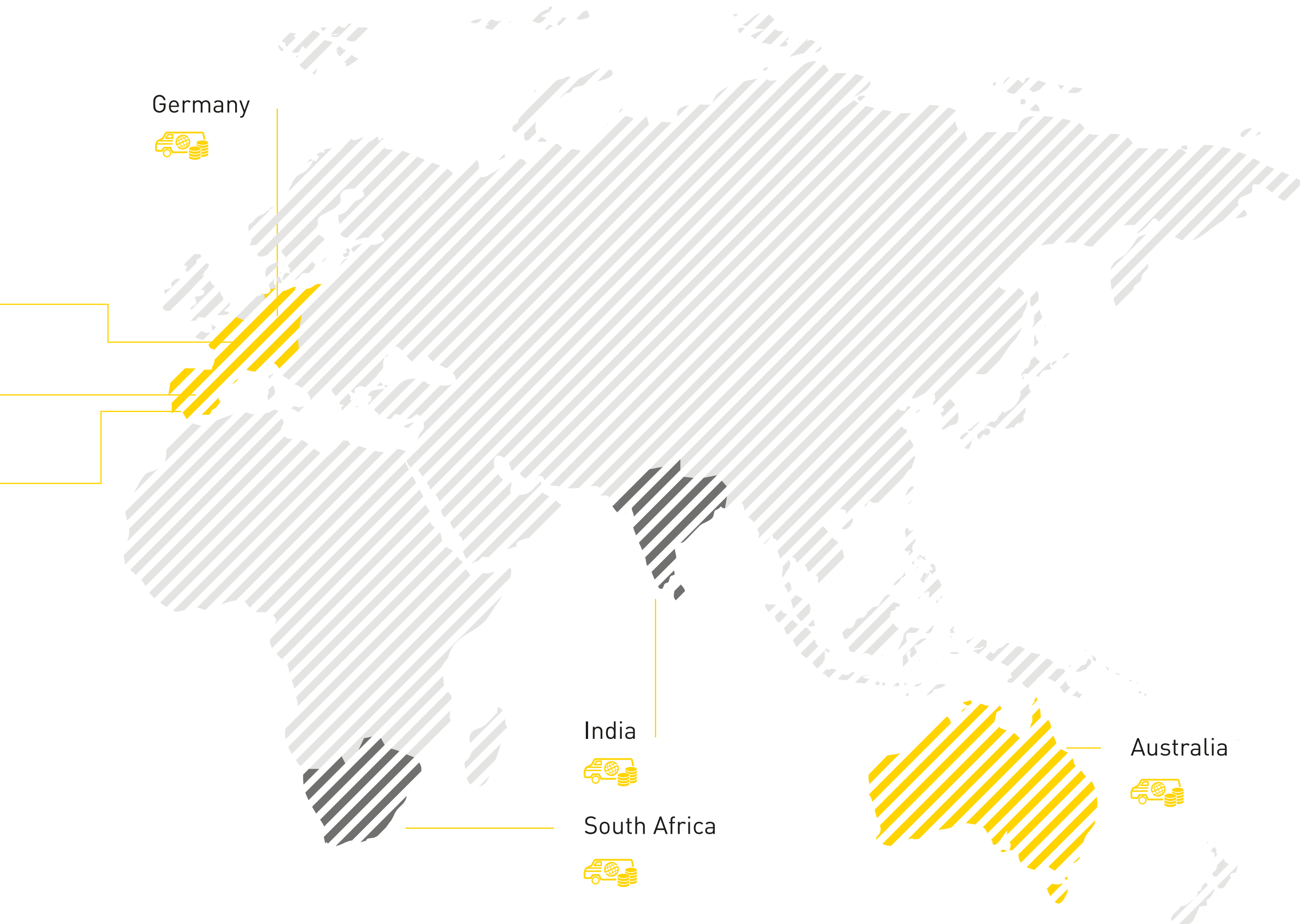
- **Transport of valuables:** Local and international transport services by land, sea and air of cash and other valuable goods such as jewellery, works of art, precious metals, electronic devices, pharmaceutical products, ballots and judicial evidence, among others. These services include; collection, transport, custody, delivery and deposit in security vaults.
- **Cash Management:** Counting, processing, fitness determination, custody, packaging and delivery of banknotes and coins, and ATM replenishment.

- **Outsourcing:** Cash management automation at POS through self-service cash automation machines(MAEs), including, amongst others, cash deposit devices and devices for recycling and dispensing coins and banknotes, and bill payment services. End-to-end management of ATMs, including; forecasting, monitoring, first and second level maintenance, and balancing services. And outsourcing of high value-added services (AVOS: added value outsourced services) for financial institutions.


PROSEGUR
DO NOT OPEN!
INK
MARKING SYSTEM

Prosegur Cash has a consolidated position in all of the countries in which it operates.

Currently **the company has a presence in 15 countries** (in 13 as direct operator and in two through Joint Ventures).



Legend:

Own Operations

Joint Ventures

1.1 Main magnitudes in 2017

€1,924M
SALES

12.7%
ORGANIC GROWTH

8.7%
WEIGHT OF NEW PRODUCTS

Sales of new products increased by **49.7%** with respect to the previous year

15
COUNTRIES

NEAR
57,000
EMPLOYEES

MORE THAN
+9,000
ARMOURED AND LIGHT VEHICLES

MORE THAN
+100,000
ATMS MANAGED WORLDWIDE

MORE THAN
+500
OPERATIONAL SITES WORLDWIDE

MORE THAN USD
+550,000
BILLION PROCESSED EACH YEAR

Economic and financial results of Prosegur Cash

EBITDA
EUR 428 Millions

EBIT
EUR 360 Millions

Net Result
EUR 236 Millions

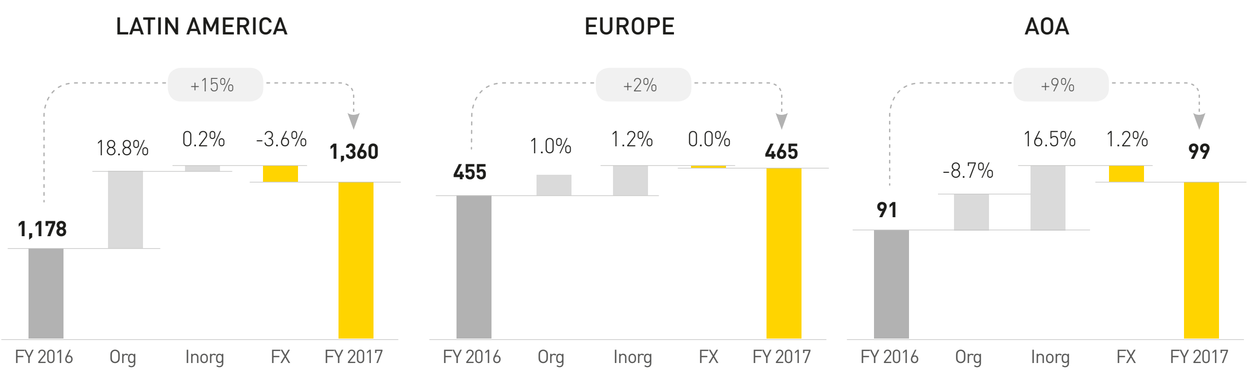
In 2017, Prosegur Cash has completed **its first year as a listed company** with a consolidated net profit attributable to its activity of EUR 236 million, which represents an increase of 27.8 percent with respect to the same period of the previous year. This data excludes the corporate transactions within the company's IPO process, as detailed in the Prospectus. Taking into account these transactions, consolidated net profit in the period amounted to EUR 305 million.

In 2017, Prosegur Cash's sales amounted to EUR 1,924 million, which represents an increase of 11.6% over 2016. In terms of organic growth and excluding the impact of currency depreciation, sales increased by 12.7%.

By geographies, Prosegur Cash increased sales in Latin America by 15.4% to EUR 1,360 million, representing 71% of total sales. Organic growth in the region amounted to 18.8%, although it was affected by the devaluation of currencies in the second half of the year, and more acutely in the last quarter of 2017. Revenues from European operations accounted for 24% of total turnover, with sales amounting to EUR 465 million, which represented an increase of 2% compared to the previous year. Lastly, the activity in AOA (Asia, Oceania and Africa) accounted for 5% of the company's sales with EUR 99 million, 9% more than in 2016. In this region, the contribution made by the acquired companies was worthy of note.

Sales of new services – such as cash management automation in POS, process outsourcing, international transport - have

GROWTH IN SALES (in millions of euros)



maintained a **strong growth rate** reaching EUR 167 million, which is an increase of almost 50% with respect to 2016. In addition, the weight of new services in the sales mix has risen from 6.4% in 2016 to 8.7%.

EBITDA attributable to Prosegur Cash's activity amounted to EUR 428 million in 2017, which represents an increase of 12% over the previous year. **Operating profit (EBIT)** - also attributable to the company's activity - increased by 12.4% to EUR 360 million. The **EBIT margin** increased by 18.7%, 14 basis points, with respect to 2016. These figures were achieved despite the reversal of the trend in the exchange rate of the currencies against the euro that took place in the second half of the year, the costs of integrating the acquired companies and other costs associated with optimization measures that we implemented at the end of the year. EBITDA and EBIT, not discounting the corporate transactions within the company's IPO process, amounted to EUR 513 million and EUR 445 million respectively.

Prosegur Cash reduced its debt by EUR 212 million, which meant that net financial debt, including treasury stock, stands at EUR 431 million. The company, thus, maintains a comfortable level of net debt to EBITDA of 1.0 times, well below the internal limit of 2.5 times. It is also worth noting, that with the issue of ordinary bonds made in December for a total nominal amount of EUR 600 million, maturing in 2016, the company has ensured an attractive interest rate cost of long-term debt and has diversified its financing sources.

1.2 Mission, vision and values

PURPOSE

Facilitate business around the world .

MISSION

Generate value for our customers, shareholders and society at large by offering end-to-end cash management solutions and related activities with the latest technology and the best professionals.

VISION

To be the **líder (leader (agile and efficient)** of the industry in emerging markets, leading the consolidation and transformation of the sector and capturing the third outsourcing wave in financial institutions.

VALUES

Proactivity	**Exceed expectations** by taking the lead.
Value Creation	Generate economic value in all of the geographies in which we operate.
Customer orientation	Work for and with our **customers** .
Transparency	Gain the **trust and respect** of our stakeholders.
Excellence	**A personal attitude,** a permanent way of being, of doing things right from beginning to end.
Leadership	Based on **respect and trust.**
Team work	All of us working together to achieve a common goal.
Brand	The value that differentiates us, transmits our values, unites us and **represents us.**

1.3 Strategy

Prosegur Cash operates in a constantly changing environment and this demands an approach that includes key elements such as anticipation, prevention and adaptation. This combination allows not only competitiveness of the company in the long-term but also to develop products and services that meet the present and future expectations of customers.

To this end, Prosegur Cash prepares Triennial Strategic Plans, to align the purpose of the organization with the development of its activities. In 2017, Prosegur Cash finalised the implementation of its 2015-2017 Strategic Plan with a series of achievements associated with six strategic objectives

STRATEGIC PLAN 2015–2017

QUANTITATIVE

Growth

- Growth in new business volume
- Commitment to the development of new products
- Specialization of managers.

Management of Indirect Costs

- Simplify the decision-making process
- Reduce indirect costs.

Cash flow management

- Maintain the pace of cash generation and its conversion with respect to EBITA.

QUALITATIVE

Manage at branch level

- Quality of service and customer satisfaction.
- Focus on the needs of the customer.

Efficiency in operations

- Continue with the Kaizen project.
- Global competence centres, implementing best practices.

Simplify processes

- Simplify processes and structures (KISS project).

New challenges 2018-2020

Prosegur Cash has several goals that add value and continue the good work done in the previous period. These new purposes are linked to the development of new products especially those related to cash automation at POS, end-to-end management of ATM's and value-added services for the financial sector. In the same way, the Company aims to continue playing a leading role in the sector and continue its expansion.

The strategy that focuses on these goals is called ACT and is based on three main pillars; Agility (A), Consolidation (C) and Transformation (T):

Agility	• Continue to improve the ability to be fast and efficient at strategic and operational level in order to continue growing.
Consolidation	• To play a leading role in the global consolidation of the sector, both in existing markets and in new markets with the aim of generating synergies and promoting growth.
Transformation	• Develop new high added-value products, which will gradually take over the more traditional ones, backed by the digital transformation process.

Furthermore, the Company has an agile and efficient corporate team that is committed to digital transformation to address and support the different business needs.

2. Good governance and responsible management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PROSEGUR

2. Good governance and responsible management

2.1 Good Governance, ethics and compliance

Prosegur Cash has continued with its commitment to consolidate a responsible, profitable and sustainable business and to incorporate national and international best practices and recommendations in matters of Good Governance by basing its governance model on the provisions and recommendations of the Unified Good Governance Code of listed companies approved by the Spanish National Securities Market Commission (CNMV) on May 22, 2006. In this regard, the Corporate Governance model of the company is based on five fundamental pillars that serve as a framework and point of reference in its development.

GOOD GOVERNANCE PILLARS IN PROSEGUR CASH[1]

[1] Prosegur Cash has the same pillars as its Parent company, Prosegur Compañía de Seguridad.

Independence is a fundamental pillar in Prosegur Cash as it reflects its ethical and responsible commitment in order to guarantee the good performance of the company and its governing bodies and maximize their value. That is why more 44.4% of the members of the Board of Directors, 100 percent of the members of the Audit Committee and 66.7 percent of the Appointments and Remunerations Committee are independent.

Furthermore, the company continues with its commitment to gender diversity, and 33.3 percent of the members of the Board of Directors are women.

Transparency and information **veracity** are the basis of Prosegur Cash's relationship with stakeholders. In this sense, the company is committed to the disclosure of clear and accurate information, in a timely manner. This information is easily accessible through the channels established for these purposes (web page, newsletter, etc.) where periodic financial information, corporate policies, Annual Reports on Corporate Governance and Remuneration of Directors and other information of interest are made available.

Prosegur Cash's commitment to the **protection of minority shareholders is one of the objectives of its Corporate Governance. Thus, the mechanisms that facilitate the protection of their rights and interests, such as accessibility to information, transparency and accountability are established**.

The governance system of Prosegur Cash is based on the commitment to the **effectiveness and efficiency** of processes and decisions and the continuous review of results. In addition, the composition and qualifications of the Board of Directors is in line with the complexity and size of the company and allows rapid and adequate response to the various issues that may arise.

Prosegur Cash is fully convinced that **integrity and regulatory compliance** are the cornerstone of the other pillars, cascading down to its internal audience, ensuring excellent work while promoting the quality of service.

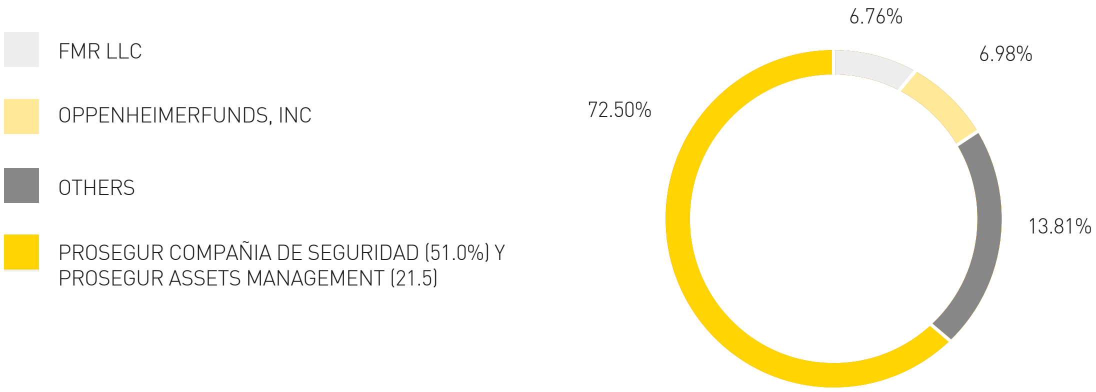
Ownership structure

The share capital of Prosegur Cash, S.A. is EUR 30 million, represented by 1,500 million shares each with a face value of EUR 0.02, belonging to one same class and series.

All shares have been fully paid up and subscribed and, since 17 March 2017, are traded on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia (Spain). Each share carries the right to one vote and there are no legal or statutory restrictions on the exercise of the vote or on the acquisition or transfer of shares in the share capital.

On 17 February 2017, Prosegur Cash signed a framework contract to regulate its relationship with Prosegur Compañía de Seguridad (main shareholder with effective control) in accordance with the Second Recommendation of the Code of Good Governance for listed companies. This agreement increases transparency, defines the scope of operations of both companies, establishes the framework for carrying out related operations and mechanisms to prevent and respond to situations of conflicts of interest.

SIGNIFICANT SHAREHOLDERS*



*As of 31 December 2017.

Governance structure

The **General Shareholders' Meeting** is the sovereign body of Prosegur Cash, representative of the share capital of the company, exercising its functions pursuant to the law and the Bylaws.

The **Board of Directors** is the highest administrative, management and control body of the company and holds the power to represent the company and to establish guidelines, policies and strategies.

On 31 January 2018, the Board of Directors of the company approved the **Corporate Governance Policy,** which includes the criteria and principles on the organization and functioning of the company's governance bodies, in accordance with national and international best practices on corporate governance.

This policy is developed through rules, policies and procedures that articulate the entity's Corporate Governance system:

- Bylaws
- General Shareholders Meeting Regulations
- Regulations of the Board of Directors
- Regulations of the Audit Committee
- Code of Ethics and Conduct
- Regulatory Compliance Program
- Internal Code of Conduct in Matters Relating to the Securities Markets
- Framework Contract regulating the relationship between Prosegur Cash and Prosegur Compañía de Seguridad, S.A.
- Policy for selecting Directors and Remuneration policy for Directors
- Corporate Responsibility Policy
- Investment and Financing Policies
- Fiscal Strategy
- Risk Control and Management Policy
- Investor Communication Policy
- Dividend Policy.

The Board of Directors has two advisory committees whose functions are further detailed in the Annual Corporate Governance Report of the company: The **Audit Committee** and the **Appointments and Remunerations Committee.** The composition and functioning of both Committees are regulated by the Bylaws and the Regulations of the Board of Directors (available on: **www.prosegurcash.com**).

The **Audit Committee** has among its basic responsibilities those of proposing the appointment of the external auditor, supervising the preparation and presentation of financial reports, monitoring compliance with legal requirements, supervising risk management systems and periodically assessing the adequacy of the corporate governance system of the company.

For its part, the **Appointments and Remuneration Committee** formulates and reviews the criteria that must be followed for the composition and remuneration of the Board of Directors and that of other members of the management team of Prosegur Cash. It also regularly reviews the remuneration programs and periodically evaluates the functioning of the Board and the performance of its members.

Activity of the Board of Directors and the Committees in 2017

In 2017, the Board of Directors met eleven times.[2]

Board of Directors	**11 meetings**
Audit Committee	**5 meetings**
Nominations and Remunerations Committee	**2 meetings**

Composition of the Board of Directors

On 31 December 2017, Prosegur Cash's Board of Directors was formed by **nine members**: two executive members and seven non-executive members, four of whom are independent and three proprietary on behalf of Prosegur Compañía de Seguridad, S.A. The Secretary to the Board of Directors is not a Director.

On 18 December 2017, the Board of Directors approved the **Regulations of the Audit Committee** of Prosegur Cash, the purpose of which is to determine the principles of action, the basic rules of organization and functioning of the Audit Committee and the rules of conduct of its members, to further strengthen the independence of the Commission.

[2] Five out of the eleven meetings of the Board of Directors and one out of the five of its Audit Committee took place before the Company's shares were admitted to trading

The responsibilities of the Chairman and the Chief Executive Officer are different and complementary. Prosegur Cash adopts the requirements of the main international standards on Corporate Governance, which recommend the separation of roles.
For more information, refer to **Prosegur Cash's Annual Corporate Governance Report.**

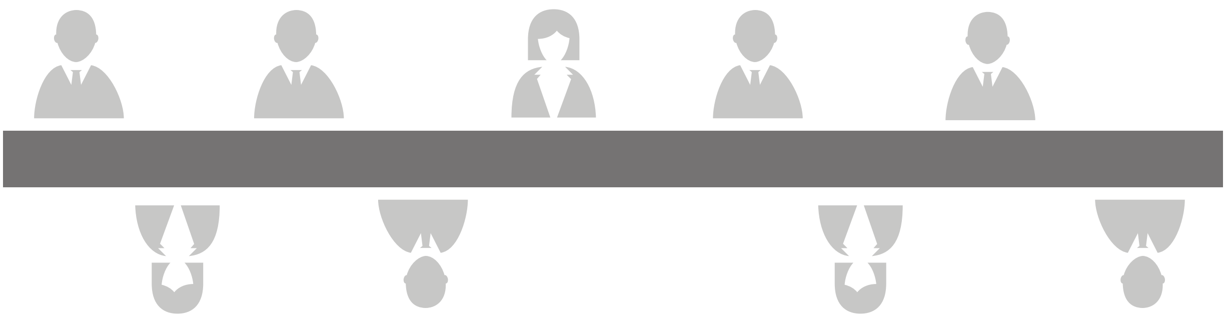
○ **Mr. Daniel Guillermo Entrecanales Domecq**
Director (Independent Director) Chairman of the Audit Committee

⊙ **Mr. Pedro Guerrero Guerrero**
Vice Chairman of the Board of Directors (Proprietary Director)

Ms. Chantal Gut Revoredo
Director (Proprietary Director)

Mr. José Antonio Lasanta Luri
CEO (Executive Director)

Mr. Christian Gut Revoredo
Executive Chairman Board of Directors



○ **Ms. María Benjumea Cabeza de Vaca**
Director (Independent Director)

Mr. Antonio Rubio Merino
Director (Proprietary Director)

⊙ **Ms. Ana Inés Saínz de Vicuña**
Director (Independent Director)

⊙ ○ **Mr. Claudio Aguirre Pemán**
Director (Independent Director) Chairman of the Appointments and Remuneration Committee and Independent Coordinating Director

○ Audit Committee
⊙ Appointments and Remuneration Committee

Name	Category	Position on the Board	Nominations Remunerations Committee	Audit Commit-tee	Professional profile
Mr. Christian Gut Revoredo	Executive Director	Chairman			Degree in Economics and Business Administration MBA from INSEAD CEO of Prosegur since 2008 and Board member since 1997 General Manager of Prosegur Spain until 2007 Member of the Board of Trustees of the Prosegur Foundation.
Mr. Pedro Guerrero Guerrero	Proprietary Director	Vice Chairman	✓		Law Degree from the Universidad Complutense of Madrid. State Attorney, Exchange Agent and Stockbroker and Notary (on leave) Former President of the Governing Body of the Madrid Stock Exchange Founding member and former Vice president of A.B. Asesores Bursátiles and President of A.B. Asesores Red. Chairman of Bankinter. Member of the Board of Directors of Bankinter since 2000
Mr. José Antonio Lasanta Luri	Executive Director	CEO			Degree in Business Administration from the Universidad Pontificia Comillas – ICADE (E4). He worked at McKinsey and Rothschild investment bank. He joined Prosegur in 2004, where he has held the position of Strategy Manager, Corporate Development Manager, Manager for Asia-Pacific, Manager of the Technology business and CFO.
Mr. Claudio Aguirre Pemán	Independent Director	Independent Director – Coordinating Director	✓	✓	Degree in Economics and Business Administration from Universidad Complutense de Madrid. MBA from the Instituto de Empresa de Madrid and Advanced Management Program (AMP) from Harvard Business School. Former Head for Spain of The Chase Manhattan Bank and Goldman Sachs Investment Banking. He also held various senior positions at Merrill Lynch. Chairman, CEO and Founding Partner of Altamar Capital Partners. Board Member of Redexis Gas, S.A. President of the Advisory Board of Marsh McLennan, member of the Advisory Board of Caixabank Banca Privada and of the International Advisory Board of Goldman Sachs & Co.
Ms. María Benjumea Cabeza de Vaca	Independent Director	Ordinary member		✓	Degree in Geography and History from Universidad Complutense de Madrid. Founder of Círculo de Progreso, later changed to Infoempleo. Founder and President of Spain Startup since 2012. Founding Partner of International Women Forum (IWF) Spain and Secot.
Mr. Daniel Guillermo Entrecanales Domecq	Independent Director	Ordinary member		✓	Degree in Economics from Carroll School of Management of Boston College. Project Manager at Unilever's International Innovation Centre in Milan, Marketing and Communication Manager of Loewe (LVMH Group) and General Manager of Grupo Cinnabar S.A. Founder and President of the advertising and communication agency Revolution. Board Member of Acciona S.A. Board Member of Newco Entreriver, S.L. President of the Organizing Committee of Madrid Horse Week.
Ms. Chantal Gut Revoredo	Proprietary Director	Ordinary member			Degree in Economics and Business Administration MBA from IESE Board Member of Prosegur since 1997 Board Member of Euroforum since 2001 Member of the Board of Trustees of the Prosegur Foundation
Mr. Antonio Rubio Merino	Proprietary Director	Ordinary member			Degree in Economics and Business Administration from ETEA-Universidad de Cordoba. Bachelor's Degree in Geography and History from the Universidad Nacional de Educación a Distancia (UNED). Former Consolidation and Audit Manager at Abengoa, and Administration Manager and General Manager of Finances of the Inditex Group. Chief Financial Officer of Prosegur since 2009.
Ms. Ana Inés Sainz de Vicuña Bemberg	Independent Director	Ordinary member	✓		Degree in Agricultural Economy from Reading University Program for Management Development from Harvard University. Former General Manager at Merrill Lynch International Bank in Spain. Former Board Member Mobiel Dreams Factory and Asturbega, Coca-Cola bottling company in northern Spain. Board Member of Altamar Capital Partners, Acciona, S.A., Corporacion Financiera Guadalmar (CFG) and Inmobiliaria Colonial. Member of the Board of Trustees of the ARPE Foundation.

Ethics and Compliance

Ethical behaviour and compliance with the regulations of each of the markets in which Prosegur Cash operates are essential aspects in its business strategy and particularly critical for various reasons intrinsic to the company's activity:

- Employees are often exposed to dangerous situations
- Large sums of cash and valuables are handled.
- We work not only to protect the personal integrity of customers, but also to protect and provide assistance to society at large.
- Risks associated with the development of the legislative framework in specific markets.
- All members of the governing bodies, managers and staff of Prosegur Cash are committed to conducting all activities in accordance with strict standards of ethical behaviour and compliance with rules and regulations.

Prosegur Cash has a **Compliance Program** that establishes control measures designed to prevent and adequately manage the risks of non-compliance with current regulations. This program sets out the principles and standards of behaviour regarding matters such as prevention of money laundering, antitrust behaviour and unfair competition, data protection, anti-corruption and crime prevention and compliance with securities market regulations.

The Corporate Compliance Program is overseen by the Compliance Committee[3] which acts independently and reports directly

REGULATORY COMPLIANCE PROGRAM

Prevention of money laundering	Data protection	Defence of competition	Prevention of crime	Securities market

[3] This Committee is made up of representatives of the Legal, Economic-Financial and Human Resources departments

to the Audit Committee. At the same time, each market in which the company operates has its own compliance officer who monitors observance of ethical principles and local regulations. To ensure the proper deployment of the Program, training courses on the most relevant matters are given to employees, senior managers and members of the Board of Directors, and specialized courses are given to those in charge of compliance.

Code of Ethics and Conduct

The Code of Ethics and Conduct of Prosegur Cash, approved by the Board of Directors on 26 April 2017, is based on the Code of Ethics and Conduct of Prosegur Compañía de Seguridad and reflects the same behavioural principles as that of its Parent company.

The Code of Ethics and Conduct is binding and mandatory for all governance bodies, managers and employees of the company and regulates all behaviours and relationships of these groups with each other and with external groups.

A team of impartial experts led by the Compliance Unit investigates cases of non-compliance and the latter will propose the appropriate disciplinary measures.

Whistleblowing Channel

Prosegur Cash has set up a whistleblowing channel through which to report possible breaches of the Code of Ethics and Conduct, unlawful behaviour and any financial and accounting irregularities. This channel can be used by anybody, whether they belong to the company or not, by filling out a form available on the website **www.prosegurcash.com.**

The Internal Audit Department deals with the communications received in a confidential manner and, depending on the subject and severity of each case, sends them to the Department responsible for its management, investigation and resolution.

Depending on the conclusions of the investigations, the **necessary measures** are taken in cases requiring action on the part of the company.

Respect for human rights

Prosegur Cash, as a reference company in its sector, pays particular attention to respect for human rights as an intrinsic element of its operations.

In this regard, all professionals and employees of the company must refrain from infringing human rights of others, especially managers who, because of their position, have the additional obligation to take the lead and not hesitate to take a strong and clear stance on this matter.

This commitment is conceived as an **additional responsibility** to that of complying with the laws and regulations of the territories where Prosegur Cash has a presence, in particular, those in which the State's capacity to protect human rights is limited or weak.

The risk management system of Prosegur Cash includes measures that support early detection of any infringement of fundamental rights and how to manage these issues. The company also has training programs for employees on gender violence, diversity and the fight against xenophobia or the use of force, among others.

Within the framework of the company's management system, Prosegur Cash has established formal policies and procedures on human rights, amongst which the following should be highlighted:

- Policy on Corporate Responsibility approved by the Board of Directors on 25 September 2017.
- Code of Ethics and Conduct of Prosegur Cash: approved by the Board of Directors on 26 April 2017.
- Policy on Occupational Health and Safety.
- HR 3P Decalogue on HR, for Prosegur Cash.
- 3P Decalogue on Safety and associated policies, for Prosegur Cash.
- 3P General Procedure on the Whistleblowing Channel.

3,850 employees
have received specific training on Human Rights matters

9,287 hours
of training

Prosegur Cash's contribution to the Sustainable Development Goals (SDG)

Prosegur Cash, as its Parent company; Prosegur Compañía de Seguridad, integrates the Sustainable Development Goals (SDGs) in its strategy and sees them as an opportunity for growth, rapprochement and dialogue with stakeholders, while supporting the transformation process towards a sustainable global society.

In this regard, the company contributes indirectly to most of the objectives and goals and focuses its business vision in five specific goals that are more closely related to the activities and business lines of the company. These are:

- **Goal 4:** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
- **Goal 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- **Goal 13:** Take urgent action to combat climate change and its impacts.
- **Goal 16:** Promote peaceful and inclusive societies .
- **Goal 17:** Revitalize the Global Partnership for Sustainable Development.

GOAL | **CONTRIBUTION**

4 QUALITY EDUCATION

Prosegur Cash's commitment to education has been developing and growing over time to empower and strengthen the capabilities and opportunities of employees.

Some of the most relevant activities in this area are the following:

- Prosegur's Corporate University: Professional development courses through a virtual platform. In 2017, 46,348 employees attended 251,267 hours of training courses.
- Health and safety training courses: Occupational risk prevention modules (basic training courses and continuing specialization courses).
- Prosegur's International Opportunities Program (iPOP)

See pages. 54-58

8 DECENT WORK AND ECONOMIC GROWTH

Prosegur Cash collaborates with the achievement of this goal by contributing to the economic growth of the markets in which it operates and providing a workplace that respects and promotes the development of employees.

Thus, the company distributes more than EUR 975 million among employees, as wages, salaries and benefits. This distribution has a direct impact on the gross domestic product and the employment situation in the different countries.

Another field of action and contribution is the protection of labour rights and the promotion of a safe work environment, within the framework of several occupational health and safety programs. The objective of the company is to achieve "zero accidents", by strictly complying with the labour risks prevention regulations, training programs, technological tools and monitoring mechanisms.

In addition, Prosegur Cash guarantees labour inclusion and decent work for all groups through the Labour Inclusion Plan for Persons with Disabilities or the Technical Talent Program to boost employment especially for young people.

See pages. 54-58

GOAL | **CONTRIBUTION**

13
CLIMATE ACTION

Care of the environment is a priority for Prosegur Cash and is a key element in its sustainability strategy. Thus, the company measures greenhouse gas emissions in its fleet of armoured and light vehicles and implements measures such as promoting energy efficiency in the programs for the progressive removal of armoured vehicles and the replacement of some of its operational vehicles for others less polluting ones.

See pages. 48-50

16
PEACE, JUSTICE AND STRONG INSTITUTIONS

Through the company's sound Corporate Governance structure and monitoring and control mechanisms in place to ensure compliance with the law and ethical behaviour, Prosegur Cash ensures its contribution to transparency and accountability for the effective and sustainable development of institutions and their environment.

Another measure is the anonymous complaints channel, whistleblowing channel, open to external and internal audiences, as a mechanism for managing irregularities and breaches of its regulations.

See pages. 28-36

17
PARTNERSHIPS FOR THE GOALS

Establishing partnerships with national and international associations that are committed to promoting sustainable development, in line with the strategic objectives of the company. Some of these alliances are:

- The United Nations Global Compact, through its Parent company Prosegur Compañía de Seguridad
- International Security Ligue
- European Security Transport Association (ESTA)
- ATM Industry Association (ATMIA)

See pages. 95-96

The Prosegur Foundation, through cultural and social actions, also indirectly contributes to various SDGs with different programs that support environmental care, social inclusion or sociocultural development.

Some of the most relevant programs of the Foundation are the following:

- Development Cooperation Project "Piecitos Colorados" as a transforming agent of communities, using schools as an engine of change.
- Clean Planet, Clean Countryside and Clean Beach Programs so that children and teenagers learn how to take care of the environment in a responsible way and are also trained on how to manage waste.
- Agreement with the Red Cross to develop a program to prevent accidents and first aid training courses.
- Plan for the Inclusion of People with Intellectual Disabilities in headquarters and branch offices.
- Talent scholarships for school, vocational and higher education of employees of the company and their families.

1 NO POVERTY

10 REDUCED INEQUALITIES

13 CLIMATE ACTION

14 LIFE BELOW WATER

More information on: **www.fundacionprosegur.com**

2.2 Management model

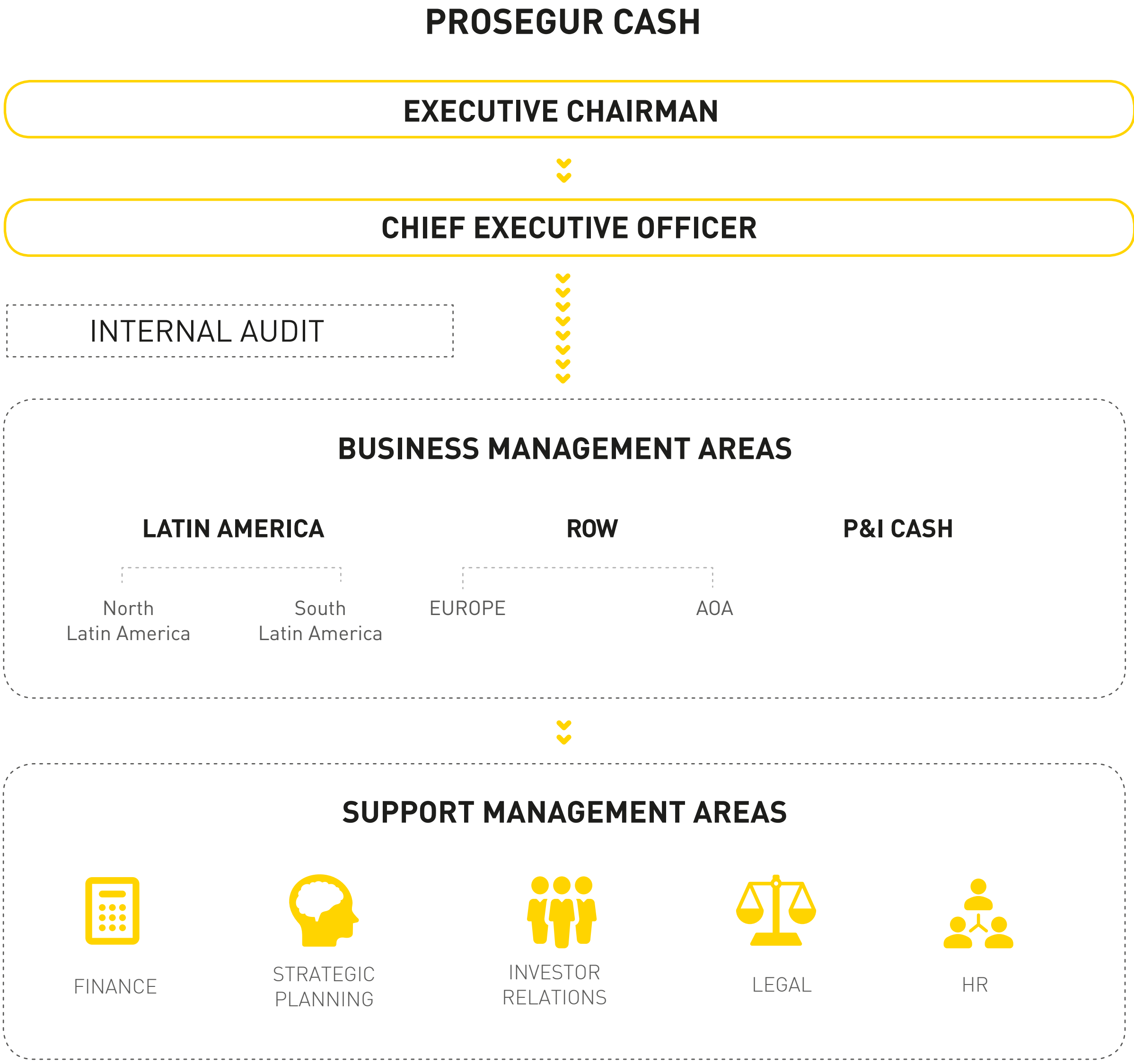
Organizational structure

The organizational structure of Prosegur Cash is designed to improve business processes and offer added value to customers; its flexibility allows it to adapt to an ever-changing environment and to the evolution of Prosegur Cash as a business group.

Businesses are structured in three geographical segments: Europe, Asia-Oceania-Africa (AOA) and Latin America and a fourth Innovation and Productivity Division, which provides an agile and efficient customer-oriented structure, that easily adapts to the different needs of our customers and the innovation of products.

The corporate functions are supervised by the Global Support Departments of Finance; Human Resources, Investor Relations, Legal and Strategic Planning.

The organizational structure of Prosegur Cash is shown in the table below:



Policies, process management and service metrics

> The 3P System, Prosegur's Policies and Processes, reflects the company's commitment to offer the highest quality standards.

The 3P Management System, an acronym of Prosegur's Policies and Processes, is the formal management framework for all businesses and support areas of the Prosegur Group. The objective of the system is to provide quality and efficiency standards (policies, processes and metrics) and a framework for continuous improvement to the activities carried out by the company worldwide. These standards contain common elements for all of the countries and specific elements for each geography.

PILLARS THAT INSPIRE THE 3P SYSTEM

1. **Customer Orientation:** Agility and efficiency or responsiveness as key elements in the relationship with the customer and which is the backbone of the organization's purpose.
2. **Excellence:** Focus on effective and efficient management of activities and processes, seeking not only to meet standards but to go beyond, with an added-value proposition in each area representing the company.
3. **Profitability:** Finding the best way to ensure profitability and growth of the company along with practices that encourage innovation, creation of new solutions and efficiency of operations.
4. **Accountability***:* As a way of continuous improvement through indicators to assess the evolution of processes, drive change and help to take appropriate measures.

CERTIFICATIONS GRANTED TO THE 3P SYSTEM IN 2017

- ISO 9001 Quality Management System
- ISO 14001 Environmental Management System
- ISO 22301 Business Continuity System
- OSHAS 18001 Occupational Health and Safety Management System

2.3 Risk management

> Prosegur Cash believes that risk management is a key factor for ensuring the sustainable growth of the company. For this, it has implemented a robust system both at the corporate and operational level in each country.

Prosegur Cash risk management system

Prosegur Cash carries out risk control activities with the appropriate policies and procedures to help prevent and detect the materialisation of risks, and if this should happen, mitigate and compensate the impact of such risks or implement corrective measures. This approach is intended to ensure that the risks assumed by the company are compatible with its objectives both in the short and medium term.

The Risk Control and Management System is based on procedures and methodologies that enable the identification and assessment of risks in order to achieve the relevant objectives of Prosegur Cash. The risk management system of Prosegur Cash is mainly based on the COSO system (Committee of Sponsoring Organizations of the Treadway Commission) and is complemented by other standards applied by most of our customers in the financial sector such as the Basel III rules and the ISO 31000 standard. The basic risk management principles of Prosegur Cash mainly include:

- **Identification, assessment and prioritization** of critical risks is performed on an ongoing basis, taking into consideration their impact on relevant objectives of Prosegur Cash.
- The **risk assessment procedure** is carried out in accordance with pre-established tolerance levels, so that the assessment constitutes the basis to determine how to manage each risk. The basis for selecting key indicators is that they can be controlled, assessed and monitored over time.
- The results of the assessment and the efficiency of the measures applied by Prosegur Cash's Management to **prevent, detect, compensate or correct** the effects of the materialization of any of the managed risks are regularly monitored.
- The **Corporate Risk Committee** periodically reviews and analyses risk management and control results and reports its findings to the **Audit Committee** that is responsible for overseeing the system.

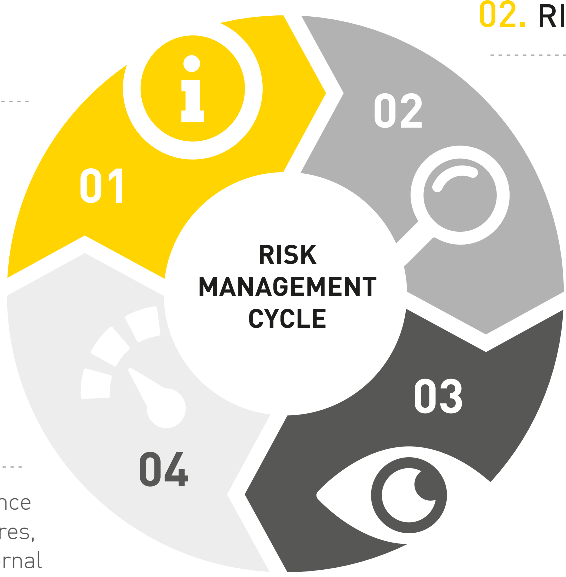
The maximum responsibility for risk management and control falls on the **Board of Directors.** For its part, the **Audit Committee** has, among its basic responsibilities, the supervision of the effectiveness of internal control and risk management systems, checking their adequacy and integrity and reviewing the appointment and replacement of those responsible.

For additional information on Prosegur Cash's risk management system refer to Prosegur Cash's Annual Corporate Governance Report **https://www.prosegurcash.com/**

RISK MANAGEMENT CYCLE

01. INFORMATION

Inform and communicate risk exposures and conduct an annual assessment of risks.



02. RISK IDENTIFICATION

Identify business risks or foresee risk scenarios, measure and analyse their impact on the company.

03. CONTROL

Propose new policies or reassess existing p olicies. In addition, propose necessary corrective measures based on cost-effectiveness criteria to minimize identified risks.

04. MONITORING

Supervise and follow-up compliance with policies, standards, procedures, information systems through internal control to ascertain whether exposure is acceptable. Continuous remote and on-site monitoring.

Main risks and uncertainties

The main risks that have been identified by Prosegur Cash are:

- **Regulatory Risks.** Regulatory non-compliance, including employment and social security regulations, tax regulations, arms control or prevention of money laundering applicable in each market and/or every market. Unfavourable changes in regulatory conditions, including tax legislation or restrictions on how to obtain or renew permits and licences.

  Prosegur Cash devotes considerable effort to regulatory compliance and the management of operational risks due to their impact on the commitments undertaken with stakeholders and, specifically, with customers.

  Regulatory risks are mitigated by identifying them at an operational level, regular assessment of the control environment and with the implementation and follow-up of programmes that monitor that the controls that have been implemented are functioning properly.

  Prosegur Cash has money laundering prevention units (UPBC) in those countries in which it is mandatory in accordance with applicable regulations (Spain, Australia and all of the Latin American countries in which it has a presence). The purpose of these units is to implement control and supervision measures designed to prevent the use of the transport of valuables activity for money laundering purposes.

- **Operational risks .** are those related to burglaries and robberies, errors in operations, legal penalties and, as a result thereof, business continuity risk. Such as risks due to incidents involving assets under custody or lost cash, operations in markets with temporary reductions in demand and operations in highly competitive markets. There are programmes and policies in place to control this type of risk.

  One task that should be highlighted is the monitoring task of the control and traceability of operations in the transport, handling and storage of cash. Furthermore, independent follow-up of claims or discrepancies in the cash management activity, helping to identify best practices and designing procedures to minimise losses.

- **Reputational risk.** Negative publicity of the company. Loss of trust.

- **Financial risks.** Including interest rate risk, exchange rate risk, counterparty and fiscal risks. As well as deterioration in cash flow generation or cash flow management.

- **Technological risks.** Failures or incidents in IT infrastructure. Loss or theft of proprietary information or confidential information of customers. Cyberattacks and security breaches and system information failure.

Management of key risks

Prosegur Cash devotes significant efforts to the management of operational and regulatory compliance risks given their potential impact on the commitments undertaken with stakeholders, specifically, employees and customers. The risk management approach covers all the areas of the company through a strict control of infrastructure, processes and people.

To improve risk management efficiency, the company has a Risk Management Global Department, an area which, by its structure and organization, represents a competitive advantage in the management of risks compared to other companies in the industry. This department provides Prosegur Cash with the necessary tools to efficiently manage the risks associated with the security of operations and provides the necessary tools to ensure that the standards and procedures defined by the company are upheld and to ensure compliance with national regulations.

The corporate structure, located in Madrid (Spain), comprises three departments with regional and national representation: Security, Intervention and Insurance. The integration of these three departments into a single Global Directorate maximizes the efficiency of operations at the lowest cost thanks to the in-house specialists that share common procedures.

GLOBAL RISK MANAGEMENT DEPARTMENT

SECURITY DEPARTMENT

SUPPORT AREA

Security at operational sites and facilities

International tactical training team

Intelligence

Information Security

Countries

INTERVENTION DEPARTMENT

Europe and Asia Pacific

Latin America

Brazil

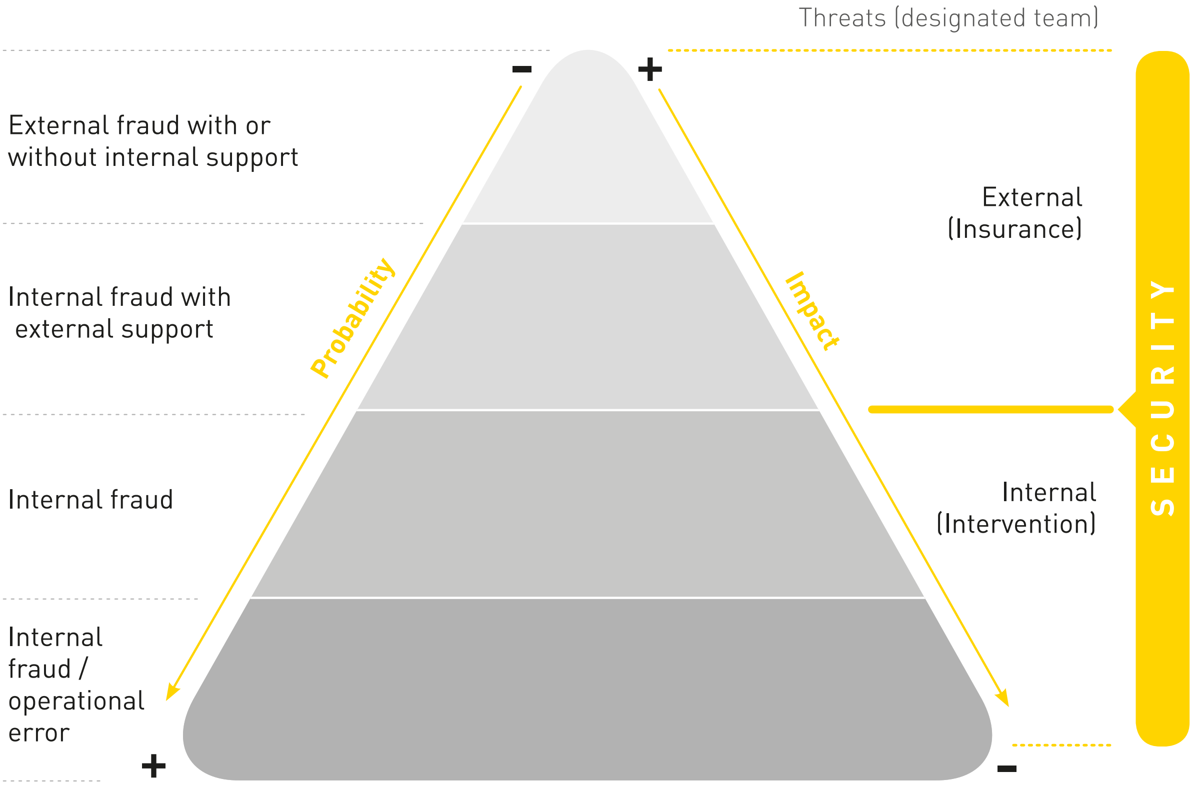
INSURANCE DEPARTMENT

Insurance Department

Countries

The Security Department is responsible for managing risks and legal compliance relating to security matters. In addition, it acts as a second line of defence of the company as it actively participates in the development and execution of business operations in security matters. This department has a large number of employees, distributed in four global support areas: Intelligence, Information Security, Security at Operational Sites and Facilities, and International Tactical Training Team.

RISK APPROACH



Security model based on risk management and strict control of infrastructures, processes and people.

- In 2017, the Security department of Prosegur Cash has placed special emphasis on the following lines of activity:

- Increase the scope of protection of the operational sites in Brazil, by implementing additional security measures in operational sites located in the border areas of neighbouring countries.

- Promote the Remote Control Centres in each country, which act as the brains of operational security. In addition, software developed by the company for operational and security monitoring of armoured units (COPS) is increasingly being used.

- Modernize tracking equipment in armoured units.

The Intervention Department is organized in two units: Intervention and Loss Control. Both units conduct on site reviews of operations (balance audits of valuables in custody, operational controls, security in operations, security of facilities and compliance with legal regulations) by monitoring the accounting closures of the branch offices, thus minimizing business operating losses. In 2017, the Loss Control Units were provided with dashboards to increase efficiency in the monitoring and control of cameras. This past year, the Intervention Department has conducted 301 operative interventions and 347 balance audits of security vaults.

In 2017, the implementation of an operational risk management and control model in Prosegur Cash was completed. The model is as follows.

OPERATIONAL RISK MANAGEMENT AND CONTROL MODEL

1. Risk assessment of Branch offices

2. Re-assessment of the risk

3. Analyse and Identify

Delegations in risk of loss in chamber	Catastrophic risk situations	Branch offices with high overall risk Overall risk situations

4. Communicate

HOT-TOPICS

- Immediate escalation
- Weekly communication (latest news)
- Monthly report

OPERATIONAL RISK

- Half-yearly updates
- Monthly report

GENERAL RISKS

- Quarterly update
- Quarterly report

5. Act

HOT-TOPICS

- ST Action proposal and follow up until its resolution
- Interventions coordinated with the business
- Surprise Audit of vaults
- Investigations (security)

OPERATIONAL RISK

- Cross-departamental work

GENERAL RISKS

- Interventions coordinated with the business
- Investigations
- Follow up of improvements

The Insurance Department identifies and controls operational risks and determines the basis and guidelines for risk insurance and management, always making sure that it has the minimum impact on the P&L. The Department has established insurance programs and takes out insurance policies at corporate and local level with first level insurance companies. These policies cover a wide range of risks: employee risks, direct and indirect risks arising from Prosegur's activity and risks affecting items of property, plant and equipment.

2.4 Environmental management

Prosegur is fully aware of the effect of its activities on the environment. For this, and with the aim of minimizing these impacts, the company has established environmental management policies, management systems and indicators and specific objectives in the countries in which it operates.

The company pays special attention to ensuring compliance with current legislation and continuous improvement. This improvement process is carried out within the framework of the 3P Management System, which is an integrated management system comprising policies and processes for the areas of quality, customer relations, environment and health and safety. In addition, it encourages and promotes compliance with the requirements established in ISO 14001 and its certification. Prosegur Cash regularly monitors, updates and renews all the certifications. It is worth noting, that, in 2017, all the certifications were duly updated and renewed in Colombia.

However, Prosegur Cash is not only satisfied with complying with the law on environmental matters, it also works on a permanent basis in the improvement of other relevant aspects related to environmental issues. In 2017, Prosegur Cash set up the Environmental Risk Committee made up of the Chief Executive.

Officer, the Global Director of Human Resources, the General Managers of the countries, the Investor Relations Director, the External Relations and Corporate Responsibility Director and the Quality and Environment Director. In addition, the company has promoted different projects to reduce energy and natural resources consumption:

- In Spain, new market technologies have been used to create virtual workstations that consume 30 percent less of resources and 15 percent less of electricity than a standard workstation. In addition to this, 800 more efficient VDI computers have been installed.
- In Uruguay, halogen lamps are being replaced by led lights. So far, 75 percent of the fixtures have been replaced, which has reduced consumption in critical areas.
- In Portugal, 10 new more efficient armoured units have been purchased.
- In Brazil, three pilot projects to increase energy efficiency and reduce water consumption have been launched.

IMPACTS CURRENTLY MEASURED

Consumables	Waste	Emissions
• Diesel + petrol • Natural Gas • Electricity • Water • Paper • Toner • Operational plastic.	• Hazardous waste • Non-hazardous waste: paper and cardboard, operational plastic waste and others.	• Direct CO_2 • Indirect CO_2

Prosegur Cash demonstrates its firm commitment to fight against climate change by accounting for and controlling the use of consumables and, thus, of its carbon dioxide emissions in all of the countries in which it operates. In 2017, the company estimated that total carbon dioxide emissions amounted to 55.228 tons (tCO2). 78% of these emissions corresponded to direct emissions, associated with fuel consumption (petrol, diesel and natural gas), while those associated with electrical consumption or indirect emissions amounted to 22%.

It should also be noted, that different energy efficiency actions to reduce CO2 emissions have been carried out in several countries in which the company operates, such as studies of the electrical capacity hired to adapt it to the actual consumption of the facilities, or changing the lighting fixtures, which have resulted in a reduction in consumption and associated costs. Other initiatives are related to the 3P policy for the management of the armoured fleet and the assessment of consumption efficiency and the programs for the acquisition and removal of armoured vehicles.

CO_2 Emissions (Tons)	
Direct	43,369
Indirect	11,909

With regard to waste management and consumption control, Prosegur Cash controls consumption and waste generation in all of the countries in which it operates. The ultimate management and disposal of waste is always carried out by authorized waste managers, in accordance with the legislation in force in each country. As for consumption of natural resources, Prosegur Cash controls, on a monthly basis, the consumption of different materials and takes measures to reduce it, such as awareness campaigns among its employees.

Waste generation (Tons)	
Hazardous	154.75
Non-hazardous	506.08

Consumables	
Water	235,835 m^3
Paper	248 tons
Operational plastic	937 tons

AR
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CASH

3. Commitment to Stakeholders


1 (1760)

3. Commitment to stakeholders

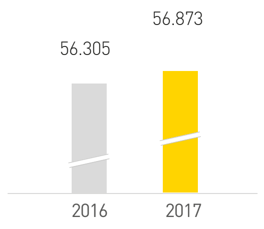
3.1 Employees

> Prosegur has more than 57,000 employees in 15 countries, to whom it provides a safe and stable work environment and, at the same time, contributes to direct and indirect job creation, contributing to the economic growth of the countries.

Prosegur Cash is aware that its best resource are the professionals who make up its team. For this reason, it guarantees **observance of obligations concerning employment and social security.** In this period, the company destined more than **EUR 700 million** to wages and salaries and more than **EUR 170 million** to social security contributions.

The number of direct and indirect employees of the company has been steadily growing in recent years. As of 31 December 2017, Prosegur Cash had a team of 56,873 employees, which represents an increase of almost one per cent with respect to 2016. The **percentage of women** continues to increase thanks to the diversity policies applied by the company; **21.68 percent** of the payroll are women

Evolution of the workforce



Average headcount	2015	2016	2017
Direct	47,816	53,849	54,665
Indirect	1,523	2,456	2,638
Total Prosegur Cash	**49,339**	**56,305**	**57,303**

Occupational Health and Safety

Prosegur Cash's policy in the field of occupational risk prevention is in line with legal and voluntary industry standards.

The company invests in specific training and improvements to ensure that employees work in safe environments and provides them with the best equipment and the latest technological developments.

TRAINING

with the aim of promoting personal responsibility of employees and promoting a culture of workplace safety throughout the company.

+45,000
HOURS
Of training on Occupational Health and Safety

MONITORING AND FOLLOW UP

With tools that allow a thorough monitoring of accidents, its causes and issues surrounding its causes, thus enabling de company to improve the original situation and prevent future accidents. In addition, Prosegur Cash has occupational health and safety committees.

+11,000
EMPLOYEES
Represented in the formal joint management-worker Health and Safety Committees

TECHNOLOGICAL INNOVATION

R&D developments in Health and Safety have been present throughout 2017, especially in the development of training tools on these matters and internal communications to disseminate and promote best practices.

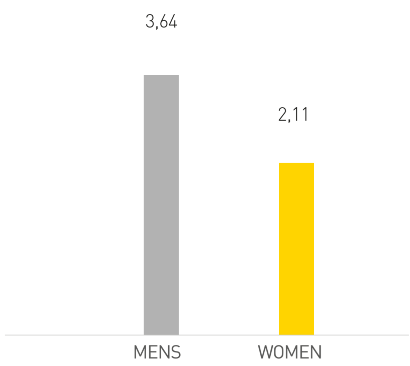
In its keenness to ensure a safe work environment with the appropriate work tools, Prosegur Cash not only meets the standards set forth in different regulations, it goes beyond. An example of this is the innovative effort to design armoured vehicles with features that have more stringent requirements than those established by law. The aim of this initiative is to have safer vehicles and increase the safety and security of employees in the event of an attack.

Target "Zero Accidents"

This objective is one of the main targets of the company. In 2017, the rate of fatalities per 10,000 employees was 0.52.

In 2017, special attention has been given to promoting a global approach to the management of occupational health and safety issues by means of new procedures mandatory in all of the countries. Thus, a global head has been appointed, who coordinates policies and defines and deploys actions with those responsible in each of the geographies in which the company operates. A sample of these actions is the implementation of an accident communication protocol that, thanks to digital innovation, guarantees that the management team is informed when an employee suffers an accident within a maximum period of 24 hours.

Accident Rate



Accident notification tool PROCDE

In 2017, a new tool, PROCDE, has been developed to notify the occurrence of an accident anywhere in the world and at any level (Global, Regional and National), which allows greater control and the application of more efficient measures. The local occupational health and safety team member of the country notifies the place, date and time of the accident, severity of the injuries (mild, serious, fatal), type of accident (attack, traffic, etc.) and a brief description. The tool will keep the report "open" until the closing report is issued, and the inquiry is closed.

This procedure allows the company to have first-hand information and accompany employees and family members after an incident. In addition, the report on the causes of the accident, which is drawn up after the investigation, provides relevant information on what to improve in order to apply corrective measures to move towards excellence in the management of occupational health and safety issues which is a priority for the company.

Awareness and good practices in health and safety matters

Prosegur Cash understands that Health and Safety training for employees is essential to prevent and mitigate occupational risks associated with the performance of their duties. In 2017, a total of 45,407.05 hours on health and safety training were delivered, of which 92.31% were given to operational employees, 5.41 % to administrative personnel, 2.19 % to managers and 0.09 % to directors. This learning process seeks not only to eradicate potential incidents, but also to promote employee's empowerment with regard to their individual responsibility.

Training on health and safety matters has been carried out in person or through electronic means and has been broken down into the following:

- Continuous training through **Prosegur's Corporate University.**
- Labour Risk Prevention Modules within the **introductory training courses** for new operational employees.
- Labour Risk Prevention Modules within the **specialized continuous training courses.**
- E-learning courses on the corporate **Intranet** for security guards, control auxiliary employees, telephone operators-receptionists, cash counting employees and office employees.
- Specific modules for operational employees on matters related to personal defence, protection against dangerous devices, how to respond in emergency situations or recognition of explosives and weapons.

Labour relations

Prosegur Cash manages labour relations taking into account the particularities and the specific legal regulations in force in each country, in accordance with the Declaration of Human Rights, in particular the right to freedom of association and the right to collective bargaining of employees. For this reason, Prosegur Cash has established open and flexible channels for dialogue with workers' representatives to channel their concerns and reach adequate solutions.

As of 31 December 2017, almost 29 per cent of Prosegur Cash's employees were members of trade unions. In addition, the company has signed Collective Agreements that cover more than 80 per cent of all of its employees. These figures are considerably higher than the average of the main companies in the industry.

Trade union representation	Total
Number of employees who are members of trade unions	11,622
Percentage of employees who are members of trade unions	29.04%

Collective Agreements	Total
Number of employees covered by a collective agreement	31,475
Percentage of employees covered by a collective agreement	78.66%

The company advocates the contractual stability of its employees as an element that allows employees to develop their emotional and intellectual commitment to the organization and its corporate culture. In this regard, 88 percent of employees are hired under an indefinite contract, which fosters in-depth knowledge of the company's policies and processes.

Training accessible to all

The continuous training of Prosegur Cash's team is one of the pillars on which the differentiation of its service offer is based, at the same time, it is a source of empowerment and personal and professional development for employees. In 2017, **training hours** amounted to **315,971,** with an average of **8 hours of training per employee**[4]. Training mostly focused, among others, on the Code of Ethics and Conduct, prevention of occupational risks, personal defence and emergency situations.

Prosegur Cash's employees participate in Prosegur's Corporate University, which is a virtual space for continuous training, sharing knowledge and specializing in areas that are key for the company as well as fostering the promotion of corporate values and culture.

Diversity

Diversity is an intrinsic part of Prosegur Cash's spirit, in particular as regards its workforce. Cultural, gender or functional diversity has a positive impact on the organization and its competitive advantages.

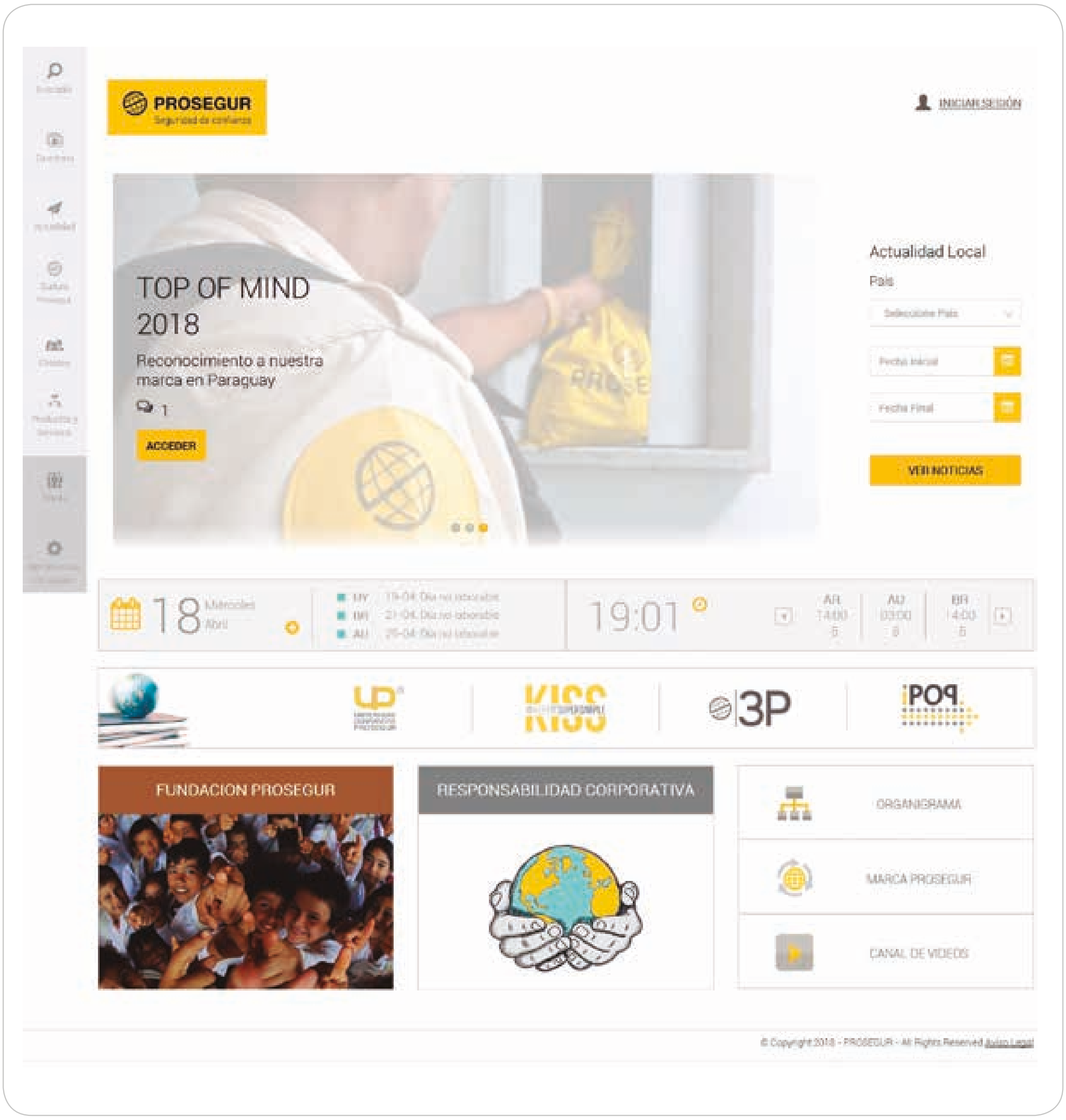
[4] Not including India.

488 EMPLOYEES with intellectual disabilities	+65% MANAGERS from local communities	+21% PERCENTAGE of female employees

Dialogue and internal communication channels

Two-way dialogue with employees is of the utmost importance as it strengthens links and transmits key messages. For this reason, internal communication channels have been strengthened.

One of the tools implemented in 2017 is the corporate intranet. Prosegur Cash employees participate in the intranet through interactive tools. The intranet is used as a primary source of information and communication between the company and its employees.



3.2 Customers

Prosegur Cash aims to meet the expectations of its customers, fostering a close relationship based on transparency and proactivity to anticipate their needs. In order to be aware at all times of our customer's concerns, needs, level of satisfaction and loyalty, the company regularly measures and monitors key customers, which are those that account for 25 percent of turnover in each country.

This analysis is vital for Prosegur Cash as it helps to keep on improving the quality of service and earn their trust. In 2017, this commitment to quality has reduced the number of claims by more than 30 percent compared to 2016, to a total of 12,406. Of these, 85.7 percent have been satisfactorily resolved.

Prosegur Cash has a Customer Experience Management (CEM) platform, the aim of which is to identify the points of contact in the relationship with customers, including sales experience, service delivery experience and overall experience. With this tool, Prosegur Cash identifies action levers to continue improving the quality of service. In 2017, the company has continued to develop and improve the platform, by making telephone calls to increase survey response and with the automation of the measurement of customer experience indicators. There are also plans to implement a tool that will send an alert to the Sales Agent notifying that a questionnaire has been completed.

Several actions to improve the customer experience have been taken, among which the following stand out.

- In Colombia the company has promoted customer relations, informing them of the services offered in a showroom or in follow-up meetings. In addition, loyalty campaigns have been carried out.
- In Mexico, an effort has been made to show customers and salespeople the technical features and advantages of Cash Automation Machines (MAEs), with the aim of increasing product sales.
- In Portugal, the company has promoted different projects to improve customer satisfaction through greater control of their accounts and internal systems.

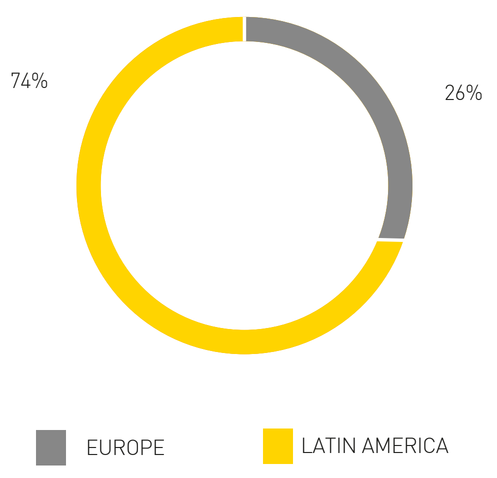
3.3 Suppliers

> Prosegur Cash has a large network of suppliers, which increases economic activity, reduces unemployment rates and generates wealth in the regions in which the company operates.

Resource management

Prosegur Cash has more than 14,000 suppliers, and total expenditure amounts to more than **EUR 300 million,** distributed among the different types of supply and geographical regions in which Prosegur Cash operates (Latin America, Europe and Asia-Pacific):

PROCUREMENT BY REGION



In 2017, the Resource Management Division was established as part of the Risk Management Division, with an associated strategic plan that sets ambitious qualitative objectives and cost efficiency objectives. This Division comprises three areas; **Procurement, Fleet and Buildings.**

- **Procurement:** Cash management machines, ATMs, Maintenance and operational materials.
- **Fleet:** Design of the armoured vehicles for the transport of cash and maintenance of the vehicles.
- **Buildings:** Design and construction of operational sites in accordance with the security levels established by the company

The Procurement area, in coordination with the Productivity and Innovation team of Prosegur Cash, carries out an extensive and continuous search of the most competitive and innovative equipment in the market to put it at the disposal of our direct and indirect customers.

With regard to the Fleet area, it is worth highlighting the importance of the team in designing and defining the different types of armoured vehicles that the company uses, monitoring the manufacturing process and the entry into service of the vehicles. Prosegur Cash's fleet has to meet strict physical security, armoured-plating and electronic security requirements, which are higher than those required by law in the different countries.

As for the Buildings area, Prosegur's Cash *knowhow* regarding the construction of operational sites and cash in custody should be highlighted. This knowledge, which is the result of experience gained over many years, has allowed Prosegur Cash to have an area within the company that designs, plans and controls the execution of these type of construction works. The company has set very high standards, which are modified over the years in line with the evolution of materials, technology and the modus operandi of external factors, such as organized crime.

Prosegur has a **General Policy within the 3P Management System** which standardizes the management of the procurement of goods and/or services in all of the areas in which it operates, which is complemented with national criteria on the matter.

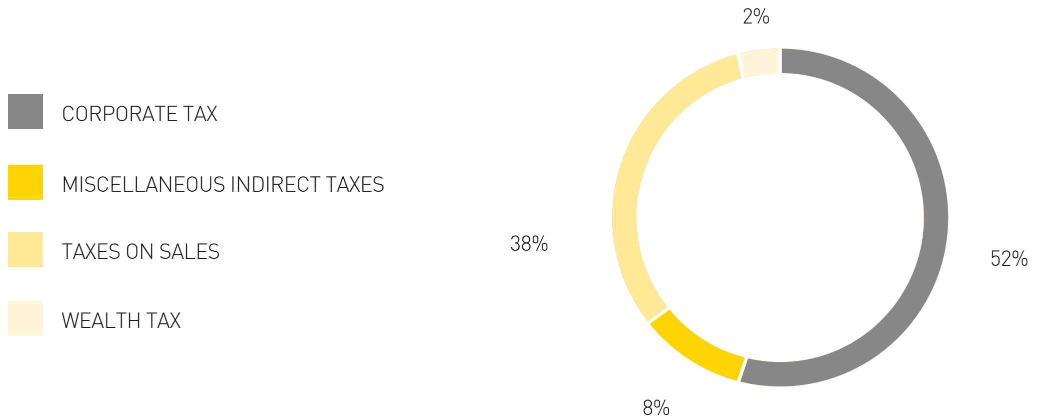
The company also works to ensure that the **selection** process of its collaborators is **independent, objective and transparent,** as set forth in the **Code of Ethics and Conduct,** which expressly prohibits the contracting of suppliers involved in cases of fraud, corruption or other crimes.

3.4 Public Administrations

Prosegur Cash has positioned itself as a global reference in the transport of valuables industry and has a presence in several countries on five continents. Prosegur Cash develops its fiscal strategy following the guidelines set by the Organization for Economic Co-operation and Development (OECD) and complies with the recommendations suggested by the "Base Erosion and Profit Shifting" BEPS document, regarding tax avoidance and relocation to regions with low or no taxation.

In this regard, in 2017, the different taxes paid by Prosegur were as follows:

DIRECT TAXES DISPLAYED IN DETAIL

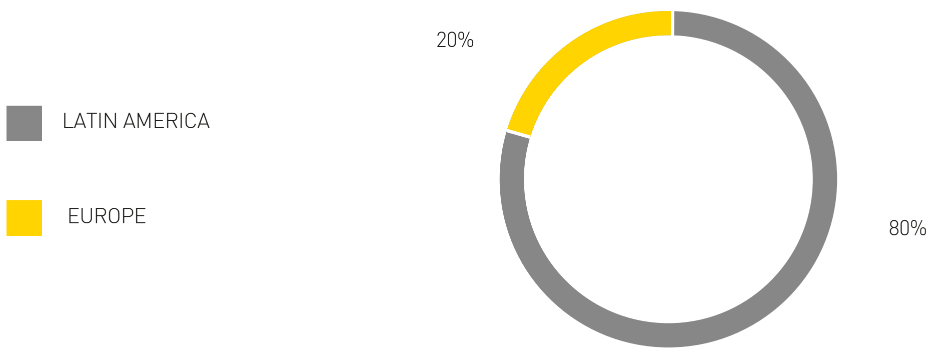


In 2017, direct taxes paid by Prosegur Cash amounted to **EUR 268 million,** including not only corporate income tax but also regional and municipal taxes and excluding social security contributions, which have a direct impact on the company's earnings. In addition, Prosegur Cash contributes to the collection of taxes of public administrations, not only through its own taxes but also third-party taxes. By applying the Total Tax contribution criterion, which takes into account the company's own taxes, value added tax, employment taxes and other taxes, total tax contribution in 2017 amounted to **EUR 635 million.**

Country	2017			
	Direct taxes	Third party taxes	VAT	Total
LATIN AMERICA	259	115	133	508
Europe	9	34	84	127
Total Prosegur Cash	**268**	**149**	**218**	**635**

Prosegur Cash meets its tax obligations in all of the countries in which it operates, in accordance with the fiscal legislation applicable in each region. Thus, tax burden by region is as follows:

TAXES BY REGION



3.5 Shareholders and investors

Share evolution

Prosegur Cash started trading on 17 March 2017 in the continuous market of the Spanish Stock Exchange under the symbol CASH, after the offering to institutional investors was successfully covered. The IPO aroused great interest on the behalf of investors, its shares being oversubscribed three times over.

On 31 December 2017, the price of Prosegur Cash's shares closed at 2.68 euros, up 34% from the IPO price in March 2017.

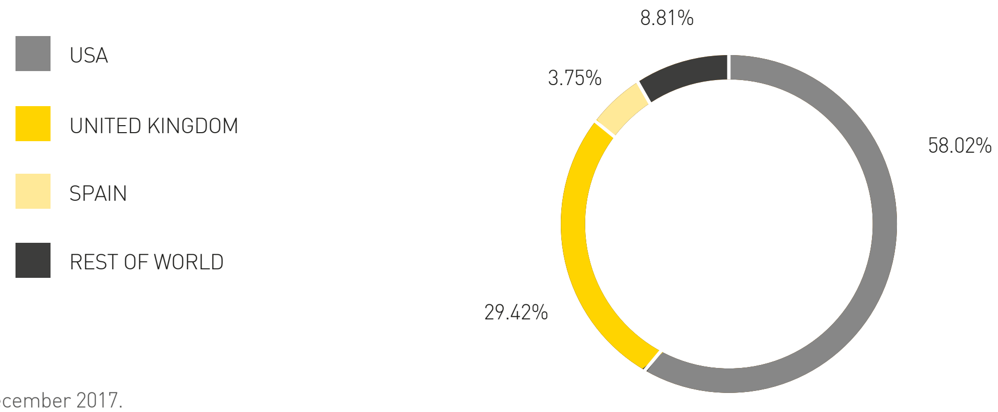
SHARE EVOLUTION

Main Shareholders

As of 31 December 2017, 72.50% of the capital directly or indirectly belonged to Prosegur, while the remaining 27.5% was floating capital.

At the international level and given its growth potential, Prosegur Cash is well accepted amongst foreign investors. Less than 4% of the free float comes from Spanish investors.

GEOGRAPHICAL DISTRIBUTION OF SHAREHOLDERS



*As of 31 December 2017.

Relation with investors

Prosegur Cash focuses its efforts in the creation of value for its shareholders. The improvement in results and transparency, as well as rigour and credibility, underpin the Company's actions.

The company has published on its corporate website the policy governing its relationship with shareholders and investors, which has been approved by its Board of Directors. To this end, it assumes the commitment to promote effective and open communication with all shareholders, ensuring, at all times, the coherence and clarity of the information it provides. Likewise, the company seeks to maintain transparent and regular contact with its shareholders, to facilitate mutual understanding.

In order to comply with its commitment to transparency, the company tries to provide all its financial and strategic communications in a thorough, clear and accurate manner, ensuring, whenever possible, that simple language is used so as to facilitate its understanding, and that this information represents a true and fair view of the situation and expectations of Prosegur Cash.

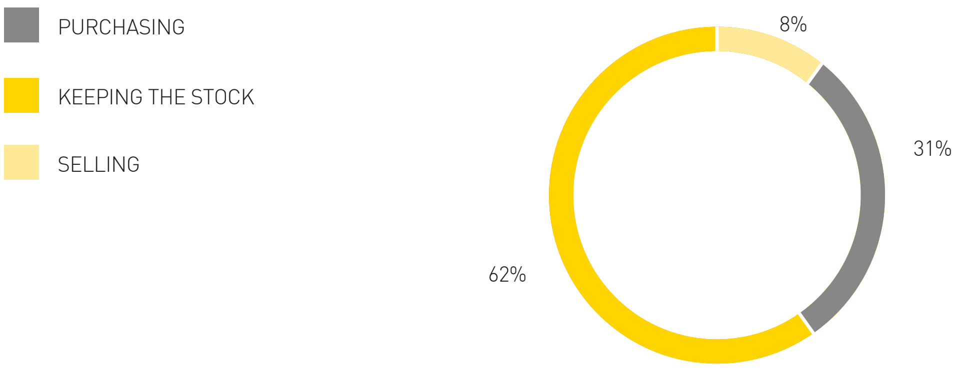
The company is to open to receive comments and improvement suggestions, which can be sent through the specific communication channels mentioned in its webpage and/or investor communication policy.

Lastly, in order to provide financial information to the investor community, the company presents its results every quarter via the webcast of its web page. The financial results are presented by the Financial Director and the Investor Relations Director and, once a year, by the CEO.

Analysts coverage and recommendations

A total of 13 investment firms monitored Prosegur Cash's stock market performance over 2017. In their recommendations, 31 per cent advised on keeping the stock, 62 per cent advised its purchase, and 8 per cent advised selling.

ANALYSTS' RECOMMENDATIONS



*As of 31 December 2017.


PROSEGUR

4. About this report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4. About this report

4.1 Scope of the Annual Report

The information included in the Annual Report 2017 refers to all the activities carried out by **Prosegur Cash, S.A.** and its subsidiaries from 1 January 2017 to 31 December 2017.

The report covers the financial and nonfinancial performance of the company as a company specialized in integrated cash management solutions and adjacent activities, with a geographic scope that includes the following countries: Argentina, Australia, Brazil, Chile, Colombia, France, Germany, India, Mexico, Paraguay, Peru, Portugal, Spain, South Africa and Uruguay.

4.2 Standards of reference

The Annual Report 2017 was drawn up following the principles established in the Guidelines for the preparation of sustainability reports of the **Global Reporting Initiative (GRI)**, version GRI Standard, and therefore covering all the indicators related to the material aspects of the company that were defined in the materiality analysis.

The information contained in this report has also been drawn up in accordance with the following principles:

- Principles to determine the content of the report: stakeholder inclusiveness, sustainability context and completeness.
- Principles to ensure the quality of the report: balance, comparability, accuracy, periodicity, clarity and reliability.

Prosegur Cash has also used the **IIRC Framework** (International Integrated Reporting Council) as a reference for drawing up integrated Annual Reports.

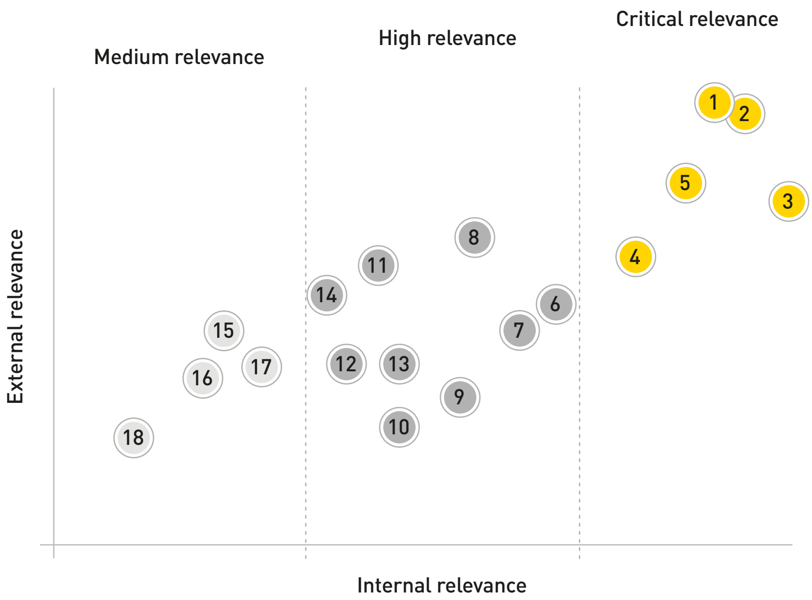
4.3 Materiality analysis

Prosegur Cash's materiality analysis 2017 derives from the revision and updating of the materiality matrix and the adaptation of the topics to the context and evolution of the sector and its environment. In this way, the purpose of the company is to identify the most relevant topics for external and internal stakeholders, show their progress and determine the actions that must be taken to continue generating value.

Prosegur Cash has updated materiality taking into account the following aspects:

External relevance in the industry	Benchmark with peers	Internal relevance
• GRI Standard Guidelines. • International bodies and selective stock market indexes (CDP, DJSI, FTSE4good, etc.). • Industry-related matters considered controversial that have taken place in 2017.	• Analysis of relevant information and best practices of industry peers. • Analysis of materiality studies of companies within and outside the private security sector.	• Impact on strategy; assessment of the impact of each identified topic on the fulfillment of Prosegur Cash's basic strategies. • In-depth- interviews to 17 heads of different areas of the company.

As a result of this assessment, a list was drawn up with the **18 most relevant topics** for Prosegur Cash:



Key topics

1. Diversity and equality
2. Ethics and corruption
3. Human Rights
4. Employee health and safety
5. Relationship with customers (trust, quality)
6. Good Governance
7. Risk Management
8. Economic performance
9. Reputation and Brand
10. Regulatory and legal compliance
11. Dialogue with stakeholderss
12. Talent management
13. New technologies and digital transformation
14. Environmental management
15. Information security and data management
16. Supply chain management
17. Relationships with the community
18. Labour relations

4.4 Contact details

For further information or queries regarding the Annual Report 2017 or information contained herein, please contact us by email at: **accionistascash@prosegur.com.**

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Annex

Annex I

Performance indicators

The following table includes the main performance indicators of Prosegur Cash for the years 2016 and 2017. The scope indicates the level of information reported for each indicator, weighted according to turnover by country.

GRI Standard	Indicator	2016	Scope 2016	2017	Scope 2017
FINANCIAL PERFORMANCE INDICATORS					
102-7	**Main results**		100%		100%
	Sales (millions of euros) por **región**	**1,724.3**		**1,924.3**	
	Latin America	1,177.9		1,359.6	
	Europe	455.3		465.4	
	AOA	91.1		99.3	
	Sales (millions of euros) by **business area**	**1,724.3**		**1,924.3**	
	Logistics	1,172.1		1,268.8	
	Cash Management	441.0		489.0	
	New products	111.2		166.5	
	EBITDA (millions of euros)	**447.2**		**512.9**	
	EBIT (millions of euros)	**385.4**		**445.0**	
	Consolidated Net Profit (millions of euros)	**304.9**		**178.3**	
	Equity (millions of euros)	**185.5**		**263.8**	
	Capex (millions of euros)	**NA**		**104.9**	
	Current ratio (current assets / current liabilities)	**1,2**		**1,5**	
	Net Debt / Shareholders' equity	**3.5**		**1.6**	
	Net Debt (millions of euros)	**643.6**		**433.5**	
	Net Debt / EBITDA	**1.4**		**0.8**	
	Net financial expenses (millions of euros)	**9.2**		**0.7**	
	EBITDA / Financial expenses	**48.6**		**732.7**	
	EV (millions of euros)	**NA**		**4,438.1**	

GRI Standard	Indicator	2017	Scope 2017
ETHICS AND COMPLIANCE			
205-1	**Report the number and percentage of centres that have assessed risks related to corruption**	**ND**	**100,0%**
	Total number of centres	ND	
	Number of centres that have assessed risks related to corruption	ND	
205-2	**Employees that have received training on anti-corruption policies and procedures**		**100,0%**
	Employees in management positions that have received training on anti-corruption (%)	**ND**	
	Total number of employees in management positions	ND	
	Number of employees in management positions that have received training on anti-corruption	185	
	Employees in non-managerial positions that have received training on anti-corruption (%)	**ND**	
	Total number of employees in non-managerial positions	ND	
	Number of employees in non-managerial positions that have received training on anti-corruption	4,522	
205-3	**Actions taken in response to incidents of corruption**		**100,0%**
	Total number of incidents in which employees were dismissed or disciplined for corruption	**216**	
	Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.	**ND**	
416-2	**Incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services**		**88,9%**
	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services	**0**	
417-3	**Incidents of non-compliance with regulations and voluntary codes concerning marketing communications**		**88,9%**
	Number of incidents of non-compliance with regulations resulting in a fine or penalty	**0**	
	Number of incidents of non-compliance with voluntary codes	**0**	
418-1	**Customer complaints**		**88,9%**
	Total number of complaints regarding breaches of customer privacy and losses of customer data	**0**	
419-1	**Fines concerning the provision and use of products and services**		**88,9%**
	Number of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services of the organization	**0**	
	Total monetary value of fines (thousands of euros)	**0,0**	
206-1	**Anti-competitive behaviour and monopoly practices**		**88,9%**
	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	**2**	

GRI Standard	Indicator	2017	Scope 2017
ETHICS AND COMPLIANCE			
419-1	**Significant fines and non-monetary sanctions for noncompliance with laws and regulations**		88.9%
	Total monetary value of significant fines (thousands of euros)	222,118.7	
	Number of non-monetary sanctions	0.0	
	Claims against the organization promoted to arbitration bodies	0.0	
103-2	**Grievances about Human Rights**		100%
	Total number of grievances about human rights impacts filed through formal grievance mechanisms (Whistleblower Channel) during the reporting period	15.0	
	Total number of grievances about human rights impacts that were resolved during the reporting period	ND	
	Total number of grievances about human rights impacts filed prior to the reporting period that were resolved during the reporting period	ND	

GRI Standard	Indicator	2016	Scope 2016	2017	Scope 2017
QUALITY					
	Number of quality audits performed	218	68.5%	156	68.5%
CLIENTS AND USERS					
102-43 102-44	**Percentage of clients "satisfied" or "very satisfied" (Prosegur Cash)**	92.6%	100%	1,724.3	100%
	Total number of surveys completed by clients	842		1,177.9	
	Number of surveys to clients whose overall result is "satisfied" or "very satisfied"	780		455.3	
	Claims (Prosegur Cash)		47.6%		68.5%
	Number of complaints received from customers	18.006		1,724.3	
	Number of complaints handled	17,903		1,172.1	
	Number of complaints resolved satisfactorily	12,523		1,268.8	

GRI Standard	Indicator	2017	Scope 2017
SUPPLIERS AND PARTNERS			
	Number of suppliers	14.952	99.0%
	Suppliers related expenses (million euros)	301.5	99.0%

GRI Standard	Indicator	2017	Scope 2017
EMPLOYEES			
102-8	**Total number of employees**	**56,873**	**100.0%**
	Total number of employees (without Joint Ventures)	**40,014**	**99.9%**
102-8	**Number of employees by gender**		**99.9%**
	Men	**31,339**	
	Women	**8.675**	
102-8	**Number of employees by country and type of contract**		**999%**
	Germany	**3,988**	
	Men	3,318	
	Indefinite	2,991	
	Temporary	327	
	Women	670	
	Indefinite	603	
	Temporary	67	
	Argentina	**4,763**	
	Men	4,095	
	Indefinite	0	
	Temporary	668	
	Women	668	
	Indefinite	0	
	Temporary	0	
	Australia	**984**	
	Men	651	
	Indefinite	651	
	Temporary	0	
	Women	333	
	Indefinite	333	
	Temporary	0	
	Brasil	**15,323**	
	Men	12,386	
	Indefinite	12,311	
	Temporary	75	
	Women	2,937	
	Indefinite	2,863	
	Temporary	74	

GRI Standard	Indicator	2017	Scope 2017
EMPLOYEES			
102-8	**Number of employees by country and type of contract**		99.9%
	Chile	**2,390**	
	Men	1,675	
	Indefinite	1,626	
	Temporary	49	
	Women	715	
	Indefinite	695	
	Temporary	20	
	Colombia	**2,674**	
	Men	2,044	
	Indefinite	285	
	Temporary	1,759	
	Women	630	
	Indefinite	80	
	Temporary	550	
	Spain	**3,129**	
	Men	2,173	
	Indefinite	1,883	
	Temporary	290	
	Women	956	
	Indefinite	815	
	Temporary	141	
	France	**628**	
	Men	499	
	Indefinite	487	
	Temporary	12	
	Women	129	
	Indefinite	128	
	Temporary	1	
	Mexico	**897**	
	Men	616	
	Indefinite	604	
	Temporary	12	
	Women	281	
	Indefinite	275	
	Temporary	6	

GRI Standard	Indicator	2017	Scope 2017

EMPLOYEES

GRI Standard	Indicator	2017	Scope 2017
102-8	**Number of employees by country and type of contract**		99.9%
	Paraguay	**793**	
	Men	699	
	Indefinite	694	
	Temporary	5	
	Women	94	
	Indefinite	87	
	Temporary	7	
	Peru	**3,258**	
	Men	2,163	
	Indefinite	1,453	
	Temporary	710	
	Women	1,095	
	Indefinite	562	
	Temporary	533	
	Portugal	**609**	
	Men	527	
	Indefinite	486	
	Temporary	41	
	Women	82	
	Indefinite	64	
	Temporary	18	
	Uruguay	**578**	
	Men	493	
	Indefinite	493	
	Temporary	0	
	Women	85	
	Indefinite	85	
	Temporary	0	
102-8	**Workforce by working day type and gender**	**40,014**	99.9%
	Men	**31,339**	
	Full time	30,328	
	Part time	1,011	
	Women	**8,675**	
	Full time	7,978	
	Part time	697	

GRI Standard	Indicator	2017	Scope 2017
EMPLOYEES			
102-8	**Workforce by age**	**40,014**	**99.9%**
	Under 30	**6,599**	
	Between 30 and 50 years	24,991	
	More than 50 years	8,424	
102-8	**Number of employees by professional category and age group**	**40,014**	
	Managers	**66**	
	Under 30	0	
	Between 30 and 50 years	41	
	More than 50 years	25	
	Heads	**1,010**	
	Under 30	35	
	Between 30 and 50 years	687	
	More than 50 years	288	
	Administrative personnel	**2,497**	
	Under 30	508	
	Between 30 and 50 years	1,524	
	More than 50 years	465	
	Operations personnel	**36,441**	
	Under 30	6,056	
	Between 30 and 50 years	22,739	
	More than 50 years	7,646	
102-8	**Workforce by employee category and gender**	**40,014**	**99.9%**
	Managers	**66**	
	Men	64	
	Women	2	
	Heads	**1,010**	
	Men	848	
	Women	162	
	Administrative personnel	**2,497**	
	Men	1,622	
	Women	875	
	Operations personnel	**36,441**	
	Men	28,805	
	Women	7,636	
	Employees with disabilities		**99,.9%**
	Number of employees with disabilities	978	
	Percentage of employees with disabilities	**0.6%**	
	Immigrant workforce		**99.9%**
	Number of immigrants in the workforce	590	
	Percentage of immigrants in the workforce	**1.5%**	

GRI Standard	Indicator	2017	Scope 2017
EMPLOYEES			
202-2	**Management hired from the local community**		99.9%
	Number of senior management hired from the local community	41	
	Total number of senior managers	62	
	Senior management hired from the local community	**65.8%**	
405-2	**Average salary of men and women by employee category (euros)**		99.9%
	Managers		
	Men	**138,764.3**	
	Women	**145,500.0**	
	Heads		
	Men	**47,650.8**	
	Women	**38,989.3**	
	Administrative personnel		
	Men	**23,696.2**	
	Women	**19,224.6**	
	Operations personnel		
	Men	**17,003.0**	
	Women	**14,769.4**	
102-41	**Trade union representation**		99.9%
	Number of employees who are members of a trade union	11,622	
	Percentage of employees who are members of a trade union	**29.0%**	
102-41	**Collective bargaining agreements**		99.9%
	Number of employees covered by collective bargaining agreements	31,475	
	Percentage of employees covered by collective bargaining agreements	**78.7%**	
404-1	**Total number of training hours**	**315,971.0**	99.9%
	By employee category		99.9%
	Managers	638.8	
	Heads	13,370.5	
	Administrative personnel	22,579.0	
	Operations personnel	279,382.7	
	By gender		99.9%
	Men	207,688.6	
	Women	103,312.4	
404-1	**Average number of hours of training**	**7.9**	99.9%
	By employee category		99.9%
	Managers	9.7	
	Heads	13.2	
	Administrative personnel	9.0	
	Operations personnel	7.7	
	By gender		99.9%
	Men	6.6	
	Women	11.9	

GRI Standard	Indicator	2017	Scope 2017
EMPLOYEES			
410-1	**Training on human rights**		99.9%
	Number of employees who have received training on human rights	3.850	
	Percentage of employees who have received training on human rights	**9.6%**	
	Hours of training on human rights	**9,287.0**	
	Training investment		99.9%
	Investment on employees training	**3.5**	
404-3	**Employees receiving regular performance and career development reviews**		99,9%
	Number of employees receiving regular performance and career development reviews	4,747	
	Men	3,608	
	Women	1,139	
	Percentage of employees receiving regular performance and career development reviews	**11.9%**	
	Men	11.5%	
	Women	13.1%	
401-3	**Total number of employees that were entitled to parental leave,**	**1,728**	99,9%
	Men	793	
	Women	935	
	Total number of employees who returned to work after parental leave ended	**1,662**	99,9%
	Men	770	
	Women	892	
	Number of employees who returned to work after parental leave ended who were still employed twelve months after their return to work	**1,459**	99,9%
	Men	691	
	Women	768	
401-1	**Total number and rate of new employee hires during the reporting period**	**5,890**	99,9%
401-1	**By gender**		99,9%
	Men	4,110	
	Women	1,780	
401-1	**By age**		99,9%
	Under 30	2,709	
	Between 30 and 50 years	2,864	
	More than 50 years	317	
401-1	**By Country**		99,9%
	Germany	540	
	Argentina	365	
	Australia	125	
	Brazil	1,286	
	Chile	416	
	Colombia	988	
	Spain	578	
	France	201	

GRI Standard	Indicator	2017	Scope 2017
EMPLOYEES			
401-1	Mexico	301	99.9%
	Perú	780	
	Portugal	57	
	Uruguay	36	
401-1	**Rate of employee turnover**	**16.0%**	99.9%
401-1	**By gender**		99.9%
	Men	14.0%	
	Women	18.0%	
	By age		
	Under 30	23.8%	
	Between 30 and 50 years	10.9%	
	More than 50 years	5.7%	
	By Country		
	Germany	11.0%	
	Argentina	12.0%	
	Australia	17.0%	
	Brazil	9.0%	
	Chile	32.0%	
	Colombia	54.0%	
	Spain	6.0%	
	France	5.0%	
	Mexico	33.0%	
	Paraguay	15.0%	
	Peru	20.0%	
	Portugal	8.0%	
	Uruguay	0.0%	
403-2	**Number of days worked by all employees of Prosegur**	**12,215,739**	99.9%
	Men	9,112,341	
	Women	3,103,398	
	Total number of lost days	**627,353**	
	Men	454,719	
	Women	172,634	
	Absenteeism rate (AR)	**5.1%**	
	Men	5.0%	
	Women	5.6%	
	By country		
	Germany		
	Number of days worked by all Prosegur employees	1,060,660	
	Number of total days lost due to absence	102,919	
	Absenteeism rate (AR)	**9.7%**	

ANNEX I - PERFORMANCE INDICATORS

GRI Standard	Indicator	2017	Scope 2017
EMPLOYEES			
403-2	**Argentina**		99.9%
	Number of days worked by all Prosegur employees	1,195,513	
	Number of total days lost due to absence	53,592	
	Absenteeism rate (AR)	**4.5%**	
	Australia		
	Number of days worked by all Prosegur employees	1,466,830	
	Number of total days lost due to absence	35,791	
	Absenteeism rate (AR)	**2.4%**	
	Brazil		
	Number of days worked by all Prosegur employees	3,833,189	
	Number of total days lost due to absence	234,236	
	Absenteeism rate (AR)	**6.1%**	
	Chile		
	Number of days worked by all Prosegur employees	696,033	
	Number of total days lost due to absence	73,271	
	Absenteeism rate (AR)	**10.5%**	
	Colombia		
	Number of days worked by all Prosegur employees	802,200	
	Number of total days lost due to absence	18,507	
	Absenteeism rate (AR)	**2.3%**	
	Spain		
	Number of days worked by all Prosegur employees	1,125,407	
	Number of total days lost due to absence	49.318	
	Absenteeism rate (AR)	**4.4%**	
	France		
	Number of days worked by all Prosegur employees	153,757	
	Number of total days lost due to absence	14,194	
	Absenteeism rate (AR)	**9.2%**	
	Mexico		
	Number of days worked by all Prosegur employees	366,095	
	Number of total days lost due to absence	2,760	
	Absenteeism rate (AR)	**0.8%**	
	Paraguay		
	Number of days worked by all Prosegur employees	213,026	
	Number of total days lost due to absence	4,948	
	Absenteeism rate (AR)	**2.3%**	
	Peru		
	Number of days worked by all Prosegur employees	994,764	
	Number of total days lost due to absence	7.120	
	Absenteeism rate (AR)	**0.7%**	

GRI Standard	Indicator	2017	Scope 2017
EMPLOYEES			
403-2	**Portugal**		99.9%
	Number of days worked by all Prosegur employees	163,644	
	Number of total days lost due to absence	11,681	
	Absenteeism rate (AR)	**7.1%**	
	Uruguay		
	Number of days worked by all Prosegur employees	144,621	
	Number of total days lost due to absence	19,016	
	Absenteeism rate (AR)	**13.1%**	
403-1	**Formal Health and Safety Committees**		99.9%
	Total number of employees	40,014	
	Number of employees represented in formal health and safety committees	11,220	
	Percentage of employees represented in formal health and safety committees	**28.0%**	
403-2	**Injury rate by gender**		99.9%
	Number of hours worked by all Prosegur employees	**84,058,288.5**	
	Men	65,701,721.9	
	Women	18,356,566.6	
	Number of workplace injuries	**1,389**	
	Men	1,195	
	Women	194	
	Injury rate (IR)	**3.30**	
	Men	3.64	
	Women	2.11	
	Occupational diseases rate by gender		99.9%
	Total number of cases of occupational diseases	**50**	
	Men	28	
	Women	22	
	Occupational diseases rate (ODR)	**0.12**	
	Men	0.09	
	Women	0.24	
	Rate of days lost by gender		99.9%
	Total number of lost days	**29,959**	
	Men	25,522	
	Women	4,437	
	Lost day rate (IDR)	**71.3**	
	Men	77.7	
	Women	48.3	
	Fatalities		99.9%
	Number of fatalities	**3**	
	Men	3	
	Women	0	

GRI Standard	Indicator	2017	Scope 2017
EMPLOYEES			
404-1	**Imparted training in OHS**		**99.9%**
	Number of training hours on OHS	**45,407**	
	Men	**33,874**	
	Directors	41	
	Heads	707	
	Administrative personnel	1,403	
	Operative personnel	31,723	
	Women	**11,533**	
	Directors	0	
	Heads	287	
	Administrative personnel	1.055	
	Operative personnel	**10,191**	
	Investment in health and safety in the workplace		**99.9%**
	Investment in health and safety in the workplace (millions of euros)	**1,0**	
ENVIRONMENTAL COMMITMENT			
301-1	**Materials used**		**68.5%**
	Paper (t)	**248.0**	
	Toner (t)	**10.0**	
	Plastics operative (t)	**937.0**	
301-2	**Materials used that are recycled input materials**		**68.5%**
	Number of uniforms reused each year	**61,931.0**	
	Number of uniforms distributed each year	**378,632.0**	
302-1	**Direct and indirect energy consumption**		**68.5%**
	Fuel + diesel consumption (million litres)	**16.0**	
	Natural gas consumption (m^3)	**31,306.0**	
	Electricity consumption (MWh)	**23,350.0**	
303-1 **303-3**	**Water consumption**		**68.5%**
	Obtained from the public network (m^3)	235,835.0	
	From other sources (m^3)	0.0	
	Total (m3)	**235,835.0**	
	Volume of water recycled/reused (m^3)	0.0	
	Percentage of water consumption recycled/reused (m3)	0.0%	
305-1 **305-2** **305-3**	**Direct and indirect emissions of greenhouse gases**		**68.5%**
	Direct emissions (t CO_2eq)	43,368.6	
	Indirect emissions (t CO_2eq)	11,908.9	
	Total emissions (t CO_2eq)	**55,277.5**	
306-2	**Waste managed**		**68.5%**
	Waste generation (t)	1,008.5	
	Hazardous waste (t)	155.0	
	Non-hazardous waste (t)	506.0	
	Paper and cardboard (t)	100.0	
	Plastics (t)	52.0	
	Other (t)	354.0	

Content Index GRI Standards

General basic contents

	Indicators	Page / Information (Omissions)	External Assurance
ORGANIZATIONAL PROFILE			
102-1	Name of the organization	Prosegur Cash SA	**No**
102-2	Activities, brands, products, and services	1. Prosegur Cash and its business model	**No**
102-3	Location of headquarters	Calle Santa Sabina No. 8, Madrid, Spain	**No**
102-4	Location of operations	1. Prosegur Cash and its business model	**No**
102-5	Ownership and legal form	Prosegur Cash SA 2.1 Corporate governance, ethics and compliance	**No**
102-6	Markets served	1. Prosegur Cash and its business model	**No**
102-7	Scale of the organization	1.1 Main magnitudes 2017	**No**
102-8	Information on employees and other workers	3.1 Employees	**No**
102-9	Supply chain	3.3 Suppliers	**No**
102-10	Significant changes to the organization and its supply chain	3.3 Suppliers	**No**
102-11	Precautionary Principle or approach	2.3 Risk management	**No**
102-12	External initiatives	.1 Corporate governance, ethics and compliance Annex III. Sector associations	**No**
102-13	Membership of associations	Annex III. Sector associations	**No**
STRATEGY			
102-14	Statement from senior decision-maker	Letter from the Chairman Message from the CEO	**No**
102-15	Key impacts, risks, and opportunities	2.3 Risk management	**No**
ETHICS AND INTEGRITY			
GRI 103: Management Approach - Material topic: Ethics and integrity			
103-1	Explanation of the material topic and its Boundary	1.2 Mission, vision and values 2.1 Corporate governance, ethics and compliance (Code of Ethics and Conduct and Whistleblowing Channel)	**No**
103-2	The management approach and its components	1.2 Mission, vision and values 2.1 Corporate governance, ethics and compliance (Code of Ethics and Conduct and Whistleblowing Channel)	**No**
103-3	Evaluation of the management approach	1.2 Mission, vision and values 2.1 Corporate governance, ethics and compliance (Code of Ethics and Conduct and Whistleblowing Channel)	**No**

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ANNEX II. CONTENT INDEX
GRI STANDARDS

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ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behavior	1.2 Mission, vision and values 2.1 Corporate governance, ethics and compliance (Code of Ethics and Conduct and Whistleblowing Channel)	**No**
102-17	Mechanisms for advice and concerns about ethics	1.2 Mission, vision and values 2.1 Corporate governance, ethics and compliance (Code of Ethics and Conduct and Whistleblowing Channel)	**No**

GOVERNANCE			
GRI 103: Management Approach - Material topic: Risk management			
103-1	Explanation of the material topic and its Boundary	2.3 Risk management	**No**
103-2	The management approach and its components	2.3 Risk management	**No**
103-3	Evaluation of the management approach	2.3 Risk management	**No**
102-18	Governance structure	2.1. Corporate governance, ethics and compliance	**No**
102-19	Delegating authority	Annual Corporate Governance Report Available at www.prosegurcash.com	**No**
102-20	Executive-level responsibility for economic, environmental, and social topics	Annual Corporate Governance Report Available at www.prosegurcash.com	**No**
102-21	Consulting stakeholders on economic, environmental, and social topics	.1 Corporate governance, ethics and compliance (Whistleblowing Channel, and Board of Directors and Commissions) 4.3 Materiality analysis	**No**
102-22	Composition of the highest governance body and its committees	2.1 Corporate governance, ethics and compliance (Composition of the Board of Directors)	**No**
102-23	Chair of the highest governance body	2.1 Corporate governance, ethics and compliance Annual Corporate Governance Report Available at www.prosegurcash.com	**No**
102-24	Nominating and selecting the highest governance body	Annual Corporate Governance Report Available at www.prosegurcash.com	**No**
102-25	Conflicts of interest	Annual Corporate Governance Report Available at www.prosegurcash.com	**No**
102-26	Role of highest governance body in setting purpose, values, and strategy	Annual Corporate Governance Report Available at www.prosegurcash.com	**No**
102-27	Collective knowledge of highest governance body	Annual Corporate Governance Report Available at www.prosegurcash.com	**No**
102-28	Evaluating the highest governance body's performance	Annual Corporate Governance Report Available at www.prosegurcash.com	**No**

Indicators		Page / Information (Omissions)	External Assurance
GOVERNANCE			
GRI 103: Management Approach - Material topic: Risk management			
102-29	Identifying and managing economic, environmental, and social impacts	2.1 Corporate governance, ethics and compliance 2.3 Risk management Annual Corporate Governance Report Available at www.prosegurcash.com	**No**
102-30	Effectiveness of risk management processes	2.1 Corporate governance, ethics and compliance 2.3 Risk management Annual Corporate Governance Report Available at www.prosegurcash.com	**No**
102-31	Review of economic, environmental, and social topics	2.3 Risk management	**No**
102-32	Highest governance body's role in sustainability reporting	The Annual Report is reviewed and approved by the Board of Directors	**No**
102-33	Communicating critical concerns	2.1 Corporate governance, ethics and compliance (Code of ethics and complaints channel) Annual Corporate Governance Report Available at www.prosegurcash.com	**No**
102-34	Nature and total number of critical concerns	2.1 Corporate governance, ethics and compliance (Code of ethics and complaints channel) Annual Corporate Governance Report Available at www.prosegurcash.com	**No**
102-35	Remuneration policies	Annual Corporate Governance Report Available at www.prosegurcash.com	**No**
102-36	Process for determining remuneration	Annual Corporate Governance Report Available at www.prosegurcash.com	**No**
102-37	Stakeholders' involvement in remuneration	In 2017, no queries have been received regarding this issue in any of the communication channels available to the company	**No**
102-38	Annual total compensation ratio	Annual Corporate Governance Report Available at www.prosegurcash.com Directors' compensation report Available at www.prosegurcash.com	**No**
102-39	Percentage increase in annual total compensation ratio	Annual Corporate Governance Report Available at www.prosegurcash.com Directors' compensation report Available at www.prosegurcash.com	**No**

Indicators		Page / Information (Omissions)	External Assurance
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	3. Commitment to the stakeholders	**No**
102-41	Collective bargaining agreements	3.1 Employees Annex I. Performance indicators	**No**
102-42	Identifying and selecting stakeholders	3. Commitment to the stakeholders 4.3 Materiality analysis	**No**
102-43	Approach to stakeholder engagement	3. Commitment to the stakeholders 4.3 Materiality analysis	**No**
102-44	Key topics and concerns raised	3. Commitment to the stakeholders 4.3 Materiality analysis	**No**
REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	2017 Consolidated Annual Accounts Report Annex I. Dependent companies included in the scope of consolidation Available at www.prosegurcash.com	**No**
102-46	Defining report content and topic Boundaries	4. About this report	**No**
102-47	List of material topics	4.3 Materiality analysis	**No**
102-48	Restatements of information	The information published in none of the previous reports has been restated	**No**
102-49	Changes in reporting	Annex I. Performance indicators	**No**
102-50	Reporting period	2017	**No**
102-51	Date of most recent report	2016	**No**
102-52	Reporting cycle	Annual	**No**
102-53	Contact point for questions regarding the report	4.4 Contact information	**No**
102-54	Claims of reporting in accordance with the GRI Standards	4.2 Reference standards	**No**
102-55	GRI content index	Annex II. GRI content index	**No**
102-56	External assurance	The Annual Report is not verified externally	**No**

Specific Content

	Indicators	Page / Information (Omissions)	External Assurance
ECONOMIC			
ECONOMIC PERFORMANCE			
201-1	Direct economic value generated and distributed	3. Commitment to the stakeholders 1.1 Main magnitudes in 2017	**No**
201-2	Financial implications and other risks and opportunities due to climate change	2.3 Risk management	**No**
201-3	Defined benefit plan obligations and other retirement plans	NA There is no benefit plan for employees	**No**
MARKET PRESENCE			
202-2	Proportion of senior management hired from the local community	Annex I. Performance indicators (Employees)	**No**
204-1	Proportion of spending on local suppliers	3. Commitment to the stakeholders	**No**
ENVIRONMENTAL			
GRI 103: Management Approach - Material topic: Environmental management and climate change			
103-1	Explanation of the material topic and its Boundary	2.4 Environmental management Annex I. Performance indicators (Environmental management)	**No**
103-2	The management approach and its components	2.4 Environmental management Annex I. Performance indicators (Environmental management)	**No**
103-3	Evaluation of the management approach	2.4 Environmental management Annex I. Performance indicators (Environmental management)	**No**
MATERIALS			
301-1	Materials used by weight or volume	Annex I. Performance indicators (Environmental management)	**No**
301-2	Recycled input materials used	Annex I. Performance indicators (Environmental management)	**No**
ENERGY			
302-1	Energy consumption within the organization	2.4 Environmental management Annex I. Performance indicators (Environmental management)	**No**
303-4	Reduction of energy consumption	2.4 Environmental management Annex I. Performance indicators (Environmental management)	**No**
WATER			
303-1	Water withdrawal by source	2.4 Environmental management Annex I. Performance indicators (Environmental management)	**No**
303-3	Water recycled and reused	2.4 Environmental management Annex I. Performance indicators (Environmental management)	**No**

	Indicators	Page / Information (Omissions)	External Assurance
ENVIRONMENTAL			
EMMISSIONS			
305-1	Direct (Scope 1) GHG emissions	2.4 Environmental management Annex I. Performance indicators (Environmental management)	**No**
305-2	Energy indirect (Scope 2) GHG emissions	2.4 Environmental management Annex I. Performance indicators (Environmental management)	**No**
305-5	Reduction of GHG emissions	2.4 Environmental management Annex I. Performance indicators (Environmental management)	**No**
EFFLUENTS AND WASTE			
306-2	Waste by type and disposal method	2.4 Environmental management Annex I. Performance indicators (Environmental management)	**No**

SOCIAL			
LABOUR PRACTICES AND DECENT WORK			
EMPLOYMENT			
401-1	New employee hires and employee turnover	Annex I. Performance indicators (Employees)	**No**
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	The company does not offer different social benefits to full-time employees	**No**
401-3	Parental leave	Annex I. Performance indicators (Employees)	**No**
LABOR/MANAGEMENT RELATIONS			
GRI 103: Management Approach - Material topic: Labor relations			
103-1	Explanation of the material topic and its Boundary	Annex I. Performance indicators (Employees)	**No**
103-2	The management approach and its components	Annex I. Performance indicators (Employees)	**No**
103-3	Evaluation of the management approach	Annex I. Performance indicators (Employees)	**No**
402-1	Minimum notice periods regarding operational changes	Annex I. Performance indicators (Employees)	**No**
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach - Material topic: Occupational Health and Safety			
103-1	Explanation of the material topic and its Boundary	3.1 Employees Annex I. Performance indicators (Employees)	**No**
103-2	The management approach and its components	3.1 Employees Annex I. Performance indicators (Employees)	**No**
103-3	Evaluation of the management approach	3.1 Employees Annex I. Performance indicators (Employees)	**No**

Indicators		Page / Information (Omissions)	External Assurance
SOCIAL			
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach - Material topic: Occupational Health and Safety			
403-1	Workers representation in formal joint management–worker health and safety committees	Annex I. Performance indicators (Employees)	**No**
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	3.1 Employees Annex I. Performance indicators (Employees)	**No**
403-3	Workers with high incidence or high risk of diseases related to their occupation	No occupational activities at risk of illness have been identified	**No**
403-4	Health and safety topics covered in formal agreements with trade unions	The information is included in the collective agreements of the different countries of operation, but the percentage of them that cover these issues is not available at present	**No**
TRAINING AND EDUCATION			
404-1	Average hours of training per year per employee	.1 Employees (Training) Annex I. Performance indicators (Employees)	**No**
404-2	Programs for upgrading employee skills and transition assistance programs	3.1 Employees (Training) 3.1 Employees (Talent management)	**No**
404-3	Percentage of employees receiving regular performance and career development reviews	Annex I. Performance indicators (Employees)	**No**
DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity of governance bodies and employees	2.1 Corporate governance, ethics and compliance (Composition of the Board of Directors) Annex I. Performance indicators (employees)	**No**
EQUAL REMUNERATION FOR WOMEN AND MEN			
405-2	Ratio of basic salary and remuneration of women to men	Annex I. Performance indicators (Employees)	**No**
HUMAN RIGHTS			
HUMAN RIGHTS ASSESSMENT			
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	2.1 Corporate governance, ethics and compliance (Code of Ethics and Conduct and Whistleblowing Channel)	**No**
412-2	Employee training on human rights policies or procedures	2.1 Corporate governance, ethics and compliance (Code of Ethics and Conduct and Whistleblowing Channel) 3.1 Employees (Training) Annex I. Performance indicators (Employees)	**No**
NON-DISCRIMINATION			
406-1	Incidents of discrimination and corrective actions taken	2.1 Corporate governance, ethics and compliance (Whistleblowing Channel)	**No**

	Indicators	Page / Information (Omissions)	External Assurance
SOCIAL			
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
GRI 103: Management Approach - Material topic: Labor relations			
103-1	Explanation of the material topic and its Boundary	3.1. Employees (Labor relations) Annex I. Performance indicators (Employees)	**No**
103-2	The management approach and its components	3.1. Employees (Labor relations) Annex I. Performance indicators (Employees)	**No**
103-3	Evaluation of the management approach	3.1. Employees (Labor relations) Annex I. Performance indicators (Employees)	**No**
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	3.1. Employees (Labor relations) Annex I. Performance indicators (Employees)	**No**
SECURITY PRACTICES			
410-1	Security personnel trained in human rights policies or procedures	2.1 Corporate governance, ethics and compliance (Respect for human rights) 3.1 Employees (Training) Annex I. Performance indicators (Employees)	**No**
SOCIETY			
ANTI-CORRUPTION			
GRI 103: Management Approach - Material topic: Ethics and anticorruption			
103-1	Explanation of the material topic and its Boundary	Annex I. Performance indicators (Ethics and compliance)	**No**
103-2	The management approach and its components	Annex I. Performance indicators (Ethics and compliance)	**No**
103-3	Evaluation of the management approach	Annex I. Performance indicators (Ethics and compliance)	**No**
205-1	Operations assessed for risks related to corruption	Annex I. Performance indicators (Ethics and compliance)	**No**
205-2	Communication and training about anti-corruption policies and procedures	Annex I. Performance indicators (Ethics and compliance)	**No**
205-3	Confirmed incidents of corruption and actions taken	Annex I. Performance indicators (Ethics and compliance)	**No**
ANTI-COMPETITIVE BEHAVIOR			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Annex I. Performance indicators (Ethics and compliance)	**No**
SOCIOECONOMIC COMPLIANCE			
419-1	Non-compliance with laws and regulations in the social and economic area	Annex I. Performance indicators (Ethics and compliance)	**No**

Indicators		Page / Information (Omissions)	External Assurance
SOCIAL			
PRODUCT RESPONSIBILITY			
CONSUMER HEALTH AND SAFETY			
416-1	Assessment of the health and safety impacts of product and service categories	2.3 Risk management	**No**
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents have been recorded in this regard	**No**

Annex III

Industry Associations

Prosegur Cash is a member of industry associations and organizations in order to promote the development of the sector, the improvement of quality standards and to promote the most advanced public policies. The main European and international organizations of which it is a member are:

International Security Ligue

Association of private security companies. Non-governmental consulting body of the United Nations (UN) and the European Union.

European Security Transport Association (ESTA)

European association of companies providing services of transport of valuables, cash handling and management.

Asian Cash Management Association (ACMA)

Association of companies providing cash in transit services in Asia, Africa and Oceania.

ATM Industry Association (ATMIA)

International association of the ATM industry.

At the national level, Prosegur Cash participates in the main organizations of the sector of all the countries in which it is present:

Germany	National Association of the Cash In Transit Industry (BDGW) German Vending Federation (BDV)
Argentina	Argentine Chamber of CIT Services Companies (CETCA) Argentine Federation of Cargo Carriers (FADEEAC) Chamber of Cargo Carrier Companies (CEAC)
Australia	Australian Security Industry Association (ASIAL)
Brazil	Brazilian Transport of Valuables Association (ABTV) National Federation of Surveillance, Security and CIT Companies (FENAVIST)
Chile	Associations of Private Security and CIT Companies (ASEVA)
Colombia	Colombian Federation of Surveillance and Private Security Companies (FEDESEGURIDAD) Surveillance and Private Security Companies Committee of the National Federation of Tradesmen (FENALCO)
Spain	Professional Association of Private Security Companies of Spain (APROSER)
France	Association of Private Security Companies (USP) Logistics Intelligence Association of Southern Europe (PILES)
India	Association of Cash Management of India (CLAI)
Mexico	Mexican Association of Private Security Companies (AMESP)
Paraguay	Paraguayan Chamber of Transport of Valuables and Security Companies (CAPATRAVALSEP)
Peru	National Security Society of Peru (SNS)
Portugal	Association of Private Security Companies (AES)
Uruguay	Uruguayan Chamber of Cash in Transit (CUETRACA)

Annual Accounts 2017


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I. CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

(In thousands of euros)

	Note	2017	2016
Revenues	3	1,924,258	1,724,258
Costs of sales	4	(1,230,744)	(1,097,331)
Gross profit		**693,514**	**626,927**
Other income	6	88,081	71,433
Sale and administrative expenses	4	(331,032)	(305,757)
Other expenses	6	(4,059)	(2,719)
Share of profits/losses of financial year accounted for under the equity method	14	(1,446)	(4,529)
Operating profit/loss (EBIT)		**445,058**	**385,355**
Finance income	7	32,511	31,114
Finance expenses	7	(33,242)	(40,314)
Net Financial Income / (Costs)		**(731)**	**(9,200)**
Profit before tax		**444,327**	**376,155**
Income tax	24	(139,966)	(149,913)
Post-tax profit from continuing operations		**304,361**	**226,242**
Earnings after tax from discontinued operations	15	489	(47,276)
Consolidated profit for the year		**304,850**	**178,966**
Attributable to:			
- Owners of the parent		304,874	178,324
- Non-controlling interests		(24)	642

The notes included on pages 11 to 118 are an integral part of these consolidated annual accounts.

II. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR YEARS ENDED 31 DECEMBER 2017 AND 2016

(In thousands of euros)

	Note	2017	2016
Consolidated profit for the year		**304,850**	**178,966**
Other comprehensive income:			
Items which are not reclassified to profit and loss			
Actuarial gains/(losses) on defined benefit plans	5,2	(751)	(649)
		(751)	**(649)**
Items which are reclassified to profit and loss			
Translation differences of financial statements of foreign operations	20	(116,593)	53,238
		(116,593)	**53,238**
Total comprehensive income for the year, net of tax		**187,506**	**231,555**
Attributable to:			
- Owners of the parent		187,506	231,012
- Non-controlling interests		-	543

The notes included on pages 11 to 118 are an integral part of these consolidated annual accounts.

III. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2017 AND 2016
(In thousands of euros)

	Note	2017	2016
ASSETS			
Property, plant and equipment	11	279,261	266,359
Goodwill	12	318,744	317,351
Other intangible assets	13	159,234	173,856
Investments accounted for using the equity method	14	29,277	28,955
Non-current financial assets	17	5,709	2,058
Deferred tax assets	24	37,290	44,903
Non-current assets		**829,515**	**833,482**
Non-current assets held for sale	15	45,581	266,568
Inventory	16	6,115	7,457
Trade and other receivables	18	383,645	426,776
Accounts receivable with Prosegur Group	28	18,103	65,430
Current tax asset		106,017	102,352
Cash and cash equivalents	19	317,777	188,780
Current assets		**877,238**	**1,057,363**
Total assets		**1,706,753**	**1,890,845**
EQUITY			
Share capital	20	30,000	30,000
Own shares	20	(2,127)	-
Translation differences	20	(501,666)	(385,073)
Retained earnings and other reserves	20	737,571	540,535
Equity attributable to equity holders of the Parent		**263,778**	**185,462**
Non-controlling interests		11	11
Total equity		**263,789**	**185,473**

The notes included on pages 11 to 118 are an integral part of these consolidated annual accounts.

III. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2017 AND 2016
(In thousands of euros)

	Note	2017	2016
LIABILITIES			
Financial liabilities	22	696,924	634,720
Deferred tax liabilities	24	26,486	22,581
Provisions	21	127,273	137,047
Non-current liabilities		**850,683**	**794,348**
Trade and other payables	23	314,433	334,796
Current tax liabilities		104,999	118,525
Financial liabilities	22	77,530	87,315
Accounts payable with Prosegur Group	28	48,372	168,708
Provisions	21	5,553	3,121
Liabilities directly associated with non-current assets held for sale	15	26,795	184,688
Other current liabilities		14,599	13,871
Current liabilities		**592,281**	**911,024**
Total liabilities		**1,442,964**	**1,705,372**
Total equity and liabilities		**1,706,753**	**1,890,845**

The notes included on pages 11 to 118 are an integral part of these consolidated annual accounts.

IV. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR YEARS ENDED 31 DECEMBER 2017 AND 2016

(In thousands of euros)

	Equity attributable to equity holders of the Parent						Non-controlling interests (Note 20)	Total equity
	Capital (Note 20)	Share premium (Note 20)	Translation difference (Note 20)	Own shares (Note 20)	Retained earnings and other reserves (Note 20)	Total		
Balance on 1 January 2016	**-**	**-**	**(438,410)**	**-**	**1,385,829**	**947,419**	**9,728**	**957,147**
Total comprehensive income for the year	-	-	53,337	-	177,675	231,012	543	231,555
Capital increase 22/02/2016 (Note 20)	3	-	-	-	(3)	-	-	-
Capital increase 06/05/2016 (Note 20)	-	176,641	-	-	(176,641)	-	-	-
Capital increase 26/07/2016 (Note 20)	29,997	733,907	-	-	(763,904)	-	-	-
Share premium payment 30/12/2016 (Note 20)	-	(910,548)	-	-	-	(910,548)	-	(910,548)
Dividends	-	-	-	-	(48,719)	(48,719)	-	(48,719)
Capitalisations	-	-	-	-	19,063	19,063	-	19,063
Dividends to security companies (Note 20)	-	-	-	-	(46,781)	(46,781)	-	(46,781)
Subsequent acquisition of integrated companies (Note 20)	-	-	-	-	(10,733)	(10,733)	-	(10,733)
Other movements	-	-	-	-	4,749	4,749	(10,260)	(5,511)
Balance as of 31 December 2016	**30,000**	**-**	**(385,073)**	**-**	**540,535**	**185,462**	**11**	**185,473**
Total comprehensive income for the year	-	-	(116,593)	-	304,099	187,506	-	187,506
Dividends (Note 9)	-	-	-	-	(107,400)	(107,400)	-	(107,400)
Acquisition of own shares	-	-	-	(2,127)	-	(2,127)	-	(2,127)
Other movements	-	-	-	-	337	337	-	337
Balance as of 31 December 2017	**30,000**	**-**	**(501,666)**	**(2,127)**	**737,571**	**263,778**	**11**	**263,789**

The notes included on pages 11 to 118 are an integral part of these consolidated annual accounts.

V. CONSOLIDATED CASH FLOW STATEMENTS FOR YEARS ENDED 31 DECEMBER 2017 AND 2016
(In thousands of euros)

	Note	2017	2016
Cash flows from operating activities			
Profit/loss for the year		**304,850**	**178,966**
Adjustments for:			
Depreciations and amortisations	11. 13	67,874	61,893
Impairment losses on non-current assets	11	104	9
Impairment losses on trade receivables and stock	16. 18	1,619	1,457
Change in provisions	21	39,544	78,132
Finance income	7. 15	(60,241)	(33,448)
Finance expenses	7. 15	42,621	75,712
Share of profits/losses of financial year accounted for under the equity method	14	(1,446)	4,189
(Profit) / Loss due to the disposal and sale of fixed assets and real estate investments	6	1,389	(45,572)
(Profit) / Loss from the sale of shares and intangible assets	6	(85,911)	-
(Profit) / Loss from the sales of subsidiaries		-	296
Income tax	24	130,820	132,114

Changes in working capital, net of the effect of acquisitions and translation differences			
Inventory		105	(2,475)
Clients and other accounts receivable (includes Group companies)		(48,877)	(51,252)
Suppliers and other accounts payable (includes Group companies)		1,037	12,063
Payment of provisions	15. 21	(39,853)	(22,189)
Other current liabilities		(4,253)	(187)
Other current assets		-	1,172
Cash from operating activities			
Interest paid		(27,495)	(16,021)
Income tax paid		(139,384)	(115,920)
Net cash from operating activities		**182,503**	**258,939**

The notes included on pages 11 to 118 are an integral part of these consolidated annual accounts.

V. CONSOLIDATED CASH FLOW STATEMENTS FOR YEARS ENDED 31 DECEMBER 2017 AND 2016
(In thousands of euros)

	Note	2017	2016
Cash flows from investing activities			
Proceeds on sales of non-current assets held for sale	6. 15	73,636	100,895
Collections from financial assets		6,774	22,322
Collections from the sale of intangible assets	6	36,038	-
Collections from shares	6. 15	49,873	72,836
Interest collection		1,571	31,058
Collections from investments		-	37,012
Acquisition of subsidiaries, net of cash and cash equivalents	27	(47,620)	(29,529)
Acquisition of property, plant and equipment	11. 15	(97,442)	(89,386)
Acquisition of intangible assets	13. 15	(7,047)	(6,951)
Acquisition of joint ventures, net of cash and cash equivalents		-	(10,733)
Acquisition of financial assets		-	(70,946)
Net cash from investing activities		**15,783**	**56,578**
Cash flows from financing activities			
Payments from the issuance of own shares and own equity instruments		(2,127)	3
Collections from contributions		-	3,289
Financing received		26,376	715,125
Collections from obligations and other tradable securities		594,117	-
Payments from the reduction of capital from subsidiaries		-	(46,781)
Payments from debts		(543,791)	(22,158)
Payments from debts with group companies		(112,374)	-
Distribution of issuance premium		-	(910,548)
Dividends paid	9	(42,960)	(74,619)
Net cash from financing activities		**(80,759)**	**(335,689)**
Net increase / (decrease) of cash and other liquid resources		117,527	(20,172)
Cash and cash equivalents at the beginning of period		211,603	241,425
Effect of exchange differences		(11,254)	(9,650)
Cash and cash equivalents at the end of the period		**317,876**	**211,603**
Includes:			
- Cash and cash equivalents at the end of the continued operations period		317,777	188,780
- Cash and cash equivalents at the end of the discontinued operations period (Note 15)		99	22,823

The notes included on pages 11 to 118 are an integral part of these consolidated annual accounts.

1. General information about the Company

Prosegur Cash is a business group comprising Prosegur Cash, S.A. (hereinafter the Company) and its subsidiaries (boards, Prosegur Cash or the Prosegur Cash Group) that is present in the following countries: Spain, Portugal, France, Germany, Luxembourg, Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico, Colombia, Singapore, South Africa, India and Australia.

The Company was incorporated in Madrid on 22 February 2016 and is registered on the Madrid Mercantile Registry. Prosegur Cash, S.A. has its registered business address in Madrid, at Calle Santa Sabina, no. 8.

On 17 March 2017, the shares of Prosegur Cash S.A. started to trade at EUR 2 per share on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. The shares are traded through the Spanish Stock Exchange Interconnection System (continuous market, known as SIBE). On 7 April 2017, the green shoe period of the IPO process was concluded, reaching a floating capital of 27.5% of the total shares of Prosegur Cash S.A.

Prosegur Cash, S.A. is a subsidiary of the Spanish company Prosegur Compañía de Seguridad, S.A. (hereinafter Prosegur or Prosegur Group), which currently owns 51% of its shares while indirectly controlling a further 21.5% through its fully-owned subsidiary, Prosegur Assets Management, S.L.U. For this reason, the Prosegur Group consolidated the Prosegur Cash Group in its financial statements.

The Prosegur Cash Group is primarily engaged in the following services through a number of companies dedicated to the Cash business: (i) transit and processing services within Spain and internationally (by land, sea and air) for cash and other high-value objects (including jewellery, works of art, precious metals, electronic devices, voting cards, court evidence), including pick-up, transport, custody and depositing; (ii) cash processing and automation (including, among other services, counting, processing and packaging, along with currency recycling, cash flow control and cash tracking systems); (iii) integrated solutions for cashpoints (including planning, loading, monitoring, first- and second-level maintenance and cash tallying); (iv) planning and forecasting cash requirements for financial institutions; (v) self-service cash machines (including cash automation machines, coin and banknote recycling and dispensing services and bill payment services); and (vi) added-value outsourced services (AVOS) for banks (including outsourcing services for teller staff, multi-agency services, cheque processing and related administrative services).

These consolidated annual accounts were drawn up by the Board of Directors on 26 February 2018 and are pending approval by the shareholders at their Annual General Meeting. However, Prosegur Cash considers that these consolidated financial statements will be approved with no changes.

Appendix I contains detailed information on the subsidiaries of Prosegur Cash S.A. Likewise, the Group participates in joint ventures with other parties, which is explained in Appendix II.

2. Basis of Presentation

2.1 Basis for preparing the consolidated financial statements

The consolidated annual accounts have been prepared on the basis of the accounting records of Prosegur Cash, S.A. and its subsidiaries. The consolidated annual accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter EU-IFRS) and other applicable financial reporting framework, to give a true and fair view, of the consolidated equity and consolidated financial position of Prosegur Cash, S.A. and subsidiaries on 31 December 2017, as well as the consolidated results of operations and consolidated cash flows for the year then ended.

Any information or breakdowns, details of which due to qualitative importance are not required, that were not considered material or that have no relative importance, in accordance with the concept of Relative Importance defined in the conceptual framework of the EU-IFRS, have been omitted from these annual accounts.

2.2 Changes in the consolidated group

The most significant changes in the consolidation period that occurred during the years ending on 31 December 2017 and 2016 in the companies included in the group correspond to the acquisitions of subsidiaries and investees accounted for using the equity method; information that is detailed in Notes 27 and 14, respectively.

During reporting period 2017, the following companies were incorporated or wound up:

- In October 2017 SIS Prosegur Cash Logistics Private Limited was incorporated in India.
- In October 2017, Centro Informático de Servicios de Vigo, S.A. was liquidated in Spain.

In 2017, almost all of Brazil's security business was sold (except for four of its 27 regions), whose sale is expected to be completed in the first half of 2018 (Note 15), after the demerger on 31 December 2017.

In addition, the following mergers and spinoffs of subsidiaries occurred during the 2017:

- In October 2017, the merger by absorption of Servicios de Efectivo de Perú, S.A., was formalised in Peru by Compañía de Seguridad Prosegur, S.A.
- In November 2017, the merger by absorption of TC Interplata, S.A., was formalised in Argentina by Transportadora de Caudales Juncadella.

Additionally, the rest of changes in consolidation perimeter during the year 2017 includes acquisitions of subsidiaries whose information is detailed in Note 27.

2.3 Bases for the valuation

These consolidated financial statements have been prepared based on historical cost, with the following exceptions, where applicable:

- Assets, liabilities and contingencies acquired in business combinations, which are recognised at their fair value.
- Non-current assets and disposable groups of items classified as held for sale that are valued at the lowest value from between their book value and their fair value less sales costs.

The Prosegur Cash Group elected to measure its assets and liabilities in its first consolidated financial statements based on the carrying amounts included in the Prosegur Group's consolidated financial statements, eliminating consolidation adjustments made by the Prosegur Group, and consequently Prosegur Cash has adopted the same options of IFRS 1 as those chosen by the Parent Company.

2.4 Comparative information

The consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and the notes to the consolidated annual accounts for 2017 include comparative figures for the previous year.

In 2016, deferred income tax assets and liabilities were not offset in the consolidated statement of financial position for that year, despite meeting the criteria established in note 32.18. However, the Group considers that the effect of not offsetting is not relevant in the consolidated annual accounts as a whole and, therefore, in 2017 it reclassified the corresponding comparative data. In this regard, the amounts recorded as deferred tax assets and liabilities as of 31 December 2016 were EUR 89,546 thousand and EUR 67,244 thousand, respectively.

2.5 Estimates, assumptions and relevant judgements

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying Prosegur Cash's accounting principles to prepare the consolidated annual accounts in conformity with IFRS-EU and measure its assets and liabilities and profit and loss.

Although estimates are calculated by the Board of Directors of Prosegur Cash 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.

Accounting estimates and assumptions

The information on the relevant accounting estimates, assumptions and relevant judgements applicable for the accounting policies for 2017 and 2016, which could involve a significant risk of material adjustments during the year ended 31 December 2017, are included in the following notes:

- Business combinations: determination of the provisional reasonable values and related goodwill (Notes 27 and 32.1).
- Impairment of property, plant and equipment, intangible assets (including goodwill) and real estate investments: assumption used for the calculation of recoverable amounts. (Notes 11, 12, 13, 32.6, 32.7, 32.8 and 32.9).
- Available-for-sale financial assets: assumptions used to calculate fair values (Note 32.10).
- Recognition and measurement of provisions and contingencies: assumptions used to determine the probability of occurrence and the estimate amounts of resource outflows. (Notes 21, 25 and 32.16).
- Recognition and measurement of the defined benefit plans for employees: actuarial hypotheses for the provision of defined benefit plans for employees (Notes 5.2, 21 and 32.19).
- Recognition and measurement of deferred tax assets: estimates and assumptions used to measure the recoverability of tax credits (Notes 24 and 32.18).

Relevant judgements

Information on judgements made in applying Prosegur Cash accounting policies with a significant impact on the amounts recognised in the consolidated financial statements is included in the following notes:

- Consolidation: control determination (Note 32.2).
- Leases: lease classification (Note 32.21).
- Non-current assets held for sale and associated liabilities (Note 15 and 32.13).

Determination of fair values

Certain Prosegur Cash accounting policies and details require the determination of fair values of financial and nonfinancial assets and liabilities.

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 EU-IFRS and the level in the fair value hierarchy by which such measurements should be classified.

Significant measurement issues are reported to the Prosegur Cash Audit Committee.

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.

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 29.3: Financial instruments and fair value.

3. Revenues

Revenues have been only obtained from services rendered.

Thousands of euros	2017	2016
Provision of services	1,924,258	1,724,258
Total revenues	**1,924,258**	**1,724,258**

For more information on revenue by geographical area, see Note 10. See Note 32.20 for a description of the Group's revenue recognition policy.

4. Selling, general and administrat ive expenses

The main cost of sales and selling, general and administrative expenses are as follows:

Thousands of euros	31/12/2017	31/12/2016
Supplies	45,796	43,426
Expenses from employee benefits (Note 5)	888,364	781,205
Operating leases	12,972	25,318
Supplies and external services	116,538	115,476
Depreciation and amortisation	36,586	30,577
Other expenses	130,488	101,329
Total costs to sell	**1,230,744**	**1,097,331**
Supplies	1,237	1,937
Expenses from employee benefits (Note 5)	87,424	109,224
Operating leases	33,257	28,648
Supplies and external services	53,682	53,293
Depreciation and amortisation	31,288	31,316
Other expenses	124,144	81,339
Total sale and administrative expenses	**331,032**	**305,757**

In 2017, the Other expenses section, under administrative and sales expenses, include expenses for management support services and trademark use expenses for a total amount of EUR 78,311 thousand (EUR 61,424 thousand in 2016), Note 28. This section also includes costs for indirect taxes, mainly from Argentina and Brazil, amounting to EUR 18,287 thousand (2016: EUR 10,465 thousand) in addition to the support costs for Brazil totalling EUR 19,089 thousand (2016: EUR 6,952 thousand), which after the demerger on 31 December 2017 (Note 15) will be included in the billing for services to support management in the future.

The increase in expenses for employee benefits, by sale cost, is mainly due to the new business combinations (Note 27) and the increase in provisions for employment reasons (Note 21). On the other hand, the reduction in employee benefit expenses included in the administrative and sales expenses heading was reduced due to the transfer of staff in August 2016 to Prosegur Gestión de Activos, a subsidiary of the Prosegur Group. See details of employee benefitexpenses in Note 5.

The other expenses heading, under sales costs, was increased in 2017 by EUR 29,159 thousand, mainly as a result of an increase in insurance premiums and freight expenses.

Under supplies and external services are included the costs for repairs of transport elements, counting machines as well as operational subcontracting to third parties and other advisors such as lawyers, auditors and consultants.

5. Employee benefits

5.1 Employee benefit expenses

Details of employee benefits costs are as follows:

Thousands of euros	31/12/2017	31/12/2016
Salaries and wages	709,567	660,771
Social Security	173,758	158,985
Other employee benefits expenses	52,628	49,191
Termination payments	39,835	21,482
Total employee benefits expense	**975,788**	**890,429**

In relation to the 2017 Long-Term Incentive Plan for the Chief Executive Officer and Senior Management of Prosegur Cash (Note 32.19), the expense corresponding to the commitment accrued in 2017 for EUR 2,331 thousand has been included under the wages and salaries heading (Note 21) (2016: EUR 1,790 thousand). The indemnities heading includes expenses for provision for occupational risks, which increased in 2017 (Note 21).

5.2 Employee benefits

The Prosegur Cash Group contributes to four defined benefit plans in France, Brazil, Germany, and Mexico. The defined benefit plan comprises post-employment healthcare. This benefit is required under Law 9656 of Brazil. The defined benefit plan in Mexico consists of seniority bonuses applied for the first time in 2017, while the defined benefit plans in France and Germany consist of retirement benefits.

During the 2017, the amount recognised as an increase in personnel expenses in the income statement in the consolidated results account under the sales costs section, administration costs and sales amount to EUR 351 thousand (2016: a higher cost of EUR 1,136 thousand).

The movement of the current value of obligations is shown in the following table:

Thousands of euros	31/12/2017	31/12/2016
Balance as of January 1	**7,462**	**4,787**
Net Cost/(Income) for the period	351	1,136
Plan contributions	(579)	(113)
Actuarial loss/profit	1,137	955
Translation differences	(612)	697
Balance as of December 31	**7,759**	**7,462**

During 2017, the negative impact on equity arising from actuarial losses amounted to EUR 751 thousand (negative impact of EUR 649 thousand in 2016) (see Note 21).

The breakdown between current and non-current in the current value of obligations for the main defined benefit plans in Germany, Brazil, France and Mexico is as follows:

Thousands of euros	Brazil		France		Germany		Mexico	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Non-current	4,365	4,027	1,910	2,821	620	614	864	
Current	-	-		-		-		n/a
	4,365	4,027	1,910	2,821	620	614	864	

The movement of the current value of the main obligations for the defined benefit plans, in Germany, Brazil, France and Mexico is as follows:

Thousands of euros	Brazil		France		Germany		Mexico	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Balance as of January 1	**4,027**	**1,694**	**2,821**	**2,480**	**614**	**613**		
Net Cost/(Income) for the period	(206)	1,015	(446)	120	26	1	977	
Plan contributions	(76)	(47)	(426)	(66)	(31)	-	(46)	n/a
Actuarial loss/profit	1,151	668	(39)	287	11	-	14	
Translation differences	(531)	697	-	-	-	-	(81)	
Balance as of December 31	4,365	4,027	1,910	2,821	620	614	864	

At 31 December 2017, Brazil's defined benefit plans have 10,403 employees and 74 retirees (17,866 employees and 78 retirees in 2016). France's plan had 622 employees in 2017 (588 employees in 2016). Germany's plan had 2 employees as of 31 December 2017 (2 employees in 2016). Mexico's plan had 873 employees as of 31 December 2017.

The detail of the actuarial assumptions used to calculate the present value of the main obligations of defined benefit plans in Brazil, France, Germany and Mexico is as follows:

	Brazil		France		Germany		Mexico	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Inflation rate	5.0%	5.0%	1.0%	1.0%	1.8%	0.6%	3.5%	
Annual discount rate	5.4%	5.7%	1.5%	1.4%	1.8%	2.1%	9.5%	n/a
Retirement age	n/a	n/a	65	65	65	65	n/a	

The age factor assumed in the benefit plan of Brazil in accordance with the experience of the Prosegur Cash Group's experience is as follows:

- 0 to 5 Minimum Salaries = 16.97%
- 5 to 10 Minimum Salaries = 14.29%
- Over than 10 Minimum Salaries= 11.42%

The mortality tables used in determining the defined benefit obligation were:

Brazil		France		Germany		Mexico	
31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
AT 2000 lessened to 10% segregated by gender	AT 2000 lessened to 10% segregated by gender	INSEE 2017	INSEE 2014	Heubeck Richttafeln 2005 G	Heubeck Richttafeln 2005 G	Experience of the Mexican Social Security for Assets 1997	n/a

The defined benefit plan variables which cause the Prosegur Cash Group exposure to actuarial risk are: longevity, medical cost trends, inflation, retirement age, discount rate and market.

6. Other revenues and expenses

Other income

Thousands of euros	31/12/2017	31/12/2016
Profits from the sale of property, plant and equipment	-	46,374
Profits from the sale of shares	49,873	-
Profits from the sale of intangible assets	36,038	-
Income from royalties	-	13,640
Income from leasing real estate investments	1,249	6,130
Other income	921	5,289
Total other income	**88,081**	**71,433**

In 2017, the "Other income" heading in the consolidated financial statement primarily includes the recorded profit derived from the sale of Prosegur Cash's 100% stake in the Spanish company Compañía Ridur 2016, S.A. in March 2017 for EUR 49,873 thousand and the profit recorded from the sale of certain Prosegur trademark registrations owned by Juncadella Prosegur Internacional, S.A. to the Prosegur Group in March 2017 for EUR 36,038 thousand (Note 28).

The price of both transactions was determined on the basis on appraisals conducted by independent experts close to the time of sale. In addition, rental income accrued on investment property until the time of sale amounted to EUR 1,249 thousand (Note 15).

As of 31 December 2016, the heading of the consolidated income statement included the net profits obtained from the sale of operational real estate to other companies of the Prosegur Group amounting to EUR 46,374 thousand; revenue from licence use of Prosegur trademark registrations, sold in 2017, amounting to EUR 13,640 thousand and net income from the rental of real estate investments in Argentina, amounting to EUR 6,130 thousand. The sale price of said real estate was determined on the basis on appraisals conducted by independent experts close to the time of sale.

Other expenses

Details of other expenses are as follows:

Thousands of euros	31/12/2017	31/12/2016
Impairment losses on trade receivables	(1,614)	(1,384)
Impairment losses on non-current assets	(104)	(9)
Net Profit / (Loss) due to the disposal of real estate investments	(1,389)	-
Other expenses	(952)	(1,326)
Total other expenses	**(4,059)**	**(2,719)**

In 2017, the loss from the sale of one floor and 8 parking spaces in Argentina on 12 January 2017, amounting to EUR 300 thousand, is recorded under the losses from the disposal of real estate investments heading.

It also includes the net loss from the sale of the remaining real estate investments to the Prosegur Group on 23 February 2017 for EUR 67,380 thousand, generating a loss amounting to EUR 1,089 thousand (Note 28) .

In 2016, the loss from the sale of two floors of the Torre Intercontinental in Argentina was recorded for a total amount of EUR 802 thousand, as well as the recorded loss derived from the sale of Prosegur Cash's 51.28% stake in the Chilean company Sociedad de Distribución Canje y Mensajería Ltda for EUR 296 thousand.

7. Net financial expenses

Details of the net financial expenses are as follows:

Thousands of euros	31/12/2017	31/12/2016
Interest paid:		
Loans and borrowings	(16,636)	(7,198)
Loans with other companies (includes Group companies)	(152)	(2,815)
Finance leases	(1,874)	(1,989)
	(18,662)	**(12,002)**
Interest received:		
Credit and other investments (includes Group companies)	454	23,749
	454	**23,749**
Other results		
Net gains/losses on foreign currency transactions	25,600	(7,511)
Other finance income	6,457	7,365
Other financial expenses	(14,580)	(20,801)
	17,477	**(20,947)**
Net financial expenses	**(731)**	**(9,200)**
Total finance income	**32,511**	**31,114**
Total finance costs	**(33,242)**	**(40,314)**
Net financial expenses	**(731)**	**(9,200)**

The variation in net profits from transactions in foreign currency between 2017 and 2016 mainly corresponds to transactions in foreign currency different to the operational currency in each country, mainly in Argentina.

Loan interest expenses with credit institutions have increased as a result of the syndicated financing operation amounting to EUR 600,000 thousand arranged in December 2016, which was cancelled on 20 November 2017 and 20 December 2017.

Revenue from Prosegur Cash Group companies reduced in 2017 as a result of the full cancellation of the loans granted to the Prosegur Group in 2016 (Note 28).

The "Other financial expenses and income" heading mainly includes monetary restatements as a result of the calculation of the amortised cost of debt as well as, the legal claims for employment reasons in Brazil (Note 21), as well as the monetary restatement of the tax contingencies, mainly in Brazil (Note 21) and the monetary restatement of the deferred payments of business combinations that occurred in the different countries (Note 27).

At 31 December 2017 and 2016 there are no derivative financial instruments arranged by Prosegur Cash.

8. Earnings per share

Basic

Basic earnings per share are calculated by dividing the profit for the year attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year (Note 20 (a)).

Euros	31/12/2017		
	Continued operations	**Continued operations (Note 15)**	**Total**
Profit for the year attributable to owners of the parent	304,383,252	490,578	304,873,830
Weighted average number of ordinary shares outstanding	1,498,959,105	1,498,959,105	1,498,959,105
Basic earnings per share	**0,20**	**0,00**	**0,20**

Euros	31/12/2016		
	Continued operations	**Continued 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 number of ordinary shares outstanding	651,724,191	651,724,191	651,724,191
Basic earnings per share	**0,35**	**(0,07)**	**0,27**

Diluted

Diluted earnings per share are calculated by adjusting the profit for the year attributable to the owners of the parent company and the weighted average number of common shares outstanding to take into account all the dilutive effects of potential common shares.

The parent company does not have different classes of potentially dilutive common shares.

9. Dividends per share

The dividend on account of the profits from 2017, approved by the Board of Directors on 18 December 2017, was EUR 107,400 thousand, EUR 0,0716 per share, considering that the share capital on the date of the aforementioned Board of Directors meeting was divided into 1,500 million of shares. 40% of the approved dividends, which amount to EUR 42,960 thousand were paid to the shareholders on 27 December 2017. The rest will be paid in March, June and September 2018, in equal payments, that is, EUR 21,480 thousand in each payment.

The provisional financial statement formulated by the Board of Directors in accordance with the legal requirements that presents the existence of sufficient liquidity for the distribution of the mentioned interim dividend is set out below:

Thousands of euros	**31/12/2017**
1. Initial cash and cash equivalents (before distribution of interim dividends)	752,854
2. Balances in group current accounts	(326,107)
3. Account receivables	289
4. Current accounts receivables	4,459
5. Current accounts payables	(5,891)
6. Extraordinary blances payables	(1,873)
Projected cash and cash equivalents	423,731
Less proposed dividend payment	(107,400)
Cash and cash equivalents after dividends	**316,331**

10. Segment reporting

The Board of Directors is the maximum decision-making body at Prosegur Cash and it reviews the internal financial information of Prosegur in order to assess performance and allocate resources accordingly.

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 with operational activity, Luxembourg is included due to the existence of the Luxembourg company Pitco Reinsurance, S.A., which has the corporate purpose of insurance coverage).
- Asia-Oceania and Africa (AOA), which includes the following countries: Australia, India, Singapore (despite not being a jurisdiction where there is operational activity, it is included as a result of the Singapore company Singpai Pte Ltd for the purpose of administrative coverage) and South Africa.
- Latin America, which includes the following countries: Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru and Uruguay.

The geographies are a fundamental axis in the organisation and are represented in the Regional Business General Divisions, which are responsible for the commercial negotiations and the design of the services that each of the clients demands, covering the totality of the lines of business in each region. The segments have been defined according tothe organisational structure and based on the similarities of the macroeconomic and commercial markets and market operations, and on the basis of inter-country trade negotiations within each region.

Prosegur Cash has a broad portfolio of global clients that allows regional and not national negotiation. Therefore, segmentation by region is the best way to manage at the EBIT level, which is compatible with making decisions at more granular levels based on business indicators.

The following ratios are used in segment reporting:

- EBITDA: Consolidated profit/loss of the Group before amortisations, depreciation, revenue/(costs) and corporate tax.
- EBIT: Consolidated profit/loss of the Group before revenue/(costs) and corporate tax.
- Consolidated profit for the year: Consolidated profit/loss net of tax.

The Board of Directors relies on EBIT to assess the performance of the different operating segments, since this indicator is considered the best yardstick of the performance and 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 revenue, EBIT and net profit/loss by segments

Details of revenues by segment are as follows:

Thousands of euros	Europe		AOA		Iberoamerica		Total	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Revenue	465,354	455,275	99,336	91,156	1,359,568	1,177,827	1,924,258	1,724,258
% of total	24%	27%	5%	5%	71%	68%	100%	100%
Total sales	**465,354**	**455,275**	**99,336**	**91,156**	**1,359,568**	**1,177,827**	**1,924,258**	**1,724,258**

Details of revenues by segment are as follows:

Thousands of euros	Europe		AOA		Iberoamérica		Not allocated		Total	
	31/12/ 2017	31/12/ 2016	31/12/ 2017	31/12/ 2016	31/12/ 2017	31/12 /2016	31/12/ 2017	31/12/ 2016	31/12/ 2017	31/12/ 2016
Sales	465,354	455,275	99,336	91,156	1,359,568	1,177,827	-	-	1,924,258	1,724,258
Other net costs	(409,546)	(395,673)	(95,524)	(86,055)	(991,077)	(860,157)	84,819	64,875	(1,411,328)	(1,277,010)
EBITDA	55,808	59,602	3,812	5,101	368,491	317,670	84,819	64,875	512,930	447,248
Depreciation	(14,804)	(13,829)	(7,689)	(5,937)	(45,379)	(42,127)	-	-	(67,872)	(61,893)
Operating profit/loss (EBIT)	41,004	45,773	(3,877)	(836)	323,112	275,543	84,819	64,875	445,058	385,355
Net financial expenses	(15,918)	(6,597)	(2,493)	(2,159)	17,680	(21,479)	-	21,035	(731)	(9,200)
Income tax	(1,277)	(4,256)	402	(1,292)	(122,641)	(99,918)	(16,450)	(44,447)	(139,966)	(149,913)
Post-tax profit from continuing operations	23,809	34,920	(5,968)	(4,287)	218,151	154,146	68,369	41,463	304,361	226,242

The following are the allocated and unallocated profit/loss from the income statement:

Thousands of euros	Total allocated		Total not allocated			Total	
	31/12/ 2017	31/12/ 2016	31/12/ 2017	31/12/ 2016	Note	31/12/ 2017	31/12/ 2016
Revenue	1,924,258	1,724,258	-	-	3	1,924,258	1,724,258
Costs to sell	(1,230,744)	(1,097,331)	-	-	4	(1,230,744)	(1,097,331)
Gross profit	**693,514**	**626,927**	**-**	**-**		**693,514**	**626,927**
Other income	920	5,289	87,161	66,144	6	88,081	71,433
Sale and administrative expenses	(331,032)	(305,412)	-	(345)	4	(331,032)	(305,757)
Other expenses	(1,717)	(1,795)	(2,342)	(924)	6	(4,059)	(2,719)
Share of profits/losses of financial year accounted for under the equity method	(1,446)	(4,529)	-	-	14	(1,446)	(4,529)
Operating profit/loss (EBIT)	**360,239**	**320,480**	**84,819**	**64,875**		**445,058**	**385,355**
Finance income	32,511	7,409	-	23,705	7	32,511	31,114
Finance expenses	(33,242)	(37,644)	-	(2,670)	7	(33,242)	(40,314)
Net Financial Income / (Costs)	**(731)**	**(30,235)**	**-**	**21,035**		**(731)**	**(9,200)**
Profit before tax	**359,508**	**290,245**	**84,819**	**85,910**		**444,327**	**376,155**
Income tax	(123,516)	(105,466)	(16,450)	(44,447)	24	(139,966)	(149,913)
Post-tax profit from continuing operations	**235,992**	**184,779**	**68,369**	**41,463**		**304,361**	**226,242**
Earnings after tax from discontinued operations	-	-	489	(47,276)	15	489	(47,276)
Consolidated profit for the year	**235,992**	**184,779**	**68,858**	**(5,813)**		**304,850**	**178,966**

The unallocated profit/loss corresponds to the following items:

Thousands of euros	31/12/2017	31/12/2016
Sale of the trademark to the Prosegur Group (Note 6)	36,038	-
Income from leasing real estate investments (Note 6)	-	6,130
Maintenance costs for real estate investments (Note 6)	-	(345)
Profits from the sale of property, plant and equipment (Note 6)	-	46,374
Sale of Ridur shareholding to Prosegur Group (Note 6)	49,873	-
Trademark billing (Note 6)	-	13,640
Loss from the sale of Sociedad de Distribución Canje y Mensajería Ltda (Note 6)	-	(296)
Profit (Loss) from the sale of real estate investments (Note 6)	(1,389)	(802)
Income from leasing real estate investments (Note 6)	1,249	-
Other (Note 6)	(952)	174
EBITDA / EBIT	**84,819**	**64,875**
Financial Income (Note 7)	**-**	**21,035**
Tax associated with company restructuring (Note 24)	(9,010)	(22,330)
Capital gains tax from the sale of real estate	-	(11,858)
Taxes for other unallocated items	(1,170)	(10,259)
Tax from the demerger of Brasil Seguridad	(6,270)	-
Tax from continued activities	**(16,450)**	**(44,447)**
Post-tax profit from continuing operations	**68,369**	**41,463**

Details of revenue by activity are as follows:

Thousands of euros	Europe		AOA		Iberoamerica		Total	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
National and international transportation and custody of valuable goods	260,267	263,737	53,724	53,704	954,841	854,629	1,268,832	1,172,070
% of total	55.9%	57.9%	54.1%	58.9%	70.2%	72.5%	65.9%	68.0%
Cash Management	150,859	150,574	35,981	35,242	302,072	255,203	488,912	441,019
% of total	32.4%	33.1%	36.2%	38.7%	22.2%	21.7%	25.4%	25.6%
New products	54,228	40,964	9,631	2,210	102,655	67,995	166,514	111,169
% of total	11.7%	9.0%	9.7%	2.4%	7.6%	5.8%	8.7%	6.4%
	465,354	**455,275**	**99,336**	**91,156**	**1,359,568**	**1,177,827**	**1,924,258**	**1,724,258**

The services rendered by the Prosegur Cash Group through its subsidiaries are classified in the following lines of activity within the geographical segments:

- Transport: transport in armoured vehicles and custody of funds and securities in the Group's vaults, as well, as high value merchandise such as jewellery, works of art, precious metals, electronic devices, votes and judicial evidence.

- Cash management: preparation of banknotes and coins for recirculation according to the regulations of the country and the requirements of the Central Bank. This includes processing, packaging and recycling banknotes.
- Outsourcing: comprising various products, including:
  - The management of the cash cycle, from the planning of the need for cash in cashpoints, minimising the financial and logistic cost and ensuring the availability of cash, to filling cashpoints with cash in the requested denominations and balancing the cash data in the cashpoint at the time of the filling with the data of the strip printed on it.
  - Comprehensive management of cash automation machines for the public (front-office) and the management of internal staff (back office) for retail clients. This management includes parts of cash management, transportation and custody but they are included in the package.
  - The management of the outsourcing of other services in financial institutions ("AVOS") includes services such as document management, support service for payment methods and legal services.

Asset distribution by segments

The asset distribution by segments is as follows:

Distribution of Cash business assets by geographical segments

Thousands of euros	Europe		AOA		Iberoamerica		Total	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Non-current assets allocated to the segments	155,808	134,582	111,882	117,365	561,825	581,535	829,515	833,482
Current assets allocated to the segments	127,890	136,656	42,322	72,809	661,445	554,703	831,657	764,168
	283,698	**271,238**	**154,204**	**190,174**	**1,223,270**	**1,136,238**	**1,661,172**	**1,597,650**

Distribution of Security business assets by geographical segments

In 2017 and 2016, the assets of the Security business in Brazil classified as non-current assets held for sale were not included in the previously presented breakdown of assets by segments for EUR 53,442 thousand for 2017, EUR 266,568 thousand for 2016 (Note 15).

Furthermore, the current financial assets with the Prosegur Group were not allocated in 2016, amounting to EUR 26,627 thousand (Note 28).

Liabilities distribution by segments

Details of liabilities allocated to segments and a reconciliation with total liabilities are as follows:

Thousands of euros	Europe		AOA		Iberoamerica		Total	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Liabilities allocated to segments	**811,764**	**808,509**	**128,703**	**34,148**	**475,702**	**541,058**	**1,416,169**	**1,383,715**

In 2017 and 2016, the liabilities of the Security business in Brazil classified as liabilities directly associated with noncurrent assets held for sale were not included in the previously presented breakdown of liabilities by segments for EUR 26,795 thousand in 2017, and EUR 184,688 thousand for 2016 (Note 15).

Furthermore, the current financial liabilities with the Prosegur Group, which amounted to EUR 136,972 thousand (Note 28), were not allocated in 2016 to the detail of the liabilities previously presented.

Below is the cash flow status for just the Cash business.

Thousands of euros	Note	31/12/2017	31/12/2016
Cash flows from operating activities			
Profit/loss for the year		**304.361**	**226.242**
Adjustments for:			
Depreciations and amortisations	11. 13	67,874	61,893
Impairment losses on non-current assets	11	104	9
Impairment losses on trade receivables and stock	16. 18	1,619	1,457
Change in provisions	21	39,544	40,433
Finance income	7. 15	(32,511)	(31,114)
Finance expenses	7. 15	33,242	40,314
Share of profits/losses of financial year accounted for under the equity method	14	(1,446)	4,529
Profit) / Loss due to the disposal and sale of fixed assets and real estate investments	6	1,389	(45,572)
Profit) / Loss from the sale of shares and intangible assets	6	(85,911)	-
(Profit) / Loss from the sales of subsidiaries		-	296
Income tax	24	139,966	149,913

Thousands of euros	Note	31/12/2017	31/12/2016
Changes in working capital, net of the effect of acquisitions and translation differences			
Inventory		282	(977)
Clients and other accounts receivable (includes Group companies)		4,843	11,547
Suppliers and other accounts payable (includes Group companies)		(35,109)	(53,838)
Payment of provisions	15. 21	(39,853)	(22,189)
Other current liabilities		(4,253)	-
Other current assets		-	-
Cash from operating activities			
Interest paid		(17,471)	(11,085)
Income tax paid		(139,384)	(115,920)
Net cash from operating activities		**237,287**	**255,938**
Cash flows from investing activities			
Proceeds on sales of non-current assets held for sale	6. 15	70,300	100,895
Collections from financial assets		6,774	-
Collections from the sale of intangible assets	6	36,038	-
Collections from shares	6. 15	49,873	88,907
Interest collection		1,571	30,670
Collections from investments		-	37,012
Dividends received		-	8,541
Acquisition of subsidiaries, net of cash and cash equivalents	27	(47,620)	(29,529)
Acquisition of property, plant and equipment	11. 15	(97,790)	(88,126)
Acquisition of intangible assets	13. 15	(7,047)	(6,206)
Payments for the acquisition of subsidiaries		-	(10,733)
Payments for the acquisition of financial assets (includes Group companies)		-	(30,009)
Net cash from investing activities		**12,099**	**101,422**

Thousands of euros	Note	31/12/2017	31/12/2016
Cash flows from financing activities			
Payments from the issuance of own shares and own equity instruments		(2,127)	3
Collections from contributions		-	3,289
Financing received		-	715,178
Collections from obligations and other tradable securities		594,117	-
Payments from the reduction of capital from subsidiaries		-	(46,781)
Payments from debts		(543,791)	(21,778)
Distribution of issuance premium		-	(910,548)
Payments from debts with group companies		(112,374)	-
Dividends paid	9	(42,960)	(74,619)
Net cash from financing activities		**(107,134)**	**(335,256)**
Net increase / (decrease) of cash and other liquid resources		142,252	22,104
Cash and cash equivalents at the beginning of period		188,780	175,825
Effect of exchange differences		(13,255)	(9,149)
Cash and cash equivalents at the end of the period		**317,777**	**188,780**

The other cash inputs/outputs are considered to be from the Security business.

11. Property, plant and equipment

Details and movement in the different categories of property, plant and equipment are as follows:

Thousands of euros	Land and buildings	Technical installations and machinery	Other installations and furniture	Armoured vehicles and other property, plant and equipment	Advances and assets under construction	Total
Cost						
Balance on 1 January 2016	**17,604**	**94,254**	**133,761**	**259,515**	**24,582**	**529,715**
Translation differences	(2,290)	9,181	5,402	17,217	457	29,967
Transfer to non-current assets held for sale	-	(188)	(1,559)	(7,487)	(270)	(9,504)
Business combinations (Note 27)	-	7	1,768	1,735	-	3,510
New additions	1,541	9,375	16,433	17,056	45,483	89,888
Write offs	(5)	(2,293)	(6,345)	(15,326)	(1,834)	(25,803)
Transfers	941	10,737	4,357	7,121	(23,156)	-
Balance as of 31 December 2016	**17,791**	**121,073**	**153,817**	**279,831**	**45,262**	**617,773**
Translation differences	(5,180)	(13,521)	(17,544)	(28,210)	(5,603)	(70,058)
Business combinations (Note 27)	5,505	121	1,187	772	-	7,585
New additions	693	15,790	40,320	25,089	15,898	97,790
Write offs	(2,976)	(2,035)	(5,184)	(9,366)	(232)	(19,793)
Transfers	7,112	7,259	7,140	4,234	(25,745)	-
Balance as of 31 December 2017	**22,945**	**128,687**	**179,736**	**272,350**	**29,580**	**633,297**

Thousands of euros	Land and buildings	Technical installations and machinery	Other installations and furniture	Armoured vehicles and other property, plant and equipment	Advances and assets under construction	Total
Amortisation and depreciation						
Balance on 1 January 2016	**(468)**	**(54,570)**	**(66,294)**	**(186,036)**	**-**	**(307,368)**
Translation differences	294	(4,418)	(2,010)	(13,155)	-	(19,289)
Transfer to non-current assets held for sale	-	134	665	1,922	-	2,721
Write offs	3	1,275	1,713	13,160	-	16,151
Transfers	-	314	(670)	356	-	-
Amortisation for the fiscal year	(1,034)	(9,892)	(12,712)	(19,982)	-	(43,620)
Provision for impairment recognised in profit and loss	-	-	-	(9)	-	(9)
Balance as of 31 December 2016	**(1,205)**	**(67,157)**	**(79,308)**	**(203,744)**	**-**	**(351,414)**
Translation differences	275	5,743	9,650	19,001	-	34,669
Transfer to non-current assets held for sale	-	-	-	-	-	-
Write offs	180	946	2,533	7,093	-	10,752
Transfers	(215)	450	320	(555)	-	-
Amortisation for the fiscal year	(662)	(12,165)	(14,433)	(20,680)	-	(47,940)
Provision for impairment recognised in profit and loss	-	-	-	(104)	-	(104)
Balance as of 31 December 2017	**(1,627)**	**(72,183)**	**(81,238)**	**(198,989)**	**-**	**(354,037)**
Carrying amount						
On 1 January 2016	17,136	39,684	67,466	73,479	24,582	222,347
As of 31 December 2016	16,586	53,916	74,508	76,087	45,262	266,359
On 1 January 2017	16,586	53,916	74,508	76,087	45,262	266,359
As of 31 December 2017	21,318	56,504	98,498	73,361	29,580	279,261

As of 31 December 2017, the new property, plant and equipment material recorded amounted to EUR 97,790 thousand, which mainly comprise investments made for fitting out bases, facilities and armoured vehicles intended for use in operating activities. These investments were essentially made in Argentina, Spain and Brazil in both years.

The advances and property, plant and equipment in progress heading at the close of 2017 mainly includes advance payments for manufacturing armoured vehicles in Brazil, Argentina and Mexico amounting to EUR 8,579 thousand (in 2016: EUR 11,917 thousand), machinery advances in Argentina, Brazil and Mexico amounting to EUR 4,143 thousand (in 2016: EUR 7,248 thousand), and adaptation of facilities in Argentina, Brazil and Australia for EUR 2,929 thousand (in 2016: EUR 10,184 thousand).

As of 31 December 2017, no assets were subject to restrictions on title or ownership and none had been pledged as security for specific transactions.

Commitments for the acquisition of property, plant and equipment are detailed in Note 26.

The Prosegur Cash Group policy is to take out insurance policies to cover possible risks that the diverse elements of its property, plant and equipment are subject to. At the close of 2017 and 2016, there was no lack of cover for these risks.

Property, plant and equipment acquired by the Prosegur Cash Group under finance leases are as follows:

Thousands of euros	31/12/2017			
	Technical installations and machinery	**Other installations and furniture**	**Other property, plant and equipment**	**Total**
Cost of capitalised financial leases	6,804	74	53,323	60,201
Depreciation	(6,042)	(74)	(30,622)	(36,738)
Carrying amount	**762**	**-**	**22,701**	**23,463**

Thousands of euros	31/12/2016			
	Technical installations and machinery	**Other installations and furniture**	**Other property, plant and equipment**	**Total**
Cost of capitalised financial leases	6,731	85	36,452	43,268
Depreciation	(5,034)	(70)	(23,073)	(28,177)
Carrying amount	**1,697**	**15**	**13,379**	**15,091**

The main leasing contracts for property, plant and equipment are the following:

- Other property, plant and equipment: leasing of armoured vehicles in Germany and Brazil.
- Technical installations and machinery: leasing of banknote counting machines in Brazil.

The breakdown of the minimum payments and the current value of the financial lease liabilities is disclosed in Note 22.

12. Goodwill

Details of movement in goodwill are as follows:

Thousands of euros	31/12/2017	31/12/2016
Balance as of January 1	**317,351**	**306,845**
Business combinations (Note 27)	16,972	6,209
Transfer to non-current assets held for sale	-	(12,503)
Translation differences	(15,579)	16,800
Balance as of December 31	**318,744**	**317,351**

Additions goodwill derived from business combinations are the following:

	31/12/2017		
	Country	**% ownership**	**Miles de euros**
Grupo Contesta [1]	Spain	100%	5,097
Other Prosegur Cash business combinations [1]	Miscellaneous	100%	11,875
			16,972

[1] Calculations relating to business combinations may be adjusted for up to a year from the acquisition date.

	31/12/2016		
	Country	**% ownership**	**Miles de euros**
MIV Gestión S.A.	Spain	100%	309
Procesos Técnicos de Seguridad y Valores S.A.S	Colombia	100%	71
Toll Transport Pty Ltd	Australia	100%	5,829
			6,209

The details of the goodwill estimates related to the above tables, as well as the allocation made of those whose final valuation were completed in the period are included in Note 27.

Impairment testing of goodwill

Goodwill has been allocated to the Prosegur Cash Group's 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:

Thousands of euros	31/12/2017	31/12/2016
Spain CGU	7,512	2,415
France CGU	16,938	16,938
Portugal CGU	5,730	5,730
Germany CGU	34,305	34,305
Subtotal Europe	**64,485**	**59,388**
Australia CGU	36,243	38,105
Subtotal AOA	**36,243**	**38,105**
Brazil CGU	94,770	105,217
Chile CGU	35,586	35,586
Peru CGU	32,129	21,358
Argentina CGU	30,304	30,929
Colombia CGU	15,156	17,149
CGU rest of Iberoamerica	10,071	9,619
Subtotal Iberoamerica	**218,016**	**219,858**
Total	**318,744**	**317,351**

The Prosegur Cash Group tests goodwill for impairment at the end of each reporting period, or earlier if there are indications of impairment, in accordance with the accounting policy described in Note 32.9.

The recoverable amount of a CGU is determined based on its value in use. Company budgets for the following year and the strategic plan for subsequent years are the key operating assumptions used for calculating the value in use for different CGU. Both the budget and the plan have been approved by the Management and are calculated based on the experience of past years, correcting the deviations that occurred in previous years. Value in use is calculated using gross margin and sales projections that are calculated depending on the macroeconomic growth of each of the countries and efficiency plans defined for optimising 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 nature of the assets that are included to determine the carrying value of a CGU are: Property, plant and equipment, Goodwill, Other intangible assets and Working capital.

To identify the cash flows corresponding to the years after the approved business plan, perpetual income has been calculated based on the year's projected cash flow based on a growth rate that coincides with the estimate of future price changes for the year in the geographical area to which the CGU is associated.

Items projected for calculating value in use and the key assumptions considered are as follows:

- Revenue: the sales figure is estimated from growth by volume and by price. In general lines, growth by volume is based on the country's GDP and growth by price on inflation.
- Gross profit: based on efficiency plans defined by the Prosegur Cash Group, mainly optimisation of client portfolios, applying profitability analysis focussed on establishing thresholds below which it is not considered viable to establish a commercial relationship with the clients. The Gross Margin is calculated as the Group's total sales revenue minus the cost of sales, divided by the total sales revenue, expressed as a percentage.
- EBITDA: It is based on the average optimisation costs obtained in the past. It is calculated using the Group's net profit, before the deduction of interest, taxes, depreciation and amortisation.
- CAPEX: mainly based on plans to renew the fleet depending on its age, with the aim of refreshing it. We consider the estimated 5% to be a fair Capex-sales ratio. It is calculated as the sum of the additions of property, plant and software.
- Working Capital: based on optimising days outstanding or average collection period for accounts payable. The projection is based on sales growth, according to the days outstanding. We consider that the working capital-sales ratio used (10%) is fair and, therefore, may be extrapolated to a projection. Working capital is calculated as current assets less current liabilities, plus deferred tax assets less deferred tax liabilities, less non-current provisions.
- Taxes: projections for taxes are calculated depending on the effective rate for each country and the results expected from the same.

The macroeconomic estimates used are obtained from external sources of information.

The key assumptions used to calculate value in use are as follows:

	31/12/2017			31/12/2016		
	Europe	**AOA**	**Iberoamerica**	**Europe**	**AOA**	**Iberoamerica**
Growth rate [1]	2.13%	2.46%	4.34%	1.68%	3.29%	5.51%
Discount rate [2]	4.64%	7.88%	14.74%	4.95%	9.31%	20.00%

[1] Weighted average growth rate used to extrapolate cash flows beyond the budgeted period.
[2] Weighted average discount rate after tax applied to cash flow projections.

Details of the key assumptions relating to the most significant CGU for 2017 are as follows:

2017	Spain	France	Germany	Portugal	Australia	India	Chile	Brazil	Colombia	Peru	Argentina
Growth rate	1.86%	1.68%	2.47%	2.35%	2.46%	4.95%	3.00%	4.02%	3.00%	2.01%	8.61%
Discount rate	4.96%	4.59%	4.42%	5.07%	7.88%	10.78%	9.43%	13.73%	11.98%	9.10%	28.56%

Details of the key assumptions relating to the most significant CGU for 2016 are as follows:

31/12/2016	Spain	France	Germany	Portugal	Australia	India	Chile	Brazil	Colombia	Peru	Argentina	Resto 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%

Management determines the gross margins budgeted based on past experience and expected market results.

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 2017 and 2016.

The EBITDA sensitivity analysis involves determining the turning point which would lead to impairment losses. Hypothetical cases are assessed until figures are reached that would mean impairment that would be registered on the financial statements. The percentage represents how much the EBITDA has to decrease for the CGU to experience impairment, with the other variables remaining constant.

The sensitivity analysis on the growth rate involves determining the weighted average growth/drop rate used for extrapolating cash flows beyond the budgeted period, from which impairment losses would arise for each of the most representative CGU. Additionally, the sensitivity analysis performed on the discount rate consists of determining the WACC from which losses for deterioration would arise for each of the most representative CGUs, whilst the other variables remain constant.

Along with impairment testing, the Prosegur Cash Group has also performed a sensitivity analysis of the key assumptions for goodwill allocated to the main CGU. The threshold from which impairment losses would arise for growth/drop (-) and EBITDA rates, independently processed, with the other variables remaining constant, is as follows:

	31/12/2017			31/12/2016		
	Discount rate	Growth rate	EBITDA	Discount rate	Growth rate	EBITDA
Brazil	20.56%	-6.28%	-22.02%	19.52%	0.02%	-9.30%
Argentina	188.03%	-100.00%	-52.61%	140.30%	-100.00%	-44.67%
Spain	38.62%	-100.00%	-48.69%	128.20%	-100.00%	-51.87%
France	5.06%	1.16%	-5.77%	5.86%	0.33%	-7.89%
Colombia	12.55%	2.27%	-3.03%	12.76%	2.75%	-0.82%
Peru	26.42%	-42.68%	-44.88%	35.20%	-73.85%	-45.52%
Chile	11.24%	0.73%	-9.21%	11.53%	1.13%	-9.35%
Germany	7.70%	-1.24%	-18.65%	7.09%	-1.28%	-18.48%
Australia	10.24%	-0.46%	-14.45%	23.77%	-35.80%	-34.89%

There would be impairment losses for discount rates above the % indicated in the table, and for growth rates or variations in EBITDA lower than the % indicated in the table.

The Prosegur Cash Group does not consider the sensitivity assumptions likely to occur. For this reason, there are no impairment indicators.

At December 2016, the total fair value of the Brazilian surveillance business, after valuation analysis by an independent adviser, amounted to BRL 63,273 thousand (equivalent, as of December 2016, to EUR 18,444 thousand). As the estimated fair value is higher than the net book value of the assets and liabilities at the valuation date, it has not been necessary any impairment (Note 15).

The valuation performed is based on the discounted cash flows (fair value of level 3). The valuation model takes into account the present value of future cash flows discounted at a discount rate for the company / projects adjusted to the business risk, which includes the rate of return required by shareholders and net debt creditors of taxes. The expected flows were determined with the revenue forecast and the EBITDA according to the budget approved by management. The significant unobservable variables used are related to the forecast of the annual growth of revenues according to the Company's expectations, the long-term growth in line with the long-term inflation expectations in Brazil (4.51%), the forecast of the EBITDA [2016-2019: from (0.3%) to 2.6%].

13. Other intangible assets

Details and movement in other intangible assets are as follows:

Thousands of euros	Software applications	Client portfolios	Trademarks and licences	Other intangible assets	Total
Cost					
Balance on 1 January 2016	**39,653**	**227,502**	**17,598**	**4,524**	**289,277**
Translation differences	2,252	40,203	3,250	809	46,514
Business combinations (Note 27)	-	4,593	-	-	4,593
New additions	5,435	-	-	771	6,206
Write offs	(2,452)	-	-	-	(2,452)
Transfer to non-current assets held for sale	(3,993)	(27,883)	(4,824)	(1,348)	(38,048)
Balance as of 31 December 2016	**40,895**	**244,415**	**16,024**	**4,756**	**306,090**
Translation differences	(1,928)	(26,625)	(4,752)	(128)	(33,433)
Business combinations (Note 27)	16	24,880	-	867	25,763
New additions	7,047	-	-	70	7,117
Write offs	(13,662)	-	-	-	(13,662)
Transfer to non-current assets held for sale	-	(2,378)	2,378	-	-
Balance as of 31 December 2017	**32,368**	**240,292**	**13,650**	**5,565**	**291,875**

Thousands of euros	Software applications	Client portfolios	Trademarks and licences	Other intangible assets	Total
Depreciation					
Balance on 1 January 2016	**(27,653)**	**(69,857)**	**(14,841)**	**(3,133)**	**(115,484)**
Translation differences	(1,873)	(8,562)	(4,135)	(1,224)	(15,794)
Write offs	2,234	-	-	-	2,234
Transfer to non-current assets held for sale	3,069	8,192	3,321	501	15,083
Amortisation for the fiscal year	(3,536)	(13,577)	(369)	(791)	(18,273)
Balance as of 31 December 2016	**(27,759)**	**(83,804)**	**(16,024)**	**(4,647)**	**(132,234)**
Translation differences	1,106	6,541	3,582	101	11,330
Write offs	8,198	-	-	-	8,198
Transfer to non-current assets held for sale	-	-	-	-	-
Amortisation for the fiscal year	(3,284)	(16,508)	-	(143)	(19,935)
Balance as of 31 December 2016	**(21,739)**	**(93,771)**	**(12,442)**	**(4,689)**	**(132,641)**
Carrying amount					
On 1 January 2016	12,000	157,645	2,757	1,391	173,793
As of 31 December 2016	13,136	160,611	-	109	173,856
On 1 January 2017	13,136	160,611	-	109	173,856
As of 31 December 2017	10,629	146,521	1,208	876	159,234

The trademarks in the movement of intangible assets are all from business combinations and have a set useful life.

The carrying amount at 31 December 2017 for individually significant client portfolios and their remaining useful life are as follows:

Thousands of euros	31/12/2017				
	Country	**Cost**	**Amortisation and impairment**	**Carrying amount**	**Remaining useful life**
Nordeste Group Large Client Portfolio	Brazil	78,399	(25,407)	52,992	12 years and 2 months
Norsegel Vigilancia y Transporte de Valores LTDA Large Client Portfolio	Brazil	27,668	(14,253)	13,415	8 years
Preserve y Transpev Large Client Portfolio	Brazil	20,987	(13,630)	7,357	5 years and 5 months
Chubb Security Services PTY LTD 5 Main Client Portfolio	Australia	12,968	(2,730)	10,238	15 years
Chubb Security Services PTY LTD Remaining Client Portfolio	Australia	19,158	(4,033)	15,125	15 years
Prosegur Cash business combination portfolio	Varios	9,480	(125)	9,355	18 years and 8 months
Contests Group Portfolio	Miscellaneous	9,333	(222)	9,111	13 years and 8 months
Transbank Client Portfolio	Brazil	8,009	(3,337)	4,672	8 years and 2 months
Nordeste Group Sergipe Client Portfolio	Brazil	7,592	(4,428)	3,164	4 years and 2 months
Fiel Large Client Portfolio	Brazil	7,322	(3,380)	3,942	7 years
Bahia Nordeste Group Other Client Portfolio	Brazil	5,934	(2,884)	3,050	6 years and 2 months
		206,849	**(74,429)**	**132,420**	

The carrying amount at 31 December 2016 for individually significant client portfolios and their remaining useful life are as follows:

Thousands of euros	31/12/2016				
	Country	Cost	Amortisation and impairment	Carrying amount	Remaining useful life
Nordeste Group Large Client Portfolio	Brazil	90,456	(24,289)	66,167	13 years and 2 months
Norsegel Vigilancia y Transporte de Valores LTDA Large Client Portfolio	Brazil	26,916	(12,235)	14,681	9 years
Preserve y Transpev Large Client Portfolio	Brazil	24,306	(14,709)	9,597	6 years and 5 months
Chubb Security Services PTY LTD Remaining Client Portfolio	Australia	13,634	(2,153)	11,481	16 years
Cartera Resto Clientes Chubb Security Services PTY LTD	Australia	20,143	(3,180)	16,963	16 years
Transbank Client Portfolio	Brazil	7,942	(2,742)	5,200	9 years and 2 months
Nordeste Group Sergipe Client Portfolio	Brazil	7,553	(3,651)	3,902	5 years and 2 months
Fiel Large Client Portfolio	Brazil	5,766	(2,218)	3,548	8 years
Bahia Nordeste Group Other Client Portfolio	Brazil	5,885	(2,370)	3,515	7 years and 2 months
		202,601	**(67,547)**	**135,054**	

As of 31 December 2017 and 2016, the cost for each individually significant client portfolio differs due to exchange rate differences.

In 2017, additions to intangible assets are recognised due to the allocation of fair value to the purchase prices of the following business combinations (see note 27):

Thousands of euros	31/12/2017		
	Client portfolios	Trademarks and licenses	Other intangible assets
Cash Services Australia Pty Limited	1,504	-	-
Grupo Contesta	9,333	-	-
Other Prosegur Cash business combinations	14,043	-	867
	24,880	**-**	**867**

n 2016, additions to intangible assets are recognised due to the allocation of fair value to the purchase prices of the following business combinations:

Thousands of euros	31/12/2016		
	Client portfolios	Trademarks and licenses	Other intangible assets
MIV Gestión S.A.	701	-	-
Assets acquisition from Toll Transport Pty Ltd	3,892	-	-
	4,593	**-**	**-**

All above 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 portfolio and trademark are described in Note 32.7.

Intangible assets are tested for impairment as described in Notes 32.7 and 32.9. No impairment losses have been recognised or reversed in 2017 and 2016.

As of 31 December 2017, no intangible assets were subject to restrictions on title or ownership and none had been pledged as security for specific transactions.

14. Investments accounted for using the equity method

Investments accounted for under the equity method derive from join arrangements.

The joint arrangements extend to the following companies:

- Companies operating in India: SIS Cash Services Private Limited and SIS Prosegur Holdings Private Limited, the latter wholly-owned by the former.
- Companies operating in South Africa: SBV Services Proprietary Limited, SBV Services Namibia Proprietary Limited and Carrick Properties (Pinetown) Proprietary Limited; the last three wholly-owned by the former.

These joint arrangements are structured as separate vehicles and the Prosegur Cash Group has a participation in its net assets (49% in SIS Cash Services Private Limited and 33.33% in SBV Services Proprietary Limited). Accordingly, the Prosegur Cash Group has classified these shareholdings as Joint Arrangements. The equity method is applied in accordance with IFRS 11 (see Note 32.2).

Details of movement in investments in joint ventures accounted for under the equity method is as follows:

Thousands of euros	31/12/2017	31/12/2016
Share of joint ventures	29,277	28,955
	29,277	**28,955**

Thousands of euros	2017	2016
Balance as of January 1	**28,955**	**13,054**
Acquisitions	-	18,331
Share of profit/loss	(1,446)	(4,529)
Transfers	-	611
Translation differences	1,768	1,488
Balance as of December 31	**29,277**	**28,955**

The recognitions in 2016 mainly corresponded to the Prosegur Cash Group's subscription of shares representing 33.33% of the share capital of the South African company SBV Services Proprietary Limited (hereinafter "SBV"). SBV operates in the securities logistics and cash management sector and has a nationwide presence in South Africa. The cost of this operation totals RAND 320,000 thousand (EUR 18,331 thousand) and was completed on 25 February 2016. This company was subsequently included in the Prosegur Cash Group.

The contract whereby the Prosegur Cash Group subscribed the shares in SBV is of a hybrid nature, since it includes an embedded derivative. The Prosegur Cash Group holds an option to sell its entire shareholding in SBV at any time from February 2019 through to February 2021, with the sole condition that, once exercised, the Prosegur Cash Group's total shareholding does not exceed 50% of the company's share capital. If the Prosegur Cash Group exercises the option, SBV itself will be obliged to repurchase the shares subscribed by the Prosegur Cash Group on 25 February 2016 and, where applicable, the shareholder selling the shares will be obliged to repurchase any shares that it may have subsequently transferred to the Prosegur Cash Group. If SBV is not in a position to purchase the shares subscribed by the Prosegur Cash Group, the other shareholders will be obliged to do so. The sale price will be the same as the price paid for the shares at the time of their purchase, plus market interest.

As this implicit derivative cannot be assessed separately and its fair value cannot be reliably determined (either at the time of purchase or subsequently, due mainly to the fact that the option has underlying shares in the purchasing company itself, which is not listed), the hybrid financial instrument shall not be separated and shall be classified jointly as investment recognised applying the equity method.

In addition, the signed agreements to subscribe the shares in SBV also include an opposite right: a call option granted to SBV if certain circumstances are met. Should the Prosegur Cash Group seriously breach its obligations under the intellectual property rights and technology licence agreement signed between the parties (and then fails to cure that breach), SBV will be entitled, from February 2016 until February 2019, to demand that the Prosegur Cash Group transfer all of its shareholding to SBV itself or, as the case may be, to the shareholder who sold the shares to the Prosegur Cash Group. The purchase price will be the same as for the put option described previously: the price paid for the shares at the time of their purchase, plus market interest increased by a certain margin.

Details of joint ventures accounted for under the equity method are as follows:

Thousands of euros	31/12/2017	31/12/2016
SIS Cash Services Private Limited	5,597	6,849
SIS Prosegur Holdings Private Limited	4,475	5,359
SBV Services Proprietary Limited	19,152	16,682
Others	53	65
Balance as of December 31	**29,277**	**28,955**

All the companies belong to the AOA segment.

The detail of the main amounts of investments accounted for by applying the equity method is included in Appendix III.

The Prosegur Cash Group has no significant commitments relating to contingent liabilities in any of the joint arrangements accounted for using the equity method.

15. Disposal group held for sale and discontinued operation

Net assets relating to the Security business

As of 31 December 2016, the Prosegur Cash Group operated a Cash and Security business in Brazil through a single local company, namely Prosegur Brasil, S.A. Transportadora de Valores e Segurança ("Prosegur Brasil").

At 31 December 2016, Prosegur Cash signed the agreement to sell the Brazilian Security business to the Prosegur Group.

On 31 December 2017, almost all of the Brazilian Security business was sold to the Prosegur Group (with the exception of four of its 27 regions), for a total amount of BRL 72,823 thousand (at the time of payment, equivalent to: EUR 18,331 thousand). The sale resulted in revenue of BRL 15,725 thousand for Prosegur Cash (countervalue: EUR 3,958 thousand), including financial revenue from the exchange rate. This sale was preceded by the demerger of the two businesses in Prosegur Brazil. The sale price was set in the corresponding contract based on the report by an independent expert in December 2016 in euros.

The measurement was based on discounted cash flows (level 3 fair value). The measurement model considered the present value of future cash flows, discounted at a company discount rate, adjusted to the business risk, which included the rate of return demanded by shareholders and debt lenders after taxes. The expected flows were determined considering the income forecast and the EBITDA, based on the budget approved by management. The statisticallysignificant unobservable variables used correlated with the annual revenue growth forecast, according to Company expectations, long-term growth in line with long-term inflation predictions in Brazil (4.5%) and the EBITDA forecast [2016-2019: from (0.3%) to (2.6%) and the discount rate adjusted to the risk (from 13.75% to 14.25%).

Assets and liabilities classified as held for sale as of December 2017 were fully associated with the four regions mentioned, whose sale is expected to be completed in the first half of 2018, and it has not been possible to materialize the sale in 2017 due to not having completed the necessary procedures.

In accordance with the terms of the Brazilian Security business sale agreement, signed on 31 December 2016, the Prosegur Group has reimbursed Prosegur Cash the cash used by said business during the 2017 fiscal year plus 1% of the interest associated with said amount. Said reimbursement has entailed revenue recorded under the heading of discontinued operations.

Investment property in Argentina

As of 31 December 2016, the net book value of investment property in Argentina amounted to EUR 65,778 thousand.

On 12 January 2017, one floor and eight parking spaces of the investment property in Argentina were sold to a third party, representing a loss on the consolidated income statement of EUR 300 thousand (Note 6).

On 23 February 2017, Prosegur Cash sold the investment properties it owned to the Prosegur Group in a deal worth EUR 67,380 thousand, generating total net loss of EUR 1,089 thousand (see Note 6).

The purchase price for the investment property was determined on the basis on appraisals conducted by independent experts close to the time of sale.

The income generated through to the time of sale in 2017, which amounted to EUR 1,249 thousand (EUR 6,130 thousand at 31 December 2016), is presented as earnings from continuing operations.

Non-current assets held for sale and liabilities directly associated with non-current assets held for sale:

As of 31 December 2017 and 2016, non-current assets held for sale and liabilities directly associated with non-current assets held for sale were recognised at their carrying amount and include the following assets and liabilities:

Thousands of euros	31/12/2017	31/12/2016
Non-current assets held for sale		
Property, plant and equipment	1,142	5,652
Investment property	-	65,778
Goodwill	7,142	17,912
Other intangible assets	4,968	23,874
Deferred tax assets	400	18,326
Inventory	285	586
Accounts receivable	13,214	111,617
Current financial assets	18,331	-
Cash and cash equivalents	99	22,823
	45,581	**266,568**

Thousands of euros	31/12/2017	31/12/2016
Liabilities directly associated with non-current assets held for sale		
Non-current financial liabilities	-	20
Deferred tax liabilities	3,521	5,039
Long-term provisions	8,721	54,729
Short-term financial liabilities (Note 28)	3,267	5,481
Trade and other payables	11,117	119,419
Other current liabilities	169	-
	26,795	**184,688**

Changes in the balance sheet between 2016 and 2017 are from the 2017 sale of Security Brazil and real estate investments. The balances classified as assets and liabilities held for sale as of 31 December 2017 are associated with the four Brazilian Security regions whose sale is pending completion.

Under the Current financial assets heading, the account receivable with the Prosegur Group is recorded for the sale of Seguridad Brasil (Note 28 and 31).

Earnings after tax from discontinued operations:

Thousands of euros	31/12/2017	31/12/2016
Revenue	338,598	417,228
Costs to sell	(323,844)	(324,600)
Gross profit	**14,754**	**92,628**
Other income	10,204	1,342
Sale and administrative expenses	(46,679)	(86,594)
Other expenses	1,292	(26,896)
Profit or loss from the disposal of assets held for sale	2,229	2,549
Operating profit/loss (EBIT)	**(18,200)**	**(16,971)**
Finance income	27,730	465
Finance expenses	(9,379)	(5,021)
Financial expenses from exchange rate differences	(8,808)	(33,446)
Net financial expenses	**9,543**	**(38,002)**
Pre-tax profit or loss from discontinued activities	**(8,657)**	**(54,973)**
Income tax	9,146	7,697
Earnings after tax from discontinued operations	**489**	**(47,276)**

Attributable to:		
Owners of the parent	491	(47,914)
Non-controlling interests	(2)	638

The result of discontinued operations for the period ending 31 December 2017 is comprised entirely of the profit/loss of Seguridad Brasil, as with 2016. Revenue consists mainly of the income resulting from Prosegur Cash's reimbursement of the cash used by Seguridad Brasil. The financial expenses mainly include the conversion differences from the sale of Seguridad Brasil and the monetary restatements for employment reasons opened in 2017 (Note 21).

Cash flows from/(used in) discontinued operations:

Thousands of euros	31/12/2017	31/12/2016
Net cash from operating activities	(54,784)	(1,338)
Net cash from investing activities	348	(44,844)
Net cash from financing activities	26,373	(433)
Net cash generated in the period	**(28,063)**	**(46,615)**
Effect of exchange differences	2,001	(501)
Cash from changes to the perimeter	3,336	30,066
Net increase / (decrease) of cash and other liquid resources	**(22,726)**	**(17,050)**

16. Inventory

Details of inventories are as follows:

Thousands of euros	31/12/2017	31/12/2016
Fuel and others	3.876	3.620
Operating materials	1.990	2.278
Uniforms	381	415
Stock impairment	(132)	(137)
Other	-	1.281
	6.115	**7.457**

This heading includes fuel and operating material such as security badges, bags, etc.

17. Non-current financial assets

Non-current financial assets as of 31 December 2017 mainly include the granting of a loan for EUR 2,565 thousand (Note 28) from the Prosegur Cash Group to the Indian company SIS Cash Services Private, Ltd, consolidated using the equity method, and the deposits and bonds that the Group has for EUR 1,645 thousand.

As of 31 December 2016, non-current financial assets mainly included deposits and bonds for EUR 1,385 thousand.

18. Trade and other receivables

Details are as follows:

Thousands of euros	31/12/2017	31/12/2016
Trade receivables for sales and services	293,650	302,095
Less: Impairment losses on trade receivables	(7,430)	(6,830)
Trade receivables - net	286,220	295,265
Public authorities	28,486	19,101
Employee salary advances	4,801	5,900
Court bonds	20,894	29,327
Prepayments	16,397	30,404
Other receivables	26,847	46,779
	383,645	**426,776**

Credit risk from trade receivables is not concentrated to a single client or country because the Prosegur Cash Group works with a large number of customers distributed among the different countries in which it operates (Note 29).

There were no factoring contracts on 31 December 2017 or on 31 December 2016.

Court bonds are mainly deposits associated with the provision for labour proceedings in Brazil (Note 21).

Details of past-due trade receivables, net of the corresponding impairment, are as follows:

Thousands of euros	31/12/2017	31/12/2016
0 to 3 months	75,649	63,168
3 to 6 months	3,441	5,837
More than 6 months	5,399	4,153
	84,489	**73,158**

The carrying value of past-due trade receivables is close to fair value, given the non-significant effect of the discount.

There is no reasonable doubt regarding payment of past-due trade receivables, net of the corresponding impairment.

Movement in impairment of receivables is as follows:

Thousands of euros	31/12/2017	31/12/2016
Balance as of January 1	**(6,830)**	**(12,659)**
Provision for impairment of value	(1,614)	(1,384)
Applications and other	190	-
Transfer to non-current assets held for sale	-	7,016
Translation differences	824	197
Balance as of December 31	**(7,430)**	**(6,830)**

As a general rule, impaired receivables are derecognised when no further amount is expected to be received.

The maximum exposure to credit risk at the reporting date is the fair value of each of the receivables categories mentioned above. The Prosegur Cash Group has taken out a credit insurance to insure and minimise the risk of insolvency risks. This insurance is applicable to customers in Spain and provides risk coverage for new operations and/or extensions to current services.

The procedures followed by the Prosegur Cash Group in relation to credit risk and currency risk on trade receivables are described in Note 29.1.

19. Cash and cash equivalents

Details are as follows:

Thousands of euros	31/12/2017	31/12/2016
Cash and banks	251,384	181,568
Current bank deposits	66,393	7,212
	317,777	**188,780**

The effective interest rate on short-term deposits in credit institutions for 2017 was 6.48% (2016: 9.83%) and the average term of deposits held in 2017 was 36 days (in 2016: 17 days).

20. Equity

The composition and changes in equity are presented in the consolidated statement of changes in equity.

a) Share capital, issue premium and own shares

Details of balance and movement is as follows:

	Number of shares (thousands)	Share capital	Share premium	Treasury stock	Total
Balance as of 1 January 2016	-	-	-	-	-
Capital increase 22/02/2016 (Note 20)	3,000	3	-	-	3
Capital increase 06/05/2016 (Note 20)	1	-	176,641	-	176,641
Capital increase 26/07/2016 (Note 20)	29,996,999	29,997	733,907	-	763,904
Split capital social 1/10	300,000,000	-	-	-	-
Split capital social 1/5	1,500,000,000	-	-	-	-
Share premium payment 30/12/2016 (Note 20)	-	-	(910,548)	-	(910,548)
Balance as of 31 December 2016	**1,500,000,000**	**30,000**	-	-	**30,000**
Acquisition of own shares	-	-	-	(2,127)	(2,127)
Balance as of 31 December 2017	**1,500,000,000**	**30,000**	-	(2,127)	**27,873**

Share capital

As of 31 December 2017, the capital stock of Prosegur Cash, S.A. amount to EUR 30,000 thousand represented by 1,500 million of shares of EUR 0.02 nominal value each, fully subscribed and paid, which are fully admitted to trading on the Madrid, Bilbao, Valencia and Barcelona Stock Exchanges and they are traded on the Spanish Stock Market Interconnection System (Continuous Market) (SIBE).

The breakdown of the Company's shareholders is as follows:

Number of shares	31/12/2017	
Shareholders		
Mrs. Helena Revoredo Delvecchio [1]	1,087,503,830	72.50%
OppenheimerFunds, Inc, [2]	104,716,932	6.98%
FMR LLC [3]	101,395,884	6.76%
Fidelity Investment Trust [4]	57,086,790	3.81%
Other	149,296,564	9.95%
	1,500,000,000	**100.00%**

[1] Through Prosegur Compañía de Seguridad; S.A.
[2] Through a serie of managed funds.
[3] Through a serie of managed funds.
[4] Direct participation.

Own shares

On 8 May 2017, the Company entered into a liquidity contract according to the valid regulations at that time. Prior to the signing of this contract, the company did not have treasury shares. The preliminary operating process of the liquidity contract to establish the treasury stock ended on 8 June, once a treasury stock of 1,000,000 shares was reached. The liquidity contract operation began on 9 June 2017 and ended on 10 July, the date on which said liquidity contract was terminated. On 7 July 2017, with effect from 11 July 2017, the Company entered into a new liquidity agreement in accordance with the new regulations in force, giving new operations to the liquidity under the scope of the contract.

At the close of 2017, the treasury stock of Prosegur Cash, S.A. comprised 787,474 shares, of which 295,789 were linked to the liquidity contract.

Details of movements in own shares during the year are as follows:

	Number of shares	Thousands of euros
Balance as of 31 December 2016		
Previous acquisition period	1,000,000	2,337
Purchase of own shares	3,148,896	8,088
Sale of own shares	(3,361,422)	(8,298)
Balance as of 31 December 2017	**787,474**	**2,127**

b) Retained earnings and other reserves

The main movements presented under "Other movements" item in the consolidated statement of changes in equity for 2017 are as follows:

Thousands of euros	Legal reserve	Other restricted reserves	Total
Balance as of 31 December 2016	**-**	**540,535**	**540,535**
Total comprehensive income for the year	-	304,099	304,099
Dividends (Note 9)	-	(107,400)	(107,400)
Distribution of Profit	518	(518)	-
Other movements	-	337	337
Balance as of 31 December 2017	**518**	**737,053**	**737,571**

The main movements for 2016 were as follows:

- Distribution of reserves amounting to EUR 46,781 thousand in the following companies: Transportadora de Caudales Juncadella, S.A. (Argentina) and Singpai Pte Ltd (Singapore).
- Subsequent acquisition of companies from the consolidation perimeter as of 1 January 2015, amounting to EUR 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 Logistica y Gestión de Efectivo, S.A. de CV (Mexico) and Prosegur Servicios de Seguridad Privada Electrónica, S.A. de CV (Mexico).

- Positive effect of the disposal of the net assets linked to Businesses other than cash for EUR 2,845 thousand (see Note 15) and the recycling of the conversion difference for EUR 35,607 thousand.

In addition, the current subsidiaries of Prosegur Cash distributed dividends outside their perimeter before being contributed to Prosegur Cash for EUR 48,719 thousand in 2016.

Within the retained earnings there are reserves of EUR 433 thousand, corresponding to the results generated by the subsidiaries prior to the contribution to Prosegur Cash, and that therefore can not be distributed as dividends.

The proposal to distribute the parent company's 2017 profit or loss, determined in accordance with commercial regulations and the criteria for preparing the individual financial statements that are in force, under the terms of the interim dividend approved by the Company's Board of Directors and that will be submitted to the Annual General Meeting for ratification, is shown in the following table:

Thousands of euros	31/12/2017	31/12/2016
Basis of allocation		
Profit/loss for the year	127,154	5,181
	127,154	**5,181**
Distribution		
Legal reserve	5,482	518
Other reserves	14,272	-
Dividends	107,400	4,663
	127,154	**5,181**

c) Cumulative translation differences

The conversion reserves cover all the differences from currency exchange derived from the conversion of the financial statements of foreign operations.

Details of the balances of these conversion differences is as follows:

Thousands of euros	31/12/2017	31/12/2016
Balance as of 1 January	**(385,073)**	**(438,410)**
Differences of financial statements of foreign operations	(116,593)	53,337
Balance as of 31 December	**(501,666)**	**(385,073)**

The variations are mainly from the devaluations of the Argentine and Brazilian currencies.

21. Provisions

The structure of balance and details of movement are shown in the following chart:

Thousands of euros	Labour-related risks	Legal risk	Restructuring	Employee Benefits (Note 5.2)	Other risks	Total
Balance on 1 January 2017	**58,254**	**7,416**	**2,921**	**7,462**	**64,115**	**140,168**
Provisions charged to income statement	26,090	1,831	-	351	14,811	43,083
Reversals credited to income statement	(1,266)	(636)	-	-	(1,637)	(3,539)
Applications	(29,511)	(369)	(1,399)	(579)	(7,995)	(39,853)
Financial effect of the discount	4,280	1,120	-	-	4,795	10,195
Transfers	-	-	-	-	-	-
Incorporations to the consolidation perimeter	-	-	-	-	235	235
Reversal posted to Net Equity	-	-	-	1,137	-	1,137
Translation differences of financial statements of foreign operations	(8,075)	(1,308)	-	(612)	(8,605)	(18,600)
Balance as of 31 December 2017	**49,772**	**8,054**	**1,522**	**7,759**	**65,719**	**132,826**
Non-current	49,772	8,054	-	7,759	61,688	127,273
Current	-	-	1,522	-	4,031	5,553

a) Labour-related risks

Provisions for occupational risks amounting to EUR 49,772 thousand as of 31 December 2017 (2016: EUR 58,254 thousand), are calculated individually based on the estimated likelihood of success or failure of the claim. This likelihood is determined by the different legal firms that work with the Prosegur Cash Group. In addition, an internal assessment is conducted of the likelihood of reaching agreements under each of the lawsuits based on past experience. The final provision to be recognised is then determined on this basis.

The provision for labour-related risks mainly includes provisions for work-related proceedings in Brazil, which include claims brought by former and current employees of the Prosegur Cash Group. The characteristics of the country's labour legislation and the regulatory requirements of the activity mean that the processes are delayed and consequently a provision has been registered at 31 December 2017 amounted to EUR 36,140 thousand. As of 31 December 2017, the number of labour cases opened in Brazil stood at 2,062 (December 31, 2016: 2,574), which includes 81 cases associated with the 2005 business consolidation with Transpev.

This heading also includes a provision of EUR 6,357 thousand (31 December 2016: EUR 12,839 thousand) in relation to the business combination with Transpev. 68 cases were closed in 2017, with 81 left pending.

The provisions charged to profit and loss and the reversals credited to profit and loss are included under the other expenses heading in the cost of sales section of Note 4, and the monetary updates associated with this provision are included under the other financial expenses heading (Note 7).

b) Legal risk

Provisions for legal risk, which amount to EUR 8,054 thousand (31 December 2016: EUR 7,416 thousand), relate mainly to civil lawsuits, which are analysed on a case-by-case basis. It primarily includes lawsuits in Brazil. The application of these provisions is highly probable, although both the value and the timing of the final payments are uncertain and depend on the outcome of the proceedings currently under way. There are no significant legal risks.

c) Restructuring

The provisions relate to the purchase of Brinks Deutschland GmbH in 2013, with a restructuring provision that corresponds to estimates for the payment of compensation for dismissal and other costs.

In 2017, payments were made for EUR 1,399 thousand (31 December 2016: EUR 900 thousand).

d) Employee benefits

The Prosegur Cash Group has benefit plans in Germany, Brazil, France and Mexico. The actuarial valuation performed by qualified actuaries on the value of the committed services was updated at the end of 2017 and 2016 (see Note 5.2).

The benefit plans in Germany and France consist of retirement awards, while the benefit plan in Mexico consists of seniority plans. In Brazil, they consist of post-retirement medical coverage, a requirement under Brazilian Act 9656.

e) Other risks

The provision of other risks, which amount to EUR 65,719 thousand as of 31 December 2017 (EUR 64,115 thousand as of 31 December 2016), includes different items.

Payment of these provisions is highly probable, though both the value and the timing of the final payment are uncertain and depend upon the outcome of the proceedings currently under way.

The most significant of these are as follows:

Tax risks

They are mainly tax risks for Brazil and Argentina for EUR 43,721 thousand (EUR 43,631 thousand as of 31 December 2016).

Tax risks in Brazil relate to various concepts, but are mainly claims for direct and indirect municipal and state taxes, along with provisions for the Nordeste and Transpev business combination from previous years. In Argentina, they concern a number of insignificant amounts individually related to municipal and provincial taxes.

The Prosegur Cash Group uses "the more likely than not" approach when measuring uncertain tax positions. Significant tax risk is determined on the basis of opinions of external experts and analysis of existing case law. Internal studies are also carried out of similar cases to have occurred in the past at Prosegur or at other companies.

Each tax contingency is analysed in detail at the end of every quarter. This analysis covers the quantification, classification and level of provision associated with the risk. At year-end an independent expert delivers a letter containing an analysis and assessment of these parameters for all the main risks. Based on the findings, the level of provisioning to be reported in the consolidated financial statements is adjusted accordingly.

Provisions charged to profit and loss and reversals taken to income are included under the other expenses heading in Note 4.

Comcare Australia

In 2017, there were payments for commitments associated with the Australian occupational accident insurance plan for EUR 850 thousand (EUR 1,195 thousand as of 31 December 2016). The allocation for 2017 amounted to EUR 838 thousand (EUR 832 thousand as of 31 December 2016) reaching a total provision of EUR 4,529 thousand (EUR 4,763 thousand as of 31 December 2016), of which EUR 963 thousand have a short-term maturity (EUR 1,195 thousand as of 31 December 2016).

Accrued obligations to personnel

These provisions include the accrued incentive, payable in cash, corresponding to the 2017 Plan (Note 32.19).

During the period, an allocation was made for EUR 2,331 thousand, charged to that year's profit or loss (EUR 1,790 thousand in 2016). This amount includes the accrual from the 2017 Plan.

The fair value of the incentives referenced to the share price was estimated based on the share price of Prosegur Cash S.A. at the end of the period or at the time of payment.

Lastly, part of this provision has been classified as current provisions amounting to EUR 3,068 thousand, because the first part of this commitment will mature in 2018, associated with the 2017 Plan. The amount of the non-current provision for accruals to personnel as of December 31, 2017 amounts to EUR 1,213 thousand.

22. Financial liabilities

The details and composition of the financial liabilities are as follows:

Thousands of euros	Average interest rate	31/12/2017		Average interest rate	31/12/2016	
		Non-current	Current		Non-current	Current
Obligations and tradable securities	1.38%	594,117	-	0,00%	-	-
Loans and borrowings	5.79%	80,140	36,013	1,19%	614,402	11,747
Finance lease payables	7.58%	10,041	7,843	7,17%	11,875	8,502
Credit accounts	6.88%	-	18,412	3,53%	-	43,307
Other debts	9.61%	12,626	15,262	10,28%	8,443	23,759
		696,924	**77,530**		**634,720**	**87,315**

The details and composition of financial liabilities and the corresponding terms and conditions are as follows:

Thousands of euros	Currency	Year of maturity	31/12/2017		31/12/2016	
			Non-current	Current	Non-current	Current
Debentures and other negotiable securities	Euro	2026	594,117	-	-	-
Loans and borrowings	Euro	2018-2019	-	126	612,025	142
Loans and borrowings	Brazilian Real	2018	-	18,909	-	11,574
Loans and borrowings	South African Rand	2020	19,171			
Loans and borrowings	Australian dollar	2020	45,903	-	-	-
Loans and borrowings	Peruvian Nuevo Sol	2018-2020	8,417	12,698	-	-
Loans and borrowings	Other currencies	2018-2020	6,649	4,280	2,377	31
Finance lease payables	Euro	2018-2019	2,949	2,595	5,472	3,205
Finance lease payables	Brazilian Real	2018-2019	4,059	3,492	3,097	1,756
Finance lease payables	Other currencies	2018-2021	3,033	1,756	3,306	3,541
Credit accounts	Euro	-	-	-	-	29,299
Credit accounts	Australian dollar	2018	-	6,507	-	-
Credit accounts	Other currencies	2018	-	11,905	-	14,008
Other debts	Euro	2018-2020	5,891	3,451	253	499
Other debts	Brazilian Real	2018-2025	5,752	5,208	8,026	18,000
Other debts	Argentine Peso	2018-2023	39	128	105	106
Other debts	Other currencies	2018-2019	944	6,475	59	5,154
			696,924	**77,530**	**634,720**	**87,315**

As of 31 December 2017, the total drawdown amount from credit facilities in current accounts amounted to EUR 18,412 thousand (2016: EUR 43,307 thousand). Details of undrawn credit facilities are as follows:

Thousands of euros	31/12/2017	31/12/2016
Maturing in less than 1 year	176,917	88,573
Maturing in more than 1 year	315,000	15,000
	491,917	**103,573**

Credit facilities are subject to various interest rate reviews in 2018.

Debentures and other negotiable securities

On 4 December 2017, Prosegur Cash S.A. issued issued bonds with a nominal value of EUR 600,000 thousand, maturing on 4 February 2026. This issue was carried out in the Euromarket under the fixed-income securities issuance programme (Euro Medium Term Note Programme). This issue enables the deferral of maturities of part of the debt of Prosegur Cash and the diversification of funding sources. The bonds are traded on the secondary market of the Irish Stock Exchange. They accrue an annual coupon of 1.38%, payable yearly in arrears.

Syndicated credit facility (Spain)

On 10 February 2017, Prosegur Cash, S.A. arranged a syndicated financing transaction in the form of credit for EUR 300,000 thousand over a period of five years to provide the company with long-term liquidity. As of 31 December 2017, none of the balance had been drawn down on this loan.

The interest rate for the drawdowns on the syndicated financial transaction is the Euribor plus an adjustable margin based on the Company's credit rating.

This financing also has the guarantees granted by the following subsidiaries of Prosegur Cash, S.A.: Prosegur Brasil, S.A. Transportadora de Valores e Segurança (Brazil), Transportadora de Caudales Juncadella, S.A. (Argentina) and Compañía de Seguridad Prosegur, S.A. (Peru). This contract includes the following mandatory financial ratios:

- Net Financial Debt / EBITDA ration, which must be under 3,5.
- The EBITDA/finance cost ratio must be greater than 5.

Syndicated loan (Spain)

In December 2016, Prosegur Cash, S.A. contracted a three year syndicated financing transaction for EUR 600,000 thousand.

On 20 November 2017 and 20 December 2017, an early payment was made of EUR 100,000 thousand and EUR 500,000 thousand respectively, were made on this syndicated operation and therefore, there was no outstanding amount as of 31 December 2017 (as of 31 December 2016: EUR 600,000 thousand).

Syndicated loan (Australia)

On 28 April 2017, through its subsidiary Prosegur Australia Investments Pty, Prosegur Cash arranged a three-year syndicated financing facility of AUD 70,000 thousand. As of 31 December 2017, the amount drawn down on the loan totalled AUD 70,000 thousand (countervalue at the close of 31 December 2017: EUR 45,614 thousand).

Loans and borrowings (South Africa)

On 29 January 2016, the Prosegur Group took out a 4 year loan in rands with bullet repayments (Note 28). This loan was granted to Prosegur Cash on 6 July 2017 for RAND 272,000 thousand (countervalue as of 31 December 2017: EUR 18,372 thousand). Prosegur Cash will maintain the same terms and conditions and final maturity date, specifically 29 January 2020. To coincide with the signing of the loan, Prosegur paid Prosegur Cash a cash sum equivalent to the principal of the loan plus the interest accrued.

Finance lease payables

Details of minimum payments under finance leases are as follows:

Thousands of euros	31/12/2017	31/12/2016
Less than 1 year	8,393	9,635
Between 1 to 5 years	11,281	12,403
Over 5 years	-	302
Interests	(1,790)	(1,963)
	17,884	**20,377**

The main assets subject to financial leasing contracts are armoured vehicles and machinery for cash management (Note 11).

Other debts

Other debts mainly relate to amounts payable in connection with business combinations carried out in this and previous years (Note 27). Details of other debts are as follows:

Thousands of euros	31/12/2017	31/12/2016
Non-current		
Contingent and deferred payments for acquisitions	6,898	776
Other	5,728	7,667
	12,626	**8,443**
Current		
Contingent and deferred payments for acquisitions	14,644	23,219
Other	618	540
	15,262	**23,759**

The deferred and contingent payments relating for acquisitions are as follows:

Thousands of euros	Currency	31/12/2017		31/12/2016	
		Non-current	Current	Non-current	Current
Fiel Vigilancia e Transp. Values	Brazilian Real	-	650	-	683
Transvig - Transporte de Valores e Vigilancia LTDA	Brazilian Real	166	333	769	384
Nordeste and Transbank Group	Brazilian Real	-	3,911	-	16,934
TC Interplata S.A.	Argentine Peso	7	124	7	100
MIV Gestión S.A.	Euro	-	-	-	323
Grupo Contesta	Euro	5,834	3,219	-	-
Other Prosegur Cash business combinations	Miscellaneous	891	1,846	-	-
Asset Purchase from Toll Transport Pty Ltd	Australian Dollar	-	4,561	-	4,795
		6,898	**14,644**	**776**	**23,219**

Bailment

The Prosegur Cash Group in Australia has gratuitous access to the facilities to supply cash in the cash-points belonging to the Prosegur Cash Group. In these facilities, the cash is owned by the provider of the commodate, which has contracts directly with the Prosegur Cash Group. The Prosegur Cash Group has access to this money for the sole purpose of filling cashpoints, which are governed by this contract. The settlement of the corresponding cash assets and liabilities is carried out via regulated clearing systems, such as the right of offset. As a result of the foregoing, no assets and liabilities are shown in the consolidated annual accounts for this item. The operating amount as of 31 December 2017 was AUD 47,700 thousand (equivalent to EUR 31,080 thousand) (as of 31 December 2016, it was AUD 67,600 thousand, equivalent to EUR 46,650 thousand).

Changes in liabilities deriving from financing activities

The reconciliation of the balances classified as financial liabilities with the cash flows for financing activities in the Statement of the Cash Flow is as follows:

Thousands of euros	31/12/2017					
	Debentures and other negotiable securities	Loans and borrowings	Finance lease payables	Debts with credit institutions	Other debts	Total
Net book value as of 1 January 2017	**-**	**626,149**	**20,377**	**43,307**	**32,202**	**722,035**
Financing received	594,117	111,911	3,466	7,644	(1,033)	716,105
Refunds	-	(612,041)	(5,191)	(31,402)	(17,145)	(665,779)
Financing cash flow	594,117	(500,130)	(1,725)	(23,758)	(18,178)	50,326
Business acquisition	-	-	1,689	-	16,301	17,990
Translation differences	-	(9,866)	(2,457)	(1,137)	(2,437)	(15,897)
Balance as of 31 December 2017	**594,117**	**116,153**	**17,884**	**18,412**	**27,888**	**774,454**

23. Trade and other payables

Details of trade and other payables are as follows:

Thousands of euros	31/12/2017	31/12/2016
Trade payables	107,207	111,873
Accrued personnel costs	88,648	107,274
Social Security and other taxes	60,140	72,250
Other payables	58,438	43,399
	314,433	**334,796**

Accrued personnel costs

The remuneration policy for indirect Prosegur staff includes a variable element that is specified in incentive programmes designed for this purpose, which are aimed at recognising and rewarding the people who make up Prosegur Cash for their contribution to our success by reaching or surpassing targets and developing the skills necessary to achieve excellence in their duties and responsibilities. The incentive programme is based on the direct link between a variable remuneration and reaching the targets in advance by the Prosegur Cash Division or the person's supervisor.

Accrued personnel costs include EUR 16,367 thousand relating to the incentive programme (in 2016: EUR 18,118 thousand). The cost recognised under employee benefits expense in the income statement in relation to this policy amounts to EUR 24,514 thousand (in 2016: EUR 24,928 thousand).

This item also includes other liabilities relating to salaries payable and accrued extra salary payments.

Information on the average supplier payment period. Second final provision of Law 31/2014, of 3 December.

The information on the late of payments made to suppliers by the Spanish consolidated companies is as follows:

Days	31/12/2017	31/12/2016
Average supplier payment period	64	69
Ratio of paid operations	66	68
Ratio of operations pending payment	49	78

Thousands of euros	2017	2016
Total payments made	43,071	32,035
Total payments pending	5,361	2,943

In accordance with the ICAC Resolution, commercial operations corresponding to the delivery of goods or services accrued from the effective date of Law 31/2014, of 3 December, i.e. 24 December 2014, were considered when calculating the average supply payment period. The information in these consolidated accounts on payments to suppliers pertains exclusively to fully consolidated companies located in Spain.

For the exclusive purpose of providing the information set out in this Resolution, suppliers are considered to be trade payables for debts with suppliers of goods or services, included under trade and other payables in current liabilities on the consolidated balance sheet.

"Average supplier payment period" means the period from delivery of the goods or provision of the service by the supplier through to effective payment of the transaction.

Pursuant to Law 11/2013, of 26 July, the maximum legal payment period applicable to consolidated companies in 2017 is 30 days (unless the terms stipulated therein are fulfilled, which would allow this term to be increased to 60 days).

24. Taxation

Cash consolidated within the Prosegur Group in Spain. The Consolidated Fiscal Group includes Prosegur Compañía de Seguridad, S.A. as the parent company, and the subsidiaries are the Spanish companies that meet the requirements of the regulations that regulate the special regime of fiscal consolidation.

Additionally, the Prosegur Cash Group pays tax for companies under fiscal consolidation in the following countries: France, Luxembourg, Portugal and Australia.

- In France, the tax consolidation group (Intégration Fiscale) consists of six companies that are taxed in accordance with French legislation: Prosegur Cash Holding France S.A.S. (parent company), Prosegur Traitement de Valeurs Azur, SA, Prosegur Logistique de Valeurs Azur, S.A., Prosegur Traitement de Valeurs Provence, SAS, Prosegur Traitement de Valeurs, SASU and Prosegur Traitement de Valeurs EST, S.A.S.
- In Luxembourg, Prosegur has a new fiscal consolidation group composed of Luxpai CIT SARL and Pitco Reinsurance S.
- In Portugal, Prosegur Logistica e Tratamento de Valores Portugal, S.A. is a member of a fiscal consolidation group with the other Prosegur subsidiaries.
- In Australia, the fiscal consolidation group consists of five Australian companies: Prosegur Australia Holdings Pty Limited, Prosegur Australia Investments Pty Limited, Prosegur Australia Pty Limited, Prosegur Technology Pty Limited and Prosegur Assets Management, Pty Ltd.

The other dependent entities present their tax returns according to the applicable tax regulations in each country.

Details of income tax expense, for current tax and deferred tax, are as follows:

Thousands of euros	31/12/2017	31/12/2016
Current tax	135,719	147,679
Deferred tax	4,247	2,234
	139,966	**149,913**

The main items making up the current tax expense are as follows:

Thousands of euros	31/12/2017	31/12/2016
From year	128,915	146,341
Loss without recognised deferred tax	598	1,906
Adjustments from previous years	6,206	(568)
	135,719	**147,679**

The main items comprising the deferred tax expense/income are as follows:

Thousands of euros	31/12/2017	31/12/2016
Tax losses	(6,072)	368
Provisions	5,006	9,384
Amortisation intangible assets	(3,681)	(13,066)
Dferral of trademark income (Note 6)	9,010	-
Other	(16)	5,548
	4,247	**2,234**

Deferred taxes relating to goodwill for tax purposes, included under amortisation of intangible assets, derive from local mergers in Brazil that took place in previous years. Brazilian tax legislation allows for accelerated amortisation.

The calculation of the income tax expense, based on pre-tax profit for the year, is as follows:

Thousands of euros	31/12/2017	31/12/2016
Profit before income tax	**444,327**	**376,155**
Tax rate	25%	25%
Result of applying tax rate to profit	111,082	94,039
Permanent differences	(3,303)	30,074
Effect of applying different tax rates	29,281	24,919
Adjustment of deferred taxes from previous years	(824)	(416)
Adjustment to taxes from previous years	6,208	(568)
Loss without deferred tax	597	1,906
Previously unrecognised deductions applied	(3,075)	(41)
Income tax expense	**139,966**	**149,913**

The effective tax rate stood at 31.50% in 2017, compared to 39.85% for the same period of 2016, representing a decrease of approximately 8.35 percentage points. Excluding the extraordinary effects not allocated in both years, the rate would have been 34.3% for 2017 compared to 36.3% for the same period of 2016, (Note 10).

In 2016 and 2017, Prosegur, in accordance with the definition of its strategic plan, executed an organisational and corporate restructuring process of the Group aimed at transforming the management model by country into a business model (in line with the best practices in the sector), separating Cash, Security and Alarm divisions. The organisational and corporate restructuring process of the Cash division of the Prosegur Group, including its listing on the stock market, was legally executed in 2016 and 2017.

In this regard, Prosegur guarantees the Prosegur Cash Group that the reorganisation of the Prosegur Cash Group was carried out in compliance with regulations (in particular, the commercial, administrative, labour and tax nature) applicable in each jurisdiction. By virtue, the Prosegur Group undertakes to hold the Prosegur Cash Group fully harmless and compensate it for the real and effective equity damages and losses that may be suffered by the Prosegur Cash Group or any of the current subsidiaries of the Prosegur Cash Group as a direct result of a breach of the reorganisation guarantee.

The tax rates of the countries where the Prosegur Cash Group operates are the following:

Tax rate	31/12/2017	31/12/2016
Germany	30.5%	30.5%
Argentina	35.0%	35.0%
Australia	30.0%	30.0%
Brazil	34.0%	34.0%
Chile	25.5%	24.0%
Colombia	34.0%	35.0%
Spain	25.0%	25.0%
France	33.3%	33.3%
India	28.0%	38.0%
Luxembourg	27.1%	29.2%
Mexico	30.0%	30.0%
Paraguay	10.0%	10.0%
Peru	29.5%	28.0%
Portugal	22.5%	22.5%
Singapure	17.0%	17.0%
Southafrica	28.0%	28.0%
Uruguay	25.0%	25.0%

Likewise, the tax rates for the coming years were modified in certain local legislation in 2017. As such, the tax rates for the coming years will be as follows:

Tax rate	Argentina	Chile	Luxembourg
Tax rates that start as of			
1 January 2018	30%	27.0%	26.0%
1 January 2019	30%	27.0%	26.0%
1 January 2020	25%	27.0%	26.0%

As a result, deferred tax assets and liabilities have been adjusted to these new tax rates.

Movement in deferred tax assets and liabilities and their structure during the year are as follows:

Deferred tax assets

Thousands of euros	**Balance as of 1 January 2016**	Transfers to non-current assets held for sale	Recognised in profit and loss	Business combinations	Recognised in equity	Transfer	Translation differences	**Balance as of 31 December 2016**	Transfers to non-current assets held for sale	Recognised in profit and loss	Business combinations	Recognised in equity	Transfer	Translation differences	**Balance as of 31 December 2017**
Amortisation Tangible Assets	**2,112**	-	745	-	-	-	116	**2,973**	-	(740)	-	-	-	(130)	2,103
Amortisation Intangible Assets	**10,333**	(11,238)	(690)	-	-	-	5,818	**4,223**	-	(3,397)	-	-	-	(218)	608
Tax Losses	**20,704**	(4,295)	(368)	-	-	-	1,400	**17,441**	-	6,072	-	-	-	142	23,655
Provisions	**66,652**	(4,193)	(3,668)	-	95	-	6,023	**64,909**	-	(7,993)	280	386	-	(7,285)	50,297
	99,801	**(19,726)**	**(3,981)**	**-**	**95**	**-**	**13,357**	**89,546**	**-**	**(6,058)**	**280**	**386**	**-**	**(7,491)**	**76,663**

Deferred tax liabilities

Thousands of euros	**Balance as of 1 January 2016**	Transfers to non-current assets held for sale	Recognised in profit and loss	Business combinations	Recognised in equity	Transfer	Translation differences	**Balance as of 31 December 2016**	Recognised in profit and loss	Business combinations	Recognised in equity	Transfer	Translation differences	**Balance as of 31 December 2017**
Amortisation Intangible Assets	**(39,802)**	(530)	13,756	(1,344)	-	-	(7,209)	**(35,129)**	7,078	-	-	-	4,352	(23,699)
Impairment of shareholdings	**(1,595)**	-	(894)	-	-	-	-	**(2,489)**	1,147	-	-	-	-	(1,342)
Trademark (Note 6)	**-**	-	-	-	-	-	-	**-**	(9,010)	-	-	-	-	(9,010)
By different provisions	**(20,465)**	-	(5,716)	-	-	-	(2,243)	**(28,424)**	2,987	(4,793)	-	-	(84)	(30,314)
Other	**(807)**	4,920	(5,400)	-	-	-	105	**(1,182)**	(391)	-	-	-	79	(1,494)
	(62,669)	**4,390**	**1,745**	**(1,344)**	**-**	**-**	**(9,346)**	**(67,224)**	**1,811**	**(4,793)**	**-**	**-**	**4,347**	**(65,859)**

The deferred tax balances are detailed in the consolidated balance sheet in accordance with the provisions of IAS 12 in relation to the offsetting of assets and liabilities for current taxes under certain conditions, which are fulfilled in Spain, France, Portugal and Australia. The deferred tax assets and liabilities structure does not include the offsetting.

The total amount of current and deferred income tax in relation to items credited or debited directly to other comprehensive income during the year is as follows:

Thousands of euros	**31/12/2017**	**31/12/2016**
Equity profit and loss	386	95
	386	**95**

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	31/12/2017	31/12/2016
Deferred tax assets	64,258	76,845
Deferred tax liabilities	(60,177)	(60,162)
	4,081	**16,683**

In accordance with current Spanish tax legislation, in 2017, the tax loss carryforwards of the Prosegur Cash companies may be offset by positive income from subsequent tax periods up to 25% of the tax base.

Details of deferred tax assets and liabilities by country in thousands of euros are as follows:

Thousands of euros	31/12/2017		31/12/2016	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Brazil	38,146	(26,074)	58,283	(36,042)
Argentina	1,462	(1,027)	1,773	(1,392)
France	3,082	(1,862)	1,645	(2,134)
France	33,973	(36,896)	27,845	(27,656)
Total	**76,663**	**(65,859)**	**89,546**	**(67,224)**

Prosegur Cash does not have any non-activated deductions pending application.

Deferred tax assets in respect of tax loss carryforwards are recognised provided that it is probable that sufficient taxable income will be available against which to offset the asset. For this purpose, Prosegur Cash Group performs projections of future cash flows based on financial budgets approved by the Management.

Details of tax loss carryforwards and the deadline for their offset as of 31 December 2017 are as follows:

Thousands of euros	Total	Capitalised	Not capitalised
Year			
2018	1,286	-	1,286
Subsequent years or no time limit	115,805	76,769	39,036
	117,091	**76,769**	**40,322**

Details of capitalised and uncapitalised tax loss carryforwards as of 31 December 2017 are as follows:

Thousands of euros	Capitalised	Not capitalised
Germany	57,007	93
France	6,426	8,186
Brazil	7,069	-
Chile	6,157	535
Colombia	54	8,245
Mexico	56	14,705
Singapore	-	2,918
India	-	7
Uruguay	-	5,540
Holland	-	93
Total	**76,769**	**40,322**

The breakdown by country of the negative tax bases and their statute of limitations as of 31 December 2017 is as follows:

Thousands of euros	Total amount	2018	Subsequent years or no time limit
Germany	57,100	-	57,100
France	14,612	-	14,612
Brazil	7,069	-	7,069
Chile	6,692	-	6,692
Mexico	14,761	927	13,834
India	7	-	7
Singapore	2,918	-	2,918
Holland	93	-	93
Uruguay	5,540	358	5,182
Colombia	8,299	-	8,299
Total	**117,091**	**1,285**	**115,806**

Of the EUR 117,091 thousand capitalised and not capitalised by the Company, with a period of prescription after 2017, there is no offset time limit for EUR 88,491 thousand and there is for the remaining EUR 28,600 thousand.

Deferred tax assets are recognised provided that it is probable that sufficient future income will be generated against which the temporary differences can be offset. To this end, the Prosegur Cash Group makes projections of future cash flows based on financial budgets approved by the Management. Since current tax law is somewhat ambiguous and open to various interpretations, additional tax liabilities could arise in the event of an inspection. In any event, the Company's directors do not believe that any such liabilities would have a significant impact on the consolidated annual accounts.

In 2017, the following corporate restructuring operations were carried out under the tax neutrality regime:

- In Argentina, the takeover merger of Transportadora de Caudales Interplata S.A. by Transportadora de Caudales Juncadella, S.A. effective from 1 January 2017.
- In Peru, the takeover merger of Servicios de Efectivo de Perú, S.A. by Security Company Prosegur, S.A. effective from 31 October 2017.
- In Brazil, the spin-off of Prosegur Brasil S.A. Transportadora de Valores e Segurança to a newly incorporated company called Segurpro Patrimonial Surveillance S.A. effective from 31 December 2017.

In addition, tax credits from Security to Cash have been transferred in the amount of BRL 9,886 thousand (equivalent to December 31: EUR 2,488 thousand) in exchange for payment of Cash tax debts in the Federal Tax Regularization program opened by the Brazilian Administration during the year (Note 28).

25. Contingencies

Guarantees

The Prosegur Cash Group has contingent liabilities for bank guarantees and other guarantees related to the normal course of business for which no significant liabilities are expected to arise.

The guarantees granted by the Prosegur Cash Group to third parties are the following:

Thousands of euros	31/12/2017	31/12/2016
Commercial guarantees	99,256	41,515
Financial guarantees	149,916	104,461
	249,172	**145,976**

Commercial guarantees include those given to customers.

The financial guarantees mainly include guarantees for civil and labour litigation in progress amounting to EUR 122,204 thousand (EUR 38,522 thousand as of 31 December 2016). Civil and labour litigation in Brazil amount to EUR 121,128 thousand as of 31 December 2017 (EUR 38,482 thousand as of 31 December 2016) (see Note 21).

National Markets and Competition Commission (CNMC)

On 22 April 2015, the National Markets and Competition Commission (CNMC) filed proceedings against Prosegur, Prosegur Servicios de Efectivo España, S.L.U. (now a Prosegur Cash subsidiary) and Loomis España, S.A. for alleged anti-competitive practices under the law of the European Union.

On 10 November 2016, the Competition Court of the CNMC imposed a fine of EUR 39,420 thousand on Prosegur and its subsidiary.

On 13 January 2017, Prosegur filed a notice of contentious-administrative appeal before the Spanish High Court against the ruling of the CNMC, seeking the temporary suspension of payment of the fine imposed.

On 13 February 2017, the Spanish High Court agreed to hear the appeal announced by Prosegur and initiated preliminary proceedings. To date, Prosegur has yet to officially lodge the appeal, meaning that the Spanish High Court has yet to hear the case and deliver its decision on the merits of the appeal.

The Spanish High Court did, however, accept Prosegur's request for the temporary measure on 31 March 2017 and therefore suspended the enforceability of the CNMC's ruling as to the payment of the fine, provided that Prosegur post a surety or other guarantee covering the amount of the fine within a maximum of two months. On 9 June 2017, Prosegur delivered a guarantee for the sum of EUR 39,420 thousand to the Spanish High Court.

The ruling to be handed down by the Spanish High Court regarding the decision reached by the CNMC may give rise to additional liabilities once that judgment is delivered. In any event, on the basis of the opinion of legal experts, the Company's directors do not believe that the liabilities that could arise would have a significant impact on the consolidated annual accounts. Prosegur will keep Prosegur Cash and its subsidiary affected from the potential negative economic effects of this process.

26. Commitments

Purchase commitments for fixed assets

Investments committed but not made at year end are as follows:

Thousands of euros	31/12/2017	31/12/2016
Property, plant and	14,206	11,283
Other intangible assets	280	168
	14,486	**11,451**

As of 31 December 2017, the commitments correspond mainly to the purchase of armoured vehicles, machinery and facilities (Note 11).

Operating lease commitments

The Prosegur Cash Group rents various premises, offices, warehouses and vehicles under non-cancellable operating lease contracts.

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

Thousands of euros	On 31 December 2017		
	Less than 1 year	**Between 1 to 5 years**	**Over 5 years**
Type			
Real Estate	11,660	46,641	41,977
Vehicles	3,213	5,173	-
Other assets	151	356	203
	15,024	**52,170**	**42,180**

Thousands of euros	On 31 December 2016		
	Less than 1 year	**Between 1 to 5 years**	**Over 5 years**
Type			
Real Estate	10,970	36,793	35,968
Vehicles	1,469	1,586	-
	12,439	**38,379**	**35,968**

As of 31 December 2017, the increase in minimum future payments with respect to the previous year corresponds mainly to operating lease agreements relating to the buildings sold by the Prosegur Cash Group to the different companies of the Prosegur Group during 2016, which the Prosegur Cash Group now leases to the companies of the Prosegur Group.

The cost for operating leases in the consolidated income statement for 2017 amounts to EUR 46,229 thousand (in 2016: EUR 53,966 thousand). There are no contingent rents in relation to operating leases.

27. Business Combinations

Details of changes in goodwill are presented in Note 12.

27.1 Goodwill recognized in 2017

Details of the net assets acquired and goodwill recognised on business combinations during the year are as follows:

Thousands of euros	Segment to which allocated	Cash payment	Deferred amount at fair value	Total purchase price	Fair value of identifiable net assets	Goodwill
Cash Services Australia Pty Limited [1]	AOA	2,171	-	2,171	2,171	-
Grupo Contesta [1]	Europa	6,695	8,914	15,609	10,512	5,097
Other Prosegur Cash business combinations	Iberoamérica	26,972	5,388	32,360	20,485	11,875
		35,838	**14,302**	**50,140**	**33,168**	**16,972**

[1] Calculations relating to business combinations are provisional and may be adjusted at any point within the year following the acquisition date.

Had the businesses acquired in 2017 been acquired on 1 January 2017, the ordinary revenue in the 2017 consolidated income statement would have increased by EUR 22,715 thousand, and the profit for the fiscal year would have increased by EUR 3,720 thousand.

The cash outflow incurred to acquire these businesses, net of cash acquired, was as follows:

Thousands of euros	Country	Cash payment	Cash and cash equivalents acquired	Cash outflow for the acquisition
Cash Services Australia Pty Limited [1]	Australia	2.171	(170)	2.001
Grupo Contesta [1]	Spain	6.695	(983)	5.712
Other Prosegur Cash business combinations [1]	Miscellaneus	26.972	(2.333)	24.639
		35.838	**(3.486)**	**32.352**

[1] Calculations relating to business combinations are provisional and may be adjusted at any point within the year following the acquisition date.

Cash Services Australia Pty Limited

On 17 February 2017, Prosegur Cash acquired 100% of Cash Services Australia Pty Limited in Australia, which is a security company that provides outsourcing services. The total purchase price was AUD 2,998 thousand (equivalent on the acquisition date to: EUR 2,171 thousand), consisting of a cash consideration of AUD 2,406 thousand (countervalue on the acquisition date: EUR 1,742 thousand), and a deferred contingent consideration of AUD 592 thousand (countervalue on the acquisition date: EUR 429 thousand) deferred to secure any possible liabilities, maturing in 2017.

The acquired assets were consolidated on 17 February 2017. Ordinary revenues and net losses contributed to the consolidated income statement for 2017 totalled EUR 3,844 thousand and EUR 45,000 thousand, respectively.

The following assets and liabilities were generated from the acquisition:

Thousands of euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	170	170
Property, plant and equipment	379	379
Deferred tax assets	195	195
Trade and other receivables	1,344	1,344
Trade and other payables	(742)	(742)
Provisions for risks and expenses	(235)	(235)
Other intangible assets	-	1,504
Deferred tax liabilities	-	(451)
Current tax assets	7	7
Identifiable net assets acquired	**1,118**	**2,171**

The intangible assets acquired comprise customer relationships (EUR 1,504 thousand) with a useful life of seven years.

Grupo Contesta

On 14 September 2017, Prosegur Cash acquired 100% of the Contesta Group in Spain, a group specialised in the provision of banking administrative services. The total purchase price was EUR 15,609 thousand, consisting of a cash consideration of EUR 6,695 thousand, and a deferred contingent deferred paytment of EUR 8,914 thousand, due in 2018, 2019 and 2020.

The business acquired was consolidated from 14 September 2017. Ordinary revenue and net profit contributed to the consolidated income statement for 2017 totalled EUR 5,466 thousand and EUR 252,000 thousand, respectively.

The following assets and liabilities were generated from the acquisition:

Thousands of euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	983	983
Property, plant and equipment	1,067	1,067
Trade and other receivables	3,148	3,148
Current tax assets	13	13
Current tax liabilities	(284)	(284)
Trade and other payables	(977)	(977)
Other financial assets	46	46
Financial debt	(500)	(500)
Deferred tax liabilities	-	(2,333)
Other intangible assets	16	9,349
Identifiable net assets acquired	**3,512**	**10,512**

Goodwill has been allocated to the Europe segment and is mainly attributable to the profitability of the business and the significant synergies that are expected to be triggered after the acquisition by Prosegur Cash. The intangible assets acquired comprise customer relationships (EUR 9,333 thousand) with a useful life of 14 years.

Other Prosegur Cash business combinations

In 2017, Prosegur Cash acquired a number of assets and security companies in Iberoamerica that provide securities logistics and cash management services. The total purchase price was of EUR 32,360 thousand, consisting of a cash consideration of EUR 26,972 thousand, a deferred payment totalling in 2017, 2018 and 2019 for a total of EUR 4,045 thousand and a deferred contingent consideration for a total of EUR 1,343 thousand due in 2018 and 2019.

Ordinary revenues and net losses contributed to the consolidated income statement for 2017 were EUR 1,028 thousand and EUR 43,000 thousand, respectively.

The following assets and liabilities were generated from the acquisition:

Thousands of euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	2,333	2,333
Property, plant and equipment	6,139	6,139
Inventory	33	33
Trade and other receivables	525	525
Current tax assets	108	108
Trade and other payables	(545)	(545)
Deferred tax assets	85	85
Deferred tax liabilities	(833)	(2,009)
Other financial assets	95	95
Financial debt	(1,189)	(1,189)
Other intangible assets	-	14,910
Identifiable net assets acquired	**6,751**	**20,485**

Goodwill has been allocated to the Iberoamerica segment and is mainly attributable to the profitability of the business and the significant synergies that are expected to be triggered after the acquisition by Prosegur Cash. Intangible assets are supported in customer relationships (EUR 14,043 thousand), with a useful life of between 7 and 19 years and in a non-competition agreement (EUR 867 thousand) with a useful life of 10 years.

27.2 Goodwill recognized in 2016 and that was not reviewed in 2017

Details of the net assets acquired and goodwill recognised on business combinations carried out in 2016 whose value has not been revised in 2017 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.[1]	Europa	698	443	1,141	832	309
Procesos Técnicos de Seguridad y Valores S.A.S [1]	Iberoamerica	156	-	156	85	71
Toll Transport Pty Ltd [1]	AOA	7,218	4,545	11,763	5,934	5,829
		8,072	**4,988**	**13,060**	**6,851**	**6,209**

[1] Calculations relating to business combinations are provisional and may be adjusted at any point within the year following the acquisition date.

The cash outflow incurred to acquire these businesses, net of the cash acquired, was as follows:

Thousands of Euros	Country	Consideration in cash	Cash and cash equivalents acquired	Outflow of cash on acquisition
MIV Gestión S.A. [1]	Spain	698	(240)	458
Procesos Técnicos de Seguridad y Valores S.A.S [1]	Colombia	156	(3)	153
Toll Transport Pty Ltd [1]	Australia	7,218	-	7,218
		8,072	**(243)**	**7,829**

[1] Calculations relating to business combinations are provisional and may be adjusted at any point within the year following the acquisition date.

MIV Gestión, S. A.

On 8 January 2016, the Prosegur Cash Group acquired 100% of MIV Gestión, S.A. in Spain, which is a company that provides international transport services for valuable and vulnerable goods. The total purchase price was EUR 1,141 thousand, consisting of a cash consideration of EUR 698 thousand, a deferred payment due in 2016 and 2017 for a total of EUR 360 thousand and a deferred contingent consideration for a total of EUR 83 thousand.

The assets and liabilities that arose from this acquisition were 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)
Identifiable net assets acquired	**306**	**832**

The goodwill on this acquisition was allocated to the Europe segment and mainly reflects the profitability of the business and the significant synergies expected to result from the acquisition. The intangible assets comprise customer relationships (EUR 701 thousand) and have a useful life of five years.

Procesos Técnicos de Seguridad y Valores, S. A. S.

On 29 April 2016, the Prosegur Cash Group acquired 100% of Procesos Técnicos de Seguridad y Valores, SAS in Colombia, which is a company specialised in cash management services through the processing, packaging and recycling of banknotes and coins. The total purchase price was COP 512,000 thousand (equivalent on the acquisition date to EUR 156,000 thousand).

The following assets and liabilities were generated from the acquisition:

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)
Identifiable net assets acquired	**85**	**85**

Goodwill was allocated to the Iberoamerica segment and is mainly attributable to the profitability of the business and the significant synergies that are expected to be triggered after the acquisition by Prosegur Cash.

Toll Transport Pty Ltd

On 4 November 2016, the Prosegur Cash Group acquired a number of assets in Australia from Toll Transport Pty Ltd. The total purchase price was AUD 18,115 thousand (equivalent on the purchase date to: EUR 11,763 thousand), comprising a cash payment of AUD 11,115 thousand (equivalent on the acquisition date to EUR 7,218 thousand), and a deferred amount for collateral for possible liabilities for AUD 7,000 thousand to secure possible liabilities (countervalue on the date of purchase: EUR 4,545 thousand).

Ordinary revenues and net profit contributed to the consolidated income statement for 2016 were EUR 3,272 thousand and EUR 283 thousand, respectively.

The following assets and liabilities were generated from the acquisition:

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)
Identifiable net assets acquired	**3,210**	**5,934**

The goodwill on this acquisition was allocated to the AOA segment and mainly reflects the profitability of the business and the significant synergies expected to result from the acquisition. The intangible assets acquired comprise customer relations (EUR 3,892 thousand) and have 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), a variation of the income approach usually used in the valuation of intangible assets, and which considers the current value of the net cash flows that are expected after subtracting the contributory charges from other assets that contribute to the generation of flows of the intangible asset valued. Contributory charges consist of a remuneration for the use of the assets that contribute to the generation of future cash flows and are included as an expense to then reach the flow attributable only to the asset being valued.

The significant non-observable Toll Transport Pty Ltd variables used are related to the forecast of annual revenue growth according to company expectations, long-term growth in line with inflation expectations in Australia (2.0%) and the forecast of EBITA post integration (2016-2022: from 4.3% to 12.9%).

28. Related parties

Prosegur Cash, S.A. is a subsidiary of the Spanish listed company Prosegur Security Company, S.A., which currently owns 51% of its shares, indirectly controlling another 21.5% through its wholly-owned subsidiary, Prosegur Assets Management, S.L.U. The remaining 27.5% of the shares are held by various shareholders (Note 20).

28.1 Balances with Group companies

Prosegur Cash maintains balances with companies that are part of the Prosegur Group but are not included in the consolidation perimeter of the Prosegur Cash Group:

Thousands of euros	31/12/2017	31/12/2016
Short-term investments in group companies and associates		
Credits	4,699	24,451
Other financial assets	-	2,176
Commercial debtors and other accounts receivable		
Customers	2,502	24,176
Prepaid expenses	10,902	14,627
Total current assets with Prosegur Group companies	**18,103**	**65,430**
Total assets	**18,103**	**65,430**
Financial liabilities		
Other financial liabilities	-	2,130
Loans granted by group companies		
Loans	-	134,842
Dividends to pay (Note 9)	46,719	-
Trade and other payables		
Suppliers	1,653	31,736
Total current liabilities with Prosegur Group companies	**48,372**	**168,708**
Total liabilities	**48,372**	**168,708**

Financial operations:

On 31 December 2017 and as a result of the demerger of Seguridad Brasil (Note 15), a balance receivable for Prosegur Cash with the Prosegur Group was outstanding for an amount of BRL 12,980 thousand (countervalue at the end of the year: EUR 3,267 thousand) associated with a loan granted to Seguridad Brasil and pending payment as contractually agreed for the cash used by Seguridad Brasil. The cash used by Seguridad Brasil in 2017 amounts to BRL 119,834 thousand (countervalue as of 2017: EUR 30,170 thousand).

The balances pending collection by Prosegur Cash with its subsidiaries, recognised under assets held for sale, amount to EUR 1,432 thousand. This balance arises as a consequence of the cash used by the security business in Brazil, linked to the four regions whose sale was not completed at the end of the year (Note 15).

For the sale of Seguridad Brasil, under the heading of financial assets held for sale (Note 15), Prosegur Cash has an account receivable recorded for the amount of EUR 18,331 thousand (Note 31).

In 2017, there were no loans granted between related parties other than those mentioned, except for the loan granted from Prosegur Cash to one of its subsidiaries in India, SIS Cash Services Private Ltd, which was accounted for using the equity method for the amount of EUR 2,565 thousand (Note 14 and 17).

As of 31 December 2016, Prosegur Cash had outstanding financial balances receivable from several companies of the Prosegur Group for a total amount of EUR 26,627 thousand, (including outstanding interest amounting to EUR 2,176 thousand). The average interest of these balances in 2016 was 7.2%.

At the same time, the outstanding financial liabilities of Prosegur Cash with Prosegur Group in Spain, as of 31 December 2016, amounted to EUR 136,972 thousand (including the outstanding interest of EUR 2,130 thousand). These loans accrued an average interest rate of 2.2% in 2016.

On 21 February 2017, all such financial assets and liabilities arranged with the Prosegur Group were paid in full.

In 2016, the accumulated loans that Prosegur Cash granted to Prosegur Compañía de Seguridad, S.A. and to Prosegur Assets Management, S.L. amounted to EUR 399,621 thousand and EUR 383,949 thousand, respectively. These loans were fully cancelled as of 31 December 2016.

Business transactions

The commercial balances between the Prosegur Cash Group and the Prosegur Group in favour of the Prosegur Cash Group amount to EUR 13,404 thousand and EUR 38,803 thousand as of 31 December 2017 and 2016, respectively. These commercial balances mainly correspond to an advance payment for the rental of operational properties recorded in Peru for EUR 10,902 thousand for rent for the next 4 years (as of 31 December 2016: EUR 14,627 thousand). The remaining balance is associated with outstanding commercial balances not paid by the Prosegur Group to the Group (Note 28.2).

The commercial balances between the Prosegur Cash Group and the Prosegur Group in favour of the Prosegur Group amount to EUR 1,653 thousand and EUR 31,736 thousand as of 31 December 2017 and 2016, respectively. These commercial balances include the transfer prices and outstanding commercial balances not paid by Prosegur Cash to the Prosegur Group (Note 28.2). The variation from 2016 to 2017 is a result of the change in the internal payment policy, which can not exceed one month.

28.2 Transactions with Prosegur Group companies

On 29 January 2016, Prosegur arranged a four-year bullet loan denominated in rand. This loan was granted to Prosegur Cash on 6 July 2017 for RAND 272,000 thousand (countervalue as of 31 December 2017: EUR 18,372 thousand), (Note 22). Prosegur Cash will maintain the same terms and conditions and final maturity date, specifically 29 January 2020. To coincide with the signing of the loan, Prosegur paid Prosegur Cash a cash sum equivalent to the principal of the loan plus the interest accrued.

In the demerger carried out in Brazil on 31 December 2017, the Brazilian security division of Group Prosegur transferred tax credits to the Cash division for an amount of BRL 89,737 thousand (countervalue on 31 December: EUR 22,593 thousand). As a counterpart to the assignment of these credits, a treasury reimbursement of BRL 86,392 thousand was made (countervalue as of 31 December: EUR 21,887 thousand). The difference between both amounts was BRL 2,805 thousand (countervalue on 31 December: EUR 706 thousand) corresponds to the application of the discount rate of 1.64% on the nominal value of said credits in the period of time during which it is estimated that said credits will be offset by the Cash division.

Tax credits were also transferred from Security to Cash for an amount of BRL 9,886 thousand (countervalue on 31 December: EUR 2,488 thousand) in exchange for the payment of Cash's tax debts in the Federal Tax Regularisation programme started by the Brazilian Administration during the year.

The Prosegur Cash Group maintains transactions with companies that are part of the Prosegur Group but are not included in the consolidation perimeter of the Prosegur Cash Group:

	Service provision	
Thousands of euros	**31/12/2017**	**31/12/2016**
Revenue		
Service provision	90,248	61,841
Finance income	395	23,277
Total income	**90,643**	**85,118**
Expenses		
Other services	(94,285)	(86,398)
Finance expenses	(67)	(2,670)
Total expenses	**(94,352)**	**(89,068)**

The main transactions for the 2017 fiscal year of the Prosegur Cash Group, S.A. with the parent company correspond to the sale of the shares of the company Ridur 2016, S.A in the amount of EUR 48,873 thousand (see note 6), the sale of certain trademarks Prosegur brand, owned by Juncadella Prosegur International, S.A. amounting to EUR 36,038 thousand (see note 6) and expenses for use of the Prosegur brand for an amount of EUR 30,569 thousand.

The balances as of December 31, 2017 of the Prosegur Cash Group, S.A. with the Parent, they correspond mainly to the balance payable for dividends amounting to EUR 32,864 thousand (see Note 9).

The following items were recorded under the provisions for services and other services heading, both income and expenses:

Thousands of euros	31/12/2017
Income from service provision	
Rentals and Supplies	1,120
Services rendered	906
Sale of real estate investments (Note 6)	2,311
Sale of shareholdings (Note 6)	49,873
Sale of Trademark (Nota 6)	36,038
Total expenses for other services	**90,248**
Expenses for other services	
Trademark (Note 4)	(30,569)
Management Fees (Note 4)	(47,742)
Rentals and Supplies	(11,060)
Services received	(4,914)
Total expenses for other services	**(94,285)**

Financial expenses are associated with the accrual of interest for loans taken out with Prosegur in 2016 and cancelled on 21 February 2017.

Financial income consists of the financial accrual of the cash lent to Seguridad Brasil plus interest accrued on the sale price of Seguridad Brasil, fixed on 31 December 2016 (Note 15).

Rental expenses reached EUR 7,700 thousand in 2017.

During 2017, the most significant revenues from transactions with the Prosegur Group amounted to EUR 46,374 thousand and EUR 13,640 thousand for the sale of operating properties and the use of the Prosegur brand, respectively.

During 2016, the most significant expenses arising from transactions with the Prosegur Group amounted to EUR 31,063 thousand for brand use expenses.

28.3 Remuneration to members of the Board of Directors and Senior Management of the Parent Company

1. Remuneration of directors

Remuneration accrued to the members of the Board of Directors for all items were:

Thousands of euros	31/12/2017	31/12/2016
Fixed remuneration	919	-
Variable remuneration	388	-
Remuneration for Board members	97	-
Daily allowances	101	-
	1,505	**-**

In 2016, Prosegur Cash had no Board members or chief executives holding paid positions. Administrative functions were carried out by the sole director, namely Prosegur, through to 19 December 2016, whereupon the current Board of Directors was appointed. There were no remuneration payments, advances or loans in this respect, and no obligations have been assumed as a guarantee on their behalf.

2. Remuneration of Senior Management

Senior management personnel are those Prosegur employees who exercise, either on a de facto or de jure basis, senior management and who report directly to the governing body or chief executive, including those holding powers of attorney that relate to the corporate object and which is not restricted to specific areas or business.

The remuneration accrued by Prosegur Cash's Senior Management is as follows:

Thousands of euros	31/12/2017	31/12/2016
Fixed remuneration	1,801	1,010
Variable remuneration	1,103	419
Remuneration in kind	106	115
Life insurance premiums	5	3
	3,015	**1,547**

The expenses for civil liability insurance for the Board and Senior Management amount to EUR 375 thousand and are recorded under the heading of other expenses within administration and sales expenses.

28.4 Information required by article 229 of the Spanish Capital Companies Law

In connection with the provision set forth in articles 228, 229 and 230 of the Consolidated Text of the Spanish Corporate Enterprise 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 year 2017 in which the members of the Board of Directors and their related parties have been in direct or indirect conflict with the interests of the Company.

The agency Revolution Publicidad, S.L. occasionally provides Prosegur Cash with advertising, media, marketing and communication services as part of the normal course of business and at arm's length conditions, and has done so since before the appointment of Daniel Guillermo Entrecanales Domecq as a Company board member. Prosegur Cash does not work exclusively with the agency Revolution Publicidad, S.L. and therefore receives advertising, media, marketing and communication services from other companies. The fees received by Revolution Publicidad, S.L. from Prosegur Cash are not materially significant and do not represent a significant amount. As of 31 December 2017, the fees amounted to EUR 38,000 thousand (as of 31 December 2016, they amounted to EUR 38,000 thousand).

Since the relationship between the agency Revolution Publicidad, S.L. and Prosegur Cash is part of their normal course of business and is non-exclusive and of relatively little importance as just explained, the Board of Directors is confident that it does not compromise the independence of Daniel Guillermo Entrecanales Domecq in his capacity as an independent director of Prosegur Cash.

During the financial year, the company Euroforum Escorial, S.A. (controlled by Gubel, S.L.) billed Prosegur Cash EUR 48,000 thousand for hotel services (as of 31 December 2016 it amounted to zero euros). Prosegur is controlled by Gubel, S.L. a company incorporated in Madrid, holding 50,075% of the Prosegur shares, which consolidates Prosegur Cash in its consolidated financial statements.

Mr Christian Gut Revoredo and Mr Antonio Rubio Merino hold, respectively, the positions of CEO of Prosegur and Executive Chairman of Prosegur Cash and Finance Manager of Prosegur and Proprietary Director (on behalf of Prosegur) at Prosegur Cash. Mrs Chantal Gut Revoredo is Proprietary Director at Prosegur and Prosegur Cash. The Board of Directors considers that their respective positions at Prosegur do not in any way affect their independence in the performance of their duties at Prosegur Cash.

29. Financial risk management and fair value

29.1 Financial risk factors

The Prosegur Cash Group's activities are exposed to exchange rate risk, interest rate risk, price risk, credit risk and liquidity risk. The objective of the Prosegur Cash Group's global risk management programme is focused on reducing these risks through a variety of methods, including the use of financial instruments.

The management of these risks is identified, proposed and executed by the Finance Division, together with other operating units of the Prosegur Cash Group in accordance with the guidelines issued by the Board of Directors.

Currency risk

The Prosegur Cash Group operates internationally and, therefore, is exposed to exchange rate risk due to currency transactions. The exchange rate risk arises from future business transactions, the equity invested abroad, the operating results and financial positions denominated in a currency that is not the operating currency of each of the companies of the Prosegur Cash Group.

In order to control the exchange rate that arises from these operations, it is the policy of the Prosegur Cash Group to use the instruments considered appropriate at all times in order to balance and neutralise the risks linked to the monetary flows of assets and liabilities, taking into account the market expectations.

Given that Prosegur Cash Group has defined a strategy for long-term permanence in the foreign markets in which it is present, a policy has been adopted to not cover investments on the net equity invested in the countries, assuming the risk of conversion to the euro of assets and liabilities denominated in said foreign currencies.

The Prosegur Cash Group's exposure to the exchange rate risk is shown below, which details the book value of financial instruments denominated in a foreign currency other than the operating currency of each country:

Thousands of euros	31/12/2017			
	Euro	**US Dollar**	**Other currency**	**Total position**
Non-current financial assets	-	24	-	*24*
Total non-current assets	**-**	**24**	**-**	**24**
Trade and other receivables	19,264	14,476	-	33,740
Other current financial assets	3,542	18	6,527	10,087
Cash and cash equivalents	22,997	4,243	40	27,280
Total current assets	**45,803**	**18,737**	**6,567**	**71,107**
Trade and other payables	20,043	26,620	-	46,663
Financial liabilities	3,168	2,933	19,101	25,202
Current liabilities	**23,211**	**29,553**	**19,101**	**71,865**
Net position	**22,592**	**(10,792)**	**(12,534)**	**(734)**

Thousands of euros	31/12/2016			
	Euro	**US Dollar**	**Other currency**	**Total position**
Non-current financial assets	-	52	-	52
Total non-current assets	**-**	**52**	**-**	**52**
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
Total current assets	**29,824**	**(970)**	**31,329**	**60,183**
Financial liabilities	20	207	-	227
Non-current liabilities	**20**	**207**	**-**	**227**
Trade and other payables	30,206	1,819	-	32,025
Financial liabilities	7,311	959	-	8,270
Current liabilities	**37,517**	**2,778**	**-**	**40,295**
Net position	**(7,713)**	**(3,903)**	**31,329**	**19,713**

The following table shows the details of the main listings of the foreign currencies operated by the Prosegur Cash Group with respect to the Euro, to the average and closing of the fiscal year:

		31/12/2017		31/12/2016	
		Average rate	**Closing rate**	**Average rate**	**Closing rate**
US Dollar	USD	1.13	1.20	1.11	1.05
Australian Dollar	AUD	1.47	1.53	1.49	1.46
Brazilian Real	BRL	3.60	3.97	3.86	3.43
Argentine Peso	ARS	18.72	22.31	16.33	16.76
Chilean Peso	CLP	732.21	737.83	748.56	703.39
Mexican Peso	MXP	21.33	23.66	20.66	21.77
Paraguayan Guarani	PYG	6,343.35	6.704.66	6,098.12	6,063.11
Peruvian Nuevo Sol	PEN	3.68	3.88	3.74	3.54
Uruguayan Peso	UYU	32.36	34.50	33.33	30.84
Colombian Peso	COP	3,336.10	3,578.71	3,379.51	3,163.05
Indian Rupee	INR	7.63	76.61	74.36	71.59

The strengthening / (weakness) of the Euro against the Brazilian Real, Argentine Peso, Chilean Peso and Nuevo Sol as of 31 December would increase / (decrease) the profit or loss and equity in the amounts shown below.

This analysis is based on a variation of the foreign currency exchange rate (different from the operating currency Note 32.5), which Prosegur Cash Group considers as reasonably possible at the end of the period to be reported (increase and decrease in the exchange rate). This analysis assumes that all other variables, particularly interest rates, remain constant. The sensitivity of the income statement is associated with the impact on the income statement, under its financial results heading, if the exchange rate at the end of the year increased or decreased on all the active items in a currency other than the operating currency of each subsidiary (Note 32.5). Meanwhile, the sensitivity associated with equity is calculated on the net assets of each of the subsidiaries and shows the variations of the respective operating currencies with respect to the euro.

	Increase in exchange rate		Drop in exchange rate	
	Net worth	Result	Net worth	Result
31/12/2017				
Brazilian Real (15% variation)	45,841	-	(33,883)	-
Argentine Peso (25% variation)	84,215	(3,169)	(50,529)	1,901
Chilean Peso (10% variation)	9,491	365	(7,765)	245
Nuevo Sol (Peru) (10% variation)	5,929	(3,102)	(4,851)	2,538
Colombian Peso (10% variation)	-	-	-	-
31/12/2016				
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
Nuevo Sol (Peru) (10% variation)	6,649	344	(5,440)	(421)
Colombian Peso (10% variation)	3,111	-	(2,546)	-

Credit risk

The Prosegur Cash Group does not have significant concentrations of 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 depending on internal and external qualifications in accordance with the limits set by the Financial and Economic Management. There is regular monitoring of the use of credit limits.

The Prosegur Cash Group has formal procedures to detect objective evidence of impairment in the accounts of commercial clients. As a result of the same, it identifies significant delays in payments and the methods to follow to estimate the impairment loss based on an individual analysis by business area. The impairment of trade receivables on 31 December 2017 amounts to EUR 7,430 thousand (in 2016: EUR 6,830 thousand) (Note 18) and the trade receivables not included in this provision at year end have sufficient credit quality, so the credit risk for these accounts receivable is considered covered by this provision.

The following table shows the percentage of the total Prosegur Cash Group that represents the billing of the 8 main clients:

Counterparty	31/12/2017	31/12/2016
Client 1	6.67%	7.23%
Client 2	6.05%	5.68%
Client 3	4.95%	4.85%
Client 4	3.07%	3.12%
Client 5	2.56%	2.94%
Client 6	2.23%	2.27%
Client 7	2.15%	2.14%
Client 8	1.64%	1.58%

The other current financial assets heading includes a fixed-term tax. All the financial assets that were contracted in 2017 and 2016 were exposed to the risk of non-payment by the counterparties, which, in all cases, were financial institutions with guaranteed solvency and with a high credit quality and not very sensitive to adverse changes in the economic situation.

In Spain, the Collections Department manages an approximate monthly volume of 2,759 clients with a monthly average turnover of EUR 6,399 thousand per client. The payment instrument most used by clients is the bank transfer, which represents 86% versus 14% in instruments (cheques, promissory notes, etc).

Liquidity risk

Prudent management of liquidity risk involves the maintenance of sufficient cash and marketable securities, as well as the availability of short, medium and long-term financing with a sufficient amount of committed credit facilities in order to achieve the business targets of the Prosegur Cash Group in a safe, efficient and timely manner. The purpose of the Corporate Treasury Department is to maintain sufficient liquidity and availability to guarantee the operation of the Prosegur Cash Group business.

Management monitors the provisions of the liquidity reserve of the Prosegur Cash Group, which includes the availability of credit (Note 22) and cash and cash equivalents (Note 19), based on the expected cash flows.

The liquidity position of the Prosegur Cash Group's Cash business for 2017 and 2016 is based on the following points:

- Cash and cash equivalents of EUR 317,777 thousand on 31 December 2017 (in 2016: EUR 188,780 euros) (Note 19).
- EUR 491,917 thousand available in undrawn credit facilities on 31 December 2017 (in 2016: EUR 103,573 thousand) (Note 22).
- The cash flow generated by operating activities in 2017 amounted to EUR 232.287 thousand (2016: EUR 255,938 thousand) (Note 10).

The amounts presented in this table reflect the cash flows stipulated in the contracts.

Thousands of euros	31/12/2017						
	Carrying amount	**Contractual cash flows**	**6 months or less**	**6 months to 1 year**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**
Non-derivative financial liabilities							
Debentures and other negotiable securities	594,117	667,401	1,401	-	8,250	24,750	633,000
Loans and borrowings	116,153	141,769	18,271	22,726	32,775	11,536	56,461
Finance lease payables	17,884	21,235	1,781	7,435	5,847	6,172	-
Credit accounts	18,412	19,138	8,230	10,908	-	-	-
Other debts	27,888	34,106	12,836	4,642	6,466	7,660	2,502
Accounts payable with group companies (Note 28)	48,372	48,372	48,372	-	-	-	-
Trade and other payables	314,433	314,433	314,433	-	-	-	-
	1,137,259	**1,246,454**	**405,324**	**45,711**	**53,338**	**50,118**	**691,963**

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**	**Over 5 years**
Non-derivative financial liabilities							
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 debts	32,202	36,568	23,926	1,004	2,883	4,803	3,952
Accounts payable with group companies (Note 28)	168,708	168,708	168,708	-	-	-	-
Trade and other payables	262,546	262,546	262,546	-	-	-	-
	1,153,289	**1,200,934**	**519,868**	**11,712**	**19,277**	**645,815**	**4,262**

Finally, it should be noted that forecasts are systematically made on expected cash generation and needs, meaning that the Prosegur Cash Group's liquidity position can be determined and monitored on a continuous basis.

Cash flow and fair value interest rate risks

The Prosegur Cash Group is exposed to interest rate risk due to the monetary assets and liabilities on its statement of financial position.

The exposure of the financial liabilities of the Prosegur Cash Group (excluding the other debts heading) to the contractual dates on which its prices are revised is as follows:

Thousands of euros	31/12/2017				
	6 months or less	6 to 12 months	1 to 5 years	Over 5 years	Total
Total financial liabilities (fixed rate)	12,035	11,625	23,955	594,117	641,732
Total financial liabilities (variable rate)	12,409	26,199	20,323	45,903	104,834
	24,444	**37,824**	**44,278**	**640,020**	**746,566**

Miles de euros	31/12/2016				
	6 months or less	6 to 12 months	1 to 5 years	Over 5 years	Total
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
	57,266	**6,291**	**625,988**	**288**	**689,833**

The Prosegur Cash Group analyses its exposure to interest rate risk dynamically. In 2017 and 2016, the financial liabilities of the Prosegur Cash Group at variable interest rates are mainly denominated in euros, Brazilian real, Australian dollars, South African rands and Mexican pesos.

Management performs a simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges. On the basis of these scenarios, 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 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 details of financial liabilities, indicating the portion considered to be hedged at a fixed rate, are as follows:

Thousands of euros	31/12/2017		
	Total debt	Hedged debt	Debt exposure
Europe	627,334	599,662	27,672
AOA	57,147	-	57,147
Latam	89,973	42,070	47,903
	774,454	**641,732**	**132,722**

Thousands of euros	31/12/2016		
	Total debt	Hedged debt	Debt exposure
Europe	650,708	8,652	642,056
AOA	5,082	-	5,082
Latam	66,245	8,440	57,805
	722,035	**17,092**	**704,943**

The debt comprises bank loans at fixed rates. There are credit accounts, leasing debts, and loans with credit institutions at a fixed interest rate in Chile, Germany, Peru, Brazil, Paraguay, Colombia and Spain.

As of 31 December 2017, if the interest rate on bank loans and borrowings had have been 100 basis points higher, keeping the other variables constant, the after tax profit or loss for the period would have been EUR 909 thousand lower (2016: EUR 4,235 thousand lower), mainly as a result of higher interest expense on variable rate loans.

29.2 Capital risk management

The objectives of the Prosegur Cash Group in relation to capital management are to safeguard its ability to continue as a going concern to procure a return for shareholders and profits for other holders of equity instruments, and to maintain an optimal capital structure and reduce its cost.

In order to maintain or adjust the capital structure, the Prosegur Cash Group could adjust the amount of dividends payable to shareholders, reimburse capital to shareholders, issue new shares or sell assets to reduce debt.

The Prosegur Cash Group monitors the capital according to the leverage ratio, in line with the sector practice, in order to optimise its financial structure. 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 other current financial assets, as presented in the statement of financial position. Total capital is the sum of equity plus net financial debt, as presented in the balance sheet.

The following is the calculation of the leverage ratio for the Prosegur Cash business:

Thousands of euros	**31/12/2017**	**31/12/2016**
Financial liabilities (Note 22)	774,454	722,035
Financial liabilities with group companies (Note 28)	-	136,972
Less: Cash and equivalents (Note 19)	(317,777)	(188,780)
Less: current investments in group companies (Note 28)	(23,145)	(26,627)
Net financial debt	433,532	643,600
Less: other non banking accounts payable and receivable (Note 15 and Note 22)	(9,442)	(32,202)
Net financial debt (excluding other non banking accounts payable corresponding to deferred acquisition payments)	424,090	611,398
Net assets	240,004	103,593
Total capital	**664,094**	**714,991**
Leverage ratio	**63.86%**	**85.51%**

The following is the calculation of the leverage ratio, including the net assets held for sale:

Thousands of euros	31/12/2017	31/12/2016
Financial liabilities (Note 22, 15)	777,721	727,536
Financial liabilities with group companies (Note 28)	-	136,972
Less: Cash and equivalents (Note 19, 15)	(317,876)	(211,603)
Less: current investments in group companies (Note 28)	(23,145)	(26,627)
Net financial debt	436,700	626,278
Less: other noon banking accounts payable and receivable (Note 15 and Note 22)	(9,442)	(32,202)
Net financial debt (excluding other non banking accounts payable corresponding to deferred acquisition payments)	427,258	594,076
Net assets	263,789	185,473
Total capital	**691,047**	**779,549**
Leverage ratio	**61.83%**	**76.21%**

29.3 Financial instruments and fair value

Classification and fair value

All financial assets and liabilities have a book value similar to their fair value due, to a large extent, to the short-term maturities of these instruments.

Thousands of euros	31/12/2017								
	Carrying amount					Fair value			
	Available-forsale financial assets	**Loans and receiva-bles**	**Financial liabilities held for trading**	**Debts and payables**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value									
Deposits and guarantees	-	1,645	-	-	1,645				
Deposits	-	1,160	-	-	1,160				
Credits	-	2,904	-	-	2,904				
Short-term accounts receivable with group companies (Note 28)	-	18,103	-	-	18,103				
Customers and other accounts receivable (Note 18)	-	333,960	-	-	333,960				
Cash and cash equivalents (Note 19)	-	317,777	-	-	317,777				
	-	**675,549**	**-**	**-**	**675,549**				
Fair value financial liabilities									
Contingent payments	-	-	(10,984)	-	(10,984)	-	-	(10,187)	(10,187)
	-	**-**	**(10,984)**	**-**	**(10,984)**				
Financial liabilities not measured at fair value									
Financial liabilities by bonds issue	-	-	-	(594,117)	(594,117)	(591,638)	-	-	(591,638)
Financial liabilities from financial institutions	-	-	-	(152,449)	(152,449)	-	(145,875)	-	(145,875)
Other financial liabilities	-	-	-	(27,888)	(27,888)	-	(27,888)	-	(27,888)
Short-term accounts payable with group companies (Note 28)	-	-	-	(48,372)	(48,372)	-	(48,372)	-	(48,372)
Suppliers and other accounts payable (Note 23)	-	-	-	(314,433)	(314,433)				
	-	**-**	**-**	**(1,137,259)**	**(1,137,259)**				

Thousands of euros	31/12/2017								
	Carrying amount					Fair value			
	Available-forsale financial assets	Loans and receiva-bles	Financial liabilities held for trading	Debts and payables	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value									
Deposits and guarantees	-	1,211	-	-	1,211				
Deposits	-	224	-	-	224				
Credits	-	590	-	-	590				
Short-term accounts receivable with group companies (Note 28)	-	65,430	-	-	65,430				
Customers and other accounts receivable (Note 18)	-	371,371	-	-	371,371				
Cash and cash equivalents (Note 19)	-	188,780	-	-	188,780				
	-	**627,606**	**-**	**-**	**627,606**				
Fair value financial liabilities									
Contingent payments	-	-	(253)	-	(253)	-	-	(253)	(253)
	-	**-**	**(253)**	**-**	**(253)**				
Financial liabilities not measured at fair value									
Financial liabilities by bonds issue	-	-	-	(689,833)	(689,833)	-	(520,534)	-	(520,534)
Other financial liabilities	-	-	-	(32,202)	(32,202)	-	(32,202)	-	(32,202)
Short-term accounts payable with group companies (Note 28)	-	-	-	(168,708)	(168,708)				
Suppliers and other accounts payable (Note 23)	-	-	-	(254,293)	(254,293)				
	-	**-**	**-**	**(1,145,036)**	**(1,145,036)**				

Measurement bases for financial instruments not measured at fair value:

Below are the valuation methods used in 2017 to determine the Level 3 fair values, as well as the unobservable variables used and the quantitative information of each significant unobservable Level 3 variable. The contingent payments described belong to the combination of the Contesta Group businesses, which are almost all of them. The sensitivity analyses are as follows:

Type	**Valuation method** (*)	**(Unobservable) inputs employed**	**Interrelationship between key inputs and fair value**	**Sensitivity analysis**
Contingent payments	Discounted cash flows: The measurement model considers the present value of the net cash flows to be generated by the business. The expected cash flows are determined considering the scenarios that may be exercised by Gross Margin forecasts, the amount to be paid in each scenario and the probability of each scenario. The expected net cash flows are discounted using a risk-adjusted discount rate.	Gross Margin	The estimated fair value would increase / decrease depending on the value of the gross margin.	- If the estimated gross margin had been at 5% of the agreed scenario, the value of the contingent payments in 2017 would have varied by EUR 506 thousand. If it had have been at 10%, the value of the contingent payments would have varied by EUR 1,012 thousand. - In the case of a 5% decrease in the gross margin, the contingent payments would have varied by EUR (506) thousand , and if it had have decreased by 10%, the value of the contingent payments would have varied by EUR(1,518) thousand.

(*) The forecast for annual sales growth has been set at 8% as of 2018, the forecast for EBITDA (2017-2020: from 15.4% to 20.0%) and the discount rate adjusted to the risk (from 13.5%).

Measurement bases for financial instruments not measured at fair value:

Type	**Measurement bases**	**(Unobservable) inputs employed**
Financial liabilities from financial institutions	Discounted cash flows	N/A
Finance lease liabilities	Discounted cash flows	N/A
Other financial liabilities	Discounted cash flows	N/A

Transfer of assets and liabilities among the various levels

During the year ended on 31 December 2017 and 2016, there was no transfer of assets and liabilities between the different levels.

30. Other information

The average number of Prosegur Cash Group employees, including companies that consolidate using the equity method, was as follows:

	31/12/2017	31/12/2016
Operations personnel	54,665	53,849
Other	2,638	2,456
	57,303	**56,305**

The average headcount of operations personnel employed by equity-accounted investees in 2017 is 16,867 employees (in 2016: 16,755 people).

The average headcount of personnel employed in Spain with a disability of 33% or more, by category, is as follows:

	31/12/2017	31/12/2016
Operations personnel	29	21
Other	-	5
	29	**26**

The distribution of the Prosegur Cash Group workforce by gender at the end of the year was follows:

	31/12/2017		31/12/2016	
	Male	**Female**	**Male**	**Female**
Operations personnel	44,151	10,068	44,202	9,647
Other	1,718	936	1,663	793
	45,869	**11,004**	**45,865**	**10,440**

The distribution of the members of the Senior Management of the Prosegur Cash Group by gender was as follows:

	31/12/2017		31/12/2016	
	Male	**Female**	**Male**	**Female**
Board of Directors	6	3	5	-
Senior Management	9	2	7	2
	15	**5**	**12**	**2**

KPMG Auditores, S.L., which audits the Prosegur Cash Group financial statements, billed the following fees for professional services rendered during the year:

Thousands of euros	31/12/2017	31/12/2016
KPMG Auditores, S.L. audit services	405	587
KPMG Auditores, S.L. other services	148	9
	553	**596**

The amounts included in the previous table include all the fees related to the services rendered during the 2017 fiscal year, regardless of when they were invoiced.

Other entities affiliated to KPMG International have also billed the Prosegur Cash Group during the year for the following fees for professional services rendered:

Thousands of euros	31/12/2017	31/12/2016
Audit services	657	1.121
Other assurance services	122	119
Tax advisory services	11	232
Other services	7	435
	797	**1.907**

Other assurance services correspond mainly to limited reviews of interim financial statements, agreed-upon procedures reports on compliance with covenants and others and comfort letters in relation to issues of securities provided by KPMG Auditores, S.L. to Prosegur Compañía de Seguridad, S.A. and subsidiaries during the year ended 31 December 2017.

Other auditors billed the Prosegur Cash Group during the year for the following fees for professional services rendered:

Thousands of euros	31/12/2017	31/12/2016
Audit services	-	2
	-	**2**

31. Events after the reporting date

On 2 January 2018, the Prosegur Group paid the purchase price set by the Security business in Brazil, for the amount of BRL 72,823 thousand (countervalue at the time of payment: EUR 18,331 thousand) plus 1% on the sale price as interest, as agreed by the contract (Note 15).

32. Summary of the main accounting policies

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 Accounting standards

These consolidated annual accounts were prepared using the same accounting principles used by the Prosegur Cash Group when preparing the consolidated financial statements as of 1 January 2016, with the exception of the standars and amendments adopted by the European Union and mandatory as of 1 January 2016 and 2017, which were applied in 2016 and 2017, respectively, and which are detailed below:

a) Standards effective from 1 January 2017

The 2017 annual accounts were prepared using the same accounting principles as for 2016, except for the standars and amendments adopted by the European Union and mandatory as of 1 January 2017, which are detailed below:

- Amendments to IAS 12 - Record of deferred tax assets from unrealised losses: Clarifications on the recognition of deferred tax assets for unrealised losses. Effective for annual periods beginning on or after 1 January 2017.

- Annual improvements to the IFRSs of the 2014-2016 cycle - They modify the following standards:
  - IFRS 1 – First-time adoption of the International Financial Reporting Standards; The amendment to IFRS 1 is effective as of 1 January 2018.

- IFRS 12 - Information to be Disclosed on Stakeholdings in Other Entities; The amendment to IFRS 12 is effective as of 1 January 2017.
- IAS 28 - Investments in Associates and Joint Ventures. The amendment to IAS 28 is effective as of 1 January 2018.

- Amendments to IAS 7 - Breakdown Initiative: Disclosure to enable users of financial statements evaluate changes in liabilities arising from financing activities. Effective for annual periods beginning on or after 1 January 2017.

b) Standards and interpretations issued, approved by the European Union, which are not effective as of 1 January 2017 and which Prosegur Cash expects to adopt as of 1 January 2018 or later (they have not been early adopted)

- IFRS 9 Financial instruments. Effective for annual periods beginning on or after 1 January 2018. Establishes criteria for the recording and valuation of financial instruments. The only impact on the consolidated financial statements that the Group has identified is a new model for calculating the impairment of financial assets by changing the calculation method to the expected credit losses over the life of the asset. The estimated negative impact on equity amounts to EUR 1,549 thousand.

- IFRS 15 Revenue from contracts with clients Effective for annual periods beginning on or after 1 January 2018. Establishes the criteria for the accounting record of income from contracts with clients. At present, expenses directly related to obtaining contracts (mainly sales commissions, as well as other expenses with third parties) are charged to the income statement as they are incurred. With the application of IFRS 15, an asset will be recognised by the costs that are incremental for obtaining a contract, and will be charged to the P&L as the income related to said asset is allocated. The initial assessment made by the Group of the potential impact of the adoption of IFRS 15 in its consolidated financial statements concludes that it will be very limited.

- IFRS 16 Leases. Effective for annual periods beginning on or after 1 January 2019. Establishes that companies which are lessees of contracts will recognise the liabilities and assets of the lease agreements in the consolidated financial statement (except for short-term and low value lease agreements). Under current regulations, the Group's contracts are classified as operating leases, and payments are recorded on a straightline basis over the lease term.

  The standard allows two methods of transition: one retroactively for each comparative period presented, and another retroactively with the cumulative effect of the initial application of the recognised standard on the date it is first applied. In this sense, the standard allows certain practical solutions when it is first applied, relating to the valuation of assets, discount rate, duration, initial costs and short-term leases.

  Although the Group has not quantified the impact of the adoption of IFRS 16, it estimates that the impact on its financial statements will be significant and will consist of the recognition of new assets and liabilities for its operating leases of real estate and fleet, and it will also change the nature of the expenses related to these leases, since IFRS 16 replaces the straight-line expense of the operating lease with a charge for amortisation of right-of-use assets and an interest expense on lease liabilities.

- Amendments to IAS 40 - Real estate investments: Transfers of Investment Property. These amendments clarify the requirements on the transfer of real estate investments

- Interpretation of IFRIC 22 - Foreign Currency Transactions and Advance Consideration. It determines the exchange rate to be used in transactions with advance payment paid or received in foreign currency.

- Modifications to IFRS 2: Classification and Measurement of Share-based Payment Transactions. Clarification about the accounting of certain types of transactions with share-based payments.

Prosegur Cash is currently analysing the impact of the application of these standards or amendments, although no significant impacts are expected in any of the different types of income in each of its business lines / segments.

c) Standards and interpretations issued by the International Financial Reporting Standards Board (IFRS), pending approval by the European Union

- Amendments to NIIF 8 - Operating Segments: Clarifications for the parties responsible for preparing financial information, as well as regulators and users.

- IFRIC 23 - Uncertainty about the treatment of corporation tax: The new requirements introduced clarify aspects regarding the accounting of tax interpretations.

On the date these consolidated annual accounts were authorised for issue, Prosegur Cash Management was evaluating the impact that the application of these standards and modifications will have on the consolidated financial statements.

32.2 Consolidation policies

Subsidiaries

Subsidiaries, including structured entities, are those controlled by the Company, directly or indirectly, via subsidiaries. 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 the subsidiaries are included in the consolidated financial statements from the date on which control was transferred to the Prosegur Cash Group, and are excluded from the consolidation on the date on which the control ceased.

The transactions and balances held with Prosegur Cash Group companies and the unrealised profits or losses have been eliminated in the consolidation process. However, unrealised loss has been considered as an indicator of impairment on transferred assets.

To ensure consistency with the policies adopted by the Prosegur Cash Group, the accounting policies of the subsidiaries were amended when necessary.

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

In business combinations, the Prosegur Cash Group applies the acquisition method. The acquisition date considered in the financial statements that have been presented is when the Prosegur Cash Group obtained control of the acquired business.

The consideration transferred in 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 transferred excludes any payment that does not form part of the amount exchanged for the acquiree. Acquisition costs are recognised as an expense when incurred.

The Prosegur Cash Group recognises the assets acquired, the assumed liabilities (and any non-controlling interest) at their fair value on the acquisition date. A non-controlling interest in the acquired business is recognised by the amount pertaining to the percentage share in the fair value of the acquired net assets. This criterion is only applicable to noncontrolling interests that grant present access to economic rights and the right to the proportional share of the net assets of the acquired entity in the event of liquidation. Otherwise, the non-controlling interests are valued at fair value or value based on market conditions. 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 also recognises the indemnification assets granted by their seller, and following the same valuation criteria of the item subject to indemnification from the acquired business, considering the insolvency risk and any contractual limitation on the amount indemnified.

Assets and liabilities assumed are classified and designated for subsequent measurement in accordance with the contractual terms, economic conditions, operating or accounting policies and other factors that exist at the acquisition date, except for leases and insurance contracts.

The excess of the consideration given, plus the value assigned to non-controlling interests, over the value of the net assets acquired and liabilities assumed is recognised as goodwill. If applicable, the deficit after evaluating the amount of the consideration given, the value assigned to the non-controlling interests and the identification and valuation of the net assets acquired, is recognised in the financial statements.

If it is only possible to determine a business combination provisionally at the end of the reporting period, 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. In any event, adjustments to the provisional values only reflect information relating to facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised at that date (Note 27).

The potential benefit of the acquiree's income 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 income tax revenue provided that it does not arise from a measurement period adjustment.

The contingent consideration is classified in accordance with the underlying contractual terms as a financial asset or financial liability, equity instrument or provision. Subsequent changes in the fair value of a financial asset or financial liability are recognised in consolidated 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, and subsequent settlement is recognised in equity. Contingent consideration classified as a provision is subsequently recognised in accordance with the relevant measurement standard.

The business combination cost includes contingent considerations if, on the date of acquisition, they are likely and can be reliably estimated. Subsequent recognition of contingent consideration or subsequent variations to contingent consideration are recognised as a prospective adjustment to the cost of the business combination.

Non-controlling interests

Non-controlling interests in subsidiaries are recognised on 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 recognised at the proportional part of the equity of the subsidiaries on the date of first consolidation.

Once the adjustments and eliminations derived from the consolidation are considered, the participation of the Prosegur Cash Group and the non-controlling participations in the consolidated P&L for the year and in the changes in the equity of the subsidiaries is determined from the participations in ownership at the end of the year, without considering the possible exercise or conversion of potential voting rights, and once the effect of the dividends, agreed or not, of preferred shares with cumulative rights that have been classified in equity accounts have been subtracted. However, the participation of the Prosegur Cash Group and the non-controlling interests are determined by considering the possible exercise of potential voting rights and other derivative financial instruments that, in essence, currently grant access to the economic benefits associated with ownership interests, i.e. the right to participate in future dividends and changes in the value of the subsidiaries.

Profit and loss and each component of other comprehensive income are allocated to equity attributable to shareholders of the parent and to non-controlling interests in proportion to their investment, even if this results in a balance receivable from non-controlling interests. The agreements entered into by the Prosegur Cash Group and the non-controlling participations are recognised as a separate transaction.

Associates

Associates are those significantly influenced by the Company, directly or indirectly, via subsidiaries. Significant influence is the power to intervene in financial policy and operating decisions of a company, without there being control or joint control thereon. When assessing whether there will be a significant influence, the potential voting rights that are exercisable or convertible at the closing date of each year are taken into account, as well as the potential voting rights owned by the Prosegur Cash Group or by another entity.

Investments in associates are recognised by the equity method as of the date on which the significant influence is exercised until the date on which the Company cannot continue to justify the existence thereof.

Investments in associates are initially recognised at cost of acquisition. Any surplus between the cost of investment and Prosegur Cash's percentage of the fair values of identifiable net assets is recognised as goodwill, which is included in the carrying amount of the investment.

Prosegur Cash's share in post-acquisition profit or loss of associates is recognised as an increase or decrease in value of the investments, with a debit or credit to share of profit/losses of financial year accounted for under the equity method in the consolidated income statement (consolidated statement of comprehensive income). Likewise, Prosegur Cash's share in post-acquisition other comprehensive income of associates is recognised as an increase or decrease in value of the investments in the associates, with a balancing entry corresponding to the nature of the investment in other comprehensive income. Dividend distributions are recognised as reductions in the value of the investments.

Impairment

The Prosegur Cash Group applies the impairment criteria developed in IAS 39: Financial instruments: Recognition and Valuation, in order to determine whether or not to record impairment losses additional to those already recognised in the net investment of the associate or in any other financial asset held therewith as a result of the application of the equity method.

Impairment is calculated by comparing the carrying amount associated with the net investment in the associate with its recoverable amount, the latter being understood as the greater of the value in use or fair value less costs to sell. In this regard, value in use is calculated on the basis of Prosegur Cash's share in the present value of estimated cash flows from ordinary activities and amounts which might result from the final sale of the associate.

The recoverable amount of the investment in an associate is valued according to each associate entity, unless it is not a cash generating unit (CGU) (Note 32.9).

Impairment losses are not allocated to goodwill or other assets implicit in the investment in associates derived from application of the acquisition method. In subsequent years, reversals of impairment losses on investments are recognised in the income statement to the extent of any increase in the recoverable amount. Impairment losses are presented separately from Prosegur Cash's share of profit or loss of associates.

Joint arrangements

Joint arrangements are considered to be those in which there is a contractual agreement to share control over an economic activity, so that decisions on the relevant activities require the unanimous consent of the Prosegur Cash Group and the rest of the participants or operators. The assessment of the existence of joint control is carried out according to the definition of control of dependent entities.

Joint ventures

Investments in joint ventures are recognised applying the equity method. This method involves including the value of the net assets and goodwill in the consolidated financial statement line "Investments accounted for using the equity method" if any, corresponding to the share held in the joint venture. The net result obtained each year, corresponding to the percentage of shareholding in the joint ventures is reflected in the consolidated income statements under Share of profit/losses of financial year accounted for under the equity method. Prosegur decides to present these results as part of its operating results as it considers that the results of its joint ventures form part of its operations.

Dividend distributions from joint ventures are recognised as reductions in the value of the investments. The losses in the joint ventures that correspond to the Prosegur Cash Group are limited to the value of the net investment, except when legal or implicit obligations were assumed by the Prosegur Cash Group, or if payments were made on behalf of the joint ventures.

Joint Operations

In joint operations, the Prosegur Cash Group recognises its assets in the consolidated financial statements, including its participation in the assets controlled jointly; its liabilities, including its share of the liabilities it has incurred jointly with the other operators; the income obtained from the sale of its part of the production derived from the joint operation, its share of the income obtained from the sale of the production derived from the joint operation, and its expenses, including the part corresponding to the joint expenses.

In the sale or contribution transactions of the Prosegur Cash Group to joint operations, only the results corresponding to the participation of the other operators are recognised, unless the losses reveal a loss or impairment of the value of the transferred assets, in which case, they are fully recognised.

When the Prosegur Cash Group has been involved in joint operation purchase transactions, the P&L is only recognised when the acquired assets have been sold to third parties, unless the losses reveal a loss or impairment of the acquired assets, in which case, the Prosegur Cash Group fully recognises the proportional part of its corresponding losses.

The Prosegur Cash Group's acquisition of the initial and subsequent participation in a joint operation is recognised by applying the criteria developed for business combinations by its participation percentage in the individual assets and liabilities. However, in the subsequent acquisition of an additional share of a joint operation, the previous share in individual assets and liabilities are not subject to revaluation.

32.3 Operational consolidated income statement

The Prosegur Cash Group chose to submit expenses recognised in the income statement using a classification based on its function within the entity, considering that this method provides users with more relevant information than the classification of expenses by nature.

32.4 Segment reporting

A business segment is a group of assets and operations that is engaged in providing products or services and which is subject to risks and rewards that are different from those of other segments.

A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and rewards that are different from those of segments operating in other economic environments.

Costs are directly allocated to each of the defined segments. Each geographical area has its own functional structure.

32.5 Foreign currency transactions

Functional and presentation currency

The items included in the consolidated financial statements of each of the Prosegur Cash Group entities are valued using the currency of the main economic environment in which the entity operates ("functional currency"). The figures disclosed in the consolidated annual accounts are expressed in thousands of euros (unless stated otherwise), the Parent's functional and presentation currency.

Balances and transactions

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the transaction date. Foreign currency gains and losses arising on the settlement of these transactions and on the translation of monetary assets and liabilities denominated in foreign currencies at the closing exchange rate are recognised in the income statement, unless they are recognised directly in equity as cash flow hedges.

Foreign exchange gains or losses relating to loans and cash and cash equivalents are recognised in the income statement under finance income or costs.

Changes in the fair value of monetary securities denominated in foreign currency and classified as non-current assets held for sale are analysed between conversion differences resulting from changes in the amortised cost of the security and other changes in the book value of the security. Translation differences are recognised in profit or loss, 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 or loss, are recognised as changes in fair value. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are recognised in the revaluation reserve in equity.

The Prosegur Cash Group presents the effect of the conversion of assets and liabilities for deferred taxes denominated in foreign currency together with the deferred income tax in P&L.

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 statement of cash flows as "Effect of translation differences on cash held".

Translation of foreign operations

The conversion to euros of businesses abroad whose operational currency is not that of a hyperinflationary country was made by applying the following criteria:

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 on the reporting date;
ii. Income and expenses are translated at the average monthly exchange rate.
iii. The exchange differences resulting from the application of the above criteria are recognised as conversion differences in other consolidated global P&L.

On consolidation, exchange differences arising on the translation of a net investment in foreign operations, and of loans and other instruments in foreign currency designated as hedges of these investments, are recognised in the equity of the company holding the investment. When these investments are sold, the exchange differences are recognised in the income statement as part of the gain or loss on the sale.

32.6 Property, plant and equipment

Land and buildings mainly comprise operating divisions. Property, plant and equipment are recognised at cost less depreciation and any accumulated impairment losses, except in the case of land, which is presented at cost net of any impairment losses.

Historical cost includes all expenses directly attributable to the acquisition of the items.

Subsequent costs are only included in the book value of the asset or are recognised as a separate asset when it is probable that the future economic benefits associated with the items will flow to the Prosegur Cash Group and the cost of the item can be reliably determined. The carrying amount of the replaced item is derecognised. Other repairs and maintenance costs are taken to the income statement when incurred.

Land is not depreciated. Other assets are depreciated on a straight-line basis to allocate the cost or revalued amount to residual value over the following estimated useful lives:

	Rate (%)
Buildings	2-3
Technical installations and machinery	10-25
Other facilities	10-30
Furniture	10
Computer equipment	25
Vehicles	10-16
Other property, plant and equipment	10-25

The residual values and useful lives of assets are revised, and adjusted if necessary, as a change in accounting estimates, at the end of each reporting period.

When the carrying amount of an asset exceeds its estimated recoverable amount, it is immediately written down to the latter (Note 32.9). The company prepares a property, plant and equipment impairment analysis on an annual basis, regardless of whether there are indications of impairment.

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

32.7 Intangible assets

Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of the Prosegur Cash Group's share in the identifiable net assets of the acquired subsidiary on the date of acquisition. Goodwill impairment is tested annually (Note 32.9) and recognised at cost less accumulated impairment losses.

Gains and losses on the sale of an entity include the carrying amount of the goodwill allocated to the sold entity.

For impairment testing purposes, goodwill is allocated to cash-generating units (CGU). Goodwill is allocated to the CGU that are expected to benefit from the business combination from which the goodwill arose.

Client portfolios

The relationships with customers recognised by the Prosegur Cash Group under the client portfolios heading are separable and are based on a contractual relationship, complying with the requirements established by the regulations to be considered as intangible assets separable from goodwill. In general, these are customer service contracts that have been acquired from third parties or recognised in the allocation of fair values in business combinations.

Portfolios of contracts with customers are recognised at fair value on the acquisition date less amortisation and accumulated impairment.

The fair value allocated to customer contract portfolios acquired from third parties is the acquisition price. To determine the fair value of intangible assets allocated in business combinations in the form of customer relationships, the income approach is used: discounting the cash flows generated by these relationships at the date of acquisition of the subsidiary. Cash flows are estimated based on the sales, operating investments and EBITDA margins projected in thecompany's business plans.

In the Prosegur Cash Group, client portfolios are amortised on a straight-line basis based on the estimated useful life. The useful life is estimated based on indicators such as average length of relationship with customers or the average annual customer churn rate. The useful lives allocated to these intangible assets are reviewed at the end of each reporting period. Customer portfolios have useful lives of between 5 and 22 years.

Customer portfolios are allocated to cash-generating units (CGUs) in accordance with their respective business segment and the country of operation.

At the end of each reporting period, Prosegur assesses whether the recoverable amount is affected by any impairment loss. The tests to determine whether there are indications of impairment of customer portfolios mainly consist of:

- Verifying whether events have taken place that could have a negative impact on the estimated cash flows from the contracts making up the portfolio (such as a decline in total sales or EBITDA margins).
- Updating the estimated customer churn rates to identify any changes to the periods for which customer portfolios are expected to generate revenues.

If there are indications of impairment, the recoverable amount of a customer portfolio is based on the present value of the re-estimated cash flows from the contracts over their useful lives.

If customer churn rates have risen, the useful lives of customer portfolios are re-estimated.

Trademarks and licences

Trademarks and licences are presented at historical cost. They have finite useful lives and are recognised at cost less amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the trademarks and licences during their estimated useful life of 4 years.

Computer software

Computer software licences are capitalised at cost of acquisition or cost of preparation of the specific software for use. These expenses are amortised over the estimated useful lives of the assets (3 to 5 years).

Computer software maintenance or development costs are charged as expenses when incurred.

32.8 Investment property

The Prosegur Cash Group classifies real estate investments as the real estate fully or partially allocated to obtain income, capital gains or both, instead of for their use in the production or supply of goods or services, or for administrative purposes of the Prosegur Cash Group or their sale in the ordinary course of operations. Real estate investments are initially recognised at cost, including transactions costs.

The Prosegur Cash Group evaluates real estate investments after their initial recognition, following the criteria of cost or deemed cost established for the property, plant or equipment. The depreciation methods are those contained in that section. The estimate useful life of real estate investments is of 50 years.

32.9 Impairment losses

If an event or change in circumstances indicates that the carrying amount of assets subject to amortisation or depreciation may not be recoverable, Prosegur determines whether impairment losses have been incurred. The difference between the carrying amount of the asset and its recoverable amount is recognised as an impairment loss.

Recoverable amount is the higher of fair value of an asset less the costs to sell or other type of disposal, or the value in use. For impairment testing purposes, assets are grouped at the lowest level for which separate identifiable cash flows can be identified (cash-generating unit, CGU). Prosegur reviews impaired non-financial assets other than goodwill at the end of each reporting period to assess whether the loss has been reversed.

Impairment losses on goodwill

Goodwill has been allocated to the Prosegur Cash Group's 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 is expected to benefit from the business combination from which the goodwill arose.

The recoverable amount is the higher between its fair value less costs to sell or otherwise dispose and its value in use, which is understood to be the present value of estimated future cash flows. To estimate the value in use, the Prosegur Cash Group prepares the forecasts of future cash flows before taxes using the most recent budgets approved by the Management. These budgets incorporate the best available estimates of income and expenses of the cash-generating units (CGU) 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 non-increasing estimated growth rates that do not exceed the average long-term growth rate for the business in which the CGU operates.

Management determined EBITDA (earnings before interest, tax, depreciation and amortisation) based on past returns and the foreseeable development of the market.

To calculate present value, cash flows are discounted at a rate that reflects the cost of capital of the business and the geographical region in which it operates. Prosegur 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 of the asset, the difference is recognised under impairment losses in the consolidated income statement (Note 12).

Impairment losses on goodwill are not reversible.

As well as testing for impairment, Prosegur performs a sensitivity analysis on goodwill which consists of verifying the impact of deviations in key assumptions on the recoverable amount of a CGU (Note 12).

32.10 Financial assets

Internal

Financial assets are classified at the time of their initial recognition in accordance with the financial fund of the contractual agreement and with the definitions of financial assets, developed 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. The classification in the previous categories is carried out according to the characteristics of the instrument and the intentions of the Prosegur Cash Group at the time of their 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 provides money, goods or services directly to a debtor with no intention of negotiating with the account receivable. They are classified as current assets unless they mature in more than 12 months after the reporting date, in which case they are classified as non-current. Loans and accounts receivable are mainly included in the financial statement under the heading of clients and other accounts receivable (Note 32.12).

Available-for-sale financial assets

In this category, the Prosegur Cash Group classifies the debt securities and equity instruments of other companies that have not been classified in any other financial asset category.

Recognition, measurement and derecognition of financial assets

Acquisitions and disposals of financial assets are recognised on the trading date, that is, the date on which the Prosegur Cash Group agrees 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 they have expired, or rights have been transferred to receive cash flows from them and the Prosegur Cash Group has substantially transferred all the risks and advantages derived from their ownership.

Loans and receivables are measured at amortised cost using the effective interest method.

Unrealised gains and losses arising from changes in the fair value of non-monetary assets classified as available for sale are recognised in equity. When assets classified as available for sale are sold or incur irreversible impairment losses, the accumulated adjustments in fair value are included in the income statement as gains or losses on the assets.

On the date of each closing, the Prosegur Cash Group evaluates whether there is objective evidence that a financial asset or a group of financial assets may have suffered impairment losses. In the case of equity securities classified as available for sale, to determine whether they are impaired Prosegur considers whether a significant or prolonged decline has reduced the fair value of the securities to below cost.

If such evidence exists for available-for-sale financial assets, the cumulative loss, calculated as the difference between the acquisition cost and the present fair value less any impairment loss previously recognised, is reclassified from equity to profit or loss. Impairment losses recognised for equity instruments are not reversed through profit or loss.

The Company derecognises financial assets when they expire or the rights to cash flows for the corresponding financial asset have been transferred and the risk and rewards inherent to ownership have also been substantially transferred, such as transfer of commercial credit in factoring operations where the company does not retain any credit risk or interest.

On the contrary, the Company does not derecognise financial assets and recognises a financial liability for an amount equal to the payment received, in transfers of financial assets where the risk and rewards inherent to ownership were substantially retained, such as discounting of notes or recourse factoring where the transferor retains subordinate financing or other types of guarantees that substantially absorb all expected losses.

32.11 Inventory

Inventories are measured at the lower of cost and net realisable value, with the following exceptions:

- Inventories held in warehouses and uniforms are measured at weighted average cost.
- Work in progress is measured at the cost of the installation, which includes materials and spare parts used and the standard cost of the corresponding labour, which does not differ from the actual costs incurred during the year.

The net realisable value is the estimated selling price in the normal course of business less any variable costs to sell.

32.12 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment. An impairment of trade accounts receivable is established when there is objective evidence that the Prosegur Cash Group will not be able to collect all the amounts owed to it in accordance with the original terms of the accounts receivable. Financial difficulties affecting the debtor, the likelihood that the debtor will enter insolvency proceedings or a financial restructuring process, or a default or delay in payments are considered indicators that a receivable is impaired. The amount of the impairment loss is 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 carrying amount of the asset is reduced as the allowance account is used and the loss is taken to the income statement. When a receivable is irrecoverable, it is written off against the allowance account for receivables.

32.13 Disposal group held for sale

Non-current assets (or disposal groups) are classified as held for sale when the carrying amount is principally recoverable through a sale, provided that the sale is considered highly probable. The assets are recognised at the lower of the carrying amount and the fair value less costs to sell, provided that their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The Prosegur Cash Group recognises the initial and subsequent impairment losses of the assets classified in this category with a charge to the P&L of continuing activities in the consolidated financial statement, unless it is an interrupted activity. Non-current assets held for sale are not amortised.

32.14 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits in financial institutions, other short-term, highly liquid investments with a maturity of three months or less and bank overdrafts. Bank overdrafts are recognised in the statement of financial position as current financial liabilities.

32.15 Share capital and own shares

Ordinary shares are classed as equity.

The Group's acquisition of the Parent Company's equity instruments is presented separately in the consolidated financial statement at acquisition cost as a reduction in equity, regardless of the reason that justified its acquisition. No P&L is recognised in transactions made with equity instruments.

The subsequent amortisation of the Parent Company's equity instruments results in a capital reduction for the amount of the nominal value of these shares, and the positive or negative difference between the acquisition price and the nominal value of the shares is charged or credited to reserve accounts.

Transaction costs related to own equity instruments are recorded as a reduction in net worth, once any tax effect has been considered.

32.16 Provisions

Provisions for restructuring and litigation are recognised when:

i. The Prosegur Cash Group has a present obligation, whether legal or implicit, as a result of past events.
ii. It is more probable than not that an outflow of resources will be required to settle the obligation.
iii. A reliable estimate has been made of the amount of the obligation.

Where Prosegur has a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if an outflow of resources in connection with any item included in the same class of obligations is unlikely.

Restructuring provisions include lease cancellation penalties and employee termination benefits. No provision is recognised for future operating losses.

Management estimates the provisions for future claims based on historical claims, as well as any recent trends indicating that past information on costs could differ from future claims. Management is assisted by external labour, legal and tax advisors to make the best estimates (Note 21).

Provisions are measured at the present value of the estimated expenditure required to settle the obligation using a pretax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Increases in the provision due to the passage of time are recognised as an interest expense.

32.17 Financial liabilities

Financial liabilities are classified at the time of their initial recognition in accordance with the financial fund of the contractual agreement and with the definitions of financial liabilities, developed in IAS 32 Financial instruments: Presentation.

Financial liabilities are initially recognised at fair value less any transaction costs and are subsequently measured at amortised cost. Financial liabilities are subsequently measure by their amortised cost. Any difference between the funds obtained (net of arrangement costs) and the redemption amount is recognised in the income statement over the term of the liability using the effective interest method.

Financial liabilities are classified as current liabilities, unless the Prosegur Cash Group has an unconditional right to defer its settlement for a minimum of 12 months after the closing date.

Fees and commissions paid for credit facilities are recognised as loan transaction costs provided that it is probable that Prosegur will draw down from one or all of the facilities. In this case, the fees and commissions are deferred until funds are drawn. If there is no evidence that Prosegur is likely to draw down from the credit facility, the fees and commissions are capitalised as a prepayment for liquidity services and amortised over the term of the credit facility.

32.18 Current and deferred tax

The income tax expense for the year comprises current tax and deferred tax. The tax is recognised in the income statement, except to the extent that it refers to items recognised directly in equity. In this case, the tax is also recognised in net equity.

The current tax expense is calculated in accordance with tax laws that have been enacted or substantially enacted at the reporting date in the countries in which the subsidiaries and associates operate and generate taxable income. Management regularly assesses the judgements made in tax returns where situations are subject to different interpretation under tax laws, recognising, if necessary, the corresponding provisions based on the expected tax liability.

A significant degree of judgement is required to determine the provision for income tax payable by the Group. In many transactions and calculations during the ordinary course of business, the final tax amount is uncertain. The Prosegur Cash Group recognises liabilities for anticipated tax problems based on estimates when it considers that additional taxes will be necessary. If the tax finally paid in these cases differs from the amounts initially recognised, these differences affect income tax and the provision for deferred taxes for the year in which they were calculated.

Deferred tax is calculated using the balance sheet method, based on temporary differences that arise between the tax base of assets and liabilities and their carrying amounts in the consolidated annual accounts. However, if deferred tax assets or liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither accounting profit nor taxable income, they are not recognised.

Deferred tax assets or liabilities are measured using the tax rates (and tax laws) 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 income will be generated against which the temporary differences can be offset.

Deferred taxes are recognised on temporary differences that arise in investments in subsidiaries and associates, except when the Prosegur Cash Group can control the date on which the temporary differences will revert and it is probable that they will not revert in the foreseeable future.

A financial asset and a financial liability are offset only when the Group has the legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to offset such tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities which intend to settle current tax liabilities and assets on a net basis or whose tax assets and liabilities will be realised simultaneously, in each of the future financial years in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Deferred tax assets and liabilities are recognised in the consolidated financial statement as non-current assets or liabilities, regardless of the expected date of realisation or settlement.

32.19 Employee benefits

Remuneration based on Prosegur Cash share price - 2017 Plan

The 2017 Plan is linked, in general terms, to the creation of value, and includes giving incentives referenced to the share price and / or in cash to the Executive Chairman, Chief Executive Officer and Senior Management of the Company.

To determine the cash value of each share to which the beneficiary is entitled, the average price of the Prosegur Cash shares on the Madrid Stock Exchange in the last fifteen trading sessions from the month before the shares will be given will be used as reference.

The quantification of the total incentive will depend on the degree of attainment of the targets established in line with the strategic plan.

The 2017 Plan is intended as a multi-year bonus payable 50% in cash and 50% based on the quoted price of the parent company's shares.

In relation to the 2017 Plan of long-term incentives for the Executive Chairman, Chief Executive Officer and Senior Management of Prosegur Cash, under the heading of wages and salaries, the expense corresponding to the commitment accrued during 2017 has been included for the amount of EUR 2,331 thousand (Note 21).

The fair value of the incentives referenced to the share price was estimated based on the share price of Prosegur Cash S.A. at the end of the period (EUR 2.676 per share) or at the time of payment.

Termination benefits

Severance payments are recognised on the date when the Prosegur Cash Group can no longer withdraw the offer or when the costs of a restructuring involving the payment of termination indemnities are recognised, whichever comes first.

In the event of severance payments resulting from the employees' decision to accept an offer, the Prosegur Cash Group can no longer withdraw the offer once the employees accept the offer or when a restriction takes effect on the ability of the Prosegur Cash Group to withdraw the offer, whichever comes first.

In the case of severance for involuntary termination, the Prosegur Cash Group can not withdraw the offer once it has notified the affected employees or union representatives of the plan and the actions necessary to complete it indicate that significant changes are unlikely to occur, it identifies the number of employees that will be terminated, their category of employment or functions and place of employment and the expected termination date, and establishes severance payments that employees will receive in sufficient detail so that employees can determine the type and amount of the payments they will receive when they leave.

If the Prosegur Cash Group expects to pay the severance payments in full after the twelve months following the end of the year, the liability is discounted using the market performances corresponding to the issuance 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 12 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 expected cost of short-term remuneration in the form of remunerated permissions whose rights are accrued as employees render the services that entitle them to payment. If the leaves are not cumulative, the expense is recognised as the leaves take place.

Profit-sharing plans and bonuses

The Prosegur Cash Group recognises a liability and an expense for bonus and profit sharing based on a formula that takes into account EBITA (earnings before interest, taxes and amortisation).

The Prosegur Cash Group recognises this cost when there is a present, legal or constructive obligation as a result of past events and a reliable estimate of the value of the obligation can be made.

Remuneration of executives

As well as profit-sharing plans, Prosegur has incentive plans for Senior Management linked to the achievement of certain targets set by the corresponding remuneration Committees. At the end of the year, these plans are provisioned based on the achievement of the target based on the best possible estimate of the Prosegur Cash Management.

Defined benefit plans

Benefit plans include those financed through the payment of insurance premiums in which there is a legal or constructive obligation to directly pay the employees the benefits committed to at the time they are payable, or to continue paying additional amounts in the event that the insurer does not pay the benefits corresponding to the services rendered by the employees that year or in previous years.

Liabilities for defined benefits recognised in the consolidated statement of financial position correspond to the present value of the defined benefit obligations existing at the reporting date, less the fair value at said date of the plan assets.

The present value of employee benefits depends on a number of factors determined using various assumptions. The assumptions employed to calculate the net expense (income) include the discount rate. Any change in these assumptions will affect the carrying amount of employee benefits.

When the P&L obtained as a result of carrying out the operations referred to in the previous paragraph is negative, i.e. there is an asset, Prosegur Cash recognises it up to the limit of the present value of any economic benefit available in the form of reimbursements from the plan or reductions in future contributions. The financial benefit is available to Prosegur Cash if it is realisable at some point during the life of the plan or in the settlement of the liabilities of the plan, even if it is not immediately realisable on the closing date.

Income or expense related to defined benefit plans is recognised as other employee benefits expenses and is the sum of the net current service cost and the net interest cost of the net liabilities or assets for defined benefits. The recalculation of the measurement of net liabilities or assets for defined benefits is recognised in other comprehensive income. The latter includes actuarial losses and gains, the net return on plan assets and any change in the effects of the asset limit, excluding any quantities included in the net interest on liabilities or assets. The costs of administering plan assets and all types of taxes characteristic of these, other than those included in the actuarial assumptions, are deducted from the net return of the plan assets. Amounts deferred in other comprehensive income are reclassified to accumulated earnings in the same reporting period.

Prosegur Cash also recognises the cost of past services as an expense for the year on the date on which the plan is amended or reduced, or when the corresponding restructuring costs or severance payments are recognised, whichever comes first.

The present value of defined benefit obligations is calculated annually by independent actuaries using the projected unit credit Method. The discount rate of the net asset of liability for defined benefits is calculated based on the yield on high quality corporate bonds of a currency and term consistent with the currency and term of the post-employment benefit obligations.

Discretionary contributions of employees or third parties to defined benefit plans reduce the service cost for the reporting period in which they are received. Contributions of employees or third parties established in the terms of the plan reduce the service cost of the service periods if they are associated with the service or reduce recalculations.

Changes in contributions associated with the service are recognised as a cost for a current or past service, if they are not established in the formal terms of the plan and do not derive from an constructive obligation or as actuarial losses and gains, if they are established in the formal terms of the plan or derive from an constructive obligation.

Prosegur Cash does not offset assets and liabilities between different plans except when there is a legally enforceable right to offset the surpluses and deficits generated by the different plans, and it intends to cancel the obligations for their net amounts or materialise the surplus to simultaneously cancel the obligations of deficit plans.

Assets or liabilities from defined benefits are recognised as current or non-current depending on the realisation or maturity period of the related benefits.

32.20 Revenue recognition

Ordinary income includes the fair value for the sale of goods and services, net of VAT, returns and discounts, and after eliminating sales within the Prosegur Cash Group. The Prosegur Cash Group recognises the income when the amount can be reliably valued, it is probable that the future economic benefits will flow to the entity, and the specific conditions for each of the Prosegur Cash Group's activities are fulfilled.

Revenue is recognised on an accruals basis applying the following criteria:

a) Sales of active manned guarding, cash in transit and cash management services are recognised in the reporting period in which the services are rendered, without including taxes levied on these transactions, deducting any discounts included in the invoice as a reduction in the transaction amount.
b) Interest received is recognised over the period of the outstanding principal and considering the effective interest rate applicable. When there are losses to an account receivable due to impairment, the Prosegur Cash Group reduces the book value to its recoverable amount, discounting the estimated future cash flows at the original effective interest rate of the instrument, and continues recording the discount as lower income from interests. Interest on impaired loans is recognised using the effective interest method.

32.21 Leases

When an entity of the Prosegur Cash Group is the lessee

The leases of property, plant and equipment in which the Prosegur Cash Group substantially has all the risks and advantages derived from the ownership of the assets 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 broken down into reductions in the payable and the finance costs, so as to produce a constant rate of interest on the remaining balance of the liability. The lease payable, net of the corresponding finance cost, is recognised under financial liabilities. The interest within the finance cost is taken to the income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability in each period. Property, plant and equipment acquired under finance lease contracts are depreciated over the shorter of the useful life of the asset and the lease term when there is no possibility of Prosegur assuming ownership; otherwise, they are depreciated over the estimated useful life of the asset.

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

When an entity of the Prosegur Cash Group is the lessor

Assets leased to third parties under operating lease contracts are recognised as property, plant and equipment in the balance sheet. These assets are amortised during their expected useful life based on criteria consistent with those applied to similar items owned by the Prosegur Cash Group. Lease income is recognised on a straight-line basis over the expected useful life of the asset.

32.22 Borrowing costs

The Prosegur Cash Group recognises the interest costs directly attributable to the acquisition, construction or production of the qualified assets as their higher value. Qualifying assets are those which require a substantial period of time before they can be used or sold.

32.23 Distribution of dividends

The distribution of dividends to Company shareholders is recognised as a liability in the consolidated financial statement of the Prosegur Cash Group in the year in which the dividends are approved by the Company's General Shareholders' Meeting. The interim dividends will also give rise to a liability in the consolidated annual accounts of the Prosegur Cash Group in the year in which the payment on account is approved by the Board of Directors.

32.24 Continued activities

A continued activity is a component of the Group's business, whose operations and cash flows can be clearly distinguished from the rest of the Group and wich:

- represents a line of business or a geographical area that is significant and can be considered separated from the rest;
- it is part of an individual and coordinated plan to transfer or otherwise dispose of a line of business or a geographical area of the operation that is significant and can be considered separated from the rest; or
- it is a subsidiary acquired exclusively for the purpose of resale.

The classification as a continued activity is given at the start of the provision or when the operation meets the criteria to be classified as held for sale.

When the operation is classified as continuous activity, the comparative P&L statement and other comprehensive results are presented again as if the operation had been discontinued at the beginning of the comparative year.

32.25 Environment

The costs of armoured vehicles compliant with the Euro VI standard on non-polluting emissions were recognised as an increase in property, plant and equipment. At the 2017 reporting date Prosegur has no contingencies, legal claims or income and expenses relating to the environment.

32.26 Consolidated cash flow statement

The following expressions are used with the following meaning in the consolidated cash flow statements, drawn up according to the indirect method:

- Cash flows: incoming and outgoing cash and cash equivalents, which are understood to be short-term, highly liquid investments with a low risk of significant variation in their value.
- Operating activities: ordinary activities of the companies forming the consolidated group, along with other activities that cannot be qualified as investment or financing.
- Investment activities: purchase, sale or disposal by other means of long-term assets and other investments not included in the cash and cash equivalents.
- Financing activities: activities that produce changes in equity and financing liabilities. Overdrafts, in particular, are included in this section.

APPENDIX I. – Consolidated subsidiaries

Information on 31 December 2017

Business Name	Home address	Shareholding		Instance when it is consoli-dated	Activity	Auditor
		% of nominal	Shareholding Company			
MIV Gestión, S.A.	CL CTRE CARGA AEREA OF A002 - 088820 Prat Llobregat - Barcelona	100	Prosegur Servicios de Efectivo España SLU	a	1	B
Prosegur Servicios de Efectivo España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	1	A
Prosegur Global CIT S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cash, S.A.	a	3	B
Prosegur Berlin S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	3	B
Prosegur AVOS España SL (Ex-Prosegur BPO España SLU)	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	1	B
Armor Acquisition S.A.	Pajaritos, 24 (MADRID)	95 5	Prosegur Internationale Handels GmbH Prosegur Global CIT SLU	a	3	A
Juncadella Prosegur Internacional S.A.	Pajaritos, 24 (MADRID)	68.79 31.21	Armor Acquisition SA Prosegur Intenational Handels GmbH	a	3	A
Prosegur International CIT 1, S.L.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT SLU	a	3	B
Prosegur International CIT 2, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT SLU	a	3	B
Prosegur Global CIT ROW S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cash, S.A.	a	3	B
Contesta Teleservicios SA		100	Prosegur AVOS España SL (Ex-Prosegur BPO España SLU)	a	1	
Integrum 2008 SL		100	Contesta Teleservicios SA	a	1	
Bloggers Broker SL		100	Contesta Teleservicios SA	a	1	
Contesta Servicios Auxiliares SL		100	Contesta Teleservicios SA	a	1	
Prosegur International Handels GmbH	Poststrabe, 33 (HAMBURG)	100	Malcoff Holding BV	a	3	B
Prosegur Cash Services Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global CIT ROW SLU	a	1	A
Prosegur Berlin SL & Co KG.	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global CIT ROW SLU	a	1	B
Prosegur Traitement de Valeurs S.A.S.U.	Rue Rene Cassin ZI de Molina -La Talaudiere	100	Prosegur Traitement de Valeurs EST SAS	a	1	A
Prosegur Traitement de Valeurs EST S.A.S.	2 Rue Lovoisier BP 61609 25010 Besancon Cedez 3	100	Prosegur Cash Holding France SAS (Ex-Prosegur Participations SAS (Ex-Sazias SA))	a	1	A
Prosegur Cash Holding France SAS (Ex-Prosegur Participations SAS)	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 SAINT-LAURENT DU VAR	100	Prosegur Global CIT ROW SLU	a	3	A
Prosegur Traitemet de Valeuirs Azur, S.A.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Cash Holding France SAS (Ex-Prosegur Participations SAS (Ex-Sazias SA))	a	1	A
Prosegur Logistique de Valerus Azur, S.A.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Cash Holding France SAS (Ex-Prosegur Particip	a	1	A
Prosegur Traitement de Valeurs Provence S.A.S.	604 Ave du Col de l'Ange - ZA des Plaines de Jouques - 13420 Gemenos	100	Prosegur Cash Holding France SAS (Ex-Prosegur Particip	a	1	B

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APPENDIX I. CONSOLIDATED SUBSIDIARIES

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Information as of 31 December 2017 (cont.)

Business Name	Home address	Shareholding		Instance when it is consoli-dated	Activity	Auditor
		% of nominal	Shareholding Company			
Malcoff Holdings B.V.	Schouwburgplein, 30-34 (ROTTERDAM)	100	Prosegur Global CIT, S.L.U	a	3	B
Pitco Reinsurance SA	Av. Monterey, L-2163 Luxemburg	100	Luxpai CIT SARL	a	7	A
Luxpai CIT S.A.R.L.	23, Av. Monterey - 2163 Luxembourg	100	Prosegur Global CIT ROW SLU	a	3	B
Prosegur Logistica e Tratamento de Valores Portugal Unipessoal Ltda	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global CIT ROW SLU	a	1	B
Transportadora de Caudales de Juncadella S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	94.99 5.00 0.01	Juncadella Prosegur Internacional S.A. Armor Acquisition SA Prosegur Holding CIT ARG, S.A.	a	1	A
Prosegur Holding CIT ARG, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Global CIT, S.L.U Prosegur International CIT 1 SL	a	3	B
BIP Serviços de Vigilancia Patrimonial Ltda	Cidade de Olinda, Estado de Pernambuco, na Rua Alemanha, 101	99 1	Prosegur Serviços e Participaçoes Societarias SA (Ex-TS Prosegur Brasil SA Transportadora de Valores e Seguranc	a	2	
Prosegur Serviços e Participaçoes Societarias SA (Ex-TSR Participacoes Societarias SA)	Av.Thomas Edison, 813 - 1º andar-Barra Funda - CEP 01140-001 São Paulo - SP	47.08 52.92	Juncadella Prosegur Internacional SA Prosegur Global CIT SLU	a	3	B
Prosegur Brasil SA Transportadora de Valores e Segurança	Guaratã, 633 - Prado - Belo Horizonte - MG	99.99	Prosegur Serviços e Participaçoes Societarias SA (Ex-TS	a	1	A
Juncadella Prosegur Group Andina SA	Los Gobelinos 2567 Of. 203, Renca, Santiago	99.99 0.01	Juncadella Prosegur Internacional SA Armor Acquisition SA	a	3	B
Capacitaciones Ocupacionales Sociedad Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	83.8 10.00 2.50 3.7	Prosegur Global CIT SLU Prosegur International CIT 1 SL Prosegur Internationale Handels GmbH Juncadella Prosegur Group Andina SA	a	1	B
Servicios Prosegur Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	99.98 0.01 0.01	Prosegur Global CIT SLU Prosegur International Handels GmbH Juncadella Prosegur Group Andina SA	a	1	B
Empresa de Transportes Compañía de Seguridad Chile Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	60 40	Juncadella Prosegur Group Andina SA Prosegur International Handels GmbH	a	1	B
Procesos Técnicos de Seguridad y Valores S.A.S.	DB 74 # 6-51, Ciudad de Bogotá	99	Prosegur International CIT 2 SLU	a	1	B
Compañia Transportadora de Valores Prosegur de Colombia S.A.	Avda. De las Américas, 42-25 Bogotá	94.90 5.10 0.00 0.00 0.00	Prosegur Global CIT SLU Prosegur International CIT 1, SLU Prosegur Cash, S.A. Prosegur Servicios de Efectivo España SLU Prosegur Global CIT ROW SLU	a	1	A
Prosegur Procesos S.A.S.	Avda. De las Américas, 42-25 Bogotá	100	Prosegur International CIT 2, SLU	a	1	B
Prosegur Paraguay S.A.	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción	99 1	Juncadella Prosegur Internacional SA Transportadora de Caudales Juncadella SA	a	1	B
Compañía de Seguridad Prosegur S.A.	Av. Morro Solar 1086 URB. Sta Teresa De La Gardenia Lima - Santiago de Surco	52 48	Juncadella Prosegur Internacional SA Transportadora de Caudales Juncadella SA	a	1	A
Prosegur Cajeros S.A.	La Chira, 103 - Surco - Lima	52 48	Juncadella Prosegur Internacional SA Transportadora de Caudales Juncadella SA	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.	100 0	Prosegur Global CIT SLU Prosegur International CIT 1, SL	a	1	B

Information as of 31 December 2017 (cont.)

Business Name	Home address	Shareholding		Instance when it is consoli-dated	Activity	Auditor
		% of nominal	Shareholding Company			
Prosegur Servicios de Seguridad Privada Electrónica SA de C.V.	Distrito Federal, Azcapotzalco, Hogar y Seguridad, calle Piña - 297	99.9998 0.0002	Prosegur Global CIT SLU Prosegur International CIT 1, SL	a	1	B
Grupo Mercurio de Transportes SA de C.V.	Distrito Federal, Azcapotzalco, Sector Naval, AV De las Granjas - 76	99.9998	Grupo Tratamiento y Gestion de Valores SAPI de CV	a	1	B
Grupo Tratamiento y Gestión de Valores	Distrito Federal, Azcapotzalco, Sector	80	Prosegur Global CIT SLU	a	3	B
Prosegur Transportadora de Caudales S.A.	Guarani 1531 - Montevideo	99.91 0.09	Juncadella Prosegur Internacional SA Armor Acquisition SA	a	1	B
Blindados, S.R.L.	Guarani 1531 - Montevideo	99 1	Prosegur Transportadora de Caudales SA Prosegur Global CIT SLU	a	1	B
Singpai Pte Ltd.	8 Cross Street #11-00, PWC Building	100	Luxpai CIT 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
Prosegur Australia Holdings PTY Limited	Level 2, Building B, 112 Talavera Rd, Mac quarie Park NSW 2113	100	Prosegur Global CIT ROW , SLU	a	3	B
Prosegur Australia Investments PTY Limited	Level 2, Building B, 112 Talavera Rd, Mac quarie Park NSW 2113	100	Prosegur Australia Holdings PTY Limited	a	3	B
Prosegur Australia Pty Limited	Level 2, Building B, 112 Talavera Rd, Mac quarie Park NSW 2113	100	Prosegur Australia Investments PTY Limited	a	1	A
Prosegur Services Pty Ltd (Ex-Prosegur Technology Pty Limited)	Level 2, Building B, 112 Talavera Rd, Mac quarie Park NSW 2113	100	Prosegur Australia Holdings PTY Limited	a	6	B
Cash Services Australia Pty Limited	Level 5, 205 Pacific Highway, St	100	Prosegur Australia Holdings PTY Limited	a		
Prosegur CIT Integral System India Private Ltd.	92 Boulevard Emile Delmas (La Rochelle)	95 5	Prosegur Global CIT ROW SLU Luxpai CIT SARL	a	1	B

Instance when it is consolidated

a If the investee company is controlled, consolidated by the global integration method.
b Existence of significant influence, consolidation by the equity method.

Actividad

1 Cash activity.
2 Activities included in another line of business (See Note 15 - Non-current assets held for sale).
3 Holding Company.
4 Financial services.
5 Auxiliary services.
6 Dormant.
7 Other services.

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Auditor

A Audited by KPMG.
B Not subject to audit.
C Audited by other auditors.

Information on 31 December 2016

Corporate name	Home address	Shareholding % without nominal	Shareholding Company holding the stake	Instance when it is consolidated	Activity	Auditor
Transportadora de Caudales de Juncadella, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires - Argentina	94.99 5.00 0.01	Juncadella Prosegur Internacional S.A. Armor Acquisition SA Prosegur Holding CIT ARG, S.A.	a	1	A
Prosegur Holding CIT ARG, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires - Argentina	95 5	Prosegur Global CIT, S.L.U Prosegur International CIT 1, S.L.	a	3	B
TC Interplata, S.A.	Perú, 1578, Ciudad de Buenos Aires - Argentina	95 4 1	Transportadora de Caudales de Juncadella, S.A. Juncadella Prosegur Internacional, S.A. Prosegur Holding CIT ARG, S.A.	a	1	A
TSR Participacoes Societarias, S.A.	Av.Thomas Edison, 813 - 1º andar-Barra Funda - CEP 01140-001 São Paulo - SP - Brasil	47.08 52.92	Juncadella Prosegur Internacional, S.A. 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 Societarias, S.A.	a	2	A
Compañia Transportadora de Valores Prosegur de Colombia, S.A.	Avda. De las Américas, 42-25 Bogotá - Colombia	94.90 5.10 0.00 0.00 0.00	Prosegur Global CIT, S.L.U. Prosegur International CIT 1, SL.. Prosegur Cash, S.A. Prosegur Servicios de Efectivo España, S.L.U. Prosegur Global CIT ROW, S.L.U.	a	1	A
Prosegur Procesos, S.A.S.	Avda. De las Américas, 42-25 Bogotá - Colombia	100	Prosegur International 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 International 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 48	Juncadella Prosegur Internacional, S.A. Transportadora de Caudales de Juncadella, S.A.	a	1	A
Prosegur Cajeros, S.A.	La Chira, 103 - Surco - Lima - Perú	52 48	Juncadella Prosegur Internacional, S.A. Transportadora de Caudales de Juncadella, S.A.	a	1	B
Compañia 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 Berlín, 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

Information as of 31 December 2016 (cont.)

Corporate name	Home address	Shareholding		Instance when it is consoli-dated	Activity	Auditor
		% without nominal	Company holding the stake			
Armor Acquisition, S.A.	Pajaritos, 24, Madrid - España	5 95	Prosegur Global CIT, S.L.U. Prosegur Intenationale Handels, GmbH	a	3	A
Juncadella Prosegur Internacional, S.A.	Pajaritos, 24, Madrid - España	68.79 31.21	Armor Acquisition, S.A. Prosegur Intenational Handels, GmbH	a	3	A
Prosegur International CIT 1, S.L.U.	Pajaritos, 24, Madrid - España	100	Prosegur Global CIT, S.L.U.	a	3	B
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 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 Cedez 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 - 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 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 0.01	Juncadella Prosegur Internacional, S.A. Armor Acquisition, S.A.	a	3	B
Capacitaciones Ocupacionales Sociedad, Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile	78.07 5.00 6.84 10.09	Prosegur Global CIT, S.L.U. Prosegur International CIT 1, S.L.U. Prosegur International Handels, GmbH Juncadella Prosegur Group Andina, S.A.	a	1	B
Servicios Prosegur, Ltda	Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile	99.98 0.01 0.01	Prosegur Global CIT, S.L.U. Prosegur International Handels, GmbH Juncadella Prosegur Group Andina, S.A.	a	1	B

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Information as of 31 December 2016 (cont.)

Corporate name	Home address	Shareholding		Instance when it is consoli-dated	Activity	Auditor
		% without nominal	Company holding the stake			
Empresa de Transportes Compañía de Seguridad Chile, Ltda	Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile	60 40	Juncadella Prosegur Group Andina, S.A. 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	100.00 0.00	Prosegur Global CIT, S.L.U. Prosegur International CIT 1 SL	a	1	B
Prosegur Servicios de Seguridad Privada Electrónica, S.A. de C.V.	Distrito Federal, Azcapotzalco, Hogar y Seguridad, calle Piña-297 - México	99.9998 0.0002	Prosegur Global CIT, S.L.U. Prosegur International CIT 1 SL	a	1	B
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 Logistica e Tratamento 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 0.09	Juncadella Prosegur Internacional, S.A. Armor Acquisition, S.A.	a	1	
Blindados, S.R.L.	Guarani 1531 - Montevideo - Uruguay	99 1	Prosegur Transportadora de Caudales, S.A. Prosegur Global CIT, S.L.U.	a	1	B
Prosegur Paraguay, S.A.	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción - Paraguay	99 1	Juncadella Prosegur Internacional, S.A. 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	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	111Geylang Road, #01-01, Singapore 389216	100	Singpai Pte, Ltd	a	6	B

Instance when it is consolidated

- **a** Se posee control sobre la participada, consolida por el método de integración global.
- **b** Existence of significant influence, consolidation by the equity method.

Activity

1 Activities of the Cash business group.
2 Activities included in another line of business (See Note 15 - "Non-current assets held for sale").
3 Holding Company.
4 Financial services.
5 Auxiliary services.
6 Dormant.
7 Other services.

Auditor

A Audited by KPMG.
B Not subject to audit.
C Audited by other auditors.

APPENDIX II. – Details of the Joint Agreements

Information on 31 December 2017

Business Name	Home address	Shareholding		Instance when it is consoli-date	Activity	Auditor
		% of Nominal	Shareholding Company			
SIS Cash Services Private Ltd	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	49.0	Singpai Pte Ltd	b	2	B
SIS Prosegur Holdings Private Limited		100.0	SIS Cash Services Private Ltd	b	2	
SIS Prosegur Cash Logistics Private Limited	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna - 800001, Bihar, India	100.0	SIS Cash Services Private Ltd	a	2	
SBV Services Propietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johanesburgo	33.3	Prosegur Global CIT ROW SLU	b	5	B
SBV Services Namibia Proprietary Limited		100.0	A través de: SBV Services Propietary Limited	b	2	B
Carrick Properties (Pinetown) Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johanesburgo	100.0	A través de: SBV Services Propietary Limited	b	1	A
CashLogix Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johanesburgo	100.0	A través de: SBV Services Propietary Limited	b	1	A
Integrated Cash Management Services Limited (ICMS)	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johanesburgo	100.0	A través de: SBV Services Propietary Limited	b	1	A

Information on 31 December 2016

Business Name	Home address	Shareholding		Instance when it is consoli-date	Activity	Auditor
		% of Nominal	Shareholding Company			
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, Johanesburgo, 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, Johanesburgo, South Africa	50	SBV Services Proprietary Limited	b	1	A

Información a 31 de diciembre de 2016 (cont.)

Business Name	Home address	Shareholding		Instance when it is consoli-date	Activity	Auditor
		% of Nominal	Shareholding Company			
SBV Services Namibia Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johanesburgo, 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, Johanesburgo, South Africa	100	SBV Services Proprietary Limited	b	1	A
CashLogix Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johanesburgo, 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, Johanesburgo, South Africa	97.93	Standard Betrieb Virtschaft Services Limited (SBV Nigeria)	b	1	A

Instance when it is consolidated

a If the investee company is controlled, consolidated by the global integration method.

b Existence of significant influence, consolidation by the equity method.

Activity

1 Activities of the Cash business group.

2 Activities included in another line of business (See Note 15 - "Non-current assets held for sale").

3 Holding Company.

4 Financial services.

5 Auxiliary services.

6 Dormant.

7 Other services.

Auditor

A Audited by KPMG.

B Not subject to audit.

C Not subject to audit.

APPENDIX III. – Summarised financial information on Joint Ventures

Thousands of euros	Information on 31 December 2017				
	SIS Cash Services Private Limited	**SIS Prosegur Holdings Private Limited**	**SBV South Africa**	**Other insignificant companies**	**Total**
Information from financial statement					
Non-current assets	12,725	10,936	98,983	1,608	124,252
Non-current liabilities	(7,708)	-	(41,746)	(38)	(49,492)
Total net non-current assets	5,017	10,936	57,237	1,569	74,759
Current assets	**15,597**	**18,292**	**30,074**	**(1,189)**	**62,774**
Cash and cash equivalents	3,270	(4,496)	3,992	271	3,037
Current liabilities	**(9,192)**	**(20,095)**	**(29,214)**	**(222)**	**(58,723)**
Current liabilities	-	-	-	-	-
Total net current assets	6,404	(1,803)	860	(1,411)	4,051
Net assets	**11,422**	**9,133**	**58,097**	**158**	**78,810**
Percentage of share	49%	49%	33%	33%	
Share in net assets	5,597	4,475	19,152	53	29,277
Carrying value of share	5,597	4,475	19,152	53	29,277
Information from profit and loss account					
Revenue	24,050	20,308	207,784	-	252,142
Costs to sell	(24,379)	(21,598)	(204,015)	-	(249,992)
Impairment of shares by equity method	-	-	-	-	-
Depreciation and amortisation	(1,068)	(827)	(1,902)	-	(3,797)
Finance expenses	(525)	(231)	(5,362)	-	(6,118)
Expenses (income) for tax on profit	58	80	532	-	670
Yearly profit from continuing operations	(795)	(1,442)	(1,060)	-	(3,297)
Income tax expense (income) of the activities					**-**
Profit/loss for the year	**(795)**	**(1,442)**	**(1,060)**	**-**	**(3,297)**
Profit or loss from the posted investments using the equity method	**(390)**	**(706)**	**(350)**	**-**	**(1,446)**

Thousands of euros	Information on 31 December 2016				
	SIS Cash Services Private Limited	**SIS Prosegur Holdings Private Limited**	**SBV South Africa**	**Other insignificant companies**	**Total**
Information from financial statement					
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	33,054	197	59,941
Current assets	**16,038**	**19,596**	**40,450**	**(4)**	**76,081**
Cash and cash equivalents	2,198	10,883	19,809	-	32,890
Current liabilities	**(16,723)**	**(20,685)**	**(23,453)**	**-**	**(60,861)**
Current liabilities	-	-	-	-	-
Total net current assets	(685)	(1,089)	16,997	(4)	15,219
Net assets	**13,978**	**10,937**	**50,051**	**194**	**75,160**
Percentage of share	49%	49%	33%	33%	
Share in net assets	6,849	5,359	16,682	65	28,955
Carrying value of share	6,849	5,359	16,682	65	28,955
Information from profit and loss account	**-**				
Revenue	24,147	18,766	134,070	(47)	176,935
Costs to sell	(26,759)	(19,654)	(139,199)	(205)	(185,817)
Impairment of shares by equity method	-	-	-	-	-
Depreciation and amortisation	(1,740)	(1,055)	-	-	(2,796)
Finance expenses	(608)	(394)	(4,825)	5	(5,822)
Expenses (income) for tax on profit	58	79	3,033	-	3,170
Yearly profit from continuing operations	(3,163)	(1,203)	(6,922)	(247)	(11,535)
Income tax expense (income) of the activities	**-**	**-**	**-**	**-**	**-**
Profit/loss for the year	**(3,163)**	**(1,203)**	**(6,922)**	**(247)**	**(11,535)**
Profit or loss from the posted investments using the equity method	**(1,550)**	**(590)**	**(2,307)**	**(82)**	**(4,529)**

Consolidated management report for reporting year 2017

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 sole proprietorship limited liability company in accordance with Spanish law on February 22, 2016 and subsequently converted into a public limited company on 21 September 2016.

The Prosegur Cash Group was created by the spin-off of the Prosegur Group's Cash business unit, which was carried out through the non-monetary contribution of entities under common control of the Prosegur Group.

The Prosegur Cash shares were admitted to trading on 17 March 2017 at a price of 2 euros per share on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. They are traded on the Spanish Stock Market Interconnection System (Mercado Continuo) (SIBE).

On 7 April 2017, the stabilisation period (Green Shoe) of the IPO process was concluded, with 27.5% of the Prosegur Cash shares reaching floating capital.

The Prosegur Cash Group is present in the following countries: Spain, Portugal, France, Luxembourg (in spite of not being a jurisdiction where there is operational activity, it is included as a result of the Luxembourg company Pitco Reinsurance, S.A. with the corporate purpose of insurance coverage), Germany, Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico, Colombia, Singapore (in spite of not being a jurisdiction where there is operational activity, it is included as a consequence of the Singapore company Singpai Pte Ltd with the corporate purpose of administrative coverage), India, Australia and South Africa.

1.1 Business model

Prosegur Cash provides services ranging from the basics of securities logistics and cash management to the outsourcing of high added value services. It mainly includes transportation, storage, custody, counting and classification of coins and banknotes, deeds, securities and other items that require special protection due to their economic value or associated risk. The activity is mainly focused on the banking and distribution sectors.

Prosegur Cash's business lines are the following:

- **Transportation:** Local and international transportation services by land, sea and air of funds and other highvalue goods such as jewellery, works of art, precious metals, electronic devices, pharmaceutical products, ballots and judicial evidence, among others. These services include the collection, transportation, custody, delivery and deposit in security chambers.

- **Cash Management:** This covers counting, processing, conditioning, custody, packaging and delivery of bills and coins, and cashpoint filling services.

- **New Services:** Includes::
  - Automation of payments in shops using self-service cash machines, including, amongst others, devices for cash entry, recycling and dispensing of coins and bills, and payment of bills.
  - Comprehensive management of cashpoints, including the planning, supervision, first and second level maintenance, and balancing processes;
  - Added value outsourcing services (AVOS) for financial institutions, including planning the needs of the bank branches, reconciliation and balancing, and credit card support services.

The mission, vision and values of Prosegur Cash reveal its aspirations and challenges and define the company's way of living.

Purpose

Our Purpose is to facilitate business worldwide.

Mission

Our mission, or reason for being (what we work for every day), is to generate value for our shareholders, clients and society, offering comprehensive cash management solutions and adjacent activities, incorporating the most advanced technology and counting on the talent of the best professionals.

Vision

Our Vision (the goal we want to achieve at Prosegur Cash) is to be the leader (agile and efficient) of the sector in emerging markets through the consolidation of the industry and its transformation, capturing the third wave of outsourcing in financial institutions.

Values

Finally, our values (the way of acting that differentiate us) contain the beliefs that guide our behaviour. They reflect the way we are, the way we behave and the way we work for our customers: Proactivity; Value creation; Customer orientation; Transparency; Excellence; Leadership; Teamwork and Brand.

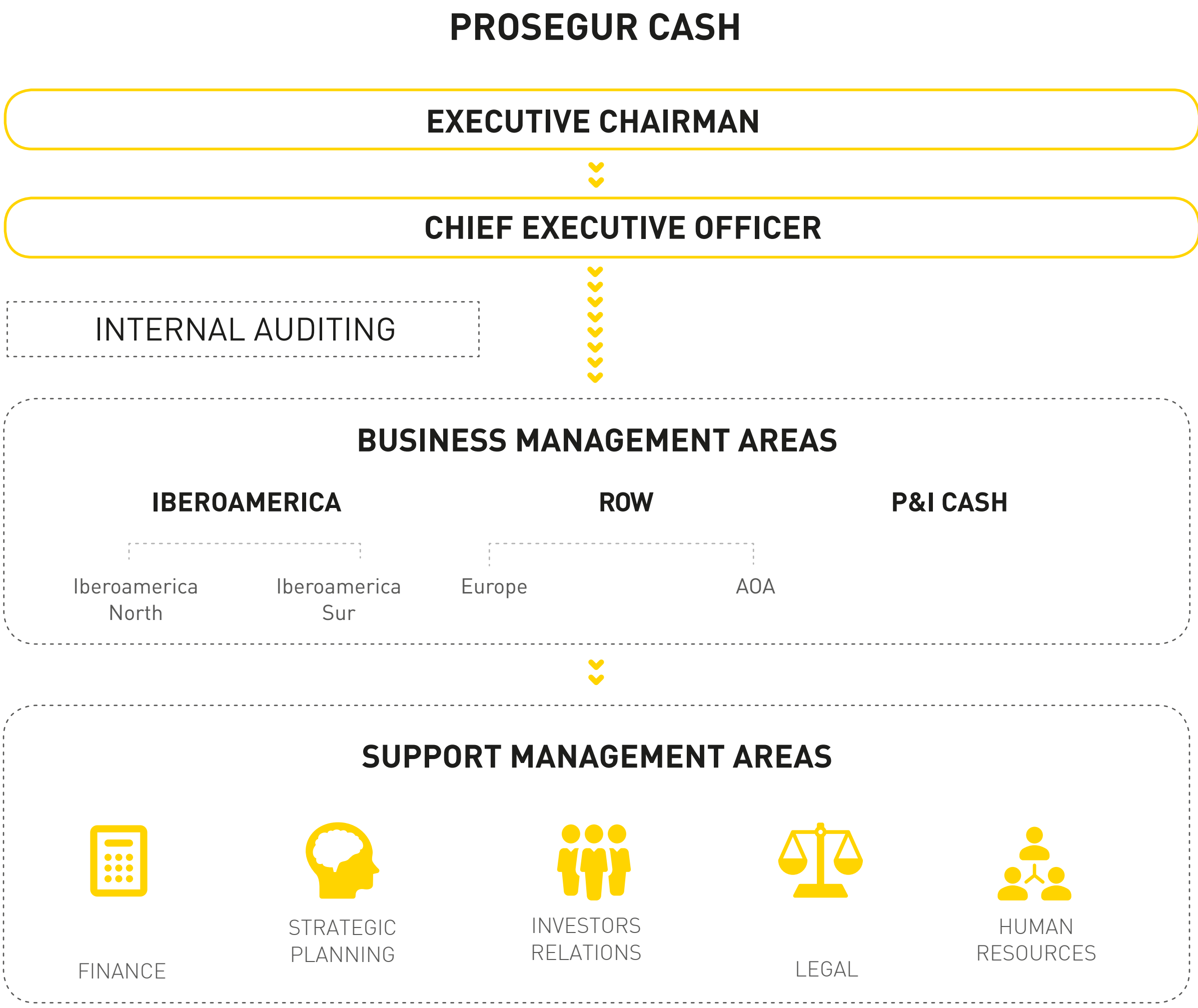
1.2 Organisational structure

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 Prosegur Cash group as a business group.

The Business Divisions are divided into three geographical segments, Europe, Asia-Oceania-Africa (AOA) and Ibero- America and a fourth Innovation and Productivity Division that provides an agile and efficient structure that is fully focused on the client, adapting to the different needs of the clients and the innovation of the products.

The corporate duties are supervised by the Global Support Offices that cover the Finance, Human Resources, Investor Relations, Legal and Strategic Planning areas.

The organisation of the Prosegur Cash Group is shown in the table below:



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

Changes that took place in the composition of the Prosegur Cash Group during the 2017 reporting period were mainly as a result of the following acquisitions:

- On 17 February 2017, Prosegur acquired 100% of Cash Services Australia Pty Limited, an Australian security company that provides outsourcing services. The total purchase price was AUD 2,998 thousand (equivalent on the purchase date to EUR 2,171 thousand).
- On 14 September 2017, Prosegur acquired 100% of the Contesta Group in Spain, a group specialised in the provision of banking administrative services. The total purchase price was EUR 15,609 thousand.
- In 2017, Prosegur acquired a series of assets and security companies in Ibero-America that provide securities logistics and cash management services. The total purchase price was EUR 32,360 thousand.

In 2017, the following company was incorporated:

- In October 2017 SIS Prosegur Cash Logistics Private Limited was incorporated in India.

The following company was liquidated in 2017:

- In October 2017, Centro Informático de Servicios de Vigo, S.A. was liquidated in Spain.

In 2017, almost all of the Brazil security business was sold (with the exception of four regions whose sale is expected to be completed in the first half of 2018) (Note 15 of the consolidated annual accounts).

Furthermore, the following mergers took place between subsidiaries in 2017:

- In October 2017, the merger by absorption of Servicios de Efectivo de Perú, S.A., was formalised in Peru by Compañía de Seguridad Prosegur, S.A.
- In November 2017, the merger by absorption of TC Interplata, S.A., was formalised in Argentina by Transportadora de Caudales Juncadella, S.A.

1.3 Operation

Prosegur Cash operates in a constantly evolving competitive environment. The company must not only respond to client's new needs, but must also anticipate and address the challenges that they pose every day. To this end, Prosegur Cash prepares triennial strategic plans in which it establishes a series of qualitative as well as quantitative targets. In this way, the organisation always maintains coherence with its vision of generating long-term value.

In 2017, Prosegur Cash finalised the implementation of its 2015 - 2017 Strategic Plan with a series of achievements associated with six strategic objectives.

Quantitative objectives:

- Growth:
  - Emphasise growth in new business volume.
  - Maintain a firm commitment with the development and sale of new products.
  - Promote the specialisation of managers.
- Indirect Costs Management:
  - Simplify the decision making process and create a more streamlined organisation.
  - Reduce the weight of indirect costs.
- Cash Management:
  - Maintain the cash generation pace and its conversion with respect to EBITA.

Qualitative objectives:

- Manage at Delegation Level:
  - Continuously measure the quality level of the services and customer satisfaction.
  - Offer value focused on the needs of the client.
- Operational efficiency:
  - Continue with the Kaizen Project in its aspect of operational improvement.
  - Continue promoting expertise centres implementing best practices in all countries.
- Process Simplification:
  - Build a more agile Group, fast, consistent, and homogeneous thanks to the simplification of processes and structures, adding up to better decision making and being supported by the KISS (Keep It Super Simple) project).

As a result of the results achieved by the 2015 - 2017 Plan, Prosegur Cash is prepared to face the new challenges that are being posed for the 2018 - 2020 Strategic Plan.

To fulfil the Strategic Plan, Prosegur Cash aims to accelerate its growth in a profitable manner, benefiting from the third wave of outsourcing and the possible consolidation of the sector. Along these lines, the company has decided to commit itself to the sale of new products, especially those that have to do with the automation of retail, the comprehensive management of ATM's and value-added services for the financial sector. In the same way, it wants to continue playing a key role in the consolidation of the sector, to strengthen not only its existing position but also to create the necessary platforms for its future expansion.

This strategy, called ACT, has three fundamental pillars, which are Agility (A), Consolidation (C) and Transformation (T):

Agility (A) must be understood as the ability to be fast and efficient in the operations and in terms of the execution of the strategy. The company intends to continue growing in the markets where operates and to promote a level of operational excellence that will allow the company to continue improving profitability.

Consolidation (C) should help the company capture a greater number of synergies in the markets and enter new markets that allow the company to continue growing in the future.

Transformation (T) means developing new products with greater added value, which gradually take over from the more traditional ones.

Furthermore, an easy going, efficient corporate team has been created, which is committed to digital transformation to attend to and support the different business needs.

2. Business performance and results

2.1 Fundamental indicators of financial and non-financial character

Millions of Euro	2017	2016	Variation
Sales	**1.924.3**	**1.724.3**	**11.6%**
EBITDA	**512.9**	**447.2**	**14.7%**
Margin	26.7%	25.9%	
Property. plant and equipment depreciation	(51.2)	(47.1)	
Other intangible depreciation	(16.7)	(14.7)	
EBIT	**445.0**	**385.4**	**15.5%**
Margin	23.1%	22.4%	
Financial results	**(0.7)**	**(9.2)**	
Profit before tax	**444.3**	**376.2**	**18.1%**
Margin	23.1%	21.8%	
Tax	**(139.9)**	**(149.9)**	
Tax rate	(31.5%)	(39.9%)	
Net income from continued operations	**304.4**	**226.2**	**34.6%**
Net income from discontinued operations	0.5	(47.3)	
Net profit	**304.9**	**178.9**	**70.4%**
Minority interests	0.0	(0.6)	
Consolidated net profit	**304.9**	**178.3**	**71.0%**
Basic profit per share	**0.2**	**0.3**	

The adjusted EBIT arises as a consequence of isolating the effects of the corporate restructuring. The impact on EBIT from this item amounts to EUR 84.8 million, mainly consisting of the sale of certain Prosegur registered trademark to Prosegur, and the sale of its investee Ridur, S.A. as explained in Note 6 of the consolidated annual accounts.

In 2016, the impact on EBIT associated with revenue from the trademark sold in 2017, with operational real estate sold in 2016 to Prosegur Group and with the real estate investments also sold in 2017 was EUR 66.1 million.

Without the aforementioned extraordinary impacts (not assignable to Cash activities), the income statement would be as below:

Millions of Euro		Adjusted 2017	Adjusted 2016	Adjusted Variation
Sales		**1,924.3**	**1,724.3**	**11.6%**
EBITDA		**428.1**	**382.3**	**12.0%**
	Margin	22.2%	22.2%	
Property. plant and equipment depreciation		(51.2)	(47.2)	
Other intangible depreciation		(16.7)	(14.7)	
EBIT		**360.2**	**320.4**	**12.4%**
	Margin	18.7%	18.6%	
Financial results		**(0.7)**	**(30.2)**	
Profit before tax		**359.5**	**290.2**	**23.9%**
	Margin	18.7%	16.8%	
Tax		**(123.5)**	**(105.5)**	
	Tax rate	(34.3%)	(36.3%)	
Net income from continued operations		**236.0**	**184.7**	**27.8%**
Net income from discontinued operations				
Net profit		**236.0**	**184.7**	
Minority interests		0.0	(0.6)	
Consolidated net profit		**236.0**	**184.1**	**28.2%**
Basic profit per share		**0.2**	**0.1**	

Consolidated sales of the Prosegur Cash Group during 2017 amounted to EUR 1,924.3 million and increased by 11.6%.

The EBIT/Sales margin of 23.1% demonstrates the Group´s ability to maintain the profitability of the business in spite of the impact of amortisations derived from new business acquisition operations.

The net result increased by 70.4% as a result of the strength of the margins, the proactive management of the treasury and a lower tax rate, associated with a lower corporate restructuring activity. Furthermore, the sale of the brand and the sale of one of its investees ("Ridur, S.A.") has reported extraordinary revenue of 85.9 million euros and this, together with the reduction of the losses of interrupted activities from our Security business in Brazil, has also contributed to the improvement.

Sales by region

The total growth of sales is above the nominal GDP of the countries in which Prosegur Cash Group operates. This improvement is due partially to the experience acquired in each market throughout the years.

The following table provides a breakdown of consolidated sales by region:

Millions of euro	2017	2016	Variation
Europe	465.4	455.3	2.2%
AOA	99.3	91.1	9.0%
Ibero-America	1,359.6	1,177.9	15.4%
Total Prosegur Cash	**1,924.3**	**1,724.3**	**11.6%**

The increase in sales in the three geographies is due to various reasons. Ibero-America continues with healthy organic growth, which has more than offset the negative impact of the currency. Europe, despite a worse performance than expected in France, continues maintaining a growth rate aligned with the development of the countries where it operates. Finally, the AOA region improved its performance compared to the previous year based on the greater contribution from new companies acquired at the end of 2016 and the beginning of 2017.

Sales by business area

Aggregated consolidated sales are distributed by business area as follows:

Millions of euro	Europe			AOA			Ibero-America			Total Prosegur Cash		
	2017	2016	Variation	2017	2016	Variation	2017	2016	Variation	2017	2016	Variation
Transportation	260.3	263.7	(1.3%)	53.7	53.7	0.0%	954.8	854.7	11.7%	1.268.8	1.172.1	8.3%
% sobre total	55.9%	57.9%		54.1%	58.9%		70.2%	72.5%		65.9%	68.0%	
Cash management	150.9	150.6	0.2%	36.0	35.2	2.3%	302.1	255.2	18.4%	489.0	441.0	10.9%
% total	32.4%	33.1%		36.2%	38.7%		22.2%	21.7%		25.4%	25.6%	
New products	54.2	41.0	32.2%	9.6	2.2	336.4%	102.7	68.0	51.0%	166.5	111.2	49.7%
% total	11.7%	9.0%		9.7%	2.4%		7.6%	5.8%		8.7%	6.4%	
Total Prosegur Cash	**465.4**	**455.3**	**2.2%**	**99.3**	**91.1**	**9.0%**	**1,359.6**	**1,177.9**	**15.4%**	**1.924.3**	**1,724.3**	**11.6%**

The Transportation business has increased its sales figure by 8.3%, supported mainly in the Ibero-America region, where sales have increased by 11.7%.

The Cash Management business has increased its sales by 10.9%, mainly in the Ibero-America region, with an increase of 18.4% and in the AOA region with an increase of 2.3%.

In relation to the New Products business, the sales figure has increased in all geographies, with a total increase of 49.7%, supporting this growth on the good performance of the MAEs, mainly in Ibero-America, on the AVOS business in Europe, and on theATM's, MAE's and International Transportation businesses in AOA.

Analysis of management in 2017

Prosegur Cash has completed its first year as a listed company since its flotation in March 2017. During this period, the performance can be considered more than positive, since despite the uncertainty about some Iberoamerican economies, the company has improved its results on the previous year. It has also reinforced its geographical and product positioning through specific acquisitions in Australia, Spain and several Iberoamerican countries.

At a consolidated level, sales of Prosegur Cash have benefited from solid organic growth and a currency impact that was not as negative as in previous years, which made it possible to capture most of the nominal growth of the economies where the company operates. In terms of EBIT margin, the improvement in profitability continues, despite the negative effect of the currency, certain cost optimisation initiatives that has been launched in some of its geographies and some adverse competitive dynamics that has been experienced in countries such as France.

In relation to sales, growth in Ibero-America has been affected by the depreciation of the main currencies of the countries where the company operates, especially the Brazilian real and the Argentine peso. However, the strong organic growth experienced by the region in local currency, 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 improvement of the Brazilian economy, which officially abandoned the recession in mid-2017, and the economic normalisation in Argentina, which have accelerated the real growth of its economy, have contributed to improving confidence in two of the main markets, which has also benefited the performance of the company's operations.

During this period, the company has undertaken the timely acquisition of certain assets that are considered key to consolidate the Group's presence and improve the competitive position in the region.

The Europe region has increased its sales compared to the previous year, supported by organic growth in all of its countries except France. Despite the good performance in terms of sales, the operating result decreased with respect to the previous year as a result of the competitive pressures in France.

The soundness of the economies of Spain and Germany, main markets in the Europe region, has positively contributed to the results obtained, since they have barely been influenced by political uncertainty during the period, such as the political instability in Catalonia.

Within inorganic growth, it should be noted that in 2017 the company acquired the Contesta front office AVOS company in Spain, with the aim of promoting the Prosegur AVOS business unit. The acquisition of this company, founded in 2001, and that currently has 650 employees, will complement the existing platform both in terms of type of services and customer portfolio.

Last but not least, the AOA region has reported a sizeable increase in sales during the period thanks to the M&A in Australia, aided by favourable exchange rate fluctuations. The Australian market is a fiercely competitive area, requiring us to adapt accordingly and offer a suitable response or risk losing clients. The operating result has worsened compared to the previous year as the improvement experienced in the operations of India and South Africa has not offset the deterioration suffered in Australia, as a result of the loss of a client whose impact has been noticed during the last months of the year. Although a large part of the volume has recovered thanks to intense commercial activity, its effects have not yet been felt in the completed year.

In India, the company's growth strategy is focused on quality clients, and client portfolio optimisation programs are starting to pay off.

Similarly, in South Africa, the identification and implementation of best practices as a result of the operations improvement processes have significantly reduced the losses of the partially acquired company at the beginning of 2016.

In terms of cash generation, free cash flow, the company has managed to improve its generation in absolute terms, based on a better result and strict control of the main levers that affect it, such as the control of the average client collection period and the detailed analysis of investment projects, to ensure the proposed return.

As a result of the cash generated, the company has reduced its leverage levels with respect to the previous year, despite having allocated part of the cash generated to acquisitions and the payment of the first instalment of the interim dividend, which was approved last December in line with the dividend policy published after the flotation.

In addition, in March 2017, the company obtained the BBB credit rating from Standard & Poor's with a stable outlook, placing it at a level above investment grade, attesting to its financial strength and endorsing its strict borrowing policy. Furthermore, at the end of 2017, the company decided to access the capital market to issue a fixed-rate bond for EUR 600 million with the aim of refinancing part of the existing bank debt. In this sense, the operation has allowed the company to extend the average life of its debt, diversify its sources of financing, gain flexibility to undertake its development projects and provide greater stability to the cost of financing.

Commercial information

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. 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.

Prosegur Cash Group continuously renews its offer and develops new products. The company has promoted the development of a computing platform that supports the activity of AVOS (Added Value Outsourcing Services). This environment combines process control tools, which can be adapted to the customer's needs, with digital channels and document management tools. Additionally, the company has continued to promote the development of new cash automation solutions (MAEs) with special emphasis on the front-office of stores. Likewise, the company has automated the control and improved its value date solutions in which the cash deposited in the machine is available in the retailer's account regardless of its collection.

Investments

The investments of 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. They are then laid before the investment team 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 Management for approval.

Amortisation provisions totalled EUR 67.9 million in 2017 (in 2016: EUR 61.8 million). This amount corresponds to property, plant and equipment amounting to EUR 47.9 million (in 2016: EUR 43.6 million), computer applications amounting to EUR 3.3 million (in 2016: EUR 3.5 million) and other intangible assets amounting to EUR 16.7 million (in 2016: EUR 14.7 million).

Details of total investments analysed by the investment team in 2017 are shown below:

Millions of euros	2017
First quarter	23.2
Second quarter	15.8
Third quarter	31.6
Fourth quarter	21.1
Total	**91.7**

During 2017, EUR 97.8 million was invested in property, plant and equipment (in 2016: EUR 89.8 million). Moreover, investment in computer applications amounted to EUR 7.0 million (in 2016: EUR 5.4 million).

3. Non-Financial Information

Prosegur Cash is aware that its position as a global leading company that provides logistics and cash management services and outsourcing of services gives it the responsibility of working to raise the standards of the sector in all the environments in which it operates. Performance in aspects such as the reduction of its environmental impact, the generation of quality employment, the health and safety of its workers, regulatory compliance, respect for human rights and good governance represent the clearest example of its commitment.

Formal policies and procedures have been established under the framework of the Prosegur Cash management system, 3P Policies. The 3P System allows us to have internal rules and a common language for services and processes. It makes it easier to standardise and provide services focussed on meeting the required quality level and also to efficiently manage resources and continually improve processes.

In relation to environmental and social issues, personnel, respect for human rights and the fight against corruption and bribery, the following policies and procedures are noteworthy:

- Prosegur Cash CR Policy.
- Environmental Management Policy.
- HR Decalogue.
- Human Resources General Management Policy.
- General policy for discrimination and harassment complaints.
- Occupational Health and Safety Policy.
- Security and associated policies decalogue.
- Prosegur Cash Code of Ethics and Conduct.
- General Procedure for the whistleblowing Channel.

3.1 Environmental issues

KPI's	**Resultados**
Direct CO_2 emissions	43,368.65 T
Direct CO_2 emissions	11,908.89 T

Prosegur Cash has a 3P policy or general regulation, which is mandatory for all employees aligned in countries and businesses that have a locally defined environmental policy to ensure compliance with applicable environmental legislation. The Prosegur Cash Management establishes the need to evaluate risks and adopt measures to minimise them, as well as setting annual targets to reduce the impact of their activities on the environment. The Management promotes the adoption of the international ISO 14001 standard.

For Prosegur Cash, the main environmental impact is related to the consumption and generation of waste of the following materials: absorbent and filtering materials, cleaning cloths and protective clothing contaminated by hazardous substances such as vehicle oils, toner consumption, fluorescent lights, paper, operational plastics and fuel consumption and greenhouse gas emissions of the armoured vehicle fleet and the consumption of energy in the operational bases of cash management machines.

As of 31 December 2017, the company's direct and indirect CO2 emissions in the nine most relevant countries were 43,368.65 T and 11,908.89 T, respectively.

At country level, the consumption and generation of waste associated with the company's business model are monitored. Each country sets annual actions and targets to minimise this impact. The Management of Prosegur Cash also promoted the following actions in the last year:

a) 3P Policy for the management of the armoured fleet, including the assessment of consumption efficiency and the programmes for the acquisition and withdrawal of vehicles from the armoured fleet. This policy promotes the corporate development of tools for the control of fuel consumption.

b) Continuity of awareness campaigns to reduce water consumption in headquarters and bases.

c) Continuity of energy efficiency programmes in operational bases, promoting the installation of efficient lighting devices (LEDs), as well as through the dissemination of environmental awareness campaigns.

d) Digitalisation program, in which supplier contracts can be digitised, resulting in a reduction of paper consumption.

e) Centralisation in each country of hiring approved waste managers to ensure compliance with legal requirements.

On 31 December 2017, Prosegur Cash had no environment-related contingencies, legal claims or income and expenses relating to the environment. There have been significant reductions in electricity consumption at headquarters and bases due to the energy efficiency programmes, as well as a reduction in paper consumption.

3.2 Social and occupational issues

KPI's	**Resultados**
Average headcount	57,303
Workforce at year-end	56,873
Disabled operating staff in Spain (>33%)	29
Total disabled staff	488
Percentage of women on the workforce	19%
Training hours	315,971 horas
Union membership	29%
Collective bargaining agreement coverage	79%

Taking into account the growth strategy implemented globally in recent years, Prosegur Cash generates employment in the markets where it is present.

The Prosegur Cash workforce closed 2017 with 56,873 employees (in 2016: 56,305 employees), which means an increase of around 1%.

Over the last four years the average workforce has grown as follows:

Workforce	2014	2015	2016	2017
Direct	42,675	47,816	53,849	54,665
Indirect	1,240	1,523	2,456	2,638
Total Prosegur Cash	**43,915**	**49,339**	**56,305**	**57,303**

The growth of the workforce relative to invoicing over the past five years was as follows:

Number of persons per million billed	2014	2015	2016	2017
Direct	25.7	27.4	28	28.4
Indirect	0.7	0.9	1.3	1.4

The percentage of women continues to increase gradually and has already reached 19 percent of the total number of workers in 2017. Additionally, the total number of staff with disabilities is 488 employees, 29 of them with a disability greater than 33 percent.

Selection

One of the main reasons why Prosegur Cash has historically been consolidated as one of the main global cash in transit services groups has been the selection of personnel. For this reason, Prosegur Cash guarantees its workforce that it will fulfil the employment and social security obligations.

Trust and responsibility are qualities that must characterise the people who work at the client's facilities, guaranteeing not only the effectiveness of Prosegur Cash personnel but also their honesty, responsibility, and psychological maturity.

Therefore, a constant priority for Human Resources Management is the continuous improvement of the selection processes that make it possible to identify the most suitable person for a position within Prosegur Cash.

Training

Prosegur Cash, as a benchmark in the field of securities logistics and cash management, and due to the importance of its role, offers quality work, where the qualification and the degree of specialisation of its professionals is one of the main aspects that sets it apart. In total, we gave 316 thousand hours of training in 2017, which is an average of 8 training hours per employee. About 88 percent of the hours correspond to the training of operational positions in areas such as the Code of Ethics and Conduct, the prevention of occupational risks, armed training and the professional security career.

Through its online platform, the Prosegur Corporate University, Prosegur Cash offers a virtual space in which professionals share knowledge, experience the values of society, develop their talent and specialise through a common culture. Prosegur Cash also offers a differential and homogeneous catalogue of courses on this online platform as part of the plans for the professional development of employees.

During 2017, the scope of Prosegur Corporate University was extended to three new countries, already being present in thirteen countries in which the company operates. This year, new training content and functions have been included that allow the Prosegur Corporate University to be an interconnected community that fosters the exchange of knowledge and values characteristic of Prosegur Cash.

Occupational including of people with intellectual disabilities

Prosegur Cash promotes the integration of people with an intellectual disability in the market, offering them a more stable future through employment. In the most representative Prosegur Cash offices, a Work Insertion Plan for People with Intellectual Disabilities was implemented, with new professionals from this group joining the teams of different countries. The number of employees with disabilities in 2017 was 488. The target is to fully integrate employees with disabilities in the company.

Employment Relations

Prosegur Cash manages occupational relations locally, taking into account the particularities of each market and, above all, the legislation in force in each country. In accordance with the Universal Declaration of Human Rights (UDHR) and the applicable laws in the countries in which it operates, the company respects the right to union freedom, association and the collective bargaining of its employees.

Free speech with unions is constant and essential. The company holds periodic meetings with all the legitimate representatives of the workers in the geographical areas in which it is present, listening to them, sharing information and searching for common targets. In fact, more than 29 percent of the workforce belong to unions, and the collective bargaining agreements that have been signed cover more than 79 percent of the total number of employees. These figures are higher than the average for the main companies in the sector.

Workplace Health and Safety

KPI's	**Results**
Employee health and safety training	45,407 training hours
Number of fatal accidents	Fatality rate of 0.52 for every 10,000 employees
Accident rate	(3.30)

Prosegur Cash works in compliance with industry standards regarding occupational risk prevention. It invests in specific training related to "risks by activity and job, emergency measures and inspections" and in the analysis of accidents that have occurred. The company wants to ensure that employees work in safe, adequate environments and have the necessary resources to safely do their job.

- **Training:** One of the reasons why health and safety indicators have continued to improve in 2017 is the quality and effort invested in the training hours given to employees in this area. As a result, Prosegur Cash has managed to raise awareness and improve the skills and abilities of employees to take on the risks they face in their daily work, in particular driving vehicles.

  In 2017, Prosegur Cash gave a total of 45,407 hours of health and safety training. Health and safety training has mainly focused on training with the Prosegur Corporate University, the Occupational Risk Prevention modules for operating staff and the specific modules in areas such as personal defence and emergency situations.

- **Tracking:** Prosegur Cash has established internal and external communication protocols for occupational accidents to monitor and investigate accidents and for continuous improvement. It has also established a work methodology that allows a specific evaluation of health and safety conditions. Prosegur Cash also has workplace health and safety committee meetings where actions for the prevention of occupational risks are regularly and periodically reviewed.

- **Technological innovation:** Prosegur Cash provides employees with the most advanced technologies available and all its innovative effort to take on the intrinsic risks of the jobs of its employees, and thus deter external threats, especially in the risks related to attacks to our employees and armoured vehicles, or in our cash custody bases. The objective of the company is to achieve "zero accidents", despite the intrinsic difficulty of the business in which Prosegur Cash operates. Thanks to the effort made in terms of health and safety, in 2017 the accident rate stood at 3.30 (number of occupational accidents per hours worked according to the parameters of the Occupational Health and Safety Administration). In addition, the company has managed to maintain a rate of 0.52 fatalities per 10,000 employees, similar to the figure for the previous year. This value is equivalent to that of the main companies in the industry worldwide.

3.3 Anti-corruption and bribery issues

KPI's	Results
Percentage of indirect employees with training in the code of ethics	90%

Ethics and Compliance

Ethical behaviour and compliance with regulations are essential and especially critical aspects for various reasons intrinsic to the activity of Prosegur Cash:

- Employees are frequently exposed to risk situations.
- Large sums of cash and personal assets are managed.
- They work not only to safeguard the integrity of clients, but to protect and assist society as a whole.

All members of the governing bodies, managers and staff of Prosegur Cash have a commitment to ethical performance and strict regulatory compliance when doing their job. This commitment is brought together through common principles and standards, which also affect relationships with the group of stakeholders affected by their activity: employees, shareholders, customers and users, suppliers and associates, authorities, public administrations and regulatory bodies, competitors and the civilian society in which it operates.

Prosegur Cash maintains a "zero tolerance" position for any breach or irregularity.

Prosegur Cash applies the most stringent criteria to comply with the obligations set by law and actively works to set the highest standards of compliance in its sector. In this regard, accuracy in the definition of control mechanisms and prevention of irregular or illegal practices is essential, especially in areas with more risk.

Corporate Compliance Programme

The Prosegur Cash Corporate Compliance Programme envisages control measures designed to mitigate or eliminate the risk of breaching applicable law and regulations when going about its business. It covers any legal aspect that may involve Prosegur Cash, although it focuses primarily on the prevention of money laundering, the defence of competition, crime prevention and compliance with securities markets regulations.

The Compliance Programme has been approved by the Prosegur Cash Board of Directors and is overseen by the Compliance Committee, which acts with full autonomy and independence and reports directly to the Audit Committee. This committee is made up of representatives from the Legal, Economic-Financial and Human Resources divisions. The Company also has compliance offers in all the countries in which it operates. They are in charge of implementing the Compliance Programme in each of the countries for which they are responsible and for ensuring proper compliance with the regulations applicable in each geographical area, such as the prevention of money laundering. In countries that have particularly restrictive regulations in certain areas, the company implements specific regulatory compliance projects.

To ensure the correct deployment of the programme in daily business, the Company delivers training courses to employees on the most relevant aspects, course aimed at senior managers and members of the Board of Directors and specialist courses intended for compliance officers.

Code of Ethics and Conduct

Prosegur Cash has a Code of Ethics and Conduct that was approved by the Board of Directors on 26 April 2017. In 2017, a training campaign for indirect staff was carried out on the Prosegur Corporate University online platform, which was completed by 90% of said indirect staff.

The Code sets the guidelines for the standards of behaviour and the good work of all Prosegur Cash professionals when doing their job and in their relationships with third parties on aspects such as compliance with legality, respect for Human Rights and equality and respect amongst employees. The Code of Ethics and Conduct is a binding instrument, so it must be known and fulfilled by all workers and members of the governing bodies of Prosegur Cash. Employees must also collaborate to facilitate its implementation, as well as communicate possible breaches of which they have knowledge through the Whistleblowing Channel.

Whistleblowing channel

To detect irregular or illegal behaviour or behaviour contrary to the Code of Ethics and Conduct and act accordingly, the company has a Whistleblowing Channel that allows any interested party, belonging to the company or not, to communicate such behaviour safely and anonymously through a form available on the website www.prosegurcash.com. The Internal Audit Division confidentially manages any communications received and forwards them, as appropriate, depending on their type and severity, to the division responsible for their management, investigation and resolution.

In accordance with the conclusions resulting from the investigations carried out, the necessary measures are adopted at the Audit Committee meetings for cases that require action by the company.

3.4 Respect for Human Rights

KPI's	**Results**
Number of Human Rights training hours	9,287 hours in 2017 (10% of all employees)

As a benchmark company in the field of securities logistics and cash management, Prosegur Cash assumes the task of promoting respect for human rights as an essential element in the development of its activities.

The company endeavours to respect and enforce the rights listed in the Universal Declaration of Human Rights adopted by the UN General Assembly in its practices and procedures. This commitment is conceived as an additional responsibility to comply with the laws and regulations of the territories in which Prosegur Cash is present, particularly in those in which the ability of the State to protect human rights is limited.

For several years, the company has been working with a view to adopting the principle of due diligence to define the internal control elements necessary to help manage this issue. These cross-cutting factors affirm that everything possible is done to encourage good practices and to prevent, detect and eradicate irregularities in the area of human rights.

Within the framework of Prosegur Cash's management system, formal policies and procedures have been established in the field of human rights, determining the structure and mechanism for monitoring and reporting.

Prosegur Cash has a robust risk management and control system, which considers factors related to respect for human rights. These include, among others, the violation of rights and freedoms of a personal nature and occupational rights. Through the system, critical risks are identified, evaluated and supervised through key risk indicators. Depending on the type of risk and its relevance, adequate procedures are established to prevent, detect, avoid, mitigate, compensate or share the effects of a possible materialisation of the risks.

The company publicly promotes and trains its employees in matters of Human Rights. This subject is integrated into the various training courses taught by human resources and regulatory compliance. In addition, mandatory training plans for operating staff include sessions on critical issues such as the use of force, gender violence, cultural diversity and human rights in the company.

As of 31 December 2017, 9,287 hours of training had been given on Human Rights, reaching 10% of the total number of workers.

Through the whistleblowing channel, Prosegur Cash allows employees and interested third parties to confidentially and anonymously communicate any irregularity of potential importance that could be noticed in the company, including events related to possible violations of Human Rights.

3.5 Governance Bodies and Corporate Governance

KPI's	**Results**
Percentage of women on the Board of Directors	Board comprising 33% women
Porcentaje de Percentage of independent directors independientes	The Board comprises 44.4% of independent directors
Percentage of independent directors on the Audit Committee	100% of the members of the Audit Committee are Independent Directors

As of 31 December 2017, the Prosegur Cash Board of Directors comprises nine members: two directors and seven non-directors, of which four are independent and three are proprietary. The responsibilities of the Executive Chairman and Chief Executive Officer are different and complementary. Therefore, Prosegur Cash adopts the requirements of the main international standards in matters of Corporate Governance that recommend the separation of roles.

Prosegur Cash has a Corporate Governance Policy approved by the Board of Directors that includes the main aspects and commitments of the Company and its Group regarding corporate governance. The commitment to good corporate governance, with the incorporation of national and international best practices, and reflecting Prosegur Cash's own values, constitute the pillars on which the Company and its Group establish their Corporate Governance System, whose texts, regulations and policies are, in their commitment to transparency, permanently available to the market and, in particular, to its shareholders and investors, through its corporate website (www.prosegurcash.com). This same commitment guides the actions of the Board of Directors and its Committees.

As of 31 December 2017, the Prosegur Cash Board of Directors comprises nine members: two directors and seven non-directors, of which four are independent. Despite the ownership structure of the Company to date (72.5% owned by Prosegur), only three Directors represent the majority shareholder in the Board. In addition, as recommended by the best practices of corporate governance and, in particular, taking into account the ownership structure, the Audit Committee is composed entirely of independent Directors.

The Company has an Executive Chairman and Chief Executive Officer, whose responsibilities are different and complementary. Therefore, Prosegur Cash adopts the requirements of the main international standards in matters of Corporate Governance that recommend the separation of roles.

4. Liquidity and capital resources

Prosegur Cash generates large amounts of cash and therefore has no financing problems, 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, less current investments in group companies, and minus other current financial assets (Note 29.2).

Net financial debt (excluding other non-bank debts corresponding to deferred payments for M&A acquisitions) as of 31 December 2017 amounts to EUR 424.1 million (2016: EUR 611.4 million).

4.1 Liquidity

The Prosegur Cash Group has a good level of liquidity reserves and a great capacity for financing that makes it possible to ensure and respond swiftly and in a flexible manner to working capital, capital investment, or inorganic growth requirements.

As of 31 December 2017, Prosegur Cash Group reserves for its Cash activity are 809.7 million euros (in 2016: EUR 292.4 million). This figure mainly comprises the following items:

- EUR 317.8 million euros of cash and cash equivalents (in 2016: EUR 188.8 million).
- The existing long-term credit availability of EUR 315.0 million mainly corresponding to the syndicated loan signed on 10 February 2017 (in 2016: EUR 15.0 million).
- Other unused lines of credit for EUR 176.9 million (in 2016: EUR 88.6 million).

This liquidity figure accounts for 42.1% of consolidated annual sales (2016: 17.0%), which enables the company to ensure both short term funding needs as well as growth strategy.

The efficiency measures of the internal administrative processes carried out over recent years have substantially improved the cash flow of the business. The set of maturities of Prosegur Cash Group's debt is in line with the company's capacity for generating cash flows to repay it.

The market value of the own shares held by Prosegur Cash as of 31 December 2017 amounts to EUR 2.1 million (at the end of 2016 it was not listed on the stock exchange).

4.2 Capital resources

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

a) On 20 December 2016, the group arranged a three-year syndicated financing facility for the sum of EUR 600 million. On 20 November 2017 and 20 December 2017, this syndicated operation was cancelled early for EUR 100 million and EUR 500 million respectively, therefore, there was not outstanding amount as of 31 December 2017 (as of 31 December 2016: EUR 600 million).

b) On January 29, 2016 Prosegur group formalized a loan in rands over a period of 4 years with amortization bullet (Note 28 of the consolidated annual accounts). This loan has been assigned to Prosegur Cash on July 6, 2017 for an amount of 272,000 thousand Southafrican rands (equivalent to 31 December 2017: EUR 18,372 thousand). Prosegur Cash will maintain the same conditions and maturity date, January 29, 2020. Simultaneously with the loan assignment, Prosegur has paid Prosegur Cash in cash an amount equivalent to the principal of the debt plus interest accrued.

c) On 10 February 2017, a syndicated financing operation was signed in the form of credit for the amount of EUR 300 million for a 5 year term. As of 31 December 2017, no amount had been drawn down.

d) On April 28, 2017, Prosegur Cash through its subsidiary Prosegur Australia Investments Pty has contracted a syndicated financing operation in the amount of AUD 70,000 thousand for a term of 3 years. As of December 31, 2017, the available capital of the loan amounts to AUD 70,000 thousand (equivalent to 31 December, 2017: EUR 45,614 thousand).

e) On 4 December 2017, Prosegur Cash, S.A. issued an uncovered bond for a nominal amount of EUR 600 million with maturity on 4 February 2026. The bond is listed on the secondary market, the Irish Stock Exchange, accruing an annual coupon of 1.38% payable for annuities due.

In consolidated terms, the long-term gross financial debt (excluding other non-banking payables corresponding to deferred payments for acquisitions) with a maturity of more than one year amounted to EUR 684.3 million in 2017 (2016: EUR 626.3 million), basically supported by the bond issued on 4 December 2017, due in 2026. The long-term gross financial debt in 2016 mainly corresponded with the syndicated loan that was cancelled at the end of 2017.

Gross short-term financial debt (excluding other non-banking payables corresponding to deferred payments for acquisitions) stood at EUR 62.3 million (2016: EUR 63.6 million).

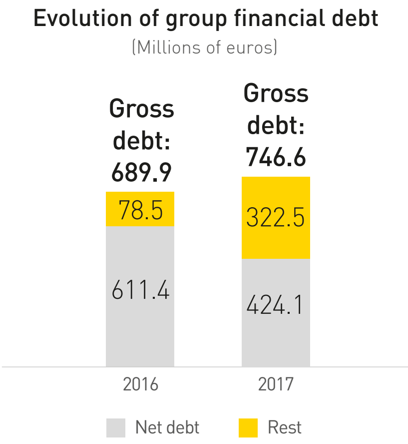
The current and non-current maturities of gross financial debt are distributed as follows:

Group gross financial debt
(Millions of euros)

In 2017 financial debt had an average cost of 1.85% (in 2016: 1.52%).

Net financial debt (excluding other non-bank debts corresponding to deferred payments for M&A acquisitions) at the end of 2017 stood at EUR 424.1 million (2016: EUR 611.4 million).

Next a comparative graphic is shown of the gross and net debt (excluding deferred payments for M&A acquisitions) in 2016 and 2017:

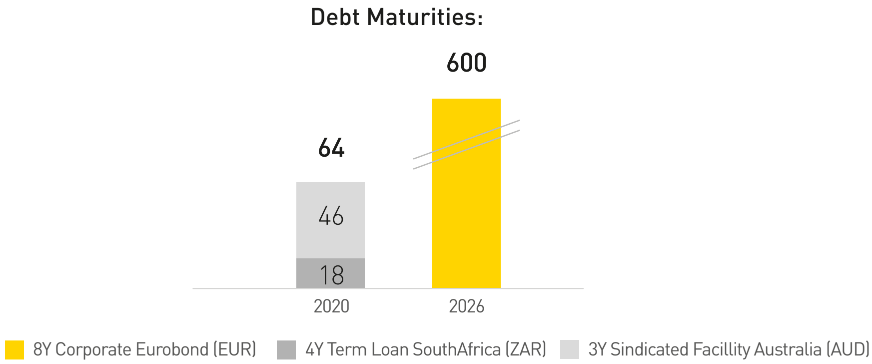


No significant changes are expected in 2018 with regard to the structure of own funds and capital or in regard to the relative cost of capital resources in relation to the financial year ending 31 December 2017.

The following table shows the maturities of the drawn debt as per contractual obligations on 31 December 2017:

Millions of euro	Less than 1 year	1 to 5 years	Over 5 years	Total
Loans and borrowings	44.8	53.1	64.5	162.4
Debentures and other securities	1.4	33.0	633.0	667.4
Credit accounts	19.5	0.0	0.0	19.5
Finance lease payables	9.2	12.0	0.0	21.2
Other payables	17.5	14.1	2.5	34.1
	92.4	**112.2**	**700.0**	**904.6**

The following chart shows the main debt maturities:



In its current activity, Prosegur Cash Group occasionally resorts to operations not entered in the statement of financial position, normally under the contractual formula of operational leasing and mainly with a view to use high value assets such as buildings and vehicles. Payment commitments for future leases amount to EUR 109.4 million (in 2016: EUR 86.8 million) which mainly correspond to the contracts for the operating bases and operational vehicles (Note 26).

The Prosegur Cash Group calculates the leverage ratio as the resulting ratio between net financial debt (excluding other non-bank debts corresponding to deferred payments for M&A acquisitions) and total capital, understood as the sum of the net financial debt (excluding other non-bank debts corresponding to deferred payments for M&A acquisitions) and the equity of the cash activity. On 31 December 2017, the ratio was 0.64 (in 2016: 0.86).

The net financial debt ratio (excluding other non-bank debts corresponding to deferred payments for M&A acquisitions) on equity of cash activity as of 31 December 2017 stood at 1.77 (2016: 5.9 due to having cash).

4.3 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, Prosegur Cash Group issues guarantees to third parties for commercial and financial reasons. The total amount of guarantees issued on 31 December 2017 is EUR 249.2 million (in 2016: EUR 146.0 million).

5. Main risks and uncertainties

Prosegur's Risk Management System is mainly based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) system, complemented with standards applied by the main clients of the financial sector, such as the Basel III and ISO 31000 standards. Final responsibility in risk management lies with the Board of Directors. The Audit Committee has, among its basic responsibilities, that of supervising the effectiveness of internal control and risk management systems, checking their appropriateness and completeness, and reviewing the appointment and substitution their managers.

The main risks that have been identified are:

- Regulatory Risks. Regulatory non-compliance, including employment and social security regulations, tax regulations, arms control or prevention of money laundering applicable in each market and/or as a whole. Unfavourable changes in regulatory conditions, including as tax legislation or restrictions on how to obtain or renew permits and licences.
- Risks due to Incidents involving Assets under Custody or Lost Cash. Insufficient insurance coverage.

- Transactions in markets with a temporary reduction in the demand. Prolonged reduction of the use of cash.
- Transactions in highly competitive markets. Pressure on prices and margins. Status of the economic environment.
- Reputational risks. Negative publicity regarding name. Loss of trust.
- Financial risks, including variations in interest rates or exchange rates, counterparty and tax.
- Failures or incidents in the IT infrastructure.
- Loss or theft of own or customers' confidential information. Cyberattacks and computer and security faults.
- Inadequate management of employment costs.
- Decline in liquidity generation or in cash management.

5.1 Operational risk

The risk management cycle at Prosegur Cash is the following:

Information

Inform and communicate on different exposure andannually assess the risk situation.

Risk

Identify business risk and foresee risk scenarios, measure and analyse their impact on the Institution.

Monitoring

Supervise and monitor compliance with policies, norms, procedures, information systems through internal control, measuring if the exposure is acceptable. Continuous monitoring at a distance and on the spot.

Control

Propose new policies or reassess existing policies, aswell as proposing necessary corrective measures to be implemented, based on cost effectiveness to minimise the risks identified.

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 Prosegur Cash carries out its activity could have a substantial adverse effect on its business, financial condition and results of operations.

In particular, Prosegur Cash'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 Prosegur Cash'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.

Prosegur Cash 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.

Local 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 regulations in each case.

Likewise, the Division plays an essential role in complying with all regulations affecting the Prosegur Cash Group. In the regulation that affects the prevention of money laundering, there are money laundering prevention units in the countries in which it is subject to applicable regulations (Spain, Australia and in all Iberoamerican countries in which it is present). These units are central and are dedicated to the implementation of measures to control and monitor activities in order to prevent facilities for the cash in transit to be used for money laundering purposes.

Operational risk

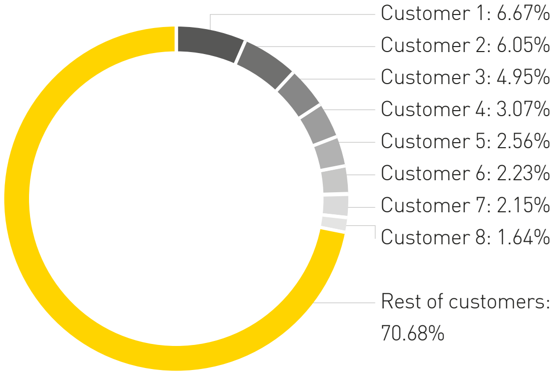
Operational risks are those related to burglaries and robberies, errors in operations, legal penalties and, as a result thereof, business continuity risk. There are formal programmes and policies that help to control this type of risk.

It is worth mentioning the monitoring task carried out by the Security Division over control and monitoring processes for the traceability of operations carried out in transport, handling and storage of cash. Furthermore, addi tional assistance is provided for claims or discrepancies in the cash management activity, helping to identify best practices and designing procedures to minimise the risk of losses.

Client concentration

Prosegur Cash Group is not significantly exposed to clients. In Note 29.1 of the consolidated annual accounts, there are tables of representativeness of the main customers on the global invoicing of Prosegur Cash Group, as shown in the following chart:

Client concentration



5.2 Financial risk

Interest rates risk

Prosegur Cash Group is exposed to interest rate risk due to its monetary assets and liabilities.

Prosegur Cash Group analyses its interest rate risk exposure dynamically. In 2017, the majority of the Prosegur Cash Group´s financial liabilities at variable interest rates were denominated in euros.

Management performs a simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges. On the basis of these scenarios, 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 the liabilities that represent the most significant positions in which a variable interest rate is paid.

Currency risk

Prosegur Cash is exposed to currency risks arising from the fact that its revenues are generated in different currencies (mainly Brazilian real, Argentine, Colombian, Chilean and Mexican pesos, Peruvian soles and Australian dollars), while its reference currency is the euro.

To the extent that local costs and revenues are denominated in the same currency, the effect of exchange rate fluctuations on Prosegur Cash's margins may be neutral (although the absolute size of those margins in euros would continue to be affected). Fluctuations in exchange rates also affect the company's borrowing costs for instruments denominated in currencies other than the euro. While some of these effects may be offset by corresponding inflation fluctuations, this is not necessarily the case.

Prosegur Cash generally does not make any currency derivatives to hedge its expected future operations and its cash flows, so it is possible that changes in exchange rates will have an adverse effect on business and therefore on the financial situation and results of the company.

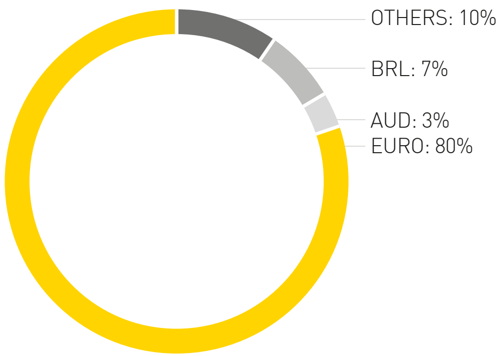
Natural hedging as conducted by Prosegur Cash Group is based on capital expenditure required in the industry, which varies by business area, being in line with the operating cash flow generated and the possibility of timing investments made in each country based on operating requirements.

Debt is 80% in Euros, 3% in Brazilian Reais, 7% in Australian Dollars and 10% in the other currencies in which the Group operates.

Note 22 of the consolidated annual accounts reflects the value of financial liabilities in the various currencies. 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 Prosegur Cash Group distributed by currency at the close of 2017 is as follows:

Group financial debt



Credit risk

The Credit and Collection Departments of each of the countries in which Prosegur Cash Group operates carry 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.

As for financial investments and other operations, these are carried out with defined rating entities 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 Division and updated credit limits and levels are periodically published.

6. Important circumstances after the reporting period

On 2 January 2018, the Prosegur Group paid the purchase price defined by the purchase of the Security business in Brazil, for BRL 72,823 thousand (equivalent value at the time of payment: EUR 18,431 thousand) plus 1% on the sale price for interest as agreed by contract (See note 15 of the consolidated annual accounts).

7. Information on the foreseeable performance of the entity

The forecasts for 2018 are moderately optimistic, while the actual gross domestic product of the countries in which the Prosegur Cash Group operates is expected to increase slightly compared to the 2017 levels, and the inflation levels will be moderate, a sign that the economies will continue with their continuous improvement process. However, we should not rule out greater volatility of currencies, partially influenced by the performance of the exchange rate of the dollar compared to the euro. In this environment, the company expects to be able to continue improving its profitability in local terms in the countries in which it operates.

Within this macroeconomic environment, and apart from the organic growth coming from the traditional logistics and cash processing business, the company will continue to focus on the development of its new products line of business, where it expects to have a relevant growth. The company also intends to continue strengthening its internal control procedures in order to guarantee the maximum efficiency of the different businesses and to maximise cash generation.

It is expected that the currencies of the countries of the Ibero-America region will be devalued during 2018, with the impact of the devaluation being greater during the first part of the year. In this sense, the company expects to be able to drastically reduce this impact based on the development potential of the region, greater access to the retail market and its ability to retain its customers and offer them the best services.

The excellent results obtained in the past by the sales teams in the Iberoamerican 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 optimistically take on 2018.

The experience acquired in each of these markets over the years has allowed us to develop a successful business model that minimises events that affect the normal performance of our business, such as the recession in Brazil, the exchange rate in Argentina, the devaluation of the region's currencies, while making it possible to maintain or improve the results of our countries.

Meanwhile, the economic environment in Europe presents an improvement that will gently boost business growth in most of our countries except France, where the company expects to gradually recover the ground lost in 2017 over the following years.

In any case, the company intends to continue showing its excellent capacity for adapting to the different environments 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.

Finally, as far as the AOA region is concerned, the company faces the challenge of completing the optimisation of its operations in India and South Africa and maintaining the growth path in Australia, not only through acquisitions, but also in terms of organic growth. The initiatives launched at commercial and operational levels in 2017 make the company moderately optimistic in relation to the targets pursued.

The financial structure, which is more than stable, with a fairly limited level of leverage, combined with the capacity to generate cash, positions the Prosegur Cash Group at an optimum point to continue with the inorganic growth strategy without compromising the debt limits that have been self-imposed on the company and that are even more demanding than those of the bank financing available or required by the rating agencies for investment grade firms. The company seeks to expand by entering markets with high growth potential, thus diversifying risks and opportunities.

In conclusion, and in order to face the huge challenges that lie ahead in the coming years, it should be noted that the company has excellent growth levers, one of the best platforms in the world for cash in transit and cash management, with a prominent presence in emerging markets, unmatched by any competitor, and an optimal solvency and financial strength to boost its expansion. The next few years will be focused on both traditional organic growth and new products, maintaining current profitability levels, as well as continuing to consolidate its leading position, gaining market share and reinforcing its image as a world benchmark in its sector.

Estimates and opinions regarding the performance and future results of Prosegur Cash's businesses are subject to risks, uncertainties, changes in circumstances and other factors that may cause actual results to materially differ from forecasts.

8. Acquisition and disposal of own shares

On 8 May 2017, the Company entered into a liquidity agreement fully compliant with the regulations applicable at that time. Prior to the signing of this contract, the company did not have own shares. The preliminary operating process of the liquidity contract to establish the treasury stock ended on 8 June, once a treasury stock of 1,000,000 shares was reached. The liquidity contract operation began on 9 June 2017 and ended on 10 July, the date on which said liquidity contract was terminated. On 7 July 2017, with effect from 11 July 2017, the Company entered into a new liquidity agreement in accordance with the new regulations in force, giving new operations to the liquidity under the scope of the contract.

At the close of 2017, the own shares of Prosegur Cash, S.A. comprised 787,474 shares, of which 295,789 were linked to the liquidity contract that represent 0.52% of the share capital, with a value of EUR 2.1 million.

9. Alternative Performance Measures

To comply with the 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), the Management believes that certain Alternative Performance Measures provide useful additional financial information that should also be taken into account when appraising the Company's performance. The Management also relies on these APMs when reaching financial, operational and planning decisions, and when assessing the company'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	A financial measure show ing 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.	Positive w orking capital is needed to ensure that a company is able to continue operating and has sufficient funds w ith w hich 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.
CAPEX	Capex (Capital Expenditure) represents the money a company spends on equipment assets that generates a prof it 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.	CAPEX is an important indicator of a company's life cycle at a given point in time. When a company experiences rapid grow th, 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.

APM	Definition and calculation	Purpose
EBIT Margin	EBIT Margin is calculated as results f rom operating activities divided by total revenue.	EBIT margin provides a view of the company's operating results in comparison w ith the total revenue.
Adjusted EBIT Margin	Adjusted EBIT Margin is calculated as results f rom operating activities, af ter eliminating the results that can not be assigned to any segment, divided by total revenue.	Adjusted EBIT Margin provides a view of the company´s operating pure results in comparison with the accrued revenue.
Organic Growth	Organic Grow th is calculated as the increase or decrease in revenue betw een tw o periods adjusted for acquisition and divestitures and changes in exchange rate.	Organic Grow th provides a view of the company's organic revenue growth.
Inorganic Growth	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.	Inorganic Growth provides a view of the company's increase or decrease of revenue due to M&A or Sales variations.
Effect of exchange rate fluctuations	The Group calculates the Effect of exchange rate fluctuations as the dif ferent of Revenues for the current year less revenues for the current year at exchange rates of previous year	The Effect of exchange rate fluctuations provides the impact of the currencies in the company's revenues
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 w ithout factoring in loss from discontinued operation net of tax, income tax expenses, net f inance 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 prof it w ithout 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 w hat a company is earning or losing from its business. EBITDA excludes non-cash variables, which can vary signif icantly 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.

The reconciliation of the alternative performance measures is as follows:

Millions of Euro)	31.12.2017	31.12.2016
Working Capital		
Non-Current Assets held-for-sale	45.6	266.6
Inventories	6.1	7.5
Trade and other receivables	383.6	426.8
Current receivables with Prosegur group companies	18.1	65.4
Current tax assets	106.0	102.4
Other current assets	-	-
Cash and cash equivalents	317.8	188.8
Deferred tax assets	37.3	44.9
Trade and other payables	(314.4)	(334.8)
Current tax liabilities	(105.0)	(118.5)
Financial liabilities	(77.5)	(87.3)
Current payables with Prosegur group companies	(48.4)	(168.7)
Liabilities held-for-sale	(26.8)	(184.7)
Other current liabilities	(14.6)	(13.9)
Deferred tax liabilities	(26.5)	(22.6)
Provisions	(132.8)	(140.1)
Total Working Capital	**168.5**	**31.8**
CAPEX		
Lands and buildings (excluding decommissioning costs)	0.7	0.5
Technical installations and machinery	15.8	9.4
Other installations and furniture	40.3	16.4
Armoured vehicles and other property. plant and equipment	25.1	17.1
Under construction and advances	15.9	45.5
Subtotal: Property. Plant and Equipment additions	97.8	88.9
Software additions	7.0	5.4
Total CAPEX	**104.8**	**94.3**
Adjusted EBIT Margin		
EBIT	445.0	385.4
Less: items not assigned	84.8	64.9
Adjusted EBIT	360.2	320.5
Revenues	1.924.3	1.724.3
Adjusted EBIT Margin	**18.7%**	**18.6%**

Millions of Euro	31.12.2017	31.12.2016
Organic Growth		
Revenues for current year	1,924.3	1,724.3
Less: Revenues for the previous year	1,724.3	1,746.3
Less: Inorganic Growth	23.4	11.9
Effect of exchange rate fluctuations	(41.7)	(297.2)
Total Organic Growth	**218.3**	**263.3**
Inorganic Growth		
HP Business Unit	-	2.5
Ciser	-	1.9
Procesos Tecnicos de Seguridad y Valores	1.9	3.4
Miv Gestión	-	2.5
Toll + CSA	15.0	1.6
Others	6.5	0.0
Total Inorganic Growth	**23.4**	**11.9**
Effect of exchange rate fluctuations		
Revenues for current year	1,924.3	1,724.3
Less: Revenues for the current year at exchange rate of previous year	1,966.0	2,021.5
Effect of exchange rate fluctuations	**(41.7)**	**(297.2)**
Cash Flow Conversion Rate		
EBITDA	512.9	447.2
Less: items not assigned	84.8	64.9
Adjusted EBITDA	428.1	382.3
CAPEX	104.8	94.3
Cash Flown Conversion Rate (adjusted EBITDA - CAPEX / adjusted EBITDA)	**76%**	**75%**

Millions of Euro	31.12.2017	31.12.2016
Net Financial Debt		
Financial liabilities	774.5	722.0
Adjusted financial liabilities **(A)**	774.5	722.0
Not assigned financial liabilities with group companies **(B)**	-	137
Cash and cash equivalents	(317.8)	(188.8)
Less: adjusted cash and cash equivalents **(C)**	(317.8)	(188.8)
Less: not assigned current investments in group companies **(D)**	(23.2)	(27)
Total Net Financial Debt (A+B+C+D)	**433.5**	**643.6**
Less: Treasury shares	(2.1)	-
Total Net Financial Debt including treasury shares (A+B+C+D)	**431.4**	**643.6**
Less: other non-bank payables **(E)** **(Note 15. 22)**	(9.4)	(32.2)
Treasury shares	2.1	-
Total Net Financial Debt (excluding other non-bank payables corresponding to deferred payaments for M&A acquisitions) **(A+B+C+D+E)**	**424.1**	**611.4**

EBITA		
Consolidated profit for the year	304.9	178.9
Loss from discontinued operation. net of tax	(0.5)	47.3
Income tax expenses	139.9	149.9
Net finance income / costs	0.7	9.2
Amortizations	16.7	14.7
EBITA	**461.7**	**400.0**

EBITDA		
Consolidated profit for the year	304.9	178.9
Loss from discontinued operations. net of tax	(0.5)	47.3
Income tax expenses	139.9	149.9
Net finance income / costs	0.7	9.2
Depreciation and amortization	67.9	61.8
EBITDA	**512.9**	**447.1**

10. Other significant information

Stock market information

Prosegur Cash focuses its efforts in the creation of value for its shareholders. The improvement in results and transparency, as well as rigour and credibility, underpin the company's actions.

The company has published the policy governing its relationship with shareholders and investors on its corporate website, which has been approved by its Board of Directors. To this end, it assumes the commitment to promote effective and open communication with all shareholders, ensuring at all times the coherence and clarity of the information it provides. Likewise, the company seeks to maintain transparent and habitual contact with its shareholders, which facilitates the mutual understanding of the targets.

To comply with the transparency commitment, the company tries to provide all its financial and strategic communications in a coherent and open manner, ensuring, whenever possible, the use of a simple language that facilitates its understanding, and that this information reflects the situation and perspectives of Prosegur Cash in a faithful, balanced and understandable way.

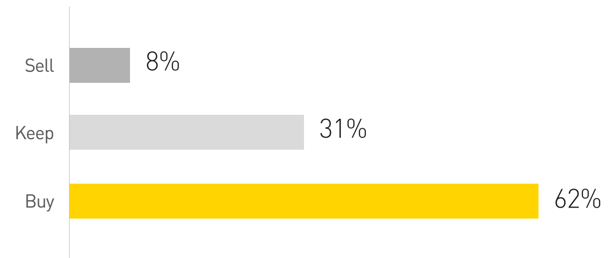
The company is open to receiving comments and suggestions for improvement, which can be addressed to the Company through the specific communication channels mentioned on its website and/or communication policy with investors.

Finally, and in order to publicise the financial information to the investment community, the company presents its results quarterly through a webcast on its website. The presentations of the Company's profits and losses are led by the Financial Director and the Investor Relations Director, and annually by the Chief Executive Officer.

Analysts coverage

The recommendations of the 13 investment companies that monitor Prosegur Cash are as follows:

Recommendations



On 31 December 2017, the price of the Prosegur Cash share closed at 2.68 euros, up 34% from the IPO price in March 2017.

Main shareholders

The shareholding structure of Prosegur Cash reflects its solidity and stability.

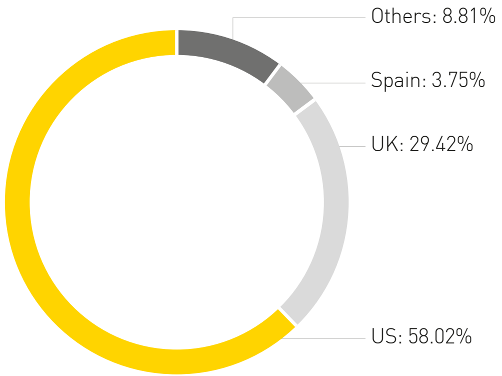
As of 31 December 2017, 72.50% of the capital directly or indirectly belongs to Prosegur, while the remaining 27.5% is floating capital, including the shares of Oppenheimer with 6.98%, FMR with 6.74% and Fidelity Investment Trust with 3.81%.

The structure of the Board of Directors enables the management bodies to define strategic lines and make decisions in line with the interests of all of the shareholders. This solid and stable relevant shareholder base, made up largely of significant shareholders and institutional investors, provides Prosegur Cash with the ideal conditions to develop its project and achieve its objectives.

Geographical distribution of floating capital

At the international level and given its growth potential, Prosegur Cash is well accepted amongst foreign investors. Less than 4% of the free float comes from Spanish investors.

Geographical distribution of floating capital



10.1 Corporate Governance Annual Report

The Corporate Governance Annual Report of Prosegur for financial year 2017 forms part of the Directors' Report and as of the date of publication of the financial statements is available on the web page of the National Securities Market Commission and the Prosegur website.

This report includes sections E, analysing control and risk management systems of the Company, and F, providing details on the risk control and management system in relation with the process of issue of financial information (SCIIF).

STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENT FOR 2017

The members of the board of directors of Prosegur Cash, S.A. hereby confirm that, to the best of our knowledge, the individual and consolidated financial statements for 2017, authorised for issue by the board of directors at the meeting held on 26 February 2018 and prepared in accordance with applicable accounting principles, present fairly the equity, financial position and results of Prosegur Cash, S.A. and the consolidated subsidiaries taken as a whole, and that the respective individual and consolidated directors' reports provide a reliable analysis of the Company'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, 26 February 2018.

Mr. Christian Gut Revoredo
Executive Chairman

Mr. Pedro Guerrero Guerrero
Vice-Chairman

Mr. José Antonio Lasanta Luri
Chief Executive Officer

Mrs. Chantal Gut Revoredo
Director

Mr. Antonio Rubio Merino
Director

Mr. Claudio Aguirre Pemán
Director

Mrs. María Benjumea Cabeza de Vaca
Director

Mrs. Ana Inés Sainz de Vicuña Bemberg
Director

Mr. Daniel Guillermo Entrecanales Domecq
Director

DIRECTORS' RESPONSIBILITY OVER THE CONSOLIDATED ANNUAL ACCOUNTS

The consolidated financial statements 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 2017. 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 financial statements, 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

AR
CASH

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CASH

2017 MANAGEMENT REPORT

AC
CASH

Annual Corporate Governance Report for Listed Public Limited Companies

Annual Corporate Governance Report for Listed Public Limited Companies

A. Capital Structure

A.1 Please complete the table below with details on the Company's share capital:

Date of Last Change	Share Capital (€)	Number of Shares	Number of Voting Rights
26/07/2016	30,000,000.00	1,500,000,000	1,500,000,000

Please specify whether there are different classes of shares with different associated rights:

No

A.2 Please list the Company's significant direct and indirect shareholders at year end, excluding any Board Members:

Name or Company Name of the Shareholder	Number of Direct Voting Rights	Number of Indirect Voting Rights	% of Total Voting Rights
Fidelity Investment Trust	57,086,79	0	3.81%
Fmr LLC	0	101,395,884	6.76%
Oppenheimerfunds, INC	0	104,716,932	6.98%
Ms. Helena Irene Revoredo Delvecchio	0	1,087,503,830	72.50%

Name or Company Name of Indirect Shareholder	Via: Name or Company Name of Direct Shareholder	Number of Voting Rights
Fmr LLC	Various funds	101,395,884
Oppenheimerfunds, INC	Various funds	104,716,932
Ms. Helena Irene Revoredo Delvecchio	Prosegur Compañía de Seguridad, S.A.	765,000,000
Ms. Helena Irene Revoredo Delvecchio	Prosegur Assets Management, S.L.U.	322,503,830

Please specify the most significant changes in the shareholding structure during the fiscal year:

Name or Company Name of Shareholder	Operation Date	Description of the Operation
Ms. Helena Irene Revoredo Delvecchio	17/03/2017	Holding fell below 90% of the Share Capital
Ms. Helena Irene Revoredo Delvecchio	07/04/2017	Holding fell below 75% of the Share Capital
Fidelity Investment Trust	17/03/2017	Holding exceeded 3% of Share Capital
Fmr LLC	17/03/2017	Holding exceeded 5% of Share Capital
Oppenheimerfunds, INC	17/03/2017	Holding exceeded 5% of Share Capital

A.3 Please complete the following tables with details on those Board Members with voting rights in the Company:

% total of voting rights controlled by Board of Directors	0.00%

Name of Director	Number of Direct Voting Rights	Number of Indirect Voting Rights	Equivalent Number in Shares	% of Total Voting Rights
Mr. Christian Gut Revoredo	638,000	0	638,000	0.04%
Mr. José Antonio Lasanta Luri	351,000	0	351,000	0.02%

A.4 If applicable, please specify any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the Company, unless they are insignificant or arise in the ordinary course of business:

A.5 If applicable, please specify any commercial, contractual or corporate relationships that exist between significant shareholders and the Company and/or its Group, unless they are insignificant or arise in the ordinary course of business:

Name of related parties
Prosegur Compañía De Seguridad, S.A.
Prosegur Cash, S.A.

Relationship::
Commercial.
Description:
Provision of services; sale and purchase of goods; licensing of intangible assets; real estate lease; financing.

A.6 Please specify whether the Company has been notified of any shareholder agreements that may affect it, in accordance with Articles 530 and 531 of the Spanish Capital Corporations Law, if so, please provide a brief description of such agreements and list the shareholders they bind:

No

Please specify whether the Company is aware of any existing initiatives agreed by and among its shareholders. If so, please provide a brief description:

No

If any of the foregoing agreements or agreed initiatives have been modified or terminated during the year, please expressly indicate such circumstances below:

N/A

A.7 Please indicate whether any natural or legal person exercises or may exercise control over the Company in accordance with Article 4 of the Spanish Securities Market Law (Ley del Mercado de Valores). If so, please provide details:

Yes

Name or Company Name
Mrs. Helena Irene Revoredo Delvecchio

Observations
Mrs. Helena Irene Revoredo Delvecchio holds 56% of GUBEL, S.L. that, in turn, controls 50.110% (50.075% directly and, indirectly, through its subsidiary PROREVOSA, S.L., the remaining 0.035%) of PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A., that, for their part, holds 72.50% directly and indirectly of PROSEGUR CASH, S.A. (51% being the direct holding through its subsidiary PROSEGUR ASSETS MANAGEMENT, S.L., of the 21.50%).

A.8 Please compete the following tables on the Company's own shares:

At year end:

Number of Direct Shares	Number of Indirect Shares (*)	% total share capital
787,474	0	0.05%

(*) Via:

Please detail any significant variations during the year in accordance with Royal Decree 1362/2007:

Explain the significant variations	On 8 May 2017, the Company signed a liquidity agreement with JB Capital Markets, Sociedad de Valores, S.A.U. according to the Circular 3/2007 on 19 December of the Spanish Securities Market Commission (Comisión Nacional de Mercado de Valores), on Liquidity Agreements for the purposes of their acceptance as a market practice. Prior to the signing of this contract, the Company did not have any shares. On 9 May 2017 the operational process prior to signing the liquidity agreement began with the objective of building up share capital via daily purchases of shares. This process ended on 8 June of the same year, once the share capital amounting to 1,000,000 shares were acquired. From 9 June 2017 to 10 July (inclusive) of the same year, in which the foregoing liquidity agreement came to an end, the share capital of the Company varied daily due to the operational nature of the liquidity agreement. On 7 July, with effect on 11 July 2017, the Company signed a new liquidity agreement with JB Capital Markets, Sociedad de Valores, S.A.U., according to the Circular 1/2017, of 26 April of the Spanish Securities Market Commission (Comisión Nacional de Mercado de Valores), on Liquidity Agreements for the purposes of their acceptance as a market practice. On 10 July 2017, in compliance with the Bank of Spain's directives, the number of Company shares associated to the liquidity contract was reduced by 491.685 shares. Said shares still form part of the share capital of the Company but are not part of the foregoing Agreement. The balance of the shares on the date the new Liquidity Agreement came into force amounted to 433,315 shares. The Spanish Securities Market Commission (Comisión Nacional de Mercado de Valores) have been informed of these daily variations as a Relevant Fact.. On close of financial year 2017, the share capital of Prosegur Cash, S.A. amounted to 787,474 shares out of which 295,789 are part of the Liquidity Agreement.

A.9 Please describe the conditions and terms of current mandates in force made by the General Shareholders Meeting to the Board of Directors to issue, repurchase, or transfer own shares.

The General Shareholders Meeting of Prosegur Cash, S.A. agreed on 6 February 2017 to expressly delegate to the Board of Directors the power to purchase own shares for a term of 5 (five) years in accordance with the provisions of the Spanish Capital Corporations Law and in compliance with, at all times, those provisions set forth in the law in force, subject to the following terms:

a. Acquisitions may be made directly by the Company or indirectly through their subsidiary companies and the same must be formalized by sale, exchange, or any other legally business form recognized by the Law.
b. The nominal value of the shares being acquired when added to that of those shares already in the possession of the Company, directly or indirectly, does not exceed the maximum legal percentage permitted thereof.
c. The minimum price of acquisition of the shares shall be their nominal value and the maximum price shall be up to 110% of their market value at the date of purchase.

d. This authorization is granted for a period of 5 (five) years from the date of approval of the agreement.

Furthermore, for the purposes of that set forth in the last paragraph of a) Article 146.1 of the Spanish Capital Corporations Law that shares acquired by the Company or by their subsidiary companies under the foregoing authorization can be wholly or partly assigned to workers or directors of the Company or its subsidiaries, either directly or as a result of exercising any option rights they may hold.

Furthermore, it was also resolved to delegate to the Board of Directors to expressly delegate, in the broadest terms, the exercising of the foregoing authorization.

A.9.bis Estimated floating capital:

	%
Estimated floating capital	9.90

A.10 Please identify any restrictions on the transfer of securities and/or any other restrictions on voting rights. In particular, please identify whether there are any types of restrictions which could prevent the acquisition of control in the Company through acquiring shares in the market:

No

A.11 Please indicate whether the General Shareholders meeting has resolved to adopt measures to neutralize a takeover bid pursuant to the provisions of Law 6/2007:

No

If so, please explain the measures approved and the terms under which the restrictions would cease to apply:

A.12 Please specify whether the company has issued securities that were not traded on a regulated market within Europe:

No

If so, identify the different share classes and list the rights and obligations inherent in each class:

B. General Meeting

B.1 Please identify any differences from the minimums provided for in the Spanish Capital Corporations Law (LSC) as regards the quorum for holding the General Shareholders Meeting and, if any, please provide details:

No

B.2 Please specify and, where appropriate, provide details on any differences from the system set out in the Spanish Capital Corporations Law (LSC) for adopting corporate resolutions:

No

Please describe the differences as compared to the system set out in the LSC.

B.3 Please list the rules applicable to the amendment of the Company's Bylaws: in particular, describe the majorities required to amend the Bylaws and, as the case may be, the rules established to protect shareholders' rights in the amendment of the Bylaws:

The Board of Directors are responsible for submitting for the consideration and, if applicable, approval at the General Shareholders Meeting, any proposal to modify the Bylaws of the Company.

The full text of the proposed amendment(s) that the Board of Directors wish to submit to the General Shareholders will include a report by the Directors on said proposed amendment(s) to the Bylaws.

All documents about the proposed amendment(s) to the Bylaws shall be available to the Shareholders from notice of the General Shareholders Meeting in which their consideration is subject to approval. The proposed amendment(s) shall be clearly stated in the meeting notice, which shall also specify the shareholder´s right to inspect, at the registered offices, the full text of the proposed amendment and the report on said amendment(s), as well as to request that said documents be delivered or sent to them free of charge. The same thereof is also to be accessible at all times on the corporate website of the Company.

With respect to the majorities required for the adoption of the amendment(s) to the Bylaws, the provisions set forth in Articles 194 and 201.2 of the Spanish Capital Corporations Law apply so that.

a. in order for the amendment(s) to the Bylaws be approved at the General Shareholders Meeting a qualified majority vote of 50% of the capital present, in person or by proxy is required in the first call and twenty-five per cent (25%) in the second call; and.
b. if the capital present, in person or by proxy, in the General Shareholders Meeting exceeds fifty per cent (50%) of the number of shares with voting rights held, the resolution shall be adopted by absolute majority, a vote in favor of two thirds (2/3) of the voting shares present or duly represented at the meeting will be required to pass the same.
c. no shareholder, in person or by proxy, may cast a number of votes exceeding 25% or more of the total voting capital in the second call to adopt the amendment(s) to the Bylaws if the number of shares held thereby is not equal or greater than fifty per cent (50%) of the aforesaid capital percentage.

B.4 Please provide details on attendance at the General Shareholders Meeting (GSM) held during the year reported in this report and during the preceding fiscal year:

Attendance Information					
			% distance voting		
GSM Date	% of in-person attendance	% proxy	Electronic Vote	Other	Total
06/05/2016	100.00%	0.00%	0.00%	0.00%	100.00%
26/07/2016	100.00%	0.00%	0.00%	0.00%	100.00%
21/09/2016	100.00%	0.00%	0.00%	0.00%	100.00%
20/10/2016	100.00%	0.00%	0.00%	0.00%	100.00%
19/12/2016	100.00%	0.00%	0.00%	0.00%	100.00%
06/02/2017	100.00%	0.00%	0.00%	0.00%	100.00%
23/02/2017	100.00%	0.00%	0.00%	0.00%	100.00%
01/03/2017	100.00%	0.00%	0.00%	0.00%	100.00%

B.5 Please specify whether the Bylaws establish any restrictions on the minimum number of shares required to attend the General Shareholders meeting:

Yes

Number of shares required to attend the General Shareholders Meeting	1,000

B.6 Section repealed.

B.7 Please provide the URL and access route for the information on corporate governance and the General Shareholders Meeting on the Company's website, as required to be made available to Shareholders through the Company's website:

Information on the Company's corporate governance can be accessed through Prosegur Cash's website (www.prosegurcash.com) by clicking on the "Corporate Governance" heading on the main page.

Information on the Company's General Shareholders Meetings held by virtue of its status as a listed company can be accessed through Prosegur Cash's website (www.prosegurcash.com) by clicking on the "Corporate Governance" heading on the main page and under that heading, within the section titled "General Shareholders Meeting.

C. Company Administration Structure

C.1 Board of Directors.

C.1.1 Maximum and minimum number of Directors provided for in the corporate Bylaws:

Maximum number of Directors	**15**
Minimum number of Directors	**5**

C.1.2 Please complete the following table with details on Board Members:

Name or Company Name of Director	Repre-sentative	Director Category	Position on the Board	Date of First Appt.	Date of Most Recent Appt.	Appointment Procedure
Mr. Christian Gut Revoredo		Executive	Chairman	19/12/2016	19/12/2016	General Shareholders Meeting Resolution
Mr. Pedro Guerrero Guerrero		Shareholder-Appointed Director	Deputy Chairman	02/03/2017	02/03/2017	General Shareholders Meeting Resolution
Mr. José Antonio Lasanta Luri		Director	CEO	19/12/2016	19/12/2016	General Shareholders Meeting Resolution
Mr. Claudio Aguirre Peman		External Independent Director	Director Coordinator External Independent Director	02/03/2017	02/03/2017	General Shareholders Meeting Resolution
Ms. María Benjumea Cabeza De Vaca		External Independent Director	Director	02/03/2017	02/03/2017	General Shareholders Meeting Resolution
Mr. Daniel Guillermo Entrecanales Domecq		External Independent Director	Director	02/03/2017	02/03/2017	General Shareholders Meeting Resolution
Ms. Chantal Gut Revoredo		Shareholder-Appointed Director	Director	02/03/2017	02/03/2017	General Shareholders Meeting Resolution
Don Antonio Rubio Merino		Shareholder-Appointed Director	Director	19/12/2016	19/12/2016	General Shareholders Meeting Resolution
Doña Ana Inés Sainz de Vicuña Bemberg		External Independent Director	Consejero	02/03/2017	02/03/2017	General Shareholders Meeting Resolution

Total number of directors	**9**

Please list any Directors that were removed from the Board of Directors during the reporting period:

Name or Company Name of Director	Director Category on removal	Removal Date
Mr. Miguel Ángel Bandrés Gutiérrez	Shareholder-Appointed Director	02/03/2017
Mr. Francisco Javier López-Huerta Martín	Shareholder-Appointed Director	02/03/2017

C.1.3 Please complete the following tables about the Members of the Board and their different categories:

Executive directors

Name or Company Name of the Director	Position in the Company
Ms. Christian Gut Revoredo	Chairman
Ms. José Antonio Lasanta Luri	CEO

Total Number of Executive Directors	2
% of Board Total	22.22%

Shareholder-appointed external directors

Name or Company Name of the Director	Name or Company Name represented by the Director or who proposed the Director's appointment
Ms. Chantal Gut Revoredo	Prosegur Compañía de Seguridad, S.A.
Mr. Pedro Guerrero Guerrero	Prosegur Compañía de Seguridad, S.A.
Mr. Antonio Rubio Merino	Prosegur Compañía de Seguridad, S.A.

Total Number of Shareholder-Appointed Directors	3
% of Board Total	33.33%

Independent external directors

Name or Company Name of the Director:
Mr. Claudio Aguirre Peman.
Profile:
Degree in Economics and Business from the Universidad Complutense de Madrid.
MBA from the Instituto de Empresa de Madrid and Advanced Management Program (AMP) Graduate from Harvard Business School.
Former Head of Chase Manhattan Bank and Goldman Sachs Investment Banking in Spain. He also joined Merrill Lynch where he held several senior positions.
Chairman, CEO, and Co-Founding Partner of Altamar Capital Partners.
Member of the Board of Redexis Gas, S.A.
Chairperson of the Advisory Board of Marsh McLennan, Member of the Advisory Board of Caixabank Banca Privada and the International Advisory Board of Goldman Sachs & Co.

Name or Company Name of the Director:
Ms. María Benjumea Cabeza De Vaca.
Profile:
Degree in Geography and History from the Universidad Complutense de Madrid.
Founder of Círculo de Progreso, which later became Infoempleo.

Founder and Chairperson of Spain Startup since 2012.
Founding member of the International Women Forum (IWF) Spain and Vice President of Secot.

Name or Company Name of the Director:
Mr. Daniel Guillermo Entrecanales Domecq.
Profile:
Degree in Economics from Carroll School of Management at Boston College.
Former Project Manager at Unilever International Innovation Center in Milan, Marketing and Communication Director at Loewe (LVMH Group), and Managing Director at Grupo Cinnabar S.A.
Founding partner and Chairperson of Revolution, a communications and advertising agency.
Member of the Board of Acciona S.A.
Member of the Board of Newco Entreriver, S.L.
Chairman of the Organization Committee of Madrid Horse Week.

Name or Company Name of the Director:
Ms. Ana Inés Sainz De Vicuña Bemberg.
Profile:
Degree in Agricultural Economics from Reading University and Program for Management Development from Harvard University.
Former Managing Director of Merrill Lynch International Bank's branch in Spain.
Former Member of the Board of Mobile Dreams Factory and of Asturbega, the Coca-Cola bottling company in Northern Spain.
Member of the Boards of Altamar Capital Partners, Acciona, S.A., Corporación Financiera Guadalmar (CFG) and Inmobiliaria Colonial.
Member of the Board of Fundación ARPE.

Total Number of Independent Directors	**4**
% of Board Total	44.44%

Please indicate whether any Independent Director received any amount or benefit beyond their compensation as Director from the Company or any Group Company or whether any Independent Director holds or held a business relationship during the last fiscal year with the Company or any Group Company, whether on their own behalf or as a significant Shareholder, Director, or Senior Executive of the entity that holds or held said relationship.

Name of the Director: Mr. Daniel Guillermo Entrecanales Domecq.
Description of the relationship: Founder and Chairman of the publicity and communication agency REVOLUTION PUBLICIDAD, S.L. that provides publicity, media, marketing, and communication services on an occasional and regular basis to the Company.

Reasoned statement: REVOLUTION PUBLICIDAD, S.L. provides to the Company and its Groups, occasionally and since before the appointment of MR. Daniel Guillermo Entrecanales Domecq as Member of the Board of Directors, publicity, media, marketing, and communication services, in the ordinary course of the Company's business and subject to market conditions. The Company and its Group do not work exclusively with the REVOLUTION PUBLICIDAD, S.L. agency and receive similar publicity, media, marketing, and communication services from other entities. It is further concluded that the proportion of income received by REVOLUTION PUBLICIDAD, S.L. from the Company and its Group could not be considered material or significant. Furthermore, the Board of Directors of the company consider that the business relationship between the REVOLUTION PUBLICIDAD, S.L. agency and the Company and its Group, occasional, and in the ordinary course of the business, non-exclusive, and of little relevance under the foregoing terms, does not affect under any circumstances the independence of MR. Daniel Guillermo Entrecanales Domecq to serve as Member the Board of the Company with the classification of Independent External Director.

If applicable, please include a reasoned statement from the Board on the reasons they believe such Director is able to perform his/her functions as Independent Director.

Other external directors

Please list other external Directors and discuss the reasons they could not be considered as Shareholder-appointed or Independent Directors as well as any connections they may have with the Company, its Officers, or its Shareholders:

Please specify any variations, if any that have occurred in each director category during the year:

C.1.4 Complete the following table with information on the number of female directors over the last 4 fiscal years (including their category):

	Number of Female Directors				**% of total directors of each category**			
	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Executive	0	N/A	N/A	N/A	0.00%	N/A	N/A	N/A
Shareholder-Appointed Director	1	N/A	N/A	N/A	33.33%	N/A	N/A	N/A
External Independent Director	2	N/A	N/A	N/A	50.00%	N/A	N/A	N/A
Other External	0	N/A	N/A	N/A	0.00%	N/A	N/A	N/A
Total:	3	N/A	N/A	N/A	33.33%	N/A	N/A	N/A

C.1.5 Please explain any measures that were adopted with a view to attaining the required number of female directors to ensure a balance between male and female directors on the Board of Directors.

Explanation of Measures	The Corporate Governance System of the Company and, in particular, the Appointments Policy for the Board approved by the Board of Directors of the Company on 25 July 2017, states that the Board of Directors shall aim to develop Director selection policies and procedures that favor diversity as regards gender, ensuring that there are no implicit flaws that could result in at any time discrimination and, in particular, that promote the selection of female Directors. In this regard, the Board of Directors established the duty of the Appointments Committee Policy to set representation goals for the leastrepresented gender on the Board of Directors to at least thirty-three per cent (33%) of the total of Members of the Board. As of the date of this Report, three (3) out of the nine (9) members of the Board of Directors are female: two (2) out of the four (4) Directors classified as Independent are female. In addition, MS. María Benjumea Cabeza De Vaca forms part of the Audit Committee of the Company and MS. Ana Ines Sainz De Vicuña Bemberg, is member of the Appointments and Compensation Committee, so that both Committees of the Board of Directors have female members.

C.1.6 Please explain any measures followed by the Appointments Committee to ensure that the selection procedures did not have any implicit flaws that would prevent the selection of female directors and to ensure that the Company specifically seeks out and includes women with the desired professional profile among the potential candidates:

Explication of the Measures	The Appointments Policy for the Board approved by the Board of Directors of the Company on 25 July 2017, in addition to that mentioned in the foregoing section C.1.5, states that selecting directors for the Board shall be based on the analysis of the requirements of the Company and its Group and that shall be performed by the Board of Directors with the assessment and report of the Appointments and Compensation Committee. Persons of good repute, suitable, solvent and who possess the competence, experience, qualifications, training, availability and commitment are required to fulfil the duties of a Director, and whose appointment favors diversity of origins, experience, nationalities, and gender in the Board of Directors, facilitating an appropriate mix in the Board of Directors plenary session that enriches the decision-making process and contributing to pluralistic points of view when debating issues within their competence.

If despite the measures taken, as the case may be, there are few or no female Directors, please explain the reasons that justify such circumstances:

Explication of the Reasons	N/A

C.1.6 bis Please explain the conclusions made by the Appointments Committee as regards verification of compliance with the Director Selection Policy. And, in particular, explain how said policy promotes the objective of having female directors account for at least 30% of the total of number of board members by 2020:

Explication of Conclusions	The size and composition of the Board of Directors matches the requirements of the Company and its Group. They integrate into it persons of good repute, suitable, and solvent, and with the competence, experience, qualifications, training, availability and commitment to carry out their duties as Director on the Board, with diversity of knowledge, experience, origins, and gender. The number of female directors on the Board is three (3), representing 33.33% of the total number of Board members.

C.1.7 Please explain the form of representation of significant shareholders on the Board of Directors:

The Board of Directors of the Company has, amongst its Members, three (3) Shareholder-appointed Directors nominated to represent PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. Mr. Pedro Guerrero Guerrero, Ms. Chantal Gut Revoredo and Mr. Antonio Rubio Merino).

Furthermore, MR. Christian Gut Revoredo is President and Executive Director of Prosegur Compañía de Seguridad, S.A. and MR. Jose Antonio Lasanta Luri is CEO and Director of the Company of Prosegur Compañía de Seguridad, S.A.

C.1.8 If applicable, please explain the reasons for the appointment of any shareholder-appointed directors at the request of shareholders with less than 3% of share capital:

Please specify whether formal requests from shareholders for membership on the Board were not honored when their ownership interest is equal to or exceeds that of other shareholders whose proposal for shareholder-appointed Directors was honored. If so, please explain why the foregoing requests were not met:

No

C.1.9 Please specify whether any Director has ceased to hold his or her position before completion of his or her mandate, whether the Director provided any explanation to the Board, including through what means, and, if provided in writing and addressed to the entire Board, please specify the reasons given thereby:

C.1.10 Please specify any powers delegated to the Managing Director(s):

Name or Company Name of the Director:
Mr. José Antonio Lasanta Luri.

Brief Description:
The CEO of the Company has been expressly delegated all the powers of the Board of Directors, except those which many not be delegated by law or under the bylaws.

C.1.11 Please identify any Board Members who assume positions as Directors or Officers in other companies in the Group of which the listed Company is the Parent:

C.1.12 Please specify the Directors of the Company, if any, that have notified the Company of their membership on the Board of Directors of other companies (excluding of other Group companies) listed on official securities markets in Spain:

Name or Company Name of the Director	Company Name of the Group Company	Position
Mr. Pedro Guerrero Guerrero	Bankinter, S.A.	Chairman
Mr. Daniel Guillermo Entrecanales Domecq	Acciona, S.A.	Director
Ms. Ana Inés Sainz De Vicuña Bemberg	Acciona, S.A.	Director
Ms. Ana Inés Sainz De Vicuña Bemberg	Inmobiliaria Colonial,S.A.	Director
Mr. Christian Gut Revoredo	Prosegur Compañía de Seguridad, S.A.	Managing director
Ms. Chantal Gut Revoredo	Prosegur Compañía de Seguridad, S.A.	Director

C.1.13 Please specify whether the Company has established any rules on the number of Boards on which its Directors can hold seats, providing details if applicable:

No

C.1.14 Section repealed.

C.1.15 Please indicate the overall compensation of the Board of Directors:

Board of Directors Compensation (in thousands of euros)	1,505
Amount of accumulated pension rights of current Directors (in thousands of euros	0
Amount of accumulated pension rights of former Directors (in thousands of euros)	0

C.1.16 Please identify senior managers that do not also serve as Executive Directors and indicate the total compensation earned thereby during the year:

Name or Company Name	Position
Mr. Juan Cocci	Managing Director Latam Business
Mr. Martín Matos	South Latam Business Manager
Mr. Yago Palao Tirado	North Latam Business Manager
Mr. Luis Gonzaga Higuero Robles	Managing Director For Row Business
Mr. Luis Javier Oro Pradera	Innovation And Productivity Manager
Mr. Antonio España Contreras	Financial Manager
Mr. Juan Luis Martín Carrera	Human Resources Manager
Ms. María Del Mar Oña López	Legal Counsel And Secretary To The Board
Ms. Marina Couso Ruano	Global Strategic Manager
Mr. Pablo de la Morena Arranz	Investment Relations Manager
Mr. José Vicente Sabater Pérez	Internal Audit Manager

Total senior management remuneration (in thousands of euros)	3,014

C.1.17 Please identify any Board members who are also Board members, management personnel, or employees of companies with significant ownership interests in the listed Company and/or the Group companies:

Name or Company Name of the Director	Company Name of significant shareholder	Position
Mr. Christian Gut Revoredo	Prosegur Compañía de Seguridad, S.A.	Chairman
Ms. Chantal Gut Revoredo	Prosegur Compañía de Seguridad, S.A.	Director
Mr. Christian Gut Revoredo	Gubel, S.L.	Director
Ms. Chantal Gut Revoredo	Gubel, S.L.	Director
Mr. Antonio Rubio Merino	Prosegur Gestión de Activos, S.L.	Director
Mr. Antonio Rubio Merino	Prosegur Soluciones de Seguridad Integral España, S.L.	Director
Mr. Antonio Rubio Merino	Compañía Ridur 2016, S.A.	Joint Director

Please detail any relevant relationships, other than those presented in C.1.17, between members of the Board of Directors and significant shareholders in the Company and/or group companies:

Name or Company Name of the associated Director:
Mr. Christian Gut Revoredo.

Name or Company Name of the associated significant shareholder:
Ms. Helena Irene Revoredo Delvecchio.

Description of the relationships:
Ms. Helena Revoredo Delvecchio is the mother of Mr. Christian Gut Revoredo. Ms. Helena Revoredo Delvecchio is the majority controlling shareholder of GUBEL, S.L. and Mr. Christian Gut Revoredo, non-controlling minority shareholder. GUBEL, S.L. controls 50.110% of Prosegur Compañía de Seguridad, S.A. that, at the same time, is holder of 72.5% of the Company.

Name or Company Name of the associated Director:
Ms. Chantal Gut Revoredo.

Name or Company Name of the associated significant shareholder:
Ms. Helena Irene Revoredo Delvecchio.
Description of relationship:
Ms. Helena Revoredo Delvecchio is the mother of Ms. Chantal Gut Revoredo. Ms. Helena Revoredo Delvecchio is the majority controlling shareholder of GUBEL, S.L. and Ms. Chantal Gut Revoredo, non-controlling minority shareholder. GUBEL, S.L. controls 50.110% of Prosegur Compañía de Seguridad, S.A. that, at the same time, is holder of 72.5% of the Company.

C.1.18 Please specify whether the Board of Directors Regulations were amended during the year:

No

C.1.19 Please specify the procedures for the appointment, reappointment, assessment, and removal of Directors. Provide details on the competent bodies, steps to follow and criteria applied in each procedure:

1. **Selection of Directors**

The selection of Directors corresponds to the Board of Directors that, with the assessment and report of the Appointment and Compensation Committee, assesses the needs of the Company and the Group in this respect. Persons of good repute, suitable, solvent and who possess the competence, experience, qualifications, training, availability and commitment are required to fulfil the duties of a Director, and whose appointment favors diversity of origins, experiences, nationalities, and gender in the Board of Directors, facilitating an appropriate mix in the Board of Directors plenary session that enriches the decision-making process and contributing to pluralistic points of view when debating issues within their competence.

Candidates are not considered for the Board of the Company when they are in any situation of incompatibility or prohibition provided by law for carrying out their duties as Director, who in any form whatsoever have conflicting interests to those of the Company and Group and who do not fulfil the requirements set forth in the Corporate Governance System of the Company for becoming a Director.

2. **Appointment and Re-election of Directors**

The General Shareholders Meeting is the body with the power to appoint, re-elect, and remove Directors of the Company. However, the Board of Directors has the power according to the terms established in the Spanish Capital Corporations Law to temporarily fill vacancies by co-option and to submit proposed appointments at the following General Shareholders' Meeting for approval. It is the Appointment and Compensation Committee who propose Independent Directors and inform on the same to the remaining Directors.

The Board of Directors in exercising its powers to make proposals to the General Shareholders' Meeting and to temporarily fill vacancies by co-option, shall ensure that the number of external or non-executive Board members represents the minimum necessary and the number of Independent Directors represents at least a third of the total.

The term of the appointment as Director is for three (3) years, and Directors may be re-elected on one or more occasions for terms of the same duration. Independent Directors may not remain as such for a continuous period of more than twelve (12) years, except if they go on to hold the position as Shareholder-Appointed Director, Executive, or other External Director.

3. Assessment of Directors

The Board of Directors assesses every year (i) the functioning of the Board of Directors; (ii) the performance of their duties by the Chairman and the Chief Executive of the Company, based on the report submitted for this purpose by the Appointment and Compensation Committee; and (iii) the calculation of Remuneration to the Board of Directors, based on the reports on the same.

The Appointment and Compensation Committee of the Company shall organize and coordinate the periodic assessment of the Chairman of the Board together with the periodic assessment of the Board of Directors, its members and the Chief Executive of the Company. The Board of Directors should designate from among its members, insofar as the Chairman of the same has the category of Executive Director, External Independent Director, Coordinator-Director who, amongst other duties, is responsible for managing the periodic assessment of the Chairman of Board of Directors.

4. Removal of Directors

Directors will leave their office once the term for which they were appointed has lapsed or when so agreed by the General Meeting or the Board of Directors exercising the powers that are legally or statutorily conferred to them.

The Board of Directors may only propose the removal of an Independent Director before the end of the statutory period for which the same were appointed if there are grounds for doing so which must be assessed by the Board subsequent to submitting a report to the Appointments and Compensation Committee.

Directors must tender their resignation to the Board and, if the Board considers it advisable, must formally submit their resignation in the following cases:

a. When they are no longer exercising their executive duties to which their appointment was related and if there are no longer any reasons for which they were appointed thereof.
b. When there is a conflict in interests or prohibition provided for by law.
c. When they have been accused of an alleged crime or when supervisory bodies have charged them with serious or very serious offences.

d. When the Audit Committee seriously caution them for non-fulfilment of any of their obligations as Board Member.
e. When their remaining on the Board adversely affects the Company's credit or reputation, or otherwise jeopardizes its interests.

Board Members must also inform the Board of Directors of any criminal charges brought against them, as well as any disciplinary proceeding for a serious or very serious infringement investigated by the supervisory authorities against them, as well as, on both counts, of the subsequent legal proceedings. If a Director is indicted or tried for any of the crimes stated under the Spanish Corporate Capital Law, the Board of Directors must examine the matter as soon as possible and, in view of the particular circumstances, decide whether or not the Director in question should be called on to resign.

Directors who renounce their appointment before the term expires through resignation or otherwise, should explain their reasons in a letter to be sent to all Members of the Board.

C.1.20 Please explain to what extent the annual evaluation of the Board of Directors led to significant changes in the internal organization and procedures applicable to its activities:

Description of Amendments	The annual evaluation of the performance of the Board of Directors of the Company has been satisfactory and has not led to any changes in its organization or procedures as not deemed necessary.

C.1.20.bis Please describe the assessment process and the areas assessed by the Board of Directors with the assistance, as the case may be, of an External Advisor, as regards the diversity of its composition and skills, functioning and composition of its Committees, performance of the Chairman of the Board of Directors and the Company's top executive and the performance and contribution of each of the Directors:

Pursuant to article 5 of the Board of Directors Regulations, the Board of Directors is responsible for general supervisory function, including, among others, the functioning of the Board of Directors itself.

In collaboration with the Chairman of the Appointments and Remuneration Committee, the Chairman of the Board of Directors must organise and coordinate the periodic evaluation of the Board of Directors, its Committees, its members and the chief executive of the Company, in accordance with the provisions of the Board of Directors Regulations. Additionally, the Senior Independent Director is responsible of managing the periodic evaluation of the Chairman of the Board of Directors. In the Company, the Chairman of the Appointments and Remuneration Committee and the Senior Independent Director are the same individual.

The Board of Directors meets once a year to evaluate its functioning and the performance of its members, based upon the report issued for said purposes by the Appointments and Remuneration Committee. It evaluates annually, also, the functioning of the Committees of the Board of Directors, based upon the reports thereof presented to the Board of Directors.

The Appointments and Remuneration Committee has undertaken its duties directly, not having so far involved any external advisor.

C.1.20.ter Provide detailed information, as applicable, on business relations between the consultant or any Group Company with the Company or any other Group Company:

N/A

C.1.21 Please specify the situations in which the Board Members are required to resign:

Directors must tender their resignation to the Board and, if the Board considers it advisable, must formally submit their resignation in the following cases:

a. When they are no longer exercising their executive duties to which their appointment was related and if there are no longer any reasons for which they were appointed thereof.
b. When there is a conflict of interests or prohibition provided for by law.
c. When they have been accused of an alleged crime or when supervisory bodies have charged them with serious or very serious offences.
d. When the Audit Committee seriously caution them for non-fulfilment of any of their obligations as Board Member.
e. When their remaining on the Board adversely affects the Company's credit or reputation, or otherwise jeopardizes its interests.

C.1.22 Section repealed.

C.1.23 Are qualified majorities other than those established by Law required for any specific decision?:

No

If so, please describe the differences:

C.1.24 Please state whether there are any specific requirements, other than those relating to Directors, to be appointed as the Chairman of the Board of Directors:

No

C.1.25 Please specify whether the Chair has a casting vote:

Yes

Matters for which there is a Casting Vote	The resolutions of the Board of Directors are adopted by a majority of votes of the Directors attending the meeting, either in person or by proxy, except in those case in which the Law, the Bylaws or the Regulations of the Board of Directors call for the favorable vote of a greater number of Directors for the validity of certain resolutions thereof. The same provides that in the event of a tie, the Chairman of the Board shall have the Casting Vote.

C.1.26 Please specify whether the Bylaws or the Board regulations establish any limit as to the age of the Directors:

No

C.1.27 Please specify whether the Bylaws of the Board Regulations establish any limit beyond that provided by Law the mandate of the Independent Directors:

No

C.1.28 Please specify whether the Bylaws of the Board of the Directors Regulations establish specific rules for granting proxies on the Board of Directors, including as regards the manner for granting proxies and, in particular, the maximum number of proxies that any single Director may hold, as well as whether they establish any restrictions on the category of Director to which they can be granted, beyond those legally mandated restrictions. If so, please briefly describe the rules.

The Bylaws establish that any Director who is unable to attend a Board Meeting can be represented at the same by another Director. The proxy shall be granted to another Director in writing and including, insofar as possible, their voting instructions. The aforesaid Bylaw provision states that Non-Executive Directors may only delegate proxies to other Non-Executive Directors.

The Board of Directors Regulations further states that Directors must make every effort to attend the Board Meetings and, when they cannot do so in person, shall endeavor to appoint another Board Member to represent them, with the appropriate instructions.

C.1.29 Please specify the number of meetings held by the Board of Directors during the year. In addition, please identify the number of times the Board met, if any, without the attendance of the Chairman. Proxies granted with specific instructions shall be considered in attendance for calculation purposes.

Number of Board Meetings	**11**
Number of Board Meetings without attendance of the Chairman	**0**

If the Chairman is an Executive Director, please indicate the number of meetings held without the personal attendance or attendance by proxy of an Executive Directors and that were presided over by the Coordinating Director:

Number of Meetings	**0**

Please specify the number of meetings held by the different Board Committees during the year:

Committee	Nº of Meetings
Audit Committee	5
Appointment and Compensation Commission	2

C.1.30 Please specify the number of meetings held by the Board of Directors during the year in which some of its members were not present. Proxies granted with specific instructions shall be considered in attendance for calculation purposes:

Number of meetings with full attendance	**11**
% attendance of total votes during the year	**100.00%**

C.1.31 Please specify whether the annual individual and consolidated financial statements presented to the Board for approval were previously certified:

Yes

Please specify, if applicable, the person(s) who certified the individual and consolidated financial statements of the Company for their preparation by the Board:

Name	Position
Mr. Antonio España Contreras	Financial Director

C.1.32 Please explain any mechanisms established by the Board of Directors to prevent the individual and consolidated financial statements prepared by the Board from being submitted to the General Meeting with a qualified audit opinion.

Financial Management imposes strict controls on individual and consolidated annual accounts so that they comply with the Accounting Principles generally accepted in Spain and the International Financial Reporting Standards (IFRS).

The Audit Committee is responsible, among other duties, to manage the relationship with the External Auditor (KPMG Auditores, S.L. to date) and ensure that the Board of Directors can present the financial statements to the General Meeting without reservations or qualifications in the Auditor's report. To this end, the Audit Committee maintains ongoing discussions with the External Auditor when preparing the Annual Accounts.

Furthermore, the Regulations of the Board of Directors states that the same prepares the Annual Accounts in such a way as not to give rise to qualifications by the External Auditor. Notwithstanding, in cases in which there is a discrepancy between the Board of Directors and the External Auditor, the same shall clearly and publically explain the content and scope of the discrepancy thereof.

C.1.33 Is the Secretary of the Board a Director?:

No

If the Secretary is not a Director, please complete the following table:

Name or Company Name of the Secretary	Representative
Ms. María del Mar Oña López	

C.1.34 Section repealed.

C.1.35 Please specify any mechanisms established by the Company to ensure the independence of the External Auditors, Financial Analysts, Investment Banks, and Rating Agencies.

The Audit Committee are responsible for safeguarding the independence of the External Auditors when exercising their duties. To this end, the Audit Committee shall ensure that the amount received by the External Auditors is sufficient without compromising their independence and that the External Auditor calls a Board Meeting once a year with the Board of Directors and requests their presence at the Audit Committee meetings to inform them about the work carried out and the progress of the accounting situation and any risks to the Company. In addition, the Chairman of the Audit Committee will hold additional work meetings about specific topics depending on the needs of the Company.

Furthermore, the Board of Regulations states that the Board of Directors shall abstain from contracting those audit firms whose anticipated fees for all items will be greater than five per cent (5%) of its total income of the previous financial year and must report publicly the total fees paid by the Company to the Auditors for services other than auditing.

There are no specific measures to safeguard the independence of Financial Analysts, Investment Banks, or Rating Agencies, the same is covered by a Communication Policy with Investors that advocates transparency in financial reporting, the issuing of financial and strategic communications in a coherent and open way, and the realistic, balanced and understandable account of the situation and prospects of the Company. Notwithstanding, the relations of the Company shall be channeled through the Investor Relations Department, that are based on the principle of equal treatment, professionalism, solvency, and independence in their assessments.

C.1.36 Please specify whether the Company changed its External Auditor during the year. If so, please identify the incoming and outgoing Auditor:

No

If there were any disagreements with the outgoing auditor, please provide an explanation:

C.1.37 Please specify whether the audit firm provides any non-audit services to the Company and/or its Group and, if so, the fees paid and the corresponding percentage of total fees invoiced to the Company and/or Group:

Yes

	Company	Group	Total
Amount for non-audit services (in thousands of euros)	125	164	289
Amount of non-audit services/total amount billed by the audit firm (%)	11,77%	15,42%	27,18%

C.1.38 Please specify whether the audit report on the annual financial statements for the preceding year contains a qualified opinion or reservations. If so, please explain the reasons given by the Chair of the Audit Committee to explain the content and scope of the aforementioned qualified opinion or reservations:

No

C.1.39 Please provide details on the number of consecutive years for which the current audit firm has been auditing the annual financial statements of the Company and/or its Group. Furthermore, please specify the number of years audited by the current audit firm as a percentage of the total number of years that the financial statements have been audited:

	Company	Group
Number of consecutive years	2	2
Number of years audited by the current audit firm/Number of years that the Company has been audited (%)	100.00%	100.00%

C.1.40 Please specify whether there is a procedure whereby Directors can contract external advisory services and, if applicable, provide details:

Yes

Explanation of Procedure	External Directors can request, with a view to receiving assistance in the exercise of their duties, the engagement of legal counsel, accounting, financial or other experts, the cost of the same being borne by the Company, with the request being made to address specific problems of certain importance and complexity. The decision to hire external advisory services has to be communicated to the Chairman of the Board of Directors and may be vetted by the Board of Directors when: a. it is not necessary for the proper performance of the duties entrusted to the External Directors; b. the cost is not reasonable in view of the importance of the problem and of the assets and income of the Company; or c. the technical assistance obtained may be adequately provided by in-house experts and technicians.

C.1.41 Please specify whether there is a procedure for providing information to Directors to allow them to prepare for meetings of management bodies with sufficient notice. If so, explain the procedure:

Yes

Explanation of Procedure	The Director's right to information is expressly regulated by the Board Regulations, which establishes that the Directors shall have ample powers to make inquiries on any matter related to the Company and to examine its books, records, documents, and other history of corporate operations and to inspect all installations. This right to information extends to the companies of the Group, whether National or foreign. The exercise of the powers of information shall be made to the Chairman and will be processed by the Secretary of the Board of Directors or the Financial Director of the Company, who shall directly provide the Directors with such information or otherwise notify the relevant intermediaries in the Company and, in general, shall establish all necessary measures to ensure full compliance with the right to information or arbitrating measures to practice examination and inspecting desired in situ. Furthermore, the Board Regulations states that ordinary meetings shall be called of the Board of Directors with the meeting notice made at least three days in advance, and shall include, except in the case of a justified reason, the Agenda for the meeting, which shall clearly list the Agenda items on which the Board must make a decision or pass a resolution with any necessary supportive information attached to the same.

C.1.42 Please specify whether the Company has established any rules that require Director to report on and, if applicable, resign in any circumstances that may harm the Company's credit and reputation. If so, provide details:

Yes

Explanation of Rules	Board Members should tender their resignation to the Board of Directors and should formalize, if the Board deems it appropriate, their corresponding resignation, when their remaining on the Board might affect the credit or reputation of the Company or otherwise jeopardize its interests. Furthermore, the Directors must inform the Board of Directors of any criminal charges brought against them or are subject to a disciplinary proceeding for serious or very serious fault instructed by the supervisory authorities, and of the subsequent legal proceedings thereof. If a Director is indicted or tried or have a hearing order issued against them for any of the offences set forth in the Spanish Corporation Law, The Board of Directors should examine the matter as soon as possible and, in view of the particular circumstances, decide whether or not the Director should be called to resign. The reasoned decision must also be disclosed in the Annual Corporate Governance Report.

C.1.43 Please specify whether any Member of the Board of Directors have notified the Company that he or she has been tried, or notified that judiciary proceedings have been filed, for any offences established in Article 213 of the Spanish Capital Corporations Law:

No

Please explain whether the Board of Directors has analyzed the case. If so, please provide a reasoned explanation of the decision made on whether the Director should continue in his or her position, explaining all actions taken or expected to be taken by the Board of Directors as of the date of this report.

C.1.44 Please give details on any significant agreements entered into by the Company that would enter into force, be amended or concluded in the event of a change in control of the Company as a consequence of a public tender offer, and the effects thereof:

a. A syndicated loan contract (hereinafter the "Term Loan Agreement" for an amount of 300 million euros was signed between Prosegur Cash, S.A. and a lending syndicate, on 10 February 2017. As of 31 December 2017 the available capital amounts to 0.0 euros. In the event of a change in control of the Company, the lending syndicate shall no longer be bound to make the amounts required from them to the Company and could request early redemption.

b. Syndicated loan for the amount of 70 million Australian Dollars was signed between the Australian subsidiaries of the Company as the Borrowers, the Company acting as the Guarantor and a lending syndicate on 28th April 2017. As of 31 December 2017 the available capital amounts to 70 million Australian dollars. In the event of a change in control of the Company, the lending entities will no longer be bound to make the amounts required from them to the Company and could request early redemption.
c. Financing Contract for the amount of 272 million Rand on 29 January 2016. This contract was initially signed by Prosegur¡ Compañía de Seguridad, S.A. and thereafter on 14 July 2017 was transferred to Prosegur Cash, S.A. that hereinafter became the accredited party. As of 31 December 2017 the available capital amounts to 272 million Rand. In the event of a change in control of the Company, the lending entity will no longer be bound to make the amounts required from them to the Company and could request early redemption.
d. The issue made on 4 December 2017 as part of the fixed-income issue program (Euro Medium Term Note Program) of the Company of ordinary bonds by Prosegur Cash, S.A. for the amount of 600 million euros matures on 4 February 2026. In the event of a change in control of the Company and subsequent lowering of the rating of the investment (BBB-), the holders could request the repurchase of the bonds.

C.1.45 Please identify and detail, on an aggregate basis, the agreements between the Company and its administration and management positions or employees who benefit from indemnities, or guarantees or gold parachute clauses, upon their resignation or wrongful dismissal, or if the contractual relationship comes to an end due to a public tender offer or any other type of transaction:

Number of Beneficiaries: 1

Type of Beneficiary:
Executive Chairman.

Description of Agreement:
The Contract for the provision of executive services between the Company and the Executive Chairman recognizes the right of the same to receive a severance payment for the gross amount of 500.000 euros, that shall include and integrate any severance payment in lieu of notice provided for by Law and is payable within ten (10) days, if the resolution thereof is voluntary by the Company, the initiative of the Executive Chairman for causes attributable to the Company or by mutual agreement.

Please specify whether the governing bodies of the Company or its Group must be notified of and/or approve these agreements:

	Board of Directors	General Meeting
Body authorizing the clauses	Sí	No

Are the clauses reported to the General Shareholders Meeting?	Yes

C.2 Board Committees

C.2.1 Please provide details on all Board Committees, their members and the proportion of Executive, Shareholder-appointed, Independent, and other External Directors on the Committee:

Audit Committee

Name	Position	Category
Mr. Daniel Guillermo Entrecanales Domecq	Chairman	External Independent Director
Mr. Claudio Aguirre Peman	Member	External Independent Director
Ms. María Benjumea Cabeza de Vaca	Member	External Independent Director

% Shareholder-appointed Directors	0.00%
% External Independent Directors	100.00%
% Other External Directors	0.00%

Please explain the duties attributed to this Committee, describe the procedures and rules followed regarding its organization and functioning and summarize the most significant actions taken during the fiscal year.

The Audit Committee is an internal, standing, non-executive advisory body entrusted with informing, supervising, assessing, and proposing within the scope of its business operations. Most significant activities carried out through the year are detailed in the Audit Committee Annual Report available at the Company's website (www.prosegurcash.com).

The Audit Committee is made up of a minimum of three and a maximum of five non-executive Directors who have the dedication, capacity and experience necessary for performing their duty. The foregoing shall ensure that the composition of the Audit Committee is diverse. The majority of the Members of the Audit Committee should be Independent Directors. At least one of its Members and, in particular their Chairperson, should be appointed taking into consideration their knowledge and experience with respect to accounting, auditing, and risk management. The Board of Directors shall appoint the Chairperson of the Audit Committee from amongst their Independent Directors. The position as Chairperson of the Audit Committee shall be exercised for a maximum period of four years that, on completion, the same cannot be reelected until at least one year has passed since the termination of the foregoing position, without prejudice to the continuity as Member of the Committee.

Without prejudice to other undertakings which may be assigned thereto by the Board of Directors, the Audit Committee has the following duties, inter alia:

a. To notify the General Shareholders Meeting about matters arising which fall within the competencies of the Committee.
b. To supervise the preparation and presentation of the Accounts that the Board of Directors submits to the General Meeting with an unqualified opinion in the audit report.
c. To refer proposals to the Board of Directors for the selection, appointment, reappointment and substitution of the external auditor, as well as on contracting conditions, and (i) examine, if the case may be,

the circumstances that may have led to their resignation; (ii) ensure that their remuneration does not compromise their dedication nor independence; (iii) notify the change of auditor as a Relevant Event; (iv) make sure that a Board Meeting is held with the Board of Directors every year; (v) supervise the compliance to the Audit Contract; and (vi) ensure that the Company and the External Auditor respect the regulations in force with respect to the Independence of the Auditors.

d. To establish and maintain the relevant relationships with the External Auditor in accordance with the provisions of the law in force.
e. To issue an Annual Report expressing an opinion on whether the independence of the Auditor of the accounts has been compromised.
f. To supervise the function of the internal audit.
g. To supervise the preparation and presentation of all required financial information.
h. To supervise the effectiveness of the Company's internal controls, internal auditing and risk management systems, including tax risks.
i. To supervise the functioning of the Control and Risk Management Unit.
j. To analyze and report any operations involving structural and corporate amendments.
k. To report to the Board in advance regarding those matters provided for in the Law and in the Bylaws.
l. To review the prospectuses and any other relevant information that the Board of Directors should provide the markets and its supervisory bodies.
m. To establish and supervise a system that enables the employees to notify, in a confidential and anonymous way, any irregularities that may be of potential importance.
n. To assess on a continuous basis the efficiency of the Corporate Governance System of the Company.
o. To supervise the notification and relationship strategy for shareholders and investors.
p. To review the Company's corporate responsibility policy.
q. To assess all matters relating to non-financial risks of the Company (operational, technological, legal, social, environmental, political, and reputational).
r. To coordinate the reporting process of the non-financial information.
s. To report on any related operations.
t. To report on matters subject to that in the framework contract of relations between the Company and PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A., their fulfilment and possible recommendations for amendment thereof.

The Audit Committee shall meet as often as deemed necessary and at least four times a year.

A member of the management team or members are obliged to attend any meetings called, collaborating with the same and providing any information that is available. The attendance of the Accounts Auditor is also required. The Audit Committee may also seek advice from external professionals.

The Chairperson of the Audit Committee must report to the Board of Directors the matters dealt with and the decisions taken by them at the first meeting of the Board of Directors after a Committee meeting. The Minutes of the Audit Committee meetings are to be made available to the Members of the Board of Directors.

Please identify the Director on the Audit Committee whose appointment was made based on his or her knowledge and experience in the areas of accounting, auditing, or both and state the number of years the Chairman of this committee has been in his or her position.

Number of experienced Directors	**Mr. Daniel Guillermo Entrecanales Domecq**
Nº of years Chairman has held office	**1**

Appointments and Remuneration Committee

Name	Position	Category
Mr. Claudio Aguirre Peman	Chairman	External Independent Director
Mr. Pedro Guerrero Guerrero	Member	Shareholder- Appointed Director
Ms. Ana Inés Sainz de Vicuña Bemberg	Member	External Independent Director

% of Shareholder-Appointed Directors	33.33%
% of Independent Directors	66.67%
% of other External	0.00%

Please explain the duties attributed to this committee, describe the procedures and rules followed regarding its organization and functioning and summarize the most significant actions taken during the fiscal year.

The Appointments and Compensation Committee shall be comprised of a minimum of three and maximum of five Non- Executive Directors. Notwithstanding it shall be ensured that the foregoing have the knowledge, aptitudes, and experience required to perform their duty. The majority of the Members of the Appointments and Compensation Committee should be External Independent Directors.

Without prejudice to other undertakings which may be assigned thereto by the Board of Directors, the Appointments and Compensation Committee has the following duties, inter alia:

a. To assess the skills, knowledge, and experience needed on the Board of Directors.
b. To inform the Board of Directors about matters relating to gender and establish a representation goal for the leastrepresented gender.
c. To raise all proposals for the appointment of Independent Directors to the Board of Directors for their appointment by cooptation or by submission to the decision of the General Shareholders Meeting, as well as all proposals for the reappointment or removal of said Directors by the General Shareholders Meeting.
d. To report on proposals for appointment, reappointment, or removal of the other Board Members of the Company.
e. To verify on a yearly basis compliance to the policy for selecting Members of the Board.
f. To report on the proposals for appointment or removal of positions on the Board of Directors, including the Secretary and Vice-Secretaries and proposing to the Board of Directors the members who must form part of each of the Committees.
g. To examine and coordinate the succession of the Chairman of the Board of Directors and the Company's top executive.
h. To organize and co-ordinate the periodic assessment of the Chairman of the Board of Directors and the Board of Directors and its members and the top executive of the Company.
i. To report on the proposals for appointment and removal of senior managers and propose to the Board of Directors the base terms and conditions of their contracts.
j. To propose a policy to the Board of Directors for the compensation of Directors and General Managers or other individuals carrying out senior management duties under the direct supervision of the Board, the

Executive Committees or the Managing Directors, as well as individual compensation and other contractual terms of the Executive Directors, ensuring that such terms are complied with.

k. To ensure compliance with the compensation policy established by the Company.

l. To ensure compliance with and periodically review the compensation policy for Directors and Senior Executives, including share compensation systems and their application, as well as to ensure that individual compensation is proportionate to the amounts paid to other Directors and Senior Executives of the Company.

m. To verify information regarding compensation of Directors and Senior Executives as provided in various corporate documents.

n. To report on any conflicts of interest of the Directors.

o. To ensure that any potential conflicts of interest do not threaten the independence of any external advisor provided to the Committee.

The Appointments and Compensation Committee shall consult the Chairman of the Board of Directors and the top executive of the Company, in particular when it concerns matters relating to the Executive Members and Senior Managers. The Appointments and Compensation Committee shall meet whenever it is deemed advisable for the proper development of its functions and, in all cases, once a year to prepare the information about the compensation of the Directors that the Board of Directors has to approve and include in the yearly public documents.

The Chairman of the Appointments and Compensation Committee must report to the Board of Directors the matters dealt with and the decisions taken by them at the first meeting of the Board of Directors after a Committee meeting. The Minutes of the Appointments and Compensation Committee meetings are to be made available to the Members of the Board of Directors.

C.2.2 Please complete the following table with the information on the number of female Directors on the Board Committees over the last four fiscal years:

	Number of Female Directors							
	Fiscal Year 2017		Fiscal Year 2016		Fiscal Year 2015		Fiscal Year 2014	
	Number	%	Number	%	Number	%	Number	%
Audit Committee	1	33.33%	0	0.00%	0	0.00%	0	0.00%
Appointments and Compensation Committee	1	33.33%	0	0.00%	0	0.00%	0	0.00%

C.2.3 Section repealed.

C.2.4 Section repealed.

C.2.5 Please indicate, where applicable, if there are any regulations governing the Board Committees, where these regulations may be consulted and any amendments thereto made during the year. Please also state whether any Annual Reports on the activities of each Committee have voluntarily prepared:

1. **Audit Committee**

The organization and operation of the Audit Committee of the Board of Directors is governed by:

a. the Bylaws (Article 30 and related provisions);
b. the Board of Directors Regulations (Article 17 and related provisions); and
c. the Audit Committee Regulations that, as set forth in the Board of Directors Regulations and in compliance with the recommendations made in the Technical Guide for Audit Committees, develop the rules for the organization and functioning of the Audit Committee of the Company.

All documents can be found and are available for viewing on the website of the Company (www.prosegurcash.com) and the Bylaws and the Board of Directors Regulations on the web site of the Spanish Securities Market Commission (CNMV - Comisión Nacional del Mercado de Valores). The Board of Directors on 18 December 2017 approved the Regulations of the Audit Committee.

Article 24 of the Audit Committee Regulations states that a report on the operation of the Audit Committee is to be prepared every year that is to be published as part of the Annual Report of the Company and available to the public on the corporate website of the Company.

2. **Appointment and Compensation Committee**

The organization and operation of the Appointment and Compensation Committee of the Board of Directors is governed by:

a. the Bylaws (Article 30 and related provisions); and
b. the Board of Directors Regulations (Article 18 and related provisions).

All documents can be found and are available for viewing on the website of the Company (www.prosegurcash.com) and the web site of the Spanish Securities Market Commission (CNMV - Comisión Nacional del Mercado de Valores).

The Appointments and Compensation Committee shall prepare and submit to the Board of Directors an annual report on the functioning of the same thereof.

C.2.6 Section repealed.

D. Related-party and intragroup transactions

D.1 Please explain, as the case may be, the procedures for approving related-party and intragroup transactions:

Procedures for reporting on the approval of related-party transactions	The Board of Directors formally reserves the right of approving transactions carried out by the Company or its group companies with significant shareholders, whether individually or collectively with others, including shareholders represented on the Board of Directors of the Company or of other group companies, or with parties related thereto (hereinafter "related transactions"), in the terms and subject to the exceptions set forth in Articles 5 and 40 of the Board of Directors Regulations. The foregoing approval should be preceded by, in accordance with that set forth in Articles 17 of the Board of Directors Regulations and 14 and 15 of the Audit Committee Regulations and, in relation to transactions with Prosegur Compañía de Seguridad, S.A., in compliance with the commercial relationship established in the framework contract between the Company and the same, a report assessing the transaction with regards to the principles of fair treatment of shareholders and the market conditions. Furthermore, Article 40 of the Board of Directors Regulations stipulates that: a. Transactions within the ordinary course of the Company's business and being habitual or recurrent in nature, require the prior, generic authorization for the line of operations and their conditions of execution from the Board of Directors, based on a report submitted by the Audit Committee; and b. The authorization of the Board of Directors is not needed in connection with related-party transactions that simultaneously meet the following three conditions: (i) they are governed by standard contracts applied on an across-the-board basis to a large number of clients; (ii) that are performed at prices or rates generally established for those that act as Supplier of the goods or services in question; and (iii) that the amount thereof is not greater than 1% of the Company's annual revenue, according to the audited annual accounts from the previous fiscal year end date of the operation in question.

D.2 Please describe any transactions for significant amounts or relating to significant issues between the Company or group companies and the company's significant Shareholders:

Name of Significant Shareholder	Name of the Company of its Group	Nature of the Relationship	Kind of relationship	Amount (thousand euros)
Ms. Helena Irene Revoredo Delvecchio	Prosegur Compañia de Seguridad S.A.	Commercial	Operating Lease Agreements	9,940
Ms. Helena Irene Revoredo Delvecchio	Prosegur Compañia de Seguridad S.A.	Commercial	License Agreements	30,569
Ms. Helena Irene Revoredo Delvecchio	Prosegur Compañia de Seguridad S.A.	Commercial	Receipt of Services	47,742
Ms. Helena Irene Revoredo Delvecchio	Prosegur Compañia de Seguridad S.A.	Commercial	Sale of Goods	103,618
Ms. Helena Irene Revoredo Delvecchio	Prosegur Compañia de Seguridad S.A.	Commercial	Sale of Financial Assets	68,487
Ms. Helena Irene Revoredo Delvecchio	Prosegur Compañia de Seguridad S.A.	Commercial	Financing Agreements: other	30,170
Ms. Helena Irene Revoredo Delvecchio	Prosegur Compañia de Seguridad S.A.	Commercial	Financing Agreements: loans	18,372
Ms. Helena Irene Revoredo Delvecchio	Prosegur Compañia de Seguridad S.A.	Commercial	Other instruments that may imply the transfer of assets and liabilities between the Company and its related party	24,375

D.3 Please describe any transactions for significant amounts or relating to significant issues between the Company or group companies and the Company's Directors or Executives:

D.4 Please describe significant transactions carried out by the Company with other companies belonging to the same Group, to the extent that they are not removed for the purposes of preparing the Company's consolidated financial statements and do not (in terms of their purpose and conditions) form part of the Company's ordinary business activities.

In any case intragroup transaction carried out with organizations established in countries or territories deemed to be tax havens shall be reported:

D.5 Please state the amount of the transactions carried out with other related parties.

0 (in thousands of euros).

D.6 Please describe the mechanisms established to detect, assess, and resolve potential conflicts of interests between the Company and/or its Group and its Directors, Executives, or Significant Shareholders.

1. Conflicts of interest between the company and its directors

According to Article 34 of the Board of Directors Regulations, it shall be understood that a conflict of interest exists where there is a direct or indirect conflict between the interests of the Company and the companies included in its Group and the personal interest of the Director. The Director shall be deemed to have a personal interest when he or she is directly affected or if any Related Party thereto is so affected, or, in the case of a Shareholder-Appointed Director, when the shareholder(s) whose shareholdings they represent on the Board or if any Related Party to them are so affected. The foregoing provision refers to Article 231 of the Spanish Capital Corporations Law for the definition of those who are considered Related Parties to a Director for the purposes of the Regulations, including in the concept thereof any Company in which the Director exercises a position on the Board or Management or in which they are a significant shareholder.

Conflict of interest situations are governed by the following rules:

- Information Obligations:

  The Director must report to the Board of Directors, through the Chairman or Secretary of the same, any situation that could cause a conflict of interest, whether directly or indirectly, in which they find themselves to be.

  The Director must also report all positions that he or she occupies and the activities carried out in other companies or entities and, in general, any fact or situation that could be relevant in their role as Company Board Member.

- Abstention Obligations:

  Except in the case of a legal exemption in accordance with that set forth in Article 230 of the Spanish Capital Corporations Law, the Director shall abstain from:

  a. engaging in transactions with the Company that are not considered ordinary transactions, performed under standard conditions for clients and of minor importance, with the foregoing being understood to be those whose information is not required to express a true image of the assets, financial situation and results of the Company.
  b. taking advantage or receiving compensation from a third-party different to the Company or its Group when carrying out the duties of their position, unless involving duties out of common courtesy.
  c. in general, abstain from debating and voting on those matters in which they have a conflict of interest.

2. Conflicts of interest between the company and their significant shareholders

In respect to significant shareholders, articles 5 and 40 of the Board of Directors Regulations state that the Board of Directors need to be told about any transaction of the Company involving a Significant Shareholder and/or any other Related Party, and the same thereof cannot authorize any transaction without the Audit Committee having previously issued a report assessing the transaction on the principle of fair treatment of shareholders and the market conditions.

Furthermore, with respect to Prosegur Compañía de Seguridad, S.A, the commercial relationship established in the framework contract signed between the Company and the foregoing, defines exactly the respective areas of the business on the basis of the preference and custody of the interests of the minority shareholders of the Company, the general framework for handling transactions between them, the information flows between both to fulfil their requirements and legal obligations and before the respective Regulators and mechanisms to resolve any possible conflicts of interest that can arise thereof.

This contract can be viewed by the public on the corporate website of the Company (www.prosegurcash.com) accessed from the Home Page in the "Corporate Governance" section.

D.7 Is there more than one Group company listed in Spain?:

No

Please identify any subsidiaries that are listed on a Spanish Stock Exchange:

Listed Subsidiary
PROSEGUR CASH S.A.
Please identify whether the respective areas of activity and potential business relationships among them, as well as those of the listed subsidiary with other group companies, have been made publicly available;

Please define any potential relations between the parent company and the listed subsidiary, as well as between the latter and any other Group Company	Please identify the mechanisms developed to resolve potential conflicts of interest between the listed subsidiary and the other Group Companies

Mechanisms for resolving potential conflicts of interest

E. Risk management and control systems

E.1 Please explain the scope of the Company's Risk Management and Control System, including as regards tax risks.

Prosegur Cash considers that the effective management of risks is key to assuring the creation of shareholder value and, in turn, to guarantee the success of the Company. A robust Risk Management and Control System contributes to the safeguarding of the assets and the interests of the clients, employees, and shareholders. Accordingly, and at the recommendation of the Audit Committee of the Company, the Board of Directors approved on 26 April 2017 the Risk Control and Management Policy of the Company.

The Risk Control and Management system Grupo Prosegur Cash is based on pre-established procedures and methodologies enabling the identification and assessment, according to set tolerance thresholds, the risks that could affect the attainment of the objectives of the Group, together with, in case of any occurrence, to mitigate, compensate, or correct its impact. The suitability of the tolerance level applicable according to the identified risks is assessed on a continuous basis to ensure the correct performance of the Risk Control and Management system.

The basic principles for managing risks in Prosegur Cash include:

a. the identification, assessment, and prioritization of critical risks on a continuous basis, taking into account, taking into account any possible incident impacting the objectives relevant to Prosegur Cash.
b. the assessment of the risks according to the procedures based on key indicators that control, assess the management thereof and monitor its evolution over time.
c. the periodic follow-up on the results of the assessment and the effectiveness of the measures applied to the management of Prosegur Cash for preventing, detecting, mitigating, compensating, and correcting the effects of the materialization of any of the risks being managed.
d. the review and analysis of results by the Risks Committee.
e. the supervision of the system by the Audit Committee.

E.2 Please identify the bodies of the Company that are responsible for developing and implementing the Risk Management System, including as regards tax risks.

The responsibility with respect to the execution, in terms of the Risk Control and Management Policy of the Company and its procedures and methodologies, of the Risk Management System, including tax risks, of the Company, lies with the Risk Control and Management Function. The foregoing reports to the Risk Committee, who, in turn, reports to the Audit Committee, and lastly, to the Board of Directors of the Company.

E.3 Please identify the primary risks, including tax risks, which may affect attainment of the business objectives.

1. Regulatory risks. Failure to comply with the same, including labor, social security, fiscal, arms control, and prevention of money laundering applicable in each market and/or all of them. Adverse changes in the regulatory conditions, including tax legislation, or restrictions for obtaining or renewing permits and licenses.
2. Risks due to incidents with assets in custody or cash losses. Insufficient insurance coverage.
3. Market transactions with short-term fall in demand. Prolonged downturn of the use of cash.
4. Highly-competitive market transactions. Pressure on prices and margins. Situation of the economic climate.
5. Reputational risk. Negative publicity for the name. Loss of confidence.
6. Financial risks, including variations in the interest rates or exchange rates, of counterparts and taxes.
7. Downtime or incidents in the IT infrastructure.
8. Loss or theft of confidential information of clients or proprietary information. Cyberattacks and security and IT breaches.
9. Inappropriate management of the labor costs.
10. Deterioration of the generation of liquidity and cash management.

E.4 Please identify whether the Company has established a risk tolerance level, including as regards tax risks.

The management of risks of the Company is underpinned by procedures and methodologies for identifying, assessing, and managing risks using key identifiers, the measurement of the same is performed according to set tolerance levels.

The assessment procedure through key indicators is based on identifying relevant parameters (indicators) that provide a useful measurement for the management of each risk. These indicators are selected taking into account that (i) they can be applied in a consistent way to all markets, (ii) they may be used to make comparisons and perform an evolution analysis over time, and (iii) they allow those responsible for the same to assess the management of the risk and anticipate situations of non-attainment of relevant objectives for Prosegur Cash.

The indicators are usually (i) easily available values from accounting records or others of comparable reliability (ii) budgeted figures for defining indicator limits. As a general rule, the tolerance levels (acceptable level of risk) are defined taking into account a percentage of the limit of the indicator. In the case of risks that cannot be identified with indicators and according to the general criteria defined, the person responsible proposes alternative assessment and supervisory methods, validated by the Risk Committee.

E.5 Please identify the risks, including tax risks that arose during the fiscal year.

The risks arising during the fiscal year are inherent to the business model, to the activity of Prosegur Cash and the markets in which it operates, mainly by incidents involving assets in custody that reiterate, by default, in each financial year.

The control and mitigation of risks systems planned have proved effective with no significant risk or incident in the business activity or results of the Company have incurred.

E.6 Please explain the plans for responding to and monitoring the main risks faced by the Company, including tax risks.

Prosegur Cash carries out in a periodic and recurrent way the identification, assessment, and prioritization of the critical risks, considering, in particular, their impact on relevant objectives. Depending on the type of risk involved and its relevance, the Management of Prosegur Cash and the Risk Control and Management Function activate the procedures necessary to prevent, detect, avoid, mitigate or compensate for the effects of risks occurring.

The results attained by the Risk Control and Management Function from their review and analysis of the same, is periodically reviewed by the Risk Committee and the Audit Committee.

F. Internal control and risk management systems in relation to the financial reporting process (ICFR)

Describe the mechanisms included in your Company's internal control and risk systems in relation to the financial reporting process (ICFR – *Sistema de Control Interno de la Información Financiera*).

F.1 Company's control environment.

Please provide information on the primary characteristics of at least:

F.1.1 What bodies and/or duties are responsible for: (i) the existence and maintenance of a proper and effective ICFR; (ii) its implementation; and (iii) monitoring of the ICFR.

The Board of Directors Regulations of Prosegur Cash states in Article 5 that said body performs the general tasks of supervision. Except in those matters which fall under the competence of the General Shareholders Meeting, the Board of Directors is the ultimate decision-making body.

For these purposes, the Board of Directors Regulations state in Article 5 that it is the Board of Directors duty to exercise directly the following faculties: the determination of the "the general policies and strategies of the Company and, in particular the Risk Control and Management Policy, including tax risks, as well as the supervision of the internal information and control systems".

Article 17 of the Board of Directors Regulations state that the Audit Committee is responsible for, amongst other duties, "supervising the process of preparing and presenting mandatory financial information and for presenting recommendations and proposals to the Board of Directors aimed at safeguarding their integrity. In this regard, it is also their duty to supervise the process of preparing the financial information about the Company and the Group, the integrity of the same, reviewing the fulfilment of the regulatory requirements, the appropriate delimitation of the consolidation scope, and the correct use of the accounting principles, informing on the same to the Board of Directors"; "supervise the efficiency of the internal control of the Company and the Risk Management Systems, including tax, as well as debating with the Accounts Auditor the significant weaknesses in the internal control system detected when performing the Audit, all this without violating their independence. For these purposes, and in where appropriate, recommendations and proposals may be submitted to the Board of Directors and the term during which it needs to be monitored. Furthermore, it is their duty to refer the Board of Directors to the Risk Control and Management Policy and from which the following shall be identified, at the very least: (i) the risk type (operational, technological, legal, or reputational) so it known the type of risk to which the Company is being exposed; (ii) the level of the risk that the Company considers acceptable; (iii) the measures for mitigating the impact of the identified risks in the case that they actually materialize; and (iv) the control and reporting systems used to control and manage the same; "supervise the functioning of the Risk Control and Management Function of the Company responsible for: (i) assuring the correct functioning of the Risk Control and Management Systems and, in particular, that all significant risks that affect the Company are correctly identified, managed, and quantified; (ii) actively participate in the preparation of the risk strategy and in important decisions about the management thereof; and (iii) monitor that the Risk Control and Management Systems effectively mitigate the risks in accordance with the policy defined by the Board of Directors".

Additionally, on 18 December 2018 the Board of Directors approved the Audit Committee Regulations which object is, developing the Bylaws and the Regulations of the Board of Directors, to determine the principles of action of the Audit Committee, the basic rules of its organisation and functioning and the rules of conduct of its members, all of which favour the independence of the Committee. Articule 1 of said Regulations state that the Audit Committee, as a collegiate body, has specific responsibilities for advising the Board of Directors and supervising and controlling the processes for preparing and submitting financial information, the independence of the auditor and the effectiveness of internal control and risk management systems, without prejudice to the responsibility of the Board of Directors.

F.1.2 If any, please identify the following elements, in particular as regards the process for drawing up financial information:

- Departments and/or mechanisms responsible for: (i) designing and revising the organizational structure; (ii) clearly defining the lines of responsibility and authority, ensuring proper distribution of tasks and duties; and (iii) ensuring that there are sufficient procedures in place for its proper dissemination within the Company.

  The Board of Directors of Prosegur Cash as set forth in its Regulations, is required to, in particular, directly exercise the appointment and removal of the Board Members, as well as establishing the terms of their contract and the appointment and removal of Senior Management who report directly to the Board of Directors or any of its Members, as well as the establishing of the framework terms of their contracts, including their remuneration.

  The design and review of the organizational structure and the definition of the lines of responsibility and authority is proposed by the Board of Directors and validated by the Appointments and Compensation Committee.

  The responsibilities and functions, together with the profile of the position, and the competence required for each of the job positions, are defined by each Line Manager and are approved by the Directors of the subsequent areas with the support of the Human Resources Department and approved by Human Resources Management.

  This organizational structure is transferred to an organigram that graphically represents the relationships between the different business and support departments of Prosegur Cash. The organigram of the Company is available on the Corporate Intranet and can be viewed by the staff in question.

- Code of conduct, authorizing body, degree of publication and reporting, principles and values included (identifying whether there is any specific mention to the registration of transactions and drafting of financial information), body tasked with assessing non-compliance and proposing corrective actions and sanctions.

  The Company's Board of Directors unanimously resolved on the approval of the Code of Ethics and Conduct at a meeting held on 26 April 2017 applicable to all companies making up Prosegur Cash and all the business and activities that Prosegur Cash carries out in all the countries in which it operates. The foregoing Code is based on the Code of Ethics and Conduct of Prosegur Compañía de Seguridad, S.A., parent company of the Grupo Prosegur, that Prosegur Cash belongs to, and reflects, therefore, the same conduct principles. The same is binding to all Members of Governance Bodies, Senior Managers, and Personnel of Prosegur Cash. The Code of Ethics and Conduct is a set of rules outlining the proper practices and sets the standard so that Prosegur Cash professionals know what is expected of them in the workplace. Furthermore, it demonstrates the commitment to act of Prosegur Cash according to common principles and standards, in the development of their relationships with the set of interest groups affected by their business activity: employees, shareholders, clients, and users, suppliers and partners, authorities, public administration, and regulatory bodies, competitors and the public with whom they come into contact.

All the professionals of Prosegur Cash have the duty to know and comply with the Code of Ethics and Conduct and to collaborate in order to facilitate its implementation, as well as report any possible non-compliance of those who have knowledge of the same thereof.

The Code establishes who, by act or omission, breach the Code of Ethics and Conduct that shall be subject to the disciplinary measures that, in accordance to the labor rules in force together with internal policy and procedures, are applicable in each case. All non-compliance cases filed, are analyzed by opening an investigation process carried out by a team of impartial experts managed by the Compliance Unit, who shall present their conclusions and recommend, as in the case may be, the corrective measures that have to be applied, informing the person(s) that have been identified or filing the non-compliance.

In the section on legal compliance of the Code of Ethics and Conduct express reference is made to preparing the financial information in an integral, clear, and accurate way, and using appropriate accounting records that, in turn, is distributed through transparent communication channels that provide the market, and in particular, Prosegur Cash shareholders, permanent access to the same.

Likewise, the need to monitor that all transactions of economic importance carried out on behalf of Prosegur Cash are recorded clearly and accurately in appropriate accounting records that represent the true image of completed transactions and are available to internal and external Auditors is included in the section on use and protection of resources.

The Code of Ethics and Conduct is available on the corporate website of Prosegur Cash (www.prosegurcash.com) and is circulated to all employees of Prosegur Cash through numerous actions to raise their awareness and commitment to the same.

- Complaints channel that enables the reporting of financial and accounting irregularities to the Audit Committee as well as for reporting potential breaches of the code of conduct and other irregular activities within the organization. Please indicate whether this channel is confidential.

Prosegur Cash has a Complaints Channel that enables any interested party to communicate in a secure and confidential way improper or illegal acts, or non-compliance to the Code of Ethics and Conduct of Prosegur Cash, including anything to do with financial and accounting that occurs during the course of the business activities carried out by the Company.

The Complaints Channel is a form available at all times on the website www.prosegurcash.com that keeps the identity anonymous of those lodging the complaint from being disclosed.

Internal Audit Management coordinates in a confidential way all complaints received and submits their conclusions to the Audit Committee.

- Training programs and regular ongoing training programs for staff involved in preparing and reviewing financial information, as well as on assessment of the ICFR, which shall cover, at least, accounting, auditing, internal control, and risk management rules.

  Pursuant to the framework agreement entered into between Prosegur Compañía de Seguridad, S.A. and Prosegur Cash, S.A., several agreements for the provision of management and support services (among other, human resources, accounting, financial services or legal advice) have been entered into between Prosegur Cash and the asset management division of the Prosegur Group, in particular, in Spain, Prosegur Gestión de Activos, S.L., wholly-owned by Prosegur Compañía de Seguridad, S.A. As a result, staff in charge of management and support services, together with Internal Audit Management shall attend ongoing training sessions to bring themselves up-to-date with any legislative and regulatory changes.

  In addition, the Company has collaboration agreements with other organizations for keeping staff involved in preparing Company and Group Financial Statements and for reviewing financial information up-to-date.

  In order to manage these training processes, Prosegur Cash has access to Prosegur Corporate University. As part of the University there is an Economic-Financial community, aimed at professionals who are part of the economic-financial areas in the countries of the Company (to date). The main objectives of the Financial Community is to normalize the economic-financial process and keep abreast of accounting, fiscal, risk management and control, and international policy and regulations.

  In fiscal year 2017 the staff involved in the preparation, review, and reporting of financial information of the Company and the Group, have attended refresher sessions and courses on the updates to policy and regulations that have come into force over the year.

F.2 Evaluation of financial reporting risk.

Report on at least the following:

F.2.1 What are the main characteristics of the process for identifying risks, including the risk of error or fraud, in relation to:

- Whether the process exists and is documented.

  The Economic-Financial Directorate have a process for identifying every year, within the scope of the ICFR, the risks that affect the financial information with regards to accounting records and possible non-compliance to the accounting principles, after the analysis of the risks, the design of the controls mitigating the same.

- Whether the process covers all financial reporting objectives (existence and occurrence, completeness, valuation, presentation, allocation and comparability, and rights and obligations), and whether it is updated, and with what frequency.

The scope matrix of the ICFR is aimed at identifying the accounts and allocations that have significant risks associated to them, whose possible impact on the financial information is material and that, as a result, requires special attention. In this context, the process for identifying the significant accounts and allocations, a set of qualitative (account balance) and qualitative (complexity of the transactions; change and complexity of the regulation; need to use estimates and forecasts; exercise of judgement and qualitative significance of the information) have been considered.

Said scope matrix of the ICFR is prepared on the state of the financial situation and the state of the overall, consolidated results included in the last, audited Consolidated Annual Accounts available. This matrix is updated every year, subsequent to the preparation of the Consolidated Annual Accounts. In fiscal year 2017, the scope matrix was updated based on the results of the Annual Financial Statements as of 31 December 2016.

For the significant accounts and allocations included in the scope matrix, the critical processes and sub processes associated to the same have been included, and controls for preventing errors and/or fraudulent interpretation of the financial information were implemented, covering all the financial information objectives (existence or occurrence; completeness; valuation; presentation, allocation and comparability; and rights and obligations).

- Whether the company has a process for identifying the perimeter of consolidation, taking into account, inter alia, the potential existence of complex, corporate structures, instrumental entities or special purpose vehicles.

The process for identifying the perimeter of consolidation is performed every month. Changes to the perimeter of consolidation are entered and saved in the Consolidation IT System of the Group, in which the map of the structure of the ownership of the companies within the perimeter is kept up-to-date.

As part of the support functions to Management that are fulfilled thereof, through Prosegur Gestión de Activos, S.L., it is the duty of Legal Counsel and Business Development Management of Grupo Prosegur to report to the Economic-Financial Directorate any transactions performed in their domain and that affects the structure of the group and the perimeter of consolidation.

The Economic-Financial Directorate, through the Tax Department and subsequent fulfilment of their support duties to Prosegur Cash and its Group from Prosegur Gestión de Activos, S.L., shall maintain a record of all entities included in the perimeter of consolidation, the control or influence mechanisms, the legal framework, and the type of direct or indirect shareholding of all the companies. The foregoing shall be updated on an ongoing basis and shall facilitate the traceability through logs recording the changes to the perim.

- Whether the process considers the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.) to the extent that the affect the financial statements.

Prosegur Cash has a Risk Committee who reports to the Audit Committee the results of the periodic assessment of the management of critical risks. The Company's Internal Audit Management performs a process every year for identifying and prioritizing the critical risks of any type (operational, financial, strategic, compliance to regulations, technological, amongst others) that in the event of them materializing, could have an adverse effect on the attainment of the relevant objectives for the Company.

- Which governing body of the company oversees the process?.

  The Audit Committee is responsible for supervising the effectiveness of the ICFR. Internal Audit Management uses specific verification programs on the internal control system for financial information under the supervision of the Audit Committee.

F.3 Control Activities.

Please provide information on the primary characteristics of at least, if any:

F.3.1 Procedures for reviewing and authorizing financial reporting and the establishment of the ICFR, to be published in securities markets, identifying the responsible parties, as well as any processes for the descriptive documentation of operation flows and controls (including as regards fraud risk) for the different types of transactions that could materially affect the financial statements, including the procedures for closing the accounts and specifically reviewing the relevant options, estimates, valuations, and projections.

The Consolidated Annual Accounts and the Consolidated Quarterly Financial Reports of Prosegur Cash are reviewed by the Audit Committee before being prepared by the Board of Directors according to Articles 17 and 8 of the Board of Directors and Audit Committee regulations respectively.

The Audit Committee revises any other relevant information prior to publication through the Regulatory Authorities.

The Board of Directors approves and, if deemed appropriate, prepares the financial information presented that is subsequently published through the Spanish Securities Market Commission (CNMV - Comisión Nacional del Mercado de Valores) and brought before third parties. Prosegur Cash shall perform periodic reviews of the financial information prepared, as well as the description of the ICFR whose objective is to ensure the quality of the information. The Economic-Financial Directorate, from Prosegur Gestión de Activos, S.L. and in compliance with your support duties, is responsible for preparing the description of the ICFR in collaboration with Management who are involved in the same thereof. This process culminates in the review by the Audit Committee and thereafter is approved via the Corporate Governance Annual Report validated by a unanimous Board of Directors.

The Economic-Financial Directorate has a process for the descriptive documentation of operation flows and controls for the significant transactions that affect the financial statements. The documentation of these flows define the applicable procedures and information systems used for closing the accounts. The staff involved will be updated and informed on the preparation process for preparing the financial information, including the preparation procedures for closing the accounts of the Financial Statements and the Consolidated and Individual Annual Accounts. The documents detail the tasks involved in preparing, reviewing, and approving the closing of the consolidated and individual company accounts that make up the Group.

Prosegur Cash shall publish the financial information to the securities markets every quarter. The ultimate responsible for the process submitting the financial information is the Financial Director of Prosegur Cash. In the operation flow description of the closing accounts process the control activities ensure the reliability of the information. The departments that report to the Economic-Financial Directorate and that give support to the Company and the Group from Prosegur Gestión de Activos, analyze and supervise the prepared information.

The Economic-Financial Directorate has a process that documents the error or fraud risks in the financial information and the controls that affect all the critical processes/sub-processes. These processes cover the different types of transactions that can materially affect the financial statements (purchases, sales, staff overheads, etc.), as well as the process specific to consolidation and reporting.

In this context, Prosegur Cash has assured the identification of all the processes required for preparing the financial information, in which relevant options, estimates, valuations, and projections have been used, considering all of them to be critical.

The documentation for each of the critical processes includes:

- Work charts on each of the sub-processes
- Risk charts and applicable controls including:

    - Detail of the internal procedures and regulations approved by Management, and that govern said sub-processes.
    - Description of the key and non-key controls that mitigate each of the identified risks.

For each of the controls that have been identified:

- Organizational structures and/or functions of manager positions of each of the key and non-key controls identified.
- Frequency of the controls.
- Automation level of the controls.
- Control Type: preventative or detective.
- Existence of fraud risk.
- Affected business.
- Details of information systems on each of the sub-processes.

The specific review of the relevant options, estimates, and valuations for quantifying assets, rights, and obligations, income and expenses, and any other commitment detailed in the Individual and Consolidated Annual Accounts performed by Financial Management of Prosegur Cash with the collaboration and support from Prosegur Gestión de Activos, S.L. and the rest of Prosegur Cash Support Management. The hypotheses based on the evolution of the business is analyzed together with Business Management.

The Financial Director and the CEO of Prosegur Cash analyze the reports submitted and approve the financial information before presenting it to the Audit Committee and Board of Directors.

F.3.2 Internal control policies and procedures for reporting systems (including but not limited to for access security, control of changes, operation thereof, operational continuity, and separation of duties) that support the relevant processes of the Company as regards the development and publication of financial information.

One of the specific functions of the Risk Control and Management Function is the ongoing assessment of the part of the internal control system related to the reporting systems, within which are included those that support the issue of financial information.

There is a Risk Committee that is made up of representatives from all the core areas of Prosegur Cash and that has the support through Prosegur Gestión de Activos, S.L., of the managers in Information Security.

These managers are responsible for:

- Aligning the information security objectives with the main strategic lines of business.
- Introducing the information security of Prosegur Cash as a global and integrated activity in the business.
- Coordinating and approving the proposals received of projects related to information security.
- Pre-empting the resources needed for the development of information security initiatives.
- Identifying and assessing the security risks with respect to the needs of the business.

Those responsible for Information Security shall monitor all these functions using a Plan Director. Once the jobs of the Plan Director 2015-2017 have been defined, a new road map for ongoing improvement of the management of information security for the next 3 years can be established.

Access control to reporting systems is managed through assigning personalized users and passwords. Internal reviews shall be performed of the access control process to systems at least once a year

There is a procedure established for access control to the Data Processing Centre room of Prosegur Cash. Access is restricted to authorized staff and every access is registered.

There is a change table process that manages the steps of placing the systems into production.
The systems and information of Prosegur Cash are backed up and are subject to a redundant infrastructure facilitating the continuity of the business.

As part of an ongoing improvement policy, Prosegur Cash is committed to reinforcing the information security management processes in all countries and systems that have a financial impact.

F.3.3 Internal control policies and procedures aimed at monitoring the management of activities subcontracted to third parties, as well as of the assessment, calculation or valuation activities outsourced to independent experts, which could have a material effect on the financial statements.

The recurrent activities in the process for preparing the financial information are sub-contracted by Prosegur Cash to Prosegur Gestión de Activos, S.L. and supervised by the Financial Director of the Company. Occasionally, assessment by independent experts is required for situations of the following types:

a. Transactions Related to Prosegur Compañía de Seguridad, S.A.
b. Assessment of fiscal impact of company restructuring transactions.
c. Fiscal assessment for preparing returns subject to specific regulations.
d. Fair value measurements of specific assets, activity or business lines.
e. Verification of the effectiveness of the system for prevention of money laundering.
f. Assessment of the allocation of the purchase price of new companies

The contracting of external advisors, is requested and at least three proposals are assessed from an economic and competence viewpoint. Using the services of experts for work serves to support accounting assessments, allocations, or calculations as long as the same are registered in their respective Professional Associations, or similar accreditation, and are prestigious companies with a good reputation in the market. The results of the assessments, calculations, and valuations assigned to third-parties of accounting, legal or fiscal matters are ultimately supervised by Financial Management and Legal Counsel of Prosegur Cash.

F.4 Reporting and communication.

Please provide information on the primary characteristics of at least, if any:

F.4.1.A specific department for defining and updating the accounting policies (accounting policies area of department); resolving doubts or conflicts arising from the interpretation thereof; maintaining close communications with the parties responsible for the operations of the organization; maintaining an up-to-date accounting policies manual, which shall be communicated to the different units through which the company operates.

The Corporate Financial Information Department, that provides support to the Group from Prosegur Gestión de Activos, S.L. and that forms an integral part of the Economic-Financial Directorate of Prosegur Compañía de Seguridad, S.A, is responsible for the preparation, issue, publication, and by common agreement with Financial Management of Prosegur Cash, after application of the accounting regulations to Prosegur Cash subject to the internal certification of the process management system known as "3P" (Prosegur Process Policies). Likewise, it analyzes and resolves the queries, doubts, or conflicts with respect to the interpretation and correct application of each of the policies.

As part of the functions of the Department for Corporate Financial Information there is the analysis of International Regulations for Financial Information in order to comply with:

- Establishing the support or procedure regulations for helping staff involved in the financial information preparation process.
- Analyzing transactions that require accounting-specific processing.
- Resolving queries about applying specific accounting rules.
- Assessing the possible impact in the future on financial statements, as a result of new editions or amendments to International Accounting Regulations.
- Relationship with external auditors with respect to the criteria used, estimates, and accounting allocations.
- Resolution of any doubt coming from different interpretations of the regulation itself.

The updating process of the accounting manual of Prosegur Cash is performed every year. Fluid communication is maintained between those responsible involved in preparing the financial information and also distribute and make available the updates made as a result of recent changes to the regulations to employees with accounting functions.

F.4.2 Mechanisms for capturing and preparing financial information, with standardized formats, which apply to and are used by all units of the Company or its Group and that support the main financial statements and notes thereto, as well as the information on the ICFR.

The process of consolidation and preparation of the financial information is performed in a centralized way. Said process begins its first phase in the subsidiaries that form part of Grupo Prosegur Cash, through common IT platforms (ERP) and under the supervision of the Economic-Financial Directorate thus guaranteeing that the financial information of the Companies is reliable, complete, and consistent. Based on the financial statements of the subsidiaries, and with IT systems programmed for extracting and aggregating data, the process for consolidation and analysis of the individual and consolidated financial statements is performed.

There is a half-yearly reporting process for obtaining the information required for the allocations of the Consolidated Annual Accounts and Consolidated Half-Yearly Report. The Accounting Plan of Prosegur Cash applies to all subsidiaries of Prosegur Cash for the purposes of reporting for the consolidation of financial statements.

F.5 Monitoring functioning of the system.

Please provide information on the primary characteristics of at least:

F.5.1 Monitoring activities carried out by the Audit Committee in relation to the ICFR as well as whether the Company has an Internal Audit Department charged with the duty of supporting the Committee in its monitoring activities of the Internal Control System, including the ICFR completed during the fiscal year, as well as the procedures followed by the party responsible for the assessment to report his or her results, whether the Company has an Action Plan detailing the potential corrective measures, and whether its impact on financial information has been considered.

In accordance with that set forth in Article 17.4 of the Board of Directors Regulations and in related Articles of the Audit Committee Regulations, the same has amongst its basic duties the following:

- Report to the General Meeting on issues that are brought up relating to those matters that fall under the areas of responsibility of the Committee and, in particular, on the results of the Audit, explaining how the same has contributed to the integrity of the financial information and the function that the Committee has performed in this process.
- Ensure that the Board of Directors presents the accounts to the General Meeting without qualifications nor limitations in the Audit report and, in exceptional circumstances in which there are reservations, to explain through the Chairman of the Audit Committee and ensure that the Auditors explain clearly to the shareholders the content and scope of said limitations or qualifications.
- Raise to the Board of Directors proposals for selection, appointment, re-election and replacement of the External Auditor taking on the responsibility for the selection process in accordance with that provided for in the Law, as well as the terms of their contracting and obtaining on a regular basis from the Auditor information about the Audit Plan and its execution, and at the same time, preserve their independence when exercising their functions.
- With respect to the External Auditor: (i) examine, in the case of the External Auditor resigning, the circumstances that led to this decision; (ii) ensure that the compensation of the External Auditor for their work does not compromise its quality nor their independence; (iii) supervise that the Company communicates as Relevant Fact to the Spanish Securities Market Commission (CNMV - Comisión Nacional del Mercado de Valores) the change of Auditor and attach a declaration on the possible existence of a disagreement with the outgoing Auditor, and in its case, give the reason; (iv) assure that the External Auditor calls a yearly Board of Directors meeting to inform them about the work carried out and the evolution of the accounting situation and the risks of the Company; (v) supervise compliance to the Auditing contract, ensuring that the opinion on the annual accounts and the main contents of the Audit Report are pre-

pared in a clear and precise way; and (vi) assure that the Company and the External Auditor respect the Regulations in force on governing the provision of services different to those governed by Auditing, the limits on the concentration of the Auditor's business, and in general, the other regulations on Auditor independence.

- Establish and maintain an appropriate working relationship with the External Auditor to receive information about those matters that may pose a threat to their independence, so that the same can be examined by the Committee, and any other matters related to the process auditing accounts and, when deemed necessary, the authorization for services different to those prohibited in the terms provided for in the Law, including the other disclosures contemplated in accounting and auditing legislation and auditing standards. Above all, the Audit Committee should receive yearly from the Auditor of the accounts a statement of their independence towards the entity and related entities either directly or indirectly, as well information in detail or on an individual basis on additional services of any type provided and the corresponding fees paid to these entities by the said Auditor, or by the individual or entities related to the same in accordance with that set forth in the regulation in force.
- Issue yearly, always prior to the issue of the report by the Accounting Auditors, a report expressing opinion about the independence of the accounting auditor if compromised. The report should issue an opinion, in any cases, on the reasoned appraisal of the provision of all the aforementioned additional services, individually and as a whole, other than statutory audit work (non-audit services) and in relation to the independence regime or with the regulations governing the accounting auditors activity.
- Supervise the internal audit and, in particular, (i) ensure the independence and effectiveness of the Internal Audit function; (ii) propose the selection, appointment, and removal of the person responsible for the internal audit services; (iii) propose the budget for this service; (iv) review the annual work plan for the internal audit and yearly activities report; (v) receive periodic information on its activities; and (vi) verify that Senior Management take into account the conclusions and recommendation its reports.
- Supervise the process for preparing and presenting mandatory financial information and for submitting any recommendations or proposals to the Board of Directors aimed at safeguarding the integrity of the same thereof. In this context, it is their duty to supervise the process of preparing and ensuring the integrity of the financial information about the Company and the Group, reviewing compliance to regulatory requirements, rules, the appropriate delimitation of the perimeter of consolidation, and the correct application of the accounting principles, duly notifying the Board of Directors.
- Supervise the effectiveness of the Internal Control of the Company and the Risk Management Systems, including as regards tax, as well as debating with the Accounting Auditor any significant deficiencies in the Control System detected during the course of the audit, without undermining their independence, As a consequence, and as the case may be, recommendations or proposals are made to the Board of Directors with its corresponding term for monitoring the same. In this context, it is their duty to propose to the Board of Directors the Risk Control and Management Policy, which shall identify the following, at the very least: (i) the risk types (operational, technological, financial, legal, and reputational) so it is known the type of risk to which the Company is being exposed; (ii) the level of the risk that the Company considers acceptable; (iii) the measures for mitigating the impact of the identified risks in the case that they actually materialize; and (iv) the control and reporting systems used to control and manage the same.
- Supervise the functioning of the Risk Management and Control Unit of the Company responsible for: (i) assuring the correct functioning of the Risk Control and Management Systems, and in particular, identify, manage, and quantify appropriately all significant risks affecting the Company; (ii) actively participate in the preparation of the risk strategy and in the important decisions to be made regarding the management thereof; and (iii) ensure that the Risk Control and Management Systems effectively mitigate the risks in accordance with the policy defined by the Board of Directors.

- To analyse and inform about the economic conditions, the accounting impacts and, as the case may be, the proposed exchange ratio for the structural and corporate modification operations that are to be carried out by the Company, prior to being presented to the Board of Directors.
- Report in advance to the Board of Directors all those matters provided for in the Law and in the Bylaws and, in particular, on: (i) the financial information that the Company needs to periodically disclose to the public; and (ii) the creation or acquisition of shareholdings in special-purpose vehicles or entities resident in countries or territories considered tax havens.
- To review the share issue prospectuses and any other relevant information that must be provided by the Board of Directors to the markets and the regulatory bodies thereof.
- Establish and supervise a system that enables employees to notify, in a confidential and anonymous way, if possible and deemed appropriate, any irregularities that be of potential importance, in particular on matters concerning financial and accounting observed within the Company.

Prosegur Cash has an Internal Audit Directorate that reports to the Audit Committee. Amongst its objectives and functions, it is its duty (i) to support the Audit Committee to attain the objective of their responsibilities, (ii) to verify appropriate risk management, and (iii) ensure the integrity and reliability of the accounting information. .

The Internal Audit Directorate have prepared a ICFR review program executed on a regular basis over two years and forming an integral part of annual work plans that are subject to the approval of the Audit Committee.

The Internal Audit Directorate is continually updating their verification programs adapting them to the changes that are inevitably introduced by the Financial Reporting Department that provides support to the Group from Prosegur Gestión de Activos, in the ICFR.

In 2017, significant processes were reviewed with regards to financial information in Spain, and in other European and LATAM subsidiaries. As a result of this verification process, the ICFR Operational Supervision Plan was initiated and is due to finalize in 2018.

Internal Audit Directorate performs verifications on the progress of the execution of recommendations included in their audit reports including those relating to ICFR verifications. In 2017 two half-yearly reports were issued on the progress of the execution of the recommendations submitted to the members of the Audit Committee.

F.5.2 Whether the Company has a discussion procedure through which the Statutory Auditor (in accordance with the provisions of the Spanish Auditing Technical Standards (NTA), the Internal Audit Department and other experts can communicate with Senior Management, the Audit Committee or Directors of the Company regarding significant weaknesses in internal controls identified during the processes for reviewing the annual financial statements or during other processes entrusted thereto. Please also provide information on whether an Action Plan exists to correct or mitigate the identified weaknesses.

During 2017, the External Auditors held two meetings with the Audit Committee for reviewing both the conclusions of the auditing of the Annual Accounts as well as the work carried out as a result of the agreed procedures for half-yearly financial statements. Likewise, the External Auditors report on any possible deficiencies and possible improvements in Internal Control that may have been identified during the course of their work.

The Financial Director, responsible for preparing the Annual Accounts and interim financial report that Prosegur Cash discloses to the markets and their supervisory bodies, has attended the Agenda of the meetings of the

Audit Committee for which their presence is required in order to review and debate any relevant matters in the preparation and presentation process of the regulated financial information.

F .6 Other Relevant Information.

N/A

F .7 External Audit Report.

Please report on:

F.7.1 Whether the information on the ICFR released to the markets was submitted to a review by the External Auditor, in which case the Company should attach the relevant report as an Annex hereto. If not, please provide the reasons.

The information on the ICFR of Prosegur Cash disclosed to the markets for fiscal year 2017 of Prosegur Cash has been submitted to a review by the External Auditor and the same is attached to this document as Annex information, as requested. The scope of the review procedures of the Auditor have been defined in accordance with the Code of Conduct and the standard Auditor report completed with the information about the Internal Control System on the governance of publicly listed companies that was remitted in July 2013 (updated in December 2015) to the Spanish Chartered Accountants Association (Instituto de Censores Jurados de Cuentas de España – ICJCE).

G. Compliance with corporate governance recommendations

Please specify the Company´s level of compliance with recommendations from the Unified Corporate Governance Code for publicly listed companies.

If any recommendation was not followed, or was only partially followed, please include a detailed explanation of the reasons so that shareholders, investors, and the market in general have enough information to evaluate the company's conduct. General explanations will not be accepted.

1. That the Bylaws of listed companies should not limit the maximum number of votes that may be cast by any single shareholder and should not contain other restrictions that hinder the takeover of control of the company through the acquisition of shares on the market.

Complies

2. That when the Parent Company and a Subsidiary are listed on the Stock Exchange both should publicly and specifically define:

    a. The respective areas of activity and potential business relationships between them, as well as those of the listed Subsidiary with other Group Companies.

b. The mechanisms in place to resolve any conflicts of interest that may arise.

Complies

3. That during the Annual General Shareholders Meeting, as a supplement to the publication in writing of the Annual Corporate Governance Report, the Chairman of the Board of Directors should verbally report to the Shareholders, in sufficient detail, regarding the most relevant aspects of the Company's Corporate Governance and, in particular:

   a. On the changes occurring since the previous Annual General Shareholders meeting.
   b. On the specific reasons for which the Company is not in compliance with any of the recommendations of the Corporate Governance Code, and if any, the alternative rules applied in this regard.

Complies

4. That the Company should define and promote a Communication and Relationships Policy with Shareholders, Institutional Investors, and Voting Advisors that is fully in compliance with regulations against market abuse and that provides similar treatment to Shareholders in identical circumstances.

   And that the Company should make said policy public on its website, including information on the manner in which it is implemented and identifying the partners or responsible parties for its implementation.

Complies

5. That the Board of Directors should not make proposals to the General Shareholders meeting for the delegation of powers to issue shares or convertible securities without pre-emptive rights, for an amount greater than 20% of the Capital at the time of the delegation.

   And that when the Board of Directors approves any issue of shares or convertible securities without preemptive rights, the Company should immediately publish on its website those reports addressing the lack of pre-emptive rights as required by applicable mercantile legislation.

Complies

6. That the listed companies that draft the reports referred to herein below, whether on a mandatory or voluntary basis, should publish them on their website sufficiently in advance of the Annual General Shareholders meeting, although dissemination is not mandatory:

   a. Report on the independence of the Auditor.
   b. Reports on the functioning of the Audit Committee and Appointments and Compensation Committee.
   c. Report on the Audit Committee in relation to related-party transactions.
   d. Report on the corporate social responsibility policy.

Cumple

7. That the Company should hold a live broadcast of the General Shareholders meetings on its website.

Explain

Even though the Company has not held, since going public on 17 March 2017, any General Shareholders Meeting there is no intention of holding a live broadcast of the General Shareholders Meetings on its website. In this context, the Company considers that the channels used to disclose information to its shareholders as detailed in the General Shareholders Meeting Regulations are sufficient, and in particular, take into account the shareholding structure.

8. That the Audit Committee should ensure that the Board of Directors submits the financial statements to the General Shareholders Meeting without any qualifications or reservations in the Audit Report and, in the exceptional circumstance that it fails to do so, the Chair of the Audit Committee and the Auditors should clearly explain the content and scope of the qualifications or reservations to the Shareholders.

Complies

9. That the Company should publish on its website, on a permanent basis, the requirements and procedures to be followed in order to accredit ownership of shares, the right to attend the General Shareholders Meeting and exercise or delegation of the right to vote.

   And that said requirements and procedures shall encourage attendance and the exercise of the Shareholders' rights, and which shall be applied on a non-discriminatory basis.

Complies

10. That when any authorized Shareholder has exercised, prior to the meeting of the General Shareholders Meeting, the right to add additional Agenda items or present new proposed resolutions, the Company should:

    a. Immediately publicize the additional Agenda items and proposed resolutions.
    b. Make the form of attendance, proxy and voting card public, incorporating the changes required in order to ensure that voting on the new Agenda items and alternative proposed resolutions is carried out under the same terms as the proposals made by the Board of Directors.
    c. Submit all items or alternative proposals to a vote and apply the same voting rules as established for the Board of Directors including, in particular, as regards the presumptions and inferences on the direction of the vote.
    d. Prior to the General Shareholders Meeting, notify the breakdown of the vote on said additional items or proposed resolutions.

Not Applicable

11. That, in the case the Company intends to pay premiums for attendance at the General Shareholders Meeting, it should establish, in advance, a general policy for said premiums, and said policy shall be stable.

Not Applicable

12. That the Board of Directors should perform its duties with unity of purpose and independent judgment, providing equal treatment to all Shareholders in the same situation, and should be guided by the best interests of the company, which shall be understood as developing a profitable business that can be sustained in the long term, promoting the viability of the Company and maximizing its financial value.

    And that in pursuing the corporate interests, the Board, in addition to abiding by laws and regulations, should follow good faith and ethical principles and observe commonly accepted customs and good practices, aiming to reconcile the corporate interests with, as applicable, the legitimate interests of its employees, suppliers, clients, and other interest groups that may be affected, as well as with the impact of the Company's activities on the environment and the Community as a whole.

Complies

13. That the Board of Directors should have the required scope to ensure its effective operation and participation at its meetings, for which purpose the Board should have between five and fifteen members.

Complies

14. That the Board of Directors should approve a Director Selection Policy that:

    a. Is specific and attestable.
    b. Ensure that the proposals for appointment or reappointment are based on a prior analysis of the needs of the Board of Directors.
    c. Favors diversity of knowledge, experience and gender.

    That the result of the prior analysis of the needs of the Board of Directors should be included in the justifying report of the Appointments Committee, which is published when the General Shareholders Meeting is convened in order to ratify, appoint or reappoint each Director.

    And that the Director Selection Policy should promote the objective of having female Directors account for at least 30% of the total number of Board Members by 2020.

    The Appointments Committee shall verify compliance with the Director Selection Policy on an annual basis and shall report on said policy in the Annual Corporate Governance Report.

Complies

15. That the shareholder-appointed and Independent Directors should constitute a broad majority of the Board and the number of Executive Directors is the minimum necessary, taking into account the complexity of the corporate group and the percentage interest held by the Executive Directors in the share capital of the Company.

Complies

16. That the percentage of shareholder-appointed directors in relation to the total number of non-executive directors should not exceed the proportion between the share capital of the Company represented by said Directors and the remaining share capital.

This criteria may be modified:

a. In companies with high capitalization and in which shareholdings legally considered to be significant are limited.
b. In companies where several shareholders are represented on the Board of Directors and are not related to one another.

Complies

17. That the number of Independent Directors should represent at least one half of the total number of Directors. That, nevertheless, when the Company does not have high capitalization or when, even if having high capitalization, it has one or more shareholders acting jointly that control 30% of the share capital, the number of Independent Directors should represent at least a third of total directors.

Complies

18. That companies should publish and update the following information on the Directors on their website:

a. Professional profile and biography.
b. Other Boards of Directors of which they are a member, whether of a listed company or not, as well as any other remunerated activities carried out, regardless of the nature thereof.
c. Indication of the Director's category, identifying, in the case of shareholder-appointed directors, the shareholder that they represent or are related to.
d. The date of their first appointment as a Director of the Company, as well as of all subsequent reappointments.
e. The shares of the Company and option rights thereon that they own.

Complies

19. That the annual Corporate Governance Report, following verification by the Appointments Committee, should explain the reasons for the appointment of shareholder-appointed directors at the request of the Shareholders whose interest in share capital is less 3%. It should also explain, where applicable, why formal request from Shareholders for membership on the Board were not honored, when their interest is equal to or exceeds that of other Shareholders whose proposal for shareholder-appointed directors was honored.

Not Applicable

20. That the shareholder-appointed directors should tender their resignation when the Shareholder represented thereby fully transfers its shareholding. And that they should also resign, by the rele-

vant number, when said Shareholder reduces their shareholding to a level that requires a reduction in the number of shareholder-appointed directors.

Not Applicable

21. That the Board of Directors may not propose the dismissal of any Independent Director before the completion of the mandate period for which the member was appointed in accordance with the bylaws, unless just cause is identified by the Board following a report from the Appointments Committee. In particular, just cause shall be deemed to exist when the Director is appointed to new positions or undertakes new obligations that prevent said Director from dedicating the time required to perform the duties inherent in its position as Director, that result in the breach of the duties inherent in its position or that results in any circumstances that would cause the Director to lose their condition as independent, in accordance with applicable legislation.

    The dismissal of Independent Directors may also be proposed as a result of a public tender offer, merger, or other similar operation implying a change in the share structure of the Company, provided that such changes in the structure of the Board of Directors are required by virtue of the proportionate representation criteria discussed in recommendation 16.

Complies

22. That companies should set rules requiring that Directors report on and, where appropriate, resign from their positions in those circumstances that could harm the Company's credit and reputation and, in particular, requiring that they report to the Board of Directors any criminal actions with which they are charged, as well as the subsequent legal proceedings.

    And that if a Director is tried or called to court for any of the crimes set out Corporations Law, the Board must investigate the case as soon as possible and, based on the particular situation, decide whether the Director should continue in his or her position. And that the Board of Directors must provide a reasoned written account of these events in its Corporate Governance Report.

Complies

23. That all Directors must clearly express their opposition when they consider that any proposal submitted to the Board of Directors could go against the Company's interests. And that this should also apply to both Independent and other Directors that are not affected by the potential conflict of interest if the decision could be detrimental to any Shareholders not represented on the Board of Directors.

    And that when the Board of Directors adopts significant or repeated resolutions regarding which Director has voiced serious reservations, the Director should draw the appropriate conclusions and, in case of resignation, explain the reasons for this decision in the letter referred to in the next recommendation.

    This recommendation also applies to the Secretary of the Board of Directors, despite not being considered a Director.

Not Applicable

24. That whenever, due to resignation or any other reason, Directors leave their position before the completion of their mandate, they shall be required to explain the reasons for this decision in a letter addressed to all Members of the Board of Directors. And that, regardless of whether said resignation has been reported as a relevant event, the reason for leaving their position must be included in the annual Corporate Governance Report.

Not Applicable

25. That the Appointments Committee should ensure that the non-executive directors have enough time to properly perform their duties.

And that the Board Regulations should establish the maximum number of Boards of Directors of which the Directors may form part.

Complies in Part

It is the responsibility of the Appointments and Compensation Committee to assess, according to the needs of the Board of Directors of the Company, that any future Members have enough time available and dedication required to efficiently carry out their duties and, likewise, verify that future non-executive Directors have sufficient time for the same. The Company considers that an individual assessment of each Director, adapted to the requirements of the Board of Directors of the Company and other Directors that may become part of it, that is flexible adapting to any evolution in the circumstances, will enable it to comply with the principle of guaranteeing that the same has enough time to properly perform their duties when establishing in a generic way a maximum number of Boards of Directors of which the Directors may form part.

26. That the Board of Directors should meet with the frequency necessary to perform its duties efficiently and, at least, eight times per year, following the schedule and agenda established at the beginning of each year. Directors should be able to individually propose additional Agenda items beyond those initially included on the Agenda.

Complies

27. That Directors' failure to attend should be limited to extraordinary cases and should be quantified in the annual Corporate Governance Report. And that, in case of such absence, representation should be granted with instructions.

Complies

28. That when the Directors or the Secretary voice any concern regarding any proposal or, in the case of Directors, regarding performance of the Company, and their concern is not resolved by the Board of Directors, such circumstances shall be stated for the record at the request of the individual who raised it.

Not Applicable

29. That the Company should establish the channels necessary to ensure that the Directors may obtain the advice required to perform their duties including, if required by the circumstances, external advisory services at the Company's expense.

Complies

30. That, regardless of the knowledge required of the Directors to perform their duties, the companies should offer knowledge update programs to the Directors when the circumstances so require.

Complies

31. That the agenda for meetings should clearly state the agenda items that will be resolved upon at the Board of Directors meeting so that the Directors may study or gather the information required for its adoption in advance.

    The prior and express consent of the majority of the Directors in attendance shall be required, and duly recorded in the Minutes, if the Chairman wishes, on an exceptional and emergency basis, to propose decisions or resolutions to the Board of Directors that were not listed on the Agenda.

Complies

32. That the Directors should be regularly informed of any changes in shareholdings and of the opinion of significant Shareholders, Investors, and Credit Rating Agencies as regards the Company and its Group.

Complies

33. That the Chairman, as the responsible party for the effective operation of the Board of Directors, in addition to exercising all duties conferred thereto by Law and the Bylaws, shall prepare and submit to the Board of Directors a schedule of dates and issues to be addressed; organize and coordinate the regular assessment of the Board, as well as, as the case may be, of the top executive of the Company; be responsible for the management of the Board and for the effectiveness of its operation; ensure that enough time is spent discussing strategic questions; and resolve on and revise knowledge update programs for each Director, when so required by the circumstances.

Complies

34. That when there is a Coordinating Director, the Bylaws or Board of Directors Regulations should, in addition to the duties attributed thereto by Law, attribute the following duties to the Coordinating Director: to chair the Board of Directors in the absence of the Chairman and Vice Chairman, if any; to voice the concerns of the Non-executive Directors; to maintain contact with Investors and Shareholders to learn about their points of view in order to form an opinion on their concerns, in particular, in relation to the Company's Corporate Governance; and to co-ordinate the succession plan for the Chairman.

Complies

35. That the Secretary of the Board of Directors should ensure, in particular, that the conduct and decisions of the Board of Directors take into account the good governance recommendations included in this Corporate Governance Code and applicable to the Company.

Cumple

36. That the Board of Directors, in the plenary session, should annually assess and adopt, as the case may be an Action Plan to correct the deficiencies identified in relation:

    a. The quality and efficiency of the functioning of the Board of Directors.
    b. The functioning and composition of its Committees.
    c. The diversity in the composition and competencies of the Board of Directors.
    d. The performance of the Chairman of the Board of Directors and the Company's top executive.
    e. The performance and contributions of each Director, paying particular attention to the heads of the different Board Committees.

    In order to assess the different committees, such assessments shall be based on the reports submitted thereby to the Board of Directors and, as regards assessment of the Board itself, on the report submitted by the Appointments Committee.

    Every three years, the Board of Directors shall be assisted in carrying out an assessment by an external consultant, the independence of whom shall be verified by the Appointments Committee.

    The business relations held by the Consultant or any of its group companies with the Company or any other Group Company shall be described in the annual Corporate Governance Report.

    The process and areas assessed shall be described in the annual Corporate Governance Report.

Complies

37. That if there is an Executive Committee, the structure of the participation by the different categories of Directors shall be similar to that of the Board of Directors itself, and its secretary shall be the Board Secretary.

Not Applicable

38. That the Board of Directors must always be aware of the matters discussed and decisions adopted by the Executive Committee and that all Members of the Board of Directors should receive a copy of the minutes of the Executive Committee meetings.

Not Applicable

39. That the Members of the Audit Committee, and in particular its Chairman, should be appointed considering their knowledge and experience in the area of accounting, auditing, or risk management, and that the majority of its Members should be Independent Directors.

Complies

40. That under the supervision of the Audit Committee, the Company shall have a unit dedicated to performing internal audit duties and which ensures that the proper functioning of the internal re-

porting and control systems and functionally reports to the non-executive Chairman of the Board or of the Audit Committee.

Complies

41. That the person in charge of the unit performing the internal audit duties shall present an annual work plan to the Audit Committee, report directly on any issues that may arise in its implementation and submit an activity report at the end of each fiscal year.

Complies

42. That, in addition to those duties provided by law, the Audit Committee should have the following duties:

1. As regards reporting and internal control systems:

   a. To supervise the preparation process and the integrity of the financial information relating to the Company and, as the case may be, to the Group, reviewing compliance with regulatory requirements, the proper scope of the consolidated Group and the correct application of accounting principles.
   b. To ensure the independence of the internal auditing unit; propose the selection, appointment, reappointment, and removal of the party responsible for the internal auditing services; propose the budget for such service; approve the direction and plans for its services to ensure that the activity focuses primarily on relevant risks for the Company; receive regular reports on its activities; and verify that Senior Management takes the conclusions and recommendations of such reports into account.
   c. To establish and monitor a mechanism that allows employees to communicate, confidentially and, if possible and deemed appropriate, anonymously, any potential significant irregularities, in particular financial and accounting irregularities, observed from within the Company.

2. As regards the External Auditor:

   a. If the External Auditor resigns, to examine the circumstances leading to this resignation.
   b. To ensure that compensation of the External Auditor does not compromise quality or independence.
   c. To oversee that the Company reports the change of Auditor as a material event to the Spanish Securities Market Commission (Comisión Nacional de Mercado de Valores – CNMV), which shall be accompanied by a statement on any potential disagreements with the outgoing Auditor and, if any, the content thereof.
   d. To ensure that the Company and the External Auditor holds a meeting with a plenary session of the Board of Directors in order to inform them of the work performed and the financial position of and risks faced by the Company.
   e. To ensure that the Company and the External Auditor respect rules in force on the provision of non-auditing services, limits on the concentration of the Auditor's business and, in general, any other rule son the independence of the Auditors.

Complies

43. That the Audit Committee may request the presence of any employee or executive of the Company, even without the presence of any other executives.

Complies

44. That the Audit Committee should be aware of any transactions proposed by the Company that would implement structural and corporate changes in order to analyze such transactions and report to the Board of Directors regarding the financial terms and accounting effects thereof and, in particular, as the case may be, regarding the proposed exchange ratio.

Not Applicable

45. That the Risk Control and Management Policy should identify at least the following:

   a. The different types of risk, including financial and non-financial risks (including but not limited to operating, technological, legal, social, environmental, political, and reputation), faced by the Company, including under financial and economic risks any contingent liabilities and other offbalance sheet risks.
   b. An established risk level deemed acceptable by the Company.
   c. The measures intended to mitigate the impact of the risks identified, in the event that they materialize.
   d. The internal control and reporting systems that will be used to control and manage the aforementioned risks, including contingent liabilities and off-balance sheet risks.

Complies

46. That under the direct supervision of the Audit Committee or, as the case may be, of a specialized committee of the Board of Directors, there is an internal audit and risk management function carried out by one of the Company's internal units or departments, which is expressly assigned the following duties:

   a. To ensure proper operation of the Risk Control and Management Systems and, in particular, to ensure the identification, management and proper quantification of the substantial risks faced by the Company.
   b. To actively participate in developing the risk strategy and making important decisions related to the management thereof.
   c. To ensure that Risk Control and Management Systems properly mitigate risks under the framework of the policy established by the Board of Directors.

Complies

47. That the members of the Appointments and Compensation Committee –or of the Appointments Committee and the Compensation Committee, if separate– shall be appointed ensuring that they have the proper knowledge, skills and experience to perform the duties required therefrom and that the majority of its Members shall be Independent Directors.

Complies

48. That companies with high capitalization shall have an Appointments Committee and a separate Compensation Committee.

Not Applicable

49. That the Appointments Committee shall consult the Chairman of the Board of Directors and the top executive of the Company, in particular in matters related to the Executive Directors. And that any Director may ask the Appointments Committee to consider potential candidates he or she considers appropriate, in his/her position, to fill a vacancy on the Board of Directors.

Complies

50. That the Compensation Committee should carry out its duties independently and that, in addition to the duties granted thereto by Law, should have the following duties:

a. Propose to the Board of Directors the basic contracting conditions signed with Senior Executives.
b. To verify compliance with the Compensation Policy established by the Company.
c. To regularly review the compensation policy for the Directors and Senior Executives, including share compensation systems and their application, as well as to ensure that individual compensation is proportionate to the amounts paid to the other Directors and Senior Executives of the Company.
d. To ensure that any potential conflicts of interest do not threaten the independence of any external advisor provided to the Committee.
e. To verify information regarding compensation of Directors and Senior Executives provided in various corporate documents, including the Annual Report on Director Compensation.

Complies

51. That the Compensation Committee should consult the Chairman and the top executive of the Company, in particular in matters related to the Executive Directors and Senior Directors.

Complies

52. That the rules on the composition and functioning of the monitoring and control committees should be provided in the Board of Directors Regulations, which should comply with all rules applicable to those legally required committees in accordance with the preceding recommendations, including:

a. That they should be exclusively comprised of Non-executive Directors with a majority of Independent Directors.
b. That they must be chaired by Independent Directors.
c. That the Board of Directors should appoint the members of these committees taking into account the knowledge, skills, and experience of the Directors and the terms of reference of each committee; that their members report to the Board of Directors, at the first plenary session thereof following each of the committee meetings, on its activities and work performed.

d. That the committees may request external advisory services as deemed necessary to perform their duties.
e. That the Minutes should be drafted for the meetings, which shall be made available to all Directors.

Complies

53. That monitoring of compliance with Corporate Governance Rules, Internal Codes of Conduct, and the Corporate Social Responsibility Policy should be attributed to one or more committees of the Board of Directors, which could include the Audit Committee, Appointments Committee, Corporate Social Responsibility Committee, if any, or any specialized committee of the Board of Directors that, in the performance of its self-organization duties, it decides to establish for such purpose, to which the following specific minimum duties shall be attributed:

a. To monitor compliance with the Internal Codes of Conduct and the Corporate Governance Rules of the Company.
b. To monitor the Communications Strategy and relationships with Shareholders and Investors, including small and medium shareholders.
c. To regularly assess whether the Company's Corporate Governance System is appropriate with a view to ensuring that its objective of promoting corporate interests is met and taking into account, as applicable, the legitimate interests of the remaining interest groups.
d. To review the Company's Corporate Social Responsibility Policy, ensuring it is aimed at creating value.
e. To monitor the Corporate Social Responsibility Strategy and practices and assess compliance therewith.
f. To monitor and assess the engagement processes for different interest groups.
g. To assess all aspects related to the Company's non-financial risks, including operating, technological, legal, social, environmental, political, and reputational risks.
h. To co-ordinate the process for reporting non-financial and diversity information in accordance with the applicable regulations and international benchmark standards.

Complies

54. That the Corporate Social Responsibility Policy should incorporate the principles and commitments voluntarily assumed by the Company in its relations with various interest groups and identifying at least:

a. The objectives of the Corporate Social Responsibility Policy and the implementation of support instruments.
b. The Corporate Strategy as regards sustainability, the environment and social issues.
c. The specific practices in matters related to: shareholders, employees, clients, suppliers, social issues, environment, diversity, tax liability, respect of human rights, and prevention of illegal conduct.
d. The methods or systems for monitoring the results of application of the specific practices indicated in the preceding paragraph, associated risks and management thereof.
e. The mechanisms for monitoring non-financial risks, ethics, and business conduct.
f. The channels for communication, participation, and dialog with interest groups.

g. The practices of responsible communication that prevent manipulation of information and protect integrity and honor.

Complies

55. That the Company should report, in a separate document or in the Management Report, on all aspects related to corporate social responsibility, applying for such purpose the internationally accepted methodologies.

Complies

56. That the Director compensation should be set as required to attract and retain Directors with the desired profile and to compensate them for the dedication, qualifications, and responsibility required in the position, without being so high as to compromise the independence of the Non-executive Directors.

Complies

57. That compensation of Executive Directors should be limited to variable compensation linked to performance of the Company and the individual, as well as compensation in the form of delivery of shares, options or share rights or instruments referencing share value and long-term savings systems such as pension plans, retirement funds or other social welfare systems.

Delivery of shares as compensation of Non-executive Directors may be used, provided that Directors are required to hold said shares until they no longer serve as Directors. The foregoing shall not apply to shares that the Director needs to dispose of, as the case may be, in order to pay the relevant acquisition costs.

Complies

58. That variable compensation policies should incorporate the necessary technical precautions and restrictions to ensure that this compensation rewards the professional performance of its beneficiaries and does not solely derive from the general performance of the markets or the activity sector of the company, or from any other similar circumstances.

And, in particular that the variable compensation items should:

a. Be linked to performance criteria that are pre-determined and measurable and that said criteria should take into account the risk assumed in obtaining a result.
b. Promote the sustainability of the Company and include appropriate non-financial criteria for creating long-term value, such as compliance with the Company's internal rules and procedures, as well as its risk management control policies.
c. Be established based on a balance between meeting short, medium, and long-term objectives, enabling compensation for continued performance during a sufficient period of time to measure their contributions to creating sustainable value, such that the measurement elements for this performance are not solely based on one-off, occasional, or extraordinary events.

Complies

59. That payment of a significant part of the variable compensation components should be differed for a minimum period of time sufficient to verify that the previously established performance conditions have been met.

Complies

60. That, in calculating any compensation linked to profits, the Company should consider any potential reservations included in the External Auditor's report that reduce said profits.

Not Applicable

61. That a material percentage of the variable compensation of the Executive Directors should be linked to the delivery of shares or financial instruments linked to their value.

Complies

62. That once the shares or options or share rights have been contributed to the compensation system, the Directors may not transfer ownership of a certain number of shares equivalent to two times fixed annual compensation, nor may exercise the options or rights until a period of a least three years from allocation thereof has elapsed.

The foregoing shall not apply to shares that the Director needs to dispose of, as the case may be, in order to pay the relevant acquisition costs.

Explain

The Company considers that the accruals principle and payment of compensation in shares to the Executive Directors as set forth in the Long-Term Incentive Plan, adequately promotes the allegiance to the interest and trustworthiness of the Director, without having to establish additional lock-in periods.

The Chairman and CEO participate in the Long-Term Incentive Plan of the Company. In accordance with the same

a) The payment of compensation in shares, as the case may be, to which the beneficiary has the right subject to fulfilment of their objectives, is exercised over a period of 3 years; and
b) The payment in shares that, as the case may be, the beneficiary accrues, is divided up over the subsequent 3 years.

63. That contractual agreements should include a clause authorizing the Company to request reimbursement of the variable compensation if the payment amount was not in line with actual performance or if it is subsequently determined that payments were based on data that was clearly erroneous.

Complies

64. That payments for terminating contracts should not exceed an established amount equivalent to two years of total annual compensation and that they should not be paid out until the Company has verified compliance by the Director with the previously established performance criteria.

Complies

H. Other information of interest

1. If there is any other relevant aspect as regards corporate governance of the Company or any of its groups companies that has not been included in the rest of the sections of this report, but which should be included in order to gather more complete and reasoned information on the Corporate governance structure and practices of the Company or its Group, please briefly describe such information below.

2. Any other information, clarification or specifications related to the previous sections of this report may be included in this section, to the extent it is relevant and not redundant.

   In particular, please indicate whether the Company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include that information required to be provided under such legislation and that differs from that requested in this report.

3. The Company may also indicate whether it has voluntarily adhered to any other international, industry or other ethical codes or codes of good practice. If so, please identify the code in question and the date of accession.

GENERAL

The Company is listed on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia since 17 March 2017, being 2017 its first fiscal year as a listed, public-limited co.

A.2

On 5 January 2018, FMR LLC reported to the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores – CNMV) the reduction of its participation in the Company from 6.760% to 6.741%.

A.3

The share amount detailed in the table corresponding to the rights over shares of the members of the Board of Directors under the heading "number of equivalent shares" refers to the maximum number of shares to which they have the right to, even though the number of shares that they actually receive depends on the fulfilment of the terms and conditions set forth in the Long-Term Incentive Plan of the Company.

B.4

All General Shareholder Meetings included in this report took place before the Company's shares were admitted to trading.

C.1.2

In the case of Shareholder-appointed Members Mr. Pedro Guerrero Guerrero and Ms. Chantal Gut Revoredo, and each one of the four Independent Directors, the date entered in the table corresponding to the date of the first appointment corresponds to the date of effect of their appointment thereof. Said appointment took place on approval of the General Shareholders Meeting on 6 February 2017 (before the Company went public on the Stock Exchange) being its effectiveness conditioned to the registration of the IPO prospectus with the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores – CNMV.

C.1.29

Five out of the eleven meetings of the Board of Directors held in fiscal year 2017 and one out of the five of its Audit Committee, took place before the Company's shares were admitted to trading.

C.1.39

The External Auditor of the Company, KPMG Auditores, S.L. was appointed on 21 September 2016 as Accounting Auditor of the Company and its Group for fiscal years 2016, 2017 and 2018.

C.1.45

The Company shall report on the clauses making reference to this heading in the General Shareholders Meeting in 2018.

D.2

Issues and amounts included as significant transactions between the Company and its significant Shareholders correspond to the following transactions (some of which, having been entered into on 2017 and, therefore, part of section D.2, were implemented before the Company's shares were admitted to trading):

- Operating Lease Agreements: the amount included (9.940 thousand euros) equals the net amount payable by the Company to Prosegur Compañía de Seguridad, S.A. for the lease of real estate assets (that is, the difference between the amount payable by the Company as tenant (11.060 thousand euros) and the amount owed by Prosegur Compañía de Seguridad, S.A. to the Company, as landlord (1.120 thousand euros);
- License Agreements: corresponds to the royalty amount payable by the Company to Prosegur Compañía de Seguridad, S.A. for its licensing of the "PROSEGUR" trademark";
- Receipt of Services: corresponds to the amount payable by the Company to Prosegur Compañía de Seguridad, S.A. for the provision of management and support services;
- Sale of Goods: the amount included (103.618 thousand euros) corresponds to the addition of amounts cashed in by the Company from Prosegur Compañía de Seguridad, S.A. for the sale of (i) real estate assets in Argentina (67.380 thousand euros), (ii) trademark registries (36.038 thousand euros) and (iii) credit rights (200 thousand euros);
- Sale of Financial Assets: the amount included (68.387 thousand euros) corresponds to the addition of amounts cashed in by the Company from Prosegur Compañía de Seguridad, S.A. for the sale of shares in Compañía RIDUR 2016, S.A. and SEGURPRO VIGILÂNCIA PATRIMONIAL S.A. (49.873 thousand euros and 18.614 thousand euros respectively);
- Financing Agreements: other: the amount of 30.170 thousand euros corresponds to the amount to be cashed in by the Company from Prosegur Compañía de Seguridad, S.A. for the cash consumption of the Security business in Brazil, until its full spin-off (with subsequent sale of its shares) to the company SEGURPRO VIGILÂNCIA PATRIMONIAL S.A.;
- Financing Agreements: loans: the 18.372 thousand euros correspond to the bank loan agreement assigned to the Company by Prosegur Compañía de Seguridad, S.A., incurred in connection with the financing of the Company's investment in South Africa;
- Other instruments that may imply the transfer of assets and liabilities between the Company and its related party: the amount included (24.375 thousand euros) equals the aggregate of credit rights assigned to the Company by Prosegur Compañía de Seguridad, S.A.

ADDITIONAL INFORMATION RELATING TO THE TECHNICAL GUIDE 3/2007 ON THE AUDITS OF PUBLIC INTEREST ENTITIES COMMISSION

On 18 December 2017, the Board of Directors approved the Audit Committee Regulations according to the recommendations of the Technical Guide on Audit Committees, a copy of which is publicly available at the Company's website (www.prsegurcash.com).

This annual Corporate Governance Report has been approved by the Company's Board of Directors at its meeting held on 26/02/2018.

Please indicate whether any Directors have voted against or abstained from the approval of this Report.

No

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