



Prosegur Compañía
de Seguridad, S.A.
and subsidiaries

Consolidated Annual Accounts

31 December 2018

Consolidated Directors' Report

2018

(With Independent Auditor's Report Thereon)

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



KPMG Auditores, S.L.
Pº de la Castellana, 259C
28046 Madrid

Independent Auditor's Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the shareholders of Prosegur Compañía de Seguridad, S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries (together the "Group"), which comprise the consolidated statement of financial position at 31 December 2018, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2018 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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

Key Audit Matters

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

Labour and tax provisions and contingencies

See notes 22, 26 and 34.16 to the consolidated annual accounts

<i>Key Audit Matter</i>	<i>How the Matter was Addressed in Our Audit</i>
<p>The Group is exposed to possible claims and disputes in the course of its activity. These are primarily of a labour nature, mainly in Brazil in view of the high number of employees, and others are tax-related. Assessing and monitoring lawsuits, claims and disputes, including contingencies and, where applicable, the related provisions, is a complex process that entails evaluating future developments in these proceedings. Furthermore, in view of the characteristics of labour legislation in the different countries and the regulatory requirements applicable to this activity, these proceedings may be ongoing for a long period of time which in turn further complicates evaluation of these processes.</p> <p>As regards labour matters in Brazil, the Group is subject to various contingencies, mainly associated with claims lodged by employees or former employees. At 31 December 2018 a provision of Euros 47 million has been recognised in this respect.</p> <p>From a tax perspective, the Group has ongoing claims relating to taxes in Argentina and Brazil, for which a provision of Euros 79 million has been recognised at 31 December 2018. The Company also has contingencies arising from tax assessments signed on a contested basis, in respect of tax payable amounting to Euros 24 million, for which no provision has been recognised.</p> <p>Due to the judgement inherent in assessing these different matters, the uncertainty associated with the estimates relating to the ongoing labour and tax proceedings, and because changes therein could give rise to material differences with respect to the amounts recognised to date, this has been considered a key audit matter of the current period.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▪ Assessing the design and implementation of the controls relating to the process of estimating the probability and impact when measuring the labour and tax contingencies. ▪ Obtaining representations from lawyers outside the Group regarding the status of these matters, their probability and, where applicable, possible losses for the Group. ▪ In the case of potentially material claims, assessing the underlying facts and circumstances deemed relevant by the Group's legal counsel in their conclusions and evaluating the Group's best estimate. ▪ Evaluating whether the disclosures in the consolidated annual accounts comply with the requirements of the financial reporting framework applicable to the Group.

Recoverable amount of non-current assets

See notes 11 to 13 and 34.9 to the consolidated annual accounts

<i>Key Audit Matter</i>	<i>How the Matter was Addressed in Our Audit</i>
<p>The Group has property, plant and equipment and intangible assets amounting to Euros 1,542 million, Euros 570 million of which is goodwill of the Group.</p> <p>In 2018 the Group did not recognise any impairment for non-current assets.</p> <p>For the purpose of testing non-current assets for impairment, they were assigned to the corresponding cash-generating units (CGUs). In the Prosegur Group, the CGUs are the individual business segments (Cash, Surveillance and Alarms) in each country of operations.</p> <p>There is a risk that the carrying amount of CGUs whose financial position has declined may exceed their recoverable amount.</p> <p>At each reporting date, or earlier if there are indications of impairment, the Group estimates the recoverable amount of each CGU.</p> <p>For the Cash and Surveillance businesses, this is determined based on their value in use, while for the Alarms business the fair value is used.</p> <p>To estimate these amounts, the Group used valuation techniques that require the Directors to exercise judgement and make assumptions and estimates.</p> <p>Due to the uncertainty associated with these estimates and the significance of the carrying amount of non-current assets, this has been considered a key audit matter of the current period.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▪ Assessing the design and implementation of the key controls relating to the process of estimating the recoverable amount of non-current assets. • Analysing the indications, identified by the Group, of impairment of the cash-generating units. ▪ When estimating value in use (Cash and Surveillance businesses), <ul style="list-style-type: none"> – evaluating the reasonableness of the method used to calculate value in use and the main assumptions considered, with the involvement of our valuation specialists; – contrasting the consistency of the estimated growth in future cash flows of each cash-generating unit included in the calculation of value in use with the business plans approved by the Group's governing bodies; – contrasting the cash flow forecasts of cash-generating units estimated in prior years with the actual cash flows obtained. ▪ When estimating fair value (Alarms business), <ul style="list-style-type: none"> – assessing, with the involvement of our valuation specialists, the reasonableness of the estimated fair value of the Alarms business, which was calculated by applying market multiples to recurrent monthly revenues per connection, obtained on the basis of the latest transactions observed; – contrasting the consistency of the multiple used to calculate this value with the market reports on the latest transactions observed. ▪ Analysing the sensitivity of the estimated recoverable amount to changes in the relevant assumptions and judgements, such as the discount rate, the future growth rate or the EBITDA used when calculating the value in use of the Cash and Surveillance businesses and the recurrent monthly revenues per connection and the multiplier when estimating the fair value of the Alarms business. ▪ Evaluating whether the disclosures in the consolidated annual accounts comply with the requirements of the financial reporting framework applicable to the Group.

Hyperinflation in the Argentine economy

See notes 2.3, 21.2 and 34.27 to the consolidated annual accounts.

<i>Key Audit Matter</i>	<i>How the Matter was Addressed in Our Audit</i>
<p>As of 1 July 2018, the Argentine economy meets the criteria for consideration as a hyperinflationary economy, for the purposes of applying International Accounting Standard (IAS) 29. This standard must be applied from the start of 2018, as if the Argentine economy had always been inflationary, i.e. retrospectively. However, as mentioned in note 2.3 to the consolidated annual accounts, the comparative figures for the Group have not been restated in accordance with the criteria laid down in IFRS-EU and, as a result, the effect of the hyperinflation is presented as an adjustment to equity at 1 January 2018. This fact must be taken into account for the purpose of analysing comparability, as the comparative figures for 2017 of the Argentine subsidiary, which are included in the Group's consolidated annual accounts, are presented without the adjustment for hyperinflation.</p> <p>In accordance with the criteria set out in IAS 29, non-monetary items in the statement of financial position of the Argentine subsidiary are expressed in the monetary unit current at 31 December 2018. As the economy is hyperinflationary, in accordance with IAS 21, all statement of financial position and income statement items must be translated to the Group's presentation currency (the Euro) at the closing rate. As detailed in note 21.2 to the consolidated annual accounts, the Group has opted to transfer the opening cumulative translation differences of the Argentine subsidiary to reserves without adapting the comparative figures and, as a result, the total effect of the adjustment for hyperinflation is presented in this item.</p> <p>As a result of applying these accounting criteria, the Group has increased its equity by Euros 55 million. Due to the significance of the adjustment for hyperinflation made to the figures for 2018 and the complexity associated with the calculation of this adjustment, we have considered this to be a key audit matter.</p>	<p>In the context of our audit, we performed, among others, the following procedures:</p> <ul style="list-style-type: none"> – Understanding of the methodology used by the Group in the adjustment of the financial position at 1 January and 31 December 2018. – Verification, through an inspection of the Group's working papers, that the criteria set out in IAS 29 have been applied for the adjustment of the financial position at 1 January and 31 December 2018 to the monetary unit current at those dates. In this regard, our work was focused on: <ul style="list-style-type: none"> ▪ Identifying the monetary and non-monetary assets and liabilities. ▪ Verifying that the inflation rates applied reflect those published by the National Institute of Statistics and Censuses of the Argentine Republic (INDEC). ▪ Recalculating the net deferred position for income tax at 31 December 2018. ▪ Performing tests of detail in relation to the revaluation of the non-monetary assets in order to verify that the adjusted amount does not exceed their recoverable amount. ▪ Calculating at 1 January and 31 December 2018 the cumulative adjustment in reserves due to first-time application of IAS 29. ▪ Verification that the effect of applying IAS 29 on the basis of the changes in monetary items is reasonable by recalculating the updated non-monetary items, capital and reserves. – Verification that the financial statements of the Argentine subsidiary, adjusted for inflation, have been translated at the closing rate, and verification of the transfer of opening cumulative translation differences to reserves. – Assessment of whether the information disclosed in the consolidated annual accounts in relation to the hyperinflation meets the requirements of the financial reporting framework applicable to the Group.



Other information: Consolidated Directors' Report

Other information solely comprises the 2018 Consolidated Directors' Report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the content of the consolidated directors' report is defined in the legislation regulating the audit of accounts, which establishes two different levels:

- a) A specific level applicable to the consolidated statement of non-financial information and to certain information included in the Annual Corporate Governance Report, as defined in article 35.2. b) of Audit Law 22/2015, which consists solely of verifying that this information has been provided in the directors' report, or where applicable, that the directors' report makes reference to the separate report on non-financial information, as provided for in legislation, and if not, to report on this matter.
- b) A general level applicable to the rest of the information included in the consolidated directors' report, which consists of assessing and reporting on the consistency of this information with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. Also, assessing and reporting on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have verified that the information mentioned in a) above has been provided in the consolidated directors' report and that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2018 and the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.



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

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

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

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

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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



- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional Report to the Audit Committee of the Parent

The opinion expressed in this report is consistent with our Additional Report to the Parent's Audit committee dated 27 February 2019.

Contract Period

At their ordinary general meeting held on 29 May 2018, the shareholders appointed us as auditors of the Group for a period of one year, specifically for the year ended 31 December 2018. Previously, we were appointed for a period of seven years, by consensus of the shareholders at their general meeting, and have been auditing the annual accounts since the year ended 31 December 2010.

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

María Lacarra

On the Spanish Official Register of Auditors ("ROAC") with No. 20411

27 February 2019

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. AND SUBSIDIARIES

**Consolidated Annual Accounts and Directors' Report
for the year ended 31 December 2018**

Prepared in accordance with the International
Financial Reporting Standards adopted by the European Union (IFRS-EU)

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

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I. CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

(In thousands of Euros)

	Note	2018	2017
Revenue	3	3,939,206	4,290,661
Costs to sell	4	<u>(2,987,486)</u>	<u>(3,260,334)</u>
Gross profit		951,720	1,030,327
Other income	6	13,247	8,437
Sale and administrative expenses	4	(648,628)	(632,906)
Other expenses	6	(13,840)	(14,821)
Stake in profits / (losses) for the year of Investments accounted for using the equity method	15	(1,119)	(2,122)
Operating profit/(loss) (EBIT)		301,380	388,915
Finance income	7	31,495	29,031
Finance expenses	7	<u>(52,836)</u>	<u>(74,008)</u>
Net financial costs		(21,341)	(44,977)
Profit before tax		280,039	343,938
Income tax	26	<u>(100,022)</u>	<u>(145,629)</u>
Post-tax profit from continuing operations		180,017	198,309
Profit/(loss) for the year from discontinued operations	14	<u>(11)</u>	-
Consolidated profit/(loss) for the period		180,006	198,309
Attributable to:			
Owners of the Parent		132,272	150,348
Non-controlling interests	21	47,734	47,961
Earnings per share from continuing operations attributable to the owners of the Parent (Euros per share)			
- Basic	8	0.2210	0.2512
- Diluted	8	0.2210	0.2512

The Notes on pages 10 to 105 form an integral part of the consolidated annual accounts.

II. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

	<u>Note</u>	<u>2018</u>	<u>2017</u>
Profit for the year		180,006	198,309
Other comprehensive income:			
Items which are not reclassified to profit and loss			
Actuarial profits/(losses) on defined benefit plans	5.2	(1,024)	(1,581)
		<u>(1,024)</u>	<u>(1,581)</u>
Items which are reclassified to profit and loss			
Translation differences of financial statements of foreign operations	21	(63,705)	(195,310)
		<u>(63,705)</u>	<u>(195,310)</u>
Total comprehensive income, net of taxes		<u>115,277</u>	<u>1,418</u>
Attributable to:			
- Owners of the parent		72,693	(12,519)
- Non-controlling interests		42,584	13,937
		115,277	1,418

The Notes on pages 10 to 105 form an integral part of the consolidated annual accounts.

III. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2018 AND 2017

(In thousands of Euros)

	Note	2018	2017
ASSETS			
Property, Plant and Equipment	11	700,131	586,950
Goodwill	12	570,073	520,389
Other intangible assets	13	272,247	244,962
Property investments	14	45,308	-
Investments accounted for using the equity method	15	29,433	29,837
Non-current financial assets	17	19,251	12,143
Deferred tax assets	26	84,103	86,336
Non-current assets		1,720,546	1,480,617
Non-current Assets held for sale	14	642	50,963
Inventory	18	76,087	70,702
Clients and other receivables	19	820,890	941,575
Current tax assets	26	153,982	158,549
Other financial assets	20	489,268	490,298
Cash and cash equivalents	20	558,355	630,939
Current assets		2,099,224	2,343,026
Total assets		3,819,770	3,823,643
EQUITY			
Share capital	21	37,027	37,027
Share premium	21	25,472	25,472
Treasury Stock	21	(52,777)	(53,079)
Translation differences	21	(174,397)	(537,720)
Retained earnings and other reserves	21	1,162,402	1,597,383
Equity attributable to equity holders of the Parent		997,727	1,069,083
Non-controlling interests	21	68,730	74,357
Total equity		1,066,457	1,143,440
LIABILITIES			
Financial liabilities	23	1,391,557	717,311
Deferred tax liabilities	26	58,510	30,776
Provisions	22	197,027	199,633
Other non-current liabilities	25	29,273	-
Non-current liabilities		1,676,367	947,720
Trade and other payables	24	794,840	850,683
Current tax liabilities		78,594	122,265
Financial liabilities	23	150,720	701,046
Provisions	22	4,524	14,427
Other Current Liabilities	25	48,268	44,062
Current liabilities		1,076,946	1,732,483
Total liabilities		2,753,313	2,680,203
Total equity and liabilities		3,819,770	3,823,643

The Notes on pages 10 to 105 form an integral part of the consolidated annual accounts.

IV. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

(In thousands of Euros)

	Equity attributable to equity holders of the Parent					Non-controlling interests (Note 21)	Total equity
	Share capital (Note 21)	Share premium (Note 21)	Treasury Stock (Note 21)	Translation differences (Note 21)	Retained earnings and other reserves (Note 21)		
Balance at 1 January, 2017	37,027	25,472	(53,315)	(470,371)	1,212,118	569	751,500
Total comprehensive income for the year	-	-	-	(161,286)	148,767	13,937	1,418
Share-based incentives exercised by employees	-	-	236	-	94	-	330
Ordinary dividend	-	-	-	-	(34,066)	-	(34,066)
Extraordinary interim dividend	-	-	-	-	(279,996)	-	(279,996)
Ordinary interim dividend	-	-	-	-	(71,883)	-	(71,883)
Stock market float Prosegur Cash S.A.	-	-	-	93,937	613,651	89,386	796,974
Dividends Prosegur Cash, S.A.	-	-	-	-	-	(29,535)	(29,535)
Other changes	-	-	-	-	8,698	-	8,698
Balance at 31 December, 2017	37,027	25,472	(53,079)	(537,720)	1,597,383	74,357	1,143,440
Transition adjustments (Note 34)	-	-	-	-	6019	-329	5,690
IAS 20 First adoption (Note 34.27)	-	-	-	-	46,428	8,920	55,348
Translation differences reclassified to reserves (Note 34)	-	-	-	421,878	(421,878)	-	-
Balance at 1 January, 2018	37,027	25,472	(53,079)	(115,842)	1,227,952	82,948	1,204,478
Total comprehensive income for the year	-	-	-	(58,555)	131,248	42,584	115,277
Hyperinflation adjustment	-	-	-	-	(119,196)	(24,338)	(143,534)
Share-based incentives offered to employees	-	-	302	-	183	-	485
Ordinary interim dividend	-	-	-	-	(79,054)	-	(79,054)
Dividend Prosegur Cash, S.A.	-	-	-	-	-	(32,464)	(32,464)
Other changes	-	-	-	-	1,269	-	1,269
Balance at 31 December, 2018	37,027	25,472	(52,777)	(174,397)	1,162,402	68,730	1,066,457

The Notes on pages 10 to 105 form an integral part of the consolidated annual accounts.

V. CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

(In thousands of Euros)	Note	2018	2017
Cash flows from operating activities			
Profit/(loss) for the year		180,006	198,309
<i>Adjustments for:</i>			
Amortisations	11, 13	154,615	129,527
Impairment losses on non-current assets	6	-	150
Impairment losses on trade receivables and inventory	6, 19	9,327	13,565
Change in provisions	22	25,057	67,080
Finance income	7	(31,495)	(29,031)
Finance expenses		6,564	74,008
(Profit)/losses on disposal and sale of property, plant and equipment	6	1,860	3,358
Stakes in (profits)/losses of investments accounted for using the equity method	15	1,119	2,122
Income tax	26, 14	100,023	145,629
Changes in working capital, net of the effect of acquisitions and translation differences			
Inventory		(10,515)	5,667
Clients and other receivables		11,097	(100,435)
Trade and other payables		11,495	45,613
Payment of provisions	22	(34,690)	(85,691)
Other liabilities		2,982	6,145
Cash from operating activities			
Interest paid		(29,321)	(38,598)
Income tax paid		(121,805)	(158,818)
Net cash from operating activities		276,319	278,600
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	11	20,485	1,667
Proceeds from the sale of investment properties/non-current assets held for sale	14	-	2,701
Proceeds from sale of financial assets		290,000	428
Interest collection		8,084	4,402
Acquisition of subsidiaries, net of cash and cash equivalents	29	(55,239)	(35,682)
Acquisition of property, plant and equipment	11	(191,087)	(186,658)
Acquisition of intangible assets	13	(23,514)	(26,283)
Acquisition and capitalisation of joint businesses, net of cash and cash equivalents	15	(2,978)	-
Acquisition of financial assets		(298,147)	(493,611)
Net cash from investing activities		(252,396)	(733,036)
Cash flows from financing activities			
Proceeds from the stock market float Prosegur Cash S.A.		-	805,386
Payments for the redemption of own shares and other equity instruments	21	183	(2,127)
Proceeds from loans and borrowings	23	190,543	354,170
Proceeds from debentures and other marketable securities	23	694,800	595,010
Payments for debentures and other marketable securities	23	(500,000)	-
Payments for loans and borrowings	23	(286,900)	(1,101,626)
Payments for other financial liabilities	23	(20,515)	(17,263)
Dividends paid	9	(118,265)	(329,811)
Net cash from financing activities		(40,154)	303,739
Net increase/(decrease) in cash and cash equivalents		(16,231)	(150,697)
Cash and cash equivalents at the beginning of year		630,939	824,634
Effect of exchange differences		(56,085)	(42,998)
Cash and cash equivalents at the end of the period		558,623	630,939
- Cash and cash equivalents at the end of the period from continuing operations		558,355	630,939
- Cash and cash equivalents at the end of the period from discontinued operations (Note 14)		268	-

The Notes on pages 10 to 105 form an integral part of the consolidated annual accounts.

VI. NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS AT 31 DECEMBER 2018

1. General Information

Prosegur is a business group composed of Prosegur Compañía de Seguridad, S.A. (hereinafter, the Company) and its subsidiaries (jointly, Prosegur) which is present in the following countries: Germany, Argentina, Australia, Brazil, Chile, China, Colombia, Costa Rica, El Salvador, Spain, United States, Philippines, France, Guatemala, Honduras, India, Luxembourg, Mexico, Nicaragua, Paraguay, Peru, Portugal, Singapore, South Africa, Turkey and Uruguay.

Prosegur is organised into the following business lines:

- Security.
- Cash.
- Alarms.

Prosegur is controlled by Gubel S.L., which was incorporated in Madrid and holds 50.075% of the share capital of Prosegur Compañía de Seguridad, S.A., which includes Prosegur in its consolidated financial statements.

Prosegur Compañía de Seguridad, S.A. is a public limited Company that is listed on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia whose shares are traded on the Spanish Stock Exchange Interconnection System (SIBE). The Company was incorporated in Madrid on 14 May 1976 and is entered in the Mercantile Register of Madrid. The registered offices of Prosegur Compañía de Seguridad, S.A. are at Calle Pajaritos, 24, Madrid (Spain).

The corporate purpose is described in Article 2 of its Articles of Association. The main services and activities provided by the Company by means of its subsidiaries are as follows:

- Security patrol and protection of premises, goods and individuals.
- The transportation, storage, safekeeping, 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 installation and maintenance of security equipment, devices and systems.

These consolidated annual accounts were authorised for issue by the directors on 26 February 2019 and are pending approval by the shareholders at their general meeting. However, the directors consider that these consolidated annual accounts will be approved with no changes.

Structure of Prosegur

Prosegur Compañía de Seguridad, S.A. is the parent company of the Group formed by the subsidiaries specified in Appendix I. In addition, Prosegur has Joint Arrangements (Note 15, 16 and Appendix II).

Prosegur holds interests of less than 20% in the share capital of other entities. It does not exert significant influence over these entities (Note 17).

Details of the principles applied to prepare the Prosegur consolidated annual accounts and define the consolidated group are provided in Note 34.2.

2. Basis of Presentation

2.1. Basis for presentation of the consolidated annual accounts

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of Prosegur Compañía de Seguridad, S.A. and the consolidated entities. 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 regulations to present fairly the consolidated equity and consolidated financial position of Prosegur Compañía de Seguridad, S.A. and subsidiaries at 31 December 2018, as well as the consolidated profit and loss from its operations and consolidated cash flows for the year then ended. The consolidated annual accounts are filed yearly in the Mercantile Register of Madrid.

Note that these annual accounts omit such information or breakdowns that, not requiring details because of their qualitative importance, have been considered not material or not relatively important in accordance with the concept of Materiality or Relative Importance defined in the conceptual framework of IFRS-EU.

2.2. Changes in the consolidation scope

In addition, the following companies were incorporated or wound up in 2018:

- In January 2018 Prosegur Ciberseguridad Paraguay SA was incorporated in Paraguay.
- In February 2018 Prosegur Colombia 1 S.L.U. was incorporated in Spain.
- In February 2018 Prosegur Colombia 2 S.L.U. was incorporated in Spain.
- In March 2018 Prosegur Global Cyber Security SLU was incorporated in Spain.
- In May 2018 Segtech Ventures SA was incorporated in Spain.
- In May 2018 Prosegur Gestión de Activos Honduras S de RL was incorporated in Honduras.
- In May 2018 Gestión de Activos Cash Guatemala SA was incorporated in Guatemala.
- In June 2018 the company Prosegur Servicios de Pago EP SLU was incorporated in Spain.
- The companies Prosegur Global Resources Holding Philipines Incorporated and Prosegur Filipinas Holding Corporation were incorporated in the Philipines in June 2018.
- In July 2018 Prosegur Events SASU was incorporated in France.
- In July 2018 Prosegur Logística e Armazenamento Ltda was incorporated in Brazil.
- The company Prosegur SES Serviços Empresariais de Segurança Unipessoal Lda was wound up in Portugal in September 2018.

Furthermore, the following mergers took place between subsidiaries in 2018:

- In July 2018, the takeover by merger took place between Setha Industria Eletronica Ltda and Segurpro Tecnologia em Sistemas de Segurança Eletronica e Incendios Ltda. in Brazil.
- In December 2018, Prosegur Brasil Transportadora de Valores de Segurança completed the takeover by merger of Transexcel Segurança e Transporte de Valores Ltda in Brazil.

Additionally, in November 2018 the following dormant companies were purchased in Germany: M Sicherheitstechnik Verwaltungs GmbH, AC Alarm Verwaltungs GmbH, M. Sicherheitstechnik GmbH & Co KG and AC Alarm GmbH & Co KG.

Additionally, other changes to the consolidated group in 2018 are acquisitions of subsidiaries, details of which are provided in Note 29.

2.3. 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 financial statements for 2018 include comparative figures for the previous year. The accounting policies applicable for the first time in 2018 (IFRS 9 and IFRS 15) and not involving any re-statement of the consolidated annual accounts for 2017 are summarised in Note 34.

The treatment of Argentina as a hyperinflationary economy must be taken into account for the purposes of comparing the two years. The financial statements of the Argentine subsidiaries whose functional currency is the Argentine peso have been re-stated in terms of the current unit of measurement at closing date before being included in the consolidated financial statements. In accordance with the criteria contained in IFRS-EU, the comparative figures for 2017 have not been restated.

2.4. Estimates, assumptions and relevant judgements

The preparation of the consolidated annual accounts in accordance with EU-IFRS requires the application of relevant accounting estimates and the undertaking of judgements, estimates and assumptions in the process for application of the Prosegur accounting policies and measurement of the assets, liabilities and profit and loss.

Although estimates are calculated by Prosegur's directors based on the best information available at year end, future events may require changes to these estimates in subsequent years. Any effect on the consolidated annual accounts of adjustments to be made in subsequent years would be recognised prospectively, where appropriate.

Accounting estimates and assumptions

Information on relevant accounting estimates and assumptions that pose a significant risk of causing material adjustments in the year ending on 31 December 2018 are included in the following notes:

- Business combinations: determination of the interim fair values (Notes 29 and 34.2).
- Impairment of property, plant and equipment, intangible assets, goodwill and held-for-sale non-current assets: assumption for the calculation of recoverable amounts (Notes 11, 12, 13,14, 34.6, 34.7, 34.8 and 34.9).
- Available-for-sale financial assets: assumptions used to determine fair values (Notes 17 and 34.10).
- Impairment of financial assets: calculated on the basis of expected loss (Note 19)
- Recognition and measurement of provisions and contingencies: assumptions to determine the probability of occurrence and the estimate amounts of resource outflows (Notes 22, 27 and 34.16).
- Recognition and measurement of the defined benefit plans for employees: actuarial hypotheses for the provision of defined benefit schemes for employees (Notes 5.2, 22 and 34.19).
- Recognition and measurement of deferred tax assets: estimates and assumptions used to measure the recoverability of tax credits (Notes 26 and 34.18).
- Revenue recognition: determination of the degree of progress for construction contracts (Note 34.20).

Relevant judgements

Information on judgements made in applying Prosegur 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 34.2)
- Leases: lease classification (Note 34.21)
- Non-current assets held for sale (Note 34.8 and 34.24)

Determination of fair values

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

Prosegur 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 fulfilment of such information with the EU-IFRS and the level of fair value in which such measurements should be classified. Significant measurement issues are reported to the Prosegur Audit Committee.

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

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

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

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

The following notes contain more information on the assumptions utilised in determining fair values:

- Note 17: Available-for-sale financial assets.
- Note 29: business combinations.
- Note 31.3: financial instruments and fair value.

3. Revenue

Details of revenues are as follows:

	Thousands of Euros	
	2018	2017
Provision of services	3,774,043	4,125,745
Sale of goods	2,036	5,400
Operating lease revenues	163,127	159,516
Total revenues	3,939,206	4,290,661

Operating lease revenues are generated by alarm system rentals. As explained in Note 34, when a client rents a system, the Company receives an initial amount which is taken to the income statement over the average contract duration and a regular payment for the rental of the equipment and the service provided.

For a description of the Group's revenue recognition policy see Note 34.20. See Note 10 for further information on revenues by segment and geographical area.

4. Cost of sales and selling and administrative expenses

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

Thousands of Euros		2018	2017
Supplies		177,914	198,655
Employee benefits expenses	(Note 5)	2,346,688	2,561,057
Operating leases		33,225	35,841
Supplies and external services		244,837	248,206
Amortisations		75,427	65,924
Other expenses		109,395	150,651
Total sale expenses		2,987,486	3,260,334
Thousands of Euros		2018	2017
Supplies		6,823	6,840
Employee benefits expenses	(Note 5)	318,194	326,380
Operating leases		44,091	44,628
Supplies and external services		122,195	111,684
Amortisations		79,188	63,603
Other expenses		78,137	79,771
Total sale and administrative expenses		648,628	632,906

Total supplies in the consolidated income statement for 2018 amount to EUR 184,737 thousand (EUR 205,495 thousand in 2017).

The decrease in employee benefit expenses, included under the total sales expenses, is mainly due to the devaluation of the principal currencies, and also, to a lesser extent, to the decrease in the expense for allocations for labour provisions (Note 22).

The heading of other expenses, included under the total sales expenses, was reduced in 2018 by EUR 41,256 thousand mainly as a result of a reduction in taxes, annual claims and freight charges.

Additionally, the heading of other expenses, included under total administration and sales expenses, includes indirect tax expenses mainly in Argentina and Brazil for the amount of EUR 49,191 thousand (2017: EUR 35,625 thousand).

The heading of supplies and external services includes the costs for the repair of items of transport, bill-counting equipment, operating subcontracts with third parties and other advisors such as lawyers, auditors and consultants.

5. Employee benefits

5.1. Employee benefits expense

Details of the employee benefits expense are as follows:

	Thousands of Euros	
	2018	2017
Salaries and wages	1,979,894	2,108,471
Social Security	515,952	560,344
Other employee benefits expenses	107,841	132,640
Indemnities	61,195	85,982
Total employee benefits expense	2,664,882	2,887,437

The accrual of the long-term incentive associated with the 2017 and 2020 Plans for the Executive Director and the Management of Prosegur was included under the heading of salaries and wages for the amount of EUR 4,707 thousand (2017: EUR 6,695 thousand) (Note 22).

The heading of indemnities includes the allocation to the provision for occupational hazards which in 2018 went down compared to 2017 as a result of changes in Brazilian labour reforms (Note 22).

5.2. Employee benefits

Prosegur contributes to various defined benefit schemes in Germany, Brazil, El Salvador, France, Honduras, Mexico and Nicaragua. The defined benefit plan comprising post-employment healthcare offered to employees in Brazil compliant with local legislation (Act 9656). In Mexico the defined benefit scheme consists of seniority premiums, in France and Germany the defined benefit schemes consist of retirement premiums, whilst in Nicaragua, El Salvador and Honduras the defined benefit schemes consist of contract termination benefits.

During the 2018 period, the amount recognised as a higher expense in the income statement under the heading of personnel costs amounts to EUR 1,139 thousand (a higher expense of EUR 1,418 thousand in 2017).

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

	Thousands of Euros	
	2018	2017
Balance at 1 January	11,833	9,189
Net cost of the period	1,139	1,418
Contributions to the plan	(93)	(440)
Actuarial Loss/(Profit)	1,579	2,403
Business combination (Note 29)	68	-
Translation differences	392	(737)
Balance at 31 December	14,918	11,833

During 2018 the negative impact on equity arising from actuarial losses amounted to EUR 1,024 thousand, (negative impact of EUR 1,581 thousand in 2017) (Note 22).

The breakdown by country of actuarial losses at 31 December is the following:

	2018	2017
Brazil	8,775	5,784
France	3,365	3,482
Germany	624	620
Mexico	2,068	1,947
Central America	86	-
Total liabilities through employee benefits	14,918	11,833

At 31 December 2018 the defined benefit schemes in Brazil had 19,214 employees (18,927 employees in 2017). The France plan involved 5,283 employees in 2018 (5,132 employees in 2017). The Germany plan involved 3 employees at 31 December 2018 (2 employees in 2017). In Mexico the scheme had 3,266 employees in 2018 (2,658 employees in 2017). In Central America the scheme had 922 employees in 2018.

The breakdown of actuarial assumptions used for calculating the current value of the main obligations of the defined benefit schemes in Germany, Brazil, France, Mexico and Central America is as follows:

	Brazil		France		Germany		Mexico		Nicaragua	Honduras	El Salvador
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Inflation rate	4.5%	5.0%	1.0%	1.0%	0.0%	1.8%	3.5%	3.5%	5.0%	7.0%	2.0%
Annual discount rate	5.1%	5.4%	1.6%	1.5%	1.0%	1.8%	11.5%	9.5%	8.5%	6.6%	4.3%
Retirement age	n/a	n/a	65	65	65	65	n/a	n/a	n/a	n/a	n/a

From Prosegur's experience, the age factor assumed in the benefits scheme in Brazil is as follows:

- 0 to 5 Minimum Wages = 16.97%
- 5 to 10 Minimum Wages = 14.29%
- more than 10 Minimum Wages = 11.42%

The mortality tables used in determining the defined benefit obligations were as follows:

Brazil		France		Germany		Mexico		Nicaragua	Honduras	El Salvador
2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
AT 2000 smoothed by 10% segregated by gender	AT 2000 smoothed by 10% segregated by gender	INSEE 2017	INSEE 2017	Heubeck Richttafeln 2005 G	Heubeck Richttafeln 2005 G	Mexican Experiment of the Social Security for Assets 1997	Mexican Experiment of the Social Security for Assets 1997	100% of the securities of Watson Wyatt Worldwide	n/a	100% of the securities of Watson Wyatt Worldwide

The variables of the defined benefit schemes that expose Prosegur to actuarial risks are: future mortality, trend in medical costs, inflation, retirement age and the market and discount rate.

6. Other comprehensive income

Other expenses

Details of other expenses are as follows:

	Thousands of Euros	
	2018	2017
Impairment losses on trade receivables (Note 19)	(7,559)	(10,826)
Impairment losses on non-current assets (Note 11 and 13)	-	(150)
Losses through disposal of property, plant and equipment	(5,953)	(3,358)
Other expenses	(328)	(487)
Total other expenses	(13,840)	(14,821)

The section for losses on the disposal of fixed assets mainly includes losses associated with disposals of property, plant and equipment, which correspond mainly to the alarm installations that Prosegur hires to third parties under operating leases, for a total of EUR 3,789 thousand (EUR 2,034 thousand at 31 December 2017).

At 31 December 2017 the heading of Other expenses recognised the loss from the sale of a level and 8 garage spaces which were classified as non-current assets held for sale (Note 14) for a total of EUR 179 thousand.

Other income

The heading of other revenue mainly records the income from the sale of a property in Madrid for the amount of EUR 4,093 thousand (Note 11) and the income from damages and losses for a total of EUR 3,073 thousand relating to the funds on deposit for a client withheld in Brazil from 2008 until 2014.

The heading of other revenue also includes the revenue generated by various properties located in Buenos Aires (Note 14.1). These properties, which were classified as non-current assets held for sale, were reclassified at 1 January 2018 under the heading of property investments (Note 14.2). Income generated in 2018 amounted to EUR 5,346 thousand (EUR 5,966 thousand in 2017).

At the close of 2018, these properties are leased to third parties, with contracts lasting between 1 and 2 years. Future minimum receipts for the leases of those properties are as follows:

	Thousands of Euros	
	2018	2017
Up to 1 year	5,335	4,600
Between 1 and 5 years	708	4,987
More than 5 years	-	-
	6,043	9,587

7. Net financial costs

Details of the net financial expenses are as follows:

	Thousands of Euros	
	2018	2017
Interest paid:		
- Loans and borrowings	(12,849)	(18,239)
- Bonds and other marketable securities	(14,667)	(15,282)
- Loans from other entities	(448)	(2,772)
- Securitisation programme	(1)	(9)
- Finance leases	(1,039)	(2,251)
	(29,004)	(38,553)
Interest received:		
- Loans and other investments	12,141	6,801
	12,141	6,801
Other profit/(loss)		
Net profits/(losses) on foreign currency transactions	9,522	11,545
Net financial expenses from net monetary position	(2,692)	-
Other financial income	9,832	10,685
Other finance costs	(21,140)	(35,455)
	(4,478)	(13,225)
Net financial costs	(21,341)	(44,977)
Total finance income	31,495	29,031
Total finance costs	(52,836)	(74,008)
	(21,341)	(44,977)

The main variation of the financial results for 2018 compared to 2017 corresponds to the differences arising following the optimisation of the interest costs associated with bank loans, and to the increase seen under the heading of interest revenue associated with loans and other investments as a result of investing the cash surpluses mainly from Argentina for a total of EUR 8,599 thousand.

In addition, as a result of the first-time application of IAS 29 in 2018 (Note 34), net financial expense of EUR 2,692 thousand has arisen from the net monetary position. That item reflects the exposure to the change in the purchasing power of the Argentine currency.

The heading other financial income and expenses mainly includes the monetary updates, as the result of calculating the amortised cost of the debt, as well as deposits in court, both associated to the labour actions open in Brazil (Note 22), as well as the monetary updating of tax contingencies, mainly in Brazil (Note 22) and the monetary updating of deferred payments on business combinations taking place in the different countries.

All financial income and expenses are derived from financial assets and liabilities valued at amortized cost.

At 31 December 2018 and 2017 Prosegur has no financial derivatives contracted.

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, excluding own shares acquired by the Company (Note 21.1).

	Euros	
	<u>2018</u>	<u>2017</u>
Profit for the year attributable to owners of the Parent	132,272,053	150,347,819
Weighted average number of ordinary shares outstanding	598,554,575	598,481,888
Basic earnings per share	<u>0.2210</u>	<u>0.2512</u>

Diluted

Diluted earnings per share are calculated by adjusting the profit for the year attributable to the owners of the parent and the weighted average number of ordinary shares outstanding for all the inherent diluting effects of potential ordinary shares.

	Euros	
	<u>2018</u>	<u>2017</u>
Profit for the year attributable to owners of the Parent	132,272,053	150,347,819
(Diluted) weighted average number of ordinary shares outstanding	598,554,575	598,481,888
Diluted earnings per share	<u>0.2210</u>	<u>0.2512</u>

There are no commitments for potential adjustments on outstanding shares (Note 34.19).

9. Dividends per share

On 20 December 2018 the Board of Directors approved the distribution of a regular dividend of EUR 0.1281 per share on account of the 2018 profits, or a total maximum dividend of EUR 79,054 thousand (considering that the share capital is currently represented by 617,124,640 shares). This dividend will be distributed to shareholders as four payments, in January, April, July and October 2019. Each payment is calculated as EUR 0.032025 per outstanding share at the payment date. At 31 December 2018 dividends payable of EUR 79,054 thousand have been recognised under current liabilities as other payables within trade and other payables.

The maximum amount represented by own shares at each payment date, and therefore not distributed, will be transferred to voluntary reserves. The amount for undistributed dividends out of the maximum total agreed for the year 2018 is reflected in the item of "Other Changes" in the consolidated statement of changes in equity for the amount of EUR 2,165 thousand.

Nevertheless, if the number of shares changes between two payment dates as a result of a share capital increase or reduction, the total maximum amount of the dividend at each payment date (EUR 19,764 thousand) should be divided by the new number of outstanding shares that corresponds following the aforementioned increase or reduction.

The provisional accounting statement prepared by the Board of Directors in accordance with legal requirements which revealed the existence of sufficient liquidity to pay out those interim dividends is shown below:

	Thousands of Euros
	<u>2018</u>
Initial cash (before the interim dividend)	66,527
Balance in current accounts with the group	338,224
Current proceeds	40,534
Temporary financial investments	490,348
Payments for Current Operations	(5,737)
Payments for Financial Operations	(9,371)
Extraordinary Payments	(988)
Forecast Cash	919,537
Less payment of dividends according to proposal	(79,054)
Final cash after dividends	<u>840,483</u>

10. Segment reporting

The Board of Directors is ultimately responsible for making decisions on Prosegur's operations and, together with the Audit Committee, for reviewing Prosegur's internal financial information to assess performance and to allocate resources.

Business is the backbone of the organisation and is represented in the General Business Management Areas which are responsible for the design of security solutions for clients and cover the main business lines: Security, Cash and Alarms which therefore correspond to the segments of the Group.

- Security: mainly includes the activities of guarding and protection of premises, goods and individual and activities related to technological security and cybersecurity solutions.
- Cash: mainly includes the transportation, storage, safekeeping, counting and classification of coins and banknotes, deeds, securities and other items that require special protection due to their economic value or associated risk.
- Alarms: this includes the installation and maintenance of home alarm systems, as well as the alarm monitoring service by Alarm Reception Centre (ARC).

The corporate functions are supervised by the Global Support Divisions which cover the Financial-Economic department, Prosegur Gestión de Activos (Prosegur Asset Management), Risk Management and CEO's Office. From the geographical perspective, the following geographical areas are identified:

- Europe, which includes the following countries: Germany, Spain, France, Luxembourg (despite not being an area where it has any operational activities, it is included due to the existence of the Luxembourg company Pitco Reinsurance, S.A., whose corporate purpose is insurance cover), Portugal and Turkey.
- ROW, which includes the following countries: Australia, China, United States, Philippines, India, Singapore and South Africa.
- Latin America, including the following countries: Argentina, Brazil, Chile, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru and Uruguay.

The Board of Directors uses earnings before interest and tax (EBIT) to assess segment performance, since this indicator is considered to best reflect the results of the Group's different activities.

Prosegur is not highly dependent on any particular client (Note 31.1).

Inter-segment transactions are carried out at arm's length.

Total assets allocated to segments do not include other current and non-current financial assets, non-current assets held for sale - property investments of cash and cash equivalents, as these are managed at Prosegur Group level.

The total liabilities allocated to segments do not include bank debts, except for finance lease payables, as the financing activity is managed at Prosegur Group level.

Details of revenues by geographical area are as follows:

Thousands of Euros	Europe		ROW		LatAm		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Total sales	1,739,908	1,665,153	157,681	158,626	2,041,617	2,466,882	3,939,206	4,290,661
<i>% of total</i>	44%	39%	4%	4%	52%	57%	100%	100%

The breakdown of sales and EBIT is as follows:

Thousands of Euros	Cash		Security		Alarms		Not allocated		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Total sales	1,731,605	1,924,258	1,945,717	2,115,480	261,884	250,923	-	-	3,939,206	4,290,661
EBIT	268,008	360,239	54,489	65,937	4,599	3,482	(25,716)	(40,743)	301,380	388,915

Unallocated costs are composed of the support costs of the Security and Alarms business, as well as any exceptional costs incurred during the year which are not considered as the outcome of any of the three business lines themselves, mainly for the costs associated with the digital transformation of the company. The main variation in unallocated costs is due to the devaluation of the main currencies.

A reconciliation of EBIT allocated to segments with net profit/(loss) for the year attributable to the owners of the parent is as follows:

	Thousands of Euros	
	2018	2017
EBIT allocated to segments	327,096	429,658
EBIT not allocated	(25,716)	(40,743)
EBIT of the period	301,380	388,915
Net financial costs	(21,341)	(44,977)
Profit before tax	280,039	343,938
Income tax	(100,022)	(145,629)
Post-tax profit from continuing operations	180,017	198,309
Profit/(loss) for the year from discontinued operations	(11)	-
Non-controlling interests	47,734	47,961
Profit for the year attributable to owners of the Parent	132,272	150,348

The EBIT for the period ending on 31 December 2017, excluding the effects associated with the corporate restructuring carried out in previous years and which concluded in 2017, would have been EUR 392,325 thousand and the earnings for the year attributable to the owners of the parent company would have been EUR 172,258 thousand.

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

	Cash		Security		Alarms		Not allocated to segments		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Thousands of Euros										
Assets allocated to segments	1,380,932	1,319,158	821,064	892,157	242,180	180,686	262,770	247,299	2,706,946	2,639,300
Other unallocated assets	-	-	-	-	-	-	1,112,824	1,184,343	1,112,824	1,184,343
Other non-current financial assets	-	-	-	-	-	-	19,251	12,143	19,251	12,143
Investment Properties - Non-current assets held for sale	-	-	-	-	-	-	45,950	50,963	45,950	50,963
Other current financial assets	-	-	-	-	-	-	489,268	490,298	489,268	490,298
Cash and cash equivalents	-	-	-	-	-	-	558,355	630,939	558,355	630,939
	1,380,932	1,319,158	821,064	892,157	242,180	180,686	1,375,594	1,431,642	3,819,770	3,823,643

The heading of “assets allocated to segments” includes the investments accounted for using the equity method (Note 15) for a total of EUR 29,433 thousand (EUR 29,837 thousand in 2017) which are mainly allocated to the Cash segment.

Additions made in 2018 of non-current assets allocated to the segments amount to EUR 215,807 thousand (2017: EUR 230,623 thousand, which correspond mainly to the investments made for fitting-out work on bases, facilities and armoured vehicles intended for use in operating activities.

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

	Cash		Security		Alarms		Not allocated to segments		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Thousands of Euros										
Liabilities allocated to segments	634,384	629,250	390,057	456,941	130,964	87,984	139,184	153,487	1,294,589	1,327,662
Other unallocated liabilities	-	-	-	-	-	-	1,458,724	1,352,541	1,458,724	1,352,541
Bank borrowing	-	-	-	-	-	-	1,458,724	1,352,541	1,458,724	1,352,541
	634,384	629,250	390,057	456,941	130,964	87,984	1,597,908	1,506,028	2,753,313	2,680,203

11. Property, Plant and Equipment

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

Thousands of Euros	Land and buildings	Costs of Obtaining	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Under construction and advances	Total
Cost							
Balance at 1 January, 2017	241,499	-	141,331	339,144	344,226	55,697	1,121,897
Translation differences	(17,027)	-	(15,119)	(33,210)	(31,694)	(7,368)	(104,418)
Business combinations (Note 29)	5,505	-	128	1,220	821	-	7,674
New Additions	7,291	-	16,306	82,853	52,446	27,762	186,658
Write offs	(5,842)	-	(2,165)	(14,846)	(9,685)	(380)	(32,918)
Transfers	6,712	-	7,359	7,364	8,205	(32,927)	(3,287)
Balance at 31 December, 2017	238,138	-	147,840	382,525	364,319	42,784	1,175,606
Transition adjustment (Note 34)	-	51,989	-	-	-	-	51,989
Balance at 1 January, 2018	238,138	51,989	147,840	382,525	364,319	42,784	1,227,595
Translation differences	(5,057)	(431)	(8,399)	(11,031)	(13,353)	(2,518)	(40,789)
Business combinations (Note 29)	2,688	-	490	2,842	9,196	138	15,354
Adjustment for Hyperinflation	16,443	7,310	10,676	23,774	30,853	(3,692)	85,364
New Additions	15,937	25,680	24,374	66,725	27,019	31,351	191,087
Write offs	(21,808)	(3,089)	(4,400)	(28,040)	(9,050)	(503)	(66,890)
Transfers	1,140	-	21,220	(8,429)	6,539	(20,470)	-
Balance at 31 December, 2018	247,481	81,459	191,801	428,366	415,523	47,090	1,411,721

Thousands of Euros

	Land and buildings	Costs of Obtaining	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Under construction and advances	Total
Amortisation and impairment							
Balance at 1 January, 2017	(48,971)	-	(74,641)	(206,242)	(234,022)	-	(563,876)
Translation differences	1,504	-	6,673	15,097	19,477	-	42,751
Write offs	258	-	1,605	11,872	8,357	-	22,092
Transfers	(329)	-	722	(372)	(21)	-	-
Amortisation for the year	(3,702)	-	(13,314)	(43,196)	(29,261)	-	(89,473)
Provision for impairment recognised in profit and loss	-	-	-	-	(150)	-	(150)
Balance at 31 December, 2017	(51,240)	-	(78,955)	(222,841)	(235,620)	-	(588,656)
Translation differences	468	89	3,854	5,025	8,685	-	18,121
Adjustment for Hyperinflation	(3,736)	(5,055)	(7,616)	(25,789)	(25,580)	-	(67,776)
Write offs	604	929	3,735	25,046	8,765	-	39,079
Transfers	76	-	(1,254)	802	376	-	-
Amortisation for the year	(3,925)	(19,597)	(14,648)	(41,340)	(32,847)	-	(112,357)
Balance at 31 December, 2018	(57,753)	(23,634)	(94,884)	(259,097)	(276,221)	-	(711,589)
Carrying amount							
Balance at 1 January, 2017	192,528	-	66,690	132,902	110,204	55,697	558,021
Balance at 31 December, 2017	186,898	-	68,885	159,684	128,699	42,784	586,950
Balance at 1 January, 2018	186,898	51,989	68,885	159,684	128,699	42,784	638,939
Balance at 31 December, 2018	189,728	57,825	96,917	169,269	139,302	47,090	700,131

Additions to property, plant and equipment recognised in 2018 amount to EUR 191,086 thousand (EUR 186,658 thousand in 2017) and mainly comprise fitting-out work in progress on bases, facilities and armoured vehicles intended for use in operating activities. These investments were essentially made in Argentina, Brazil, Colombia and Spain.

In 2018 three properties were acquired in Guatemala and Honduras for a total of EUR 5,805 thousand.

In May 2018, a property in Paseo de las Acacias in Madrid was sold for a total of EUR 24,761 thousand. That property had a net carrying amount of EUR 20,668 thousand after a reappraisal under the initial transition to IFRS-EU of EUR 19,891 thousand. The revenue from the sale of that property was EUR 4,093 thousand (Note 6).

The heading of advances and construction in progress at the close of 2018 mainly includes constructions, mainly in Argentina, Chile and Colombia for a total of EUR 15,192 thousand (2017: EUR 13,902 thousand); conditioning work, mainly in Germany Australia and Portugal for a total of EUR 4,780 (2017: EUR 2,522 thousand); bill-counting equipment, mainly in Brazil, Spain, Mexico and Peru for a total of EUR 7,997 thousand (2017: 4,205) and advances on armoured vehicles, mainly in Argentina and Brazil and Mexico (2017: EUR 8,579 thousand). The date anticipated for concluding the above work on fixed assets is expected to be within the first six months of 2019.

Under the heading of property, plant and equipment, since 1 January 2018, following the adoption of IFRS 15 on recognising revenue from contracts with customers, Prosegur recognises the incremental costs of obtaining contracts with clients, mainly regarding the Alarm business (Note 34.20). The incremental costs of obtaining contracts with clients generally arise from sales commissions for sales staff and labour for installation work. At 31 December 2018, the additions recognised for this item amounted to EUR 25,680 thousand.

No assets are subject to restrictions on title or pledged as security for particular transactions at 31 December 2018.

Commitments for the acquisition of property, plant and equipment are detailed in Note 28.

Prosegur's policy is to take out insurance policies to cover any possible risks of damage to its property, plant and equipment. At the close of 2018 there was no deficit of cover in relation with those risks.

Property, plant and equipment are measured at historical cost, with the exception of the Hospitalet building in Barcelona, which was measured at market value on first-time adoption of EU-IFRS and have since been revalued, and the fixed assets denominated in Argentinian pesos related to NIC 29. The effect of this revaluation, to reflect the deemed cost, is as follows:

	Thousands of Euros	
	<u>2018</u>	<u>2017</u>
Cost	12,344	32,235
Accumulated amortisation	(5,641)	(5,265)
Carrying amount	<u>6,703</u>	<u>26,970</u>

At 31 December 2017, the revaluation of the building in Paseo de las Acacias in Madrid was included for an amount of EUR 19,981 thousand, which was sold in 2018.

Other installations and furniture includes installations, mainly of alarms, let by Prosegur to third parties under operating leases, with the following carrying amounts:

	Thousands of Euros	
	<u>2018</u>	<u>2017</u>
Cost	142,229	118,849
Accumulated amortisation	(72,564)	(58,299)
Carrying amount	<u>69,665</u>	<u>60,550</u>

The amount for items of property, plant and equipment fully depreciated and still in use was EUR 318,515 thousand at 31 December 2018 (2017: EUR 295,019 thousand).

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

Thousands of Euros	2018				
	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Total
Cost of capitalised financial leases	3,427	2,657	98	50,492	56,674
Accumulated amortisation	(81)	(2,579)	(98)	(31,350)	(34,108)
Carrying amount	3,346	78	-	19,142	22,566

Thousands of Euros	2017				
	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Total
Cost of capitalised financial leases	3,492	6,858	109	54,802	65,261
Accumulated amortisation	(48)	(6,061)	(106)	(31,498)	(37,713)
Carrying amount	3,444	797	3	23,304	27,548

The main finance lease agreements pertaining to plant and equipment are as follows:

- Other property, plant and equipment: leasing of armoured vehicles in Germany for EUR 26,590 thousand and in Brazil for EUR 23,902 thousand.
- Technical installations and machinery: leasing of bill-counting equipment in Brazil for EUR 2,657 thousand.
- Land and buildings: leasing of a plot of land and buildings in Colombia by EUR 3,427 thousand.

Detail of minimum payments and current value of the finance lease liabilities is provided in Note 23.

12. Goodwill

Details of movement in goodwill are as follows:

	Thousands of Euros	
	2018	2017
Balance at 1 January	520,389	528,366
Business combinations (Note 29)	53,822	17,682
New Additions	791	-
Write offs	(610)	-
New additions for hyperinflation	7,924	-
Translation differences	(12,243)	(25,659)
Balance at 31 December	570,073	520,389

Additions to goodwill in 2018 and 2017 derive from the following business combinations:

	2018
	Thousands of Euros
Business combinations Cash Latin America ⁽¹⁾	23,133
Business combinations Cash Europe ⁽¹⁾	5,990
Business combinations Cash ROW ⁽¹⁾	11,907
Business combinations Security ROW ⁽¹⁾	12,338
Business combinations Latin America Alarms ⁽¹⁾	454
	53,822

⁽¹⁾ Calculations relating to business combinations may be adjusted for up to a year from the acquisition date, which are fully consolidated as a whole.

	Segment	Country	2017	
			% ownership	Thousands of Euros
Grupo Contesta	Cash	(Spain)	100%	5,097
Assets purchased from Omni S.A.	Cash	(Paraguay)	100%	710
Remaining business combinations of Prosegur Cash	Cash	(Miscellaneous)	100%	11,875
				17,682

Additions correspond to adjustments in the value of the subsequent goodwill as a result of re-estimating the deferred contingent consideration associated with the business combination of the Contesta Group:

	Segment	Country	2018	
			Thousands of Euros	
Grupo Contesta	Cash	(Spain)	791	
			791	

Disposals correspond to the adjustments made to the value of the following goodwill as a result of the reassessment of the deferred contingent consideration associated with the business combination for purchasing assets from Omni S.A.:

	Segment	Country	2018	
			Thousands of Euros	
Assets purchased from Omni S.A.	Alarms	(Paraguay)	(610)	
			(610)	

Details of the estimated goodwill in the tables above are provided in Note 29.

Impairment testing of goodwill impairment

Goodwill has been allocated to Prosegur's cash-generating units (CGU) in accordance with their respective country of operation and activity. 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.

The nature of the assets included for establishing the carrying amount of a CGU are: Property, Plant and Equipment, Goodwill, Other Intangible Assets and Working Capital (Note 34.9).

A summary of the CGU to which goodwill has been allocated, by country and activity, is as follows:

	Thousands of Euros		
	2018		
	Cash	Security	Alarms
Spain CGU	12,631	92,117	-
France CGU	16,938	22,849	-
Portugal CGU	5,730	2,550	6,189
Germany CGU	35,985	-	-
USA CGU	-	9,704	-
Australia CGU	34,300	-	-
Singapore CGU	-	8,983	-
China CGU	-	88	-
The Philippines CGU	12,340	-	-
South Africa CGU	-	-	3,366
Brazil CGU	97,453	12,788	-
Chile CGU	35,586	3,916	-
Peru CGU	32,165	7,859	9,565
Argentina CGU	34,634	9,330	-
Colombia CGU	19,513	16,189	432
Rest of LatAm CGU	18,428	447	7,998
Total	355,703	186,820	27,550
	2017		
	Cash	Security	Alarms
Spain CGU	7,512	92,117	-
France CGU	16,938	22,849	-
Portugal CGU	5,730	2,550	6,189
Germany CGU	34,305	-	-
Australia CGU	36,243	-	-
Singapore CGU	-	6,017	-
China CGU	-	89	-
South Africa CGU	-	-	3,736
Brazil CGU	94,770	14,258	-
Chile CGU	35,586	4,229	-
Peru CGU	32,129	7,833	9,533
Argentina CGU	30,304	5,860	-
Colombia CGU	15,156	16,834	-
Rest of LatAm CGU	10,071	348	9,203
Total	318,744	172,984	28,661

Prosegur 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 34.9. At 31 December 2018 Prosegur tested

from the aspect of the CGUs grouped per activity and country as to whether those items of goodwill have sustained any impairment loss; there were no signs of impairment.

The recoverable amount of a CGU is determined based on two different calculation methods, depending on the type of business. The alarm business is calculated for its fair value and the Cash and Security businesses for their value in use.

Value in use as a method for calculation:

The key operating assumptions used to calculate value in use for the various CGUs are based on the company's budgets for the following year and the strategic plan for subsequent years. Both the budget and the plan are approved by the Directors. Projections of both gross margin and sales, on which the calculation of value in use are based, are drawn up in accordance with each country's macroeconomic growth and the efficiency plans defined to optimise profit. Cash flows are discounted using a discount rate based on the weighted average cost of capital (WACC). The residual value of each CGU is generally calculated as income in perpetuity.

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

- Ordinary income: the sales figure is calculated on the basis of growth in pricing and volume. Generally, growth by volume is based on the country's GDP and growth by price on inflation.
- Gross Profit/(Loss): based on efficiency plans defined by the Company, mainly the optimisation of client portfolios, using a method of cost-benefit analysis aimed at establishing threshold margins under which it is not considered viable to establish a business relationship with those clients. The gross margin is calculated as the Group's total revenue less sell expenses, divided by total revenue, expressed as a percentage.
- EBITDA: based on the average optimisation costs obtained in the past. It is calculated using the Group's net profit, before deducting interest, tax, depreciation and amortisation.
- CAPEX: based primarily on plans to renew the fleet in accordance with its age. We consider the estimated 3.1% to be a reasonable CAPEX/Sales ratio.
- Working capital: based on optimising DSO or average collection period for trade accounts receivables. The projection is based on revenue growth, in accordance with the DSO determined. We consider 18% to be a reasonable working capital turnover ratio and therefore can be extrapolated to a forecast.
- Tax: Tax estimates are calculated in accordance with the effective tax rate in each country and the expected profit/(loss) therein.

The macroeconomic estimates used are obtained from external information sources.

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

31 de diciembre de 2018

	Spain	France	Germany	Australia	Chile	Brazil	Colombia	Peru	Argentina
Growth rate	1.90%	1.87%	2.56%	2.52%	3.00%	3.97%	3.04%	1.99%	4.86%
Discount rate	4.98%	4.54%	4.20%	7.19%	9.12%	13.14%	12.20%	8.92%	24.03%

31 de diciembre de 2017

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

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.

Along with impairment testing, Prosegur has also performed a sensitivity analysis on the goodwill allocated to the main CGU, for the purposes of the key assumptions.

The sensitivity analysis on EBITDA consists of determining the turning point which would lead to an impairment loss. Accordingly, hypotheses are evaluated until the figures that imply an impairment to be recognised in the financial statements are reached. The percentage represent the amount by which EBITDA would have to diminished in order for the CGU to be impaired, maintaining the other variable constants.

The sensitivity analysis performed on the growth rate consists of determining the weighted average growth/deceleration rate (used to extrapolate cash flows beyond the budget period) from which impairment losses would be incurred by each of the most representative CGUs.

In addition, the sensitivity analysis made on the discount rate consists of determining the basis of which weighted average discount rate used for extrapolating cash flows would incur impairment losses for each of the most representative CGUs.

Details of the thresholds for discount rates, the growth/deceleration(-) rates and EBITDA, taken independently, above which impairment losses would arise, maintaining the other variables constant, are as follows:

Cash	2018		
	Discount rate	Growth rate	EBITDA
Brazil	17.59%	-2.32%	-16.75%
Argentina	356.85%	-100.00%	-60.20%
Spain	43.78%	-100.00%	-51.71%
France	5.70%	0.56%	-10.07%
Colombia	12.75%	0.23%	-3.01%
Peru	31.42%	-90.44%	-46.29%
Chile	10.97%	0.70%	-10.00%
Germany	11.40%	-6.51%	-28.22%
Australia	7.95%	-0.17%	-17.82%
Security	2018		
	Discount rate	Growth rate	EBITDA
Argentina	29.55%	-0.71%	-17.14%
Spain	11.08%	-6.35%	-35.70%
France	6.85%	-0.90%	-21.20%
Colombia	12.50%	2.65%	-1.70%
Peru	15.47%	-19.50%	-29.20%
Chile	13.66%	-2.90%	-26.20%

Cash	2017		
	Discount rate	Growth rate	EBITDA
Brazil	20.56%	-6.28%	-22.02%
Argentina	188.03%	-100.00%	-52.61%
Spain	38.62%	-100.00%	-48.69%
France	5.06%	1.16%	-5.77%
Colombia	12.55%	2.27%	-3.03%
Peru	26.42%	-42.68%	-44.88%
Chile	11.24%	0.73%	-9.21%
Germany	7.70%	-1.24%	-18.65%
Australia	10.24%	-0.46%	-14.45%

Security	2017		
	Discount rate	Growth rate	EBITDA
Argentina	35.30%	-3.54%	-15.75%
Spain	10.35%	-5.21%	-30.11%
France	7.46%	-1.66%	-26.75%
Colombia	12.08%	2.95%	-0.22%
Peru	15.80%	-7.82%	-29.74%
Chile	14.78%	-4.34%	-23.84%

Discount rates greater than the % indicated in the table would give rise to impairment losses, and growth rates or EBITDA lower than the % indicated in the table would also give rise to impairment losses.

Fair value as a calculation method:

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

For analysing the impairment of the Alarms CGU, its fair value was used as the basis for the recoverable value, which has been estimated according to the market multiples for the last transactions observed (level 3). The multiple used is 45 times the recurring monthly income per connection.

Prosegur does not consider it likely that the sensitivity assumptions used would occur, so it does not consider there to be any indicator of impairment problems.

13. Other intangible assets

Details and movement of other main intangible assets are as follows:

Thousands of Euros	Computer software	Client portfolio	Trademark and licenses	Other intangible	Total
Cost					
Saldo al 1 de enero 2017	124,285	377,136	34,626	30,255	566,302
Translation differences	(6,887)	(37,375)	(4,855)	(1,144)	(50,261)
Business combinations (Note 29)	16	29,711	-	1,049	30,776
New Additions	21,167	5,011	-	105	26,283
Write offs	(14,841)	-	-	-	(14,841)
Saldo al 31 de diciembre de 2017	123,740	374,483	29,771	30,265	558,259
Translation differences	(1,639)	(24,740)	613	(822)	(26,588)
Business combinations (Note 29)	611	46,804	3,239	339	50,993
Adjustments Hyperinflation	4,177	7,307	599	-	12,083
New Additions	22,446	1,107	-	440	23,993
Write offs	(690)	-	-	(379)	(1,069)
Saldo al 31 de diciembre de 2018	148,645	404,961	34,222	29,843	617,671
Amortisation and impairment					
Saldo al 1 de enero 2017	(82,424)	(175,079)	(25,636)	(26,427)	(309,566)
Translation differences	3,581	16,259	3,180	861	23,881
Write offs	12,442	-	-	-	12,442
Amortisation for the year	(14,673)	(23,494)	(726)	(1,161)	(40,054)
Saldo al 31 de diciembre de 2017	(81,074)	(182,314)	(23,182)	(26,727)	(313,297)
Translation differences	726	13,827	1,642	461	16,656
Adjustments Hyperinflation	(4,215)	(3,449)	(778)	-	(8,442)
Write offs	36	-	-	59	95
Amortisation for the year	(14,805)	(24,207)	(716)	(708)	(40,436)
Saldo al 31 de diciembre de 2018	(99,332)	(196,143)	(23,034)	(26,915)	(345,424)
Carrying amount					
Al 1 de enero de 2017	41,861	202,057	8,990	3,828	256,736
Al 31 de diciembre de 2017	42,666	192,169	6,589	3,538	244,962
Al 1 de enero de 2018	42,666	192,169	6,589	3,538	244,962
Al 31 de diciembre de 2018	49,313	208,818	11,188	2,928	272,247

The carrying amount at 31 December 2018 of individually significant client portfolios and their remaining useful lives are as follows:

	Segment	Country	2018			Remaining useful life
			Cost	Amortisation and impairment	Importe en libros	
Portfolio of large clients Grupo Nordeste	Other	Brazil	70,108	(26,615)	43,493	11 years y 2 months
Portfolio of large clients Norsergel Vigilância e Transportes de Valores Ltda	Other	Brazil	24,743	(14,246)	10,497	7 years
Portfolio of large clients Preserv and Transpev	Cash	Brazil	18,768	(13,205)	5,563	4 years y 5 months
Portfolio 5 Main Clients Chubb Security Services PTY LTD	Cash	Australia	12,273	(3,230)	9,043	14 years
Portfolio Other Clients Chubb Security Services PTY LTD	Cash	Australia	18,131	(4,771)	13,360	14 years
Portfolio business combination Prosegur Cash 2017	Cash	Pther	3,238	(270)	2,968	17 years y 8 months
Portfolio Grupo Contesta	Cash	Spain	9,812	(889)	8,923	12 years y 8 months
Portfolio Business combinations Cash Latin America (2018)	Cash	Other	16,996	(589)	16,407	Varios
Portfolio Business combinations Cash ROW (2018)	Cash	Phillipines	5,925	(207)	5,718	13 years y 6 months
Portfolio Business combinations Security ROW (2018)	Security	USA	6,728	(73)	6,655	22 years y 9 months
Clients portfolio Transbank	Other	Brazil	7,162	(3,496)	3,666	7 years y 2 months
Clients portfolio Grupo Nordeste	Other	Brazil	6,789	(4,639)	2,150	3 years y 2 months
Portfolio Major Clients	Other	Brazil	6,548	(3,526)	3,022	6 years
Portfolio Other Clients Bahia GrupoNordeste	Other	Brazil	5,305	(3,021)	2,284	5 years y 2 months
			212,526	(78,777)	133,749	

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

	Segment	Country	2017			Remaining useful life
			Cost	Amortisation and impairment	Importe en libros	
Portfolio of large clients Grupo Nordeste	Other	Brazil	78,399	(25,407)	52,992	12 years y 2 months
Portfolio of large clients Norsergel Vigilância e Transportes de Valores Ltda	Other	Brazil	27,668	(14,253)	13,415	8 years
Portfolio of large clients Preserv and Transpev	Cash	Brazil	20,987	(13,630)	7,357	5 years y 5 months
Portfolio 5 Main Clients Chubb Security Services PTY LTD	Cash	Australia	12,968	(2,730)	10,238	15 years
Portfolio Other Clients Chubb Security Services PTY LTD	Cash	Australia	19,158	(4,033)	15,125	15 years
Portfolio business combinations Prosegur Cash	Cash	Other	9,480	(125)	9,355	18 years y 8 months
Portfolio Grupo Contesta	Cash	Spain	9,333	(222)	9,111	13 years y 8 months
Clients portfolio Transbank	Other	Brazil	8,009	(3,337)	4,672	8 years y 2 months
Clients portfolio Grupo Nordeste	Other	Brazil	7,592	(4,428)	3,164	4 years y 2 months
Portfolio Major Clients	Other	Brazil	7,322	(3,380)	3,942	7 years
Portfolio Other Clients Bahia Grupo Nordeste	Other	Brazil	5,933	(2,884)	3,049	6 years y 2 months
			206,849	(74,429)	132,420	

The cost at 31 December 2018 and 2017 for each individually significant client portfolio differs due to exchange rate fluctuations.

During 2018, additions to intangible assets are recognised due to the allocation of fair value to the purchase prices of the following business combinations (Note 29):

	Thousands of Euros		
	Customer portfolios	Trademarks and licences	Other intangible assets
Business combinations Cash Latin America	28,347	930	178
Business combinations Cash Europe	3,311	-	161
Business combinations Cash ROW	5,717	1,460	-
Business combinations Security ROW	9,429	849	-
	46,804	3,239	339

During 2017, additions to intangible assets were recognised due to the allocation of fair value to the purchase prices of the following business combinations:

	Segment	Country	Thousands of Euros		
			Customer portfolios	Trademarks and licences	Other intangible assets
Cash Services Australia Pty Limited	Cash	Australia	1,054	-	-
Grupo Contesta	Cash	Spain	9,333	-	-
Assets purchased from Omni S.A.	Alarms	Alarms	4,831	-	182
Remaining business combinations of Prosegur Cash	Cash	Other	14,043	-	867
			29,261	-	1,049

No other intangible assets are subject to restrictions on title or pledged as security for particular transactions.

The intangible assets reported have finite useful lives and are amortised at rates of between 3.33% and 50% depending on the estimated useful life. Details of the amortisation percentages of the client portfolio and trademarks are described in Notes 29 and 34.7.

The intangible assets are tested for impairment as described in Note 34.7. No impairment losses have been recognised or reversed in 2018 and 2017.

14. Non-current Assets Held for Sale and Property Investments

14.1. Non-current Assets Held for Sale in the year

The breakdown of non-current assets held for sale in 2018 and 2017 is as follows:

	Thousands of Euros	
	2018	2017
Balance at 1 January	50,963	64,701
Translation differences	-	(14,324)
Additions	642	-
Write offs	-	(2,701)
Transfers from property, plant and equipment (Note 11)	-	3,287
Transfers from investment properties	(50,963)	-
Balance at 31 December	642	50,963

In 2018 the property investments that were classified under the heading “Non-current assets held for sale” have been classified under the heading of “Property Investments” as it is not considered highly likely that they will be sold in the short term.

Assets relating to the Security business in Guatemala

On 8 June 2018 the Almo Group in Central America was purchased. This acquisition involved the acquisition of a series of assets linked to the Security business belonging to the company Alarmas de Guatemala, which will be sold in the first quarter of 2019. Accordingly, these assets were classified as non-current assets held for sale.

Non-current assets held for sale and liabilities directly linked to non-current assets held for sale:

At 31 December 2018 and 2017, non-current assets held for sale and liabilities directly linked to non-current assets held for sale are recognised at carrying amount and include the following assets and liabilities:

Thousands of Euros	31/12/2018	31/12/2017
Non-current Assets held for sale		
Property, Plant and Equipment	22	-
Property investments	-	50,963
Receivables	351	-
Current financial assets	1	-
Cash and cash equivalents	268	-
	642	50,963

Post-tax profit/(loss) from discontinued operations

Thousands of Euros	<u>31/12/2018</u>
Revenue	4,450
Costs to sell	<u>(3,961)</u>
Gross profit	489
Sale and administrative expenses	(55)
Other expenses	(370)
Profit (loss) through disposals of assets held for sale	<u>(67)</u>
Operating profit/(loss) (EBIT)	(3)
Finance expenses	<u>(7)</u>
Net financial costs	(7)
Profit before tax from discontinued operations	(10)
Income tax	<u>(1)</u>
Post-tax profit from discontinued operations	<u>(11)</u>
Attributable to:	
- Owners of the parent	(9)
- Non-controlling interests	(2)

Cash flows from/(used in) discontinued operations:

Thousands of Euros	<u>31/12/2018</u>
Net cash from operating activities	<u>(794)</u>
Net cash generated in the period	(794)
Effect of exchange differences	8
Cash through changes in the scope	<u>1,054</u>
Net increase/(decrease) in cash and cash equivalents	<u>268</u>

14.2. Property investments

Details of movement in property investments for 2018 are as follows:

Thousands of Euros	
Cost	
Balance at 1 January 2018	
Transfer of non-current assets held for sale	52,623
Adjustment for Hyperinflation	(3,908)
New Additions	58
Saldo al 31 de diciembre de 2018	<u>48,773</u>
Amortisation and impairment	
Balance at 1 January 2018	
Transfer of non-current assets held for sale	(1,660)
Adjustment for Hyperinflation	16
Amortisation for the year	(1,821)
Saldo al 31 de diciembre de 2018	<u>(3,465)</u>
Carrying amount	
Al 1 de enero de 2018	-
Al 31 de diciembre de 2018	<u>45,308</u>

In 2018 the property investments that were classified under the heading “Non-current assets held for sale” have been classified under the heading of “Property Investments” as it is not considered highly likely that they will be sold in the short term, having amortised the amount accumulated since when they were classified as available for sale in 2016.

At 31 December 2018, after an appraisal was made by an independent expert, the fair value of the properties, was EUR 84,939 thousand, with the breakdown of those investments as follows:

Buildings	Thousands of Euros
	<u>Fair value</u>
Bouchard 551	45,345
Torre Intercontinental, Moreno 845/847/87 Alsina 880 and Tacuari 242/292	39,594
	<u>84,939</u>

The income and expenses generated in the year 2018 from property investments have amounted to EUR 5,346 thousand and EUR 2,046 thousand, respectively.

Future minimum receipts under property investment leases at the close of 2018 are as follows:

	Thousands of Euros	
	2018	2017
Up to 1 year	5,335	4,600
Between 1 and 5 years	708	4,987
More than 5 years	-	-
	6,043	9,587

15. Investments accounted for using the equity method

The main Joint Arrangements of Prosegur (Appendix II) correspond to companies operating in India and South Africa, engaged in the Cash business line. These Joint Arrangements are structured as separate vehicles and Prosegur has a share of their net assets. Consequently, Prosegur has classified these shareholdings as Joint Ventures. In the Arrangements with India governing the Joint Ventures, Prosegur and the other investor company have agreed, if necessary, to make additional contributions in proportion to their shareholdings in order to offset any losses.

The breakdown of the movements of the investments in joint ventures accounted for under the equity method is as follows:

Thousands of Euros	2018	2017
Stake in joint business	29,433	29,837
	29,433	29,837

Thousands of Euros	2018	2017
Balance at 1 January	29,837	30,234
Acquisitions	1,838	-
New additions (capitalisations)	1,140	-
Share in profits/(losses)	(1,119)	(2,122)
Sales	-	-
Transfers	249	-
Translation differences	(2,512)	1,725
Balance at 31 December	29,433	29,837

Additions for the year 2018 correspond to Prosegur subscribing shares representing 9.45% of the share capital of the Australian company Scout Security Limited, which operates in the alarms sector.

During the month of February 2018, the joint venture in India for alarms operations, SIS Prosegur Alarms Monitoring and Response Services Pte Ltd, was capitalised with the sum of EUR 1,140 thousand.

In relation to Prosegur's subscribing shares representing 33.33% of the share capital of the South African company SBV Services Proprietary Limited, the terms of the share subscription contract are of a hybrid nature since they include an embedded derivative. From February 2019 and until February 2021, Prosegur has an option to sell the whole of its holding in SBV, with the sole condition that when the option is exercised Prosegur's total holding does not exceed 50% of the capital. In the event of Prosegur exercising that option, SBV will be obliged to buy back the shares subscribed by Prosegur on 25 February 2016 and, if applicable, the selling shareholder will have the obligation to buy back any shares they sold to Prosegur after that date. In the event that SBV is not in a position to purchase the shares subscribed by Prosegur, as an alternative, the remaining shareholders will have the obligation to do so. The sale price will be equal to the price paid for the shares when they were acquired, plus interest at a market rate.

Since it is not possible to apply a value to that embedded derivative separately, neither is it possible to reliably determine its reasonable value (neither at the time of the purchase nor at any later date, due mainly to the fact that the sale option has, as underlying assets, shares in the purchasing company itself, which is a non-listed company). The hybrid financial

instrument will not be separated and it will be classified as a whole as investments accounted for using the equity method.

Moreover, the agreements relating to the subscription of shares in SBV also include an inverse purchase option in favour of SBV in certain circumstances. From February 2016 and until February 2019, in the event of serious non-fulfilment (unremedied) by Prosegur of its obligations under the technology license and intellectual property rights agreement signed between them, SBV will be entitled to require Prosegur to make a compulsory transfer (to the company itself or, should it be the case, to any shareholders who might have sold shares to Prosegur) of the whole of its shareholding. The purchase price will be the same as in the case of the sale option described above: the price paid for the shares at the time of purchase, plus market interest increased by a certain margin.

The breakdown of joint ventures accounted for under the equity method is as follows:

Thousands of Euros	<u>2018</u>	<u>2017</u>
Rosegur Fire, SRL	3	3
Rosegur Holding Corporation SL	47	83
Scout Security Limited	1,838	-
SIS Cash Services Private Limited	4,237	5,597
SIS Prosegur Alarmas Monitoring and Res	852	474
SIS Prosegur Holdings Private Limited	3,330	4,475
SBV Services Proprietary Limited	18,809	19,152
Others	317	53
Balance at 31 December	<u>29,433</u>	<u>29,837</u>

The breakdown of the main amounts of investments accounted for under the equity method is included in Appendix III.

Prosegur has no significant contingent liability commitments in any of the joint ventures accounted for under the equity method.

16. Temporary Joint Ventures

Prosegur participates in joint operations which take the form of Joint Venture Companies (JVs), in which the companies lack any legal status of their own and in which a system of cooperation between the companies is established for an agreed period, either definite or indefinite, in order to implement or execute a job or service (Note 34.2).

They are usually used to combine the characteristics and rights of JVs in pursuit of a common goal with the aim of achieving the best possible technical value. In general, JVs are considered to be independent companies with a limited scope of action given that, despite the fact that they may make undertakings on their own behalf such undertakings tend to be carried out through the partners in a manner proportionate to their interest in the JV. As a result, Prosegur considers JVs to be a joint operation.

The amounts presented in the table below represent Prosegur's share of the temporary joint ventures' assets, liabilities, sales and profit and loss for the year. These amounts have been included in the statement of financial position and the income statements for the financial years ending 31 December 2018 and 31 December 2017.

	Thousands of Euros	
	2018	2017
Assets:		
Non-current assets	155	1,640
Current assets	14,986	15,024
	15,141	16,664
Liabilities:		
Current liabilities	19,560	14,440
	19,560	14,440
Profit and loss:		
Income	89,702	115,315
Expenses	(87,642)	(110,249)
Post-tax profit	2,060	5,066

Prosegur has no contingent liabilities in relation to its participation in temporary joint ventures.

17. Non-current financial assets

Details of non-current financial assets are as follows:

	Thousands of Euros	
	2018	2017
Equity instrument	9,954	4,501
Deposits and guarantees	6,182	4,334
Other non-current financial assets	3,115	3,308
	19,251	12,143

Available-for-sale financial assets

Details of available-for-sale financial assets are as follows:

	Thousands of Euros	
	2018	2017
Balance at 1 January, 2018	4,501	5,359
New Additions	7,548	748
Write offs	(2,073)	(1,293)
Translation differences	(22)	(313)
Balance at 31 December, 2018	9,954	4,501
Balance at 31 December, 2018		
Cost or valuation	9,954	4,501
Impairment losses	-	-
	9,954	4,501

Additions for 2018 correspond mainly to the investment in the start-ups Octopus System Israel Ltd, Capital Concil Inteligencia CSA and Re'flekt GmbH Germany.

Octopus System Israel Ltd is an Israeli start-up which has developed Command and Control software which manages the alerts and action procedures of any workforce on a single mobile platform. The example of its use which is closest to the business activities of Prosegur Seguridad lies in managing the sensor alerts (both physical and digital) of a complete security system in a large plant and also the action procedures for specific situations or the communications channels of geolocated human resources in the field. Octopus System Israel Ltd is a clear example of integrating the physical and digital worlds into the security environment.

Capital Concil Inteligencia CSA is a Brazilian start-up within the Fintech framework, which offers a solution for conciliating cash management at retail points of sale. Capital Concil Inteligencia CSA has developed software capable of collecting, processing, organizing and reconciling information on the payment transactions of all of the agents involved in processing a payment transaction (issuing bank, receivers, switches, buyers and national banking systems) and then produce a receipts and payments flow forecast at the daily cash level. Its principal connection with the commercial strategy of Prosegur resides in the possibility of offering a complete service which integrates the cash payment and safe deposit service solutions into the cash flows of each point of sale. Additionally, in the medium term, an opportunity opens up for exploiting consumption pattern data (Big Data).

Re'Flekt GmbH emerged in Germany with the aim of offering an Augmented Reality (AR) solution for industrial environments. Its two main products offer superposition of the plans of industrial plants of any type, with their operational and maintenance procedures, over the displays of viewing hardware (Mobile phone, Tablets, Smart glasses, etc.). The value it provides for its clients, which include major manufacturers in the automotive sector or in the large-scale industrial sector, lies in the fact that it produces efficiencies both in operational and maintenance procedures of any type of plant or assembly line and training for technicians, thus reducing action deadlines or, where appropriate, training. This technology can be applied to all Prosegur businesses.

Available-for-sale financial assets include the following net investments:

Balance at 31 December, 2018

Thousands of Euros	Recoverable amount	% ownership	Investment
Euroforum Escorial, S.A.	2,595	8.1%	2,595
Octopus System Israel Ltd	2,608	5.0%	2,608
Capital Concil Inteligencia CSA	2,827	28.0%	2,827
Reflekt GmbH	1,250	4.5%	1,250
Other investments and other assets	674		674
	9,954		9,954

Balance at 31 December, 2017

Thousands of Euros	Recoverable amount	% ownership	Investment
Euroforum Escorial, S.A.	2,595	8.1%	2,595
Other investments and other assets	1,906		1,906
	4,501		4,501

The investments are recognised at the lower of cost and the underlying net carrying amount, as they cannot be measured reliably.

Other non-current financial assets

Details of other non-current financial assets are as follows:

	Thousands of Euros	
	2018	2017
Balance at 1 January, 2018	3,308	748
New Additions	233	2,565
Translation differences	(426)	(5)
Balance at 31 December, 2018	3,115	3,308

At 31 December 2018, the other non-current assets item includes fixed term deposits, most of which are due in 2020 and a loan granted by Prosegur to one of its subsidiaries in India, SIS Cash Services Private Ltd, which it consolidates using the equity method for the sum of EUR 2,448 thousand (2017: EUR 2,565 thousand).

18. Inventory

Details of inventories are as follows:

	Thousands of Euros	
	2018	2017
Work in progress	11,614	23,967
Goods for resale, fuel and other	62,038	44,603
Operating materials	2,358	2,013
Uniforms	5,186	5,578
Impairment of inventories	(5,109)	(5,459)
	76,087	70,702

No inventories have been pledged as collateral to secure loans.

Work in progress reflects the construction contracts executed by Prosegur and subsequently invoiced to clients. The corresponding accounting policy is set out in Note 34.23. Prosegur has recognised sales revenue of EUR 141,927 thousand in relation with these contracts in 2018 (EUR 129,650 thousand in 2017) and accumulated costs of EUR 108,101 thousand (EUR 118,001 thousand in 2017). Prosegur has also recognised a liability for advanced income for EUR 10,827 thousand (EUR 9,096 thousand in 2017) corresponding to the amount payable to clients whose partial invoicing exceeds the costs incurred plus the recognised profit (see Note 25). The sum of withholdings made on payments amounts to EUR 2,152 thousand at the close of 2018 (2017: EUR 2,452 thousand).

The changes in impairment losses are as follows:

	Thousands of Euros	
	2018	2017
Balance at 1 January	(5,459)	(6,150)
Additions	(1,768)	(2,739)
Applications and other	1,828	2,884
Adjustments Hyperinflation	243	-
Translation differences	47	546
Balance at 31 December	(5,109)	(5,459)

19. Clients and other receivables

Details of cash and cash equivalents are as follows:

	Thousands of Euros	
	2018	2017
Customer receivables for sales and services	730,768	813,798
Less: impairment losses on trade receivables	(77,082)	(66,618)
Clients - net	653,686	747,180
Public administrations	72,855	81,897
Advances to employees	6,711	9,056
Legal deposits	20,875	29,337
Prepayments	21,993	17,402
Other receivables	44,770	56,703
Current	820,890	941,575

Credit risk from trade receivables is not concentrated because Prosegur works with a large number of clients distributed among the different countries in which it operates (Note 31.1).

In December 2018, Prosegur arranged a factoring without recourse contract on receivables totalling EUR 4,276 thousand, with the possibility of increasing this figure. This contract has a term of one year, although it may be extended by additional 12-month periods subject to mutual agreement between the two parties. The contract expressly indicates that the purchaser will not be entitled to recourse against the seller in the event of any default or delay in collection of a transferred receivable. In other words, the buyer assumes the credit risk and default risk. The amount collected in relation to a transferred receivable is calculated by discounting net cash flows based on the due date of the receivable.

Receivables sold are written off and the difference between their carrying amount and the amount actually received is recognised as a financial expense in the income statement. At 31 December 2018 receivables amounting to EUR 4,276 thousand were written off.

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

	Thousands of Euros	
	2018	2017
0 to 3 months	243,205	283,484
3 to 6 months	20,238	22,951
Over 6 months	26,840	30,792
	290,283	337,227

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

There have been no changes in the composition of the clients or in the circumstances that cause the expected loss to differ from the calculated according to the historical data.

There are no reasonable changes in the client portfolio or any circumstance that make the expected loss differs from the calculation based on historical data.

Changes in the impairment of receivables are as follows:

	Thousands of Euros	
	2018	2017
Balance at 31 December, 2017	(66,618)	(75,593)
Transition adjustment (Note 34)	(13,234)	-
Balance at 1 January, 2018	(79,852)	(75,593)
Provision for impairment (Note 6)	(7,559)	(10,826)
Applications and reversions	3,302	12,970
Hyperinflation adjustment	4,175	-
Translation differences	2,852	6,831
Balance at 31 December, 2018	(77,082)	(66,618)

As a general rule, impaired receivables are written off when Prosegur does not expect to recover any further amount.

No impairment losses have been incurred on the remaining trade receivables.

Prosegur's maximum exposure to credit risk at the reporting date is the fair value of the receivables in each of the above-mentioned categories. The Prosegur Group has taken out a credit facility with the aim of ensuring and minimising its insolvency risk. This insurance applies to clients in Spain and provides risk cover for new operations and/or expansions of services in relation to existing operations.

The procedures followed by Prosegur in relation to credit risk and currency risk on trade receivables are described in Note 31.1.

Legal deposits comprises mainly court bonds associated with employment-related litigation in Brazil (Note 22).

Under the heading of other receivables, it mainly recognises advances from suppliers and creditors for the amount of EUR 14,218 thousand (2017: EUR 16,273 thousand) and other debtor balances for the amount of EUR 16,557 thousand (2017: EUR 26,108 thousand).

The Group considers that the remaining balances other than customers for the provision of services do not present credit risk because they are public Administrations or judicial deposits that are cancelled against the provision of said risks or the recovery thereof.

20. Other financial assets and Cash and Cash equivalents

Details of other financial assets and changes in Other financial assets during the year are as follows:

	Thousands of Euros	
	2018	2017
Balance at 1 January	490,298	-
New Additions	290,000	490,298
Write offs	(290,000)	-
Other changes	(1,030)	-
Balance at 31 December	489,268	490,298

The composition and the issue of financial assets in 2018 are as follows:

Description	Date of issue	Thousands of Euros	
		Principal	Balance at 31/12/2018
Fixed-term deposit	07/04/2017	25,000	24,634
Fixed-term deposit	19/04/2017	25,000	24,634
Fixed-term deposit	22/06/2017	150,000	150,000
Fixed-term deposit	15/03/2018	150,000	150,000
Fixed-term deposit	20/03/2018	140,000	140,000
		490,000	489,268

Details of Cash and Cash equivalents are as follows:

	Thousands of Euros	
	2018	2017
Cash in hand and at banks	468,968	472,110
Current bank deposits	89,387	158,829
	558,355	630,939

The effective interest rate on current bank deposits is 1.52% (4.17% in 2017) and the average term of deposits held is 210 days (211 days in 2017).

21. Net equity

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

21.1. Share capital, share premium and own shares

Details of share capital, share premium and own shares, and changes therein, are as follows:

	Number of shares (thousands)	Thousands of Euros			Total
		Share capital	Share premium	Treasury Stock	
Balance at 1 January 2013	617,125	37,027	25,472	(53,315)	9,184
Sale of own shares	-	-	-	-	-
Other awards	-	-	-	236	236
Balance at 31 December 2017	617,125	37,027	25,472	(53,079)	9,420
Sale of own shares	-	-	-	-	-
Other awards	-	-	-	302	302
Balance at 31 December 2018	617,125	37,027	25,472	(52,777)	9,722

Share capital

At 31 December 2018 and 2017, the share capital of Prosegur Compañía de Seguridad, S.A. totals EUR 37,027 thousand and is represented by 617,124,640 shares with a par value of EUR 0.06 each, fully subscribed and paid. These shares are listed on the Madrid and Barcelona Stock Exchanges and traded via the Spanish Stock-Exchange Interconnection System (electronic trading system) (SIBE).

Details of the Company's shareholders are as follows:

Shareholders	Number of shares	
	2018	2017
Ms Helena Revoredo Delvecchio ⁽¹⁾	309,240,330	309,240,330
Oppenheimer Acquisition Corporation ⁽²⁾	34,957,437	34,957,437
Ms Mirta Giesso Cazenave ⁽³⁾	34,778,187	34,778,187
FMR LLC ⁽⁴⁾	30,970,374	24,452,187
Invesco Limited ⁽⁵⁾	-	11,595,772
Others	207,178,312	202,100,727
	617,124,640	617,124,640

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

⁽²⁾ Through various managed funds; one of them owns more than 5% (Oppenheimer International Growth Fund)

⁽³⁾ Both directly and through AS Inversiones, S.L.

⁽⁴⁾ Investment through various managed funds.

⁽⁵⁾ Investment through various managed funds.

In January 2018, Invesco Limited reduced its shareholder composition to less than 1% of the shareholder composition of Prosegur.

At 31 December 2018 and 2017, the members of the Board of Directors, either directly or through companies over which they exercise control, hold 310,125,760 shares (310,125,760 shares in 2017), representing 50.25% of the Company's share capital (50.25% in 2017).

Share premium

The share premium amounts to EUR 25,472 thousand, is freely distributable and has not changed in 2018 or 2017.

Treasury Stock

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

	Number of shares	Thousands of Euros
Balance at 1 January, 2017	18,694,870	53,315
Other awards	(67,035)	(236)
Balance at 31 December, 2017	18,627,835	53,079
Other awards	(85,829)	(302)
Balance at 31 December, 2018	18,542,006	52,777

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

In 2018 and 2017 no purchase or sales transactions were carried out with the company's own shares. The heading other awards reflects the awarding of shares to employees at market value.

21.2. Cumulative translation differences

Details are as follows:

	Thousands of Euros	
	2018	2017
Balance at 1 January	(537,720)	(470,371)
Translation differences of financial statements of foreign operations	(58,555)	(161,286)
Transfer translation difference to non-controlling interests	-	93,937
Transfer translation difference to reserves	421,878	-
Balance at 31 December	(174,397)	(537,720)

As a result of applying IAS 29 for Argentina (Note 34.1), the Company has adopted the accounting policy of entirely recognising changes in equity, associated with currency effects, under the heading of other reserves. IAS 29 does not consider that these changes lead to profit and loss in the income statement, but rather treats them as adjustments to equity balances. The translation differences at 31 December 2017 associated with Argentina are shown from 1 January 2018 entirely in the item of "Retained earnings and other reserves" for a negative figure of EUR 421,878 thousand (Note 21.3).

21.3. Retained earnings and other reserves

The structure and changes of retained earnings and other reserves are as follows:

	Legal reserve	Capitalisation reserve	Other reserves	Other retained earnings	Total
Balance at 1 January, 2017	7,406	-	165	1,204,547	1,212,118
Total comprehensive income for the year	-	-	-	148,767	148,767
Share-based incentives exercised by employees	-	-	-	94	94
Distribution of extraordinary dividend	-	-	-	(279,996)	(279,996)
Distribution of ordinary dividend	-	-	-	(34,066)	(34,066)
Distribution of ordinary interim dividend	-	-	-	(71,883)	(71,883)
Other changes	-	-	-	622,349	622,349
Balance at 31 December, 2017	7,406	-	165	1,589,812	1,597,383
Transition adjustments	-	-	-	6,019	6,019
IAS 29 First adoption (Note 34)	-	-	-	46,428	46,428
Traslation differences reclassified to reserves (Note 34)	-	-	-	(421,878)	(421,878)
Balance at 1 January, 2018	7,406	-	165	1,220,381	1,227,952
Total comprehensive income for the year	-	-	-	131,248	131,248
Share-based incentives exercised by employees	-	-	-	183	183
Distribution of ordinary interim dividend	-	-	-	(79,054)	(79,054)
Hyperinflation adjustments	-	-	-	(119,196)	(119,196)
Other changes	-	10,000	-	(8,731)	1,269
Balance at 31 December, 2018	7,406	10,000	165	1,144,831	1,162,402

Other restricted reserves at 31 December 2018 and 2017 correspond to the reserve for the update of National Budget Act 83 (EUR 104 thousand) and reserves for capital adjustment to Euros (EUR 61 thousand).

The legal reserve, which amounts to EUR 7,406 thousand, was endowed in compliance with article 274 of the revised Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital. The legal reserve has been fully endowed. The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, it must be replenished with future profits.

On 27 April 2018, the General Shareholders Meeting approved distribution of profit for the amount of EUR 10,000 thousand to a capitalisation reserve.

The impacts from the application of IAS 29 and IAS 21.42 on equity were booked under "Retained earnings and other reserves" for a negative net amount of EUR 72,768 thousand. The first application of IAS 29 had a positive impact of EUR 46,428 thousand, with a negative impact due to currency depreciation of EUR 22,381 thousand. The rest of the negative impact associated with IAS 21.42 amounted to EUR 96,815 thousand.

The proposed distribution of the parent's profit for 2018, determined in accordance with prevailing legislation and standards for the preparation of individual annual accounts, in terms of the interim dividend agreed by the Company's Board of Directors and which will be submitted to the General Shareholders' Meeting for approval, is shown in the following table:

	Thousands of Euros
	2018
Basis of allocation	
Profit for the year	102,985
	102,985
Allocation	
Voluntary reserves	(21,069)
Capitalisation reserve	45,000
Dividends	79,054
	102,985

21.4. Non-controlling interests and other changes

Prosegur Cash, S.A. is a subsidiary of the Spanish company Prosegur Compañía de Seguridad, S.A., which currently holds 51% of the shares, and indirectly controls another 21.5% through its wholly-owned subsidiary, Prosegur Assets Management, S.L.U. The remaining 27.5% of the shares are in the hands of non-controlling interests as a result of its first listing on the stock market on 17 March 2017 Prosegur Cash shares started trading at 2 Euros per share on the Madrid and Barcelona Stock Exchanges and they are traded through the Spanish Stock Markets Interconnection System (Continuous Market) (SIBE). This operation was reflected as an operation with own equity instruments.

The impact of this transaction amounted to EUR 824,992 thousand and the expenses related to it came to EUR 28,018 thousand. As a result, the positive impact registered for the sale of the equity instruments amounted to EUR 796,974 thousand in 2017.

On 8 May 2017, Prosegur Cash, S.A. signed a liquidity agreement in accordance with the regulations in force at the time. Prior to signing this agreement, the company did not have treasury stock. The operating process prior to the liquidity contract to set up treasury stock ended on 8 June 2017, having attained treasury stock of 1,000,000 shares. The liquidity contract came into operation on 9 June 2017 and ended on 10 July, when contract agreement was terminated. On 7 July 2017, the company signed a new liquidity agreement, entering into force on 11 July 2017, in accordance with the new legislation, commencing operations again to boost the contractual liquidity.

At the close of 2018, the treasury stock held by Prosegur Cash, S.A. is composed of 1,057,307 shares (787,474 shares in 2017), of which 602,496 are linked to the aforementioned liquidity agreement (295,789 in 2017).

Below is the consolidated financial information for the Prosegur Cash Group before intragroup eliminations, of which 27.5% corresponds to non-controlling interests:

	(In thousands of Euros)	
	31/12/2018	31/12/2017
Non-current assets	937,314	829,515
Current assets	768,952	885,099
Total equity	237,991	266,632
Non-current liabilities	865,918	850,683
Current liabilities	602,357	597,281
Total liabilities	1,468,275	1,447,964
Revenue	1,731,605	1,924,258
Operating profit/(loss) (EBIT)	268,008	445,058
Profit before tax	264,109	444,327
Post-tax profit from continuing operations	174,228	304,361
Post-tax profit from discontinued operations	(11)	489
Consolidated profit/(loss) for the period	174,217	304,850
Cash flows from operating activities	225,687	182,573
Cash flows from investing activities	(125,550)	15,713
Cash flows from financing activities	(97,039)	(80,759)
Net increase/(decrease) in cash and cash equivalents	3,098	117,527

22. Provisions

Details of provisions and changes are as follows:

Thousands of Euros	Labour-related risks	Legal risks	Restructuring	Employee benefits expense (Note 5.2)	Other risks	Total
Balance at 1 January, 2018	83,689	17,857	1,522	11,833	99,159	214,060
Provisions charged to income statement	14,375	5,271	-	1,139	45,591	66,376
Reversals credited to income statement	(5,201)	(2,952)	-	-	(33,166)	(41,319)
Applications	(17,791)	(3,541)	(945)	(93)	(12,320)	(34,690)
Financial effect of the discount	4,187	944	-	-	2,201	7,332
Business Combinations	2,954	269	-	68	8,006	11,297
Reversion charged to Equity	-	-	-	1,579	-	1,579
Translation differences	(11,738)	(1,309)	-	392	(3,169)	(15,824)
Reserves	(4,264)	(438)	-	-	(2,558)	(7,260)
Balance at 31 December, 2018	66,211	16,101	577	14,918	103,744	201,551
Non-current 2018	66,211	16,101	-	14,918	99,797	197,027
Current 2018	-	-	577	-	3,947	4,524

a) Labour-related risks

The provisions for occupational risks, which amount to EUR 66,211 thousand (2017: EUR 83,689 thousand), are calculated individually based on the estimated probability for success or failure. This probability is determined by the various lawyers' offices which work with the companies in the group. In addition, an internal review is carried out of the probabilities of reaching agreements in each of the cases, depending on the past experience of Prosegur, in order to arrive at the final provision to be recorded.

The provision for work-related risks is composed mainly of labour legal cases in Brazil, which include lawsuits brought by former and current Prosegur employees. The characteristics of labour legislation in that country and the regulatory requirements of the business activities result in such processes becoming drawn out and has led to a provision in 2018 of EUR 40,601 thousand (2017: EUR 56,789 thousand). The reduction compared to the previous year was a result of the latest changes in Brazilian labour legislation.

At 31 December 2018, the number of labour legal cases open in Brazil amounts to 4,075 (31 December 2017: 5,264). During 2018, almost 2,807 proceedings were closed.

Additionally, under this item, there is a provision for EUR 6,614 thousand (2017: EUR 6,357 thousand) related to the business combination carried out in 2005 with Transpev. During the 2018 financial year, 76 cases are still pending (31 December 2017: 81).

The allocations charged to results and reversals added to results are included in the other expenses item within the sales expenses section (Note 4), and the monetary updates associated to this provision are included under the other financial expenses item (Note 7).

b) Legal risks

The provisions for legal risks, that amount to EUR 16,101 thousand (in 2017: EUR 17,857 thousand), correspond mainly to civil claims, which are analysed on a case-by-case basis. This mainly includes lawsuits in Brazil, Spain and France. The settlement of these provisions is highly probable, but both the value of the final settlement as well as the moment are uncertain and depend upon the outcome of the proceedings under way. There are no significant legal risks.

c) Restructuring

The provisions correspond to Brinks Deutschland GmbH in 2013, which has a restructuring provision recognised that corresponds to estimates for the payment of severances for dismissal and other costs. The settlement of the provision is highly probable. While the moment of settlement is uncertain, it is highly probable that it will take place in the short term. In 2018 payments were made for the figure of EUR 945 thousand (2017: EUR 1,399 thousand).

d) Employee benefits

As indicated in Note 5.2, Prosegur maintains defined benefit schemes in Germany, Brazil, France, Mexico and Central America. The actuarial valuation, carried out by qualified actuaries, of the value of the benefits to which the company is committed is updated at the 2018 financial year-end.

The defined benefit schemes of Germany and France consist of Pension and retirement schemes, while the benefit scheme defined for Mexico consists of a seniority scheme. The defined benefit schemes of Central America consist of contract termination benefits.

Prosegur has a defined benefit plan comprising post-employment healthcare offered to employees in Brazil compliant with local legislation (Act 9656).

e) Other risks

The provision for other risks, amounting to EUR 103,744 thousand (2017: EUR 99,159 thousand), includes a whole multitude of items

The settlement of these provisions is highly probable, but both the value of the final settlement as well as the moment are uncertain and depend upon the outcome of the proceedings under way.

We list the most significant ones below:

Tax risks

These mainly refer to tax risks in Brazil and Argentina for the amount of EUR 79,282 thousand (2017: EUR 65,014 thousand).

The tax risks associated with Brazil are related to several items, mainly to claims for direct and indirect local and State taxes, as well as provisions coming from the business combination of Nordeste and Transpev. In Argentina they relate to various amounts that are not individually material, linked mainly to municipal and provincial taxes. The most representative risks arise as a result of the disparity in criteria between Prosegur and Management.

Prosegur uses "the most likely outcome" as the measurement basis for evaluating uncertain tax positions. Tax risks are classified as material on the basis of opinions in external studies according to the analysis of case law in the matter of reference. In addition, it makes internal analyses based on similar cases occurring in the past in Prosegur or in other companies.

At each close of quarter, a detailed analysis of conducted of each of the tax contingencies is made. This analysis refers to quantification, qualification and the level of provision associated with the risk. An annual letter with the respective analysis and assessment by an independent expert is used to determine these parameters in the most significant risks. On the basis of this, the level of provision is adjusted.

Provisions charged to income and reversals credited to income are included under other expenses in Note 4.

Accrued obligations to personnel

These provisions include the incentive, due and payable in cash, corresponding to the 2020 and 2017 Plans (Note 34.19) for both Senior Management and Chief Financial Officer of Prosegur and for Prosegur Cash.

During the year, provisions to results have been made for EUR 4,707 thousand (Note 5.1) (EUR 6,695 thousand in 2017). That amount includes the adjustment for fair value of the share price for the 2017 Plan at the time of payments and the corresponding accrual for the 2020 and 2017 Plans.

During 2018, payments were made corresponding to the 2017 Plan, taking as a reference the Prosegur and Prosegur Cash share price at the time of the payment, thus substituting the method of share settlement initially planned.

During 2018 a sum of EUR 8,967 thousand (2017: EUR 1,526 thousand) has been applied, corresponding to the first payment of the 2017 Plan.

The reasonable value of the incentives referred to the share quotation price was estimated on the basis of Prosegur and Prosegur Cash share quotation price at the close of the period or at the payment time.

Lastly, part of this provision was recognised as current provisions in an amount of EUR 2,946 thousand, since the maturity of this commitment will take place in 2019 regarding the Plan 2017.

Comcare Australia

In 2018, payments have been made for commitments associated to the occupational accident insurance plan in Australia amounting to EUR 960 thousand (EUR 850 thousand in 2017). The allocation for the year amounted to EUR 147 thousand, reaching a provisional total of EUR 3,474 thousand (EUR 4,529 thousand in 2017), of which EUR 1,001 thousand fall due in the short term (2017: EUR 963 thousand).

23. Financial liabilities

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

Thousands of Euros	Average interest rate	2018		2017	
		Non-current	Current	Non-current	Current
Bonds and other marketable securities	1.00%-1.38%	1,287,370	15,124	594,117	510,088
Loans and borrowings	2.79%	64,314	77,482	94,381	120,197
Finance lease payables	5.39%	6,380	7,230	11,957	8,524
Credit accounts	6.33%	-	14,434	-	33,758
Other payables	10.68%	33,493	36,450	16,856	28,479
		1,391,557	150,720	717,311	701,046

Thousands of Euros	Currency	Year of maturity	2018		2017	
			Non-current	Current	Non-current	Current
Bonds and other marketable securities	Euro	2023-2026	1,287,370	15,124	594,117	510,088
Loans and borrowings	Euro	2019	-	63,975	12,123	80,839
Loans and borrowings	Brazilian Real	2019-2020	93	358	-	18,909
Loans and borrowings	Australian dollar	2020	43,423	-	45,903	-
Loans and borrowings	South African Rand	2020	17,563	-	19,171	-
Loans and borrowings	Peruvian Nuevo Sol	2019-2020	2,349	9,134	8,417	12,698
Loans and borrowings	Other currencies	2019-2021	886	4,015	8,767	7,751
Finance lease payables	Euro	2019-2020	1,736	2,222	2,949	2,766
Finance lease payables	Brazilian Real	2019-2020	492	3,066	4,059	3,498
Finance lease payables	Other currencies	2019-2026	4,152	1,942	4,949	2,260
Credit accounts	Euro	2019	-	4,827	-	13,201
Credit accounts	Austrian dollar	2019	-	-	-	6,507
Credit accounts	Other currencies	2019	-	9,607	-	14,050
Other payables	Euro	2019-2021	8,800	7,096	9,380	7,987
Other payables	Brazilian Real	2019-2033	12,420	11,381	6,223	7,106
Other payables	Argentine Peso	2019-2023	63	127	190	153
Other payables	Other currencies	2019-2033	12,210	17,846	1,063	13,233
			1,391,557	150,720	717,311	701,046

At 31 December 2018 drawdowns from credit facilities in current accounts totalled EUR 14,434 thousand (EUR 33,758 thousand in 2017). Details of undrawn credit facilities are as follows:

	Thousands of Euros	
	2018	2017
Maturing in less than 1 year	203,648	285,934
Maturing in more than 1 year	500,000	515,000
	703,648	800,934

Credit facilities are subject to various interest rate reviews in 2019.

Bonds and other marketable securities

On 8 February 2018 an issue of uncovered bonds with a nominal value of EUR 700,000 thousand, maturing on 8 February 2023, has been made. The bonds are traded on the secondary market, on the Irish Stock Exchange. They accrued an annual coupon of 1.00% payable at the end of each year.

On 2 April 2018 the uncovered bonds issued on 2 April 2013 for EUR 500,000 thousand were amortised on their due date.

On 4 December 2017 Prosegur, through its subsidiary Prosegur Cash, S.A. made an issue of uncovered bonds with a nominal value of EUR 600,000 thousand, maturing on 4 February 2026. The bond was issued in the Euromarket as part of the Euro Medium Term Note Programme. This issue will enable the deferment of maturities of part of the debt of Prosegur Cash and the diversification of funding sources. The bonds are traded on the secondary market, on the Irish Stock Exchange. They accrued an annual coupon of 1.38% payable at the end of each year.

Syndicated Loan (Spain)

On 12 June 2014 Prosegur contracted a new syndicated financing operation for a credit facility in the amount of EUR 400,000 thousand for a five-year term. On 18 March 2015, the syndicated loan was renewed, mainly modifying the maturity date and postponing its expiry until 18 March 2020. On 10 February 2017 this credit-type syndicated finance operation was cancelled and substituted with two new syndicated finance operations:

Syndicated finance operation EUR 200,000 thousand (Spain)

On 10 February 2017 Prosegur arranged a five-year syndicated credit financing facility of EUR 200,000 thousand to provide the company with long-term liquidity. At 31 December 2018, no amount of this credit facility has been drawn down.

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

Syndicated finance operation EUR 300,000 thousand (Spain)

On 10 February 2017 Prosegur's subsidiary, Prosegur Cash, S.A., arranged a five-year syndicated credit financing facility of EUR 300,000 thousand to provide the company with long-term liquidity. At 31 December 2018, no amount of this credit facility has been drawn down.

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

Syndicated loan (Australia)

On 28 April 2017, Prosegur, via its subsidiary Prosegur Australia Investments Pty, arranged a syndicated financing operation in the amount of AUD 70,000 thousand for a 3-year term. At 31 December 2018, the drawn down capital corresponding to the loan amounts to AUD 70,000 thousand (equivalent to EUR 43.170 thousand at 31 December 2018).

Bank borrowings (South Africa)

In order to partially finance the subscription of shares representing 33.33% of the share capital of the South African company SBV Services Proprietary Limited, Prosegur arranged a 4-year bullet loan on 29 January 2016 for ZAR 272,000 thousand (EUR 16,534 thousand at the exchange rate at 31 December 2018).

Finance lease payables

Details of minimum payments under finance leases are as follows:

	Thousands of Euros	
	2018	2017
Less than 1 year	7,732	8,963
1 to 5 years	6,985	13,799
Over 5 years	-	251
Interest	(1,107)	(2,532)
	13,610	20,481

The main assets acquired under finance leases are armoured vehicles and cash management machines (Note 11).

Bailment

Prosegur in Australia has access to facilities under loan for use for the supply of cash to automated teller machines belonging to Prosegur. In these facilities, cash is owned by the bailor of the loan in use, who has contracts directly with Prosegur. Prosegur has access to this money with the only purpose to load cash onto the ATMs, governed by this contract. The settlement of the 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 outstanding amount at 31 December 2018 is AUD 43.90 million (equivalent to EUR 27.70 million) (at 31 December 2017 it was AUD 47.70 million, equivalent to EUR 31.08 million).

Other payables

Other payables mainly relate to business combinations pending payments formed in both the present year and previous years (Note 29). Details of other payables are as follows:

	Thousands of Euros	
	2018	2017
Non-current		
Contingent and deferred payments for acquisitions	26,833	8,950
Others	6,660	7,906
	33,493	16,856
Current		
Contingent and deferred payments for acquisitions	34,992	23,904
Others	1,458	4,575
	36,450	28,479

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

Thousands of Euros	Currency	2018		2017	
		Non-current	Current	Non-current	Current
Fiel Vigilancia e Transp. Valores	Reals	-	908	-	955
Transvíg - Transporte de Valores e Vigilancia LTDA	Reals	-	347	365	730
Grupo Nordeste y Transbank	Reals	-	4,591	-	5,514
Martom Segurança Eletrônica Ltda.	Reals	-	25	-	146
Securlog GmbH	Euros	-	258	-	258
Dognaedis Lda	Euros	1,381	-	1,381	-
Grupo Contesta	Euros	3,447	3,544	5,834	3,219
Indiseg Evolium Group S.L.	Euros	-	472	472	-
Purchase of assets from Toll Transport Pty Ltd	Australian dollar	-	-	-	4,561
Purchase of assets from Radar S.A	Paraguayan Guarani	-	-	-	2,491
Purchase of client portfolio from CSS Tactical Proprietary Limited	South african Rand	-	486	-	1,652
Nanjing Zhong Dun Security Services	CNY	-	-	-	128
Inversiones BIV, S.A. y filial	Colombian Peso	-	221	-	226
Grupo Integra - Colombia	Colombian Peso	-	1,905	-	1,978
Grupo Shangai Bigu	CNY	-	-	-	51
TC Interplata S.A.	Argentine Peso	-	-	7	124
Tellex, S.A.	Argentine Peso	-	-	-	25
Other business combination Prosegur Cash 2017	Other	-	1,900	891	1,846
Business combination Cash ROW 2018	Phillipine Peso	7,198	2,230	-	-
Business combination Seguridad ROW 2018	Other	4,163	962	-	-
Business combination Cash Iberoamérica 2018	Other	8,305	14,210	-	-
Business combination Cash Europa 2018	Other	2,339	2,570	-	-
Purchase of client portfolio from Security Systems Paraguay S.A.	Paraguayan Guarani	-	363	-	-
		26,833	34,992	8,950	23,904

The reconciliation of balances classified as financial liabilities with the flow of financing activities in the Statement of Cash Flows is as follows:

Thousands of Euros	Bonds and other marketable securities	Bank borrowing	Finance lease payables	Credit accounts	Other payables	Total
Balance at 1 January 2018	1,104,205	214,578	20,481	33,758	45,335	1,418,357
Cash flows from financing activities	194,800	(68,477)	(8,473)	(19,407)	(20,515)	77,928
Acquisitions/interest accrual and others	3,489	96	-	-	4,955	8,540
Business combinations (Note 29)	-	4,257	2,285	139	41,232	47,913
Translation differences	-	(8,658)	(683)	(56)	(1,064)	(10,461)
Balance at 31 December 2018	1,302,494	141,796	13,610	14,434	69,943	1,542,277

24. Trade and other payables

Details of trade and other payables are as follows:

	Thousands of Euros	
	2018	2017
Trade payables	194,473	200,847
Accrued personnel costs	238,517	259,213
Social Security and other taxes	188,691	227,730
Other payables	173,159	162,893
	794,840	850,683

Accrued personnel costs

Prosegur's remuneration policy for indirect personnel includes a variable component determined through specifically designed incentive programmes, which aim to recognise and reward Prosegur employees' contribution to its success by achieving or surpassing targets and developing the necessary skills for excellence in their duties and responsibilities. The incentive programme directly links variable remuneration to the achievement of targets established by Prosegur management or the employee's direct superior over a given time.

Accruals with personnel include EUR 38,639 thousand relating to the incentive programme (EUR 46,021 thousand in 2017). The cost recognised under employee benefits expense in the income statement in relation to this policy amounts to EUR 66,940 thousand (EUR 66,485 thousand in 2017).

The employee benefits expense also includes salaries payable and accrued extra salary payments.

Information on average payment period to suppliers. Second Final Provision of Act 31/2014 of 3 December.

Information on deferred payments to suppliers by consolidated Spanish companies is as follows:

	2018	2017
	Days	Days
Average payment period to suppliers	57	57
Ratio of transactions paid	56	56.0
Ratio of transactions pending payment	64	63.0
	Thousands of Euros	Thousands of Euros
Total payments made	276,278	282,217
Total payments pending	25,186	23,656

In accordance with the ICAC Resolution, the calculation of the average payment period to suppliers has considered the commercial transactions corresponding to the delivery of goods or the rendering of services accrued through the date of entry into force of Act 31/2014, 3 December, i.e. 24 December 2014. The information in these consolidated accounts on payments to suppliers refers exclusively to the companies situated in Spain which are fully consolidated.

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

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

The maximum legal term of payment applicable to the consolidated companies in 2018, according to Act 11/2013, of 26 December, is of 30 days (unless the conditions set forth in the Law allowing the maximum payment period to be raised to 60 days are fulfilled).

25. Other liabilities

Other non-current liabilities include amounts corresponding to accruals of alarm rental income.

Details are as follows:

Thousands of Euros	2018		2017	
	Non-current	Current	Non-current	Current
Prepaid Income	29,273	44,391	-	35,316
Other liabilities	-	3,877	-	8,746
	29,273	48,268	-	44,062

The heading Current Prepaid Income mainly includes the advance billing for alarm contracts for EUR 28,334 thousand (2017: EUR 20,070 thousand), as well as the anticipated income associated with building contracts (Note 18).

Under the heading of non-current prepaid income, since 1 January 2018 following the adoption of IFRS 15 on the recognition of revenue from customer contracts, Prosegur recognises the revenue related to alarms installation (Note 34.20).

26. Taxation

Prosegur Compañía de Seguridad, S.A. is the parent of a group that files consolidated income tax returns in Spain. As well as Prosegur Compañía de Seguridad, S.A., as the parent, this consolidated tax group comprises the Spanish subsidiaries that meet the requirements set out in regulations governing consolidated taxation.

Additionally, Prosegur files tax returns under Tax Consolidation in the following countries: Australia, France, Luxembourg and Portugal.

- In Australia there is a Consolidated Tax Group formed by five Australian companies: Prosegur Australia Holdings Pty Limited, Prosegur Australia Investments Pty Limited, Prosegur Australia, Prosegur Technology Pty Limited and Prosegur Asset Management.
- Certain companies in France, directly or indirectly owned by Prosegur, form two Consolidated Tax Groups and file tax returns pursuant to legislation under the special "Intégration Fiscale" scheme under French law.
- In Luxembourg Prosegur has a new Consolidated Tax Group formed by Luxpai CIT SARL and Pitco Reinsurance SA.
- In Portugal, Prosegur has a consolidated tax group made up of the following Portuguese companies: Prosegur Companhia de Segurança Ltda., Prosegur Distribuição e Serviços Ltda., Prosegur Agência Promoção e Comercialização de Produtos e Serviços Unipessoal Lda., Prosegur Logística e Tratamento de Valores Portugal S.A., Prosegur Alarmes Dissuasão Portugal Unipessoal Lda., Prosegur SES Serviços Empresariais de Segurança Unipessoal Lda., Prosegur de Serviços Partilhados Unipessoal Lda. and Prosegur Gestão de Activos Imobiliários, S.A.

The rest of Prosegur's subsidiaries file tax returns in accordance with tax legislation in force in the countries in which they operate.

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

	Thousands of Euros	
	2018	2017
Current tax	97,640	137,140
Deferred tax	2,382	8,489
	100,022	145,629

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

	Thousands of Euros	
	2018	2017
Present year	86,261	117,789
Prior year adjustments	(2,599)	1,884
Loss without recognised deferred tax	13,978	17,467
	97,640	137,140

The main items making up the deferred tax expense/(income) are as follows:

	Thousands of Euros	
	2018	2017
Tax losses and Tax deductions	(6,456)	7,937
Temporary Provisions and Differences	4,118	8,421
Intangible asset amortisation	(7,898)	(1,110)
Property, plant and equipment amortisation	12,618	(6,759)
	2,382	8,488

The deferred items arising from tax-related goodwill are from local mergers in Brazil which took place during previous years. Tax legislation in Brazil 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	
	2018	2017
Profit before income tax	280,039	343,938
Tax rate	25%	25%
Result of applying tax rate to profit	70,010	85,984
Permanent differences	12,166	14,762
Effect of application of different tax rates	8,941	27,447
Adjustment of deferred taxes from prior years	(1,116)	2,571
Adjustment to taxes from prior years	(2,599)	1,884
Loss without deferred tax	13,978	17,467
Previously unrecognised deductions applied	(1,358)	(4,486)
Income tax expense	100,022	145,629

The effective tax rate in 2018 is 35.7%, as opposed to 42.3% in 2017, which is a decrease of 6.6 percentage points, as a result of the higher impact in 2017 of the corporate restructuring that the company began three years ago.

The tax rates in the countries where Prosegur operates are as follows:

Tax rate	2018	2017
Germany	30.5%	30.5%
Argentina	30.0%	35.0%
Australia	30.0%	30.0%
Brazil	34.0%	34.0%
Chile	27.0%	25.5%
China	25.0%	25.0%
Colombia	33.0%	34.0%
El Salvador	30.0%	-
UAE	55.0%	-
Spain	25.0%	25.0%
USA	29.0%	34.0%
Phillipines	30.0%	-
France	33.3%	33.3%
Guatemala	25.0%	-
Holland	25.0%	-
Honduras	30.0%	-
Hong Kong	16.5%	16.5%
India	28.0%	28.0%
Luxembourg	26.0%	27.1%
Mexico	30.0%	30.0%
Nicaragua	30.0%	-
Paraguay	10.0%	10.0%
Peru	29.5%	29.5%
Portugal	22.5%	22.5%
UK	18.0%	20.0%
Singapore	17.0%	17.0%
Southafrica	28.0%	28.0%
Turkey	22.0%	20.0%
Uruguay	25.0%	25.0%

Also, in 2018 some local legislations changed their tax rates for the coming years. Accordingly, the tax rates for the following years will be as follows:

Tax rates that commence from:	Type of taxation Argentina
1 January 2019	30%
1 January 2020	25%

Consequently, deferred tax assets and deferred tax liabilities have been adjusted in accordance with these new tax rates.

Movements in deferred tax assets and liabilities and changes in their composition are as follows:

Deferred tax assets

Thousands of Euros	Balance at 1 January 2017	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	Balance at 31 December 2017	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	Balance at 31 December 2018
Property, plant and equipment amortisation	17,788	528	-	-	-	(1,091)	17,225	5,281	37	-	-	(678)	21,865
Intangible asset amortisation	13,359	(7,576)	-	-	-	(577)	5,206	2,175	760	-	-	(261)	7,880
Losses and Tax Deductions	54,527	(7,937)	-	-	-	(2,486)	44,104	6,456	94	-	-	(1,280)	49,374
Provisions	97,307	(7,759)	280	824	-	(12,745)	77,907	(1,456)	1,799	555	-	(12,327)	66,478
Investments and Others	2,647	2,015	-	-	-	(139)	4,523	(8,613)	-	13,251	-	(157)	9,004
	185,628	(20,729)	280	824	-	(17,038)	148,965	3,843	2,690	13,806	-	(14,703)	154,601

Deferred tax liabilities

Thousands of Euros	Balance at 1 January 2017	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	Balance at 31 December 2017	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	Balance at 31 December 2018
Asset Depreciation	(27,379)	6,231	-	-	-	1,990	(19,158)	(17,899)	(696)	(5,086)	-	(17)	(42,856)
Intangible Asset Amortisation	(63,121)	8,685	-	-	-	4,158	(50,278)	5,723	(8,652)	(809)	-	931	(53,085)
Investments and Impairment	(11,512)	2,160	-	-	-	-	(9,352)	3,453	-	-	-	691	(5,208)
Provisions and Others	(6,149)	(4,836)	(4,793)	-	-	1,161	(14,617)	2,498	(2,450)	(16,306)	-	3,015	(27,860)
	(108,161)	12,240	(4,793)	-	-	7,309	(93,405)	(6,225)	(11,798)	(22,201)	-	4,620	(129,009)

As a result of the initial application of IFRS 15 and IFRS 9 (Note 34), a deferred tax asset of EUR 13,251 thousand was recognised in equity, and also a deferred tax liability of EUR 15,817 thousand. Furthermore, as a result of the first application of IAS 29, a deferred tax liability amounting to EUR 6,264 thousand was recognised in equity.

Tax loss assets at 31 December 2018 were EUR 41,348 thousand (2017: EUR 36,027 thousand). Tax deductions 31 December 2018 amounted to EUR 8,026 thousand (EUR 8,077 thousand in 2017).

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

Thousands of Euros	2018	2017
Losses and Profits equity	556	824
	556	824

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	
	2018	2017
Deferred tax assets	134,633	129,457
Deferred tax liability	(123,013)	(86,587)
	11,620	42,870

The breakdown by country of the main deferred tax assets and liabilities, in thousands of Euros, is as follows:

	Thousands of Euros			
	2018		2017	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Brazil	58,248	(26,429)	60,044	(31,209)
Spain	20,414	(32,083)	19,712	(27,036)
Argentina	9,068	(29,618)	11,021	(7,242)
France	5,324	(3,037)	5,273	(3,529)
Remainder	61,547	(37,842)	52,915	(24,388)
Total	154,601	(129,009)	148,965	(93,404)

Prosegur has no inactivated tax credit carryforwards.

Deferred tax assets regarding tax loss carryforwards are recognised provided that it is probable that sufficient taxable income will be available against which to offset the asset.

The consolidated balance sheet reflects the amounts of deferred taxes according to the terms set out in IAS 12 with regard to the offsetting of current tax assets and liabilities in certain conditions, which are met in Australia, Spain, France and Portugal. In the breakdown of deferred tax assets and liabilities these are shown without offsetting.

Details of tax loss carryforwards and the year until which they can be offset at 31 December 2018 are as follows:

	Thousands of Euros		
Year	Total	Not	Capitalised
2019	4,768	4,768	-
Subsequent years or no time limit	310,142	174,225	135,917
Total	314,910	178,993	135,917

The breakdown of tax carryforwards and prescriptive periods at 31 December 2018 is as follows:

	Thousands of Euros		
	Total Amount	2019	Later
Germany	56,977	-	56,977
Argentina	5,533	-	5,533
Australia	11,914	-	11,914
Brazil	36,527	-	36,527
Chile	48,968	-	48,968
China	1,594	-	1,594
Colombia	12,592	-	12,592
The Philippines	1	-	1
France	84,233	-	84,233
The Netherlands	133	-	133
Hong Kong	2,231	-	2,231
India	5,858	-	5,858
Mexico	30,060	3,801	26,259
Peru	5,471	-	5,471
Portugal	4,439	-	4,439
South Africa	688	-	688
Turkey	1,188	-	1,188
Uruguay	6,503	967	5,536
Total	314,910	4,768	310,142

Detail of the consolidated tax group's tax loss carryforwards offset and pending offsetting at 31 December 2018 is as follows:

	Thousands of Euros	
	Capitalised	Not Activated
Germany	51,517	5,460
Argentina	2,039	3,494
Australia	11,914	-
Brazil	19,499	17,028
Chile	24,168	24,800
China	900	694
Colombia	5,834	6,758
The Philippines	-	1
France	14,713	69,520
The Netherlands	-	133
Hong Kong	-	2,231
India	-	5,858
Mexico	36	30,024
Peru	27	5,444
Portugal	3,429	1,010
South Africa	688	-
Turkey	-	1,188
Uruguay	1,153	5,350
Total	135,917	178,995

The most significant non-activated tax bases are in France, Mexico, Chile and Brazil. Of the EUR 314,910 thousand of activated and non-activated tax bases by Prosegur with a period of limitation extending beyond 2018, there is no time limit for offsetting EUR 241,671 thousand and there is a time limit for the remaining EUR 73,239 thousand.

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. The recoverable amount of a CGU is determined based on its value in use. These calculations are based on positive tax bases, excluding the effects of potential future improvements in the return on assets, from the four-year financial budgets approved by Management.

On 10 May 2016 the company was notified of the beginning of a partial inspection for Corporate Income Tax on whether the freedom to amortise was appropriate due to the maintenance or creation of jobs in 2011 and on whether the remunerations made to the Directors for the years 2011 to 2014 are deductible.

As a result of those inspections, the following records were signed:

- Record of acceptance relating to the freedom to amortise.
- Record of non-acceptance relating to Directors remunerations with a tax charge of EUR 390,145.61 and interest of EUR 30,267.58.

In relation to the record of non-acceptance, on 9 March 2018, the Technical Office issued a Resolution for rectifying the settlement proposal contained in the record of non-acceptance, establishing the debt at the amount of EUR 1,344 thousand, of which EUR 1,195 thousand correspond to principal and EUR 149 thousand to late-payment interest. After the Company had filed its arguments for the defence, on 6 June 2018, the Technical Office issued a Resolution for settlement for the amount of EUR 1,355 thousand, of which EUR 1,195 thousand correspond to principal and EUR 159 thousand to late-payment interest. The Company has lodged a claim against that Resolution with the Central Court for Economic-Administrative Issues. That claim is awaiting a decision.

In addition, the Company has two lawsuits awaiting decision arising from two records of non-acceptance and for which no provision was made, in proceedings brought by the Spanish Administration. The first was brought in 2012, in relation to Corporate Income Tax for the years 2005, 2006 and 2007 and is for a tax liability of EUR 8,268 thousand; at the present date, that lawsuit is awaiting a decision by the National High Court. The second was brought in 2014 in relation to Corporate Income Tax for the years 2008 and 2009 and is for a tax liability of EUR 16,072 thousand. That lawsuit is awaiting a decision by the Central Court for Economic-Administrative Issues.

The other Prosegur companies are subject to the local jurisdictions in the countries in which they operate.

Due to the treatment permitted by fiscal legislation of certain transactions, additional tax liabilities could arise in the event of inspection. In any event, the Directors of the Company do not consider that any such liabilities that could arise would have a significant effect on the consolidated annual accounts.

In 2018 the following corporate restructuring operations were carried out under the neutral tax regime:

- In Brazil, the merger by absorption of SETHA Industria Eletronica Ltda by Segurpro Tecnologia em Sistemas de Segurança Eletronica e incendios Ltda effective as of 31 July 2018.
- In Brazil, the spin-off of Prosegur Brasil S.A. Transportadora de Valores e Segurança to Segurpro Vigilancia Patrimonial S.A., with effect on 31 July 2018.
- In Spain, the contribution of 100% of the shares of Prosegur Ciberseguridad SAS, Prosegur Ciberseguridad Uruguay SA, Dognaedis Limited Dognaedis Lda, Prosegur Ciberseguridad SL and Prosegur Ciberseguridad Paraguay SA from Prosegur Compañía de Seguridad, S.A. to Prosegur Ciberseguridad SL.
- In Brazil, the merger by acquisition of Transexcel Segurança e Transporte de Valores Ltda by Prosegur Brasil S.A. Transportadora de Valores e Segurança, with effect on 31 December 2018.

27. Contingencies

Sureties and guarantees

Prosegur has contingent liabilities for bank and other guarantees related with its normal business operations that are not expected to give rise to any significant liabilities.

Guarantees provided by Prosegur to third parties are as follows:

	Thousands of Euros	
	2018	2017
Commercial guarantees	243,020	223,448
Financial guarantees	217,911	294,543
	460,931	517,991

Commercial guarantees include those given to clients

Financial guarantees essentially include those relating to litigation in process totalling EUR 110,932 thousand (EUR 162,406 thousand in 2017). Civil and labour-related litigation in Brazil amount to EUR 42,910 thousand at 31 December 2018 (EUR 124,435 thousand at 31 December 2017) (see Note 22).

National Commission on Markets and Competition

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

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

On 13 February 2017, the National Court accepted the appeal proposed by Prosegur for processing, commencing the relevant proceedings, prior to formal filing of the appeal. On 6 September 2018, Prosegur filed the relevant appeal which at present remains pending resolution by the National Court in respect of the underlying matter.

With regard to the request for the interim measure, on 31 March 2017, the National Court agreed to it and suspended execution of the CNMC resolution in particular concerning payment of the fine by Prosegur, on the condition that, within a maximum of two months, Prosegur should provide surety or any other guarantee in the amount of the fine. On 9 June 2017, Prosegur presented the National Court with a bank guarantee amounting to EUR 39,420 thousand.

Prosegur will exclusively and at its own expense assume the defence of Prosegur and Prosegur Servicios de Efectivo España S.L., having sole power regarding the directing and control of that defence and of the lawsuit.

Liquidation of subsidiaries in France

In April 2005 the accounts of Bac Sécurité, Force Gardiennage and Sécurité Européenne de L'Espace Industriel (SEEI) were deposited with the Versailles Court of Commerce and since that date these companies have been in receivership. The liquidation of these companies was completed in 2008 and they are currently being wound up. The Directors do not expect significant liabilities to arise from this process.

Liquidation of subsidiaries in Romania

At the end of financial year 2017, the company SC Rosegur S.A. is undergoing insolvency proceedings and the company SC Rosegur Cash Services S.A. has been declared bankrupt. The company Rosegur Holding Corporation S.L. has been dissolved by agreement of the General Meeting and is currently under liquidation. Lastly, the companies SC Rosegur Fire S.R.L. and SC Rosegur Training S.R.L., both inactive, form part of the equity of SC Rosegur S.A. to be liquidated as part of the insolvency proceedings. The Directors do not expect significant liabilities to arise from this process.

28. Commitments

Purchase commitments for fixed assets

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

	Thousands of Euros	
	2018	2017
Property, Plant and Equipment	17,109	16,124
Other intangible assets	3,022	1,809
	20,131	17,933

At 31 December 2018, commitments mainly related to the purchase of armoured vehicles, machinery and facilities (Note 11).

Operating lease commitments

Prosegur rents various premises, offices, industrial bays, warehouses and vehicles under non-cancellable operating leases.

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

Balance at 31 December 2018	Thousands of Euros		
	Less than 1 year	1 to 5 years	Over 5 years
Type			
Buildings	12,142	34,653	18,233
Vehicles	17,341	20,667	10,334
Other assets	106	247	-
	29,589	55,567	28,567

Balance at 31 December 2018	Thousands of Euros		
	Less than 1 year	1 to 5 years	Over 5 years
Type			
Buildings	18,446	41,091	18,886
Vehicles	17,492	21,004	10,502
Other assets	206	467	203
	36,144	62,562	29,591

The main operating leases on properties are as follows:

- Lease contracts between the parent, Prosegur Gestión de Activos, S.L. and Proactinmo, S.L. for the buildings located at Calle Santa Sabina, 8 and calle Pajaritos, 24 in Madrid. A total expense of EUR 1,871 thousand was incurred in relation to these contracts in 2018 (EUR 1,921 thousand in 2017) (Note 30).
- Leases held by Prosegur Brasil, S.A. for the use of operating bases in Rio de Janeiro and São Paulo. The total expense for these leases in 2018 amounts to EUR 1,860 thousand (EUR 2,174 thousand in 2017).
- Lease held by Prosegur Companhia de Segurança, Ltda. for the office building located at Avenida Berna, 54 in Lisbon. The total expense for this lease in 2018 amounts to EUR 231 thousand (EUR 220 thousand in 2017).

Operating leases on vehicles have an average duration of four years.

The expense taken to the consolidated income statement for 2018 in relation to operating leases amounts to EUR 77,316 thousand (EUR 80,469 thousand in 2017) (Note 4). There are no contingent rents in relation to operating leases.

Prosegur also lets installations to other parties under cancellable operating leases as part of its alarm system rental activity. Clients may cancel these contracts by giving notice, terminating the agreement immediately. The uncertainty regarding these cancellation periods does not allow the total future collections from these operating leases to be reliably estimated.

29. Business combinations

Details of changes in goodwill are presented in Note 12.

29.1. Goodwill included in 2018

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

Thousands of Euros	Cash payment	Deferred amount at fair value	Total purchase price	Fair value of identifiable net assets	Goodwill
Business combinations Cash Latin America (1)	26,568	22,884	49,452	26,319	23,133
Business combinations Cash Europe (1)	6,922	4,742	11,664	5,674	5,990
Business combinations Cash ROW (1)	12,593	8,071	20,664	8,757	11,907
Business combinations Security ROW (1)	18,526	4,885	23,411	11,073	12,338
Business combinations Latin America Alarms (1)	124	650	774	320	454
	64,733	41,232	105,965	52,143	53,822

⁽¹⁾ Calculations relating to business combinations are provisional and may be adjusted for up to a year from the acquisition date.

Goodwill is not tax-deductible.

Had the businesses acquired in 2018 been acquired on 1 January 2018, consolidated revenues would have been EUR 53,774 thousand higher and consolidated profit for the year would have been EUR 2,338 thousand higher.

Prosegur has recognised transaction costs in selling, general and administrative expenses of the consolidated income statement of EUR 5,825 thousand (in 2017: EUR 1,430 thousand).

The cash outflow incurred to purchase these businesses, net of cash acquired, is as follows:

Thousands of Euros	Cash payment	Cash and cash equivalents acquired	Cash outflow for the acquisition
Business combinations Cash Latin America (1)	26,568	(2,808)	23,760
Business combinations Cash Europe (1)	6,922	(2,358)	4,564
Business combinations Cash ROW (1)	12,593	(2,232)	10,361
Business combinations Security ROW (1)	18,526	(2,076)	16,450
Business combinations Latin America Alarms (1)	124	(20)	104
	64,733	(9,494)	55,239

⁽¹⁾ Calculations relating to business combinations are provisional and may be adjusted for up to a year from the acquisition date.

Cash business combinations in Latin America

In 2018, in Latin America Prosegur acquired a series of security companies and assets providing cash in transit and cash management services and conducting correspondent banking activities. The total purchase price was EUR 49,452 thousand, comprising a cash payment of EUR 26,568 thousand, and a deferred contingent consideration totalling EUR 22,884 thousand maturing in 2018, 2019, 2020 and 2021.

The regular income and net profits contributed to the consolidated income statement for 2018 amounted to EUR 21,866 thousand and EUR 1,228 thousand respectively.

The assets and liabilities that arose from this acquisition are as follows:

(Thousands of Euros)	<u>Carrying amount of the acquired company</u>	<u>Fair value</u>
Cash and cash equivalents	2,808	2,808
Property, Plant and Equipment	9,786	9,786
Clients and other receivables	7,080	7,080
Inventory	129	129
Non-current financial assets	858	858
Deferred tax assets	847	847
Current tax assets	484	484
Trade and other payables	(6,685)	(6,685)
Short-term financial liabilities	(440)	(440)
Long-term financial liabilities	(2,285)	(2,285)
Provisions	(8,729)	(8,729)
Current tax liabilities	(1,079)	(1,079)
Deferred tax liabilities	(167)	(5,938)
Other intangible assets	28	29,483
Identifiable net assets acquired	<u>2,635</u>	<u>26,319</u>

The goodwill on this acquisition was allocated to the Cash segment and to the Latin American geographical area and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 28,347 thousand) with a useful life of between 7 and 16 years, licences (EUR 178 thousand) with a useful life of 2 years, and trademarks (EUR 930 thousand) with a useful life between 2 years and one month and a half.

Cash business combinations in Europe

In 2018, in Europe, Prosegur acquired a series of security companies providing ATM management and maintenance services, cash in transit and document management and the development and marketing of software specialising in prevention of money-laundering and terrorist financing. The total acquisition price was EUR 11,664 thousand, comprising a cash consideration of EUR 6,922 thousand, a deferred contingent consideration amounting to a total of EUR 4,492 thousand, due in 2018, 2019, 2020, 2021, 2022 and 2023 and a deferred payment of EUR 250 thousand, due in 2019.

The regular income and net profits contributed to the consolidated income statement for 2018 amounted to EUR 2,562 thousand and EUR 294 thousand respectively.

The assets and liabilities that arose from this acquisition are as follows:

(Thousands of Euros)	<u>Carrying amount of the acquired company</u>	<u>Fair value</u>
Cash and cash equivalents	2,358	2,358
Property, Plant and Equipment	176	176
Clients and other receivables	2,175	2,175
Inventory	786	786
Deferred tax assets	37	37
Current tax assets	12	12
Non-current financial assets	52	52
Trade and other payables	(1,979)	(1,979)
Other liabilities and expenses	(414)	(414)
Short-term financial liabilities	(342)	(342)
Deferred tax liabilities	(148)	(1,087)
Other Current Liabilities	(1)	(1)
Other intangible assets	429	3,901
Identifiable net assets acquired	3,141	5,674

The goodwill on this acquisition was allocated to the Cash segment and to the European geographical area and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 3,311 thousand) with a useful life of 6-12 years and other intangible assets (EUR 161 thousand) with a useful life of 6.5 years.

Business combinations Cash ROW

In 2018, Prosegur acquired in ROW a security company that provides cash in transit and cash management services. The total purchase price was EUR 20,664 thousand at the acquisition date, comprising a cash payment of EUR 12,593 thousand and a deferred contingent consideration totalling to EUR 8,071 thousand.

It contributed regular income of EUR 13,894 thousand and net losses for the year of EUR 979 thousand to the consolidated income statement for 2018.

The assets and liabilities that arose from this acquisition are as follows:

(Thousands of Euros)	<u>Carrying amount of the acquired company</u>	<u>Fair value</u>
Cash and cash equivalents	2,232	2,232
Property, Plant and Equipment	4,540	4,540
Clients and other receivables	6,851	6,851
Inventory	216	216
Deferred tax assets	144	654
Trade and other payables	(5,819)	(5,819)
Long-term financial liabilities	(202)	(202)
Short-term financial liabilities	(3,131)	(3,131)
Provisions	-	(1,700)
Deferred tax liability	(13)	(2,166)
Other intangible assets	105	7,282
Identifiable net assets acquired	4,923	8,757

Goodwill was allocated to the Cash segment to the ROW geographical area and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 5,717 thousand) with a useful life of 14 years, and trademarks (EUR 1,460 thousand) with a useful life of 5 years.

Business combinations Security ROW

In 2018, Prosegur acquired in ROW a number of security companies providing surveillance and remote video surveillance services. The total purchase price was EUR 23,411 thousand, consisting of a cash payment of EUR 18,526 thousand, and a deferred contingent consideration for a total of EUR 4,885 thousand due for payment in 2018, 2019, 2020, 2021, 2022 and 2023.

The regular income and net profits contributed to the consolidated income statement for 2018 amounted to EUR 4,495 thousand and EUR 189 thousand respectively.

The assets and liabilities that arose from this acquisition are as follows:

(Thousands of Euros)	<u>Carrying amount of the acquired company</u>	<u>Fair value</u>
Cash and cash equivalents	2,076	2,076
Property, Plant and Equipment	399	399
Clients and other receivables	2,374	2,374
Inventory	5	5
Deferred tax assets	509	509
Current tax assets	4	4
Other financial assets	27	27
Provisions	(114)	(114)
Trade and other payables	(1,525)	(1,525)
Non-current financial assets	102	102
Short-term financial liabilities	(139)	(139)
Other Current Liabilities	(7)	(7)
Current tax liabilities	(334)	(334)
Deferred tax liability	-	(2,607)
Other intangible assets	25	10,303
Identifiable net assets acquired	<u>3,402</u>	<u>11,073</u>

The goodwill on this acquisition was allocated to the Security segment and to the ROW geographical area and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 9,429 thousand) with a useful life of between 10 and 23 years and trademarks (EUR 849 thousand) with a useful life of between 5 and 9 years.

Business combinations Alarms Latin America

In 2018, Prosegur acquired in Latin America a security company specialising in monitoring residential alarm systems. The total purchase price was EUR 774 thousand at the acquisition date comprising a cash payment of EUR 124 thousand and a deferred amount totalling to EUR 650 thousand.

It contributed regular income of EUR 783 thousand and net losses for the year of EUR 1,013 thousand to the consolidated income statement for 2018.

The assets and liabilities that arose from this acquisition are as follows:

(Thousands of Euros)	<u>Carrying amount of the acquired company</u>	<u>Fair value</u>
Cash and cash equivalents	20	20
Property, Plant and Equipment	453	453
Clients and other receivables	1,009	1,009
Inventory	250	250
Deferred tax assets	643	643
Current tax assets	216	216
Non-current financial assets	53	53
Provisions	(754)	(754)
Other Current Liabilities	(88)	(88)
Trade and other payables	(1,262)	(1,262)
Other liabilities and expenses	(88)	(88)
Short-term financial liabilities	(142)	(142)
Current tax liabilities	(14)	(14)
Other intangible assets	24	24
Identifiable net assets acquired	320	320

The goodwill on this acquisition was allocated to the Alarms segment and to the Latin American geographical area and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition.

29.2. Goodwill added in 2017 with measurement completed in 2018

Details of the net assets acquired and goodwill recognised on business combinations during 2017 for which measurement was completed in 2018 are as follows:

Thousands of Euros	Segment	Cash payment	Deferred amount at fair value	Total purchase price	Fair value of identifiable net assets	Goodwill
Grupo Contesta	Cash	6,695	10,064	16,759	10,871	5,888
Assets purchased from Omni S.A.	Alarms	3,330	1,877	5,207	5,107	100
		10,025	11,941	21,966	15,978	5,988

At 31 December 2017, total goodwill recognised from these additions amounted to EUR 5,097 thousand for the Contesta Group and EUR 710 thousand for the acquisition of assets from Omni S.A. The difference generated due to completion of verification of the fair values in 2018 corresponded to the re-estimation of the deferred contingent considerations, which increased by EUR 1,150 thousand for the Contesta Group and decreased by EUR 605 thousand for the acquisition of assets from Omni S.A. Prosegur has not restated the figures for 2017 to reflect these changes as they are not material.

Goodwill is not tax-deductible.

The cash outflow incurred to purchase these businesses, net of cash acquired, is as follows:

Thousands of Euros	Country	Segment	Cash payment	Cash and cash equivalents acquired	Cash outflow for the acquisition
Grupo Contesta	Spain	Cash	6,695	(983)	5,712
Assets purchased from Omni S.A.	Paraguay	Alarms	3,330	-	3,330
			<u>10,025</u>	<u>(983)</u>	<u>9,042</u>

Contesta Group

On 14 September 2017, in Spain Prosegur acquired 100% of the Contesta Group, which specialises in providing bank administrative services. The total purchase price was EUR 16,759 thousand, comprising a cash payment of EUR 6,695 thousand, and a deferred contingent consideration totalling EUR 10,064 thousand maturing in 2018, 2019 and 2020. The deferred contingent consideration was restated, increasing by EUR 1,150 thousand compared with the figure at 31 December 2017.

The acquiree was added to the consolidated group on 14 September 2017.

The assets and liabilities that arose from this acquisition are as follows:

(Thousands of Euros)	Carrying amount of the acquired company	Fair value
Cash and cash equivalents	983	983
Property, Plant and Equipment	1,067	1,067
Clients 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 liability	-	(2,453)
Other intangible assets	16	9,828
Identifiable net assets acquired	3,512	10,871

The goodwill on this acquisition was allocated to the Cash segment and to the European geographical area and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 9,333 thousand) with a useful life of 14 years.

Assets purchased from Omni S.A.

On 1 December 2017, Prosegur acquired in Paraguay a number of assets from Omni S.A, a security company specialising in monitoring residential alarm systems. The total purchase price was Paraguay Guaranis 34,978,000 thousand (equivalent to EUR 5,207 thousand at the acquisition date), comprising a cash payment of Paraguay Guaranis 22,369,000 thousand (equivalent to EUR 3,330 thousand at the acquisition date) and contingent consideration totalling Paraguay Guaranis 12,609,000 thousand (equivalent to EUR 1,877 thousand at the acquisition date) payable in 2018. The deferred contingent consideration was restated reducing it by Paraguay Guaranis 4,061,000 thousand (equivalent to EUR 605 thousand at the acquisition date) compared to 31 December 2017.

The acquired assets were added to the consolidated group on 1 December 2017.

The assets and liabilities that arose from this acquisition are as follows:

(Thousands of Euros)	Carrying amount of the acquired company	Fair value
Property, Plant and Equipment	89	89
Other intangible assets	-	5,013
Identifiable net assets acquired	89	5,102

The goodwill on this acquisition was allocated to the Alarms segment and to the Latin America geographical area and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 4,836 thousand) with a useful life of 8.5 years and a Non-competition agreement (EUR 182 thousand) with a useful life of 5 year.

29.3. Goodwill incorporated in year 2017 not reviewable in 2018

Details of the net assets acquired and goodwill recognised on business combinations during 2017 whose valuation has not been reviewable in 2018 are as follows:

Thousands of Euros	Segment	Cash payment	Deferred amount at fair value	Total purchase price	Fair value of identifiable net assets	Goodwill
Cash Services Australia Pty Limited	Cash	2,171	-	2,171	2,171	-
Remaining business combinations of Prosegur Cash	Cash	26,972	5,388	32,360	20,485	11,875
		29,143	5,388	34,531	22,656	11,875

Goodwill is not tax-deductible.

The cash outflow incurred to purchase these businesses, net of cash acquired, is as follows:

Thousands of Euros	Country	Segment	Cash payment	Cash and cash equivalents acquired	Cash outflow for the acquisition
Cash Services Australia Pty Limited	Australia	Cash	2,171	(170)	2,001
Remaining business combinations of Prosegur Cash	Miscellaneous	Cash	26,972	(2,333)	24,639
			29,143	(2,503)	26,640

Cash Services Australia Pty Limited

On 17 February 2017 Prosegur acquired 100% of Cash Services Australia Pty Limited, a company located in Australia and specialised in cash in transit and cash management. The total purchase price was AUD 2,998 thousand (equivalent to EUR 2,171 thousand at the acquisition date), comprising a cash payment of AUD 2,406 thousand (equivalent to EUR 1,742 thousand at the acquisition date) and contingent consideration totalling AUD 592 thousand (equivalent to EUR 429 thousand at the acquisition date) payable in 2017.

The acquired assets began consolidating on 17 February 2017.

The assets and liabilities that arose from this acquisition are as follows:

(Thousands of Euros)	Carrying amount of the acquired company	Fair value
Cash and cash equivalents	170	170
Property, Plant and Equipment	379	379
Deferred tax assets	195	195
Clients and other receivables	1,344	1,344
Trade and other payables	(742)	(742)
Provisions for liabilities and charges	(235)	(235)
Other intangible assets	-	1,504
Deferred tax liability	-	(451)
Current tax assets	7	7
Identifiable net assets acquired	1,118	2,171

The intangible assets acquired comprise client relationships (EUR 1,504 thousand) with a useful life of 7 years.

Rest of Prosegur Cash business combinations

In 2017, in Latin America Prosegur acquired a series of security companies and assets providing cash in transit and cash management services. The total purchase price was EUR 32,360 thousand, comprising a cash payment of EUR 26,972 thousand, a EUR 4,045 thousand deferred payment falling due in 2017, 2018 and 2019 and a deferred contingent consideration totalling EUR 1,343 thousand maturing in 2018 and 2019.

The assets and liabilities that arose from this acquisition are as follows:

(Thousands of Euros)	Carrying amount of the acquired company	Fair value
Cash and cash equivalents	2,333	2,333
Property, Plant and Equipment	6,139	6,138
Inventory	33	33
Clients and other receivables	525	525
Current tax assets	108	108
Trade and other payables	(545)	(545)
Deferred tax assets	85	85
Deferred tax liability	(833)	(2,009)
Other financial assets	95	95
Financial Debt	(1,189)	(1,189)
Deferred tax	-	14,910
Identifiable net assets acquired	6,751	20,485

The goodwill on this acquisition was allocated to the Cash segment and to the Latin American geographical area and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets are based on client relationships (EUR 14,043 thousand) with a useful life of 7-19 years and a non-competition agreement (EUR 867 thousand) with a useful life of 10 years.

30. Related parties

Prosegur is controlled by Gubel, S.L., which was incorporated in Madrid and holds 50.075% of the Company's share capital. The remaining 49.925% is held by various shareholders, including Oppenheimer Acquisition Corporation with 5.665%, AS Inversiones S.L. with 5.328% and FMR LLC with 5.018% (Note 21).

Goods and services

In October 2005 Prosegur and Proactinmo, S.L.U (controlled by Gubel, S.L.) signed a lease contract for the building located at Calle Santa Sabina, 8 (Madrid), which is adjacent to a building at Calle Pajaritos, 24. In December 2015 the novation of the contract was signed updating the current rent to market conditions, established as EUR 1,012 thousand and extending the term of the contract from five to ten years, renewable for a further year. A total expense of EUR 1,172 thousand was incurred in relation to this contract in 2018 (EUR 1,164 thousand in 2017).

In December 2015 a lease contract was signed with Proactinmo, S.L.U. (controlled by Gubel, S.L.) for the building located in calle Pajaritos, number 24, Madrid. This contract has a term of ten years, and may be extended for an additional year and was arranged at arm's length. A total expense of EUR 918 thousand was incurred in relation to this contract in 2018 (EUR 757 thousand in 2017).

Prosegur has a contract in place with Proactinmo, S.L.U (controlled by Gubel, S.L.) for the lease of the building located in the calle San Maximo, 3 and 5, in Madrid. This contract has a term of five years and was arranged at arm's length. A total expense of EUR 15 thousand was incurred in relation to this contract in 2018

Both leases are at market prices.

During the year, the Euroforum Group (controlled by Gubel, S.L.) billed Prosegur for hotel services amounting to EUR 733 thousand (2017: EUR 193 thousand).

During the year, Agrocinegética San Huberto (controlled by Gubel, S.L) billed Prosegur for EUR 182 thousand.

Provision of services

In 2018, Prosegur provided security services to Gubel, S.L. for the amount of EUR 17 thousand (2017: EUR 22 thousand) and to Proactinmo, S.L.U. (controlled by Gubel, S.L) for EUR 48 thousand (EUR 87 thousand in 2017).

During the year, Prosegur billed the Euroforum Group (controlled by Gubel, S.L.) EUR 260 thousand (2017: EUR 284 thousand).

In 2018 no assets were sold to related companies.

Remuneration of members of the Board of Directors and senior management personnel

1. Remuneration of members of the Board of Directors

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

	Thousands of Euros	
	2018	2017
Fixed remuneration	1,724	1,717
Variable remuneration	308	250
Remuneration for membership of the Board	160	160
Per diems	143	190
Life insurance premiums	67	66
	2,402	2,383

2. Remuneration of senior management personnel

Senior management personnel are understood to be Prosegur employees who hold, de facto or de jure, senior management positions reporting directly to the Board of Directors, executive committees or Executive Director, including those holding a power of attorney which relates to the corporate object and is not restricted to specific areas or matters.

The total remuneration accrued by senior management personnel of Prosegur is as follows:

	Thousands of Euros	
	2018	2017
Fixed remuneration	1,749	1,616
Variable remuneration	741	1,187
Remuneration in kind	27	48
Life insurance premiums	12	10
	<u>2,529</u>	<u>2,861</u>

The expenses for civil liability insurance for directors and members of Senior Management amount to EUR 154 thousand (2017: EUR 468 thousand).

At the general meeting held on 28 April 2015, the shareholders approved the 2017 Plan of long-term incentives for Prosegur Executive Director and Management. The 2017 Plan is generally linked to value creation during the 2015-2017 period and foresees the payment of share-based incentives in cash to the Executive Director and Management of the Company, the same as for the previous plan (Note 34.19).

At the general meeting held on 28 May 2018, the shareholders approved the 2020 Plan of long-term incentives for Prosegur Executive Director and Management. The Plan is linked to the creation of value in the 2018-2020 period and envisages the payment of cash incentives, calculated for certain beneficiaries based on the share price. The Plan has duration of three years and is based on length of service and target achievement. In the vast majority of cases, the Plan measures target achievement from 1 January 2018 until 31 December 2020 and length of service from 1 January 2018 until 31 December 2022.

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

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

The 2017 and 2020 long-term incentive Plans for the Executive Director and Management of Prosegur (Note 5.1), within the Salaries and wages paragraph, have been included in the expense accrued during the year in relation to the 2018 commitment amounting to EUR 4,707 thousand (EUR 6,695 thousand in 2017) (Note 22).

With regard to the total commitment acquired, it is recognised as an expense in the income statement with a credit to provisions on an accruals basis over the Plan assessment period (see Note 22).

In 2018 EUR 8,967 thousand were used, corresponding to the first payment under the 2017 Plan (Note 22) (2017: EUR 1,526 thousand).

Loans and investments with related parties

At 31 December 2018 and 2017, there were no loans to related companies except for the loan granted from Prosegur to one of its subsidiaries in India, SIS Cash Services Private Ltd, which is consolidated using the equity method for the amount of EUR 2,448 thousand (Note 15).

Through the company Gestconsult S.A. Prosegur invested EUR 50,000 thousand in a fixed income fund in 2017, for which an expense was recognised for a management fee of 0.60%. The chairman of Gestconsult, Juan Lladó Fernandez-Urrutia, is a person related to Mr Christian Gut Revoredo. Following a favourable report from the corresponding Committee, on 3 April 2017 the Board of Directors authorised this related transaction. That investment is recorded under the heading of other financial assets at 31 December 2018.

Investments and positions held by the members of the Board of Directors of the parent and their related parties in other companies

Neither the members of the Board of Directors nor their related parties hold any investments or positions or conduct any activities in companies with an identical, similar or complementary corporate object to that of the Company, outside of the scope of Prosegur.

Information required by article 229 of the Spanish Companies Act

As required by articles 228, 229 and 230 of the Restated Text of the Spanish Companies Act, approved by Royal Decree Act 1/2010 of 2 July 2010 and amended by Act 31/2014 concerning improvements to corporate governance, the members of the board of directors declare that they have not been involved in any direct or indirect conflicts of interest with the company in 2018.

Recurrently, and for many years before the appointment of Fernando Vives as a director of the Company, the law firm J&A Garrigues, S.L.P. has provided Prosegur with legal counsel and tax advice, within the ordinary course of business and in market terms. Prosegur does not work solely with J&A Garrigues, S.L.P., but also receives legal counsel and tax advice from other firms. The fees received by J&A Garrigues, S.L.P. from Prosegur are not material for the firm and neither do they represent a significant amount on the accounts of Prosegur. At 31 December 2018 the fees amounted to EUR 746 thousand, representing less than 0.5% of Prosegur's total administration and sales expenses (Note 4) (at 31 December 2017 the amount was EUR 1,305 thousand).

In addition, in 2018 Prosegur provided surveillance services to the offices of J&A Garrigues, S.L.P. The surveillance services billed to J&A Garrigues, S.L.P. at 31 December 2018 stood at EUR 636 thousand, accounting for less than 0.5% of Prosegur's sales (at 31 December 2017 it was EUR 524 thousand).

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

31. Financial risk management and fair value

31.1. Financial risk factors

Prosegur's activities are exposed to currency risk, interest rate risk, price risk, credit risk and liquidity risk. Prosegur's global risk management programme aims to reduce these risks using a variety of methods, including financial instruments.

The Financial Department identifies, proposes and carries out the management of these risks along with other operating units of Prosegur in accordance with policies approved by the Executive Committee.

Exchange rate risk

Prosegur operates on an international level and is therefore exposed to exchange rate risks for currency operations. Currency risk arises when future commercial transactions, equity investments, profit and loss from operating activities and financial positions are denominated in a foreign currency other than the functional currency of each one of the Prosegur companies.

To control the risk arising in these operations, Prosegur's policy is to use appropriate instruments to balance and neutralise the risks associated with monetary in- and outflows, considering market expectations.

As Prosegur intends to remain in the foreign markets in which it is present in the long term, it does not hedge equity investments, assuming the risk relating to the translation to Euros of the assets and liabilities denominated in foreign currencies.

The following provides details of Prosegur's exposure to currency risks, with details on the carrying amounts of the financial instruments denominated in a foreign currency other than the functional one of each country:

At 31 December 2018

Thousands of Euros	Euro	US Dollar	Brazilian Real	Colombian Peso	South African Rand	Australian dollar	Other currencies	Total position
Loans between related parties	-	-	-	-	-	-	-	-
Non-current financial assets	15,241	221	-	-	-	-	-	15,462
Total non-current assets	15,241	221	-	-	-	-	-	15,462
Clients and other receivables	77,293	33,696	-	-	-	-	597	111,586
Other current financial assets	14,745	392	-	-	1,702	21,989	-	38,828
Cash and cash equivalents	32,591	4,996	-	-	434	-	-	38,021
Total current assets	124,629	39,084	-	-	2,136	21,989	597	188,435
Financial liabilities	-	353	-	-	16,534	-	-	16,887
Derivative financial instruments	-	-	-	-	-	-	-	-
Non-current liabilities	-	353	-	-	16,534	-	-	16,887
Trade and other payables	41,900	65,421	-	-	-	-	-	107,321
Financial liabilities	6,574	778	25	1,767	-	-	-	9,144
Derivative financial instruments	2,161	1,294	-	-	-	-	-	3,455
Current liabilities	50,635	67,493	25	1,767	-	-	-	119,920
Net position	89,235	(28,541)	(25)	(1,767)	(14,398)	21,989	597	67,090

At 31 December 2017

Thousands of Euros	Euro	US Dollar	Brazilian Real	Colombian Peso	South African Rand	Australian dollar	Other currencies	Total position
Loans between related parties	-	-	-	-	-	-	-	-
Non-current financial assets	-	111	-	-	-	-	-	111
Total non-current assets	-	111	-	-	-	-	-	111
Clients and other receivables	68,677	14,686	-	-	-	-	-	83,363
Other current financial assets	3,700	100	-	-	5,454	12,381	347	21,982
Derivative Financial Instruments	-	-	-	-	-	-	-	-
Cash and cash equivalents	25,797	20,853	-	-	381	281	-	47,312
Total current assets	98,174	35,639	-	-	5,835	12,662	347	152,657
Financial liabilities	-	331	-	-	19,101	-	-	19,432
Derivative Financial Instruments	-	-	-	-	-	-	-	-
Non-current liabilities	-	331	-	-	19,101	-	-	19,432
Trade and other payables	35,554	50,621	-	3	2	-	31	86,211
Financial liabilities	5,047	4,613	151	1,838	3,625	-	308	15,582
Derivative Financial Instruments	-	-	-	-	-	-	-	-
Current liabilities	40,601	55,234	151	1,841	3,627	-	339	101,793
Net position	57,573	(19,815)	(151)	(1,841)	(16,893)	12,662	8	31,543

Details of the main average and year-end exchange rates to Euros of the foreign currencies in which Prosegur operates are as follows:

	2018		2017	
	Average rate	Closing rate	Average rate	Closing rate
US Dollar	1.18	1.15	1.13	1.20
Brazilian Real	4.31	4.44	3.60	3.97
Argentine Peso	32.94	43.07	18.72	22.31
Chilean Peso	756.95	796.84	732.21	737.83
Mexican Peso	22.71	22.56	21.33	23.66
Peruvian Nuevo Sol	3.88	3.87	3.68	3.88
Colombian Peso	3,488.62	3,722.26	3,336.10	3,578.71

The strengthening (weakening) of the Euro vs. the Brazilian Real, Argentine Peso, Chilean Peso, Peruvian Nuevo Sol and US Dollar at 31 December would increase (decrease) the profit and loss and the equity in the amounts shown below.

This analysis is based on a variation of the foreign currency exchange rate that Prosegur deems reasonably possible at the end of the reporting period in question (increase and decrease in the exchange rate). This analysis assumes that all other variables, particularly interest rates, remain constant.

Thousands of Euros	Increase of exchange rate		Decrease of exchange rate	
	Equity	Result	Equity	Result
At 31 December 2018				
Brazilian Real (15% variation)	66,230	(4)	(48,952)	3
Argentine Peso (25% variation)	93,440	15,565	(56,064)	(9,339)
Chilean Peso (10% variation)	14,609	(2,648)	(11,953)	2,754
Peruvian Nuevo Sol (10% variator)	13,232	(6,721)	(10,826)	5,499
US Dollar (10% variation)	(23)	(18)	19	(1,687)
At 31 December 2017				
Brazilian Real (18% variation)	85,332	(33)	(56,347)	253
Argentine Peso (25% variation)	266,714	16,674	(87,283)	(2,240)
Chilean Peso (10% variation)	14,810	(2,361)	(9,997)	1,646
Peruvian Nuevo Sol (10% variator)	11,347	(4,314)	(9,946)	404
US Dollar (10% variation)	64	(63)	(61)	886

Credit risk

Prosegur is not significantly exposed to credit risk. Bad debts are not a significant factor in the sector in which it operates. Independent credit ratings of clients are used if available. Otherwise, the Credit Control Department assesses each client's credit rating, considering financial position, past experience and other factors. Individual credit limits are established based on internal and external ratings in accordance with the limits set by the Financial Department. and are monitored regularly.

Prosegur has formal procedures for detecting objective evidence of impairment on trade receivables. It identifies significant delays in payments and the methods to follow to estimate the impairment loss based on an individual analysis by business area. Impairment of trade receivables at 31 December 2018 amounts to EUR 77,082 thousand (EUR 66,618 thousand in 2017) (Note 19). As the credit ratings relating to trade receivables not included in this provision are sufficient, this provision is considered to cover the credit risk.

In Spain, the Collections Department manages an approximate volume of 10,924 clients (excluding alarm clients) with a monthly average turnover of EUR 9,166 per month. 94% of payments are made by bank transfer and the remaining 6% in notes (cheques, promissory notes, direct debit, etc.).

Details of the percentage of total Prosegur turnover represented by the eight main clients are as follows:

Counterparty	2018	2017
	Customer 1	3.66%
Customer 2	2.58%	5.42%
Customer 3	2.56%	4.71%
Customer 4	2.48%	3.79%
Customer 5	2.41%	3.63%
Customer 6	1.31%	2.41%
Customer 7	1.29%	2.28%
Customer 8	1.29%	2.19%

In December 2018 it arranged a non-recourse factoring line for a total of EUR 4,068 thousand. At 31 December 2017 there were no factoring agreements in place.

All financial assets contracted in 2018 are exposed to risk of default by the counterparties which, in all cases, are financial institutions with guaranteed solvency and high credit ratings that are not sensitive to adverse changes in the economic climate.

Liquidity risk

A prudent liquidity risk management policy is based on having sufficient cash and marketable securities, as well as sufficient short-, medium- and long-term financing through credit facilities to reach Prosegur's business targets safely, efficiently and on time. The Corporate Treasury Department aims to maintain liquidity and sufficient availability to guarantee Prosegur's business operations.

Management monitors Prosegur's liquidity reserves, which comprise credit available for drawdown (Note 23) and cash and cash equivalents (Note 20), and are forecast based on expected cash flows.

Prosegur's liquidity position for 2018 is based on the following:

- Cash and cash equivalents of EUR 558,355 thousand at 31 December 2018 (EUR 630,939 in 2017).
- EUR 703,648 thousand available in undrawn credit facilities at 31 December 2018 (EUR 800,934 in 2017).
- Cash flows from operating activities in 2018 amounting to EUR 277,255 thousand (EUR 278,600 thousand in 2017).

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

Thousands of Euros	2018						
	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							
Bonds and other marketable	1,302,494	1,401,000	15,250	-	15,250	745,750	624,750
Loans and borrowings	141,796	147,968	72,077	8,384	49,368	18,139	-
Finance lease payables	13,610	15,515	1,786	6,141	2,000	4,580	1,008
Credit accounts	14,434	15,114	7,672	7,442	-	-	-
Other payables	69,943	84,861	30,923	11,070	16,039	21,911	4,917
Trade and other payables	606,149	606,149	606,149	-	-	-	-
	2,148,426	2,270,607	733,857	33,037	82,657	790,380	630,676
Thousands of Euros	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							
Bonds and other marketable	1,104,205	1,181,151	515,151	-	8,250	24,750	633,000
Loans and borrowings	214,578	245,923	21,857	107,821	48,248	11,536	56,461
Finance lease payables	20,481	24,712	2,256	7,883	6,403	7,964	206
Credit accounts	33,758	34,870	23,962	10,908	-	-	-
Other payables	45,335	53,639	26,050	5,892	9,531	9,572	2,594
Trade and other payables	622,953	622,953	622,953	-	-	-	-
	2,041,310	2,163,248	1,212,229	132,504	72,432	53,822	692,261

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

Interest rate, cash flow and fair value risks

Prosegur is exposed to interest rate risk due to its monetary assets and liabilities maintained in its statement of financial position.

The exposure of Prosegur's financial liabilities (excluding other payables) at the contract review dates is as follows:

Thousands of Euros	6 months or less	6 to 12 months	1 to 5 years	Over 5 years	Total
At 31 December 2018					
Total financial liabilities (fixed rate)	86,488	13,196	704,711	593,347	1,397,742
Total financial liabilities (floating interest)	7,370	7,214	60,008	-	74,592
	93,858	20,410	764,719	593,347	1,472,334
At 31 December 2017					
Total financial liabilities (fixed rate)	523,546	94,024	26,845	594,308	1,238,723
Total financial liabilities (floating interest)	28,000	26,997	33,399	45,903	134,299
	551,546	121,021	60,244	640,211	1,373,022

Prosegur analyses its interest rate risk exposure dynamically. In 2018 the majority of Prosegur's financial liabilities at variable interest rates were denominated in Euros, Mexican Pesos, South African Rand and Australian Dollars.

Management performs a simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges. On the basis of these scenarios, Prosegur calculates the impact on the result of a given variation of the interest rate. Each simulation uses the same variation in the interest rate. These scenarios are only analysed for the liabilities that represent the most significant positions in which a variable interest rate is paid.

Details of financial liabilities, indicating the portion considered to be hedged, at a fixed rate, are as follows:

	Thousands of Euros		
	Total debt	Hedged debt	Debt exposure
At 31 December 2018			
Europe	1,421,798	1,370,258	51,540
AOA	59,443	3,262	56,181
LatAm	61,036	24,222	36,814
	1,542,277	1,397,742	144,535
At 31 December 2017			
Europe	1,254,830	1,191,150	63,680
AOA	59,316	14	59,302
LatAm	104,211	48,957	55,254
	1,418,357	1,240,121	178,236

In relation to the debt hedged at 31 December 2018, this relates mainly to the issue of uncovered bonds for the amount of EUR 601,310 thousand in 2018 (EUR 594,117 thousand at 31 December 2017) and to the issue of uncovered bonds for the amount of EUR 701,184 thousand in 2018 (Note 23). Additionally, there are liabilities for leasing, credit accounts and fixed interest rate bank loans in Germany, Brazil, Chile, Colombia, Spain, Philippines and Peru.

At 31 December 2018, had interest rates on bank loans and borrowings been 100 basis points higher, with the other variables remaining constant, post-tax profit would have been EUR 993 thousand lower (EUR 1,028 thousand in 2017), mainly because of higher borrowing costs on variable-interest loans.

31.2. Capital risk management

Prosegur's capital management is aimed at safeguarding its capacity to continue operating as a going concern, with the aim of providing shareholder remuneration and profits for other equity holders, while maintaining an optimum capital structure to reduce the cost of capital.

To maintain and adjust the capital structure, Prosegur can adjust the amount of dividends payable to shareholders, reimburse capital, issue shares or dispose of assets to reduce debt.

Like other groups in the sector, Prosegur controls its capital structure on a leverage ratio basis. This ratio is calculated as net financial debt divided by total capital. Net financial debt is the sum of current and non-current financial liabilities (excluding other non-bank payables) plus/less net derivative financial instruments, less cash and cash equivalents, less 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 statement of financial position.

The leverage ratio is calculated as follows:

Thousands of Euros	<u>2018</u>	<u>2017</u>
Financial liabilities (Note 23)	1,542,277	1,418,357
Less: other non-banking debts (Note 23)	(69,943)	(45,335)
Less: cash and cash equivalents (Note 20)	(558,355)	(630,939)
Less: other current financial assets (Note 20)	(489,268)	(490,298)
Net financial debt	<u>424,711</u>	<u>251,785</u>
Net equity	<u>1,066,457</u>	<u>1,143,440</u>
Total capital	<u>1,491,168</u>	<u>1,395,225</u>
Gearing ratio	<u>28.48%</u>	<u>18.05%</u>
Net Financial Debt/Equity Ratio	<u>39.82%</u>	<u>22.02%</u>

31.3. Financial instruments and fair value

Classification and fair value

The carrying amounts and fair values of financial instruments, classified by category, are as follows, including the levels of fair value. If the fair values of financial assets and liabilities not measured at fair value are not included it is because Prosegur believes that these are close to their book values owing, to a large extent, to the short-term maturities of these instruments.

At 31 December 2018	Carrying amount				Fair value				
	Available-for-sale financial assets	Loans and receivables	Financial liabilities held for trading	Debts and Payables	Total	Level 1	Level 2	Level 3	Total
Thousands of Euros									
Financial assets not measured at fair value									
Deposits and guarantees	-	6,182	-	-	6,182				
Deposits	-	6,384	-	-	6,384				
Clients and other receivables	-	719,331	-	-	719,331				
Other current financial assets	-	489,268	-	-	489,268				
Cash and cash equivalents	-	558,355	-	-	558,355				
	-	1,779,520	-	-	1,779,520				
Financial liabilities measured at fair value									
Contingent payments	-	-	46,770	-	46,770	-	-	28,177	28,177
	-	-	46,770	-	46,770				
Financial liabilities not measured at fair value									
Financial liabilities through the issue of bonds	-	-	-	(1,302,495)	(1,302,495)	(1,293,221)	-	-	(1,293,221)
Financial liabilities with credit institutions	-	-	-	(169,841)	(169,841)	-	(165,503)	-	(165,503)
Other financial liabilities	-	-	-	(116,713)	(116,713)	-	(116,713)	-	(116,713)
Trade and other payables	-	-	-	(606,149)	(606,149)				
	-	-	-	(2,195,198)	(2,195,198)				

At 31 December 2017

Thousands of Euros	Carrying amount				Fair value				
	Available-for-sale financial assets	Loans and receivables	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	-	4,334	-	-	4,334				
Deposits	-	7,809	-	-	7,809				
Clients and other receivables	-	833,220	-	-	833,220				
Other current financial assets	-	490,298	-	-	490,298				
Cash and cash equivalents	-	630,939	-	-	630,939				
	-	1,966,600	-	-	1,966,600				
Financial liabilities measured at fair value									
Contingent payments	-	-	(11,714)	-	(11,714)	-	-	(10,916)	(10,916)
	-	-	(11,714)	-	(11,714)				
Financial liabilities not measured at fair value									
Financial liabilities through the issue of bonds	-	-	-	(1,104,205)	(1,104,205)	1,088,074	-	-	1,088,074
Financial liabilities with credit institutions	-	-	-	(268,817)	(268,817)	-	(245,851)	-	(245,851)
Other financial liabilities	-	-	-	(33,621)	(33,621)	-	(33,621)	-	(33,621)
Trade and other payables	-	-	-	(622,953)	(622,953)				
	-	-	-	(2,029,596)	(2,029,596)				

Measurement bases and inputs employed for financial instruments measured at fair value:

The following are the measurement values used to determine Level 3 fair values, as well as the unobservable inputs employed and the quantitative information of each significant non-observable Level 3 input. The contingent payments described pertain to the business combination of the Contesta Group, which represent almost their totality. 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 and EBIT 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.	-EBIT -Gross Margin	-The estimated fair value would increase (fall) according to the value of EBIT. -The estimated fair value would increase (fall) according to the value of gross profit.	-If estimated EBIT were within 5% of the agreed scenario, the value of the contingent payments would have varied by EUR 2,270 thousand; within 10%, the value of contingent payments would have varied by EUR 4,355 thousand. -In the event of a 5% reduction in EBIT the contingent payments would have varied by EUR -1.900 thousand, a 10% reduction would have resulted in a variation in contingent payments of EUR -3,985 thousand.

Measurement bases for financial instruments not measured at fair value:

Type	Valuation method	(Unobservable) inputs employed
Financial liabilities with credit institutions	Discounted cash flows	Not applicable
Finance lease liabilities	Discounted cash flows	Not applicable
Other financial liabilities	Discounted cash flows	Not applicable

Transfer of assets and liabilities among the various levels

During the reporting period ending at 31 December 2018 there were no transfers of assets and liabilities among the various levels.

32. Other disclosures

The average headcount of Prosegur is as follows:

	2018	2017
Operational personnel	159,133	159,275
Remainder	9,822	9,186
	168,955	168,461

The average headcount of operations personnel employed by equity-accounted subsidiaries in 2018 is 15,354 employees (17,465 in 2017).

The average headcount of personnel employed in Spain with a disability of 33% or more, by category, is as follows:

	2018	2017
Operations personnel	246	241
Indirect personnel	60	71
	306	312

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

	2018		2017	
	Male	Female	Male	Female
Operational personnel	133,968	23,650	137,245	23,659
Remainder	6,595	3,774	5,953	3,493
	140,563	27,424	143,198	27,152

The distribution by gender of the Board of Directors and senior management personnel of Prosegur is as follows:

	2018		2017	
	Male	Female	Male	Female
Board of Directors	6	2	6	2
Senior Management	8	-	10	1
	14	2	16	3

KPMG Auditores, S.L., the auditors of the annual accounts of Prosegur, have invoiced the following fees for professional services during the year:

	Thousands of Euros	
	2018	2017
KPMG Auditores, S.L., audit services	912	873
KPMG Auditores, S.L. for other audit-related services	70	632
KPMG Auditores, S.L., other services	-	-
	982	1,505

Under other services related to the audit, these correspond mainly to limited audits of interim financial statements, reports on procedures agreed for compliance with covenants and others, comfort letters in relation to securities issues provided by KPMG Auditores, S.L. to Prosegur Compañía de Seguridad, S.A. and subsidiaries for the year ending 31 December 2018.

Audit services detailed in the above table include the total fees for services rendered in 2018 and 2017, irrespective of the date of invoice.

Additionally, other KPMG International affiliates have invoiced Prosegur the following fees and expenses for professional services during the year:

	Thousands of Euros	
	2018	2017
Audit services	1,450	1,361
Other audit-related services	166	300
Tax advisory services	172	387
Other services	490	284
	2,278	2,332

On the other hand, other auditors have invoiced Prosegur the following fees and expenses for professional services during the year:

	Thousands of Euros	
	2018	2017
Audit services	10	31
	10	31

33. Events after the reporting date

On 7 February 2019, the syndicated loan was novated for both Prosegur and Prosegur Cash, S.A. and the maturity extended by a further 5 years in both cases. The new maturity dates are as follows:

-Prosegur: syndicated financing facility for EUR 200,000 thousand (Spain) maturing in February 2024.

-Prosegur Cash, S.A.: syndicated financing facility for EUR 300,000 thousand (Spain) maturing in February 2024.

On February 12, the Cipher company specializing in cybersecurity was acquired as part of the Security activity. This company operates in Brazil, the United States and the United Kingdom.

On February 21, the companies VN Global BPO S.A. were acquired in Argentina. and Grupo N S.A., companies dedicated to providing AVOS services, mainly to customers in the financial and telecommunications sectors.

On 21 February 2019, Command Security Corporation, a company dedicated to providing surveillance services, was acquired in the United States.

34. Summary of the main accounting principles

The main accounting principles used in the preparation of these consolidated annual accounts are described in this section. These principles have been applied consistently throughout the reporting periods presented.

34.1. Accounting principles

These consolidated annual accounts have been prepared using the same accounting principles used by the Prosegur Group for the preparation of the consolidated annual accounts at 1 January 2017, except for the standards and modifications adopted by the European Union and that must be complied with as from 1 January 2018 and are listed below:

a) Standards effective from 1 January 2018**IFRS 9 - Financial Instruments**

IFRS 9 includes requirements for recognition and measurement of financial instruments and is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. The Prosegur Group has opted to not re-state the previous periods.

The impacts of first application consisted of a change on the calculation methodology based on the credit loss expected during the lifetime of the financial asset. The impact was recognised directly in net equity.

The impairment for credit risk based on the expected loss implied a net negative impact of EUR 9,774 thousand. This impact was recognised under "Retained earnings and other reserves" in the balance sheet, and breaks down as follows:

(Thousand of euros)	<u>31/12/2017</u>	<u>IFRS 9 adjustment</u>	<u>01/01/2018</u>
Commercial debt and other accounts receivable	941,575	(13,234)	928,341
Deferred tax asset	86,336	3,460	89,796
Effect on equity		<u>(9,774)</u>	

The impact on the consolidated income statement for the period ending on 31 December 2018 was an expense for the amount of EUR 52 thousand; the total provision for expected loss reflected in the consolidated statement of financial position was for EUR 13,182 thousand at 31 December 2018. There is no material impact on the statement of cash flows for the year ended on 31 December 2018.

The estimated loss is calculated, for each individual company, based on the average percentage of unrecoverable loans in the last few years for each client, applicable on accrued but not yet incurred.

Furthermore, the previous standard, IAS 39, provided for 4 categories of financial assets: (i) fair value through profit and loss, (ii) held to maturity, (iii) available for sale and (iv) loans and receivables. Under IFRS 9, the last three categories from IAS 39 are eliminated, and the criterion for classifying financial assets will depend on both the manner in which a company manages its financial instruments (its business model) and the existence and characteristics of the financial assets' contractual cash flows. On that basis, the asset will be measured at amortised cost, fair value through other comprehensive income or fair value through profit and loss in the period.

Apart from the changes in nomenclature, the impact of adopting IFRS 9 in the accounting values of the financial assets at 1 January 2018 consisted solely in an increase in the impairment provision, due to the new requirements described above. Furthermore, the classification of financial liabilities under IFRS 9 remains similar to that of IAS 39. In general, liabilities will be measured at amortised cost, except those financial liabilities held for trading, like derivatives, for example, which will be measured at fair value through profit or loss. Consequently, there are no impact in this category of financial instruments.

IFRS 15 Revenue from contracts with clients.

On 1 January 2018, the Group adopted IFRS 15, concerning the recognition of revenue from contracts with clients. The Prosegur Group opted for the transition option provided in the Standard, which involves applying IFRS 15 recognising the cumulative effect as an adjustment at the date of initial application, without restating the information presented in 2017 under the aforementioned standards.

Pursuant to IFRS 15, revenue is recognised in an amount reflecting the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a client, when the client obtains the control of the goods or services provided. Determining the time at which said control is transferred (at a specific time or over a period of time) requires the exercise of judgement by the Group. This Standard replaces the following standards: (a) IAS 11 Construction Contracts; (b) IAS 18 Revenue, and the related interpretations (IFRIC 13 Client Loyalty Programmes; IFRIC 15 Agreements for the Construction of Real Estate; IFRIC 18 Transfers of Assets from Clients; and SIC-31 Revenue —Barter Transactions Involving Advertising Services).

Moreover, with the application of IFRS 15 incremental costs of obtaining a contract must be recognised as an asset (success fees, mainly, and other expenses paid to third parties) and are recognised in income statement to the extent that the revenue related to said asset are imputed.

IFRS 15 establishes a new five-step model applied to the accounting for revenue from contracts with clients:

- Step 1: Identify the contract(s) with a client
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The following table reflects the impact of the application of IFRS 15 in Retained earnings and other reserves which is reflected in the item of "Other Changes" on the consolidated statement of changes in equity:

(Thousand of euros)	31/12/2017	IFRS 15 adjustment	01/01/2018
Assets and liabilities			
Property, plant and equipment	586,950	51,989	638,939
Other non current assets	-	(16,503)	(16,503)
Other current assets	(44,062)	(13,996)	(58,058)
Effect on net assets and liabilities		21,490	
Deferred tax assets	86,336	9,791	96,127
Deferred tax liabilities	(30,776)	(15,817)	(46,593)
Effect on net equity		15,464	

The following tables reflect the impact of the application of IFRS 15 in the consolidated statement of financial position at 31 December 2018 and in the consolidated income statement for the twelve-month period ending on 31 December 2018. There is no material impact on the cash flow statement for the twelve-month period ending on 31 December 2018.

(Thousand of euros)	2018	IFRS 15 adjustment	2018 w/o IFRS 15
Assets and liabilities			
Property, plant and equipment	700,131	(57,825)	642,306
Other non current assets	(29,273)	24,468	(4,805)
Other current assets	(48,267)	5,934	(42,333)
Effect on net assets and liabilities		(27,423)	
Deferred tax assets	87,372	(9,121)	78,251
Deferred tax liabilities	(58,391)	17,347	(41,044)
Effect on net equity		(19,197)	

(Thousand of euros)	2018	IFRS 15 adjustment	2018 w/o IFRS 15
Revenues	3,939,206	911	3,940,117
Cost of sales	(2,987,518)	(23,097)	(3,010,615)
Gross margin	951,688	(22,186)	929,502
Other revenues	17,310	-	17,310
Administration and selling expenses	(652,659)	17,758	(634,901)
Other expenses	(13,840)	-	(13,840)
Income from investments accounted using the equity method	(1,119)	-	(1,119)
Operating income (EBIT)	301,380	(4,428)	296,952
Net financial expenses	(2,341)	-	(2,341)
Profit before tax	299,039	(4,428)	294,611
Income tax	(106,809)	1,107	(105,702)
Profit after tax from continuing operations	192,230	(3,321)	188,909

b) Standards and interpretations issued, approved by the EU, but not effective on 01 January 2018 and which Prosegur expects to adopt as of 01 January 2019 or later (none have been adopted in advance)

- IFRS 16 Leases. Effective for annual periods beginning on or after 01 January 2019. IFRS 16 establishes that companies that are lessee in lease contracts will recognise in the consolidated balance sheet the liabilities and assets of lease contracts (except short-term and low-value lease agreements). According to the previous standard, the Group's contracts were classified as an operating lease, and payments were booked based on conditions and over the lease term.

The Group has opted to apply the modified retrospective approach during the transition and, as a result of the analysis made by the Group on the potential impact of the first-time application of IFRS-EU 16, in 2019 it will recognise new assets for the amount of EUR 101,325 thousand, liabilities for the amount of EUR 111,075 thousand and negative reserves for the amount of EUR 9,750 thousand, for its operating leases on buildings and fleet. Moreover, the expense of operating lease has been replaced by a charge for the straight-line amortisation of right-of-use assets and an interest expense in lease liabilities.

To estimate this impact, the Group has calculated, among other factors, the duration of the significant leases considering whether the agreements can be terminated early or not and whether or not the durations can be unilaterally extended by the lessee and, in both cases, the degree of certainty, which, in turn, depends on the expected use of the assets located in the underlying properties leased.

- Amendment to IFRS 9 Repayment features with negative compensation. Allows some prepayable financial assets to be measured at amortised cost in a lower amount than the principal amount outstanding and interest on said principal.

On the date of these consolidated financial statements, with the exception of IFRS-EU 16, none of these regulations is expected to have a significant effect on the consolidated summarised interim financial statements of the Group.

c) Rules and interpretations issued by the International Accounting Standards Board (IFRS), pending approval by the European Union

- IFRIC 23 – Uncertainty over Income Tax Treatments: This interpretation includes how to apply the recognition and measurement criteria of IAS 12 when there is uncertainty regarding the tax authority's acceptance of a certain tax treatment used by the company.
- Amendment to IAS 28 – Long-term Interests in Associates and Joint Ventures. Specifying that IFRS 9 must be applied to long-term interests in an associate or joint venture unless it is accounted for using the equity method.
- Annual Improvements to IFRSs — 2015-2017 Cycle. Amendments to a series of standards.

- Amendment to IAS 19 – Amendment, curtailment or settlement of a plan. Specifying how to calculate the cost of the service for the current period and the net interest for the rest of an annual period when there is an amendment, curtailment or settlement of a defined benefit plan.

34.2. Consolidation principles

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 subsidiaries are included in the consolidated annual accounts from the date on which Prosegur obtains control until the date that control ceases.

Transactions and balances held with Group companies and any unrealised profits or losses have been eliminated in the consolidation process. However, unrealised losses were considered to be an indicator of the impairment of the assets transferred.

Subsidiary accounting policies are changed where necessary for consistency with the principles adopted by Prosegur.

The annual accounts or financial statements of the subsidiaries used in the consolidation process have been prepared as of the same date and for the same period as those of the Parent.

Business combinations

Prosegur applies the acquisition method for business combinations. The acquisition date is the date on which Prosegur obtains control of the acquiree.

The consideration paid for the business combination is determined on the acquisition date based on the sum of the fair values of the assets delivered, liabilities incurred or assumed, equity instruments issued and any contingent liabilities that depend on future events or compliance with certain conditions in exchange for the control of the acquired business.

The consideration paid excludes any disbursement that does not form part of the exchange for the business acquired. Cost relating to the acquisition are recognised as an expense as they are incurred.

On the date of acquisition Prosegur recognises the acquired assets, the liabilities assumed (and any non-controlling interest) at fair value. 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 non-controlling 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 contingent liabilities insofar as they represent present obligations arising from past events and their fair value may be reliably measured. Prosegur also recognises indemnification assets transferred by the seller at the same time and using the same measurement criteria applied to the item that is subject to indemnification from the acquired business, taking into consideration, where applicable, the insolvency risk and any contractual limit on the indemnity amount.

The assets and liabilities assumed are classified and designated for their subsequent measurement on the basis of the contractual agreements, economic conditions, accounting and operating policies and other conditions on the acquisition date, except the lease 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. As appropriate, any shortfall after evaluating the consideration given and the value assigned to non-controlling interests, and after identifying and measuring the net assets acquired, is recognised in profit and loss.

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 29).

Potential profit from tax losses and other deferred tax assets of the acquiree not recognised due to not meeting the recognition criteria on the acquisition date, is accounted for, to the extent that it does not correspond to an adjustment in the valuation period, as income from tax on profit.

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 cost of the business combination includes contingent consideration, if this is probable at the acquisition date 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 at the acquisition date at the proportional part of the fair value of the identifiable net assets. Non-controlling interests in subsidiaries acquired prior to the transition date were recognised at the proportional part of the equity of the subsidiaries at the date of first consolidation.

The consolidated profit or loss for the year and changes in equity of the subsidiaries attributable to Prosegur and non-controlling interests after consolidation adjustments and eliminations is determined in accordance with the percentage ownership at year end, without considering the possible exercise or conversion of potential voting rights and after discounting the effect of dividends, agreed or otherwise, on preference shares with cumulative rights classified in equity accounts. However, Prosegur and non-controlling interests are calculated taking into account the possible exercise of potential voting rights and other derivative financial instruments which, in substance, currently allow access to the economic benefits associated with the interests held, such as entitlement to a share in future dividends and changes in the value of subsidiaries.

The excess of losses attributable to non-controlling interests incurred prior to 1 January 2010, which cannot be attributed to them as such losses exceed their interest in the equity of the subsidiary, is recognised as a decrease in equity attributable to equity holders of the parent, except when the non-controlling interests are obliged to assume part or all of the losses and are in a position to make the necessary additional investment. Profits obtained in subsequent years are allocated to equity attributable to shareholders of the parent until the non-controlling interest's share in prior years' losses is recovered.

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. Agreements entered into between Prosegur and non-controlling interests are recognised as a separate transaction.

Associates

Associates are those significantly influenced by the Company, directly or indirectly, via subsidiaries. Significant influence means the power to intervene in a company's finance and operating policy, without implying the existence of control or joint control thereupon. When assessing whether an entity has significant influence, the existence of potential voting rights that are exercisable or convertible at the end of each reporting period are considered, as well as the potential voting rights held by the Prosegur or by another entity.

Investments in associates are accounted for using the equity method from the date on which significant influence is exercised until the date when the company can no longer prove the existence of said significant influence.

Investments in associates are initially recognised at acquisition cost. Any surplus between the cost of investment and the percentage belonging to Prosegur of the fair values of identifiable net assets is posted as goodwill, which is included in the carrying amount of the investment.

The share of Prosegur in the profit or loss of the associate entities obtained since the date of acquisition is recognised as an increase or decrease in value of the investments, with a debit or credit made to the item Interest in the P&L of the associate entities, accounted for under the equity method in the consolidated income statement (consolidated income statement). In addition, the share of Prosegur in the other global P&L of the associates obtained since acquisition date is posted as an increase or decrease of the value of investments in the associates, recognising the counterpart in another global P&L. Dividend distributions are recognised as reductions in the value of the investments.

Impairment

Prosegur applies the impairment criteria, 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.

Calculation of impairment is determined as the result of the comparison between the book value associated with the net investment in the associate with its recoverable value, the latter being understood as the greater value between the value in use or fair value minus costs of sale or disposal via any other channel. In this regard, value in use is calculated on the basis of the share of Prosegur in the current 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 of an associate is valued according to each associate entity, unless it is not a cash generating unit (CGU) (Note 34.9).

Value impairment losses are not allocated to goodwill or other assets implicit in the investment in associates arising from the application of the acquisition method. In subsequent years, value reversals of investments are recognised in profit/(loss), insofar as there is an increase in recoverable value. Value impairment losses are presented separately from the Prosegur share in the results of the associates.

Joint arrangements

Joint arrangements are those in which there is a contractual agreement to share the control over an economic activity, in such a way that decisions relating to the relevant activities require the unanimous consent of Prosegur and the remaining venturers or operators. The assessment of the existence of joint control is carried out according to the definition of control of subsidiaries.

Joint Ventures

Investments in joint ventures are accounted for applying the equity method. This method consists of including under the consolidated balance sheet heading "Investments accounted for using the equity method" the value of net assets and goodwill, if applicable, corresponding to the holding in the joint venture. Net profit obtained each year corresponding to the percentage interest in joint ventures is shown in the consolidated income statement as "Share in profit/(loss) of equity-accounted investees". Prosegur decided to present those results as part of its operating income as it considered 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 of joint ventures which pertain to Prosegur are limited to the value of the net investments, except for those cases in which Prosegur has assumed legal or implied obligations, or else has made payments in the name of joint ventures.

Joint Operations

In regard to joint operations, in its consolidated annual accounts Prosegur recognises its assets, including its interest in jointly controlled assets; its liabilities, including its interest in liabilities assumed jointly with other operators; the income obtained from the sale of its share of production arising from the joint operation, and its expenses, including the part pertaining to its of joint expenses.

In sales transactions or contributions by Prosegur to joint operations, only the results pertaining to the share of the rest of operators are recognised, unless the losses should highlight a loss or impairment of value of assets transferred, in which case, these will be recognised in full.

In purchase transactions of Prosegur to joint operations, results are only recognised when assets acquired are sold to third parties, unless the losses should highlight a loss of value or impairment of the acquired assets, in which case Prosegur shall recognise the proportional share of the losses pertaining to it in full.

The acquisition by Prosegur of the initial and subsequent interest in a joint operation, is recognised applying the criteria applied for business combinations, by the percentage share held 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 is not subject to revaluation.

34.3. Consolidated income statement based on function

Prosegur opts to present the expenses recognised in the income statement using a classification based on their function within the company, as it considers that this method provides users with more relevant information than a classification of expenses based on their nature.

34.4. 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. Certain functional overheads are common to all activity segments and are distributed according to the time spent or extent of use.

34.5. Foreign currency transactions

Functional and presentation currency

The consolidated annual accounts of each Prosegur entity are presented in the currency of the main economic environment in which it 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 profit and loss 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 profit and loss 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 assets denominated in foreign currencies and classified as available for sale are analysed to distinguish between translation differences resulting from changes in the amortised cost of the asset and other changes in the carrying amount of the asset. 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.

Differences on translation of deferred tax assets and liabilities denominated in foreign currencies and deferred income taxes are included in profit or loss.

In the consolidated statement of cash flows, cash flows from foreign currency transactions have been translated into Euros at the exchange rates prevailing at the dates the cash flows occur. The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognised separately in the statement of cash flows as "Effect of translation differences on cash held".

Translation of a foreign operation

Prosegur applied the exemption permitted by IFRS 1 First-time Adoption of International Financial Reporting Standards relating to cumulative translation differences. Consequently, translation differences recognised in the consolidated annual accounts generated prior to 1 January 2004 are included in retained earnings. As of that date, foreign operations whose functional currency is not the currency of a hyper-inflationary economy have been translated into Euros as follows:

- i. Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparative amounts, are translated at the closing rate at the reporting date;
- ii. Income and expenses of each income statement are translated at the average monthly exchange rate;
- iii. All resulting exchange differences are recognised as translation differences in other comprehensive income.

On 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.

34.6. 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 included in the carrying amount of the asset or recognised as a separate asset, provided that it is probable that the future economic benefits associated with the items will flow to Prosegur and the cost of the item can be reliably measured. 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:

	Ratio (%)
Constructions	2 and 3
Technical installations and machinery	10 to 25
Other installations and tools	10 to 30
Furniture	10
Information technology equipment	25
Transport elements	10-16
Other property, plant and equipment	10 to 25

Prosegur reviews the residual values and useful lives of assets and adjusts them, 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 34.9).

Profit and loss 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.

34.7. Intangible assets

Goodwill

Goodwill is the amount by which the cost of acquisition exceeds the fair value of Prosegur's share of the acquired subsidiary's identifiable net assets at the acquisition date. Goodwill impairment is verified every year (Note 34.9) posted at cost minus cumulative impairment losses. Profit and loss 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.

Goodwill encompasses the part corresponding to the minority interests in the Group.

Client portfolios

The relationships with clients that Prosegur recognises under client portfolios are separable and based on a contractual relationship, thus meeting the requirements set out in prevailing legislation for consideration as intangible assets separate from goodwill. In general, these are client service contracts that have been acquired from third parties or recognised in the allocation of fair values in business combinations.

Portfolios of contracts with clients are recognised at fair value on the acquisition date less amortisation and accumulated impairment losses.

The fair value allocated to client 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 client relationships, Prosegur uses the income approach, 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 the company's business plans.

Prosegur amortises client portfolios on a straight-line basis over their estimated useful lives. The useful life is estimated based on indicators such as average length of relationship with clients or the average annual client churn rate. The useful lives allocated to these intangible assets are reviewed at the end of each reporting period. Client portfolios have useful lives of between 5 and 22 years.

Client 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 client 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 client churn rates to identify any changes to the periods for which client portfolios are expected to generate revenues.

If there are indications of impairment, the recoverable amount of a client portfolio is based on the present value of the re-estimated cash flows from the contracts over their useful lives.

If client churn rates have risen, Prosegur re-estimates the useful lives of client portfolios.

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. Trademarks and licences are amortised on a straight-line basis to allocate the cost over their estimate useful lives (1.6 to 30 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.

34.8. Property investments

Prosegur classifies as real estate investments the buildings to be used in full or in part to obtain rent, capital gains or both, instead of for use in the production or supply of goods or services, or else for the administrative purposes of Prosegur or sale in the ordinary course of business. Property investments are initially recognised at cost, including transactions costs. At 31 December 2017 Prosegur has classified property investments under non-current assets held for sale.

Prosegur values real estate investments subsequent to initial recognition applying the criteria of cost or attributed cost used for property, plant and equipment. The amortisation methods are those contained in that section. The estimate useful life of property investments is of 50 years.

34.9. 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. The recoverable amount is the greater between the fair value of an asset less the costs to sell or other type of disposal, or the value in use. For impairment testing purposes, assets are grouped at the lowest level for which separate identifiable cash flows can be identified (cash-generating 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 Prosegur'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.

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 Prosegur prepares forecasts of future cash flows before tax based on the most recent budgets approved by management. These budgets incorporate the best available estimates of income and expenses 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).

34.10. Financial assets

Classification

Financial assets are classified on initial recognition in accordance with the economic substance of the contractual arrangement and the definition of a financial asset in 2017 under IAS 32 and IAS 39.

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 and available-for-sale financial assets. Financial instruments are classified into different categories based on the nature of the instruments and Prosegur's intentions on initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when Prosegur provides money, goods or services directly to a recipient without the intention of trading the 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 receivables are generally recognised under trade and other receivables in the statement of financial position under Clients and other receivables (Note 34.12).

Available-for-sale financial assets

In this category Prosegur classifies 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 trade date, i.e. the date on which Prosegur commits 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 expire or the contractual rights to the cash flows from the investment have been transferred and Prosegur has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets are subsequently recognised at fair value.

Loans and receivables are measured at amortised cost using the effective interest method.

Unrealised profit and loss 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 profit and loss on the assets.

Prosegur tests financial assets or groups of financial assets for impairment at the end of each reporting period. 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 over the effective cash flows of the corresponding financial asset have been assigned, and the risks and benefits inherent to their ownership have been substantially transferred, such as in assignments of trade receivables in factoring operations in which the company has no credit risk or interest rate risk.

Conversely, the Company does not retire financial assets and recognises a financial liability for an amount equal to the consideration received, in assignments of financial assets in which the risks and benefits inherent to their ownership are substantially retained, such as discounting bills, factoring with recourse in which the company assigning retains subordinate financing or another kind of guarantee that substantially absorbs all the expected losses.

34.11. 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.

34.12. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment. Impairment of trade receivables is recognised if there is objective evidence that Prosegur will not collect all the amounts due under the original contractual terms as well as an impairment due to credit risk based on the expected loss, which is calculated based on the average percentage of uncollectible credits of the last years of each client, applicable to accrued sales, but not yet provisioned. 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 to indicate 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.

34.13. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits in credit 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.

34.14. Share capital

Ordinary shares are classed as equity.

34.15. Treasury Stock

The acquisition by the Group of equity instruments of the parent company is presented at acquisition cost separately as a reduction in net equity in the consolidated balance sheet, regardless of the reason for the acquisition. No profit or loss was recognised in transactions with own equity instruments.

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

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

34.16. Provisions

Provisions for restructuring and litigation are recognised when:

- i. Prosegur has a present obligation (legal or constructive) 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 22).

Provisions are measured at the present value of the estimated expenditure required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Increases in the provision due to the passage of time are recognised as an interest expense.

34.17. Financial liabilities

Financial liabilities are classified on initial recognition in accordance with the economic substance of the contractual arrangement and the definition of a financial liability.

Financial liabilities are initially recognised at fair value less any transaction costs and are subsequently measured at 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.

Liabilities are classified as current unless Prosegur has an unconditional right to defer settlement for at least twelve months after the reporting 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.

34.18. Current and Deferred Tax

The income tax expense for the year comprises current tax and deferred tax. Tax is recognised in the income statement unless it is paid on items recognised directly in equity, in which case the tax is also recognised in 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. In many transactions and calculations during the ordinary course of business, the final tax amount is uncertain. Prosegur recognises tax contingencies that it expects to arise based on estimates when it considers that additional taxes will be payable. 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 tax assets and liabilities are recognised in respect of the temporary differences that arise from investments in subsidiaries and associates, except where Prosegur is able to control the timing of the reversal of the temporary differences and it is probable that they will reverse in the foreseeable future.

Prosegur recognises the conversion of a deferred tax asset into Public Administration receivables when it is payable pursuant to the provisions of tax legislation in force. Likewise, Prosegur recognises the exchange of a deferred tax asset for Public Debt Securities when ownership thereof is acquired.

The Group only offsets current tax assets and liabilities if it has a legally enforceable right to do so and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group only offsets deferred income tax assets and liabilities if there is a legal right to offsetting in respect of the tax authorities and said assets and liabilities correspond to the same tax authority, and to the same taxable entity or different taxable entities that intend to settle or realise current tax assets and liabilities in their net amount or realise the assets and settle the liabilities simultaneously, in each of the future years in which they expect to settle or recover significant amounts of deferred tax assets or liabilities.

Deferred tax assets and liabilities are recognised in the consolidated financial position as non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

34.19. Employee benefits

Compensation based on the share price of Prosegur shares – 2020 Plan

At the general meeting held on 27 April 2018, the shareholders approved the 2020 Plan of long-term incentives for Prosegur Executive Director and Management. The 2020 Plan is generally linked to value creation during the 2018-2020 period and foresees the payment of share-based incentives in cash to Executive Director and Management.

The 2020 Plan has a duration of three years, based on length of service and the achievement of targets, and includes an additional length-of-service bonus verified over the following two years. The plan measures target achievement from 01 January 2018 until 31 December 2020 and length of service from 01 January 2018 until 31 December 2012. The dates for target measurement of 2020 Plan are as follows:

Final assessment date: 31 December 2020.

Length-of-service bonus date: 2023

Compensation based on the share price of Prosegur shares – 2017 Plan

At the general meeting held on 28 April 2015, the shareholders approved the 2017 Plan of long-term incentives for Prosegur Executive Director and Management. The 2017 Plan is generally linked to value creation during the 2015-2017 period and foresees the payment of share-based incentives and/or cash-based incentives to the Executive Director and Management.

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

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

The 2017 Plan has a duration of three years, based on length of service and the achievement of targets, and includes an additional length-of-service bonus verified over the following two years. The Plan measures target achievement from 01 January 2015 until 31 December 2017 and length of service from 01 January 2015 until 31 December 2019. The dates for target measurement of 2017 Plan are as follows:

- Final assessment date: 31 December 2017.

- Length-of-service bonus date: 2020

The 2017 and 2020 long-term incentive Plan for the Executive Director and Management of Prosegur (Note 5.1), within the Salaries and wages paragraph, has been included in the expense accrued during the year in relation to the 2018 commitment amounting to EUR 4,707 thousand (EUR 6,695 thousand in 2017) (Note 22).

The fair value of the incentives referred to the share quotation price was estimated on the basis of Prosegur's share quotation price at the close of the period (EUR 4.422 share) or at the payment time.

The fair value of the incentives referred to the Cash share quotation price was estimated on the basis of Prosegur Cash share quotation price at the close of the period (EUR 1.934 share) or at the payment time.

Termination benefits

Termination benefits are recognised on the earlier date between the one on which Prosegur may no longer withdraw the offer and when restructuring costs entailing the payment of termination benefits are recognised.

In termination benefits resulting from the decision of employees to accept an offer, it is deemed that Prosegur may no longer withdraw the offer, on the earlier date between the one on which the employees accept the offer and when a restriction on the ability of Prosegur to withdraw the offer takes effect.

In the case of benefits for involuntary termination, it is considered that Prosegur can no longer withdraw the offer when the plan has been notified to affected employees and union representatives, and the actions necessary to complete it indicate that the occurrence of significant changes to the plan are improbable, the number of employees to be terminated, their employment category or duties and place of employment and the anticipated termination date are

identified, and it establishes the termination benefits that the employees are going to receive in sufficient detail so that the employees are able to determine the type and amount of remuneration they will receive when terminated.

If Prosegur expects to settle the benefits in their entirety within twelve months of the reporting period, the liability is discounted using the market performance yield corresponding to the issue of high-quality corporate bonds and debentures.

Short-term employee remuneration

Short-term employee remuneration is remuneration to employees, other than termination benefits, whose payment is expected to be settled in its entirety within 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.

Prosegur recognises the anticipated cost of short-term remuneration as paid leave whose rights accumulate as the employees render the services granting them the right to collection. If the leaves are not cumulative, the expense is recognised as the leaves take place.

Profit-sharing plans and bonuses

Prosegur calculates the liability and expense for bonuses and profit-sharing using a formula based on EBITDA (earnings before interest, tax, amortisation and depreciation).

Prosegur recognises this cost when a present, legal or implied obligation exists as a result of past events and a reliable estimate may be made of the value of the obligation.

Remuneration of senior management

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 reporting period, provision has been made for these plans based on Prosegur management's best possible estimate of the extent to which targets will be met.

Defined benefit schemes

Prosegur includes in defined benefit plans those financed through the payment of insurance premiums where there is the legal or implicit obligation to directly pay employees the benefits committed as soon as they are payable or to pay additional amounts if the insurer does not disburse the benefits corresponding to services provided by employees in the year or in previous years.

Liabilities for defined benefits recognised in the consolidated statement of financial position correspond to the current value of the defined benefit obligations existing at the reporting date, less the fair value at said date of the assets under the plan.

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.

In those cases in which the result obtained from the undertaking of the aforementioned operations is negative, in other words an asset arises, Prosegur recognises this up to the limit of the amount of the present value of any economic benefit available in the form of reimbursements from the plan or reductions in future contributions thereto. The economic benefit is available for Prosegur if it is realisable at any moment during the life of the plan or in the settlement of plan liabilities, even if not immediately realisable at the close of the reporting date.

Income or expense related to defined benefit schemes 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 retained earnings in the same reporting period.

Prosegur likewise recognises the cost of past services as an expense of the reporting period on the earlier date between the one on which the modification or reduction of the plans takes place and when the corresponding restructuring or termination benefits are recognised.

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 schemes 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 implicit obligation or as actuarial losses and gains, if they are established in the formal terms of the plan or derive from an implicit obligation.

Prosegur does not offset assets and liabilities among different plans except in cases in which a legal right exists to offset surpluses and deficits generated by the various plans and seeks to cancel obligations by their net amounts or realise the surplus in order to simultaneously cancel plan obligations with deficits.

Assets or liabilities for defined benefits are recognised as current or non-current depending on the term of realisation or maturity of the relevant benefits.

34.20. Revenue recognition

Revenue from contracts with clients (IFRS 15)

On 1 January 2018, the Group adopted IFRS 15, concerning the recognition of revenue from contracts with clients. The Prosegur Group opted for the transition option provided in the Standard, which involves applying IFRS 15 recognising the cumulative effect as an adjustment at the date of initial application, without restating the information presented in 2017 under the aforementioned standards.

Pursuant to IFRS 15, revenue is recognised in an amount reflecting the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a client, when the client obtains the control of the goods or services provided. Determining the time at which said control is transferred (at a specific time or over a period of time) requires the exercise of judgement by the Group. This Standard replaces the following standards: (a) IAS 11 Construction Contracts; (b) IAS 18 Revenue, and the related interpretations (IFRIC 13 Client Loyalty Programmes; IFRIC 15 Agreements for the Construction of Real Estate; IFRIC 18 Transfers of Assets from Clients; and SIC-31 Revenue —Barter Transactions Involving Advertising Services).

Moreover, with the application of IFRS 15 incremental costs of obtaining a contract must be recognised as an asset (success fees, mainly, and other expenses paid to third parties) and are recognised in income statement to the extent that the revenue related to said asset are imputed.

IFRS 15 establishes a new five-step model applied to the accounting for revenue from contracts with clients:

- Step 1: Identify the contract(s) with a client
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue recognition by business:

Guarding and cash services

Most of Prosegur's revenue comes from active surveillance services, protection of individuals and premises, and cash in transit and cash management services. The new IFRS 15 standard requires the use of a uniform method for recognising revenue for contracts and performance obligations with similar characteristics. The method chosen by the Group to measure the value of the services the control of which is transferred to the client over time is the product method, provided that through the contract and during its execution it is possible to measure the progress in the work

carried out. Product methods recognise revenue on the basis of direct measurements of the value for the client of the goods or services transferred so far in relation to the pending goods or services pledged in the contract.

Revenue from services is recognised during the period in which they are rendered. In fixed price contracts, revenue is recognised to the extent that current services are rendered at the end of the period as a proportion of the total services rendered.

If the services provided by Prosegur exceed the unconditional right to payment, a contractual asset is recognised. If the payment received by the client exceeds the recognised income, a contractual liability is recognised.

If the contract includes an hourly rate, the revenue is recognised for the amount that Prosegur is entitled to collect. Billing is performed monthly and the collection right is unconditional once the bill is raised.

Technology Services

Part of the Company's revenue corresponds to contracts with clients for studying and fitting security-related systems. These projects are considered as a single performance obligation implemented over time. This is because the projects are designed specifically for the clients and involve projects with a high degree of integration. The revenue from projects is recognised over time due to the fact that Prosegur's work produces an asset controlled by the clients and furthermore with no alternative use for Prosegur; its entitlement to collect for the work completed is up until the end of the financial period.

Prosegur books the revenue from contracts using the method of allocating resources based on the costs incurred in relation to total estimated costs. Prosegur makes adjustments according to progression for inefficiencies not initially contemplated in the contract. Conversely, Prosegur only recognises revenue in relation to the cost incurred, to the extent that Prosegur delivers an item that is not different, the client expects to take control of the item prior to obtaining the service for that item, the cost of the item delivered is significant in respect of the total expected costs and Prosegur purchases the item from a supplier and is not significantly involved in the design and manufacture of the item.

Prosegur adjusts the rate of progression according to the change in circumstances and records the impact as a change in the estimate prospectively.

Revenue recognised according to the progression rate is recognised as an asset under contract, as the amount is not due, and as an account receivable if there is an unconditional right to collect. If the payment received by the client exceeds the recognised income, a contractual liability is recognised.

Alarm Services

Within Prosegur there is a segment of activity called home security, whose purpose is the installation of alarm connections, either for sale or for hire. The method chosen by the Group to measure the value of the services the control of which is transferred to the client over time is the product method, provided that through the contract and during its execution it is possible to measure the progress in the work carried out.

With regard to the installation of alarm connections for sale, the revenue from the installation is recognised at the time when this takes place. The cost of the equipment, which includes its price, is recognised at the time of installation. The services provided subsequently to the installation are recognised throughout the period in which they are provided, and the costs associated with these services are recognised when they are incurred.

With regard to the installation of alarm connections for hire, the revenue from the installation is recognised over the term of the contract. The cost of the equipment, which includes its price, is recognised and depreciated applying the criteria for the accounting policy of property, plant and equipment in accordance with the useful life of the systems installed. The services provided subsequently to the installation are recognised throughout the period in which they are provided, and the costs associated with these services are recognised when they are incurred.

The services of alarm installation and connection are highly interrelated due to the fact that Prosegur could not fulfil its promise if it delivers each item or performs each service separately.

Additionally, and in relation to the two methods of sale, Prosegur recognises the incremental costs of obtaining a contract with a client as an asset, to the extent that it expects to recover those costs. Generally the incremental costs of obtaining contracts with a client arise from sales commissions for sales staff and labour for installation work. The amount of these costs is recognised and depreciated applying the criteria for the accounting policy of property, plant and equipment in accordance with the useful life of the systems installed.

Interest received

Interest received is recognised over the period of the outstanding principal and considering the effective interest rate applicable. When a receivable is impaired, Prosegur writes down the carrying amount to the recoverable amount, discounting estimated future cash flows at the original effective interest rate of the instrument. The discounting continues to be recognised as a reduction in the interest received. Interest on impaired loans is recognised using the effective interest method.

Dividend received

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

34.21. Leases

When a Prosegur entity is the lessee

Leases of property, plant and equipment in which Prosegur assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the commencement of the lease term at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is 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 a Prosegur entity is the lessor

Assets leased to third parties under operating lease contracts are recognised as property, plant and equipment in the statement of financial position. These assets are depreciated over their expected useful lives based on criteria consistent with those applied to similar assets owned by Prosegur. Lease income is recognised on a straight-line basis over the expected useful life of the asset.

34.22. Borrowing costs

Prosegur recognises borrowing costs directly attributable to the acquisition, construction or production of qualifying assets as an increase in the value of these assets. Qualifying assets are those which require a substantial period of time before they can be used or sold.

34.23. Non-current assets 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.

34.24. Distribution of dividends

Dividends distributed to Prosegur's shareholders are recognised as a liability in the Group consolidated annual accounts in the year in which the dividends are approved by the shareholders. Interim dividends will also show as a liability in the consolidated annual accounts of the Prosegur Group in the year in which the interim payment is approved by the Board of Directors.

34.25. Environmental issues

The cost of armoured vehicles compliant with the Euro VI standard on non-polluting emissions is recognised as an increase in the carrying amount of the asset. At the 2018 reporting date Prosegur has no environment-related contingencies, legal claims or income and expenses relating to the environment.

34.26. Consolidated statement of cash flows

In the consolidated cash flow statements, prepared using the indirect method, the following expressions are used with the following meanings:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to a low risk of material changes in value.
- Operating activities: the ordinary activities of companies belonging to the consolidated group and other activities that are not classified as investment or financing activities.
- Investing activities: The acquisition and disposal of non-current assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that lead to changes in net equity and in financing liabilities. In particular this section includes bank overdrafts.

34.27. Hyperinflation

With retroactive effect from January 1, 2018, Prosegur has applied for the first time IAS 29 and as a consequence IAS 21.42 after being considered the Argentine economy as hyperinflationary on July 1, 2018.

The state of hyperinflation is indicated by the characteristics of the economic environment of Argentina, among which it is included that the accumulated inflation of the last three years has exceeded 100%. As a result, the financial statements of the Argentine companies of the Prosegur group have applied hyperinflationary accounting for the year 2018, and the previous financial information has not been restated. Hyperinflation accounting has been applied to all the assets and liabilities of the dependent company before the conversion. The historical cost of non-monetary assets and liabilities and the different items of equity of this company from its date of acquisition or incorporation to the consolidated statement of financial position until the end of the year has been adjusted to reflect the changes in the purchasing power of the company. the currency derived from inflation. The initial net equity presented in the stable currency is affected by the cumulative effect of inflation restatement of non-monetary items from the date they were recognized for the first time and the effect of converting those balances to the closing rate at the beginning of the year. The Group has chosen to recognize the difference between the net equity of the previous year and the net equity at the beginning of the current year in reserves, together with the conversion differences accumulated up to that date, January 1, 2018. The Group has adjusted the 2018 income statement to reflect the financial benefit corresponding to the impact of inflation on net monetary assets. The various items in the income statement and in the statement of cash flows for 2018 have been adjusted by the inflationary index since its generation, with a balancing entry in financial results and net exchange differences, respectively.

The inflation rates used to compile the information are the Domestic Wholesale Price Index (hereinafter IPIM) until December 31, 2016, and the Domestic Consumer Price Index (hereinafter IPC) as of January 1, 2016. 2017. The IPIM weighs more on manufactured and primary products that are less representative with respect to the totality of activities that are carried out, while the CPI weighs goods and services that are representative of household consumption expenditure.

In the absence of a specific guideline of IAS 8, for cases in which the presentation currency is different from the currency subject to hyperinflation, Prosegur has adopted the accounting policy of recording changes in equity, associated with the currency effect, under the heading of other reserves in their entirety. IAS 29 does not consider that these changes give rise to gains or losses in the income statement but treats them as adjustments to the equity balances (Note 21).

APPENDIX I. – Consolidated Subsidiaries

Information at 31 December 2018

Company	Registered offices	Holding		Basis of consolidation	Business	Auditor
		% over the nominal of the Company Owning the Holding				
Prosegur Soluciones Integrales de Seguridad España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	1	A
Prosegur Gestión de Activos, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	5	A
Prosegur Global Alarmas S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	5	A
Compañía Ridur 2016, S.A	Pajaritos, 24 (MADRID)	100	Prosegur Compañía de Seguridad SA	a	7	B
Formación Selección y Consultoría S.A	Santa Sabina 8 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Gestión de Activos Internacional S.L.	Pajaritos, 24 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	5	B
Prosegur International SIS S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS SLU	a	5	B
Prosegur USAP Internacional S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	5	B
Prosegur Internacional Alarmas S.L.U.	Pajaritos 24 (MADRID)	100	Prosegur Global Alarmas SLU	a	5	B
Prosegur Soluciones S.A.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global Alarmas ROW SLU	a	3	A
MIV Gestión, S.A	CL CTRE CARGA AEREA OF A002 - 088820 Prat Llobregat - Barcelona	100	Prosegur Servicios de Efectivo España SLU	a	2	B
Prosegur Ciberseguridad, S.L.	Pajaritos, 24 (MADRID)	100	Prosegur Compañía de Seguridad SA	a	1	B
Indiseg Evuliom Group	Calle Rambla Catalunya 43.1º 1ª, 08007	100	Prosegur Ciberseguridad SL (Ex-Prosegur Cibersegurid	a	1	B
Prosegur Assets Management, S.A	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	5	B
Prosegur Global SIS S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	5	B
Prosegur Servicios de Efectivo España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	2	A
Prosegur Alarmas España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global Alarmas ROW SLU	a	3	A
Prosegur Global CIT S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cash, S.A	a	5	B
Prosegur Cash, S.A	Santa Sabina 8 (MADRID)	51	Prosegur Cia de Seguridad, S.A	a	5	A
		21,5	Prosegur Assets Management, S.L.	a	5	A
Prosegur Colombia 3, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	5	B
Prosegur AVOS España SL (Ex-Prosegur BPO España SLU)	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	2	B
Armor Acquisition S.A	Pajaritos, 24 (MADRID)	95	Prosegur Internationale Handels GmbH	a	5	A
		5	Prosegur Global CIT SLU	a	5	A
Juncadella Prosegur Internacional S.A	Pajaritos, 24 (MADRID)	68.79	Armor Acquisition SA	a	5	A
		31.21	Prosegur Intenational Handels GmbH	a	5	A
Prosegur International CIT 1, S.L.	Pajaritos 24 (MADRID)	100	Prosegur Global CIT SLU	a	5	B
Prosegur International CIT 2, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT SLU	a	5	B
Prosegur Global Alarmas ROW S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	5	B
Prosegur Global CIT ROW S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cash, S.A	a	5	B
Prosegur Global SIS ROW SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	5	B
ESC Servicios Generales, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	1	A
Contesta Teleservicios SA	Calle Antonio Lopez, 247 - Planta 5 (MADRID)	100	Prosegur AVOS España SL (Ex-Prosegur BPO España SLU)	a	2	C
Integrum 2008 SL	Calle Antonio Lopez, 247 - Planta 5 (MADRID)	100	Contesta Teleservicios SA	a	2	C
Bloggers Broker SL	Calle Antonio Lopez, 247 - Planta 5 (MADRID)	100	Contesta Teleservicios SA	a	2	C
Contesta Servicios Auxiliares SL	Calle Antonio Lopez, 247 - Planta 5 (MADRID)	100	Contesta Teleservicios SA	a	2	C
Prosegur Colombia 1, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT S.L.U.	a	5	B
Prosegur Colombia 2, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT S.L.U.	a	5	B
Prosegur Global Cyber Security, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	5	B
Segtech Ventures, S.A	Pajaritos 24, (MADRID)	100	Prosegur Assets Management, S.L.	a	5	B
Prosegur Servicios de Pago EP S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Globa CIT ROW SLU	a	2	B
Risk Management Solutions S.L.U.	Ochandiano n.º 8 – 2, Madrid 28023	100	Prosegur AVOS España SL (Ex-Prosegur BPO España	a	2	B
Compliofficer S.L.U.	Ochandiano n.º 8 – 2, Madrid 28023	100	Prosegur AVOS España SL (Ex-Prosegur BPO España	a	2	B
Work 4 Data Lab, S.L.	Arquimedes, 4, 28914, Leganés, Madrid	100	Risk Management Solutions S.L.U.	a	2	B
Dopar Servicios SL	Alvira Lasierra 10 - Zaragoza - España	100	Prosegur AVOS España SL (Ex-Prosegur BPO España SLU)	a	2	B
Enclama SL	Juan de la Cierva, 23 - Zaragoza - España	100	Prosegur AVOS España SL (Ex-Prosegur BPO España SLU)	a	2	B
Iberprofil SL	Paseo de la Constitución, 4 - Zaragoza - España	100	Prosegur AVOS España SL (Ex-Prosegur BPO España SLU)	a	2	B
Prosegur International Handels GmbH	Poststrabe, 33 (HAMBURG)	100	Malcoff Holding BV	a	5	B
Prosegur Cash Services Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global CIT ROW SLU	a	2	A
Prosegur Services Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur USAP International SLU	a	7	B
Prosegur SIS Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global SIS ROW SLU	a	1	B
Prosegur Berlin SL & Co KG	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global CIT ROW SLU	a	2	B
BaS Solution GmbH	Daimlerstrasse 25 - 85748 Garching b. Munchen	100	Prosegur Global CIT ROW SLU	a	2	B
M Sicherheitstechnik Verwaltungs GmbH (Ex-Drachenfelssee 1053 V V GmbH)	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur SIS Germany GmbH	a	1	B
AC Alarm Verwaltungs GmbH (Ex-Drachenfelssee 1047 V V GmbH)	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur SIS Germany GmbH	a	1	B
M Sicherheitstechnik GmbH & Co KG (Ex-Drachenfelssee 1053 Vermögensverwaltungs GmbH & Co KG)	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur SIS Germany GmbH	a	1	B
AC Alarm GmbH & Co KG (Ex-Drachenfelssee 1047 Vermögensverwaltungs GmbH & Co KG)	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur SIS Germany GmbH	a	1	B

Information at 31 December 2018 (continued)

Company	Registered offices	Holding		Basis of consolidation	Business	Auditor
		% over the nominal of the Company	Owning the Holding			
Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	Parc Technologique, 5, Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Global SIS ROW SLU	a	5	A
Prosegur Services France S.A.S.	Parc Technologique, 5, Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Securite Humaine S.A.S.	Parc Technologique, 5, Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	a	1	A
Prosegur Events SASU	Parc Technologique, 5, Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	a	1	B
Prosegur Gestion d'Actifs France S.C.I.	Parc Technologique, 5, Place Berthe Morisot, 69800 Saint Priest	95 5	Prosegur Gestión de Activos SLU Prosegur Gestion de Activos International SLU	a	7	B
Prosegur Accueil et Service S.A.S.	14 Rue des Serruriers - 57070 Metz	100	Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	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	2	A
Prosegur Traitement de Valeurs EST S.A.S.	2 Rue Lovoisier BP 61609 25010 Besancon Cedex 3	100	Prosegur Cash Holding France SAS (Ex-Prosegur Participations SAS (Ex-Sazias SA))	a	2	A
Prosegur Traitement de Valeurs S.A.S.U.	Rue Rene Cassin ZI de Molina -La Talaudiere	100	Prosegur Traitement de Valeurs EST SAS	a	2	A
Prosegur Traitement de Valeurs EST S.A.S.	2 Rue Lovoisier BP 61609 25010 Besancon Cedex 3	100	Prosegur Cash Holding France SAS (Ex-Prosegur Participations SAS (Ex-Sazias SA))	a	2	A
Prosegur Technologie S.A.S.U.	Parc Technologique de Metrotech, Bâtiment 2 - 42650 St Jean Bonnefonds	100	Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	a	1	A
Prosegur Formation et Competences, S.A.R.L.	Parc Technologique, 5, Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	a	1	B
Prosegur Securite Rapprochee (Ex-Prosegur Centre EURL)	5 Place Berthe Morisot Bat. A2 - Parc Technologique 69800 Saint-Priest (Anterior: 88 avenue général Frère (LYON))	100	Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	a	1	B
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	5	A
Prosegur Traitement de Valeurs 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	2	A
Prosegur Logistique de Valeurs 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 Partici	a	2	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 Partici	a	2	B
Malcoff Holdings B.V.	Herikerbergweg 238, 1101 CM Amsterdam, The Netherlands	100	Prosegur Global CIT, S.L.U	a	5	B
Prosegur Uruguay BV	Herikerbergweg 238, 1101 CM Amsterdam, The Netherlands	100	Prosegur, S.A.	a	5	C
Luxpai Holdo S.A.R.L.	23, Av. Monterey - 2163 Luxembourg	100	Prosegur Global SIS ROW SLU	a	5	B
Pitco Reinsurance SA	Av. Monterey, L-2163 Luxembourg	100	Luxpai CIT SARL	a	2	A
Luxpai CIT S.A.R.L.	23, Av. Monterey - 2163 Luxembourg	100	Prosegur Global CIT ROW SLU	a	5	B
Prosegur Gestao de Activos Imobiliarios S.A	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Companhia de Seguranc, Ltda.	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global SIS ROW SLU	a	1	A
Prosegur Distribuição e Serviços, Ltda.	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global SIS ROW SLU	a	1	B
Prosegur Agencia Promoção e Comercialização de Produtos e Serviços Unipessoal LDA	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global Alarmas ROW, S.L.U.	a	3	B
Dognædis Lda.	Coimbra	100	Prosegur Compañia de Seguridad SA	a	1	B
Prosegur Logística e Tratamento de Valores Portugal Unipessoal Ltda.	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global CIT ROW SLU	a	2	B
Prosegur Alarmes Dissuasao Potugal Unipessoal Ltda.	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global Alarmas ROW, S.L.U.	a	3	B
Prosegur ESSPP Empresa de Serviços Partilhados Unipessoal Lda.	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur USAP International, S.L.U.	a	7	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	2	A
Prosegur Seguridad, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A Prosegur Argentina Holding S.A	a	1	A
Prosegur Argentina Holding, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	56.21 43.79	Prosegur Global SIS, S.L.U. Prosegur International SIS SLU	a	5	A
Prosegur Inversiones Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	56.56 43.44	Prosegur Global SIS, S.L.U. Prosegur International SIS SLU	a	5	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	5	B
Prosegur Sistemas Integrales de Seguridad, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A Prosegur Argentina Holding S.A	a	1	B
Prosegur Seguridad y Vigilancia, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A Prosegur Argentina Holding S.A	a	1	B
Prosegur Gestion de Activos ARG SA	Tres Arroyos 2835 Ciudad de Buenos Aires	80 20	Prosegur Gestion de Activos, S.L.U. Prosegur Gestion de Activos International, S.L.U.	a	3	B
Prosegur Vigilancia Activa, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A Prosegur Argentina Holding S.A	a	1	A
Servicios Auxiliares Petroleros, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A Prosegur Argentina Holding S.A	a	1	A
Xiden, S.A.C.I.	Tres Arroyos 2835 Ciudad de Buenos Aires	10.00 90	Prosegur International SIS, S.L.U Prosegur Global SIS, S.L.U.	a	1	A
Prosegur Tecnologia Argentina, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	90 10	Prosegur Global SIS, S.L.U. Prosegur International SIS, S.L.U	a	1	A
General Industries Argentina, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	90 10	Prosegur Global SIS, S.L.U. Prosegur International SIS, S.L.U	a	1	A

Information at 31 December 2018 (continued)

Company	Registered offices	Holding		Basis of consolidation	Business	Auditor
		% over the nominal of the Company	Owning the Holding			
Tellex, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	95	Prosegur Global SIS, S.L.U.	a	1	A
		5	Prosegur International SIS, S.L.U.			
Prosegur Holding, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	85	Prosegur Global Alarmas SLU	a	5	A
		5.59	Prosegur International Alarmas SLU			
		9.41	Prosegur Cia de Seguridad, S.A			
Prosegur Inversiones, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	85	Prosegur Global Alarmas SLU	a	5	A
		5.60	Prosegur International Alarmas SLU			
		9.40	Prosegur Cia de Seguridad, S.A			
Prosegur Activa Argentina, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	90	Prosegur Holding, S.A	a	3	A
		10	Prosegur Inversiones, S.A			
Prosegur, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	95	Prosegur Inversiones Argentina, S.A	a	1	A
		5	Prosegur Argentina Holding S.A			
Servin Seguridad, S.A	Montevideo 666, piso 3º, oficina 302. Buenos Aires.	95	Prosegur Inversiones Argentina, S.A	a	1	A
		5	Prosegur Argentina Holding S.A			
Prosegur Holding SIS Ltda	Av. Emano Marchetti, nº 1.435, 5º andar, Sala 2, Lapa, Capital de Sao	90	Prosegur Global SIS SLU	a	5	B
		10	Prosegur International SIS SLU (Ex-STMEC SL)	a		
Segurpro Vigilancia Patrimonial SA (Ex-Yasuhiko Empreendimentos e Participacoes SA)	Rua Fernando de Alburquerque, n 31 conjunto 72 Consolação - Sao Paulo, SP - CEP 01309-030	100	Prosegur Holding SIS Ltda	a	1	B
Prosegur Serviços e Participações Societárias SA (Ex- TSR Participacoes)	Av. Thomas Edison, 813 - 1º andar- Barra Funda - CEP 01140-001 Sao	47.08	Juncadella Prosegur Internacional SA	a	5	B
		52.92	Prosegur Global CIT SLU			
Prosegur Logística e Armazenamento Ltda	Av. Marginal do Ribeiro dos Cristais nº 200, Distrito de Jordanésia, Município	99	Prosegur Global CIT SLU	a	2	B
		1	Prosegur International CIT 1 SL			
Log Cred Tecnologia Comercio e Serviços Ltda	Avenida Santos Dumont, 1883, Edifício Aero Empresarial, sala 215, Km 1,5, Centro - Ciudad de Lauro de Freitas, Estado de Bahia - Brasil	100	Prosegur Serviços e Participações Societárias SA (Ex- TSR Participacoes Societárias SA)	a	2	B
Luma Empreendimentos Eireli- ME	Avenida Santos Dumont, 1883, Edifício Aero Empresarial, sala 215, Km 1,5, Centro - Ciudad de Lauro de Freitas, Estado de Bahia - Brasil	100	Prosegur Serviços e Participações Societárias SA (Ex- TSR Participacoes Societárias SA)	a	2	B
Prosegur Brasil SA Transportadora de Valores e Segurança	Av. Guaratá, 633, Prado, Belo Horizonte/ MG, CEP .30.410-640	99.99	Prosegur Serviços e Participações Societárias SA (Ex- TSR Participacoes Societárias SA)	a	4	A
Prosegur Sistemas de Segurança Ltda	Guaratá, 667 - Prado - Belo Horizonte - MG	72.38	Prosegur Global SIS SLU	a	1	B
		27.62	Prosegur International SIS SLU			
Prosegur Administração de Recebíveis Ltda	Avenida Thomas Edison, 813 - Barra Funda - CEP 01140-001 São Paulo -	99.79	Prosegur Global SIS SLU	a	1	B
		0.21	Prosegur Sistemas de Segurança Ltda			
Segurpro Tecnologia em Sistemas de Segurança Eletrônica e Incendios Ltda (Ex-Prosegur Tecnologia em Sistemas de Seg Elet e Incendios Ltda)	Rua Barao do Brnanal, 1301, Vila Pompeia Sao Paolo CEP 024-000	95.00	Prosegur Global SIS SLU	a	1	B
		5.00	Prosegur International SIS SLU			
Prosegur Activa Alarmes S.A	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	41.99	Prosegur Global Alarmas SLU	a	3	B
		58.01	Prosegur International Alarmas SLU			
Prosegur Serviços Aeroportuarios Ltda	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	95	Prosegur Global SIS SLU	a	1	B
		5	Prosegur International SIS SLU			
Prosegur Gestao de Ativos Ltda	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	99.99	Prosegur Gestion de Activos SLU	a	7	B
		0.01	Prosegur Cia de Seguridad, S.A			
Juncadella Prosegur Group Andina SA	Los Gobelinos 2567 Of. 203, Renca, Santiago	99.99	Juncadella Prosegur Internacional SA	a	5	B
		0.01	Armor Acquisition SA			
Capacitaciones Ocupacionales Sociedad Ltda	Los Gobelinos 2567 Of. 203, Renca, Santiago	83.8	Prosegur Global CIT SLU	a	2	B
		10.00	Prosegur International CIT 1 SL			
		2.50	Prosegur Internationale Handels GmbH			
		3.7	Juncadella Prosegur Group Andina SA			
Servicios Prosegur Ltda	Los Gobelinos 2567 Of. 203, Renca, Santiago	99.98	Prosegur Global CIT SLU	a	2	B
		0.01	Prosegur International Handels GmbH			
		0.01	Juncadella Prosegur Group Andina SA			
Servicios de Seguridad Prosegur Regiones Limitada	Los Gobelinos 2567 Of. 203, Renca, Santiago	99	Prosegur Chile, S.A	a	1	B
		1	Prosegur Global SIS SLU			
Empresa de Transportes Compañía de Seguridad Chile Ltda	Los Gobelinos 2567 Of. 203, Renca, Santiago	60	Juncadella Prosegur Group Andina SA	a	2	B
		40	Prosegur International Handels GmbH			
Prosegur Tecnologia Chile Ltda	Avenida Loboza 8395, Mod. 3 Pudahuel - Santiago	99.99	Prosegur Global SIS SLU	a	1	B
		0.01	Prosegur Cia de Seguridad, S.A			
		0.00	Prosegur Chile SA			
Prosegur Activa Chile S.L.	Catedral 1009, piso 14 - Santiago de Chile	90	Prosegur Global Alarmas SLU	a	3	B
		10	Prosegur International Alarmas SLU			
Prosegur Gestion de Activos Chile Ltda	Los Gobelinos 2567 Of. 203, Renca, Santiago	90	Prosegur Gestion de Activos, S.L.U.	a	7	B
		10	Prosegur Gestion de Activos International SLU			
Prosegur Chile, S.A	Los Gobelinos 2567 Of. 203, Renca, Santiago	70	Prosegur, S.A	a	1	B
		30	Prosegur Global SIS SLU			
Prosegur Ciberseguridad, S.A.S.	TV 23 - 95-53 Bogota D.C.	100	Prosegur Compañía de Seguridad SA	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	2	B
G4S Cash Solutions Colombia Ltda	Avda. Américas 41-09, Bogotá- Colombia	50	Prosegur Colombia 1 SLU	a	2	A
		49	Prosegur Colombia 2 SLU			
		1	Prosegur Colombia 3 SLU			
Compañía Transportadora de Valores Prosegur de Colombia S.A	Avda. De las Américas, 42-25 Bogotá	94.90	Prosegur Global CIT SLU	a	2	A
		5.10	Prosegur International CIT 1, SLU			
		0.00	Prosegur Cash, S.A			
		0.00	Prosegur Servicios de Efectivo España SLU			
		0.00	Prosegur Global CIT ROW SLU			
Prosegur Procesos S.A.S.	Avda. De las Américas, 42-25 Bogotá	100	Prosegur International CIT 2, SLU	a	2	B
Inversiones BIV S.A.S.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	100	Prosegur Global SIS SLU	a	5	B
Prosegur Vigilancia y Seguridad Privada Ltda	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	94	Inversiones BIV SAS	a	4	A
Prosegur Tecnología S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur Global SIS SLU	a	1	B

Information at 31 December 2018 (continued)

Company	Registered offices	Holding		Basis of consolidation	Business	Auditor
		% over the nominal of the Company Owning the Holding				
Servimax Servicios Generales S.A.S.	Calle 32 No. 8A-65 Edificio BCH Piso 8 Cartagena	100	Inversiones BIV SAS	a	1	B
Prosegur Sistemas Electronicos S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur Internacional Alarmas SLU	a	1	B
Prosegur Seguridad Electrónica, S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur Internacional Alarmas SLU	a	3	B
Servimax Servicios Temporales S.A.S.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	100	Inversiones BIV SAS	a	1	B
Prosegur Gestion de Activos de Colombia S.A.S.	AC 13 No. 42A-24 Bogotá	100	Prosegur Gestion de Activos, SLU	a	7	B
Integra Security Systems SA	Calle Transversal, 23 Bogotá (Colombia)	100	Prosegur Seguridad Electronica SAS	a	3	2
Prosegur Gestion de Activos Paraguay, S.A.	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción	95	Prosegur Gestion de Activos, SLU	a	7	B
Prosegur Ciberseguridad Paraguay SA	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción	90	Prosegur Global Cyber Security, S.L.U.	a	1	B
Prosegur Paraguay S.A.	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción	99	Juncadella Prosegur Internacional SA	a	2	B
Soluciones Integrales de Seguridad Prosegur Paraguay S.A.	Avda. Artigas Nro. 960	95	Prosegur Global SIS SLU	a	1	B
Alarmas Prosegur Paraguay S.A.	Avda. Artigas Nro. 960	95	Prosegur Global Alarmas SLU	a	3	B
Proservicios S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	95	Prosegur Internacional Alarmas SLU	a	1	B
Compañía de Seguridad Prosegur S.A.	Av. Morro Solar 1086 URB. Sta Teresa De La Gardenia Lima - Santiago de	52	Prosegur Internacional SIS SLU	a	1	B
Proseguridad S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	64.89	Juncadella Prosegur Internacional SA	a	2	A
Prosegur Cajeros S.A.	La Chira, 103 - Surco - Lima	48	Transportadora de Caudales de Juncadella SA	a	1	B
Prosegur Tecnología Perú S.A.	La Chira, 103 - Surco - Lima	99	Prosegur Global SIS SLU	a	1	B
Reguard Security Corp, S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	84.86	Prosegur Global Alarmas SLU	a	3	B
Proseguridad Selva SA	Cas. Palmawasi San Martin - Tocache - Uchiza	10.14	Prosegur Internacional SIS SLU	a	1	B
Inversiones RB, S.A.	Avenida Nicolás Arriola, 780 Urb. Santa Catalina - La Victoria - Lima	5.00	Prosegur Internacional SIS SLU	a	5	B
Prosegur Activa Peru, S.A.	Av. Republica De Panama 3890 Lima - Surquillo	40.00	Prosegur Global Alarmas SLU	a	3	B
Prosegur Servicios Administrativos, S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	59.93	Prosegur Internacional Alarmas SLU	a	7	B
Prosegur Gestion de Activos, S.A.	Calle La Chira 103-Urbanización Las Gardenias-Santiago de Surco	0.07	Prosegur Cia de Seguridad, S.A.	a	1	B
Prosegur Mexico S de RL de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	99	Prosegur Global Alarmas SLU	a	7	B
Prosegur Compañía de Seguridad SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	1	Prosegur Global Alarmas SLU	a	7	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.	90.00	Prosegur Gestion de Activos, SLU	a	7	B
Prosegur Seguridad Privada SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	10.00	Prosegur Gestion de Activos Internacional SLU	a	7	B
Prosegur Consultoría y Servicios Administrativos S de RL de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	0.00	Prosegur Global Alarmas SLU	a	5	B
Prosegur Servicios de Seguridad Privada Electrónica SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	85.60	Prosegur Mexico S de RL de CV	a	1	A
Prosegur Custodias, S.A. de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	14.40	Prosegur Global SIS SLU	a	1	A
Grupo Mercurio de Transportes SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	0	Prosegur Global SIS SLU	a	1	A
Prosegur Tecnología SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100	Prosegur Global CIT SLU	a	2	B
Centro Nacional de Formación Prosegur Asociacion Civil	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	0	Prosegur Internacional CIT 1, SL	a	2	B
Marlina SA	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	99.997	Prosegur Mexico S de RL de CV	a	1	B
Loredat SA	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	0.003	Prosegur Compañía de Seguridad SA de CV	a	1	B
Prosegur Transportadora de Caudales S.A.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	99.9998	Prosegur Gestion de Activos, SLU	a	7	B
Prosegur Activa Uruguay, S.A.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	0.0002	Prosegur Gestion de Activos Internacional SLU	a	7	B
Nautiland, S.A.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	99.9998	Prosegur Global CIT SLU	a	2	B
Blindados, S.R.L.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	0.0002	Prosegur Internacional CIT 1 SL	a	2	B
Genper, S.A.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	99.9998	Prosegur Mexico S de RL de CV	a	1	B
GSM Telecom S.A.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	0.0002	Prosegur Compañía de Seguridad SA de CV	a	1	B
Coral Melody S.A.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	99.9998	Prosegur Mexico S de RL de CV	a	1	B
Tecnofren S.A.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	0.0002	Prosegur Compañía de Seguridad SA de CV	a	1	B
Roytronic S.A.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	99.9998	Prosegur Mexico S de RL de CV	a	1	B
Prosegur Uruguay Compañía de Seguridad, S.A.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	0.0002	Prosegur Compañía de Seguridad SA de CV	a	1	B
	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	99.998	Grupo Tratamiento y Gestion de Valores SAPI de CV	a	2	B
	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	99.99951	Prosegur Mexico S de RL de CV	a	1	B
	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	0.000050	Prosegur Compañía de Seguridad SA de CV	a	1	B
	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	80	Prosegur Global CIT SLU	a	5	B
	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	50	Prosegur Compañía de Seguridad SA de CV	a	7	B
	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	50	Prosegur Mexico S de RL de CV	a	7	B
	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100	Prosegur Gestion de Activos, SLU	a	7	B
	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	99	Prosegur Activa Uruguay, S.A.	a	3	B
	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	1	Prosegur Transportadora de Caudales SA	a	2	B
	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100	Prosegur Global CIT SLU	a	1	A
	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100	Prosegur Global SIS SLU	a	3	B
	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100	Prosegur Activa Uruguay, S.A.	a	3	A
	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100	Prosegur Activa Uruguay, S.A.	a	3	A
	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100	Prosegur Activa Uruguay, S.A.	a	3	A
	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100	Prosegur Activa Uruguay, S.A.	a	3	B
	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	90	Prosegur Uruguay BV SA	a	1	A
	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	10	Prosegur Global SIS SLU	a	1	A

Information at 31 December 2018 (continued)

Company	Registered offices	Holding		Basis of consolidation	Business	Auditor
		% over the nominal of the Company Owning the Holding				
Pitco Asia Pacific Ltd.	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Luxpai Holdo SARL	a	1	B
Imperial Dragon Security Ltd.	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Luxpai Holdo SARL	a	5	B
Pitco Shanghai Trading Co Ltd.	North Shanxi Road 1438, Room 308 Shanghai 200060, China	100	Luxpai Holdo SARL	a	5	B
Shanghai Meiyu Information Technology Co Ltd.	Room 519, Zhidan Road No.180-190, Putuo District, Shanghai	100	Shanghai Pitco Information Technology Co	a	5	B
Shanghai Pitco Information Technology Co Ltd.	Room 517, Zhidan Road No.180-190 (double), Putuo District, Shanghai	100	Pitco Shanghai Trading Co Ltd	a	5	B
Shanghai Bigu Investment Co Ltd.	Room 1373, Building 4, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Shanghai Pitco Consulting Management Co Ltd	a	5	B
Shanghai Pitco Consulting Management Co Ltd.	Room 1601, Building 4, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Pitco Shanghai Trading Co Ltd	a	5	B
Shangxi Laide Security Service Co Ltd.	Building 18, Hengshan housing estate, Hengshan Road No. 918, Jiancaoping District, TaiWan	70	Shanghai Bigu Investment Co Ltd	a	1	B
Shanghai Prosegur Security Service Co Ltd.	Room 446, Building 3, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Shanghai Bigu Investment Co Ltd	a	1	B
Nanjing Zhong Dun Security Services Co Ltd.	Room 212, No 359, Building A, Ning Liu Road, Gong Nong Community, Ge Tang Subdistrict, Liu He District, Nanjing City	80	Shanghai Meiyu Information Technology Co Ltd	a	1	B
Prosec Services Pte Ltd.	111 Geylang Road, #01-01, Singapore 389216	100	Luxpai Holdo S.A.R.L.	a	1	A
Singpai Pte Ltd.	8 Cross Street #11-00, PWC Building, Singapore 048424	100	Luxpai CIT S.A.R.L.	a	5	A
Prosec Cash Services Pte Ltd.	111 Geylang Road, #01-01, Singapore 389216	100	Singpai Pte Ltd	a	2	B
Prosegur Singapore Pte LTD (Ex-Etec Management Services Pte LTD)	3 NEW INDUSTRIAL ROAD, #04-01 KIMLY BUILDING SINGAPORE (536197)	100	Luxpai Holdo S.A.R.L.	a	1	A
Singpai Alarms Private Ltd.	111 Geylang Road, #01-01, Singapore 389216	100	Prosegur Global Alarms ROW SLU	a	5	B
Focal Investigation & Security Agency Pte Ltd	5001 Beach, Road, #04-22, Golden Mile Complex, Singapore 199588	100	Prosegur Globa SIS ROW SLU	a	1	A
Prointrans L.L.C.	411 Lafayette Street, 6th Floor, New York, NY 10003	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur SIS USA Inc	2655 S LE JEUNE ROAD, SUITE 905, CORAL GABLES, FL 33134	100	Prosegur global SIS ROW, SLU	a	1	B
Viewpoint CRM Incorporated	220 Howard Street - Lowell, Massachusetts - USA	88.5	Prosegur SIS USA Inc	a	1	C
Prosegur Australia Holdings PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Global CIT ROW, SLU	a	5	B
Prosegur Australia Investments PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Australia Holdings PTY Limited	a	5	B
Prosegur Australia Pty Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Australia Investments PTY Limited	a	2	A
Prosegur Services Pty Ltd (Ex-Prosegur Technology Pty Limited)	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Australia Holdings PTY Limited	a	2	B
Prosegur Assets Management Pty Ltd.	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Gestion de Activos, SLU	a	7	B
Cash Services Australia Pty Limited	Level 5, 205 Pacific Highway, St Leonards NSW 2065	100	Prosegur Australia Holdings PTY Limited	a	2	B
Beagle Watch Armed Response Proprietary Limited	1 St Floor Unison House, 190 Smith Street (Fairland) 2030 - Johannesburg - South Africa	75	Prosegur Global Alarms ROW SLU	a	5	B
Beagle Technical (Pty) Ltd.	Unison House, 190 Smit Street, Fairland - Gauteng 2195	100	Beagle Watch Armed Response Proprietary Limited	a	3	B
Beagle Control (Pty) Ltd.	Unison House, 190 Smit Street, Fairland - Gauteng 2195	100	Beagle Watch Armed Response Proprietary Limited	a	3	B
Prime Hiring India Private Ltd	Fiat No. 1105-1106, Ashoka Estate, 24, Barakhamba Road, New Delhi - 110001 - India - Delhi, INDIA	99.99 0.01	Luxpai Holdo SARL Pitco Asia Pacific Ltd	a	1	B
Prosegur CIT Integral System India Private Ltd.	92 Boulevard Emile Delmas (La Rochelle)	95 5	Prosegur Global CIT ROW SLU Luxpai CIT SARL	a	2	B
Dognaedis Limited	Gallows Hill Warwick CV34 6UW, United Kingdom	100	Prosegur Cglobal Cyber Security, S.L.U.	a	1	B
Prosegur Alarm Hizmetleri Anonim Sirk.	Maslak, Ahi Evran Caddesi No: 21 Kat: 13 Polaris Plaza - Istanbul (antes Gayrettepe Mahallesi Yildiz Posta CAD. No: 8/34, Besiktas / Istanbul)	100	Prosegur Global Alarms ROW SLU	a	3	B
Prosegur Securite (Ex Bac Securite)	18 Av. Morane Saulnier (Velizy Villacoublay)	100	Prosegur Cia de Seguridad, S.A.	a	8	B
Securite Europeenne de L'Espace Industriel S.A.	15 Rue de Louvres (Chennevieres Les Louvres)	59.98 40.02	Prosegur Cia de Seguridad, S.A. Esta Service SAS	a	8	B
Esta Service S.A.S.	84 Rue des Aceries (SAINT ETIENNE)	100	Prosegur Cia de Seguridad, S.A.	a	8	B
Force Gardiennage S.R.L.	92 Boulevard Emile Delmas (La Rochelle)	4.8 95.2	Prosegur Cia de Seguridad, S.A. Esta Service SAS	a	8	B

Information at 31 December 2018 (continued)

Company	Registered offices	Holding		Basis of consolidation	Business	Auditor
		% over the nominal of the Company Owning the Holding				
CASH Centroamerica 1	Distrito Panamá, Panamá	100	Prosegur Global CIT S.L.U.	a	2	B
CASH Centroamerica 3	Distrito Panamá, Panamá	100	Prosegur Global CIT S.L.U.	a	2	B
Proteccion de Valores SA	Km 4.5 Carretera a Masaya, contiguo a Edificio Lafise Bancentro, Managua	50	CASH Centroamerica 1	a	2	A
Proteccion de Valores SA de CV	Calle Padres Aguilar No. 9 entre 77 y	60	CASH Centroamerica 1	a	2	A
Prosegur Gestion de Activos Honduras S de RL	Ciudad de San Pedro Sula, Departamento de Cortes	90	Prosegur Gestión de Activos, S.L.U.	a	7	A
Proteccion de Valores SA	Colonia San Ignacio, 4ta calle 5ta	60	CASH Centroamerica 1	a	2	A
Gestion de Activos Cash Guatemala SA	6A. Calle 6-38 Edificio Tivoli Plaza, 7 Nivel Zona 9, Guatemala, Guatemala	90	Prosegur Gestión de Activos, S.L.U.	a	7	A
Corporacion Allium SA	15 Avenida "A" 3-67 Oficina No 5 Zona 13 - Guatemala, Guatemala	90	Prosegur Global CIT S.L.U.	a	2	A
Prosegur Filipinas Holding	21st Floor, Philamlife Tower, 8767	99.995	Prosegur International CIT 1, S.L.	a	2	A
Prosegur Global Resources Holding	18th Floor, Philamlife Tower, 8767	99.995	Prosegur Global CIT ROW S.L.U.	a	2	A
Armored Transport Plus Incorporated	18th Floor, Philamlife Tower, 8767	36	Prosegur Global Resources Holding Philipines	a	2	A
E-CTK Solutions Incorporated	18th Floor, Philamlife Tower, 8767	36	Prosegur Global Resources Holding Philipines	a	2	A
Fortress Armored Transport	18th Floor, Philamlife Tower, 8767	36	Prosegur Global Resources Holding Philipines	a	2	A

Information at 31 December 2017

Company	Registered offices	Holding		Basis of consolidation	Business	Auditor
		% over the nominal of the Company	Owning the Holding			
Prosegur Soluciones Integrales de Seguridad España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	1	A
Prosegur Gestión de Activos, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	5	A
Prosegur Global Alarmas S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	5	A
Compañía Ridur 2016, S.A	Pajaritos, 24 (MADRID)	100	Prosegur Compañía de Seguridad SA	a	7	B
Formación Selección y Consultoría S.A	Santa Sabina 8 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Gestión de Activos International S.L.	Pajaritos, 24 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	5	B
Prosegur International SIS S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS SLU	a	5	B
Prosegur USAP International S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	5	B
Prosegur International Alarmas S.L.U.	Pajaritos 24 (MADRID)	100	Prosegur Global Alarmas SLU	a	5	B
Prosegur Soluciones S.A.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global Alarmas ROW SLU	a	3	A
MIV Gestión, S.A	CL CTRE CARGA AEREA OF A002 - 088820 Prat Llobregat - Barcelona	100	Prosegur Servicios de Efectivo España SLU	a	2	B
Prosegur Ciberseguridad, S.L.	Pajaritos, 24 (MADRID)	100	Prosegur Compañía de Seguridad SA	a	1	B
Indiseq Evuliom Group	calle Rambla Catalunya 43.1º 1º, 08007	100	Prosegur Ciberseguridad SL (Ex-Prosegur Cibersegu	a	1	B
Prosegur Assets Management, S.A	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	5	B
Prosegur Global SIS S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	5	B
Prosegur Servicios de Efectivo España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	2	A
Prosegur Alarmas España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global Alarmas ROW SLU	a	3	A
Prosegur Global CIT S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cash, S.A	a	5	B
Prosegur Cash, S.A	Santa Sabina 8 (MADRID)	51 21.5	Prosegur Cia de Seguridad, S.A Prosegur Assets Management, S.L.	a	5	A
Prosegur Berlin S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	5	B
Prosegur AVOS España SL (Ex-Prosegur BPO España SLU)	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	2	B
Armor Acquisition S.A	Pajaritos, 24 (MADRID)	95 5	Prosegur Internationale Handels GmbH Prosegur Global CIT SLU	a	5	A
Juncadella Prosegur Internacional S.A	Pajaritos, 24 (MADRID)	68.79 31.21	Armor Acquisition SA Prosegur Intenational Handels GmbH	a	5	A
Prosegur International CIT 1, S.L.	Pajaritos 24 (MADRID)	100	Prosegur Global CIT SLU	a	5	B
Prosegur International CIT 2, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT SLU	a	5	B
Prosegur Global Alarmas ROW S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	5	B
Prosegur Global CIT ROW S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cash, S.A	a	5	B
Prosegur Global SIS ROW SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	5	B
ESC Servicios Generales, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	1	A
Contesta Teleservicios SA		100	Prosegur AVOS España SL (Ex-Prosegur BPO España SLU)	a	2	
Integrum 2008 SL		100	Contesta Teleservicios SA	a	2	
Bloggers Broker SL		100	Contesta Teleservicios SA	a	2	
Contesta Servicios Auxiliares SL		100	Contesta Teleservicios SA	a	2	
Prosegur International Handels GmbH	Poststrabe, 33 (HAMBURG)	100	Malcoff Holding BV	a	5	B
Prosegur Cash Services Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global CIT ROW SLU	a	2	A
Prosegur Services Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur USAP International SLU	a	7	B
Prosegur SIS Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global SIS ROW SLU	a	1	B
Prosegur Berlin SL & Co KG	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global CIT ROW SLU	a	2	B
Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Global SIS ROW SLU	a	5	A
Prosegur Services France S.A.S.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Securite Humaine S.A.S.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	a	1	A
Prosegur Gestion d'Actifs France S.C.I.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	95 5	Prosegur Gestión de Activos SLU Prosegur Gestion de Activos International SLU	a	7	B
Prosegur Accueil et Service S.A.S.	14 Rue des Serruriers - 57070 Metz	100	Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	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	2	A
Prosegur Traitement de Valeurs EST S.A.S.	2 Rue Lavoisier BP 61609 25010 Besancon Cedex 3	100	Prosegur Cash Holding France SAS (Ex-Prosegur Par	a	2	A
Prosegur Technologie S.A.S.U.	Parc Technologique de Metrotech, Bâtiment 2 - 42650 St Jean Bonnefonds	100	Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	a	1	A
Prosegur Formation et Competences, S.A.R.L.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	a	1	B
Prosegur Securite Rapprochee (Ex-Prosegur Centre EURL)	5 Place Berthe Morisot Bat. A2 - Parc Technologique 69800 Saint-Priest (Anterior: 88 avenue général Frère (LYON))	100	Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	a	1	B
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	5	A
Prosegur Traitement de Valeurs 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	2	A
Prosegur Logistique de Valerius 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 Par	a	2	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 Par	a	2	B

Information at 31 December 2017 (continued)

Company	Registered offices	Holding		Basis of consolidation	Business	Auditor
		% over the nominal of the Company	Owning the Holding			
Malcoff Holdings B.V.	Schouwburgplein, 30-34 (ROTTERDAM)	100	Prosegur Global CIT, S.L.U	a	5	B
Luxpai Holdo S.A.R.L.	23, Av. Monterey - 2163 Luxembourg	100	Prosegur Global SIS ROW SLU	a	5	B
Pitco Reinsurance SA	Av. Monterey, L-2163 Luxembourg	100	Luxpai CIT SARL	a	2	A
Luxpai CIT S.A.R.L.	23, Av. Monterey - 2163 Luxembourg	100	Prosegur Global CIT ROW SLU	a	5	B
Prosegur Gestao de Activos Imobiliarios S.A.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Companhia de Seguranca, Ltda.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global SIS ROW SLU	a	1	A
Prosegur Distribuição e Serviços, Ltda.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global SIS ROW SLU	a	1	B
Prosegur Agencia Promoção e Comercialização de Productos e Serviços Unipessoal LDA	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global Alarmas ROW, S.L.U.	a	3	B
Dognaedis Lda.	Coimbra	100	Prosegur Companhia de Seguridad SA	a	1	B
Prosegur Logistica e Tratamento de Valores Portugal Unipessoal Ltda.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global CIT ROW SLU	a	2	B
Prosegur Alarmes Dissuasao Potugal Unipessoal Ltda.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global Alarmas ROW, S.L.U.	a	3	B
Prosegur SES Serviços Especiais de Segurança Unipessoal Ltda.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global SIS ROW SLU	a	1	B
Prosegur ESSPP Empresa de Serviços Partilhados Unipessoal Lda.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosegur USAP Internacional, S.L.U.	a	7	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	2	A
Prosegur Seguridad, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A Prosegur Argentina Holding S.A	a	1	A
Prosegur Argentina Holding, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	56.21 43.79	Prosegur Global SIS, S.L.U. Prosegur International SIS SLU	a	5	A
Prosegur Inversiones Argentina, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	56.56 43.44	Prosegur Global SIS, S.L.U. Prosegur International SIS SLU	a	5	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	5	B
Prosegur Sistemas Integrales de Seguridad, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A Prosegur Argentina Holding S.A	a	1	B
Prosegur Seguridad y Vigilancia, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A Prosegur Argentina Holding S.A	a	1	B
Prosegur Gestion de Activos ARG SA	Tres Arroyos 2835 Ciudad de Buenos Aires	80 20	Prosegur Gestion de Activos, S.L.U. Prosegur Gestion de Activos Internacional, S.L.U.	a	3	B
Prosegur Vigilancia Activa, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A Prosegur Argentina Holding S.A	a	1	A
Serviços Auxiliares Petroleros, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A Prosegur Argentina Holding S.A	a	1	A
Xiden, S.A.C.I.	Tres Arroyos 2835 Ciudad de Buenos Aires	10.00 90	Prosegur International SIS, S.L.U Prosegur Global SIS, S.L.U.	a	1	A
Prosegur Tecnologia Argentina, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	90 10	Prosegur Global SIS, S.L.U. Prosegur International SIS, S.L.U	a	1	A
General Industries Argentina, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	90 10	Prosegur Global SIS, S.L.U. Prosegur International SIS, S.L.U	a	1	A
Tellex, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Global SIS, S.L.U. Prosegur International SIS, S.L.U	a	1	A
Prosegur Holding, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	85 5.59 9.41	Prosegur Global Alarmas SLU Prosegur International Alarmas SLU Prosegur Cia de Seguridad, S.A	a	5	A
Prosegur Inversiones, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	85 5.60 9.40	Prosegur Global Alarmas SLU Prosegur International Alarmas SLU Prosegur Cia de Seguridad, S.A	a	5	A
Prosegur Activa Argentina, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	90 10	Prosegur Holding, S.A Prosegur Inversiones, SA	a	3	A
Prosegur, S.A	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A Prosegur Argentina Holding S.A	a	1	A
Servin Seguridad, S.A	Montevideo 666, piso 3º, oficina 302. Buenos Aires.	95 5	Prosegur Inversiones Argentina, S.A Prosegur Argentina Holding S.A	a	1	A
Prosegur Holding SIS Ltda	Av. Ermanno Marchetti, nº 1.435, 5º andar, Sala 2, Lapa, Capital de Sao Paulo	90	Prosegur Global SIS SLU	a	5	
Segurpro Vigilancia Patrimonial SA (Ex-Yasuhiko Empreendimentos e Participacoes SA)	Rua Fernando de Albuquerque, n 31 conjunto 72 Consolação - Sao Paulo, SP - CEP 01309-030	100	Prosegur Holding SIS Ltda	a	1	
BIP Serviços de Vigilancia Patrimonial Ltda	Cidade de Olinda, Estado de Pernambuco, na Rua Alemanha, 101, Salgadinho, Sala 1	99 1	Prosegur Serviços e Participações Societarias SA (Ex Prosegur Brasil SA Transportadora de Valores e Segu	a	1	
Prosegur Serviços e Participações 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	5	B
Prosegur Brasil SA Transportadora de Valores e Segurança	Guaratã, 633 - Prado - Belo Horizonte - MG	99.99	Prosegur Serviços e Participações Societarias SA (Ex	a	4	A
Prosegur Sistemas de Segurança Ltda.	Guaratã, 667 - Prado - Belo Horizonte - MG	72.38 27.62	Prosegur Global SIS SLU Prosegur International SIS SLU	a	1	B
Prosegur Administração de Recebíveis Ltda.	Avenida Thomas Edison, 813 - Barra Funda - CEP 01140-001 São Paulo - SP	99.79 0.21	Prosegur Global SIS SLU Prosegur Sistemas de Segurança Ltda	a	1	B

Information at 31 December 2017 (continued)

Company	Registered offices	Holding		Basis of consolidation	Business	Auditor
		% over the nominal of the Company	Owning the Holding			
Prosegur Tecnologia em Sistemas de Seg Elet e Incendios Ltda	Rua Barao do Brnanal, 1301, Vila Pompeia Sao Paolo CEP 024-000	95.00	Prosegur Global SIS SLU	a	1	B
		5.00	Prosegur International SIS SLU			
SETHA Industria Eletronica Ltda	Rua Alvaro de Macedo, 134 e 144, Parada de Lucas, CEP.: 21.250-620 Rio de Janeiro/RJ	95	Prosegur Tecnologia em Sistemas de Seguranca Electrónica e Incendios Ltda..	a	1	B
		5	Prosegur Global SIS SLU			
Prosegur Activa Alarmes S.A.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	41.99	Prosegur Global Alarmas SLU	a	3	B
		58.01	Prosegur International Alarmas SLU			
Prosegur Serviços Aeroportuarios Ltda.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	95	Prosegur Global SIS SLU	a	1	B
		5	Prosegur International SIS SLU			
Prosegur Gestao de Ativos Ltda.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	99.99	Prosegur Gestion de Activos SLU	a	7	B
		0.01	Prosegur Cia de Seguridad, S.A.			
Juncadella Prosegur Group Andina SA	Los Gobelinos 2567 Of. 203, Renca, Santiago	99.99	Juncadella Prosegur Internacional SA	a	5	B
		0.01	Armor Acquisition SA			
Capacitaciones Ocupacionales Sociedad Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	83.8	Prosegur Global CIT SLU	a	2	B
		10.00	Prosegur International CIT 1 SL			
		2.50	Prosegur Internationale Handels GmbH			
		3.7	Juncadella Prosegur Group Andina SA			
Servicios Prosegur Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	99.98	Prosegur Global CIT SLU	a	2	B
		0.01	Prosegur International Handels GmbH			
		0.01	Juncadella Prosegur Group Andina SA			
Servicios de Seguridad Prosegur Regiones Limitada	Los Gobelinos 2567 Of. 203, Renca, Santiago	99	Prosegur Chile, S.A.	a	1	B
		1	Prosegur Global SIS SLU			
Empresa de Transportes Compañía de Seguridad Chile Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	60	Juncadella Prosegur Group Andina SA	a	2	B
		40	Prosegur International Handels GmbH			
Prosegur Tecnologia Chile Ltda	Avenida Loboza 8395, Mod. 3 Pudahuel – Santiago	99.99	Prosegur Global SIS SLU	a	1	B
		0.01	Prosegur Cia de Seguridad, S.A.			
		0.00	Prosegur Chile SA			
Prosegur Activa Chile S.L.	Catedral 1009, piso 14 - Santiago de Chile	90	Prosegur Global Alarmas SLU	a	3	B
		10	Prosegur International Alarmas SLU			
Prosegur Gestion de Activos Chile Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	90	Prosegur Gestion de Activos, S.L.U.	a	7	B
		10	Prosegur Gestion de Activos Internacional SLU			
Prosegur Chile, S.A.	Los Gobelinos 2567 Of. 203, Renca, Santiago	70	Prosegur, S.A.	a	1	B
		30	Prosegur Global SIS SLU			
Prosegur Ciberseguridad, S.A.S.	TV 23 - 95-53 Bogota D.C.	100	Prosegur Compañía de Seguridad SA	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	2	B
		94.90	Prosegur Global CIT SLU			
		5.10	Prosegur International CIT 1, SLU			
		0.00	Prosegur Cash, S.A.			
		0.00	Prosegur Servicios de Efectivo España SLU			
0.00	Prosegur Global CIT ROW SLU					
Prosegur Procesos S.A.S.	Avda. De las Américas, 42-25 Bogotá	100	Prosegur International CIT 2, SLU	a	2	B
Inversiones BIV S.A.S.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	100	Prosegur Global SIS SLU	a	5	B
Prosegur Vigilancia y Seguridad Privada Ltda.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	94	Inversiones BIV SAS	a	4	A
Prosegur Tecnologia S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur Global SIS SLU	a	1	B
Servimax Servicios Generales S.A.S.	Calle 32 No. 8A-65 Edificio BCH Piso 8 Cartagena	100	Inversiones BIV SAS	a	1	B
Prosegur Sistemas Electronicos S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur International Alarmas SLU	a	1	B
Prosegur Seguridad Electrónica, S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur International Alarmas SLU	a	3	B
Servimax Servicios Temporales S.A.S.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	100	Inversiones BIV SAS	a	1	B
Prosegur Gestion de Activos de Colombia S.A.S.	AC 13 No. 42A-24 Bogotá	100	Prosegur Gestion de Activos, SLU	a	7	B
Prosegur Gestion de Activos Paraguay, S.A.	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción	95	Prosegur Gestion de Activos, SLU	a	7	B
		5	Prosegur Gestion de Activos Internacional SLU			
Prosegur Paraguay S.A.	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción	99	Juncadella Prosegur Internacional SA	a	2	B
		1	Transportadora de Caudales Juncadella SA			
Soluciones Integrales de Seguridad Prosegur Paraguay S.A.	Avda. Artigas Nro. 960	95	Prosegur Global SIS SLU	a	1	B
		5	Prosegur International SIS SLU			
Alarmas Prosegur Paraguay S.A.	Avda. Artigas Nro. 960	95	Prosegur Global Alarmas SLU	a	3	B
		5	Prosegur International Alarmas SLU			
Proservicios S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	95	Proseguridad SA	a	1	B
		5	Prosegur International SIS SLU			
Compañía de Seguridad Prosegur S.A.	Av. Morro Solar 1086 URB. Sta Teresa De La Gardenia Lima - Santiago de Surco	52	Juncadella Prosegur Internacional SA	a	2	A
		48	Transportadora de Caudales de Juncadella SA			
Proseguridad S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	64.89	Prosegur Global SIS SLU	a	1	B
		35.11	Prosegur International SIS SLU			
Prosegur Cajeros S.A.	La Chira, 103 - Surco - Lima	52	Juncadella Prosegur Internacional SA	a	2	B
		48	Transportadora de Caudales de Juncadella SA			

Information at 31 December 2017 (continued)

Company	Registered offices	Holding		Basis of consolidation	Business	Auditor
		% over the nominal of the Company	Owning the Holding			
Prosegur Tecnología Perú S.A.	La Chira, 103 - Surco - Lima	99 1	Prosegur Cia de Seguridad, S.A. Prosegur Global Alarmas SLU	a	1	B
Reguard Security Corp. S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	84.86 10.14 5.00	Proseguridad SA Inversiones RB, SA Prosegur Intenational SIS SLU	a	1	B
Proseguridad Selva SA	Cas. Palmawasi San Martin - Tocache - Uchiza	90	Reguard Security Corp. S.A. Prosegur Intenational SIS SLU	a	1	B
Inversiones RB, S.A.	Avenida Nicolás Arriola, 780 Urb. Santa Catalina - La Victoria - Lima	95 5	Proseguridad SA Prosegur Intenational SIS SLU	a	5	B
Prosegur Activa Peru, S.A.	Av. Republica De Panama 3890 Lima - Surquillo	40.00 59.93 0.07	Prosegur Global Alarmas SLU Prosegur Intenational Alarmas SLU Prosegur Cia de Seguridad, S.A.	a	3	B
Prosegur Servicios Administrativos. S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	99 1	Prosegur Cia de Seguridad, S.A. Prosegur Global Alarmas SLU	a	7	B
Prosegur Gestion de Activos, S.A.	Calle La Chira 103-Urbanización Las Gardenias-Santiago de Surco	90.00 10.00 0.00	Prosegur Gestion de Activos, SLU Prosegur Gestion de Activos Intenational SLU Prosegur Global Alarmas SLU	a	7	B
Prosegur Mexico S de RL de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	85.60 14.40	Prosegur Global SIS SLU Prosegur Intenational SIS SLU	a	5	B
Prosegur Compañía de Seguridad SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100 0	Prosegur Mexico S de RL de CV Prosegur Global SIS SLU	a	1	A
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 Intenational CIT 1, SL	a	2	B
Prosegur Seguridad Privada SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	99.997 0.003	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad SA de CV	a	1	B
Prosegur Consultoría y Servicios Administrativos S de RL de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	99.9998 0.0002	Prosegur Gestion de Activos, SLU Prosegur Gestion de Activos Intenational SLU	a	7	B
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 Intenational CIT 1 SL	a	2	B
Prosegur Custodias, S.A. de C.V.	Estado de Mexico, Tlalnepanitla de Baz, Los Reyes Industrial, calle Alfredo	99.9998 0.0002	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad SA de CV	a	1	B
Grupo Mercurio de Transportes SA de C.V.	Distrito Federal, Azcapotzalco, Sector Naval, AV De las Granjas -76	99.998	Grupo Tratamiento y Gestion de Valores SAPI de CV	a	2	B
Prosegur Tecnología SA de C.V.	Distrito Federal, Azcapotzalco, Hogar y Seguridad, calle Piña-297	99.999951 0.000050	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad SA de CV	a	1	B
Grupo Tratamiento y Gestión de Valores SAPI de C.V.	Distrito Federal, Azcapotzalco, Sector Naval, calle Norte 79 B	80	Prosegur Global CIT SLU	a	5	B
Centro Nacional de Formación	Distrito Federal, Azcapotzalco, Sector Naval, AV De las Granjas -76	50	Prosegur Compañía de Seguridad SA de CV	a	7	B
Prosegur Asociación Civil	Westblaak 89, 3012 KG Rotterdam, The Netherlands	50	Prosegur Mexico S de RL de CV	a	7	B
Prosegur Uruguay B.V.		100	Prosegur SA	a	5	C
Marlina SA	Guarani 1531 - Montevideo	100	Prosegur Gestion de Activos, SLU	a	7	B
Loredat SA	Guarani 1531 (Montevideo) - Uruguay	100	Prosegur Cia de Seguridad, S.A.	a	1	
Prosegur Transportadora de Caudales S.A.	Guarani 1531 - Montevideo	99.91 0.09	Juncadella Prosegur Intenacional SA Armor Acquisition SA	a	2	B
Prosegur Activa Uruguay, S.A.	Guarani 1531 - Montevideo	100	Prosegur Global Alarmas SLU	a	3	A
Nautiland, S.A.	Michelini, Zelmar 1121- Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	B
Blindados, S.R.L.	Guarani 1531 - Montevideo	99 1	Prosegur Transportadora de Caudales SA Prosegur Global CIT SLU	a	2	B
Genper, S.A.	Guarani 1531 - Montevideo	100	Prosegur Global SIS SLU	a	1	A
GSM Telecom S.A.	Del pino, Simon 1055, Piriapolis, Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	B
Coral Melody S.A.	Guarani 1531 - Montevideo	100	Prosegur Activa Uruguay, S.A.	a	3	A
Tecnofren S.A.	Michelini, Zelmar 1121- Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	A
Roytronic S.A.	Guarani 1531 (Montevideo)	100	Prosegur Activa Uruguay, S.A.	a	3	B
Prosegur Uruguay Compañía de Seguridad, S.A.	Guarani 1531 - Montevideo	90 10	Prosegur Uruguay BV SA Prosegur Global SIS SLU	a	1	A
Pitco Asia Pacific Ltd.	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Luxpai Holdo SARL	a	1	B
Imperial Dragon Security Ltd.	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Luxpai Holdo SARL	a	5	B
Pitco Shanghai Trading Co Ltd.	North Shanxi Road 1438, Room 308 Shanghai 200060, China	100	Luxpai Holdo SARL	a	5	B

Information at 31 December 2017 (continued)

Company	Registered offices	Holding		Basis of consolidation	Business	Auditor
		% over the nominal of the Company Owning the Holding				
Shanghai Meiyu Information Technology Co Ltd.	Room 519,Zhidan Road No.180-190, Putuo District, Shanghai	100	Shanghai Pitco Information Technology Co	a	5	B
Shanghai Pitco Information Technology Co Ltd.	Room 517,Zhidan Road No.180-190 (double), Putuo District, Shanghai	100	Pitco Shanghai Trading Co Ltd	a	5	B
Shanghai Bigu Investment Co Ltd.	Room 1373, Building 4, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Shanghai Pitco Consulting Management Co Ltd	a	5	B
Shanghai Pitco Consulting Management Co Ltd.	Roon 1601, Building 4, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Pitco Shanghai Trading Co Ltd	a	5	B
Shangxi Laide Security Service Co Ltd.	Building 18, Hengshan housing estate, Hengshan Road No. 918, Jiancaoping District, Taiyuan	70	Shanghai Bigu Investment Co Ltd	a	1	B
Shanghai Prosegur Security Service Co Ltd.	Room 446, Building 3, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Shanghai Bigu Investment Co Ltd	a	1	B
Nanjing Zhong Dun Security Services Co Ltd.	Room 212, No 359, Building A, Ning Liu Road, Gong Nong Community, Ge Tang Subdistrict, Liu He District, Nanjing City	80	Shanghai Meiyu Information Technology Co Ltd	a	1	B
Prosec Services Pte Ltd.	111 Geylang Road, #01-01, Singapore 389216	100	Luxpai Holdo S.A.R.L.	a	1	A
Singpai Pte Ltd.	8 Cross Street #11-00, PWC Building, Singapore 048424	100	Luxpai CIT S.A.R.L.	a	5	A
Prosec Cash Services Pte Ltd.	111 Geylang Road, #01-01, Singapore 389216	100	Singpai Pte Ltd	a	2	B
Prosegur Singapore Pte LTD (Ex-Evec Management Services Pte LTD)	3 NEW INDUSTRIAL ROAD, #04-01 KIMLY BUILDING SINGAPORE (536197)	100	Luxpai Holdo S.A.R.L.	a	1	A
Singpai Alarms Private Ltd.	111 Geylang Road, #01-01, Singapore 389216	100	Prosegur Global Alarms ROW SLU	a	5	B
Prointrans L.L.C.	411 Lafayette Street, 6th Floor, New York, NY 10003	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur SIS USA Inc	Florida	100	Prosegur global SIS ROW, SLU	a	1	B
Prosegur Australia Holdings PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Global CIT ROW , SLU	a	5	B
Prosegur Australia Investments PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Australia Holdings PTY Limited	a	5	B
Prosegur Australia Pty Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Australia Investments PTY Limited	a	2	A
Prosegur Services Pty Ltd (Ex-Prosegur Technology Pty Limited)	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Australia Holdings PTY Limited	a	2	B
Prosegur Assets Management Pty Ltd.	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Gestion de Activos , SLU	a	7	B
Cash Services Australia Pty Limited	Level 5, 205 Pacific Highway, St Leonards NSW 2065	100	Prosegur Australia Holdings PTY Limited	a	2	
Beagle Watch Armed Response Proprietary Limited	1 St Floor Unison House, 190 Smith Street (Fairland) 2030 - Johannesburg - South Africa	75	Prosegur Global Alarms ROW SLU	a	5	B
Beagle Technical (Pty) Ltd.	Unison House, 190 Smit Street, Fairland - Gauteng 2195	100	Beagle Watch Armed Response Proprietary Limited	a	3	B
Beagle Control (Pty) Ltd.	Unison House, 190 Smit Street, Fairland - Gauteng 2195	100	Beagle Watch Armed Response Proprietary Limited	a	3	B
Prime Hiring India Private Ltd	Flat No. 1105-1106, Ashoka Estate, 24, Barakhamba Road, New Delhi - 110001 - India	99.99 0.01	Luxpai Holdo SARL Pitco Asia Pacific Ltd	a	1	B
Prosegur CIT Integral System India Private Ltd.	92 Boulevard Emile Delmas (La Rochelle)	95 5	Prosegur Global CIT ROW SLU Luxpai CIT SARL	a	2	B
Dognaedis Limited	Gallows Hill Warwick CV34 6UW, United Kingdom	100	Dognaedis Lda	a	1	
Prosegur Alarm Hizmetleri Anonim Sirk	Maslak, Ahi Evran Caddesi No: 21 Kat: 13 Polaris Plaza - Istanbul (antes Gayrettepe Mahallesi Yildiz Posta CAD. No: 8/34, Besiktas / Istanbul)	100	Prosegur Global Alarms ROW SLU	a	3	

Basis of consolidation

- a. The company controls the investee, and it is fully consolidated.
- b. Existence of significant influence, equity-accounted.
- c. Temporary Joint Ventures are consolidated using the proportional consolidation method.

Business

- 1. Activities from the Security business group.
- 2. Area of activities from the Cash business group.
- 3. Activities from the Alarms business group.
- 4. Activities included in more than one business group.
- 5. Holding company.
- 6. Financial services.
- 7. Ancillary services.
- 8. Dormant.

Auditor:

- A. Audited by KPMG.
- B. Not subject to audit.
- C. Audited by other auditors.

APPENDIX II. – Breakdown of Joint Arrangements

Information at 31 December 2018 - Joint Ventures

Company	Registered offices	% of par value	Investment		Business	Auditor
			Company holding the investment	Basis of consolidation		
Rosegur Holding Corporación S.L.	Pajaritos, 24 Madrid	50.0	Prosegur Cia de Seguridad, S.A.	b	5	B
Rosegur, S.A.	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	A través de: Rosegur Holding Corporacion, S.L.	b	4	B
Rosegur Fire, SRL	Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	A través de: Rosegur, S.A	b	4	B
Rosegur Training, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	A través de: Rosegur, S.A	b	4	B
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	B
SIS Prosegur Alarms Monitoring and Response Services Private Limited	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	50.0	Singpai Alarms Private Ltd	b	3	B
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	B
Prosegur Technological Security Solutions LLC	Abu Dhabi- Al falah Street- 211 ABDULLA HAMAD LUWAIE AL AMERI - P.O. Box 129354	49.0	Prosegur Cia de Seguridad, S.A	b	5	C
SBV Services Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johannesburgo	33.3	Prosegur Global CIT ROW SLU	b	5	B
SBV Services Namibia Proprietary Limited	24 Oban Street, Klein Windhoek, Windhoek, Namibia	100.0	A través de: SBV Services Proprietary Limited	b	2	B
Carrick Properties (Pinetown) Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johannesburgo - South Africa	100.0	A través de: SBV Services Proprietary Limited	b	1	A
Security Unlimited (PTY) Limited	Suite 51A, Lioli Road, Maseru Lesotho	80.0	A través de: SBV Services Proprietary Limited	b	2	A
CashLogix Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johannesburgo - South Africa	100.0	A través de: SBV Services Proprietary Limited	b	1	A
Integrated Cash Management Services Limited (ICMS)	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johannesburgo - South Africa	100.0	A través de: SBV Services Proprietary Limited	b	1	A
Scout Security Limited	151 Macquairie51 Macquarie Street, SYDNEY, NSW, AUSTRALIA, 2000	9.5	Prosegur Global Alarmas Row, S.L.	b	3	B

Information at 31 December 2018 - Joint Operations. Temporary Joint Ventures.

Company	Registered offices	% of par value	Investment Company holding the investment	Basis of consolidation	Business
UTE PCS SSG BSM BARCELONA UTE LEY 18/1982	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG CENTRO SANITARIO CEUTA	Pajaritos, 24 28007 Madrid	100		d	1
UTE FERROSER PCS UNIV. EUROPEA MADRID	Príncipe de Vergara, 135, 28009 Madrid	95	FERROSER	d	1
UTE PCS SSG HOSPITAL DE LA SANTA CREU I SANT PAU (FUNDACIÓ DE GESTIÓ SANITÀRIA)	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG PALACIO DE CONGRESOS Y DE LA MÚSICA EUSKALDUNA JAUREGIA BILBAO	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG PALAU DE LA MÚSICA DE VALENCIA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG AEROP. BARCELONA LOTE 1	Pajaritos, 24 28007 Madrid	100		d	1
UTE AEROPUERTO DE IBIZA	Pajaritos, 24 28007 Madrid	70	CSP SIGLO XXI	d	1
UTE PCS SSG LA FINCA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX AUTORITAT PORTUARIA DE BARCELONA	Pajaritos, 24 28007 Madrid	100		d	1
UTE ESC PCS GETXO KIROLAK	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX HOSPITAL CLINIC DE BARCELONA I FUNDACION HOSPITAL	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX AYTO. BILBAO	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX EDIF. SAN SEB.-BILBAO (GOB. VASCO)	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES SSG FUND. PRIV.HOSPITAL DE LA SANTA CREU I SANT PAU (RECIENTE MODERNISTA)	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES VASBE GERENCIAS TERRITORIALES MNT. JUSTICIA	Pajaritos, 24 28007 Madrid	43	VASBE	d	1
UTE PROSEGUR ESC UNIVERSIDAD DE ALICANTE II	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES SSG UNIVERSITAT POMPEU FABRA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC CORA FASE I	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC MUSEO GUGGENHEIM II	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC HOSPITAL UNIVERSITARI VALL D'HEBRON IV	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC AEROPUERTO DE ALICANTE	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC INTEGRAL GENERAL MOTORS ESPAÑA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR ESC AGENCIA TRIBUTARIA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR ESC OFICINA ANTIFRAU DE CATALUNYA III	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR ESC UNIVERSIDAD POLITECNICA DE VALENCIA III	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC AEROPUERTO DE MADRID-BARAJAS EXP 84/15 LOTE 1	Pajaritos, 24 28007 Madrid	100		d	1
UTE PSISE ESC PSEE EQUIPAMIENTOS MUSEÍSTICOS MALAGA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PSISE ESC AEROPUERTO DE SANTIAGO	Pajaritos, 24 28007 Madrid	100		d	1
UTE PSISE PSEE CETURSA SIERRA NEVADA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PSISE ESC MERCABARNA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PSISE ESC PSEE REAL ALCAZAR DE SEVILLA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR- ESC AENA EXP SEG 443/16 LOTE 3	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR-ESC AENA EXP SEG 528/16	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR ESC AGENCIA TRIBUTARIA-1	Pajaritos, 24 28007 Madrid	100		d	2
UTE PSISE-PSEE CIEMAT	Pajaritos, 24 28007 Madrid	100		d	2
UTE PROSEGUR - ESC METRO LINEA 3-1	Pajaritos, 24 28007 Madrid	100		d	2
UTE PROSEGUR - ESC BANCO DE ESPAÑA	Pajaritos, 24 28007 Madrid	100		d	2
UTE PROSEGUR-MAGMACULTURA MUSEO NACIONAL DEL PRADO	Pajaritos, 24 28007 Madrid	100		d	2
UTE PSIS-ESC GOBIERNO VASCO II	Pajaritos, 24 28007 Madrid	100		d	2
UTE PES ESC HOSPITAL UNIVERSITARI VALL D'HEBRON V	Pajaritos, 24 28007 Madrid	100		d	2
UTE PROSEGUR ESC GETXO KIROLAK 1	Pajaritos, 24 28007 Madrid	100		d	2
UTE PROSEGUR-ESC AEROPUERTO DE LLEIDA-ALGUAIRE	Pajaritos, 24 28007 Madrid	100		d	2
UTE PSISE-PSEE MUSEOS VALENCIA	Pajaritos, 24 28007 Madrid	100		d	2
UTE PROSEGUR-ESC OFICINA ANTIFRAU DE CATALUNYA IV	Pajaritos, 24, 28007 Madrid	100		d	3
UTE CLECE PCS TEATRO KURSAAL MELILLA ley 18/82	Calle Industria, 1 edif. Metropol I, 4º mod.20. Mairena de aljarafe - SEVILLA 41927	10	CLECE	d	1
UTE VIGILANCIA Y SEG. CENTROS INTERNAMIENTO P 12 098	Juan de Mariana, 15 28045 Madrid	11.56	SEGUR IBERICA Y OTROS	d	1
UTE SERV. MNTOS. INTEGRALES IRON MOUNTAIN	Príncipe de Vergara, 135 28002 MADRID	42.2	FERROVAL SERVICIOS	d	1
LIMPIEZA Y VIGILANCIA CÁCERES UTE (Centros Escolares y Dep. Municipales)	Príncipe de Vergara, 135 28002 MADRID	20	FERROSER	d	1
SEGURIDAD TOTAL	CALLE 19 B 34-69 - BOGOTA	53	SEGURIDAD SOS	d	1
SIGLO XXI	OFICINA TEUSAQUILLO PROSEGUR VIGILANCIA	55	SEGURIDAD SOS	d	1
SEGURIDAD INTEGRAL	CALLE 19 B 34-69 - BOGOTA	51	SEGURIDAD SOS	d	1
EPIG	CALLE 21 44-18 - BOGOTA	24	OTROS	d	1
SIES 2010	CALLE 21 44-18 - BOGOTA	25	OTROS	d	1
SIES 2011	CALLE 21 44-18 - BOGOTA	23	OTROS	d	1
UNION TEMPORAL P&A	EDIFICIO ECOTEK	52	AVIZOR	d	1

Information at 31 December 2017 - Joint Ventures

Company	Registered offices	% of par value	Investment		Basis of consolidation	Business	Auditor
			Company holding the investment				
Rosegur Holding Corporación S.L.	Pajaritos, 24 Madrid	50.0	Prosegur Cia de Seguridad, S.A.		b	5	B
Rosegur, S.A.	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	A través de: Rosegur Holding Corporacion, S.L.		b	4	B
Rosegur Fire, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	A través de: Rosegur, S.A		b	4	B
Rosegur Training, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	A través de: Rosegur, S.A		b	4	B
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 Alams Monitoring and Response Services Private Limited	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	50.0	Singpai Alarms Private Ltd		b	3	B
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	
Prosegur Technological Security Solutions LLC	Abu Dhabi- Al falah Street- 211 ABDULLA HAMAD LUWAIE AL AMERI - P.O. Box 129354	49.0	Prosegur Cia de Seguridad, S.A.		b	5	C
SBV Services Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johannesburgo	33.3	Prosegur Global CIT ROW SLU		b	5	B
SBV Services Namibia Proprietary Limited		100.0	A través de: SBV Services Proprietary Limited		b	2	B
Carrick Properties (Pinetown) Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johannesburgo - South Africa	100.0	A través de: SBV Services Proprietary Limited		b	1	A
CashLogix Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johannesburgo - South Africa	100.0	A través de: SBV Services Proprietary Limited		b	1	A
Integrated Cash Management Services Limited (ICMS)	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johannesburgo - South Africa	100.0	A través de: SBV Services Proprietary Limited		b	1	A

Information at 31 December 2017 - Joint Operations. Temporary Joint Ventures.

Company	Registered offices	% of par value	Investment		Basis of consolidation	Business
			Company holding the investment			
UTE PCS SSG BSM BARCELONA UTE LEY 18/1982	Pajaritos, 24 28007 Madrid	100			d	1
UTE PCS SSG CENTRO SANITARIO CEUTA	Pajaritos, 24 28007 Madrid	100			d	1
UTE FERROSER PCS UNIV. EUROPEA MADRID	Príncipe de Vergara, 135, 28009 Madrid	95	FERROSER		d	1
UTE PCS SSG HOSPITAL DE LA SANTA CREU I SANT PAU (FUNDACIÓ DE GESTIÓ SANITÀRIA)	Pajaritos, 24 28007 Madrid	100			d	1
UTE PCS SSG PALACIO DE CONGRESOS Y DE LA MÚSICA EUSKALDUNA JAUREGIA BILBAO	Pajaritos, 24 28007 Madrid	100			d	1
UTE PCS SSG PALAU DE LA MÚSICA DE VALENCIA	Pajaritos, 24 28007 Madrid	100			d	1
UTE PCS SSG AEROP. BARCELONA LOTE 1	Pajaritos, 24 28007 Madrid	100			d	1
UTE AEROPUERTO DE IBIZA	Pajaritos, 24 28007 Madrid	70	CSP SIGLO XXI		d	1
UTE PCS SSG LA FINCA	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR SERVIMAX AUTORITAT PORTUARIA DE BARCELONA	Pajaritos, 24 28007 Madrid	100			d	1
UTE ESC PCS GETXO KIROLAK	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR SERVIMAX HOSPITAL CLINIC DE BARCELONA I FUNDACION HOSPITAL	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR SERVIMAX AYTO. BILBAO	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR SERVIMAX EDIF. SAN SEB.-BILBAO (GOB. VASCO)	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES SSG FUND. PRIV.HOSPITAL DE LA SANTA CREU I SANT PAU (RECIENTE MODERNISTA)	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES VASBE GERENCIAS TERRITORIALES MNTO. JUSTICIA	Pajaritos, 24 28007 Madrid	43	VASBE		d	1
UTE PROSEGUR ESC UNIVERSIDAD DE ALICANTE II	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES SSG UNIVERSITAT POMPEU FABRA	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES ESC CORA FASE I	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES ESC MUSEO GUGGENHEIM II	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES ESC HOSPITAL UNIVERSITARI VALL D'HEBRON IV	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES ESC AEROPUERTO DE ALICANTE	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES ESC INTEGRA II GENERAL MOTORS ESPAÑA	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR ESC AGENCIA TRIBUTARIA	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR ESC OFICINA ANTIFRAU DE CATALUNYA III	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR ESC UNIVERSIDAD POLITECNICA DE VALENCIA III	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES ESC AEROPUERTO DE MADRID-BARAJAS EXP 84/15 LOTE 1	Pajaritos, 24 28007 Madrid	100			d	1
UTE PSISE ESC PSEE EQUIPAMIENTOS MUSEÍSTICOS MALAGA	Pajaritos, 24 28007 Madrid	100			d	1
UTE PSISE ESC AEROPUERTO DE SANTIAGO	Pajaritos, 24 28007 Madrid	100			d	1
UTE PSISE PSEE CETURSA SIERRA NEVADA	Pajaritos, 24 28007 Madrid	100			d	1
UTE PSISE ESC MERCABARNA	Pajaritos, 24 28007 Madrid	100			d	1
UTE PSISE ESC PSEE REAL ALCAZAR DE SEVILLA	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR- ESC AENA EXP SEG 443/16 LOTE 3	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR-ESC AENA EXP SEG 528/16	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR ESC AGENCIA TRIBUTARIA-1	Pajaritos, 24 28007 Madrid	100			d	2
UTE PSISE-PSEE CIEMAT	Pajaritos, 24 28007 Madrid	100			d	2
UTE PROSEGUR - ESC METRO LINEA 3-1	Pajaritos, 24 28007 Madrid	100			d	2
UTE PROSEGUR - ESC BANCO DE ESPAÑA	Pajaritos, 24 28007 Madrid	100			d	2
UTE PROSEGUR-MAGMACULTURA MUSEO NACIONAL DEL PRADO	Pajaritos, 24 28007 Madrid	100			d	2
UTE PSIS-ESC GOBIERNO VASCO II	Pajaritos, 24 28007 Madrid	100			d	2
UTE PES ESC HOSPITAL UNIVERSITARI VALL D'HEBRON V	Pajaritos, 24 28007 Madrid	100			d	2
UTE PROSEGUR ESC GETXO KIROLAK 1	Pajaritos, 24 28007 Madrid	100			d	2
UTE PROSEGUR-ESC AEROPUERTO DE LLEIDA-ALGUAIRE	Pajaritos, 24 28007 Madrid	100			d	2
UTE PSISE-PSEE MUSEOS VALENCIA	Pajaritos, 24 28007 Madrid	100			d	2
UTE PROSEGUR-ESC OFICINA ANTIFRAU DE CATALUNYA IV	Pajaritos, 24, 28007 Madrid	100			d	3
UTE CLECE PCS TEATRO KURSAAL MELILLA ley 18/82	Calle Industria, 1 edif. Metropol I, 4º mod.20. Mairena de aljarafe - SEVILLA 41927	10	CLECE		d	1
UTE VIGILANCIA Y SEG. CENTROS INTERNAMIENTO P 12 098	Juan de Mariana, 15 28045 Madrid	11.56	SEGUR IBERICA Y OTROS		d	1

Information at 31 December 2017 - Joint Operations. Temporary Joint Ventures.

Company	Registered offices	% of par value	Investment	Basis of consolidation	Business
			Company holding the investment		
UTE SERV. MNTOS. INTEGRALES IRON MOUNTAIN	Príncipe de Vergara, 135 28002 MADRID	42.2	FERROVIAL SERVICIOS	d	1
LIMPIEZA Y VIGILANCIA CÁCERES UTE (Centros Escolares y Dep. Municipales)	Príncipe de Vergara, 135 28002 MADRID	20	FERROSER	d	1
SEGURIDAD TOTAL	CALLE 19 B 34-69 - BOGOTA	53	SEGURIDAD SOS	d	1
SIGLO XXI	OFICINA TEUSAQUILLO PROSEGUR VIGILANCIA	55	SEGURIDAD SOS	d	1
SEGURIDAD INTEGRAL	CALLE 19 B 34-69 - BOGOTA	51	SEGURIDAD SOS	d	1
EPIG	CALLE 21 44-18 - BOGOTA	24	OTROS	d	1
SIES 2010	CALLE 21 44-18 - BOGOTA	25	OTROS	d	1
SIES 2011	CALLE 21 44-18 - BOGOTA	23	OTROS	d	1
UNION TEMPORAL P&A	EDIFICIO ECOTEK	52	AVIZOR	d	1

Basis of consolidation

- a. The company controls the investee, and it is fully consolidated.
- b. Existence of significant influence, equity-accounted.
- c. Temporary Joint Ventures are consolidated using the proportional consolidation method.

Business

1. Activities from the Security business group.
2. Area of activities from the Cash business group.
3. Activities from the Alarms business group.
4. Activities included in more than one business group.
5. Holding company.
6. Financial services.
7. Ancillary services.
8. Dormant.

Auditor:

- A. Audited by KPMG.
- B. Not subject to audit.
- C. Audited by other auditors.

Notes:

- d. The purpose of the joint operations corresponds entirely to the services related to the Comprehensive Security Solutions business line.

JV Activity:

1. Active Joint Venture.
2. Inactive Joint Venture.
3. Joint Venture in liquidation.

APPENDIX III. – Summary Information on Joint Ventures**Information at 31 December 2018**

Thousands of Euros	SIS Cash Services Private Limited	SIS Prosegur Holdings Private Limited	SBV South Africa	Other insignificant companies	Total
Information on the financial situation statement					
Non-current assets	11,533	10,312	86,883	1,682	110,410
Non-current liabilities	(6,365)	(706)	(48,686)	(10)	(55,767)
Total non-current net assets	<u>5,168</u>	<u>9,606</u>	<u>38,198</u>	<u>1,672</u>	<u>54,643</u>
Current assets	16,692	12,502	56,543	8,221	93,958
Cash and cash equivalents	50	309	14,313	1,308	15,979
Current liabilities	(13,214)	(15,312)	(37,225)	(5,980)	(71,731)
Non-current financial liabilities	-	-	-	-	-
Total current net assets	<u>3,478</u>	<u>(2,810)</u>	<u>19,319</u>	<u>2,241</u>	<u>22,228</u>
Net assets	<u>8,646</u>	<u>6,796</u>	<u>57,516</u>	<u>3,913</u>	<u>76,870</u>
Percentage of holding	49%	49%	33%	-	-
Holding in net assets	4,237	3,330	18,961	2,906	29,433
Book value of the holding	<u>4,237</u>	<u>3,330</u>	<u>18,961</u>	<u>2,906</u>	<u>29,433</u>
Income statement information					
Revenue	20,651	15,724	229,774	794	266,942
Sale expenses	(22,401)	(16,696)	(218,344)	(3,146)	(260,587)
Impairment of holdings through the equity method	-	-	-	-	-
Finance income	-	-	-	(79)	(79)
Amortisations	(1,286)	(393)	(1,093)	(119)	(2,891)
Finance expenses	(1,211)	(1,015)	(4,596)	6	(6,817)
Income tax expense (income)	499	332	(1,696)	686	(179)
Profit (loss) for the year from continuing operations	<u>(2,463)</u>	<u>(1,655)</u>	<u>5,138</u>	<u>(1,740)</u>	<u>(720)</u>
Profit for the year	<u>(2,463)</u>	<u>(1,655)</u>	<u>5,138</u>	<u>(1,740)</u>	<u>(720)</u>
Other comprehensive income	-	-	-	-	-
Profit (loss) of investments accounted for using the equity method	<u>(1,207)</u>	<u>(811)</u>	<u>1,694</u>	<u>(795)</u>	<u>(1,119)</u>

Information at 31 December 2017

Thousands of Euros	SIS Cash Services Private Limited	SIS Prosegur Holdings Private Limited	SBV Services Proprietary Limited	Other insignificant companies	Total
Information on the financial situation statement					
Non-current assets	12,725	10,936	98,983	1,737	124,381
Non-current liabilities	(7,708)	-	(41,746)	(38)	(49,492)
Total non-current net assets	5,017	10,936	57,237	1,699	74,889
Current assets	15,597	18,292	30,074	1,780	65,743
Cash and cash equivalents	3,270	(4,496)	3,992	1,215	3,981
Current liabilities	(9,192)	(20,095)	(29,214)	(2,026)	(60,527)
Non-current financial liabilities	-	-	-	-	-
Total current net assets	6,404	(1,803)	860	(246)	5,216
Net assets	11,422	9,133	58,097	1,453	80,105
Percentage of holding	49%	49%	33%	44%	
Holding in net assets	5,597	4,475	19,152	643	29,867
Goodwill	-	-	-	-	-
Book value of the holding	5,597	4,475	19,152	643	29,867
Income statement information					
Revenue	24,050	20,308	207,784	465	252,608
Sale expenses	(24,379)	(21,598)	(204,015)	(2,005)	(251,997)
Impairment of holdings through the equity method	24,050	20,308	207,784	465	252,608
Finance income	(24,379)	(21,598)	(204,015)	(2,005)	(251,997)
Amortisations	-	-	-	-	-
Finance expenses	-	-	-	-	-
Income tax expense (income)	(1,068)	(827)	(1,902)	(171)	(3,968)
Profit (loss) for the year from continuing operations	(525)	(231)	(5,362)	(18)	(6,136)
Expense (income) income tax on discontinued operations					
Profit/(loss) for the year from discontinued operations					
Profit for the year	(795)	(1,442)	(1,060)	(1,526)	(4,823)
Profit (loss) from investments accounted for using the equity method	(390)	(706)	(350)	(676)	(2,122)

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. AND SUBSIDIARIES
Consolidated Directors' Report for 2018

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Consolidated Directors' Report for 2018

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

1. The Bank's situation

Prosegur is a business group composed of Prosegur Compañía de Seguridad, S.A. (hereinafter, the Company) and its subsidiaries (jointly, Prosegur) which provides private security services in the following countries: Germany, Argentina, Australia, Brazil, Chile, China, Colombia, Costa Rica, El Salvador, Spain, United States, Philippines, France, Guatemala, Honduras, India, Luxembourg (despite not being an area where it has any operational activities, it is included due to the existence of the Luxembourg company Pitco Reinsurance, S.A., whose corporate object is insurance cover), Mexico, Nicaragua, Paraguay, Peru, Portugal, Singapore, South Africa, Turkey and Uruguay.

1.1 Business Model

Prosegur has a business management model based on function. This structure means the group can provide brand value, shareholding stability and specialist support units, whilst the businesses conserve their independence and flexibility to operate and grow in the markets that are most favourable to the characteristics of each unit. By introducing this strategy, the company is speeding up growth, continues improving profitability, has simplified organisation and increased specialisation and efficiency. The model brings visibility to the value of each business separately and, even more importantly, enables Prosegur to establish the bases necessary for facing future development with the best guarantees.

Prosegur's three businesses are the following:

- **Security:** It provides services that are the result of an effective combination of the latest technology and professional improvements. It mainly includes the activities of guarding and protection of premises, goods and individuals and activities related to technological security and cybersecurity solutions.
- **Cash:** It provides services that range from cash in transit and cash handling to outsourcing high value added services. The activity focuses mainly on the banking and retail sectors.
- **Alarms:** Prosegur has a broad range of products which help to improve the security of families and businesses. It includes the installation and maintenance of home alarm systems, as well as the alarm monitoring service by the Alarm Reception Centre (ARC) and the incident response.

The mission, vision and values of Prosegur evidence the aspirations and challenges and define the company's approach.

Mission

Our Mission or *raison d'être* (for which we work every day) is to generate value for our clients, society and our shareholders, offering comprehensive and specialised security solutions, incorporating cutting-edge technology combined with the talent of top professionals.

Vision

Our Vision (the goal we seek to attain at Prosegur) is to become the global benchmark in security, respected and admired as a leader, seeking to build a safer world.

Values

Our Values (the principles that identify us) encompass the beliefs that guide our conduct. They are the reflection of who we are, how we behave and the way we work for our clients: Pro-Active Approach, Value Creation, Client-Friendliness, Transparency, Excellence, Leadership, Teamwork and Brand.

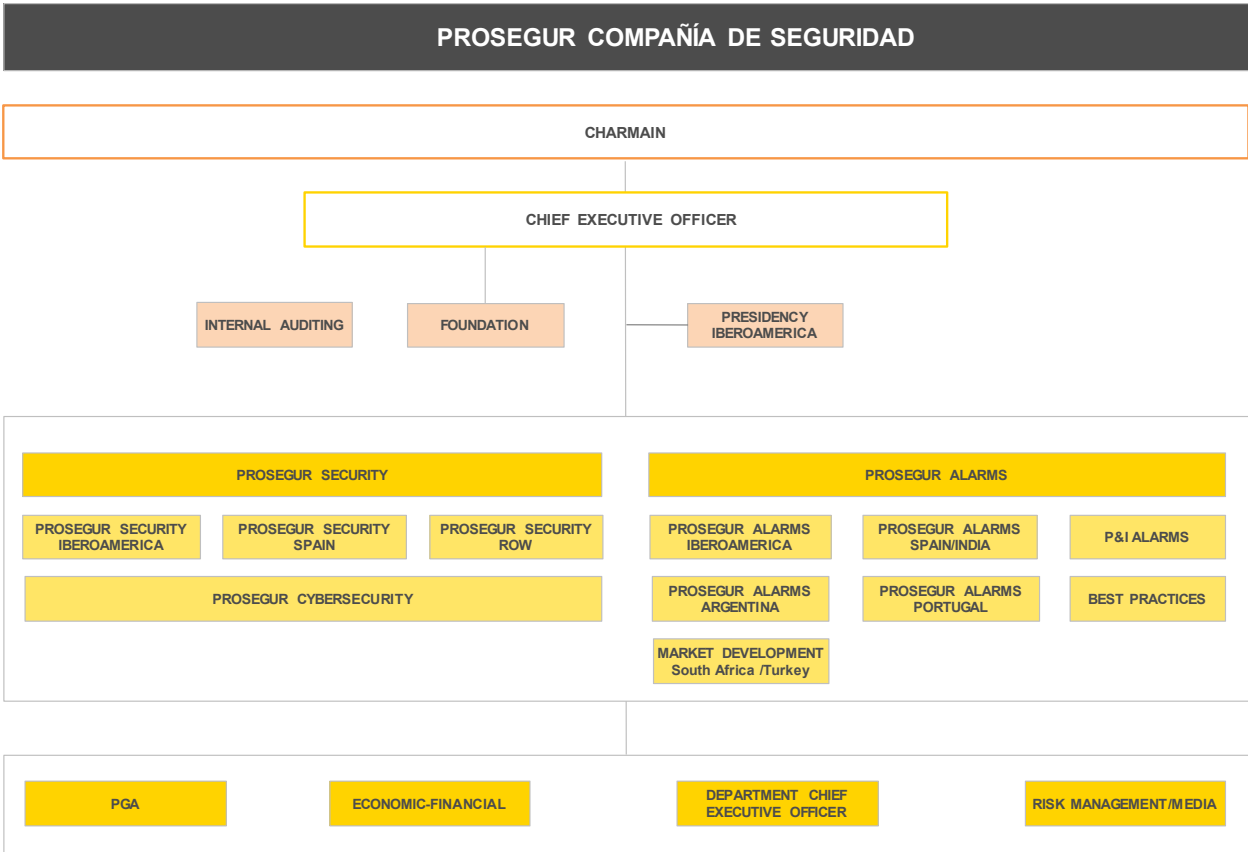
1.2 Organisational structure

The organisational structure of Prosegur is designed to improve business processes and add value to our clients. Its flexibility means we can constantly adapt to a changing environment and to the evolution of Prosegur as a business group, allowing Prosegur to grow; this in turn means the businesses of Security, Cash and Alarms are autonomy, as each one works with different dynamics and therefore has different necessities. This way, Prosegur ensures the best service to its clients, wherever it operates.

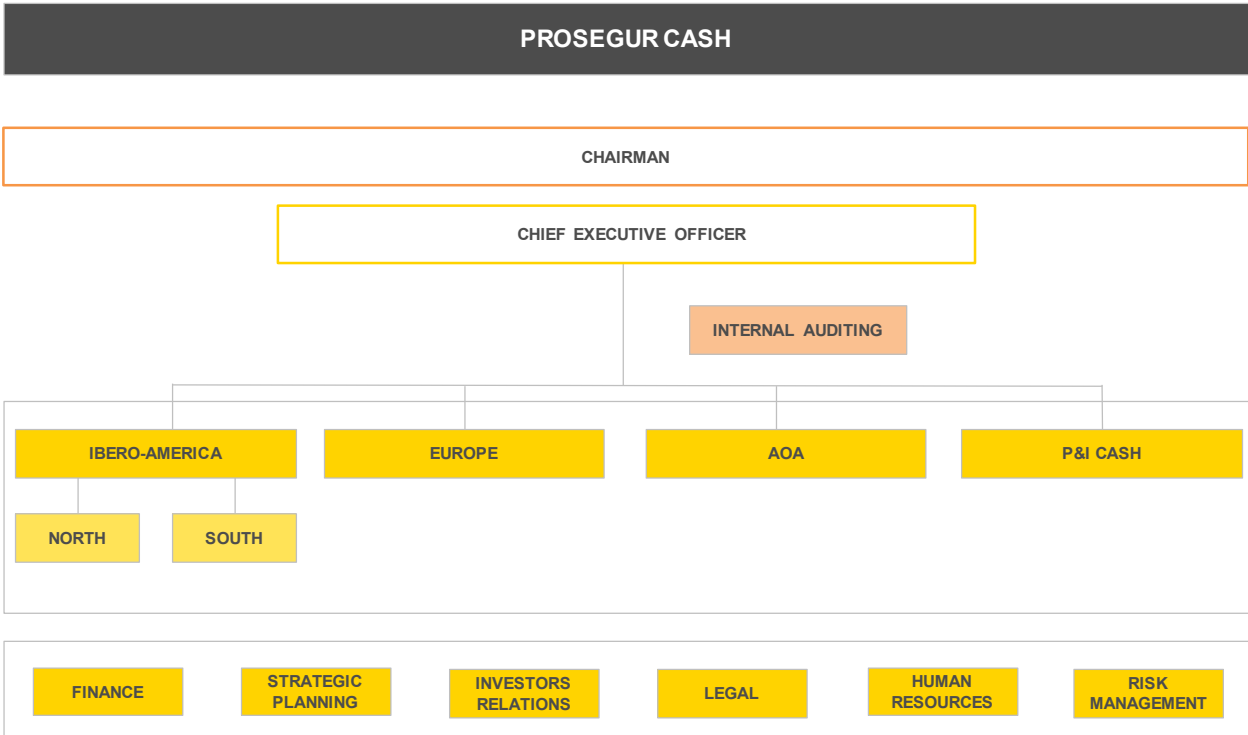
Business is the backbone of the organisation and is made up of the General Business Management Areas which are responsible for the design of security solutions for clients and cover the main business lines.

The corporate functions are supervised by the Global Support Divisions which cover the Financial-Economic department, PGA (Prosegur Asset Management), CEO’s Office and Risk and Resources Management.

The organisation of Prosegur is shown in the table below:



The organisational chart of Prosegur Cash, a subsidiary of Prosegur Compañía de Seguridad and in which it has a 72.5% direct and indirect interest, is as follows:



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

The delegated committees of the Board of Directors are the Audit Committee and the Appointments and Remuneration Committee. Among the Audit Committee's responsibilities are: propose the appointment of the auditor; review the Prosegur accounts; ensure compliance with legal requirements and application of accounting principles generally accepted. For its part, the duty of the Appointments and Remunerations Committee is to establish and review the criteria for the composition and remuneration of the Board of Directors, and of the members of the Prosegur management team. It also periodically reviews remuneration programmes.

Changes to the Group's structure

The changes in the composition of the Prosegur Group during 2018 were mainly due to the following acquisitions:

- Cash business combinations in Ibero-America: In 2018, in Ibero-America Prosegur acquired a series of security companies and assets providing cash in transit and cash management services and conducting correspondent banking activities. The total purchase price was EUR 49,452 thousand, consisting of a cash payment of EUR 26,568 thousand, a deferred contingent payment for a total of EUR 22,884 thousand due for payment in 2018, 2019, 2020 and 2021.
- Cash business combinations in Europe: In 2018, in Europe, Prosegur acquired a series of security companies providing ATM management and maintenance services, cash in transit and document management and the development and marketing of software specialising in prevention of money-laundering and terrorist financing. The total acquisition price was EUR 11,664 thousand, comprising a cash consideration of EUR 6,922 thousand, a deferred contingent consideration amounting to a total of EUR 4,492 thousand, due in 2018, 2019, 2020, 2021, 2022 and 2023 and a deferred payment of EUR 250 thousand, due in 2019.
- In 2018, Prosegur acquired a security company providing cash in transit and cash management services. The total purchase price was EUR 20,664 thousand at the acquisition date, comprising a cash payment of EUR 12,593 thousand and a deferred contingent consideration totalling EUR 8,071 thousand at the acquisition date.
- Security business combinations in ROW: in 2018, Prosegur acquired a number of security companies

providing surveillance and remote video surveillance services. The total purchase price was EUR 23,411 thousand, consisting of a cash payment of EUR 18,526 thousand, and a deferred contingent consideration for a total of EUR 4,885 thousand due for payment in 2018, 2019, 2020, 2021, 2022 and 2023.

- In 2018, Prosegur acquired in Ibero-America a security company specialising in monitoring residential alarm systems. The total purchase price was EUR 774 thousand at the acquisition date, comprising a cash payment EUR 124 thousand and a deferred amount totalling EUR 650 thousand.

The following companies were incorporated in 2018:

- In January 2018 Prosegur Ciberseguridad Paraguay SA was incorporated in Paraguay.
- In February 2018 Prosegur Colombia 1 S.L.U. was incorporated in Spain.
- In February 2018 Prosegur Colombia 2 S.L.U. was incorporated in Spain.
- In March 2018 Prosegur Global Cyber Security SLU was incorporated in Spain.
- In May 2018 Segtech Ventures SA was incorporated in Spain.
- In May 2018 Prosegur Gestión de Activos Honduras S de RL was incorporated in Honduras.
- In May 2018 Gestión de Activos Cash Guatemala SA was incorporated in Guatemala.
- In June 2018 the company Prosegur Servicios de Pago EP SLU was incorporated in Spain.
- In June 2018, Prosegur Global Resources Holding Philippines Incorporated was incorporated in The Philippines.
- In July 2018 Prosegur Events SASU was incorporated in France.
- In July 2018 Prosegur Logística e Armazenamento Ltda was incorporated in Brazil.

Conversely, during the year, the following companies were wound up:

- The company Prosegur SES Serviços Empresariais de Segurança Unipessoal Lda was wound up in Portugal in September 2018.

Furthermore, the following mergers took place between subsidiaries in 2018:

- In July 2018, the takeover by merger took place between SETHA Industria Eletronica Ltda and Segurpro Tecnologia em Sistemas de Segurança Eletronica e Incendios Ltda. in Brazil.
- In December 2018, Prosegur Brasil Transportadora de Valores de Segurança completed the takeover by merger of Transexcel Segurança e Transporte de Valores Ltda in Brazil.

Additionally, in December the following dormant companies were purchased in Germany; M Sicherheitstechnik Venwaltungs, AC Alarm Verwaltungs GmbH, M. Sicherheitstechnik GmbH & Co KG and AC Alarm GmbH & Co KG.

1.3 Operation

The unceasing development of the environment in which Prosegur operates has played a crucial role in the company's transformation over the last few years. In this connection, Prosegur established three main goals:

- Respond to clients' new needs, in line with market trends.
- Become their trusted strategic partner to our clients.
- Boost more value to clients through efficiency in processes and by implementing increasingly technological services.

Prosegur is in the midst of a new Three-Year Strategic Plan 2018-2020. Our ambition to lead the industry has led us to embark on a transformation of the company, hinging upon three basic pillars: Digitalise, Innovate and Grow.

Specific goals have been set in connection with each pillar and, after the first year of the plan, considerable progress has already been made.

Digitalise

With regard to digitalisation, the established goals are:

- Roll out the necessary platforms and tools to simplify management and enhance the client experience, paving the way for Prosegur to lead the industry in the future.
- Support operational excellence and the technological improvement of processes in order to boost profitability.
- Reduce the weight of indirect costs that do not create value for clients.
- Attract, develop and retain the most highly-qualified professionals. To do this, Prosegur offers them the necessary know-how and tools to enhance their skills and grow within the company.

In 2018, the first year of the 2018-2020 Three-Year Plan, progress was made in the following areas:

- In connection with Information Technologies, progress in standardising the technological infrastructure, harmonising systems and reducing operational errors.
- In Human Resources, developing candidate screening using data analysis.
- In Security: the development of new platforms and systems for employees and clients, anticipating their needs and working in a more digital environment.
- In Cash, automating interfaces with clients.
- In Alarms, by developing the integration of our SMART app into the most advanced interfaces of the industry.

Innovate

With regard to innovation, the established goals are:

- Listen to clients to develop new value proposals that meet their needs.
- Introduce new products that improve client satisfaction, transform the business, increase margins and evidence our firm commitment to innovation.

The following advances have already been made in 2018:

- In Security: the development of the Prosegur on Demand application, which allows clients to request security services on an hourly basis from their mobile device and with a maximum time of implementation of the service of three hours since contracting.
- In Cybersecurity, driving business forward with the acquisition of Cipher and the sale of integrated Security.
- In Cash, the strengthening of Smart Cash sales and the externalization of added-value outsourcing services (AVOS).
- In Alarms, advances in integrated solutions for home security.

Grow

With regard to growth, the established goals are:

- Maintain high rates of profitable organic growth.
- In Security, the promotion of the integrated sale of a range of surveillance and technology products that differentiate Prosegur from the competition, offering the latest security solutions to our clients.
- In Cash, maintaining the pace of growth logged in recent years, spearheading market consolidation and stimulating the sale of new products.

- In Alarms, raising business value by increasing the number of connections and taking advantage of the benefits of a larger scale.

2018 has seen advances made in the following business lines:

- Security, entry into new markets and the promotion of the integrated sale of technology products.
- Cash: advances in our acquisition strategy, with entry into new countries and the consolidation of some of our existing markets.
- Alarms: continuing double-digit growth while ensuring the profitability of each and every one of these clients.

2. Business performance and profit/(loss)

2.1 Main financial and non-financial indicators

(millions of euro)	2018	2017	Variation
Sales	3,939.2	4,290.7	-8.2%
EBITDA	456.0	518.4	-12.0%
<i>Margin</i>	11.6%	12.1%	
Depreciation of property, plant and equipment	(129.0)	(104.1)	
Depreciation of intangible assets	(25.6)	(25.4)	
EBIT	301.4	388.9	-22.5%
<i>Margin</i>	7.7%	9.1%	
Financial results	(21.4)	(45.0)	
Profit before tax	280.0	343.9	-18.6%
<i>Margin</i>	7.1%	8.0%	
Tax	(100.0)	(145.6)	
<i>Tax rate</i>	(35.7%)	(42.3%)	
Net profit	180.0	198.3	-9.2%
Minority interests	47.7	48.0	
Consolidated net profit	132.3	150.3	-12.0%
Basic profit per share	0.22	0.25	

Financial year 2018 has shown a decrease in sales of 8.2%. Consolidated sales of Prosegur in financial year 2018 amount to EUR 3,939.2 million and have experienced an increase of 8.0% at a constant exchange rate.

The 7.7% EBIT/Sales margin reflects the effect of the depreciation of the Brazilian Real, and especially the Argentine Peso during the second half of 2018.

Net profit decreased by 9.2% due to the depreciation of the main Latin American currencies and the application of IAS 29 and IAS 21.42 after defining the Argentine economy as hyperinflationary.

As a consequence of the corporate restructuring plan implemented in 2017, the impact on EBIT was EUR 3.4 million, while an impact of EUR 18.5 million was recorded under the tax heading. Both costs were considered unallocated.

Analysis of management in 2018

From a management perspective, 2018 has been clearly influenced by the sharp devaluation of the main currencies of the Latin American region: the Brazilian Real, and above all, the Argentine Peso.

After a successful 2017, in which the listing of Prosegur Cash on the Spanish stock exchanges was the most significant event, the Prosegur Group started the first quarter of 2018 with growth rates and margin expansion maintaining similar levels to those of the previous year, and demonstrating a strong capacity to resist the negative impact of the depreciation of the Brazilian Real and Argentine Peso from the end of 2017.

Rates of progress were maintained throughout the first six months of the year, despite growing fears of steep additional currency devaluations, a situation that duly struck in mid-August, when various macro-economic factors, such as the appreciation of the US dollar, pessimistic crop income forecasts, the country's large deficit, and other collateral reasons, decreased the value of the Argentine Peso by almost 50%, and caused a sharp rise in inflation and interest rates in the country. This ultimately forced the ESMA and IPTF regulatory bodies to declare Argentina a hyperinflationary country, and to establish the obligation to apply IAS 21 and IAS 29 regulations when reporting the group's consolidated accounts.

The Brazilian economy also suffered a sharp slowdown, due to the proximity of the presidential elections and the high level of uncertainty this generated, negatively affecting the value of the Brazilian real and forcing a devaluation similar to the devaluation that occurred with the Argentine Peso.

Both situations led to a strong sense of growing risk with respect to the Latin American region, and had a significant adverse effect on the Prosegur share price, although in terms of local currency, they had little effect, and the company maintained organic growth rates in every business line, similar to those of 2017, well above the average growth of the average Gross Domestic Product for each region, and higher than the average growth of each corresponding industry.

The stabilising result of the Brazilian elections in the last quarter of the year, along with the financial rescue package that the IMF applied to the Argentine economy, brought some stability to the situation, and allowed the Prosegur Group to complete a year characterised by stable growth in each of its business lines. There has not been any deterioration in the group's fundamental bases of industry and business, but the significant adverse effect of the exchange rate has detracted from an otherwise successful year.

Factoring in all these effects, total sales amounted to EUR 3,939.2 million, which represents a decrease of 8.2% compared to 2017. However, this decrease was largely due to the adverse exchange rate. Sales in local currency grew by 8%.

In terms of profitability, we can also observe the relevance of the Ibero-American countries and the effect of the application of measures following the hyperinflationary designation of the Argentine economy. Net profit attributable to shareholders amounted to EUR 146.5 million.

The most positive result of management efforts to counteract the negative effect of currencies throughout 2018 can be seen in the company's excellent cash generation.

Operating cash flow in 2018 amounted to EUR 343 million, representing an increase of almost 4% over the figure for the previous year. This represents an extraordinary EBITDA cash flow conversion rate of more than 75%, highlighting the excellence of the group's financial discipline policies and the effectiveness of working capital management models, supported by a process of innovation towards full digital transformation.

Analysing the year in terms of the performance of each business line, we should highlight the following:

With regards to the Security business, sales growth has also been affected by the steep devaluation of currencies and the application of IAS 21 and IAS 29, although in terms of local currency, the company achieved positive growth similar to previous years.

Despite the negative impact of the adverse exchange rate on margins, the profitability of the security business has been maintained, with improvements over the previous year that demonstrate the structural strengths of new commercial policies that prioritise client profitability over volume, and the ever-growing market penetration of integrated and advanced security solutions.

Regarding the latter, the degree of market penetration already exceeds 22% of business sales, and they were present, to a greater or lesser degree, in more than 30% of the total client base by the end of 2018.

This new proposal, which combines physical surveillance with the latest technological capabilities, is based around the concept of "Prosegur Integra". This allows the company to add value to the services it provides, while increasing security levels and allowing clients to adapt security services to their specific needs. Prosegur Integra has received an enthusiastic welcome in mature markets, and 2018 has seen the launch of an expansion plan for emerging markets,

which involves a training programme for the sales force and a strengthening of implementation capacities, maintenance and monitoring of security technology systems in countries where this is considered necessary.

These innovative products have been complemented by services in the cybersecurity area, which have also achieved increased acceptance among clients throughout 2018. Prosegur Ciberseguridad has developed a line of services focused on the prevention, detection and response to incidents related to the security and integrity of client information assets, covering both purely reactive anti-intrusion protection and access control services, as well as proactive managed security services, event analysis, remote monitoring, etc., which respond to the full range of current requirements of companies in the field of cybersecurity.

A breakdown of the Security business by geographical area shows a significant growth in sales in Spain, in line with previous years, and exceeding the growth rate of the Spanish economy. A result of the strict profitability protection policies and portfolio optimisation implemented during the recession. In this country, the main market for the business line, the new services and technological security products already account for about 50% of new client sales. And this year has seen the securing of several high-value strategic contracts that will incorporate many of these solutions, with forecasts suggesting that margins will continue to improve in the coming years.

In Brazil, prices have been reviewed during the year, and profitability-oriented commercial policies have been reinforced and have brought the business increasingly closer to the positive return thresholds that were expected for 2018. Unfortunately, the electoral process that the country went through during the second half of the year, and the strong uncertainty caused by the election results, caused a general delay effect in the market that, despite being purely temporary, resulted in the postponement of several purchase decisions and the acceptance of projects that have, to some extent, slowed down the economic recovery of the Security business in the country.

Argentina has also been affected by the slowing effect of hyperinflation on consumption and the economy in general. The exit of some strategic clients also resulted in the country making a weaker contribution to the growth of the business in the region than in previous years.

Finally, the first steps of a strategic movement for the Security business have been taken, with the entry into the North American market. Prosegur intends to start operations in the United States from the first quarter of 2019. To this end, Prosegur has implemented a mixed organic/inorganic process that combines the purchase of local companies specialising in technology and monitoring, with the potential organic growth provided by a mature market where quality is valued, and where there is a strong demand for service proposals based on technological efficiencies.

In the case of the cash management business, the development of the Prosegur Cash subsidiary has also been markedly influenced by the strong devaluations of the currencies of its main markets.

In structural terms, cash in transit is a business that is very resistant to changes in the economic cycle. The business benefits operationally from high rates of inflation and high interest rates, through the usual mechanisms whereby inflation is transferred to price. As well as the acceleration in cash logistics generated by high interest rates.

Taking this into account, 2018 has seen significant increases in volume in Argentina, but greatly diminished by the sharp devaluation of the currency, which has lost almost 50% of its value during the year.

Brazil has also experienced a strong devaluation of its currency, which regained some of its value after the elections, but not enough to avoid an impact on accounts in Euros.

However, performance in local currency in every country has been excellent, with growth rates remaining in line with previous years with respect to 2017. Outstanding growth, when taking into account the added difficulties that hyperinflationary environments represent, and a clear demonstration of the resistance and excellence of the business model.

We should also mention the extraordinary 50% growth experienced by Cash Automation Solutions in the distribution sector. A product that is starting to obtain promising levels of market penetration, and which, together with the externalization of the Added Value Outsourced Services (AVOS), already represents around 12% of total Cash sales.

2018 has seen Prosegur Cash expanding its activity into new markets, incorporating five new Central American countries (Nicaragua, Honduras, Guatemala, El Salvador and Costa Rica) into its Ibero-American region, and the Philippine market into the Asia-Pacific region.

A major stake has been acquired in companies in all these countries, which guarantees the rapid application of the Prosegur Cash business model, based on high logistics density.

Acquisitions have also been carried out in Germany, Brazil, Colombia and Spain, in the areas of traditional cash in transit and AVOS.

However, results in the French market have continued to deteriorate when compared to 2017, due to increasingly strong competitive pressure in recent years. In any case, Prosegur Cash, as announced in the presentation of results for the first quarter of 2018, is determined to overcome this situation by gaining market share through an expansion

plan calculated to cover 100% of the territory, and thus becoming an attractive and competitive supplier for large global clients.

The Australian market has also seen some deterioration during the year, which is being offset by the incorporation of new clients. However, a mismatch between the operating capacity of the business and the capacity demanded by the market has affected profitability for a certain period of time. This can be compensated for in the medium term.

Lastly, the cash flow to sales ratio has remained at around 9%. This excellent ratio, similar to those seen in previous years, demonstrates the resilient performance of a Prosegur Cash business model that is capable of maintaining healthy cash generation ratio even in the most adverse macroeconomic environments.

Prosegur Alarmas has achieved a total of 547,000 connections, which represents client portfolio growth in excess of 8%.

Although this growth is still higher than the average annual growth of the global industry in domestic alarms, 2018 has seen a decrease when compared to the very high growth rates of over 15% experienced in the previous two years. The reason for this voluntary deceleration lies in the company's intention to focus on quality improvements in client portfolio, margin increases and improvement of the client Churn Rate.

In order to achieve these objectives, an ambitious new bankarization plan for new contracts was launched in the last quarter of the year, aimed at obtaining better credit ratings for clients and improving billing processes.

In addition, criteria for measuring service quality, based on the Net Promoter Score methodology (NPS), have been introduced globally, which will make it possible to anticipate and avoid the potentially negative effects of client departures that are inevitably linked to the accelerated growth processes the company has seen in previous years.

The Smart platform - self-managed through the mobile phone application - already represents 15% of the installed base, compared to 7% in 2017. Other added-value products, such as Hawk Eye, vehicle tracking, Prosegur Mobile Alarms and the assistance platform for the elderly, Prosegur Siempre Contigo (Prosegur Always With You), have also experienced significant growth, and now jointly represent 5% of the total installed base.

Looking at results by region, growth dynamics have remained similar to previous years, only altered by the specific distortion in sales processes caused by the start-up of new portfolio quality initiatives. Additionally, the strong negative effect of the high inflation experienced in Argentina, one of the main markets for Prosegur Alarmas, aggravated by the withdrawal of the Social Tariff for electricity supply to individuals, has made growth very difficult in Argentina, and has also resulted in an increase in the client departure rate.

However, in the Europe and Rest of the World regions, growth rates similar to previous years have been maintained, and income from new contracts has increased. In addition, the business unit has commenced operations in Istanbul (Turkey), a country with huge development potential for this product.

As well as analysing management per business line and region, it is also important to highlight other aspects of group corporate management that have been important in 2018.

The first, and most significant, is in the area of financial management, where at the beginning of the year, and almost in conjunction with Prosegur Cash, long-term financing of the company was renewed.

Taking advantage of favourable conditions in the fixed-income market at the end of 2017 and the beginning of 2018, Prosegur issued bonds for a total nominal amount of EUR 700 million over a five-year period, with a coupon interest rate of 1.00%. These were intended to replace the issue of the same amount in 2013, which had an interest rate of 2.75%.

This issue, together with the Prosegur Cash issue at the end of 2017, for a total amount of EUR 600 million over a 7 year period, and with an interest rate of 1.37%, establishes an excellent debt profile for the whole group, converting a pre-financing structure of EUR 1,100 million (€500m Prosegur bond + €600m Prosegur Cash Loan) with a maturity of nearly two years and a financial cost of 1.7%, into a new EUR 1,300 million structure, with a maturity of seven years and an average financial cost of 1.2%.

With this refinancing of the debt, the group is able to extend the average maturity profile and exploit attractive market conditions. It also ensures future organic growth, mainly in the Alarms and Security businesses, as well as additional M&A in Cybersecurity and the achievement of greater efficiencies in terms of cost of debt.

Secondly, we must highlight the intense effort to promote inorganic growth, which began in mid-2017 and remained strong throughout 2018.

A total of 18 operations have been carried out in all business lines over this period, returning a net turnover in excess of EUR 155 million.

The most important operations are the entry into new markets in Central America, the Philippines and the United States, which when added to the opening of the alarm business in Turkey, adds 8 more countries to the group's zone of

operations, and positions Prosegur as one of the world's leading private security operators, with presence in every continent.

In addition, further asset acquisition transactions have been carried out in markets in which the company was already present, in order to complement and increase operating capabilities and expand the product offering.

The year has therefore seen the purchase of cash in transit companies in Brazil, Colombia, Paraguay and Peru; added value outsourced services in Germany, Brazil and Spain; alarms companies in Paraguay; and security monitoring companies in Colombia.

Finally, we should also highlight the ambitious digital transformation project started by the Prosegur Group in 2018, which will set the tone for the evolution of the company in the coming years.

This project not only aims to transform the internal processes of the company, but also the way in which it relates to its clients, and the evolution of the range of products and services on the market. To this end, we have begun to work simultaneously on four fundamental areas of transformation:

The first is the standardisation, digitalisation and automation of all business processes, with a view to achieving reductions in operating costs and greater efficiency in back-office processes.

Secondly, the implementation of a complete update of Next Generation Technologies support systems, moving management platforms (ERP, CRM, Billing, Ticketing) towards a multi-scalar environment based on cloud computing that will ensure record-time growth and integration of any business acquired or created from scratch.

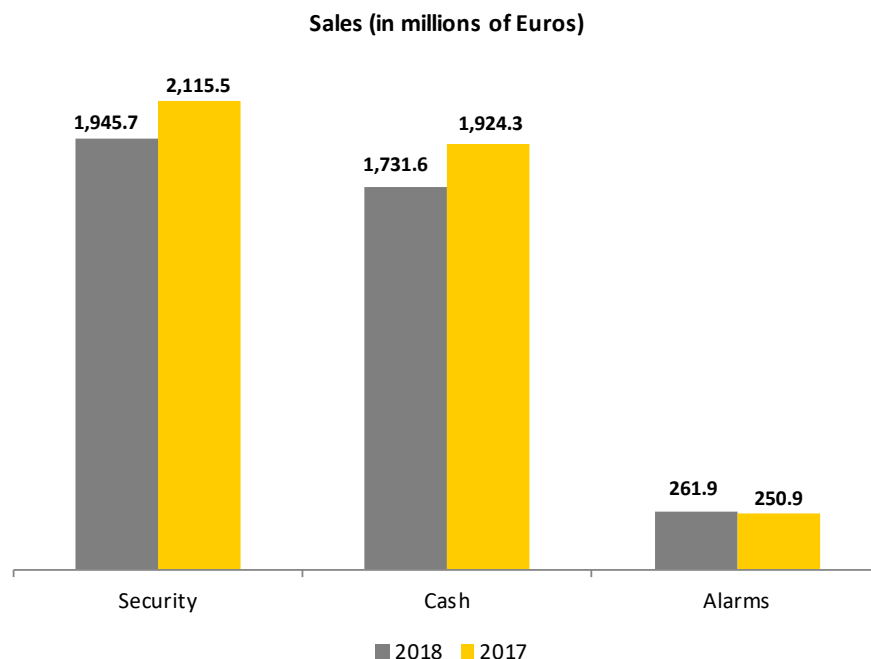
The digital transformation of Prosegur also wants to impact customers. Therefore, the third pillar of change will be based on the improvement of services through the introduction of elements such as big data or artificial intelligence in our processes, to incorporate real-time information and predictive models in customer services. With this Prosegur wants to increase the added value of current services and even create new services such as Prosegur on Demand, a novel mobile phone application that allows to contract surveillance services in real time. Another example is the theft prediction algorithms applied to the video surveillance systems of certain retailers, which reduce the accident rate by predicting the moments and profiles of the public in which the theft in the store is more feasible, considering such factors as, seasonality, location, type of store, among others.

Finally, as the fourth fundamental line of transformation, Prosegur will promote an open innovation model in collaboration with the best companies in each industry. With this, the company is guaranteed direct access to the most relevant innovations for each line of activity through alliances with different forums and international institutions. In addition, through the Prosegur Tech Ventures fund, the company takes stakes in other companies. Specifically, since its establishment in 2018, Prosegur Tech Ventures has entered the capital of companies in Germany, Brazil, Spain and Israel.

Sales by business area

Prosegur's consolidated sales in 2018 amounted to EUR 3,939.2 million (EUR 4,290.7 million in 2017), a total decrease of 8.2%. Of this, 6.5% reflects pure organic growth and 1.5% inorganic growth derived from acquisitions made in 2018. The combined currency exchange rate effect and the result of applying IAS 29 and IAS 21.42 had a negative impact of 16.2%.

Consolidated sales are distributed by business as follows:



Aggregated consolidated sales are distributed by business area as follows:

(Millions of Euros)	2018	2017	Variation
Security	1,945.7	2,115.5	-8.0%
<i>% total</i>	<i>49.4%</i>	<i>49.3%</i>	
Cash	1,731.6	1,924.3	-10.0%
<i>% total</i>	<i>44.0%</i>	<i>44.8%</i>	
Alarms	261.9	250.9	4.4%
<i>% total</i>	<i>6.6%</i>	<i>5.8%</i>	
	3,939.2	4,290.7	-8.2%

The decrease in business turnover in 2018 compared to 2017 has been of 8.2%.

The Security business, which includes Surveillance and Technology, has seen an 8% decrease in sales, mainly due to the effect of the devaluation of the Argentine Peso and of the Brazilian Real.

Regarding the Cash business, sales went down by 10.0% due to exposure to the Latin American currencies mentioned above, standing at EUR 1,731.6 million (2017: EUR 1,924.3 million).

Lastly, the Alarms business had total revenue of EUR 261.9 million in 2018 (2017: EUR 250.9 million), meaning a 4.4% increase, as a result of the diversification of the markets in which it operates, which minimised the impact of the devaluation of the Latin American currencies.

Growth in consolidated Prosegur turnover over the past five years is reflected in the following table:

(Millions of euros)	2014	2015	2016	2017	2018
Revenue	3,782.6	3,959.4	3,902.3	4,290.7	3,939.2

EBIT Margins per business

Consolidated operating profit (EBIT) stands at EUR 301.4 million for 2018 (EUR 388.9 million in 2017). The EBIT margin for 2018 is 7.7% (9.1% in 2017).

This 7.7% margin is affected by the depreciation of the main currencies of the countries in the Latin American region, especially the Brazilian Real and the Argentine Peso.

The EBIT margin is distributed by business as follows:

Thousands of Euros	Cash		Security		Alarms		Not allocated		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Total sales	1,731,605	1,924,258	1,945,717	2,115,480	261,884	250,923	-	-	3,939,206	4,290,661
EBIT	268,008	360,239	54,489	65,937	4,599	3,482	(25,716)	(40,743)	301,380	388,915

The following table shows the EBIT trend seen over the past five years:

(Thousands of euros)	2014	2015	2016	2017	2018
EBIT	307.3	324.2	332.9	388.9	301.4
% EBIT margin	8.1%	8.2%	8.5%	9.1%	7.7%

The ratio of the EBIT margin to consolidated sales was 7.7% in 2018. The upward trend observed in previous years was basically halted in 2018 by the depreciation of the Latin American currencies, mainly the Argentine Peso and the Brazilian Real.

The information on the allocation of Prosegur assets to each of the segments and the reconciliation between the profit allocated to segments and the consolidated net profit is contained in Note 10 of the Consolidated Financial Statements.

Commercial information

Prosegur services are sold through branches and by the Company's own sales personnel, and selective criteria are applied to minimise the risk of arrears and possible payment default. In cases where the Company has insufficient experience with a particular client, investigations and consultations are carried out using public information and objectively quantifiable risk assessments and individual analyses are performed. Once the contract has been signed, throughout the period over which the service is rendered, the client receives direct attention, enabling us to work in line with their operating requirements and financial situation, thereby reducing the risk of default.

The client is therefore at the core of the business. The first objective is to meet quality standards and that the client understands that he is acquiring a value added and responsible security service.

Prosegur continuously renews its offering and develops new products in each business line.

Investments

All of Prosegur's investments are analysed by the corresponding technical and operating areas and the management control department, which estimate and examine the strategic importance, return period and yields of the investments before these are approved. Subsequently these are submitted to the Investment Committee for a final decision on whether to proceed with the investment. Investments in excess of EUR 0.6 million are submitted to the Board of Directors.

Amortisation and depreciation charges totalled EUR 154.6 million in 2018 (EUR 129.6 million in 2017). Of this total, EUR 114.2 million were for the depreciation of property, plant and equipment and property investments (EUR 89.5 million in 2017), EUR 14.8 million for the amortisation of computer software (EUR 14.7 million in 2017) and EUR 25.6 million for the amortisation of other intangible assets (EUR 25.4 million in 2017).

The total investments analysed by the Investment Committee in 2018 with comparative figures from 2017 are detailed below:

(Millions of euros)	2018	2017
First quarter	36.8	38.6
Second quarter	26.6	28.6
Third quarter	38.2	13.3
Fourth quarter	33.5	36.2
Total	135.1	116.7

EUR 191.0 million was invested in property, plant and equipment in 2018 (EUR 186.7 million in 2017). Investment of EUR 22.5 million was also made in computer software (EUR 21.2 million in 2017).

3. Liquidity and capital resources

Prosegur continued formalising strategic financing transactions designed to optimise financial debt, control debt ratios and meet growth targets.

Prosegur calculates net financial debt considering total current and non-current borrowings (excluding other non-bank payables) plus net derivative financial instruments, minus cash and cash equivalents, and minus other current financial assets (Note 31.2).

At 31 December 2018 net financial debt totals EUR 424.7 million (EUR 251.8 million in 2017).

3.1 Liquidity

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

At 31 December 2018 Prosegur has available liquidity of EUR 1,751.3 million (EUR 1,922.1 million in 2017). This amount is compound by:

- EUR 558.4 million of cash and cash equivalents (EUR 630.9 million in 2017).
- The balance of other current financial assets was EUR 489.3 million.
- EUR 500.0 million of non-current credit available, relating to the drawable syndicated loan arranged on 10 February 2017 (EUR 515.0 million in 2017).
- Other unused lines of credit for EUR 203.6 million (EUR 285.9 million in 2017) diversified in a wide banking pool featuring the top banks from each country where Prosegur operates.

This liquidity represents 44.4% of consolidated annual sales (44.8% in 2017), which ensures both short-term financing requirements and the growth strategy.

The efficiency measures of internal administrative processes implemented in recent financial years have helped to substantially improve business cash flow. The maturity profile of Prosegur debt is in line with its capacity to generate cash flow to pay it.

It is important to point out that, although part of the cash flow position at the close of 2018 is subject to certain regulatory conditions arising from Prosegur's geographical positioning, compliance with upcoming contractual obligations does not depend on distributions or payments from subsidiaries which are subject to insurmountable restrictions of a legal or regulatory nature. During the annual budget planning process, a repatriation plan of dividends from subsidiaries is designed, thus maximising the tax efficiency of the consolidated Group.

3.2 Capital resources

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

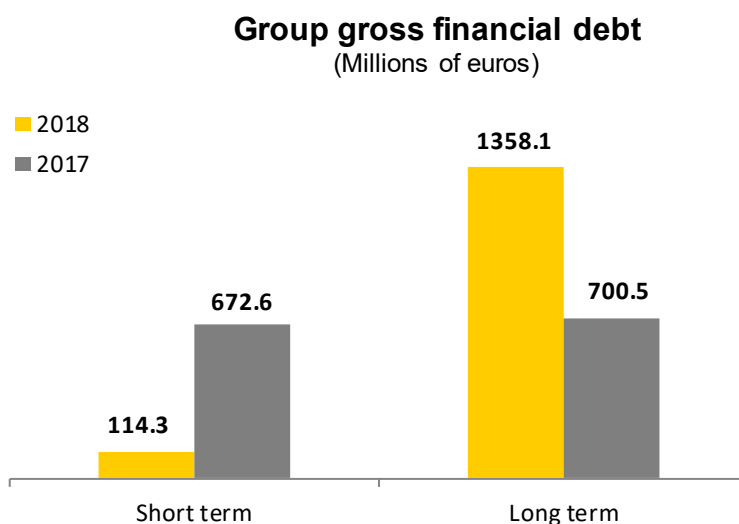
- a) On 8 February 2018 an issue of uncovered bonds with a nominal value of EUR 700 million, maturing on 8 February 2023, has been made. The bonds are traded on the secondary market, on the Irish Stock Exchange. They accrued an annual coupon of 1.00% payable at the end of each year. On 2 April 2018 the uncovered bonds issued on 2 April 2013 for EUR 500 million were amortised on their due date.

- b) On 4 December 2017 Prosegur, through its subsidiary Prosegur Cash, S.A. made an issue of uncovered bonds with a nominal value of EUR 600 million, maturing on 4 February 2026. The bonds are traded on the secondary market, on the Irish Stock Exchange. They accrued an annual coupon of 1.38% payable at the end of each year.
- c) On 10 February two syndicated financing loans were contracted in the amounts of EUR 200 million and EUR 300 million both for a five-year term; the latter was taken out, by the Prosegur subsidiary, Prosegur Cash. At 31 December 2018, it had not made any drawdowns from either syndicated credit facility.
- d) On 28 April 2017, through its subsidiary Prosegur Australia Investments Pty Limited, Prosegur arranged a syndicated financing facility for the amount of EUR 70.0 million Australian Dollars, maturing in 3 years. At 31 December 2018 the drawn down capital corresponding to the loan amounted to AUD 70.0 million (equivalent to EUR 43.2 million at year end, 31 December 2018).

In consolidated terms, long term gross financial debt maturing over one year has reached at the end of 2018 the amount of EUR 1,358.1 million (2017: EUR 700.5 million), mainly due to the new bond issued by Prosegur in February 2018.

Current gross financial debt totals EUR 114.3 million (EUR 672.6 million in 2017, mainly due to the amortisation in 2018 of the corporate bond issued in 2013).

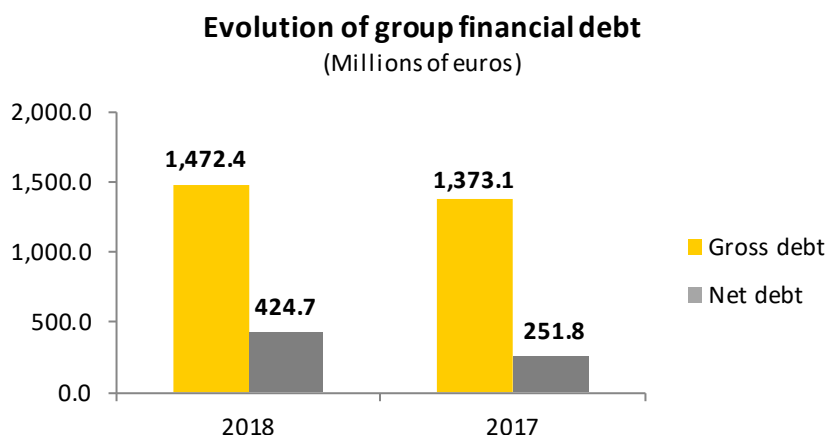
The current and non-current maturities of gross financial debt are distributed as follows:



In 2018 financial debt had an average cost of 1.65% (2.23% in 2017). The decrease in the average cost of debt is due to the issue of uncovered bonds for a nominal amount of EUR 700 million with an annual coupon of 1.00%.

The net financial debt at year-end 2018 stood at EUR 424.7 million (2017: EUR 251.8 million) and went up as a result of the cash outflows associated to the business combinations made during 2018.

Comparison of gross debt and net debt from 2017 and 2018 is shown in this table:



No significant changes are expected in 2019 in 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 2018.

The following table shows the maturities of the debt set out according to contractual cash flows at 31 December 2018:

(millions of euros)	Less than 1 year	1 to 5 years	More than 5 years	TOTAL
Debentures and other securities	15.2	761.0	624.8	1,401.0
Loans and borrowings	80.5	67.5	0.0	148.0
Credit accounts	15.1	0.0	0.0	15.1
Finance lease payables	7.9	6.6	1.0	15.5
Accounts payable	606.2	0.0	0.0	606.2
Other payables	42.0	37.9	4.9	84.8
	766.9	873.0	630.7	2,270.6

In the usual performance of the activity, Prosegur occasionally resorts to operations which are not recorded in the financial statement, usually under the form of an operating lease and mainly with the aim of using high value assets, such as buildings and vehicles. Payment commitments of future leases amount to EUR 113.7 million (2017: EUR 128.3 million) which mainly pertain to the contract of the office building in Madrid, operational bases located in Brazil, other business buildings and operational vehicles (Note 29).

Prosegur calculates the leverage ratio as the quotient resulting from the net financial debt and total capital, the latter understood as the sum of the net financial debt and net equity. The ratio at 31 December 2018 is of 28.49% (2017: 18.05%).

The ratio of net financial debt to equity is 0.40 at 31 December 2018 (0.22 in 2017).

The ratio of net financial debt to EBITDA was 0.93 in 2018 (0.49 in 2017). If we consider the market value of own shares at the close of the year as an adjustment of net financial debt and third party debts due to company acquisitions are considered, the ratio over the EBITDA is of 0.67 (2017: 0.34).

3.3 Analysis of contractual obligations and off balance sheet transactions

Note 28 of the Annual Accounts included the amounts of future minimum payments arising from operating lease contracts by maturity tranches.

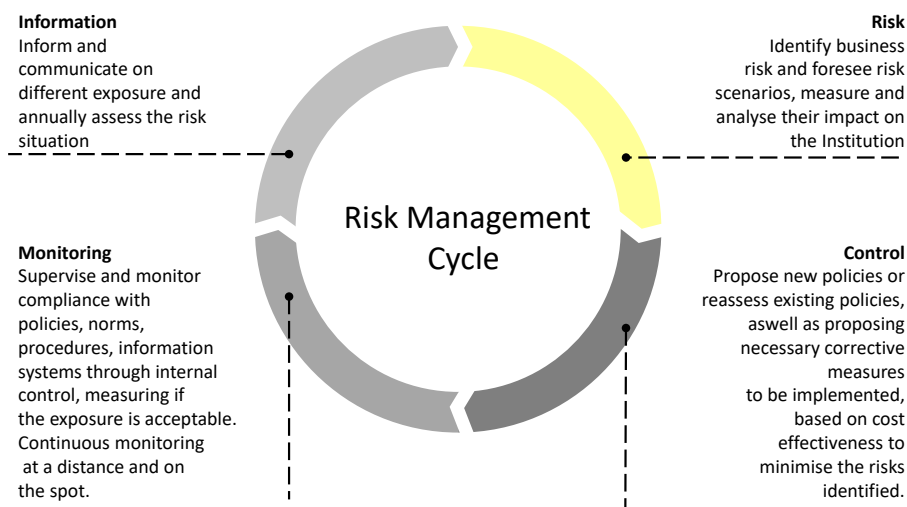
Additionally, as indicated in Note 27 of the Consolidated Annual Accounts, Prosegur issues third party guarantees of a commercial and financial nature. The total amount of guarantees issued at 31 December 2018 amounts to EUR 458.4 million (EUR 518.0 million in 2017).

4. Main risks and uncertainties

The Prosegur Risk Management system is mainly based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) system and works together with applied standards in the main clients of financial industry, such as Basel III, and the ISO 31000 standards. The maximum responsibility for risk management falls on the Board of Directors. Among the basic responsibilities of the Audit Committee are to supervise the efficiency of internal control and risk management systems, to verify their suitability and integrity and to review the designation and replacement of the persons responsible.

4.1. Operational Risks

The Prosegur risk management cycle is the following:



Regulatory risk

Prosegur carries out its business in a strongly regulated environment and is subject to complying with certain standards in the countries in which it operates, such as: obtaining clearances or authorisations to be able to provide security services, fulfilling multiple obligations in the performance of its operations and informing on various aspects of its activities.

Amongst other standards, Prosegur is subject to complying with the legislation regulating: private security activities, labour relations and social security, occupational hazard prevention, arms control, prevention of money laundering, data protection, competition law and the stock market.

Prosegur strives to ensure regulatory compliance and the management of operational and regulatory compliance risks, in view of their impact on the commitments undertaken with stakeholders and, in particular, with clients.

Regulatory risks are mitigated by identifying the risk at an operational level, regularly assessing the control environment and implementing and continuously monitoring programmes to ensure the proper operation of controls implemented.

The local Business Areas define the policies, procedures and tools for their identification and quantification, as well as the proposal of measures to mitigate risk and the ongoing monitoring of any deviation from established tolerance levels, at an operational control level and in regard to regulatory compliance. For this purpose there are standard procedures in place in all the countries where the group operates, consistent with the requirements of regulations applicable in each case.

The Corporate Compliance Office also plays an essential role in complying with all regulations affecting Prosegur. Regarding legislation on the prevention of money laundering, in its internal organisation it has a prevention of money laundering unit (UPBC) in Spain. This unit focusses on and is intended to implement control and supervisory measures for preventing the cash in transit business from being used to launder funds.

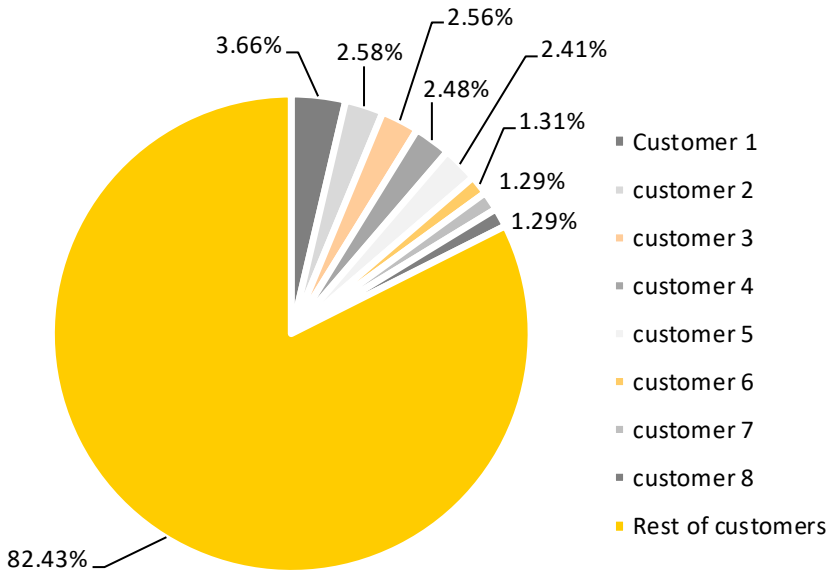
Operational risks

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 Corporate Security Department over control and monitoring processes of traceability of operations carried out in transport, handling and storage of cash. Furthermore, additional assistance is provided for claims or differences in the cash management activity, helping to identify best practices and designing procedures to minimise the risk of loss.

Client concentration

Prosegur is not significantly exposed to clients. Note 31.1 of the Consolidated Annual Accounts shows tables of representativity of the main clients over the overall turnover of Prosegur, as shown in the following pie chart:



4.2. Financial risks

Interest rate risk

Prosegur is exposed to interest rate risk due to its monetary assets and liabilities.

Prosegur analyses its interest rate risk exposure dynamically. In 2018 the majority of Prosegur’s financial liabilities at variable interest rates were denominated in Euros and Australian Dollars.

Management performs a simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges. On the basis of these scenarios, Prosegur calculates the impact on the result of a given variation of the interest rate. Each simulation uses the same variation in the interest rate. These scenarios are only analysed for the liabilities that represent the most significant positions in which a variable interest rate is paid.

Exchange rate risk

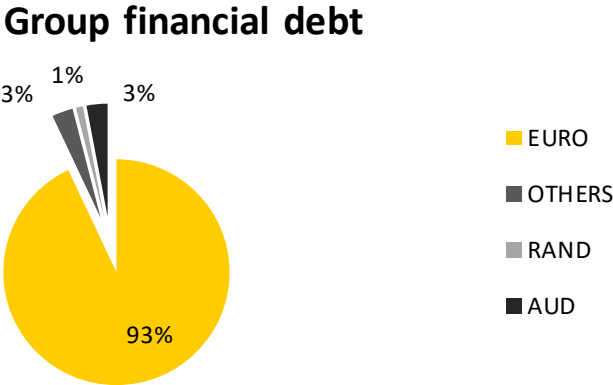
The natural coverage made by Prosegur is based on the capital expenditure required in the industry, which varies by business area, is in line with the operating cash flow generated and it is possible to time the investments made in each country based on operating requirements.

During financial year 2018, Prosegur has maintained a natural hedging policy, holding debts in the currencies of the main countries where Prosegur operates in order to minimise exposure to currency risk.

Although Prosegur operates in a large number of countries, its financial debt is concentrated mainly in the following currencies: Euros, South African Rand and Australian Dollar. There is 93% of debt in Euros, 1% in South African Rand, 3% in Australian Dollars and 3% of debt in Prosegur’s other currencies.

Note 23 of the Consolidated Annual Accounts reflects the value of financial liabilities by currency. Note 31.1 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 distributed by currency at the close of 2018 is as follows:



Credit risk

The Credit and Collection Departments of each of the countries in which Prosegur operates carry out a risk assessment of each client on the basis of the contract data and establish credit limits and payment terms which are recorded in the Prosegur 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.

Note 31.1 of the Consolidated Annual Accounts shows tables of representativity of the main clients over the overall turnover of Prosegur.

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 Department and updated credit limits and levels are periodically published.

5. Important circumstances after the reporting period

On 7 February 2019, the syndicated loan was novated for both Prosegur and Prosegur Cash, S.A. and the maturity extended by a further 5 years in both cases. The new maturity dates are as follows:

-Prosegur: syndicated financing facility for EUR 200,000 thousand (Spain) maturing in February 2024.

-Prosegur Cash, S.A.: syndicated financing facility for EUR 300,000 thousand (Spain) maturing in February 2024.

On February 12, the company Cipher, a company specializing in cybersecurity, was acquired as part of the security activity. This company operates in Brazil, the United States and the United Kingdom.

On February 21, the companies VN Global BPO S.A. and Grupo N S.A., companies dedicated to providing AVOS services, mainly to customers in the financial and telecommunications sectors, were acquired in Argentina.

On 21 February 2019, Command Security Corporation, a company dedicated to providing surveillance services, was acquired in the United States.

6. Average payment period to suppliers

The average payment period to suppliers in 2018 was 57 days (2017: 57 days).

7. Information on the foreseeable performance of the entity

Forecasts for 2019 show a potential stability in the main macroeconomic aspects of the main geographical areas where the company operates, which presumably can be translated as reduced exchange rate volatility, can help to define a year of maintaining or increasing the growth rate in profitability.

Prosegur will continue enhancing the internal control procedures that guarantee effectiveness in the different businesses, maintaining the financial discipline of the group and strengthening the corporate supervisory policies aimed at greater control of the profitability per business line and greater focus by the countries in organic growth via new products with higher margin. This exhaustive level of internal control and optimisation will bring improvements and increases in cash generation in 2019, continuing with the path shown in previous years.

The levers for improvement, which are expected to show effectiveness in 2019, are mainly:

For the Security business, the increasingly greater penetration of the Advanced Integrated Security Solutions which already account for more than 20% of the total sales for the division and whose margin continues expanding as the service becomes even more sophisticated with clients, plus the entry into new and more profitable markets such as North America and the growing demand for remote monitoring and cybersecurity services that are beginning to be seen on the market.

Prosegur Cash expects, in structural terms, business dynamics similar to those of 2018. In other words, sustained growth in the Latin American region, development of recent acquisitions in Central America and the Philippines, and progression of cash automation products, which could also, a positive effect is foreseen in the new AVOS services for which investments have been increased, as well as the contribution of the acquisitions made in 2018. On the other hand, commercial teams are expected to show growth rates higher than those of 2018. Specialized will be spread in all geographies.

For the next fiscal year, upward corrections of the adverse competitive situation of some geographies could be observed, mainly in Australia and, to some extent, in France.

Finally, in the Alarms business, Prosegur will maintain a strong growth trend similar to that shown in 2018, higher than the average of the global growth of the industry and will focus on healthy growth through the intensification of solvency qualification procedures the client's. With this strategy, the company aims to improve the quality of the client portfolio, ensure a lower abandonment rate than the current one and improve the global margin of each new connection over the previous ones, even at the cost of a slight deceleration in the growth rate.

Additionally, it is worth noting the company's important commitment to digital transformation, which will also contribute growth elements and improve profitability in the group.

This initiative, which will be developed over the next three years, will enable greater efficiency and agility in the company's internal processes, as well as a reduction in the indirect costs of the group.

To this end, all management and business support platforms will be renewed and updated, evolving them into scalable systems that are easy to maintain and update. At the same time, the company is doing a thorough review of internal processes to achieve a high degree of automation and robotization of many of the current documentary and administrative procedures.

As noted, Prosegur will face interesting growth challenges in the coming years. In any case, the company has excellent growth levers. From the best platform in the world for the transport of funds, passing through the set of the most innovative integral security solutions, to the optimal solvency and financial strength to cover these challenges. The next few years will be more focused on profitability and organic growth, in order to continue consolidating the company's leading position, gaining market share and reinforcing its image as a world leader in advanced security.

8. R&D+i Activities

The important projects carried out in recent years have brought differentiation to the quality of the services offered by Prosegur and reflect the company's commitment to innovation and excellence. Among the projects which have recently and successfully been completed or which are currently in progress, we shall highlight the following:

Security

In 2018 several technological initiatives were launched as a result of the ambitious plans for transforming traditional security services into security services with high added value and increased profitability.

Prosegur was the first private security company to be recognised by the Ministry of Public Works and Transport in Spain to operate with RPAS (Remotely Piloted Aircraft Systems), and as a result, in 2018 the first projects commenced for using remote monitoring systems involving the use of drones in industrial plants.

Also in 2018 the initiative "Prosegur on Demand" was put into operation, the first application for the contracting of security services from a mobile phone or tablet.

Prosegur Seguridad is immersed in a process of transformation with various priority aspects: processes, employees, services and products, and clients. In order to develop them, the company is relying on different technological levers, amongst which Cloud, IoT, Edge and Artificial Intelligence are worthy of mention.

With this, a digital ecosystem is shaped, aimed at optimising processes, encouraging decision-making based on collective intelligence, transforming services and, ultimately, involving the clients.

Cash

For its part, Prosegur Cash has continued to foster the development of the IT platform underpinning its AVOS (Added-value Outsourcing Services) business. This environment combines process control tools, enabling us to adapt to clients' needs, with digital channels and document management tools.

The company has also continued to foster the development of new cash automation solutions, with a particular emphasis on retailers' front-office operations and also back office. Likewise, the company has automated the control and improved its value data solutions in which cash paid into the machine is available in the retailer's account regardless of its collection.

Alarms

Prosegur Alarmas has begun projects for optimising its data organisation and making use of Big Data, in addition to implementing an ambitious project of bankarization of payments from its clients in Latin America which will streamline the credit rating process for clients, increasing the quality of the portfolio and having a positive effect on the Churn Rate in the medium term.

It will also continue strengthening the technological capacities of the Prosegur Smart platform, created so that users can generate a greater number of interactions with their security system. The Prosegur Smart platform already accounts for more than 15% of the installed base and clients are accessing increasingly more functions.

Regarding services, Prosegur Alarmas continues promoting Hawk Eye, an innovative security system, that makes it possible to check what is happening in a building in real time and constantly by using 24-hour a day smart surveillance. The company is also encouraging home technology and automation projects, aimed at improving the security in the house.

9. Acquisition/disposal of own shares

At 31 December 2018 the Company held 18,542,006 own shares (18,627,835 shares in 2017), which represent 3.00% of the share capital (3.02% in 2017) and have a value of EUR 52.7 million (EUR 53.1 million in 2017).

10. Alternative Performance Measures

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

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. AND SUBSIDIARIES

APM	Definition and calculation	Purpose
Working capital	A financial measure showing the Group's operational liquidity. Working capital is calculated as current assets less current liabilities, plus deferred tax assets less deferred tax liabilities, less non-current provisions.	Positive working capital is needed to ensure that a company is able to continue operating and has sufficient funds with which to meet its current debt obligations and imminent operating expenses. The management of working capital requires the Group to control inventories, accounts receivable and payable and cash.
CAPEX	Capex (<i>Capital Expenditure</i>) represents the money a company spends on equipment assets that generates a profit or return, or by increasing the value of existing fixed assets. CAPEX includes additions of both property, plant and equipment and of software as part of its intangible assets.	CAPEX is an important indicator of a company's life cycle at a given point in time. When a company experiences rapid growth, CAPEX will exceed the depreciation of its fixed assets, indicating that the value of its equipment is increasing 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.
EBIT Margin	EBIT Margin is calculated as results from operating activities divided by total revenue.	EBIT margin provides a view of the company's operating results in comparison with the total revenue.
Adjusted EBIT Margin	Adjusted EBIT Margin is calculated as results from operating activities, after 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 Growth is calculated as the increase or decrease in revenue between two periods adjusted for acquisition and divestitures and changes in exchange rate.	Organic Growth 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 different 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.
Cash Flow Conversion	The Group calculates Cash Flow Conversion Rate as the ratio between EBITDA minus capital expenditures over EBITDA.	Cash Flow Conversion provides the capacity of cash generation of the company.
Net Financial Debt	The Group calculates Net Financial Debt as the sum of current and non-current financial liabilities (including other non-bank payables corresponding to deferred payments for M&A acquisitions and financial liabilities with Group companies) less cash and cash equivalents, less current investments in group companies, less other current financial assets.	Net Financial Debt provides the absolute figure of the Groups level of debt.
EBITA	EBITA is calculated on the Group's Consolidated profit for the year without factoring in loss from discontinued operation net of tax, income tax expenses, net finance income or cost and amortisation of goodwill or of intangible assets, but including amortisation of software.	EBITA provides a view of the company's earnings before interest, taxes and amortisation of goodwill or of intangible assets.
EBITDA	EBITDA is calculated on the Group's Consolidated profit without factoring in loss from discontinued operations net of tax, income tax expenses, net finance income or cost and any depreciation or amortisation of goodwill.	EBITDA provides an accurate view of what a company is earning or losing from its business. EBITDA excludes non-cash variables, which can vary significantly from one company to another, depending on the accounting policies applied. Depreciation and amortisation are non-monetary variables and are therefore of limited interest to investors.

The reconciliation of Alternative Performance Measures is as follows:

Working Capital (Million Euros)	31.12.2018	31.12.2017
Non-Current Assets held-for-sale	0.6	51.0
Inventories	76.1	70.7
Trade and other receivables	820.9	941.6
Current tax assets	154.0	158.5
Cash and cash equivalents	558.4	630.9
Other current financial assets	489.3	490.3
Deferred tax assets	84.1	86.3
Trade and other payables	(794.8)	(850.7)
Current tax liabilities	(78.6)	(122.3)
Current financial liabilities	(150.7)	(701.0)
Other current liabilities	(48.3)	(44.1)
Deferred tax liabilities	(58.5)	(30.8)
Provisions	(201.6)	(214.1)
Total Working Capital	851.0	466.3
CAPEX (Millions of Euro)	31.12.2018	31.12.2017
Lands and buildings (excluding decommissioning costs)	15.9	7.3
Technical installations and machinery	24.4	16.3
Gain contract costs	25.7	-
Other installations and furniture	66.7	82.9
Armoured vehicles and other property, plant and equipment	27.0	52.4
Under construction and advances	31.4	27.8
Subtotal: Property, Plant and Equipment additions	191.0	186.7
Software additions	22.5	21.2
Adjusted CAPEX	213.5	207.9
Hyperinflation adjustment	7.5	-
Germany leases (Note 11)	(1.7)	-
Pots M&A Acquisitions (Note 11)	(5.8)	-
Total CAPEX	213.5	207.9
Adjusted EBIT Margin (Million Euros)	31.12.2018	31.12.2017
EBIT	301.4	388.9
plus: items not assigned	-	3.4
Adjusted EBIT	301.4	392.3
Revenues	3,939.2	4,290.7
Adjusted EBIT Margin	7.7%	9.1%
Organic Growth (Million Euros)	31.12.2018	31.12.2017
Revenues for current year	3,939.2	4,290.7
Less: Revenues for the previous year	4,290.7	3,902.3
Less: Inorganic Growth	64.2	15.9
Effect of exchange rate fluctuations	(695.5)	72.8
Total Organic Growth	279.8	445.3
Inorganic Growth (Million Euros)	31.12.2018	31.12.2017
Cash Ibero-America	26.0	2.5
Cash Europe	14.7	7.2
Cash Row	14.4	15.0
Security Europe	-	0.1
Security Row	4.6	-
Alarms Ibero-America	3.4	0.8
Alarms Row	1.1	5.4
Disinvestments	-	(15.1)
Total Inorganic Growth	64.2	15.9

Effect of exchange rate fluctuations (Million Euros)	31.12.2018	31.12.2017
Revenues for current year	3,939.2	4,290.7
Less: Revenues for the current year at exchange rates of previous year	4,634.7	4,217.9
Effect of exchange rate fluctuations	(695.5)	72.8
Cash Flow Conversion Rate (Million Euros)	31.12.2018	31.12.2017
EBITDA	456.0	518.4
Less: items not assigned	-	3.4
Adjusted EBITDA	456.0	521.8
CAPEX	213.5	207.9
Cash Flow Conversion Rate (adjusted EBITDA - CAPEX / adjusted EBITDA)	53%	60%
Net Financial Debt (Million Euros)	31.12.2018	31.12.2017
Financial liabilities	1,542.3	1,418.4
<i>Less: not assigned financial liabilities</i>	-	-
Adjusted financial liabilities (A)	1,542.3	1,418.4
Not assigned financial liabilities with group companies (B)	-	-
Cash and cash equivalents	(558.4)	(630.9)
<i>Less: not assigned cash and cash equivalents</i>	-	-
Less: adjusted cash and cash equivalents (C)	(558.4)	(630.9)
Less: not assigned current investments in group companies (D)	-	-
Less: other financial current assets (E)	(489.3)	(490.3)
Total Net Financial Debt (A+B+C+D+E)	494.6	297.2
Less: other non-bank payables (F)	(69.9)	(45.4)
Total Net Financial Debt (excluding other non-bank payables corresponding to deferred payments for M&A acquisitions) (A+B+C+D+E+F)	424.7	251.8
EBITA (Million Euros)	31.12.2018	31.12.2017
Consolidated profit for the year	132.3	150.3
Minority interests	47.7	48.0
Income tax expenses	100.0	145.6
Net finance costs	21.4	45.0
Amortizations	25.6	25.4
EBITA	327.0	414.3
EBITDA (Million Euros)	31.12.2018	31.12.2017
Consolidated profit for the year	132.3	150.3
Minority interests	47.7	48.0
Income tax expenses	100.0	145.6
Net finance costs	21.4	45.0
Depreciation and amortization	154.6	129.5
EBITDA	456.0	518.4

11. Other significant information

11.1 Stock market information

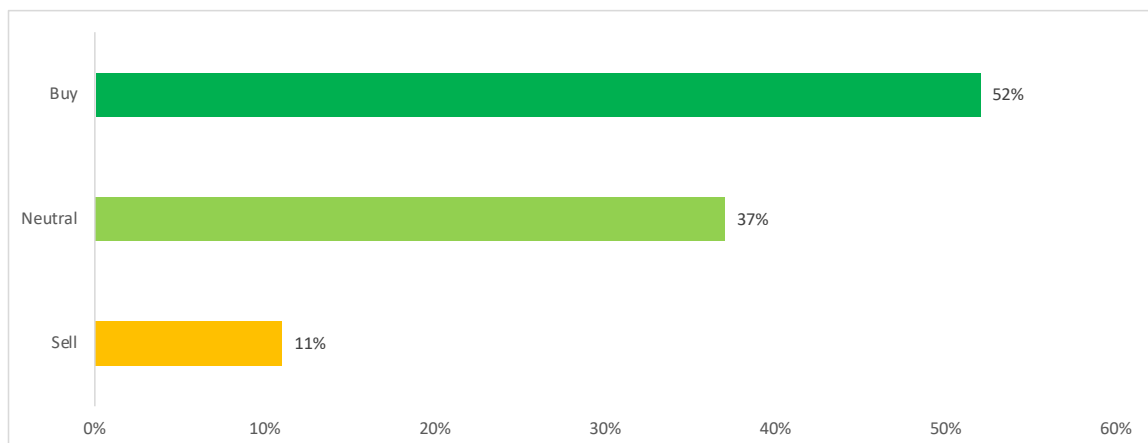
Prosegur focuses its efforts in the creation of value for its shareholders. The improvement in results and transparency, as well as rigour and credibility, underpin the Company's actions.

The policy of relationship with shareholders and investors of Prosegur aims to establish a communication that is direct, personal and stable over time. The Company has a close relationship with its shareholders, private and institutional investors and with the main stock analysts, to whom it provides detailed information on a continuous basis.

In order to meet this transparency commitment, Prosegur uses multiple communication channels such as the webcast held every quarter to report results or the creation of the Investors Newsletter, added to the publication of other information bulletins with specific content of interest to the investment community.

Analysts coverage

At the close of the market in 2018, of a total of 19 analysts covering Prosegur's equity stock, most of them had a positive perception of the company, although somewhat more conservative than in 2017 due to the negative effect of the currencies. With this, seven of them have a neutral recommendation (six in 2017) and ten recommend purchasing (11 in 2017). And only two analysts (11%) have a negative assessment and recommend selling.



Prosegur's shares started 2018 listed at EUR 6.64 per share, and at close, on 31 December at EUR 4.42 per share. During the year, the company's share price went down by 32.1% mainly caused by the sharp adjustment that the market applied from the end of August to shares with high exposure to Argentina and to emerging countries in general.

Main shareholders

The shareholding structure of Prosegur reflects its solidity and stability.

At 31 December 2018, 66.43% of the capital of the Company is in the hands of significant shareholders. The remaining 33.57% was free float.

The strong presence of the shareholding in the Board of Directors enables the management bodies to define that the strategic lines and decisions are in line with the interests of all its shareholders. This solid and stable shareholder base of relevance, made up largely of significant shareholders and institutional investors, provides Prosegur with the ideal conditions to develop its project and achieve its objectives.

Geographical distribution of free float

At an international level and given its growth potential, Prosegur has always been well accepted among investors. For these reasons, its shareholding includes foreign investors which account for a very significant part of its free float.

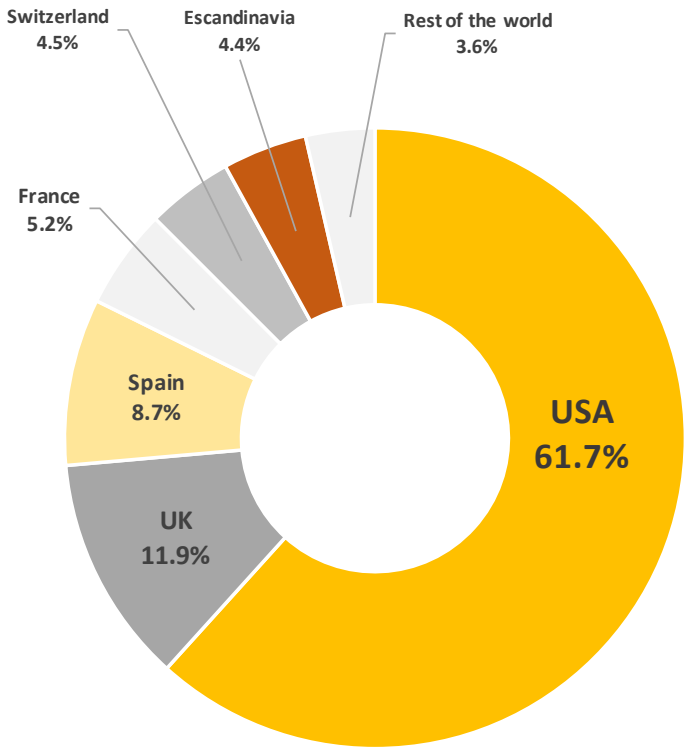
In 2018 there was a significant increase in the U.S. shareholding, reaching 18.44% of the shareholder structure.

French capital has also increased its presence in Prosegur equity stake, and the same applies to Spanish investors and, to a greater extent, to the Swiss, which account for 1.60%, 2.73, and 1.39% respectively.

Conversely, capital from the U.K. has gone down slightly compared to 2017 representing 3.69% of the Prosegur equity stake, and the Scandinavian investors in 2018 opted to withdraw their investment in the company, reducing their percentage to 1.37%

Lastly, it is worth noting the sharp increase in the Prosegur equity stake coming from the Asia-Pacific region and Latin America which at the end of 2018 accounted for 1.2% of the free float of the company, growing by over 25% compared to previous years.

Geographical distribution (Free Float)



Region	% Shares	% Free Float
USA	18.44%	61.70%
UK	3.69%	11.90%
Spain	2.73%	8.70%
France	1.60%	5.20%
Switzerland	1.39%	4.50%
Escandinavia	1.37%	4.40%
Rest of the world	1.12%	3.60%

11.2 Corporate Governance Annual Report

Prosegur’s Annual Corporate Governance Report for the 2018 year forms part of the Directors’ Report, and is available on the web site of the National Stock Exchange Commission and on the Prosegur web site as from the date of publication of the annual accounts.

This report includes section 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 (SCIF).

12. Non-financial information reporting

Prosegur acknowledges that its position as a worldwide reference in private security confers upon it the responsibility to work to raise the standards of the sector in all the areas in which it operates. Performance in aspects such as reducing its environmental impact, generating quality employment, occupational health and safety, regulatory compliance, respect for human rights or good governance most clearly represent its commitment.

Within the framework of the management system of Prosegur, known as the 3P System, formal procedures and policies have been compiled in connection with these matters. The 3P System affords the company internal rules and a common language for services and processes throughout the organisation. It facilitates standardisation and the provision of services aimed at meeting required quality standards, as well as efficiently managing resources and continuously improving processes.

With regard to social and environmental issues, and those relating to staff, respect for human rights and combating corruption and bribery, we highlight the following policies and procedures:

- Prosegur's CSR Policy.
- Environmental Management Policy.
- General Regulation Concerning Human Resources Management.
- General Regulation Concerning Complaints for Discrimination and Harassment.
- Occupational Health and Safety Policy.
- Prosegur Code of Ethics and Conduct.
- General Procedure Governing the Whistleblower Channel.

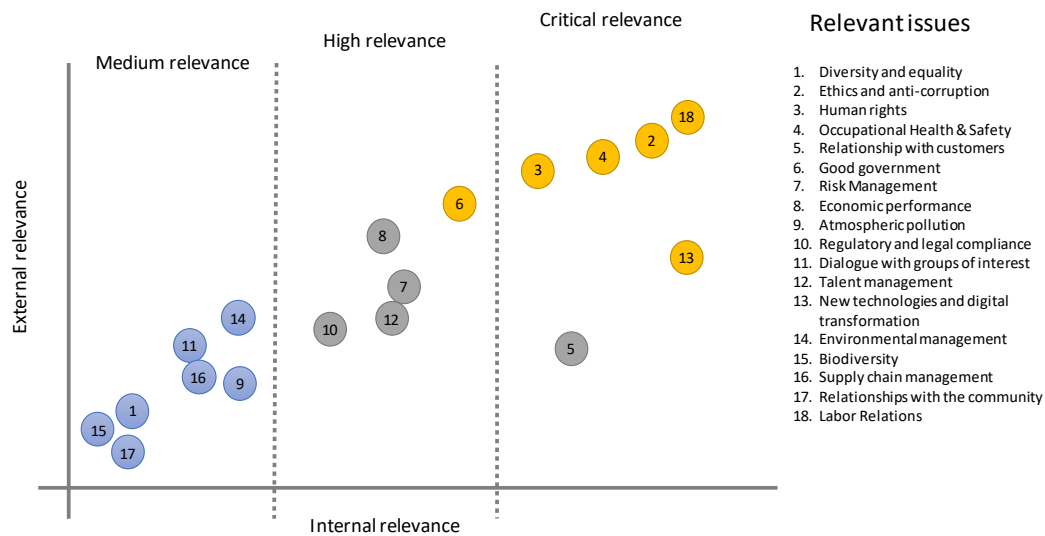
Except for matters reserved for the competence of the General Shareholders' Meeting, the Board of Directors is the highest decision-making body of the company. In turn, the Audit Committee is responsible for supervising the process of preparing and presenting the mandatory financial information and submitting recommendations or proposals to the management body aimed at safeguarding its integrity. The business is a fundamental axis in the organization and is represented in the General Business Directorates, which are responsible for the design of security solutions for customers and cover the main lines of business Security, Cash and Alarms. Therefore, the company details the effective tax rate by country for its better understanding in Note 10.5 of this Non-Financial Information State.

The 2018 materiality analysis of Prosegur is based on the review and update of the materiality matrix and the adaptation of the topics to the context and developments of the sector and its environment. Consequently, the organisation's purpose is to identify the most relevant areas for external and internal stakeholders, with a view to showing the progress made and determining the measures to take in order to continue generating value.

Prosegur updated the materiality analysis based on the following aspects:

- External relevance in the sector: Standard GRI Guide (Global Reporting Initiative), information from international bodies and selective stock indices and topics that may have been a source of controversy in 2018 in the private security sector.
- Benchmarking against peers: Analysis of relevant information and best practices at industry peers and materiality studies of companies in and out of the sector.
- Internal relevance: Analysis of the impact of each topic identified in achieving the basic strategies of Prosegur and interviews conducted in the year to persons responsible for significant areas of the company.

As a result of this assessment, a list was drawn up with the 18 matters of greater importance to Prosegur:



Regarding the results of this year, Prosegur does not consider the following to be material topics:

- Biodiversity: the company does not have a significant impact on living creatures and the variety of ecosystems.
- Atmospheric pollution: the company does not have a significant impact on the emission of noxious particles into the air. Prosegur conducts activities relating to the provision of services and are not therefore activities of transformation or manufacturing.
- Impact of the company's activity on local areas and relationships with local communities: the company does not have a significant impact on the area in which it operates and, accordingly, does not materially affect the local communities, other than the favourable impact of creating jobs in the regions where it is present.

The information concerning risk management, its assessment and impact is described in Note 4 of the Consolidated Directors' Report.

Information concerning the company's activity, location, regions and operations is provided in Note 1 of the Consolidated Annual Accounts.

About this report

- This report responds to Law 11/2018 on non-financial information and diversity.
- The scope of this Non-Financial Information State is the same as the consolidation of financial information, with the exception of certain new acquisitions of M & A in new geographies in 2018 (the US, the Philippines and Central America) as they are in the integration phase and homogenization of the company's processes and systems and consolidations by the equity method (India and South Africa). In the tables where quantitative data are included, there are notes that indicate the extent of the reported data in relation to sales or employees. In the cases in which the percentage is higher than 100%, it is because the new acquisitions and equity investments have reported information in this regard.
- Sales and employees of the consolidation perimeter were 3,939.2 million euros and 167,987 employees (by the equity method, 94.0 million euros and 15,595 employees, respectively and by new acquisitions, 43.6 million euros and 3,208 employees respectively).
- The comparative data for 2017 are shown for informational purposes only and may not include the same scope as the 2018 data.
- For the preparation of this report, the contents of Law 11/2018 and the GRI Standards have been followed, as detailed in the annex to this Non-Financial Information State.

- In accordance with current mercantile regulations, this State of Non-Financial Information has been subject to verification by KPMG Asesores, S.L. The independent Verification Report is attached to this State of Non-Financial Information. "

12.1 Environmental matters

KPI's	2017	2018	Scope (% of sales)
Direct CO2 emissions	Security: 27.796 T	Security: 34.340 T	99%
	Cash: 43.368 T	Cash: 95.182 T	92%
	Alarms: 8.473 T	Alarms: 14.668 T	100%
Indirect CO2 emissions	Security: 2.456 T	Security: 2.786 T	99%
	Cash: 11.908 T	Cash: 12.556 T	92%
	Alarms: 714 T	Alarms: 721 T	100%
MWh electricity consumption	Security: 4.816 MWh	Security: 12.312 MWh	99%
	Cash: 23.350 MWh	Cash: 53.788 MWh	92%
	Alarms: 1.401 MWh	Alarms: 2.815 MWh	100%
Non-hazardous waste managed	Security: 146 T	Security: 161 T	59%
	Cash: 506 T	Cash: 1.325 T	92%
	Alarms: 83 T	Alarms: 49 T	87%
Hazardous waste managed	Security: 62 T	Security: 27 T	61%
	Cash: 155 T	Cash: 149 T	67%
	Alarms: 55 T	Alarms: 16 T	80%
Fuel (millions of liters)	Security: 10,29	Security: 13,00	99%
	Cash: 16,06	Cash: 36,04	92%
	Alarms: 3,13	Alarms: 5,55	100%
Paper consumption	Security: 62 T	Security: 173 T	97%
	Cash: 248 T	Cash: 426 T	92%
	Alarms: 36 T	Alarms: 29 T	94%
Number of uniforms distributed	Security: 494.805	Security: 1.438.541	90%
	Cash: 378.632	Cash: 235.513	92%
	Alarms: 227.131	Alarms: 29.005	94%
Water consumption (m3)	Security: 58.614,17	Security: 51.261	90%
	Cash: 235.835,21	Cash: 328.937	92%
	Alarms: 35.865,30	Alarms: 16.763	100%

The scope of these KPIs excludes the scope of the new M&A geographies acquired in 2018 and the countries in which businesses are equity-accounted.

Prosegur has a global 3P Environmental Management Policy, or general regulation that is binding upon all employees. Each country can define a local policy that must be aligned with the global policy to ensure compliance with applicable environmental legislation.

Historically, the policy focused on ensuring compliance with the applicable environmental legislation in each country. At present, the Business Area establishes the need to assess risks and adopt measures to reduce the impact of its activities on the environment. Management fosters compliance with the requirements established in ISO 14001 standards and certification, considered to be a differentiating factor in the sector. Prosegur was the first Spanish security company to obtain such certification in both the Security and Cash areas. Prosegur is certified in Portugal, Peru, Spain, Colombia and Argentina. In this connection, it periodically monitors the status of its certifications, fully updating them and renewing them in timely fashion.

Prosegur business activities do not have a significant impact on the environment and neither do they pose a threat in terms of climate change and biodiversity. They are activities related to the provision of services. As such, they cannot be considered to be transformation or manufacturing activities. They are very labour-intensive activities, such as cash in transit services or surveillance work. The most significant environmental impact is found in the activity of Prosegur Cash, mainly caused when driving armoured vehicles to and from client facilities.

The Global Quality and Processes Department has at least one professional specialising in managing the environmental system. The head of that department is the person designated by Prosegur to manage environmental

matters. The heads of the business areas, fleet, property services and procurements define and adopt measures to improve the environmental impact within their scope of competency.

Aware of the importance of the environment and the impact of our actions upon it, the Quality and Processes Department in each country devises campaigns to raise awareness among our employees via posters or e-mails.

The main environmental issues relating to Prosegur's business activities - which do not have a significant impact on the environment, climate change or biodiversity - are the following:

- a) The Security and Alarms businesses involve activities considered to be of low environmental impact. The most significant are the consumption of paper, uniforms and fuel, and the generation of mainly low-hazard waste such as paper and cardboard.
- b) The Cash business is also considered a low-impact activity, though higher than the Security and Alarms business. The main environmental issue relates to the direct emissions of greenhouse gases associated with fuel consumption. There is also the consumption of electricity, paper and plastics at the operating centres.

Prosegur shows its firm commitment to combating climate change through the accounting and control of its consumption and, accordingly, its carbon dioxide emissions.

The Cash business has devised a scorecard to measure, among other indicators, the consumption of fuel by the armoured fleet, which it uses as the basis for decision-making. This scorecard has already been implemented in 12 countries and it is expected to be introduced in another 9 countries.

As for used tyres, suppliers undergo a standardisation process to ensure recycling is duly guaranteed. At Prosegur own workshops in various countries in Latin America, the manner of collecting tyres is established to ensure they are properly recycled.

In addition, work is being carried out in the Security and Alarms area to create a scorecard for each business line, which will enable the analysis of the most significant environmental issues affecting each individual activity.

Field offices and headquarters continue with energy efficiency improvements, conducting studies of power contracted to adapt them to actual consumption at the facilities, or changing light installations, in order to reduce consumptions and the associated costs.

In Europe, various actions are being carried out in connection with the light vehicle fleet for all businesses, based on the use of alternative-fuel vehicles. This allows Prosegur to minimise risks associated with regulations restricting access to large cities, and the company is prepared when anti-pollution protocols are enforced. Ongoing implementation of the 2020 plan for the Cash business has seen further work on the development of a new armoured vehicle model involving an engine type that emits lower greenhouse gases.

100% of high and medium-voltage power used in Spain comes from renewable sources. The 2020 strategic plan envisages extending this policy to other, non-European countries.

At 31 December 2018, electricity consumption of the Group's businesses in the twelve most important countries of operations which account for 96% of sales and amounted to 68,915 MWh.

At 31 December 2018, direct and indirect CO₂ emissions from the Group's businesses in the twelve most important countries of operation which account for 96% of sales and amounted to 144,190 tons and 16,062 tons respectively.

Sustainable use of resources

On a country-by-country basis, consumption and waste generation associated with the company's activity is monitored, as mentioned in points a) and b) above. Each country establishes the actions and goals to minimise said impact annually. Waste is always subsequently processed by an authorised waste processor, in accordance with the applicable legislation in each country. Furthermore, Global Management has implemented the following actions in the last year:

- a) The 3P Policy to manage the fleet of armoured vehicles, including the assessment of energy efficiency and programmes to acquire and withdraw vehicles from the armoured fleet. This policy drives the corporate development of tools to control fuel consumption.
- b) Continuity of awareness campaigns to reduce water consumption in headquarters and centres.

- c) Continuity of energy efficiency programmes at operating centres, installing efficient lighting devices (LEDs), as well as environmental awareness campaigns.
- d) Digitalisation programme, according to which it is possible to digitalise supplier contracts, which is helping to reduce paper consumption. In accordance with legislation, efforts to eliminate delivery notes from the Cash business are ongoing. The Security and Alarms business in Spain is also working on eliminating operational documentation, and replacing it with digital platforms.
- e) Centralisation in each country of the contracting of approved waste processors to ensure compliance with legal requirements.

Prosegur consumes materials responsibly and seeks to reduce waste generated by promoting a culture of environmental responsibility and undertaking to reduce the impact of the activities it performs. At 31 December 2018, hazardous and non-hazardous waste managed amount to 192 tonnes and 1,535 tonnes, respectively (272 tonnes and 735 tonnes, respectively, in 2017) (see the scope in the table above).

At 31 December 2018, Prosegur has not allocated provisions and guarantees in relation to environmental risks as detailed in Note 28 of the Consolidated Annual Accounts.

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. AND SUBSIDIARIES

Number of dismissals																							
Gender	Men	792	201	593	981	1,196	6,802	70	1,300	180	62	1,073	962	45	164	6		1,729	4	10	16,170		
	Women	275	49	230	125	132	1,253	23	167	34	13	179	344	3	77			33	9	1	2,947		
Age	Less than 30 years old	192	57	230	201	468	1,448	35	729	71	17	587	540	21	46	2		891	12	7	5,554		
	Between 30 an 50 years old	657	124	497	696	747	5,479	53	594	138	36	610	667	24	121	3		775		4	11,225		
	More than 50 years old	218	69	96	209	113	1,128	5	144	5	22	55	99	3	74	1		96	1		2,338		
Professional category	Directors and managers (2)	11	1	2		3	20	2	6	1		3	4		2	2		10			67		
	Supervisors and coordinators	11	3	6	17	22	198	2	6	11	12	67	4	2	27			83		1	473		
	Analysts and administratives	216	10	177	9	285	456	15	52	11	11	69	12		56			69		2	1,460		
	Blue collar	829	236	638	1,080	1,018	7,381	74	1,403	191	52	1,113	1,286	46	156	4		1,600		10	17,117		
107%																							
Number of new hirings																							
Gender	Men	6,405	478	1,560	3,891	2,180	5,077	4,458	2,700	451	174	4,681	2,600	128	199	1,033	503	3,323	7	41	39,889		
	Women	2,744	117	563	891	410	1,263	1,225	508	109	16	624	839	28	77	203	18	48	4	4	13	9,700	
Age	Less than 30 years old	3,582	185	894	1,487	1,247	2,223	2,740	1,605	338	48	2,660	1,436	88	73	222	243	1,933	5	29	21,038		
	Between 30 an 50 years old	4,434	306	1,104	2,452	1,256	3,827	2,717	1,340	215	120	2,420	1,717	66	144	466	240	1,306	5	25	24,160		
	More than 50 years old	1,133	104	125	843	87	290	226	263	7	22	225	286	2	59	548	38	132	1			4,391	
Professional category	Directors and managers (2)	28	1		3	8	18	16	7	1	1	4	25	3	1			8		2	128		
	Supervisors and coordinators	46	2	5	12	27	79	27	24	24	8	242	25	5	32		3	71		3	644		
	Analysts and administratives	1,074	19	415	81	490	510	346	234	39	14	327	72	4	24	15	18	80			3,805		
	Blue collar	8,001	573	1,703	4,686	2,065	5,733	5,294	2,943	496	167	4,732	3,317	144	219	1,221	500	3,212	6		45,012		
106%																							
Detail of employees by Professional category																							
Professional category	Directors and managers	234	18	21	24	132	231	64	29	22	15	47	33				8	8	1	74	6	2	969
	Men	205	12	18	23	114	208	46	22	15	12	38	30				5	7	1	72	9	1	838
	Women	29	6	3	1	18	23	18	7	5	3	9	3				3	1		2		1	132
	Supervisors and coordinators	406	84	58	191	645	911	108	146	124	88	867	113				72	20	23	443	20	9	4,328
	Men	273	72	44	158	536	761	60	110	105	70	745	85				48	15	22	428	15	8	3,555
	Women	133	12	14	33	109	150	48	36	19	18	122	28				24	5	1	15	6	1	774
	Analysts and administratives	1,721	122	598	167	1,329	2,194	429	445	82	384	802	185				156	65	25	227	9	43	8,983
	Men	1,116	64	409	91	890	1,011	141	250	43	256	464	95				60	42	8	177	3	32	5,152
	Women	605	58	189	76	439	1,183	288	195	39	128	338	90				96	23	17	50	6	11	3,831
	Blue collar	29,062	3,969	6,744	5,001	16,087	37,533	10,046	6,255	1,825	1,966	10,737	3,172				766	1,833	697	8,079	53		143,825
Men	22,895	3,311	5,505	4,327	14,780	32,748	8,491	5,256	1,635	1,828	9,637	2,481				534	1,556	689	8,027	28		123,728	
Women	6,167	658	1,239	674	1,307	4,785	1,555	999	190	138	1,100	691				232	277	8	52	25		20,097	
106%																							
Professional category	Directors and managers (2)	234	18	21	24	132	231	64	29	22	15	47	33				8	8	1	74	9	2	972
	Less than 30 years old	4					1	1													2		8
	Between 30 an 50 years old	162	9	15	13	70	163	45	22	16	8	37	29				3	3		63	7	2	667
	More than 50 years old	68	9	6	11	62	67	18	7	6	7	10	4				5	5	1	9	2		297
	Supervisors and coordinators	406	84	58	191	645	911	108	146	124	88	867	113				72	20	23	443	21	9	4,329
	Less than 30 years old	14	5	1	5	12	61	7	4	29	3	49	12				2	3	4	157	4		372
	Between 30 an 50 years old	295	41	47	129	480	720	89	108	85	65	590	90				54	8	14	275	16	9	3,115
	More than 50 years old	97	38	10	57	153	130	12	34	10	20	228	11				16	9	5	11	1		842
	Analysts and administratives	1,721	122	598	167	1,329	2,194	429	445	82	384	802	185				156	65	25	227	9	43	8,983
	Less than 30 years old	225	10	88	24	181	765	204	105	48	53	262	72				35	17	8	133	6	29	2,265
	Between 30 an 50 years old	1,207	65	428	113	965	1,258	204	281	34	233	479	101				66	32	16	87	2	14	5,585
	More than 50 years old	289	47	82	30	183	171	21	59			98	61	12			55	16	1	7	1		1,133
	Blue collar	29,062	3,969	6,744	5,001	16,087	37,533	10,036	6,255	1,825	1,966	10,737	3,172				766	1,833	697	8,079	53		143,815
Less than 30 years old	4,327	313	898	702	2,846	5,419	2,766	1,551	702	204	3,621	850				113	233	251	2,956	46		27,798	
Between 30 an 50 years old	16,006	1,943	4,685	2,994	10,306	26,414	6,099	2,727	1,092	1,035	6,030	1,794				321	573	253	4,381	7		86,660	
More than 50 years old	8,729	1,713	1,161	1,305	2,935	5,700	1,171	1,977	31	727	1,086	528				332	1,027	193	742			29,357	

The scope of these KPIs excludes the new M&A geographies acquired in 2018 and the countries that consolidate by the equity method. In the cases in which the percentage is higher than 100%, it is because the new acquisitions and equity investments have reported information in this regard.

- (1) The training data correspond to the face-to-face modality imparted to the company's employees. Face-to-face training represents 92.4% of the total training hours.
- (2) The professional category of "Directors and Managers" includes Senior Management.

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. AND SUBSIDIARIES

Number of employees with disabilities																							
Number of people with disabilities		92%	306	314	34	194	2	174	33	4										1,068			
Percentage of people with disabilities			1%	7%	0%	4%	0%	0%	0%	0%										1%			
Number of immigrant employees																							
Number of immigrants on the workforce		98%	1,289	382	140	981	158	19	16	32	25									3,536			
Percentage of immigrants on the workforce			4%	9%	2%	18%	1%	0%	0%	1%										2.1%			
Número de directivos procedentes de la comunidad local		105%	234	18	20	24	131	221	60	29	6	15	44	7	ND	8	7		43	9			
Porcentaje de altos directivos procedentes de la comunidad local			100%	100%	95%	100%	99%	96%	94%	100%	27%	100%	94%	21%	ND	100%	88%		58%	100%			
Average compensation																							
Gender	Men		22,749	28,602	9,705	21,905	12,308	7,343	4,526	11,071	5,403	14,333	7,130	3,314	ND	85,000	17,443	287,233	1,871	64,531	53,926	13,446	
	Women		18,730	22,672	9,635	21,898	13,952	6,467	5,149	10,105	5,411	16,770	7,274	2,878	ND	65,000	17,314	14,243	3,887	25,071	53,933	12,501	
Age	Less than 30 years old		16,382	17,375	8,599	18,690	9,781	5,413	3,809	6,811	4,313	11,901	6,007	2,592	ND	65,000	16,903	79,054	1,505	25,398	33,533	8,365	
	Between 30 an 50 years old		21,843	28,650	5,876	22,133	12,763	7,641	4,949	11,675	5,768	15,378	7,548	3,459	ND	70,000	17,838	140,065	2,046	84,184	77,869	12,119	
	More than 50 years old	106%	23,983	28,667	10,047	23,047	14,174	8,265	4,995	12,599	13,999	14,321	8,324	3,367	ND	85,000		82,364	2,286	139,158		16,442	
Professional category	Directors and managers (2)		115,320	128,541	61,664	111,758	84,534	52,978	55,423	96,878	53,579	76,502	67,053	40,884	ND	98,806	122,761		16,184	175,319	191,268	75,389	
	Supervisors and coordinators		49,158	62,975	24,719	46,580	25,344	15,945	16,929	25,756	8,749	23,843	12,349	10,016	ND	61,933	43,603	9,000	3,728	68,715	70,298	21,927	
	Analysts and administratives		22,659	30,971	11,697	29,247	16,165	9,077	8,457	14,928	6,639	18,322	9,429	6,837	ND	45,692	29,701	28,196	4,596	40,135	35,125	14,885	
	Blue collar		20,667	26,306	9,231	20,285	11,062	5,657	3,943	9,939	4,558	12,257	6,298	2,351	ND	36,939		264,280	1,599	23,510		11,639	
Trade Union Representation																							
Number of employees affiliated to a trade union organization		100%	5,185	1,250	1,128		2,697	7,176	355	3,879		915	958	2,761	ND		315		600			27,219	
Percentage of employees affiliated to a trade union organization			17%	30%	15%		15%	18%	3%	56%		37%	8%	79%	ND		16%		7%			16%	
Collective agreements																							
Number of employees covered by a collective agreement		105%	31,423	3,569	6,926	5,383	15,857	40,869	1,069	5,931	2,053	2,441	958	2,761	ND		315		300				119,855
Percentage of employees covered by a collective agreement			100%	85%	93%	100%	87%	100%	10%	86%	100%	100%	8%	79%	ND		16%		3%				71%
Total number of training hours (1)																							
Gender	Men	106%	403,894	53,537	37,995	59,468	293,774	48,191	198,591	110,519	30,426	13,616	27,866	21,157	ND	3,500	22,168	12,784	479,664	85		1,817,235	
	Women		93,977	13,257	10,039	9,202	50,721	17,952	37,351	10,730	2,978	1,698	3,954	6,681	ND	1,000	2,575	64	7,296	75		269,550	
Professional category	Directors and managers (2)		987	1,231	25	42	1,435	4,449	437	878	388	223	282	903	ND	125	268		4,032			15,705	
	Supervisors and coordinators		8,830	314	128	1,410	8,305	8,611	3,784	3,068	1,914	831	1,479	1,142	ND	400	589		24,144			64,948	
	Analysts and administratives		31,440	326	4,985	1,653	12,485	19,292	16,576	9,039	1,355	1,802	1,975	1,400	ND	500	224		14,112			117,163	
	Blue collar		456,613	64,923	42,896	65,565	321,887	33,792	215,146	108,264	29,748	12,458	28,114	24,393	ND	3,475	23,662	12,848	444,672	160		1,888,616	
Total number of hours of training imparted on human rights (1)																							
Gender	Men		2,220		1,233		41,705		5,686		2,012		891	3,105	ND	100						56,952	
	Women		355		302		4,631		1,270		980		22	981	ND	150						8,691	
Professional category	Directors and managers (2)				13				2		1			115	ND	50						182	
	Supervisors and coordinators				35				11		111			212	ND	55						424	
	Analysts and administratives				370		11		208		142			266	ND	25						1,023	
	Blue collar		2,575		1,118		46,325		6,735		2,737			913	3,492	ND	125					64,020	
Investment in training																							
Investment made in employee training (millions of euros)		105%	5,610	1,640	0,260	2,550	0,548	2,423	0,101	0,298	0,063	0,081	0,451	0,030	ND	0,300	0,280		0,111				15
Number of employees receiving regular evaluations of performance and professional development																							
Gender	Men	52%	1,939	87	214	4,599					1,259	9,284	228	ND	677	1,033		663	34			20,017	
	Women		885		132	784					104	1,022	51	ND	325	227		66	30			3,626	
Percentage of employees who receive regular evaluations of performance and professional development																							
Gender	Men	52%	8%	3%	4%	100%					70%	85%	8%	ND	100%	64%		8%	62%			15%	
	Women		13%		9%	100%					41%	65%	6%	ND	100%	74%		55%	81%			14%	

The scope of these KPIs excludes the new M&A geographies acquired in 2018 and the countries that consolidate by the equity method. In the cases in which the percentage is higher than 100%, it is because the new acquisitions and equity investments have reported information in this regard.

(1) The training data correspond to the face-to-face modality imparted to the company's employees. Face-to-face training represents 92.4% of the total training hours.

(2) The professional category of "Directors and Managers" includes Senior Management.

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. AND SUBSIDIARIES

Number of employees who received a maternity or paternity leave																								
Gender	Men	106%	1,164	53	238	150	1,117	1,004	225	87	95	59	368	90	ND	15	20	3		4,688				
	Women		333	29	70	44	5,445	320	77	97	9	8	92	31	ND	45	5	1	1	6,608				
Number of employees who returned to work after their termination due to maternity or paternity ended																								
Gender	Men	100%	539	49	186	147	1,117	1,004	225	87	95	58	368	88	ND	5	20	3		3,991				
	Women		151	32	52	24	5,445	320	77	97	9	8	92	30	ND	15	5	1		6,358				
Number of employees who returned to work after the end of their maternity or paternity leave and who continued working for 12 months after returning to work																								
Gender	Men	94%	539	47	154	147	1,117	896			95	45	368	51	ND	10	17			3,486				
	Women		151	32	8	24	5,445	243			7	7	92	21	ND	30	5		3	1	6,069			
Turnover																								
Gender	Men		3,353	415	1,474	1,308	2,239	8,155	4,300	2,825	337	480	4,365	1,552	134	164	1,130	493	3,778	4	10	36,516		
	Women		1,249	104	522	244	295	1,571	1,430	522	64	34	610	490	36	77	225	14	39		9	1	7,536	
Age	Less than 30 years old		1,625	105	563	363	824	1,957	2,423	1,543	162	133	2,215	776	78	46	223	242	1,886		12	7	15,183	
	Between 30 and 50 years old		2,308	231	1,233	883	1,411	6,501	3,022	1,389	228	252	2,502	939	85	121	484	218	1,717		1	4	23,529	
	More than 50 years old		669	183	201	306	299	1,268	285	415	11	129	258	327	7	74	648	47	214				5,341	
Professional category	Directors and managers (2)		20	2	3	5	7	27	18	8	2	1	5	10	1	2	1		19				131	
	Supervisors and coordinators		25	8	6	30	39	228	112	22	18	18	225	28	5	27	1	3	136		1	1	933	
	Analysts and administratives		676	21	386	32	472	577	46	202	24	46	251	44	3	56	15	12	88		2	10	2,963	
	Blue collar		3,881	488	1,591	1,485	2,016	8,894	5,431	3,115	357	449	4,494	1,960	161	156	1,338	492	3,574		10		39,892	
Number of days worked by all Prosegur employees																								
Gender	Men	106%	9,388,847	885,491	1,577,664	1,275,260	3,965,760	7,825,070	31,616,040	1,942,665	638,000	618,967	3,651,060	816,195	ND	133,144	379,472	296,016	2,541,547	2,946	250	67,554,394		
	Women		2,674,593	186,694	381,480	201,756	455,139	1,397,308	6,885,740	396,175	93,000	77,891	508,295	253,810	ND	62,492	85,036	5,040	34,455	1,388	250	13,700,542		
Number of total days lost due to absence																								
Gender	Men	100%	336,170	62,514	59,893	68,711	278,198	52,983	44,611	41,600	9,861	55,763	302,726	44,388	ND	2,914	9,157	2,300			39		1,371,827	
	Women		145,028	12,489	31,725	15,575	39,571	234,698	22,509	19,440	3,033	9,429	42,984	15,977	ND	1,006	1,445	75			29		595,013	
Absenteeism rate (AR)																								
Gender	Men	100%	4%	7.1%	4%	5%	7%	1%	0.14%	2%	2%	9%	8%	5%	ND	2%	2%	1%			1%		2.0%	
	Women		5%	6.7%	8%	8%	9%	17%	0.33%	5%	3%	12%	8%	6%	ND	2%	2%	1%			2%		4.3%	
Average compensation by professional category and gender																								
Average compensation by professional category and gender in Euro	Directors and managers (2)		115,320	128,541	61,664	111,758	84,534	52,978	55,423	96,878	53,579	76,502	67,053	40,884	ND	98,806					175,319	191,268	366,587	
	Indefinite		118,663	147,415	63,487	113,172	86,362	52,002	54,807	101,073	57,857	78,723	69,437	42,568	ND	99,200						175,319	215,852	391,171
	Temporary		91,690	90,791	50,730	79,227	72,952	61,800	56,998	83,696	40,744	67,618	56,987	24,049	ND	98,150							166,683	166,683
	Supervisors and coordinators		49,158	62,975	24,719	46,580	25,344	15,945	16,929	25,756	8,749	23,843	12,349	10,016	ND	61,933						68,715	70,298	159,013
	Indefinite		51,491	64,527	25,710	47,124	25,481	15,464	18,113	26,850	8,742	23,202	12,157	10,375	ND	62,150						76,899	75,294	152,194
	Temporary		44,371	53,664	21,607	43,976	24,670	18,384	15,449	22,412	8,790	26,336	13,522	8,928	ND	61,500						48,256	30,324	78,581
	Analysts and administratives		22,659	30,971	11,697	29,247	16,165	9,077	8,457	14,928	6,639	18,322	9,429	6,837	ND	45,692						40,135	35,125	75,260
	Indefinite		22,987	35,050	11,869	30,677	16,790	8,248	9,444	16,021	6,583	17,756	9,853	7,715	ND	46,000						40,816	35,600	76,415
	Temporary		22,054	26,471	11,326	27,535	14,899	9,785	7,974	13,528	6,700	19,453	8,847	5,911	ND	45,500						39,795	33,744	73,539
	Blue collar		20,667	26,306	9,231	20,285	11,062	5,657	3,943	9,939	4,558	12,257	6,298	2,351	ND	36,939						23,510		23,510
	Indefinite		21,503	27,336	9,249	20,315	10,987	5,385	4,006	10,191	4,636	12,554	6,367	2,411	ND	37,000						29,410		29,410
	Temporary		17,564	21,126	9,154	20,096	11,916	7,512	3,602	8,612	3,879	8,311	5,691	2,138	ND	36,800						16,901		16,901

The scope of these KPIs excludes the new M&A geographies acquired in 2018 and the countries that consolidate by the equity method. In the cases in which the percentage is higher than 100%, it is because the new acquisitions and equity investments have reported information in this regard.

(1) The training data correspond to the face-to-face modality imparted to the company's employees. Face-to-face training represents 92.4% of the total training hours.

(2) The professional category of "Directors and Managers" includes Senior Management.

Taking into account the growth strategy of recent years at a global level, Prosegur generates jobs in the markets in which it is present.

At 2018 year end the Prosegur headcount stood at 167,987 employees (170,350 in 2017), which is 1.4% lower than the previous year.

Details of the average Prosegur headcount over the past five years are as follows:

Diversity

Diversity is an intrinsic part of the spirit of Prosegur, especially in connection with its workforce. This diversity is embodied in the cultural, gender and functional spheres, and have a positive impact on the organisation and on its competitive advantages. The characteristics of the sector in which the company operates are crucial to understand the diversity data.

The percentage of women employees continues to grow thanks to the efforts in recent years, with the figure now at 16.32% of the total workforce.

Selection

A cornerstone of Prosegur's success as one of world's main security services companies has traditionally been its recruitment policy. Accordingly, Prosegur guarantees its workforce compliance with its labour and social security obligations.

Trust and responsibility are the qualities required in those who render the Company's services on client premises, operating in an area as important as security, so Prosegur must not only ensure the effectiveness of its professionals, but also their honesty, responsibility and psychological maturity.

It is precisely for this reason that continuous improvements are made by the Human Resources Department to our recruitment process, enabling us to accurately identify the suitability of an individual for a position within Prosegur.

Remuneration

The Prosegur's remuneration policy includes the following criteria and general principles:

- Willingness to be able to attract and retain the best professionals, aligning their remuneration with internal fairness, as well as to best practices and market conditions.
- Capacity to motivate our employees, ensuring their loyalty and orientation towards the expected business profit/(loss), through variable short-term remuneration, as well as specific medium- and long-term remuneration for management and key positions.
- Consideration at all times of the company's current, medium- and long-term situation and the alignment thereof with the various remuneration schemes. Hence, Prosegur aims to make our employees' remuneration flexible, moving the remuneration scheme towards a model in which variable remuneration has a greater weighting, allowing us to align it with the aforementioned principles.
- Control to ensure compliance with the aforementioned elements, to guarantee non-discrimination by gender, race or age.

Prosegur's contribution to defined pension plans are detailed in Note 5.2 of the Consolidated Annual Accounts.

Remuneration to Senior Management and the Board of Directors is detailed below:

Average remuneration of directors: 300 thousand euros.

- Women: 356 thousand euros of average remuneration (the President is included in this section).
- Men: 282 thousand euros of average remuneration (the Chief Executive Officer is included in this section).

Average remuneration of senior management: 316 thousand euros, with all the members being male.

For the calculation of average remunerations, fixed, variable remuneration, allowances and compensation for belonging to commissions have been considered.

Training

Prosegur, as a standard-bearer in the security sector, and due to the importance of its work, offers quality employment, in which the skills and degree of specialisation of its professionals are among its main distinguishing factors. In total, 2.3 million training hours were imparted in 2018, implying an average of 15.7 hours of training per employee.

Prosegur, via the online platform—Prosegur Corporate University—offers a virtual space in which professionals can pool their knowledge, experience the company's values, develop their talent and explore specialised training through a common culture. This online platform enables Prosegur to offer a differentiated and varied catalogue of training courses as part of the professional development plan for each employee, which may vary by region in accordance with the needs and requirements of each country and business.

In 2018, the Prosegur Corporate University has been implemented in fourteen countries. This year, we have included new training contents and functions to enable Prosegur Corporate University to be an interconnected community that fosters the exchange of knowledge and values that are characteristic of the company. This year, more than 39,000 employees accessed the campus with more than 249,000 study hours.

Employment opportunities for people with disabilities

Prosegur has established a series of measures to boost integration of disabled people in the labour market, offering them a more stable future through employment. The main measures are:

- The posting of job offers via web portals, establishing a specific section for affording disabled people employment opportunities.
- The Employment Opportunities Plan for Persons with Intellectual Disability has been implemented in the more representative offices of Prosegur, with new disabled employees being added to the workforce in the various countries.
- Documentary digitalisation to manage the large amount of paper generated, a project adapted to include people with disabilities and create shared value, and one that is responsible with the environment.
- The Special Employment Centre in Spain, a partnership between Aprocor and Prosegur to provide disabled people with employment opportunities. Likewise, the "CICLO" training centre in Brazil: a partnership between Prosegur and the São Paulo Association of Parents and Friends of the Disabled (Brazil).

Furthermore, the Code of Ethics and Conduct effectively promotes policies to respond to this matter, especially those referring to recruitment processes.

Prosegur guarantees all employees access to its facilities by adapting and improving accessibility to all the Group's operating and corporate buildings.

The total number of disabled employees in 2018 was 1,068 (798 in 2017). The goal is to fully integrate disabled employees into the company.

Labour relations

Prosegur manages labour relations locally, based on the specific characteristics of each market and, in particular, the legislation in place in each country. In accordance with the Universal Declaration of Human Rights (UDHR) and applicable laws in the countries in which it operates, the company respects its employees' rights of freedom to join a union, associate with others and collective bargaining.

Our willingness to talk with trade unions is constant and paramount. The company holds periodic meetings with all legitimate representatives of workers in all the regions where it operates, listening to them, sharing information and seeking common goals. In fact, more than 18% of its workforce are union members and the bargaining agreements signed cover more than 71% of the entire workforce (the scope excluding the new M&A geographies and the equity-method companies states at 80%). These figures are above the average at other leading companies in the sector. As the collective bargaining agreement for Spanish security companies of 19 January 2018 states, measures are included to foster occupational health and safety measures and to improve employment conditions and information.

In accordance with the provisions of EU Directive 2009/38/EC and Act 10/1997, in 2014 Prosegur created a European Workers' Committee. This body promotes cross-border cooperation between the company and the workers' representatives and nurtures a constructive dialogue on the European stage. Accordingly, consultation is encouraged and cross-border information shared between companies and workers.

In 2017, Prosegur launched a new corporative Intranet at worldwide level. This platform is the first Human Resources tool that is 100% accessible from any device and it has a mobile application that is available for both leading operating systems (Android and iOS). The Intranet is currently implemented in 12 countries, translated into 5 languages, and during the course of the year it has received over 8 million visits. For its part, the application has been downloaded 20,000 times, meaning it is already being used by more than 10% of the workforce.

As a result of good practices in the sphere of occupational risk prevention, in 2017, Prosegur was the only company in its sector to receive the Prever Award in the Companies and Institutions category, for its achievements in helping to divulge and implement occupational risk prevention initiatives. It was the second time it received this award. These national and international awards, granted by the Employment and Social Security Ministry's General Council for Industrial Relations and Labour Sciences, are the most important granted in Spain.

Absenteeism

Prosegur acts in line with the legal and voluntary regulations in the sector concerning occupational risk prevention, investing in specific training, and creating a safe and responsible working atmosphere within the organisation. Accordingly, the rate of absenteeism in the year was 2.0% in men and 4.3% in women.

Combating absenteeism is a priority and the organisation strives daily to mitigate the negative impact thereof.

Equality Plan

The measures adopted in this connection by the Prosegur Group are included in Organic Act 3/2007 on effective equality between men and women. Through these measures, Prosegur undertakes to ensure that there are no situations of discrimination, direct or indirect, for reasons of gender and, in particular, reasons relating to maternity, paternity, family obligations or marital status. The main measures under the equality plan are as follows:

- Information and awareness of the workforce regarding work-life balance measures in place.
- Inclusion in job offers of commitment to gender equality.
- Inclusion of the Equality Plan in the organisation's Intranet.
- Contribution of the Equality Plan and the Harassment Protocol to the Workers' Committees/workers' representatives.
- Inclusion of one copy of the Equality Plan and Harassment Protocol, as well as forbidden behaviours at the workplace, for every 100 employees in the services.

The scope of this Equality Plan is nationwide in Spain.

Employment discrimination

Prosegur is constantly striving to foster policies and measures that prevent discrimination, not only at the company, but also transferring these demands to our stakeholders, with whom we are permanently in direct contact.

Prosegur undertakes to respect that principle, as detailed in the Code of Ethics and Conduct, which is part of the best practices followed throughout the company, both internally and with its clients, suppliers, local communities and society as a whole.

The wage gap

Prosegur is committed to bridging the wage gap, fostering equality in work relations between men and women, as for Prosegur talent resides in each individual, regardless of their gender, race, religious beliefs, political views or any other criterion.

Work-life balance

Prosegur works relentlessly to foster flexibility at the workplace, nurturing the work-life balance by fostering flexible working hours, specifically with regard to start and end times of each working day. Fostering a work-life balance makes for a more efficient and gratifying work atmosphere for all employees and helps attract new talent.

Prosegur employees are entitled to know their work schedule, as well as their daily, weekly and monthly rest time. Prosegur does not have a plan to help employees disconnect from work, but it does guarantee compliance with the established rest for all of its employees, once the working day is over.

Occupational health and safety

KPIs	2018	2017	Scope (% of employees)	
Safety and health training for employees (hours)	Security: 107.897,65	Security: 379.193,67	95%	
	Male: 96.171,20	Male: 312.085,56		
	Female: 11.726,45	Female: 67.108,11		
	Alarms: 6.602,00	Alarms: 40.042,55		
	Male: 5.648,00	Male: 32.286,46		
	Female: 954,00	Female: 7.756,09		
Cash: 45.407,05	Male: 33.874,06	Cash: 49.878,89	92%	
	Female: 11.532,99	Male: 42.161,70		
	Security: 4	Security: 2		
	Male: 4	Male: 2		
	Female: 0	Female:		
	Alarms: 0	Alarms: 0		
No. of fatal accidents (in absolute value)	Male: 0	Male: 0	92%	
	Female: 0	Female: 0		
	Cash: 3	Cash: 14		
	Male: 3	Male: 14		
	Female: 0	Female: 0		
	Security: 2,35	Security: 2,57		95%
Male: 2,32	Male: 2,43			
Female: 2,51	Female: 3,62			
Alarms: 4,01	Alarms: 3,58			
Male: 4,71	Male: 4,36			
Female: 1,99	Female: 1,63			
Accident rate (IR)	Cash: 3,30	Cash: 3,61	95%	
	Male: 3,64	Male: 3,97		
	Female: 2,11	Female: 2,29		
	Security: 58,28	Security: 86,42		95%
	Male: 58,65	Male: 86,74		
	Female: 55,94	Female: 84,00		
Alarms: 105,05	Alarms: 90,43			
Male: 131,78	Male: 114,13			
Female: 27,52	Female: 31,21			
Index of severity (IDR)	Cash: 71,28	Cash: 186,89	92%	
	Male: 77,69	Male: 227,19		
	Female: 48,34	Female: 38,64		
	Security: 0,01	Security: 2,07		92%
	Male: 0,01	Male: 2,03		
	Female: 0,05	Female: 2,39		
Alarms: 0,02	Alarms: 0,01			
Male: 0,00	Male: 0,00			
Female: 0,07	Female: 0,05			
Occupational Disease Rate (ODR)	Cash: 0,12	Cash: 1,14	95%	
	Male: 0,09	Male: 1,24		
	Female: 0,24	Female: 0,768		
	Security: 2.475	Security: 2.362		95%
	Male: 2.113	Male: 1.978		
	Female: 362	Female: 384		
Alarms: 228	Alarms: 246			
Male: 199	Male: 214			
Female: 29	Female: 32			
Number of occupational accidents	Cash: 1.389	Cash: 1.326	95%	
	Male: 1.195	Male: 1.146		
	Female: 194	Female: 180		

The scope of these KPIs excludes the new M&A geographies acquired in 2018 and the countries in which businesses are equity-accounted.

Prosegur acts in line with industry standards in terms of occupational risk prevention. It invests in specific training linked to “risks due to activity and job, emergency measures and inspections” and in analysing accidents with a view to adopting measures to mitigate risks. The company wishes to ensure that employees work in adequate environments and have the necessary resources to perform their work safely.

- **Training:** One reason why we have managed to keep health and safety indicators relatively low, similar to the values logged in 2017, is the quality and effort of the training imparted to employees in this connection.

Accordingly, Prosegur raised awareness and honed the skills of its employees for tackling the risks they face in their daily work, including driving vehicles.

In 2018, Prosegur has provided a total of 469,115 training hours on health and safety, a figure that is three times the number of hours of the previous year. This is mainly due to two reasons; firstly, the great effort to provide training in the access courses for new recruits, and, secondly, training in countries with the highest accident rates, such as Brazil and Colombia. Skills training in healthy and safety has been primarily on-site, although Prosegur Corporate University remains an important information channel for employees in this connection, with modules concerning occupational risk prevention for operating staff and specific modules in areas such as self-defence and emergency situations.

- Monitoring:** Prosegur has established internal and external protocols for reporting workplace accidents that enable accident rates to be monitored, accidents to be investigated and ongoing improvements to be implemented. Moreover, it has implemented a working methodology that enable a specific assessment of health and safety conditions at various levels (business, activity, Prosegur work centre or operating base and type of job). Prosegur also has occupational safety and health committees, intended to regularly and periodically consult on actions of occupational risk prevention. Special mention should be made of the implementation of the new Global Protocol for reporting serious and fatal accidents, applied to all the business lines and countries, and of the creation of a Global Occupational Health and Safety Committee for the Cash business, headed by its Executive Director.
- Technological innovation:** Prosegur provides its employees with cutting-edge technology and its considerable innovation capacity to tackle intrinsic risks linked to its employees work, and to thereby dissuade external threats, especially in risks relating to attacks on employees and armoured vehicles, or at cash custody bases. These innovations come alongside the established protocols for action in the event of attacks on bases and armoured vehicle crews in the Cash business. The company’s goal is to achieve “zero accidents” despite the intrinsic difficulty in the business in which Prosegur is involved. As a result of the efforts made on health and safety, in 2018 the accident rate remained stable and stood at 2.57 in Security (2017: 2.35), 3.61 in Cash (2017: 3.30) and 3.58 in Alarms (2017: 4.01) (this figure refers to the number of total accidents / number of hours worked per 200,000).

12.3 Anti-corruption and bribery matters

KPIs	Results
No. of complaints for breaches of the Ethics Code	18
No. of complaints for fraud	12

The scope of these KPIs covers a 100% of the Prosegur Group’s workforce.

Ethics and compliance

Ethical conduct and compliance with regulations are essential aspects, especially critical for various reasons intrinsic to Prosegur’s business:

- Employees are frequently exposed to risk situations.
- Large sums of cash and personal goods are handled.
- Employees work not only to keep clients safe but also to protect and assist society at large.

All members of the governing bodies, executives and staff at Prosegur are committed to conduct themselves in an ethical manner and in strict compliance with regulatory requirements in discharging their duties. This commitment is articulated through common principles and standards also guiding its relations with stakeholders affected by its activities: employees, shareholders, clients and users, suppliers and associates, authorities, public administrations and regulatory bodies, competitors and the civilian society in which it operates.

The Code of Ethics and Conduct is available on the corporate website and is delivered to each employee for acceptance when they join the company.

Prosegur takes a “zero tolerance” approach to any non-compliance or irregularity.

Prosegur applies the most stringent criteria to observe the obligations established by law and works hard to ensure the establishment of the highest possible standards of compliance in its sector. In this connection, rigour is essential in defining the mechanisms of control and prevention of irregular or unlawful practices, especially in areas of greater risk.

Corporate Compliance Programme

The Prosegur Corporate Compliance Programme establishes control measures designed to attenuate or remove the risk of non-compliance with regulations in day to day operations. It encompasses any legal aspect that may involve Prosegur, although it centres mainly on anti-money laundering, data protection, defence of competition and prevention of criminal offences.

The Compliance Programme, approved by the Board of Directors of Prosegur, is overseen by the Compliance Committee which acts in an autonomous and independent manner and reports directly to the Audit Committee. This committee comprises representatives of the Legal, Finance, Human Resources, Risk Management and Internal Audit Departments, as well as the Corporate Compliance Officer. Likewise, the company has compliance officials in all the countries where it operates. They oversee implementation of the Compliance Programme in each country for which they are responsible and supervise proper compliance with applicable regulations in each geography, which is also monitored by a local Compliance Committee. In countries in which, in certain spheres, the rules are especially restrictive, the company develops specific regulatory compliance projects. In order to ensure that the Programme is rolled out in daily operations, training courses on the most important aspects are given to employees, as well as courses for senior managers and members of the governing bodies, and specialised courses tailored to those responsible for compliance.

Code of Ethics and Conduct

Prosegur has a Code of Ethics and Conduct, the most recent version of which was approved by the Board of Directors on 23 October 2013.

The Code of Ethics and Conduct sets the standards for behaviour and proper practices for all professionals at Prosegur as they discharge their duties and also in their relations with third parties, providing guidance on aspects such as compliance with the law, respect for human rights and equality, and respect among employees. The Code of Ethics and Conduct is a binding instrument, and so must be known and complied with by all workers and members of Prosegur governing bodies. The employees must also collaborate to facilitate its implementation and to report all possible breaches of which they might be aware through the Whistleblower Channel.

In 2018, a total of 5,193 received training with regard to the Code of Ethics and Conduct.

To add its commitment to ethics and integrity to that of other international companies, Prosegur signed and boost the "Code of Conduct and Ethics" of the International Security and recognises the "Code of Conduct and Ethics for the private security sector", drawn up by the Confederation of European Security Services (CoESS).

Report channel

In order to detect irregular or unlawful conduct, or conduct that contravenes the Code of Ethics and Conduct, and act in consequence, the company has a Whistleblower Channel enabling any person, whether or not they belong to the company, to report such conduct safely and anonymously via a form available on the website www.prosegur.com. The Internal Audit Department confidentially manages any reports received and, where appropriate, and in line with their type and seriousness, sends them to the department responsible for managing, investigating and solving the complaint.

In accordance with the findings of the investigations, in the meetings of the Audit Committee the necessary measures are taken for cases requiring action on the part of the company.

Contributions to sector-specific associations

Prosegur Code of Ethics and Conduct establishes the duty to act in accordance with the principles of legality, cooperation, truth and transparency in relations with the authorities, public administrations and regulatory bodies in the countries in which the company operates.

Prosegur is a member of industry associations and organisations in order to promote the development of the sector, improved quality standards and to drive the most advanced public policies.

The main organisations at international level in which the company participates include the International Security League, Confederation of European Security Services (CoESS), European Security Transport Association (ESTA), Asian Cash Management Association (ACMA), ATM Industry Association (ATMIA) and Aviation Security Services Association – International (ASSA-I).

At national level, Prosegur also participates in the main organisations of the sector in the countries where it is present.

Prosegur contributions to these industry associations are not significant and respond to business operating considerations.

12.4 Respect for Human Rights

Security is an essential value, a fundamental element in the prosperity and evolution of societies. As such, security and respect for human rights are closely linked and should be consistent. Prosegur, as a benchmark company in the private security sector, undertakes to promote respect for human rights as a fundamental element in performing its activities.

The company is concerned to uphold, in its practices and procedures, application of the human rights listed in the Universal Declaration of Human Rights (UDHR), adopted by the United Nations General Assembly. This commitment is conceived as an additional responsibility to the fulfilment of the laws and regulations established in the territories in which Prosegur is present, and particularly in countries in which the State's capacity to safeguard human rights is limited.

In addition, in 2002 Prosegur joined the United Nations Global Compact, demonstrating its firm commitment to integrate human rights into its business management.

For several years, the company has been working with a view to adopting the principle of due diligence to define the necessary internal supervisory measures to help manage this matter. These transversal factors enable it to assert that it does its utmost to encourage good practices and prevent, detect and eradicate irregularities in connection with human rights.

Within the framework of Prosegur management system, formal policies and procedures have been devised in connection with human rights, determining the structure and mechanism for supervision and reporting.

Prosegur has a solid system to manage and control risks in which factors pertaining to human rights are considered. These include the breach of personal rights and freedoms and working rights. The system pinpoints the critical risks, which are assessed and managed based on key risk indicators. Depending on the type of risk and its importance, adequate procedures are implemented to prevent, detect, avoid, mitigate, offset or share the effects of a potential materialisation of risks.

The company's Whistleblower Channel enables employees and third party stakeholders to report, in a confidential and anonymous way, any potentially significant irregularity they might notice, including events linked to potential breaches of human rights.

In order to continue with the efficient approach to managing human rights, in 2018 Prosegur implemented a due diligence programme in addition to the established mechanisms, with the following goals:

Goal I: Identification and prioritisation of human rights-related risks.

Goal II: Review of policies and procedures to manage human rights, with corporate and local approaches.

Goal III: Identification of opportunities for improvement in both prevention and mitigation.

This project, performed by a prestigious third party, was completed based on international guidelines and reference documents in this subject. Furthermore, an independent specialist consultancy conducted an analysis of significant matters with an impact on human rights in its activity, defined the degree of connection with each matter, their possible internal and external causes, the resulting impact on people, the risks for Prosegur and the human rights affected.

Throughout the process, opportunities for improvement were identified, associated with the management of prevention and/or control of risks to human rights in Prosegur.

Moreover, the company publicly promotes and trains its employees in respect for human rights. This issue is included as part of the training courses given from the areas of human resources and regulatory compliance. In addition, compulsory 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 context of the company.

Prosegur has not received any complaints through its Whistleblower Channel in relation to human rights breaches.

12.5 Company Information

KPIs	2017	2018	Scope
Percentage of executives from the local community	68.8%	87.6%	105% (1)
Number of complaints received from clients/Number of complaints solved	Security: 907/893 Cash: 12,858/11,079 Alarms: 65,173/43,341	Security: 1,502/1,473 Cash: 22,783/19,375 Alarms: 65,116/55,682	94% 56% 100%

The scope of these KPIs excludes the new M&A geographies acquired in 2018 and the countries that consolidate by the equity method.

(1) The percentage is greater than 100% since the new acquisitions and the equity method have reported information regarding executives from the local community.

Commitment to sustainable development

Prosegur includes the Sustainable Development Goals (SDGs) in its strategy and sees them as an opportunity for growth, rapprochement and dialogue with stakeholders and for competitive differentiation, while at the same time underpinning the process of transformation towards a global sustainable society.

Prosegur has no significant impact on the activity of the local communities other than for the fact of offering jobs in all localities where it is present and guaranteeing security as a fundamental right.

In this regard, the company contributes indirectly to most of the goals and their outcomes, and focuses its business vision on the five specific goals most closely related to its activities and lines of business.

- SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
- SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
- SDG 16: Promote just, peaceful and inclusive societies.
- SDG 17: Revitalise the Global Partnership for Sustainable Development.

Suppliers

Prosegur has a General Regulation within its 3P Management System establishing the criteria and way of managing procurements of goods and/or services in all its spheres of operation, in addition to the national requirements in this connection.

The company establishes that the selection of its suppliers must be independent, objective and transparent, aspects which must be reconciled with its interest in obtaining the best possible commercial conditions. Furthermore, the Code of Ethics and Conduct expressly prohibits the selection and recruitment of suppliers involved in cases of fraud, corruption or other criminal offences.

In this regard, Prosegur's Code of Ethics states that suppliers must accept the Code of Ethics and Conduct as soon as they sign a contract. Furthermore, the company has an internal procedure of action that determines the steps to be taken if there is a conflict of interest or possible fraud between an employee and a supplier. Prosegur does not conduct audits to supervise its suppliers.

Consumer relations

Prosegur aims always to meet the expectations of its clients and anticipate their needs through a friendly service based on transparency and a proactive approach.

In the Security business, work is channelled at all times toward fulfilling the expectations of each of its clients and offering them personalised treatment based mainly on transparency and a comprehensive 360° model that covers all stages of their needs.

In recent years it has implemented a B2B client platform through which it can conduct a follow-up of its principal clients who account for around 40 per cent of the total invoicing of the business unit. The objective is to ensure an adequate response to their requirements, irrespective of their relevance on the turnover.

Prosegur Seguridad has also continued to develop the CEM Client Experience platform which was put into operation in 2016. Its objective is to identify the action levers in order to continue improving the quality of the service. The most significant touchpoints in the "Customer Journey" for Prosegur Seguridad clients include those relative to the selling experience, the service provision experience and the global experience.

For the Cash business the CEM Client Experience platform is in place, making it possible to identify contact points in client relations, including sales experience, experience in providing the service and global experience.

In the Alarms business, the main goal is to ensure clients have a quality security system where customisation and trust take priority.

In order to be able to rigorously evaluate the quality of the service provided, Prosegur implemented the "Right Now" tool which is constantly improved and enhanced. This is used to measure client satisfaction with the service provided in five different touchpoints.

Contribution to Fundación Prosegur

On an annual basis, the Prosegur Group contributes to Fundación Prosegur the funds necessary for its operation. Fundación Prosegur channels the company's social and cultural action, embodying its commitment to contribute to the development of the regions where it operates. Thanks to the backing of the entire Prosegur organisational structure, its projects on education, intellectually disabled persons employment opportunities and volunteer schemes have reached 42,063 people in three continents, a 5% increase in the number of direct beneficiaries compared with the previous year.

This quantitative achievement was accompanied by a strengthening of its action lines and intervention model, based on the creation of shared value between company and society, pooling good practices and ongoing improvement.

The Prosegur Group contribution to Fundación Prosegur in 2018 amounted to EUR 2.9 million.

Tax contribution

Prosegur does not obtain material public subsidies that warrant breaking down in the statement of non-financial information.

As a multinational company, Prosegur has a presence in a number of countries over the five continents and contributes to boosting the economies where its operations are based, via its contribution to the public coffers. Accordingly, its tax strategy is based on OECD (Organisation for Economic Cooperation and Development) guidelines, in compliance with recommendations set forth in the document Base Erosion and Profit Shifting, concerning how to combat tax evasion or reduction and practices tending to shift profits to territories with low or zero tax rates.

The business is a fundamental axis in the organization and is represented in the General Business Departments, which are responsible for the design of security solutions for clients and cover the main lines of business: Security, Cash and Alarms, which correspond to therefore with the Group's segments.

- Security: mainly includes surveillance and protection activities of establishments, goods and people and activities related to security and cybersecurity technology solutions.
- Cash: mainly includes the activities of transport, deposit, custody, counting and classification of coins and notes, securities, securities and other objects that require special protection due to their economic value or their dangerousness.
- Alarms: includes installation and maintenance of residential alarms, as well as alarm monitoring service by Alarm Receiving Center (CRA).

The corporate functions are supervised by the Global Support Directorates that cover the Economic Financial areas, Prosegur Asset Management, Risk Management and CEO's Office. From a geographical perspective, the following geographic areas are identified:

- Europe, which includes the following countries: Germany, Spain, France, Luxembourg (although it is not a jurisdiction where there is operational activity, it is included as a consequence of the existence of the Luxembourg company Pitco Reinsurance, SA, with the corporate purpose of covering insurance), Portugal and Turkey.

- ROW, which includes the following countries: Australia, China, the United States, the Philippines, India, Singapore and South Africa.
- Latin America, which includes the following countries: Argentina, Brazil, Chile, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru and Uruguay.

The detail of the effective tax rate per country is as follows:

	Spain	France	Portugal	Southafrica	Germany	Turkey	Brazil	Argentina	Australia	Peru	Paraguay	Others less 10%
ETR	33%	2%	41%	28%	106%	0%	40%	28%	25%	50%	9%	47%

The detail of the effective tax rate per region is as follows:

	Total Ibero-America	Total ROW	Total Europe	Total
ETR	32%	19%	45%	35.72%

The effective tax rate of each country reflects the tax contribution in% on the benefit before taxes of each company. Therefore, it is the tax paid or payable year after year for said benefits.

The payment for income tax for the year 2018 was 102 million euros.

12.6 Diversity in the Governing Bodies

KPIs	Profit/(loss)
Percentage of women in the Board of Directors	Board comprising 25% women
Percentage of independent directors	The Board comprises 37.5% independent directors
Percentage of independent directors in the Audit Committee	66.6% of members of the Audit Committee are independent directors

The scope of these KPIs represents 100% of the workforce of the Prosegur Group

At 31 December 2018, the Board of Directors of Prosegur was composed of eight members (two of which women): one executive and seven non-executive, of which four are independent directors, two are proprietary and one is external. The responsibilities of the Chairman and the Executive Director are different and complementary. Prosegur adopts the requirements of the main international standards on corporate governance, which recommend the separation of roles.

Appendix. Table contents Law

Content	Guidance links with GRI indicators	Pages
General information		
Business model		
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28046 Madrid

Independent Assurance Report on the Consolidated Non-Financial Information Statement of Prosegur Compañía de Seguridad, S.A. and subsidiaries for the year 2018

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

To the shareholders of Prosegur Compañía de Seguridad, S.A.:

Pursuant to article 49 of the Spanish Code of Commerce, we have provided limited assurance on the Consolidated Non-Financial Information Statement (hereinafter NFIS) for the year ended 31 December 2018, of Prosegur Compañía de Seguridad, S.A., (hereinafter the Parent Company) and subsidiaries (hereinafter the Group) which forms part of 2018 consolidated Group's Directors' Report.

The consolidated Directors' Report includes additional information to that required by prevailing mercantile legislation on which it is not possible to provide assurance as it was not prepared using adequate criteria. In this regard, our assurance work was limited only to providing assurance on the information contained in the "Content Table of the Law" of the accompanying consolidated Directors' Report.

Directors' responsibilities

The Board of Directors of the Parent Company is responsible for the preparation and presentation of the NFIS included in the Group's consolidated Directors' Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), in accordance with that mentioned for each subject area in "Content Table of the Law" of the aforementioned consolidated Directors' Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The directors of Prosegur are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for preparing the NFIS was obtained.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.



Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed that exclusively refers to 2018. The data for previous years were not subject to assurance according to prevailing mercantile legislation.

We conducted our review engagement in accordance with International Standard on Assurance Engagements, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the Performance Guide on assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units of Prosegur that participated in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS and in the application of certain analytical procedures and sample review testing described below:

- Meetings with the Parent Company's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these questions and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS based on the materiality analysis performed by Prosegur and considering the content required in prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the Non-Financial Information Statement for 2018.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2018.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2018 and whether it has been adequately compiled based on data provided by internal and external information sources or third party reports.
- Procurement of a representation letter from the Directors and management.



Basis of the qualified conclusion

The accompanying NFIS does not disclose the information regarding profits obtained per country, as required by prevailing mercantile legislation. In section "Non-Financial Information Statement" of the accompanying consolidated Director's Report, the Parent Company's management explains the reasons why this information is not provided.

Conclusion

Based on the assurance procedures performed and the evidence obtained, except for the effect of the matter described in the paragraph "Basis of the qualified conclusion", nothing else has come to our attention that causes us to believe that the NFIS of Prosegur Compañía de Seguridad, S.A. and its subsidiaries for the year ended 31 December 2018 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and the content of the selected GRI Standards, in accordance with that mentioned for each subject area in the "Content Table of the Law" of the aforementioned consolidated Directors' Report.

Use and distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed)

Patricia Reverter Guillot

27 February 2019

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL INFORMATION FOR 2018

The members of the board of directors of Prosegur Compañía de Seguridad, S.A. hereby confirm that, to the best of our knowledge, the individual and consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries for 2018, authorised for issue by the board of directors at the meeting held on 26 February 2019 and prepared in accordance with applicable accounting principles, present fairly the equity, financial position and results of Prosegur Compañía de Seguridad, 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 Compañía de Seguridad, S.A. and its consolidated group, together with the main risks and uncertainties facing the group.

Madrid, 26 February 2019

Ms Helena Irene Revoredo Delvecchio
Chairman

Mr Isidro Fernández Barreiro
Vice-chairman

Mr Christian Gut Revoredo
Executive Director

Mr Fernando D'Ornellas Silva
Director

Ms Chantal Gut Revoredo
Director

Mr Ángel Durández Adeva
Director

Mr Fernando Vives Ruiz
Director

Mr Eugenio Ruiz-Gálvez Priego
Director

DIRECTORS' RESPONSIBILITY OVER THE CONSOLIDATED ANNUAL ACCOUNTS

The consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries are the responsibility of the directors of the parent company, and have been prepared in accordance with 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 their responsibility mainly by establishing and maintaining accounting systems and other regulations, supporting them adequately using internal accounting controls. These controls have been designed to provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations and regulations laid down by management and that accounting records are reliable for the purposes of drawing up the Annual Accounts. The automatic correction and control mechanisms are also a relevant part of the control environment, insofar as corrective action is taken when weaknesses are observed. Nevertheless, an effective internal control system, irrespective of how perfect its design may be, has inherent limitations, including the possibility of circumventing or invalidating controls, and can therefore provide only reasonable assurance in relation with preparation of the Annual Accounts and the protection of assets. However, the effectiveness of internal control systems may vary over time due to changing conditions.

The Company evaluated its internal control system at 31 December 2018. Based on this evaluation, the directors believe that existing internal accounting controls provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations laid down by management, and that the financial records are reliable for the purposes of drawing up the annual accounts.

Independent auditors are appointed by the shareholders at their annual general meeting to audit the annual accounts, in accordance with the technical standards governing the audit profession. Their report, with an unqualified opinion, is attached separately. Their audit and the work performed by the Company's internal services include a review of internal accounting controls and selective testing of the transactions. The Company's management teams hold regular meetings with the independent auditors and with the internal services in order to review matters pertaining to financial reporting, internal accounting controls and other relevant audit-related issues.

Mr Antonio Rubio Merino
Chief Financial Officer

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

Annual Accounts and Directors' Report
at 31 December 2018

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

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I. PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

(Expressed in thousands of EUR)

	Notes	2018	2017
Net turnover	3	130,653	872,897
Dividend received		95,255	829,774
Loan interest income		2,570	2,845
Provision of services		32,828	40,278
Supplies		(22)	(15)
Consumption of raw materials and other consumables		(22)	(15)
Other operating income		4,776	107
Non-core and other operating revenues		4,776	107
Personnel Expenses	3	(3,922)	(8,720)
Wages, salaries and similar charges.		(3,452)	(8,368)
Social security obligations		(470)	(352)
Other operating expenses		(11,238)	(10,204)
External services	3	(7,057)	(3,098)
Taxes		(134)	(607)
Losses, impairment and changes in commercial provisions		(19)	-
Other Ordinary Expenses		(4,028)	(6,499)
Fixed assets deterioration	6 and 7	(4,644)	(3,249)
Impairment and result for disposal of fixed assets		-	773
Profit/(losses) on disposals and other operations	9	-	773
Other profit/(loss)		(38)	-
EBIT		115,565	851,589
Finance income	4	1,325	304
Third parties		1,325	304
Finance expenses	4	(12,013)	(19,547)
From payables to Group companies		(821)	(603)
From payables to third-parties		(11,192)	(18,944)
Variation in fair value of financial instruments		(732)	-
Variation in fair value of financial instruments		(732)	-
Exchange differences	4	(91)	1,868
NET FINANCE INCOME		(11,511)	(17,375)
PROFIT BEFORE TAX		104,054	834,214
Income tax	16	(1,069)	(3,880)
PROFIT FOR THE YEAR FROM ONGOING OPERATIONS		102,985	830,334
PROFIT/(LOSS) FOR THE YEAR		102,985	830,334

II. BALANCE SHEET AT 31 DECEMBER 2018 AND 2017

(Expressed in thousands of EUR)

ASSETS	Note	2018	2017
NON-CURRENT ASSETS		1,015,010	1,026,350
Intangible Assets	6	32,179	36,124
Trademarks, licences, patents and others similar		32,162	36,067
Computer software		8	12
Other Intangible assets		9	45
Property, Plant and Equipment	7	12,480	13,065
Technical facilities and other property, plant and equipment		12,480	13,065
Long-term investments in Group companies and associates	9	956,552	960,254
Equity instrument		956,552	960,254
Long-term financial investments	8	2,943	2,943
Equity instrument		2,650	2,650
Other financial assets		293	293
Deferred tax assets	16	10,856	13,964
CURRENT ASSETS		1,132,622	948,427
Trade and other receivables		53,205	30,285
Clients' receivables for sales and services	8	348	-
Clients, Group companies and associates	8	13,512	5,092
Sundry Debtors	8	285	391
Personnel	8	1	2
Current tax assets	16	39,052	23,624
Public entities, other receivables	16	7	1,176
Short-term investments in Group companies and associates	8	450,666	321,636
Loans to companies		366,305	269,544
Other financial assets		84,361	52,092
Short-term financial investments	8	489,936	490,965
Loans to companies		348	347
Debt securities		489,268	490,298
Other financial assets		320	320
Short-term deferrals		552	675
Cash and cash equivalents	12	138,263	104,866
Cash and other Cash Equivalents		138,263	104,866
TOTAL ASSETS		2,147,632	1,974,777

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

(Expressed in thousands of EUR)

NET EQUITY AND LIABILITIES	Notes	2018	2017
EQUITY		1,136,296	1,115,456
Shareholders' equity		1,136,296	1,115,456
Subscribed capital	13	37,027	37,027
Subscribed capital		37,027	37,027
Share premium	13	25,472	25,472
Reserves	13	1,115,106	640,043
Legal and statutory reserves.		7,406	7,406
Other reserves		1,107,700	632,637
(Own shares and equity holdings)	13	(65,240)	(65,542)
Profit for the year	5	102,985	830,334
(Dividend on account)	5	(79,054)	(351,878)
NON-CURRENT LIABILITIES		720,101	23,715
Non-current provisions	14	1,649	51
Obligations for long term personnel benefits		1,648	-
Other provisions		1	51
Long-term debts	8	696,877	2,039
Bonds and other marketable securities		694,932	-
Other financial liabilities		1,945	2,039
Deferred tax liabilities	16	21,575	21,625
CURRENT LIABILITIES		291,235	835,606
Short-term debts	8	88,999	665,699
Bonds and other marketable securities		6,252	510,088
Debts with credit institutions		-	80,639
Other financial liabilities		82,747	74,972
Short-term payables to Group companies and associates	8	184,198	133,540
Trade and other payables		18,038	36,367
Suppliers, Group companies and associates	8	7,143	964
Sundry accounts payable	8	1,680	1,741
Personnel (salaries payable)	8	4,083	11,294
Public entities, other payables	16	5,132	22,368
TOTAL EQUITY AND LIABILITIES		2,147,632	1,974,777

**III. STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER
2018 AND 2017**

A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE

(Expressed in thousands of EUR)

	<u>Note</u>	<u>2018</u>	<u>2017</u>
Profit/(losses) in the Profit and Loss Account	5	102,985	830,334
Total comprehensive income		<u>102,985</u>	<u>830,334</u>

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

B) STATEMENT OF TOTAL CHANGES IN EQUITY

(Expressed in thousands of EUR)

	Share capital	Share premium	Legal Reserve	Other Reserves	(Own shares and equity holdings)	Profit for the year	(Dividend on account)	TOTAL
	(Note 13)	(Note 13)	(Note 13)	(Note 13)	(Note 13 c)	(Note 5)	(Note 5)	
BALANCE AT YEAR END 2016	37,027	25,472	7,406	657,089	(65,778)	(7,037)	-	654,179
ADJUSTED BALANCE AT YEAR START 2017	37,027	25,472	7,406	657,089	(65,778)	(7,037)	-	654,179
Recognised income and expense	-	-	-	-	-	830,334	-	830,334
Operations with partners or owners	-	-	-	(30,497)	236	7,037	(351,878)	(375,102)
(-) Dividend distribution	-	-	-	(23,554)	-	-	-	(23,554)
Operations with own stocks or shares (net)	-	-	-	94	-	-	-	94
Accrued share-based incentives	-	-	-	-	236	-	-	236
Other operations with partners or owners	-	-	-	(7,037)	-	7,037	-	-
Dividend on account	-	-	-	-	-	-	(351,878)	(351,878)
Other changes in equity.	-	-	-	6,045	-	-	-	6,045
Other changes	-	-	-	6,045	-	-	-	6,045
BALANCE AT YEAR END 2017	37,027	25,472	7,406	632,637	(65,542)	830,334	(351,878)	1,115,456
Total comprehensive income	-	-	-	-	-	102,985	-	102,985
Operations with partners or owners	-	-	-	480,803	302	(830,334)	272,824	(76,405)
Operations with own stocks or shares (net)	-	-	-	182	-	-	-	182
Accrued share-based incentives	-	-	-	-	302	-	-	302
Other operations with partners or owners	-	-	-	480,621	-	(830,334)	351,878	2,165
Dividend on account	-	-	-	-	-	-	(79,054)	(79,054)
Other changes in equity	-	-	-	(5,740)	-	-	-	(5,740)
Other changes	-	-	-	(5,740)	-	-	-	(5,740)
BALANCE AT YEAR END 2018	37,027	25,472	7,406	1,107,700	(65,240)	102,985	(79,054)	1,136,296

The accompanying notes form an integral part of the annual accounts for 2018.

IV. CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

V. NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General Information

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

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

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

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

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

- Security.
- Cash.
- Alarms.

From 2013 the Company segregated the private security branch of activity in Spain to Prosegur España S.L.U. resulting in the main activity of the Company now becoming the acquisition, holding, management and administration of securities and shares or any other form of representation of interest in the capital of entities that are resident and non-resident in Spain and of funding in investee companies; and the provision of services that are complementary or ancillary to the management of activities carried out by the investee companies.

During 2017 and 2016, a series of operations involving the incorporation of new companies, sales of shares, capital contributions and spin-offs of the Group's companies were carried out in order to align the Group in the three business lines.

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

Prosegur Compañía de Seguridad, S.A is controlled by Gubel S.L., which was incorporated in Madrid and holds 50.075% of the company's share capital.

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

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

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

The Directors prepare the consolidated annual accounts of Prosegur Compañía de Seguridad, S.A., in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and approved by the European Commission Regulations in force at 31 December 2018. The consolidated annual accounts were drawn up by the Board of Directors, together with these individual annual accounts, on 26 February 2019 and are pending approval by the shareholders at their general meeting, after which they will be filed at the Companies Register of Madrid.

The consolidated annual Accounts of Prosegur Compañía de Seguridad, S.A. and its subsidiaries for 2018 present consolidated profit of EUR 192,219 thousand and consolidated equity of EUR 1,066,457 thousand (EUR 198,309 thousand and EUR 1,143,440 thousand respectively in 2017).

2. Basis of Presentation

a) Fair image

The annual accounts have been prepared on the basis of the accounting records of the Company and are presented in accordance with mercantile legislation in force and the rules established in the General Chart of Accounts approved by Royal Decree 1514/2007, in order to reflect a true and fair image of the equity, financial situation and results of the Company, as well as the veracity of the cash flows shown in the cash flow statement.

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

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

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

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

Estimate of the recoverable value of investments in subsidiaries

The Company carries out impairment testing on investments made in subsidiaries if there is any proof of value impairment. The calculation of impairment involves the comparison of the carrying amount of the investment with its recovery value, this being understood as the higher fair value less cost of sale and value in use. The Company generally uses cash flow discounting methods to calculate these values. Discounted cash flow calculations are based on four-year projections of the budgets approved by Management. The cash flows take into account past experience and represent Management's best estimate of future market performance. Cash flows as of four years are extrapolated using individual growth rates. The key assumptions to determine the fair value less cost of sale and value in use include growth rates, average weighted rate of capital and tax rates (see Notes 9 and 25.3).

Provisions and contingencies

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

c) Functional and presentation currency

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

d) Comparative information

For comparative purposes and for each item in the balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the annual accounts, in addition to the figures for financial year 2018, the annual

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accounts show those pertaining to the previous year, those of 2017, approved by the General Shareholders' Meeting at 29 May 2018.

3. Income and Expenses

a) Net turnover

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

	Thousands of Euros									
	2018									
	National		Europe		AOA		LatAm		Total	
2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	
Dividend received:										
- Group companies and associates	95,255	829,774	-	-	-	-	-	95,255	829,774	
Loan interest income	2,262	1,697	72	621	23	-	213	527	2,570	2,845
Provision of services:										
- General services	28,255	37,349	112	92	(367)	82	4,828	2,755	32,828	40,278
Total	125,772	868,820	184	713	(344)	82	5,041	3,282	130,653	872,897

b) Personnel Expenses

Details of the employee benefits expense are as follows:

	Thousands of Euros	
	2018	2017
Salaries and wages	3,452	8,368
Social security obligations	391	296
Other employee benefits expenses	79	56
Total	3,922	8,720

The 2017 and 2020 long-term incentive plans for Executive Director and Senior Management of Prosegur (Note 25.9), within the Salaries and wages paragraph, have been included in the expense accrued during the year in relation to the 2018 commitment amounting to EUR 2,855 thousand (EUR 2,162 thousand in 2017).

c) External Services

Details of external services are as follows:

	Thousands of Euros	
	2018	2017
Leases and levies	262	292
Independent Professional Services	5,085	899
Transport	1	2
Insurance premiums	203	245
Banking and similar services	355	355
Advertising and supplies	783	1,208
Other services	368	97
Total	7,057	3,098

d) Sale of Fixed Assets

In 2018 and 2017, there were no significant sales of property, plant and equipment.

4. Net Finance Income

Details of finance income and costs are as follows:

	Thousands of Euros	
	2018	2017
Finance income	1,325	304
Third parties	1,325	304
Finance expenses	(12,013)	(19,547)
From payables to Group companies (Note 19)	(821)	(603)
From payables to third-parties	(11,192)	(18,944)
Variation in fair value of financial instruments	(732)	-
Exchange differences	(91)	1,868
NET FINANCE INCOME	(11,511)	(17,375)

• Finance income and costs

Finance costs in relation to group companies reflect interest earned on current loans to group companies (see Note 19).

The interest for debts with third parties correspond to the accrued interest for uncovered bonds issued in 2013 and 2018 (Note 15).

The financial income amounting to EUR 640 thousand (EUR 304 thousand in 2017) corresponds to the interest generated by the investments in IPF (Note 8).

• Exchange profit/losses

The main currency conversion difference items are the following:

	Currency	Thousands of Euros	
		2018	2017
Barclays bank loan	South African Rand	(324)	474
Debt due to acquisition of Tellex	Argentine Peso	148	102
Debt due to acquisition of Martom	Brazilian Real	7	50
Debt due to acquisition of Beloura Investment	Colombian Peso	76	260
Other debt with group companies	Argentine Peso	-	13
Other items		2	969
		(91)	1,868

5. Profit for the year

a) Distribution of profit

On the date these annual accounts are authorised for issue, the directors will propose to the shareholders at their general meeting that profit for the year be distributed as follows:

	<u>Thousands of Euros</u>
	<u>2018</u>
<u>Basis of allocation</u>	
Profit for the year	102,985
Total	<u>102,985</u>
<u>Allocation</u>	
Voluntary reserves	(21,069)
Capitalisation Reserve	45,000
Dividends	79,054
Total	<u>102,985</u>

On 20 December 2018 the Board of Directors approved the distribution of a regular dividend of EUR 0.1281 per share on account of the 2018 profits, or a total maximum dividend of EUR 79,054 thousand (considering that the share capital is currently represented by 617,124,640 shares). This dividend will be distributed to shareholders as four payments, in January, April, July and October 2019. Each payment is calculated as EUR 0.032025 per outstanding share at the payment date.

At 31 December 2018 dividends payable of EUR 79,054 thousand have been recognised under current liabilities as other payables within trade and other payables.

The maximum amount represented by own shares at each payment date, and therefore not distributed, will be transferred to voluntary reserves. The amount for undistributed dividends out of the maximum total agreed for the year 2018 is reflected in "Other operations with partners or owners" of the statement of changes in equity for the amount of EUR 2,165 thousand.

Nevertheless, if the number of shares changes between two payment dates as a result of a share capital increase or reduction, the total maximum amount of the dividend at each payment date (EUR 19,763 thousand) should be divided by the new number of outstanding shares that corresponds following the aforementioned increase or reduction.

The provisional accounting statement presented by the Board of Directors in accordance with the legal requirements that evidenced the lack of sufficient liquidity to pay the aforementioned interim dividend is set forth below:

	<u>Thousands of Euros</u>
	<u>2018</u>
1. Initial cash on hand (before the interim dividend)	66,527
2. Group current bank account balances	338,224
3. Proceeds Pending	40,534
4. Temporary financial investments	490,348
5. Payments for Current Operations	(5,737)
6. Payments for Financial Operations	(9,371)
7. Extraordinary Payments	(988)
Forecast Cash	919,537
Less dividend payments according to the proposal	(79,054)
Final cash after dividends	<u>840,483</u>

b) Dividend restrictions

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

6. Intangible Assets

Details of intangible assets and movement are as follows:

	EUR thousand				
	Licences	Trademarks and similar	Computer software	Other Intangible assets	Total
Cost					
Balance at 01 January 2017	1	3,030	26	363	3,420
New additions	4	36,038	-	-	36,042
Write offs	-	-	-	(1)	(1)
Balance at 31 December 2017	5	39,068	26	362	39,461
New additions	3	-	-	-	3
Balance at 31 December 2018	8	39,068	26	362	39,464
Depreciation and amortisation					
Balance at 01 January 2017	-	-	(10)	(281)	(291)
Amortisation for the year	(1)	(3,005)	(4)	(36)	(3,046)
Balance at 31 December 2017	(1)	(3,005)	(14)	(317)	(3,337)
Amortisation for the year	(1)	(3,907)	(4)	(36)	(3,948)
Balance at 31 December 2018	(2)	(6,912)	(18)	(353)	(7,285)
Carrying amount					
At 01 January 2017	1	3,030	16	82	3,129
At 31 December 2017	4	36,063	12	45	36,124
At 31 December 2018	6	32,156	8	9	32,179

a) Description of the main movements

In 2018, the additions correspond to the acquisition of Microsoft Software licences for EUR three thousand.

There are no write-offs of property, plant and equipment in 2018.

The most significant additions in 2017 corresponded to the acquisition of the Prosegur Brand for Argentina and Paraguay, owned by Juncadella Prosegur, for EUR 36,038 thousand and the purchase of software licences for EUR four thousand. The Company invoices and recognises revenue from the transfer to its subsidiaries of the rights to use the Prosegur Brand.

In 2017, the write-offs of property, plant and equipment were not significant.

b) Licences

Details of licences at year end are as follows:

Thousands of Euros						
2018						
Description and operation	Expiry date	Depreciation period (Note 25.1)	Amortisation for the year	Cost	Accumulated amortisation	Carrying amount
Licences - Software	2026	10 years	-	1	1	-
Licences - Software	2027	10 years	1	4	1	3
Licences - Software	2028	10 years	-	3	-	3
			1	8	2	6

Thousands of Euros						
2017						
Description and operation	Expiry date	Amortisation period	Amortisation for the year	Cost	Accumulated amortisation	Carrying amount
Licences - Software	2026	10 years	1	1	1	-
Licences - Software	2027	10 years	-	4	-	4
			1	5	1	4

c) Fully amortised intangible assets

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

	Thousands of Euros	
	2018	2017
Computer software	2	2
	2	2

d) Assets subject to guarantees and title restrictions

At 31 December 2018 and 2017 the Company has no significant intangible assets that are subject to restrictions on title or pledged as security for liabilities.

7. Property, Plant and Equipment

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

	Thousands of Euros		
	Other install., equipment and furniture	Other property, plant and equipment	Total
Cost			
Balance at 01 January 2017	308	215	523
New additions	2	13,151	13,153
Balance at 31 December 2017	310	13,366	13,676
New additions	103	8	111
Write offs	(35)	(2)	(37)
Balance at 31 December 2018	<u>378</u>	<u>13,372</u>	<u>13,750</u>
Depreciation and amortisation			
Balance at 01 January 2017	(220)	(188)	(408)
Amortisation for the year	(36)	(167)	(203)
Balance at 31 December 2017	(256)	(355)	(611)
Write offs	35	2	37
Amortisation for the year	(34)	(662)	(696)
Balance at 31 December 2018	<u>(255)</u>	<u>(1,015)</u>	<u>(1,270)</u>
Carrying amount			
At 01 January 2017	88	27	115
At 31 December 2017	54	13,011	13,065
At 31 December 2018	<u>123</u>	<u>12,357</u>	<u>12,480</u>

a) Description of the main movements

In 2018, the most significant additions in property, plant and equipment correspond to the installation of security systems for EUR 103 thousand, to the purchase of information equipment for EUR six thousand and telephony for EUR two thousand.

The most significant write-offs in property, plant and equipment in 2018 correspond to furniture for EUR 35 thousand and another PPE for EUR two thousand.

During 2017, the most significant additions in property, plant and equipment was the addition of an item of transport for EUR 13,138 and computer equipment for EUR 13 thousand.

b) Fully depreciated property, plant and equipment

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

	Thousands of Euros	
	2018	2017
Other installations, equipment and furniture	23	23
Other property, plant and equipment	185	185
	<u>208</u>	<u>208</u>

c) Property, plant and equipment pledged as collateral

At 31 December 2018 and 2017 the Company has no property, plant and equipment subject to restrictions on title or pledged as security for liabilities.

d) Assets under operating lease

Lessee

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

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

	Thousands of Euros	
	2018	2017
Lease expenses	262	292
	262	292

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

e) Insurance

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

8. Analysis of Financial Instruments

8.1 Analysis by category

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

a) Financial assets:

Thousands of Euros

	2018			Total
	At amortised cost or cost			
	Credits and other	Trade and other receivables	Financial Investments	
Non-currents				
Loans and Receivables (Note 11)	-	-	293	293
Available-for-sale financial assets (Note 10)	-	-	2,650	2,650
	-	-	2,943	2,943
Current				
Loans and Receivables (Note 11)	366,305	14,146	84,709	465,160
Other financial assets (Note 11)	-	-	489,588	489,588
	366,305	14,146	574,297	954,748
Total	366,305	14,146	577,240	957,691

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Thousands of Euros

	2017			
	At amortised cost or cost			
	Credits and other	Trade and other receivables	Financial Investments	Total
Non-currents				
Loans and Receivables (Note 11)	-	-	293	293
Available-for-sale financial assets (Note 10)	-	-	2,650	2,650
	-	-	2,943	2,943
Current				
Loans and Receivables (Note 11)	269,544	5,485	52,439	327,468
Other financial assets (Note 11)	-	-	490,618	490,618
	269,544	5,485	543,057	818,086
Total	269,544	5,485	546,000	821,029

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

b) Financial liabilities:

Thousands of Euros

	2018				
	At amortised cost or cost				
	Bonds and other marketable securities	Debts with credit institutions	Trade and other payables	Other financial liabilities	Total
Non-currents					
Debts and payables (Note 15)	694,932	-	-	1,945	696,877
	694,932	-	-	1,945	696,877
Current					
Debts and payables (Note 15)	6,252	-	12,906	266,945	286,103
	6,252	-	12,906	266,945	286,103
Total	701,184	-	12,906	268,890	982,980

Thousands of Euros

	2017				
	At amortised cost or cost				
	Bonds and other marketable securities	Debts with credit institutions	Trade and other payables	Other financial liabilities	Total
Non-currents					
Debts and payables (Note 15)	-	-	-	2,039	2,039
	-	-	-	2,039	2,039
Current					
Debts and payables (Note 15)	510,088	80,639	13,999	208,512	813,238
	510,088	80,639	13,999	208,512	813,238
Total	510,088	80,639	13,999	210,551	815,277

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

8.2. Analysis by maturity

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

a) Financial assets:

Thousands of Euros	2018					TOTAL
	Financial assets					
	2019	2020	2021	2022	Subsequent years	
Investments in Group companies and associates:						
- Loans to companies (Note 19)	366,305	-	-	-	-	366,305
- Other financial assets	84,361	-	-	-	-	84,361
	450,666	-	-	-	-	450,666
Financial Investments:						
- Equity instruments	-	-	-	-	2,650	2,650
- Loans to companies	348	-	-	-	-	348
- Other financial assets	489,588	-	-	-	293	489,881
	489,936	-	-	-	2,943	492,879
Trade and other receivables:						
- Clients from sales and other	348	-	-	-	-	348
- Clients, Group companies and assoc.	13,512	-	-	-	-	13,512
- Sundry Debtors	285	-	-	-	-	285
- Personnel	1	-	-	-	-	1
	14,146	-	-	-	-	14,146
Total	954,748	-	-	-	2,943	957,691

Thousands of Euros	2017					TOTAL
	Financial assets					
	2018	2019	2020	2021	Subsequent years	
Investments in Group companies and associates:						
- Loans to companies (Note 19)	269,544	-	-	-	-	269,544
- Other financial assets	52,092	-	-	-	-	52,092
	321,636	-	-	-	-	321,636
Financial Investments:						
- Equity instruments	-	-	-	-	2,650	2,650
- Loans to companies	347	-	-	-	-	347
- Other financial assets	490,618	-	-	-	293	490,911
	490,965	-	-	-	2,943	493,908
Trade and other receivables:						
- Clients, Group companies and assoc.	5,092	-	-	-	-	5,092
- Sundry Debtors	391	-	-	-	-	391
- Personnel	2	-	-	-	-	2
	5,485	-	-	-	-	5,485
Total	818,086	-	-	-	2,943	821,029

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Other financial assets include fixed-term deposits contracted with the following characteristics:

- On 7 April 2017, a fixed income investment fund was set up with Gesconsulting, S.A. for the amount of EUR 25,000 thousand with an annual interest rate of 0.14%.
- On 19 April 2017, a fixed income investment fund was set up with Gesconsulting, S.A. for the amount of EUR 25,000 thousand with an annual interest rate of 0.14%.
- On 22 June 2017, IPF was constituted for EUR 150,000 thousand in Citibank Global Markets with an annual interest rate of 0.10%.
- On 15 March 2018 Repo was constituted for EUR 150,000 thousand in Citibank Global Markets, with an annual interest rate of 0.10%.
- On 20 March 2018, IPF was constituted for EUR 140,000 thousand in Morgan Stanley with indefinite maturity and an annual interest rate of 0.19%.

b) Financial liabilities:

Thousands of Euros	2018					TOTAL
	2019	2020	2021	2022	Subsequent years	
Debtures and other negotiable securities (Note 15)	6,252	-	-	-	694,932	701,184
Payables to Group companies (Note 19)	184,198	-	-	-	-	184,198
Debts with credit institutions (Note 15)	-	-	-	-	-	-
Suppliers, Group companies and associates (Note 15)	7,143	-	-	-	-	7,143
Sundry creditors (Note 15)	1,680	-	-	-	-	1,680
Personnel (Note 15)	4,083	-	-	-	-	4,083
Other financial liabilities (Note 15)	82,747	94	94	94	1,663	84,692
Total	286,103	94	94	94	696,595	982,980

Thousands of Euros	2017					TOTAL
	2018	2019	2020	2021	Subsequent years	
Debtures and other negotiable securities (Note 15)	510,088	-	-	-	-	510,088
Payables to Group companies (Note 19)	133,540	-	-	-	-	133,540
Debts with credit institutions (Note 15)	80,639	-	-	-	-	80,639
Suppliers, Group companies and associates (Note 15)	964	-	-	-	-	964
Sundry creditors (Note 15)	1,741	-	-	-	-	1,741
Personnel (Note 15)	11,294	-	-	-	-	11,294
Other financial liabilities (Note 15)	74,972	164	164	164	1,547	77,011
Total	813,238	164	164	164	1,547	815,277

9. Investments in Group Companies, Jointly Controlled Companies and Associates

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

	Thousands of Euros	
	2018	2017
Balance at 1 January	960,254	538,462
<u>Investments</u>	<u>(3,702)</u>	<u>421,792</u>
New Additions	4,355	463,495
Write offs	<u>(8,057)</u>	<u>(42)</u>
Balance at 31 December	<u>956,552</u>	<u>960,254</u>

During FY2018, the Company carried out a restructuring process to bring the companies of the cybersecurity business line into a single company, Prosegur Global Ciber Security, S.L.U. The following operations were therefore carried out in chronological order:

- ✓ At the beginning of 2018, the Company acquired Prosegur Ciberseguridad Uruguay, S.A. for EUR three thousand, Dognaedis Limited SASU for EUR 1,700 thousand and Prosegur Ciberseguridad Paraguay SA for EUR 335 thousand.
- ✓ On March 2, 2018, the Company constituted Prosegur Global Ciber Security, S.L.U.
- ✓ On 4 July 2018, the Company increased the capital of Prosegur Global Ciber Security, S.L.U. By EUR 2,317 thousand through the non-monetary addition of the following companies valued at the corresponding carrying amount in the consolidated annual accounts on the date on which the operation is carried out:
 - Prosegur Ciberseguridad Uruguay, S.A: loss of participation of EUR three thousand and contribution of EUR 4 thousand.
 - Dognaedis Limited SASU: loss of participation of EUR 1,700 thousand and contribution of EUR 30 thousand.
 - Prosegur Ciberseguridad Paraguay SA: loss of participation of EUR 335 thousand and contribution of EUR one.
 - Dognaedis Lda.: loss of participation of EUR 2,760 thousand and contribution of EUR 2,283 thousand.
 - Prosegur Ciberseguridad SAS: loss of participation of EUR 15 thousand and contribution of EUR one.
 - Prosegur Ciberseguridad Spain, S.L: loss of participation of EUR 3,244 thousand and contribution of EUR one.

As a result of the contributions made, the Company added an amount of EUR 2,317 thousand in Prosegur Global Ciber Security, S.L.U. and recognised a negative impact on reserves amounting to EUR 5,740 thousand (Note 13), which corresponds to the difference between the cost of the derecognised participation (EUR 8,057 thousand) and the carrying amount of the companies added in the consolidated annual accounts (EUR 2,317 thousand).

The year movements mentioned above are detailed below.

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a) New Additions

Increases in investments in group companies, jointly controlled companies and associates in 2018 are as follows:

		Thousands of Euros	
		2018	2017
Prosegur Global Cyber Security, S.L.U.	(1)	2,317	-
Prosegur Ciberseguridad Uruguay, S.A.	(2)	3	-
Dognaedis Limited SASU	(3)	1,700	-
Prosegur Ciberseguridad Paraguay SA	(4)	335	-
Prosegur Global SIS ROW, S.L.U.	(5)	-	91,595
Prosegur Global Alarmas ROW, S.L.U.	(6)	-	9,500
Prosegur Global Alarmas, S.L.U.	(7)	-	47,000
Dognaedis Lda	(8)	-	2,760
Prosegur Servicios Administrativos SA	(9)	-	109
Compañía Ridur 2016 SA	(10)	-	49,872
Prosegur Ciberseguridad SAS	(11)	-	15
Prosegur Ciberseguridad España, S.L.	(12)	-	3,244
Prosegur Global SIS, S.L.U.	(13)	-	158,400
Prosegur Gestión de Activos, S.L.U.	(14)	-	101,000
Total		4,355	463,495

(1) Prosegur Global Cyber Security, S.L.:

- ✓ On 2 March 2018, the Company constituted the Spanish Prosegur Global Cyber Security, S.L., with a capital of EUR three thousand, which remain outstanding.
- ✓ On 4 July 2018, the Company increased the capital through the non-monetary contribution of 100% of the participations of the Colombian Prosegur Ciberseguridad, SAS for the amount of EUR one; 100% of the participations of the Uruguayan Prosegur Ciberseguridad Uruguay, S.A. (formerly Loredat, S.A.) for EUR four thousand; 100% of the participations of the British company Dognaedis Limited, for EUR 30 thousand; 90% of the participations of the Paraguayan company Prosegur Ciberseguridad, S.A. for the amount of EUR one; and 100% of the participations of the Portuguese Dognaedis Lda. for EUR 2,283 thousand and 100% of the participations of the Spanish Prosegur Ciberseguridad, S.L. for the amount of EUR one.

(2) Prosegur Ciberseguridad Uruguay, S.A.:

- ✓ On 10 January 2018 the Company acquired 100% of the Uruguayan company for EUR three thousand.

(3) Dognaedis Limited SASU:

- ✓ On 12 January 2018 the Company acquired 100% of the British company for EUR 1,700 thousand.

(4) Prosegur Ciberseguridad Paraguay, S.A.:

- ✓ On 3 November 2017, the Company participated in the constitution of the Paraguayan company with a 90% stake, amounting to EUR 335 thousand, paid in full.

During FY2017, the most significant operations were the following:

(5) Prosegur Global SIS ROW, S.L.U.:

- ✓ On 31 March 2017, the Company increased its capital with a cash addition of EUR 44,000 thousand, corresponding to 100% of the total amount of the increase, paid in full.
- ✓ On 31 March 2017, the Company increased its capital through the non-monetary contribution of 100% of the shares of the Luxembourg Luxpai Holdo SARL for EUR 47,595 thousand. The amounts derecognised amounted to EUR 41,703 thousand corresponding to the carrying amount of the investment and had a positive impact on reserves amounting to EUR 5,892 thousand (Note 13).

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

(6) Prosegur Global Alarmas ROW, S.L:

- ✓ On 21 April 2017 the Company participated in the capital increase of the Spanish Prosegur Global Alarmas ROW, S.L.U. with EUR 9,500 thousand, fully subscribed and paid.

(7) Prosegur Global Alarmas, S.L.U.:

- ✓ On 21 April 2017 the Company participated in the capital increase of the Spanish Prosegur Global Alarmas, S.L.U. in the amount of EUR 47,000, fully subscribed and paid.

(8) Dognaedis Lda:

- ✓ On 30 April 2017, the Company acquired 100% of the shares of the Portuguese Dognaedis Lda for EUR 1,761 thousand.
- ✓ On 16 November 2017, the Company increased its capital through the monetary contribution of EUR 1,000 thousand, corresponding to 100% of the total amount of the extension, paid in full.

(9) Prosegur Servicios Administrativos, S.A.:

- ✓ On 30 November 2017, the Company increased its capital through a monetary contribution of EUR 108 thousand, paid in full.

(10) Compañía Ridur 2016, S.A.:

- ✓ On 31 March 2017, the Company acquired 100% of the shares that the company Juncadella Prosegur Internacional S.A. owned in Compañía Ridur 2016, S.A for EUR 49,872 thousand, paid in full.

(11) Prosegur Ciberseguridad SAS:

- ✓ On 31 March 2017, the Company acquired 100% of the shares of Prosegur Ciberseguridad SAS from Inversiones BIV SAS for an amount of EUR 15 thousand.

(12) Prosegur Ciberseguridad España, S.L:

- ✓ On 31 March 2017, the Company acquired 100% of the shares of the company Prosegur Ciberseguridad SL for EUR 244 thousand through a cash contribution.
- ✓ On 22 December 2017, the Company made a capital increase through the monetary contribution of EUR 3,000 thousand corresponding to 100% of the total amount of the extension, paid in full.

(13) Prosegur Global SIS, S.L.U:

- ✓ On 21 April 2017 the Company participated in the capital increase of the Spanish Prosegur Global SIS, S.L.U. in the amount of EUR 158,400 thousand, subscribed and paid in full.

(14) Prosegur Gestión de Activos, S.L.U:

- ✓ On 21 April 2017 the Company participated in the capital increase of the Spanish Prosegur Gestión de Activos, S.L.U. through the cash contributions of EUR 101,000 thousand, subscribed and paid in full.

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

b) Write offs

Decreases in investments in group companies, jointly controlled companies and associates in 2018 are as follows:

		Thousands of Euros	
		2018	2017
Cost			
Prosegur Ciberseguridad Uruguay, S.A.	(2)	(3)	-
Dognaedis Limited SASU	(3)	(1,700)	-
Prosegur Ciberseguridad Paraguay SA	(4)	(335)	-
Luxpai Holdo SARL	(5)	-	(41,703)
Dognaedis Lda	(8)	(2,760)	-
Prosegur Ciberseguridad SAS	(11)	(15)	-
Prosegur Ciberseguridad España, S.L.	(12)	(3,244)	-
Total Cost		(8,057)	(41,703)

(2) Prosegur Ciberseguridad Uruguay, S.A.:

- ✓ On 4 July 2018, the Company participated in capital increase of the Spanish Prosegur Global Cyber Security, S.L. through the non-monetary contribution of 100% of the shares of Prosegur Ciberseguridad Uruguay, S.A. (point 2). The amounts derecognised amounted to EUR three thousand corresponding to the carrying amount of the investment and had a positive impact on reserves amounting to EUR one thousand (Note 13).

(3) Dognaedis Limited SASU:

- ✓ On 4 July 2018, the Company participated in capital increase of the Spanish Prosegur Global Cyber Security, S.L. through the non-monetary contribution of 100% of the shares of Dognaedis Limited SASU (point 3). The amounts written off amounted to EUR 1,700 thousand corresponding to the carrying amount of the investment and produced a negative impact on reserves amounting to EUR 1,670 thousand (Note 13).

(4) Prosegur Ciberseguridad Paraguay, S.A.:

- ✓ On 4 July 2018, the Company participated in capital increase of the Spanish Prosegur Global Cyber Security, S.L. through the non-monetary contribution of 90% of the shares of Prosegur Ciberseguridad Paraguay, S.A. (point 4). The amounts derecognised amounted to EUR 335 thousand corresponding to the carrying amount of the investment and produced a negative impact on reserves amounting to EUR 335 thousand (Note 13).

(8) Dognaedis Lda:

- ✓ On 4 July 2018, the Company participated in capital increase of the Spanish Prosegur Global Cyber Security, S.L. through the non-monetary contribution of 100% of the shares of Dognaedis Lda. (point 8). The amounts derecognised amounted to EUR 2,760 thousand corresponding to the carrying amount of the investment and produced a negative impact on reserves amounting to EUR 478 thousand (Note 13).

(11) Prosegur Ciberseguridad SAS:

- ✓ On 4 July 2018, the Company participated in capital increase of the Spanish Prosegur Global Cyber Security, S.L. through the non-monetary contribution of 100% of the shares of Prosegur Ciberseguridad SAS (point 11). The amounts derecognised amounted to EUR 15 thousand corresponding to the carrying amount of the investment and produced a negative impact on reserves amounting to EUR 15 thousand (Note 13).

(12) Prosegur Ciberseguridad España, S.L.:

- ✓ On 4 July 2018, the Company participated in capital increase of the Spanish Prosegur Global Cyber Security, S.L. through the non-monetary contribution of 100% of the shares of Prosegur Ciberseguridad España, S.A. (point 12). The amounts written off amounted to EUR 3,244 thousand corresponding to the carrying amount of the investment and produced a negative impact on reserves amounting to EUR 3,244 thousand (Note 13).

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

The breakdown of the impairment losses on investments made in the years 2018 and 2017 is as follows:

	Thousands of Euros	
	2018	2017
Sociedad de Distribución Canje y Mensajería, Ltda.	-	(773)
	-	(773)

The impairment losses on investments in the following group companies, jointly controlled companies and associates at the end of the year:

	Thousands of Euros	
	2018	2017
Rosegur Holding Corporación, S.L.	6,650	6,650
Esta Service, SAS	1,740	1,740
Rosegur Cash Services, S.A.	230	230
Prosegur Activa Perú, S.A.	27	27
Prosegur Tecnología Chile Ltda.	1	1
Total	8,648	8,648

The Company annually evaluates the existence of indicators of impairment of the stakes in group companies and estimates the recoverable value at the closing date of those entities for which there are signs of impairment. The impairment indicator was calculated by comparing the net book value of the stake with the net worth of the investee and the recoverable value of the entities with an impairment indicator was determined considering its value in use for the Cash and Surveillance businesses and based on the fair value for the companies of the alarm business. Based on the analysis made, the Company did not record any valuation adjustments for stock impairment during 2018. In 2017, there was impairment in the participation of Sociedad de Distribución Canje y Mensajería, Ltda.

c) Investments in Group companies

The information on shares held in Group companies is contained in Appendix I of these annual accounts.

10. Financial assets

a) Available-for-sale assets

There were no movements in non-current financial assets, but the 2017 movement is detailed below:

	Thousands of Euros	
	Available-for-sale financial assets	
	Equity instruments	Total
Balance at 01 January 2017	2,313	2,313
Transfers	337	337
Balance at 31 December 2017	2,650	2,650
Balance at 31 December 2018	2,650	2,650

The additions for 2017 corresponded to the capital increase of Euroforum Escorial, S.A. in the amount of EUR 337 thousand, paid through the loan capitalisation that was held for the same amount. There were no additions in 2018.

Details of available-for-sale equity instruments are as follows:

Name	Thousands of Euros		
	2018		
	Recoverable amount	% ownership	Investment
<i><u>Equity shares not officially listed</u></i>			
Euroforum Escorial, S.A.	2,595	8%	2,595
Others	55		-
Total	2,650		

Name	Thousands of Euros		
	2017		
	Recoverable amount	% ownership	Investment
<i><u>Equity shares not officially listed</u></i>			
Euroforum Escorial, S.A.	2,595	8%	2,595
Others	55	-	-
Total	2,650		

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

11. Loans and receivables

Details of loans and receivables at 31 December are as follows:

	Thousands of Euros	
	2018	2017
Loans and receivables - non-current		
- Other financial assets	293	293
	293	293
Loans and receivables - current		
- Loans to group companies (Note 19)	366,305	269,544
- Clients from sales and other	348	-
- Clients, Group companies and associates (Note 19)	13,512	5,092
- Other accounts receivable group companies (Note 19)	84,361	52,092
- Sundry Debtors	286	393
- Loans to companies	348	347
Debt securities (Note 4)	489,268	490,298
- Other financial assets	320	320
	954,748	818,086
Total	955,041	818,379

There is no concentration of credit risk with respect to trade receivables, given that these are with group companies (Note 19).

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

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

	Thousands of Euros	
	2018	2017
Euros	951,353	814,411
Mexican Pesos	348	347
South African Rand	3,340	3,621
Total	955,041	818,379

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

Loans and receivables have not been impaired in 2018 and 2017.

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

There was no movement of other financial assets during the 2018 and 2017 financial years. Under this heading, guarantees are recorded as collateral for leases and others.

12. Cash and cash equivalents

Details of cash and cash equivalents are as follows:

	Thousands of Euros	
	2018	2017
Cash in hand and at banks	138,263	104,866
Total	138,263	104,866

The effective interest rate on current bank deposits is 0.1%.

Cash in hand and at banks essentially reflects cash at banks at each year end.

13. Share capital, share premium and own shares

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

a) Share capital

At 31 December 2018 and 2017 the share capital of Prosegur Compañía de Seguridad, S.A. amounts to EUR 37,027 thousand represented by 617,124,640 shares with a par value of EUR 0.06, subscribed and fully paid, which are all listed on the Madrid, Valencia, Bilbao and Barcelona stock exchanges and are traded on the Spanish Stock Exchange Interconnection System (SIBE).

These shares are freely transferable.

Details of the Company's shareholders are as follows:

Shareholders	Number of shares	
	2018	2017
Ms Helena Revoredo Delvecchio ⁽¹⁾	309,240,330	309,240,330
Oppenheimer Acquisition Corporation ⁽²⁾	34,957,437	34,957,437
Ms Mirta Giesso Cazenave ⁽³⁾	34,778,187	34,778,187
FMR LLC ⁽⁵⁾	30,970,374	24,452,187
Invesco Limited ⁽⁶⁾	-	11,595,772
Others	207,178,312	202,100,727
Total	617,124,640	617,124,640

(1) Through Gubel, S.L. (50.075%) and Prorevosa, S.L.U. (0.035%)

(2) Through various managed funds; one of them owns more than 5% (Oppenheimer International Growth Fund)

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

(4) Investment through various managed funds.

(5) Investment through various managed funds.

(6) Investment through various managed funds.

In January 2018, Invesco Limited reduced its shareholder composition to less than 1% of the shareholder composition of Prosegur.

At 31 December 2018 and 2017, the members of the Board of Directors, either directly or through companies over which they exercise control, hold 310,125,760 shares (310,126,760 shares in 2017), representing 50.25% of the Company's share capital (50.25% in 2017).

b) Share premium

The share premium amounts to EUR 25,472 thousand, is freely distributable and has not changed in 2018 or 2017.

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c) Own shares and equity holdings

Details of movements in own shares are as follows:

	Number of shares	Thousands of Euros
Balance at 01 January 2017	18,694,870	65,778
Other awards	(67,035)	(236)
Balance at 31 December 2017	18,627,835	65,542
Other awards	(85,829)	(302)
Balance at 31 December 2018	18,542,006	65,240

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

Prosegur Compañía de Seguridad holds 3.00% (3.02% in 2017) of treasury stock deemed strategic to satisfy possible future corporate transactions.

In 2018 and 2017, Other awards reflects the delivery of shares to employees at market value.

d) Reserves

Details of reserves are as follows:

	Thousands of Euros	
	2018	2017
Legal reserve		
Legal reserve	7,406	7,406
Total	7,406	7,406
Other reserves		
Voluntary reserves	1,097,535	632,472
Reserves due to revised Budget Act of 1983	104	104
Capitalisation reserve	10,000	-
Differences on translation of share capital to EUR	61	61
Total	1,107,700	632,637

Legal reserve

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

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

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

Voluntary reserves

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

	Thousands of Euros	
	2018	2017
Opening balance	632,637	657,089
Investment contributions (Note 9)	(5,740)	6,045
Luxpai Holdo SARL	-	5,892
Prosegur Ciberseguridad, S.L. (Spain)	(3,243)	-
Prosegur Ciberseguridad, SAS (Colombia)	(15)	-
Prosegur Ciberseguridad Uruguay, SA	1	-
Prosegur Ciberseguridad Paraguay, S.L.	(335)	-
Dognaedis Limited SASU (United Kingdom)	(1,670)	-
Dognaedis Lda (Portugal)	(478)	-
Other French companies (deferred)	-	153
Extraordinary dividend share-out (Note 5)	468,456	(34,065)
Own dividend refund (Note 5)	2,165	10,511
Distribution of result of last year (Note 5)	-	(7,037)
Capitalisation Reserve	10,000	-
Others	182	94
Closing balance	1,107,700	632,637

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

Reserves due to revised Budget Act of 1983

This reserve arises from balances revalued in accordance with the aforementioned act applied by the Company and is subject to restrictions on distribution. This reserve amounts to EUR 104 thousand (EUR 104 thousand in 2017).

Differences on translation of share capital to EUR

This non-distributable reserve arises from the translation of share capital from Pesetas to EUR. This reserve amounts to EUR 61 thousand (EUR 61 thousand in 2017).

Capitalisation reserves

The General Shareholders' Meeting held on 29 May 2018, agreed to endow a capitalisation reserve charged to the profits of the year 2017. This reserve amounts to EUR 10,000 thousand.

14. Non-current provisions

Details of provisions and movement are as follows:

	Thousands of Euros		
	Accrued obligations to personnel	Other provisions	TOTAL
Balance at 01 January 2017	7,088	50	7,138
Transfers to short term	(7,088)	-	(7,088)
Provisions	-	1	1
Balance at 01 January 2018	-	51	51
Amounts used	-	(45)	(45)
Provisions	1,648	-	1,648
Reversals	-	(5)	(5)
Balance at 31 December 2018	1,648	1	1,649

These provisions include the accrued incentive, payable in cash, corresponding to the 2017 and 2020 Plan (Note 25.9).

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

15. Debts and Payables

Details of debts and payables are as follows:

	Thousands of Euros	
	2018	2017
Non-current		
- Bonds and other marketable securities	694,932	-
- Loans and borrowings	-	-
- Other financial liabilities	1,945	2,039
Total	696,877	2,039
Current		
- Bonds and other marketable securities	6,252	510,088
- Loans and borrowings	-	80,639
- Other financial liabilities	82,747	74,972
- Payables to Group companies (Note 19)	123,608	117,069
- Other financial liabilities with Group companies (Note 19)	60,590	16,471
- Loans to group companies (Note 19)	7,143	964
- Sundry accounts payable	1,680	1,741
- Other payables	4,083	11,294
Total	286,103	813,238

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The exposure of the Company's debts and payables to fluctuations in interest rates and the contractual price review dates are as follows:

	Thousands of Euros	
	2018	2017
Up to 6 months	-	80,639
Between 6 and 12 months	123,608	117,069
Total	123,608	197,708

a) Bonds and other marketable securities

On 2 April 2018 the uncovered bonds issued on 2 April 2013 for EUR 500,000 thousand were amortised on their due date. On 8 February 2018 an issue of uncovered bonds with a nominal value of EUR 700,000 thousand, maturing on 8 February 2023, has been made. The bonds are traded on the secondary market, on the Irish Stock Exchange. They accrued an annual coupon of 1.00% payable at the end of each year.

b) Loans and borrowings

The current and non-current debts with credit institutions are the following:

	Thousands of Euros					
	2018			2017		
	Non-current	Current	Total	Non-current	Current	Total
Loans and borrowings	-	-	-	-	79,999	79,999
Other payables	-	-	-	-	640	640
Total	-	-	-	-	80,639	80,639

Loans and borrowings

On 12 June 2014 Prosegur arranged a new five-year syndicated credit financing facility of EUR 400,000 thousand to defer part of its debt. On 18 March 2015, the syndicated loan was renewed, mainly modifying the maturity date and postponing its expiry until 18 March 2020. On 10 February 2017, this syndicated financing facility in the form of a credit was cancelled.

On 10 February 2017 Prosegur arranged a five-year syndicated credit financing facility of EUR 200,000 thousand to provide the company with long-term liquidity. As of 31 December 2018, and 2017, no amount of this credit facility has been drawn down.

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

Additionally, this financing has the guarantees granted by the following subsidiaries of Prosegur: Prosegur, S.A. (Argentina), Prosegur Activa Argentina, S.A. (Argentina), Prosegur Soluciones, S.A.U. (Spain) and Prosegur Soluciones Integrales de Seguridad España, S.L.U. (Spain). This contract has the following obligatory covenant ratios:

- Net Financial Debt Ratio / Distributions Prosegur Cash EBITDA, which should be less than 3.50.
- The Consolidated Net Financial Debt / Consolidated EBITDA ratio, which should be less than 3.50.

On 29 January 2016, the Company signed a loan agreement with Barclays Bank for ZAR 272 million (equivalent to EUR 15,519 thousand) and maturing on 29 January 2020. On 6 July 2017 the Company signed a document of assignment of the loan agreement to Prosegur Cash S.A., this assignment coming into force on 14 July 2017. In order to neutralise any effect of the assignment on the net financial debt, the Company paid the amount equivalent to the debt assumed of EUR 18,210 thousand (equivalent to ZAR 272 million).

Prosegur does not have short-term bank loans contracted in 2018. In 2017, this financing was specified in bank loans, with maturity in the short term, which amounted as a whole to EUR 79,999 thousand.

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Credit facilities

They correspond to the balances drawn from the credit facilities contracted with national and international banks with a limit of EUR 35,000 thousand (limit of EUR 88,000 thousand in 2017). As of 31 December 2018 and 2017, no amount of this credit facility has been drawn down.

The Company has the following unused credit facilities:

	Thousands of Euros	
	2018	2017
Floating interest rate:		
maturing in less than 1 year (credit policies)	35,000	88,000
maturing in more than 1 year (syndicated loans)	200,000	200,000
	235,000	288,000

Credit facilities are subject to various interest rate reviews in 2018 and 2017.

c) Other financial liabilities

Details of financial liabilities by maturity are as follows:

	Thousands of Euros							Total
	2018							
	2019	2020	2021	2022	2023	subsequent years	Non-current	Total
Other financial liabilities	82,747	94	94	94	94	1,569	1,945	84,692

	Thousands of Euros							Total
	2017							
	2018	2019	2020	2021	2022	subsequent years	Non-current	Total
Other financial liabilities	74,972	94	94	94	94	1,663	2,039	77,011

The most significant other financial liabilities at 31 December 2018 and 2017 are as follows:

- Non-current amounts at 31 December 2018 were EUR 1,945 thousand (EUR 2,039 thousand in 2017), corresponding mainly to a loan received from the Ministry of Industry under the Avanza I+D programme of EUR 564 thousand and the debt for the purchase of the Portuguese company Dognaedis Lda for EUR 1,381 thousand.
- The current amounts at 31 December 2018 amounted to EUR 82,747 thousand (EUR 74,972 thousand in 2017), the most significant correspond to the outstanding dividend for 2018 for EUR 79,054 thousand (EUR 71,883 thousand in 2017) (Note 5), which will be settled in January, April, July and October 2019 as approved by the Board of Directors.
- Additionally, it mainly includes a series of amounts corresponding to deferred payments associated with the purchase of companies: Tellex, S.A. for EUR 124 thousand (EUR 25 thousand in 2017); Genper, S.A. for EUR two thousand (EUR two thousand in 2017); Beloura Investments, S.L.U., for EUR 1,905 thousand (EUR 1,981 thousand in 2017); Marton Segurança Electronica Ltda. For EUR 25 thousand (EUR 519 thousand in 2017); Prosegur GmbH for EUR 258 thousand (EUR 258 thousand in 2017), and Dognaedis Limited for EUR 750 thousand.

d) Other payables

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

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

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

The liability for this as of 31 December 2018 amounts to EUR 785 thousand (EUR 4,743 thousand in 2017) and the amount recognised in the income statement for this item classified under the personnel expenses heading amounts to a negative EUR 2,886 thousand (EUR 737 thousand in 2017) due to the adjustment of the previous year.

Other debts includes the accrued incentive, payable in cash, corresponding to the 2017 and 2020 Plans for EUR 3,076 thousand, as of 31 December 2018 (Note 25.9).

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

This item also includes salaries payable and accrued extraordinary salary instalments amounting to EUR 223 thousand (EUR 263 thousand in 2017).

e) Foreign currency

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

	Thousands of Euros	
	2018	2017
Euros	980,891	812,733
Argentine Peso	159	308
US Dollar	-	104
Colombian Peso	1,905	1,981
Brazilian Real	25	151
Total	982,980	815,277

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

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

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

	Payments made and outstanding at close of balance sheet	
	2018	2017
	Days	Days
Average payment period to suppliers	62	53
Ratio of transactions paid	59	48
Ratio of transactions pending payment	103	205
	Amount	
	(thousands of EUR)	
Total payments made	9,519	24,960
Total payments pending	706	795

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

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

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

The maximum legal term of payment applicable to the companies in 2018, according to Act 11/2013, of 26 December, is of 30 days (unless the conditions set forth in the Act allowing the maximum payment period to be raised to 60 days are fulfilled).

16. Taxation

a) Public administration:

a) Details of balances with public entities are as follows:

	Thousands of Euros			
	2018		2017	
	No current	Current	No current	Current
Assets				
Deferred tax assets	10,856	-	13,964	-
Current tax assets	-	39,052	-	23,624
Value added tax and similar liabilities	-	7	-	1,176
	10,856	39,059	13,964	24,800
Liabilities				
Deferred tax liabilities	21,575	-	21,625	-
Withholdings	-	5,076	-	22,323
Social Security	-	56	-	45
	21,575	5,132	21,625	22,368

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

The Company, as parent, and its subsidiaries Servimax Servicios Generales, S.A. (merged with ESC Servicios Generales, S.L. in 2014), Prosegur Transportes de Valores, S.A. (absorbed in 2011) and Formación, Selección y Consultoría, S.A. have filed consolidated tax returns since 2001, pursuant to Chapter VII of Spanish Corporate Income Tax Act 43/1945 of 27 December 1945 (Official State Gazette (BOE) 28/10/1995). In 2002, Prosegur Alarmas España, S.A. was incorporated in the Tax Group regime (Prosegur Multiservicios in 2011 and Prosegur Soluciones, S.A. in 2015), and Prosegur Tecnología, S.L.U. (formerly Nordés Prosegur Tecnología, S.L.U. absorbed in 2011) and ESC Servicios Generales, S.L. in 2005. In 2006, Prosegur Activa Holding, S.L.U. was incorporated (in 2015: Prosegur Global Alarmas, S.L.U.) and Prosegur Activa España, S.L.U. (absorbed in 2011); in 2009: Prosegur Servicio Técnico, S.L.U. (absorbed in 2011); in 2010: Prosegur Gestión de Activos, S.L.U.; In 2011 Pitco Ventures, SCR Simplificada, S.A (in 2014: wound up). In 2012, the companies acquired in 2011 were incorporated: Seguridad Vigilada, S.A., STMEC, S.L., Salcer Servicios Auxiliares, S.L, and Beloura Investments, S.L.U. Prosegur España S.L.U. has been added in 2013. In financial year 2014 there has been no addition to the tax group. In 2015, Armor Adquisición, S.A., Juncadella Prosegur International, S.A. Prosegur Global SIS, S.L.U., Prosegur Alarmas España, S.L.U., Prosegur Global CIT, S.L.U., Prosegur Vigilancia España, S.L.U., Prosegur Colombia 3, S.L.U. (formerly Prosegur Berlín, S.L.U.), Prosegur AVOS España, S.L.U. (formerly Prosegur BPO España, S.L.U.), Prosegur International CIT 1, S.L.U., Prosegur International CIT 2, S.L.U., Prosegur Global Alarmas ROW, S.L.U., Prosegur Global CIT ROW, S.L.U. and Prosegur Global SIS ROW, S.L.U. were brought in. Servimax Servicios Generales, S.A. and PITCO Ventures, SCR Régimen Simplificado were excluded. Company name changes in 2015: Prosegur Gestión de Activos

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International, S.L.U. (formerly Seguridad Vigilada, S.A.), Prosegur International SIS S.L.U. (formerly STMEC, S.L.), Prosegur USAP International, S.L.U. (formerly Salcer Servicios Auxiliares, S.L.U.), Prosegur International Alarmas, S.L.U. (formerly Beloura Investments, S.L.U.) and Prosegur Servicios de Efectivo España, S.L.U. (formerly Prosegur España, S.L.U.). In 2017 Prosegur Cash, S.A., Centro Informático de Servicios de Vigo, S.A. (wound up in 2018), Prosegur Ciberseguridad España, S.L. and Prosegur Assets Management, S.L.U. were brought in. In 2018, Contesta Teleservicios, S.A.U., Integrum 2008, S.L.U., Bloggers Brokers, S.L.U., Contesta Servicios Auxiliares, S.L.U., Prosegur Colombia 1, S.L., Prosegur Colombia 2, S.L.U., Prosegur Global Cyber Security, S.L., Segtech Ventures, S.A., and Prosegur Sevicios de Pago EP, S.L. were brought in.

After the first listing of the shares of Prosegur Cash, S.A. on the stock market, the Company considered that Prosegur Cash, S.A. is still part of the tax group in Spain. For the purposes of Corporate Income Tax, the Prosegur Group prepares a consolidated balance sheet and profit and loss account corresponding to the fiscal consolidation perimeter in accordance with the consolidation accounting standards in Spain. As a result of the sale of the shares of Prosegur Cash, S.A. a result was produced in the individual financial statements of Prosegur Assets Management, S.L.U. However, the accounting treatment of this transaction in the balance sheet and consolidated profit and loss account, according to article 29 of the consolidation accounting standards in force in Spain, which refer to modification of shares without loss of control, establishes that it will have no impact for the effects of calculating the consolidated result of the tax group

On 10 May 2016 the company was notified of the beginning of a partial inspection for Corporate Income Tax on whether the freedom to amortise was appropriate due to the maintenance or creation of jobs in 2011 and on whether the remunerations made to the Directors for the years 2011 to 2014 are deductible.

Additionally, on the same date, the Company (absorbing entity) was informed of the beginning of inspection proceedings as successor of the merger by absorption of the companies Prosegur Transporte de Valores and Prosegur Activa España (both absorbed entities), for Corporate Income Tax and which partially affects the origin of the freedom to amortise for maintenance or creation of employment in 2011.

As a result of those inspections, the following records were signed:

- Record of acceptance relating to the freedom to amortise.
- Record of non-acceptance regarding the Directors' remunerations with a tax charge of EUR 390 thousand and interest of EUR 30 thousand.

In relation to the record of non-acceptance, on 9 March 2018, the Technical Office issued a Resolution for rectifying the settlement proposal contained in the record of non-acceptance, establishing the debt at the amount of EUR 1,344 thousand, of which EUR 1,195 thousand correspond to principal and EUR 149 thousand to late-payment interest. After the Company had filed its arguments for the defence, on 6 June 2018, the Technical Office issued a Resolution for settlement for the amount of EUR 1,355 thousand, of which EUR 1,195 thousand correspond to principal and EUR 159 thousand to late-payment interest. The Company has lodged a claim against that Resolution with the Central Court for Economic-Administrative Issues. That claim is awaiting a decision.

In addition, the Company has two lawsuits awaiting decision arising from two records of non-acceptance and for which no provision was made, in proceedings brought by the Spanish Administration. The first was brought in 2012, in relation to Corporate Income Tax for the years 2005, 2006 and 2007 and is for a tax liability of EUR 8,268 thousand; at the present date, that lawsuit is awaiting a decision by the National High Court. The second was brought in 2014 in relation to Corporate Income Tax for the years 2008 and 2009 and is for a tax liability of EUR 16,072 thousand. That lawsuit is awaiting a decision by the Central Court for Economic-Administrative Issues.

Due to the treatment permitted by fiscal legislation of certain transactions, additional tax liabilities could arise in the event of inspection. In any event, the Directors of the Company do not consider that any such liabilities that could arise would have a significant effect on the annual accounts.

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

	Thousands of Euros	
	2018	2017
Account finance income before tax	104,054	834,214
Permanent differences	(93,228)	(829,834)
Elimination of treasury stock transactions	(243)	(125)
Taxable base	10,583	4,255
Tax rate	25%	25%
Resulting tax payable	2,646	1,064
- Double taxation	(595)	(4,998)
- Contributions to Foundations	(431)	(1,085)
- Other deductions	(633)	(592)
Expense (income) from tax on profit	987	(5,611)
- Withholdings at source and other	82	9,491
Final expense (income) from tax on profit	1,069	3,880

The main permanent differences of the accounting profit for the year 2018 correspond to items that do not have a tax-deductible expense or taxable revenue, which are mainly: the exemption of dividends received from the subsidiaries in Spain amounting to EUR 95,255 thousand (Note 19) and contributions to foundations for a positive amount of EUR 1,830 thousand.

The main permanent differences in the accounting profit in 2017 reflected non-tax expenditure or revenue, primarily exempt dividends received from foreign subsidiaries amounting to EUR 829,774 thousand, transmissions of group stakes for a negative amount of EUR 773 thousand and contributions to foundations for a positive amount of EUR 1,698 thousand.

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

I. Positive:

- Provision for personnel expenses, amounting to EUR 2,855 thousand (EUR 5,108 thousand in 2017).
- Other adjustments of EUR 1,953 thousand (EUR 1,503 thousand in 2017).

II. Negative:

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

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

I. Positive:

- Application of EUR 23 thousand, corresponding to the reversal of the negative adjustment of elements of property, plant and equipment subject to the freedom to amortise for the years 2009, 2010, 2011 and until March 2012 (EUR 31 thousand in 2017).
- Impairment of stakes in group companies amounting to EUR 1,272 thousand (EUR 1,272 thousand in 2017).

II. Negative:

- Reversal of provisions from previous years amounting to EUR 9,422 thousand (EUR 2,613 thousand in 2017).

The positive tax adjustments corresponding to the correction of the value of the investees correspond to the reversal of negative differences from previous years due to the obligation introduced by Royal Decree Law 3/2017 to reverse a minimum annual amount of one fifth of the impairment of securities representing the shares in the treasury of entities that was fiscally deductible and that is pending reversal. Positive tax adjustments reflect the impairment of investees for accounting purposes recognised in profit or loss.

In 2018, the main deductions correspond to that of international double taxation, referring to taxes paid abroad for various services amounting to EUR 595 thousand, deduction for donations to non-profit entities for EUR 633 thousand and deduction in technological innovation of EUR 431 thousand.

In 2017, the main deductions were the deduction for international double taxation, referring to withholdings in other countries for various services amounting to EUR 4,998 thousand.

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The amount payable by the Company of EUR 218 thousand, is recorded under Current tax assets. Current tax assets, reflected under Trade and other receivables, amounting to EUR 39,052 thousand, correspond to the net between the Tax Group payments on account of Corporate Income Tax for 2018 of EUR 44,710 thousand and the payable fee of EUR 6,089 thousand, and the reimbursement of Corporate Income Tax from previous years of EUR 431 thousand, because, as the parent of the tax group, the Company reflects the entire tax credit of the Tax Group.

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

	Thousands of Euros	
	2018	2017
Deductions and tax credit rights	5,406	8,003
	5,406	8,003

Deductions recognised by the Group are as follows:

	Thousands of Euros	
	2018	2017
International double taxation	4,582	4,863
Investment of AFN Canaries	-	57
Contributions to Foundations Act 49/2002	-	884
Deduction recovery 30% amortisation 2013-2014	-	239
Innovation Technology (IT)	824	1,960
	5,406	8,003

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

	Thousands of Euros	
	2018	2017
Account finance income before tax	104,054	834,214
Permanent differences	(93,228)	(829,834)
Elimination of treasury stock transactions	(243)	(125)
Taxable base	10,583	4,255
Tax rate	25%	25%
Resulting tax payable	2,646	1,064
- Double taxation	(595)	(4,998)
- Contributions to Foundations	(431)	(1,085)
- Other deductions	(633)	(592)
Expense (income) from tax on profit	987	(5,611)
- Withholdings at source and other	82	9,491
Final expense (income) from tax on profit	1,069	3,880

The corporate income tax expense is as follows:

	Thousands of Euros	
	2018	2017
Current tax	218	(4,255)
Elimination of treasury stock transactions	(61)	(31)
Deferred tax	830	(1,325)
Provision outside the regime of fiscal neutrality and others	82	9,491
	1,069	3,880

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The item "contribution not included under tax neutrality regime and others" mainly includes withholdings in other countries for various services and differences in the tax settlement of the previous year. In 2017, it mainly included the taxation deriving from the non-monetary provision of shares, which is not covered by the tax neutrality regime foreseen in Act 27/2014, of 49% of the shares of Prosegur Cash, S.A. to Prosegur Assets Management, S.L.U.

Pursuant to tax legislation in force for 2018 and 2017 the Company's tax loss carryforwards may only be offset up to a maximum of 25% of taxable income prior to offset. For these same periods financial and non-financial goodwill may only be amortised up to one twentieth of its amount per year. Furthermore, for 2014 and 2013 property, plant and equipment, intangible assets and investment property may only be depreciated or amortised up to 70% of the assets' depreciation/amortisation for accounting purposes. As of 2015, they will be incorporated for 10 years.

In 2018 the following corporate restructuring operation was carried out under the neutral tax regime:

Contribution of 100% of the shares and corporate stakes of Prosegur Ciberseguridad SAS, Loredat SA, Dognaedis Limited, Prosegur Ciberseguridad Paraguay, S.A., Dognaedis Lda and Prosegur Ciberseguridad, S.L. from Prosegur Compañía de Seguridad, S.A. to Prosegur Global Cyber Security, S.L.

In 2017 the following corporate restructuring operation was carried out under the neutral tax regime:

Contribution of 100% of the shares of Luxpai Holdo SARL from Prosegur Compañía de Seguridad S.A to Prosegur Global SIS ROW, S.L.U (Note 9)

b) Deferred tax

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

Gross movement in deferred tax is as follows:

	Thousands of Euros			31/12/2018
	01/01/2018	Recognised in profit / loss	Other adjustments	
Deferred tax assets				
Stock impairment	849	271	-	1,120
Provisions	2,865	(1,464)	(78)	1,323
Goodwill tax and portfolios	1,500	(177)	-	1,323
Amortisation and depreciation	409	487	-	896
Credits for deductions	8,003	-	(2,597)	5,406
Others	338	-	450	788
	13,964	(883)	(2,225)	10,856

	Thousands of Euros			31/12/2017
	01/01/2017	Recognised in profit / loss	Other adjustments	
Deferred tax assets				
Stock impairment	578	271	-	849
Provisions	2,470	802	(407)	2,865
Goodwill tax and portfolios	1,677	(177)	-	1,500
Amortisation and depreciation	35	374	-	409
Credits for deductions	13,283	-	(5,280)	8,003
Others	-	-	338	338
	18,043	1,270	(5,349)	13,964

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	Thousands of Euros			31/12/2018
	01/01/2018	Recognised in profit / loss	Other adjustments	
Deferred tax liabilities				
Goodwill for tax purposes	(13)	-	-	(13)
Stock impairment	(141)	47	-	(94)
Freedom of Amortisation Act 4/2008	(12)	6	-	(6)
Others	(21,459)	-	(3)	(21,462)
	(21,625)	53	(3)	(21,575)

	Thousands of Euros			31/12/2017
	01/01/2017	Recognised in profit / loss	Other adjustments	
Deferred tax liabilities				
Goodwill for tax purposes	(145)	-	132	(13)
Stock impairment	(188)	47	-	(141)
Freedom of Amortisation Act 4/2008	(80)	8	60	(12)
Others	(31,371)	-	9,912	(21,459)
	(31,784)	55	10,104	(21,625)

The Company has generated a deferred tax liability in accordance with the eleventh additional provision of Revised Spanish Income Tax Act 4/2008, which regulates eligibility to apply accelerated depreciation for investments in new items of property, plant and equipment and investment property for the purposes of economic activity that are made available to the taxable entity during the tax periods beginning in 2009 and 2010, provided that, during the 24 months after the start of the tax period in which the acquired assets are brought into service, the Company's average workforce remains consistent with the average headcount of the prior 12 months. For years commencing after 2011 and the first quarter of 2012, this provision was amended, and the requirement of a consistent headcount was eliminated.

The Company has opted to depreciate the property, plant and equipment during the same year in which they come into operation.

17. Contingencies

a) Contingent liabilities

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

The Company has contingent liabilities for bank and other guarantees related with its normal business operations that are not expected to give rise to any significant liabilities.

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

	Thousands of Euros	
	2018	2017
Commercial guarantees	63	63
Financial guarantees	72,827	71,683
	72,890	71,746

Financial guarantees essentially include those relating to litigations in process.

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b) Contingent assets

At 31 December 2018 and 2017 the Company has no contingent assets.

c) National Commission on Markets and Competition

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

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

On 13 February 2017, the National Court accepted the appeal proposed by Prosegur for processing, commencing the relevant proceedings, prior to formal filing of the appeal. On 6 September 2018, Prosegur filed the relevant appeal which at present remains pending resolution by the National Court in respect of the underlying matter.

With regard to the request for the interim measure, on 31 March 2017, the National Court agreed to it and suspended execution of the CNMC resolution in particular concerning payment of the fine by Prosegur, on the condition that, within a maximum of two months, Prosegur should provide surety or any other guarantee in the amount of the fine. On 9 June 2017, Prosegur presented the National Court with a bank guarantee amounting to EUR 39,420 thousand.

Prosegur will exclusively and at its own expense assume the defence of Prosegur and Prosegur Servicios de Efectivo España S.L., having sole power regarding the directing and control of that defence and of the lawsuit.

18. Commitments

a) Purchase commitments for property, plant and equipment and intangible assets

Investments committed at year end but not recognised on the balance sheet are as follows:

	Thousands of Euros	
	2018	2017
Property, Plant and Equipment	1	752
	1	752

Property, plant and equipment include commitments to purchase installations and furniture.

Intangible assets include various computer software applications that were under development.

b) Operating lease commitments

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

	Thousands of Euros			
	2018		2017	
	Buildings	Vehicles	Buildings	Vehicles
Less than 1 year	89	96	89	123
1 to 5 years	440	73	440	125
	529	169	529	248

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

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

19. Other Related Party Transactions

Prosegur is controlled by Gubel, S.L., which was incorporated in Madrid and holds 50.075% of the Company's share capital. The remaining 49.925% is held by various shareholders, including Oppenheimer Acquisition Corporation with 5.66%, AS Inversiones S.L. with 5.64% and FMR LLC with 5.02% (Note 13).

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

a) Group companies, jointly controlled companies and associates

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

Thousands of Euros	2018					
	Financial assets			Financial liabilities		
	Current			Current		
	Credits (Note 11)	Debtors (Note 11)	Other financial assets (Note 11)	Debts (Note 15)	Suppliers (Note 15)	Other financial liabilities (Note 15)
Group companies in Spain						
Prosegur Soluciones Integrales de Seguridad España, S.L.U.	10,422	19	3,496	-	(4,753)	(2,502)
Prosegur Gestión de Activos, S.L.U.	68,014	1,056	7,546	-	(6)	(3,584)
Prosegur Global Alarmas, S.L.U.	60,840	-	40	-	-	(311)
Compañía Ridur, S.A.	-	-	-	(1,211)	-	(3)
Formación, Selección y Consultoría, S.A.	-	-	7	(1,742)	-	(1)
Prosegur Gestión de Activos Internacional, S.L.U.	-	-	-	(325)	-	(2)
Prosegur International SIS, S.L.U.	27,377	-	17	-	-	(77)
Prosegur USAP International, S.L.U.	18	-	-	-	-	(6)
Prosegur International Alarmas, S.L.U.	18,498	-	12	-	-	(89)
Prosegur Soluciones, S.A.U.	-	-	-	(6,573)	-	(384)
MIV Gestión, S.A.	-	-	75	-	-	(29)
Prosegur Ciberseguridad, S.L.	1,752	1	2	-	-	(1,107)
Indiseg Evolium Group SL	435	-	-	-	-	(83)
Prosegur Assets Management, S.L.U.	-	-	18,788	(53,940)	-	(133)
Prosegur Global SIS, S.L.U.	129,763	-	85	-	(7)	(461)
Prosegur Servicios de Efectivo España, S.L.U.	-	87	6,448	-	(12)	(3,448)
Prosegur Alarmas España, S.L.U.	-	1	722	(33,488)	(15)	(122)
Prosegur Global CIT, S.L.U.	-	-	-	-	-	(1,694)
Prosegur Cash, S.A.	-	3,007	45,154	-	(12)	(9,847)
Prosegur BPO España, S.L.U.	-	-	289	-	-	(219)
Armor Acquisition, S.A.	-	-	116	-	-	(1,641)
Juncadella Prosegur Internacional, S.A.	-	-	522	-	-	(32,118)
Prosegur International CIT 1, S.L.	-	-	-	-	-	(2)
Prosegur International CIT 2, S.L.U.	-	-	-	-	-	(4)
Prosegur Global Alarmas ROW, S.L.U.	11,762	-	17	-	-	(56)
Prosegur Global CIT ROW, S.L.U.	-	-	-	-	-	(163)
Prosegur Global SIS ROW, S.L.U.	3,998	-	4	-	(1,609)	(503)
ESC Servicios Generales, S.L.U.	3,067	2,480	-	-	-	(246)
Prosegur Global Cyber	3,668	-	2	-	-	(1)
Segtech Ventures	6,851	-	4	-	-	(33)
Integrum 2008	-	-	76	-	-	(43)
Contesta Teleservicios	-	-	280	-	-	(137)
Bloggers Brokers	-	-	23	-	-	(9)
Contesta Servicios Auxiliares	-	-	164	-	-	(75)
Prosegur Colombia 1 SLU	-	-	-	-	-	(1)
Prosegur Colombia 2 SLU	-	-	-	-	-	(1)
UTES	-	-	44	-	-	-
Total Spain	346,465	6,651	83,933	(97,279)	(6,414)	(59,135)

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

	Thousands of Euros					
	2018					
	Financial assets			Financial liabilities		
	Current			Current		
	Credits (Note 11)	Debtors (Note 11)	Other financial assets (Note 11)	Debts (Note 15)	Suppliers (Note 15)	Other financial liabilities (Note 15)
Subsidiaries abroad						
Prosegur Group in Abu Dhabi	760	-	-	-	-	-
Prosegur Group in Germany	-	-	39	-	-	-
Prosegur Group in Argentina	4,128	4,206	-	-	(194)	(86)
Prosegur Group in Australia	-	36	-	-	-	-
Prosegur Group in Brazil	-	288	-	(3,229)	(63)	(513)
Prosegur Group in Chile	-	723	22	-	(257)	(117)
Prosegur Group in Colombia	-	155	276	-	(15)	(3)
Prosegur Group in the USA	14,952	14	28	-	-	-
Prosegur Group in France	-	36	-	(11,169)	-	(4)
Prosegur Group in India	-	244	-	-	-	(32)
Prosegur Group in Luxembourg	-	-	-	(10,922)	-	-
Prosegur Group in Mexico	-	14	20	-	(75)	(149)
Prosegur Group in Paraguay	-	-	-	-	(120)	(335)
Prosegur Group in Peru	-	637	43	-	-	(212)
Prosegur Group in Portugal	-	5	-	(1,009)	-	-
Prosegur Group in Uruguay	-	503	-	-	(5)	(4)
Total Foreign	19,840	6,861	428	(26,329)	(729)	(1,455)
Total	366,305	13,512	84,361	(123,608)	(7,143)	(60,590)

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

Thousands of Euros	2017					
	Financial assets			Financial liabilities		
	Current			Current		
	Credits (Note 11)	Debtors (Note 11)	Other financial assets (Note 11)	Debts (Note 15)	Suppliers (Note 15)	Other financial liabilities (Note 15)
Group companies in Spain						
Prosegur Soluciones Integrales de Seguridad España, S.L.U.	23,585	8	4,215	-	(117)	(61)
Prosegur Gestión de Activos, S.L.U.	38,178	191	915	-	(548)	-
Prosegur Global Alarmas, S.L.U.	39,321	1	186	-	-	(74)
Compañía Ridur, S.A.	-	-	12	(1,234)	-	-
Formación, Selección y Consultoría, S.A.	-	-	219	(2,048)	-	(7)
Prosegur Gestión de Activos International, S.L.U.	-	-	3	(321)	-	(22)
Prosegur International SIS, S.L.U.	21,888	-	80	-	-	(40)
Prosegur USAP International, S.L.U.	10	-	2	-	-	(2)
Prosegur International Alarmas, S.L.U.	11,592	-	16	-	-	(145)
Prosegur Soluciones, S.A.U.	-	1	372	(9,036)	-	(40)
MIV Gestión, S.A.	-	-	142	-	-	-
Prosegur Ciberseguridad, S.L.	1,935	5	18	-	-	(804)
Indiseg Evolium Group SL	719	-	93	-	-	-
Prosegur Assets Management, S.L.U.	-	-	-	(40,709)	-	(337)
Prosegur Global SIS, S.L.U.	103,593	18	544	-	(3)	-
Prosegur Servicios de Efectivo España, S.L.U.	-	1	9,821	-	-	(2,398)
Prosegur Alarmas España, S.L.U.	-	2	-	(38,841)	-	(942)
Prosegur Global CIT, S.L.U.	-	3	8	-	-	(1,805)
Prosegur Cash, S.A.	-	30	33,435	-	-	(6,344)
Prosegur Berlín, S.L.U.	-	-	-	-	-	-
Prosegur BPO España, S.L.U.	-	-	313	-	-	(5)
Armor Acquisition, S.A.	-	-	-	-	-	(61)
Juncadella Prosegur Internacional, S.A.	-	-	831	-	-	-
Prosegur International CIT 1, S.L.	-	-	-	-	-	(3)
Prosegur International CIT 2, S.L.U.	-	-	-	-	-	(1)
Prosegur Global Alarmas ROW, S.L.U.	12,698	1	114	-	-	(400)
Prosegur Global CIT ROW, S.L.U.	-	8	-	-	-	(79)
Prosegur Global SIS ROW, S.L.U.	6,998	6	42	-	-	(461)
ESC Servicios Generales, S.L.U.	4,766	-	11	-	(6)	(1,009)
UTES	-	-	8	-	-	-
Others	-	1	36	-	-	-
Total Spain	265,283	276	51,436	(92,189)	(674)	(15,040)

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

	Thousands of Euros					
	2017					
	Financial assets			Financial liabilities		
	Current			Current		
	Credits (Note 11)	Debtors (Note 11)	Other financial assets (Note 11)	Debts (Note 15)	Suppliers (Note 15)	Other financial liabilities (Note 15)
Subsidiaries abroad						
Prosegur Group in Abu Dhabi	737	-	-	-	-	-
Prosegur Group in Germany	2,504	-	-	-	-	-
Prosegur Group in Argentina	391	3,303	42	-	(130)	(86)
Prosegur Group in Brazil	-	6	-	-	(68)	(508)
Prosegur Group in Chile	-	81	22	-	(81)	(117)
Prosegur Group in Colombia	-	118	278	-	-	(3)
Prosegur Group in the USA	-	130	120	-	-	(208)
Prosegur Group in France	619	-	1	(10,675)	-	(42)
Prosegur Group in India	-	233	-	-	-	(32)
Prosegur Group in Luxembourg	-	-	70	(13,204)	-	-
Prosegur Group in Mexico	-	13	25	-	-	(154)
Prosegur Group in Paraguay	-	1	-	-	-	-
Prosegur Group in Peru	-	589	96	-	-	(211)
Prosegur Group in Portugal	10	5	2	(1,002)	-	-
Prosegur Group in Uruguay	-	337	-	-	(11)	(69)
Total Foreign	4,261	4,816	656	(24,881)	(290)	(1,430)
Total	269,544	5,092	52,092	(117,070)	(964)	(16,470)

Financial assets - the loans correspond, on the one hand, to short-term loans delivered to group companies within the framework of the centralised treasury management. These are denominated in EUR, accruing annual interest of 0.75% in Spain, of 1.75% in France and 1% in Germany. We also found short-term loans granted to subsidiaries in Abu Dhabi and Argentina, denominated in EUR and accruing annual interest of 6.25% in Abu Dhabi and of 5.75% in Argentina (0.75 % in Spain, 6.75% in France, 1% in Hong Kong, 6.25% in Argentina, 5.75%, in 2017). Interest accrued amounted to EUR 2,569 thousand in 2018 (EUR 2,845 thousand in 2017).

Financial liabilities - the debts correspond, on the one hand, to short-term loans received from group companies within the framework of the centralised treasury management. They are denominated mainly in EUR, accruing annual interest of 0.75% in Spain, 0.75% in Portugal and 1.25% in France. We also found short-term loans granted to the Company mainly by subsidiaries in Luxembourg, denominated in EUR and accruing annual interest of 0.75% (2017: 0.75% in Spain, 0.75% in Portugal). Interest accrued amounted to EUR 821 thousand in 2018 (EUR 603 thousand in 2017).

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

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

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

	Thousands of Euros					
	2018			2017		
	Other payments /receipts	Corporate Income Tax	Receivable/ (payable)	Other payments/ receipts	Corporate Income Tax	Receivable/ (payable)
Prosegur Global CIT, S.L.U.	-	(1,694)	(1,694)	-	(1,797)	(1,797)
Prosegur Global CIT ROW, S.L.U.	-	(163)	(163)	(30)	(49)	(79)
JUNCADELLA Prosegur INT., S.A.	-	(31,596)	(31,596)	-	831	831
Prosegur Gestión de Activos, S.L.U.	46	3,915	3,961	728	187	915
UTES	-	-	-	8	-	8
Prosegur Servicios de Efectivo España,	(182)	3,182	3,000	(179)	7,602	7,423
Prosegur Internacional SIS, S.L.U.	17	(77)	(60)	80	(40)	40
Prosegur Soluciones, S.A.	(5)	(380)	(385)	(40)	372	332
ARMOR ACQUISITION, S.A.	-	(1,525)	(1,525)	-	(61)	(61)
Prosegur Internacional Alarmas, S.L.U.	12	(89)	(77)	16	(145)	(129)
Prosegur Global Alarmas ROW, SL	10	(50)	(40)	104	(390)	(286)
Formación, Selección y Consultoría	-	7	7	(7)	219	212
Prosegur BPO España, S.L.U.	-	-	-	6	302	308
Prosegur Global SIS, S.L.U.	86	(461)	(375)	347	197	544
Prosegur SIS España, S.L.U.	(13)	1,007	994	142	4,012	4,154
ESC Servicios Generales, S.L.U.	(1)	(245)	(246)	9	(1,007)	(998)
Prosegur Gestión Activos Int., S.L.U.	(4)	(2)	(6)	3	(22)	(19)
Prosegur USAP Internacional S.L.U.	-	(6)	(6)	2	(2)	-
Transportadora de Caudales	37	-	37	-	-	-
Prosegur Alarmas España, S.L.U.	(19)	619	600	(292)	(650)	(942)
Prosegur Internacional CIT 1, S.L.U.	-	(2)	(2)	-	(3)	(3)
Prosegur Internacional CIT 2, S.L.U.	-	(4)	(4)	-	(1)	(1)
Prosegur Global SIS ROW, S.L.U.	4	(503)	(499)	42	(461)	(419)
Prosegur Global Alarmas, S.L.U.	41	(311)	(270)	187	(75)	112
Compañía Ridur, S.A.	-	(2)	(2)	-	12	12
Prosegur Ciberseguridad, S.L.	2	(1,107)	(1,105)	18	(804)	(786)
Prosegur Assets Management, S.L.U.	(35)	(98)	(133)	(264)	(73)	(337)
Prosegur Cash, S.A.	(1,818)	(8,028)	(9,846)	33,435	(6,344)	27,091
Others	36	-	36	36	-	36
MIV Gestión, S.A.	-	46	46	-	142	142
Indiseg Evolium Group SL	-	(83)	(83)	9	84	94
Prosegur SIS USA Inc.	27	-	27	-	-	-
Xiden SACI	(3)	-	(3)	-	-	-
Prosegur Tecnología Argentina	(2)	-	(2)	-	-	-
General Industries Argentina	(8)	-	(8)	-	-	-
Prosegur Holding, S.A.	(7)	-	(7)	-	-	-
Prosegur Argentina, S.A.	2	-	2	-	-	-
Prosegur Brasil, S.A.	(230)	-	(230)	-	-	-
Prosegur Seguridad, S.A.	(17)	-	(17)	-	-	-
Prosegur Gestao de Efetivo	(44)	-	(44)	-	-	-
Prosegur Tecnología	(238)	-	(238)	-	-	-
Compañía de Seguridad Peru	(180)	-	(180)	-	-	-
Proseguridad	20	-	20	-	-	-
Prosegur Cajeros S.A.	(32)	-	(32)	-	-	-
Prosegur Tecnología Peru	2	-	2	-	-	-
Orus, S.A.	14	-	14	-	-	-
Prosegur Activa Peru	7	-	7	-	-	-
Segtech Ventures	4	(33)	(29)	-	-	-
Prosegur Security Holding	(4)	-	(4)	-	-	-
SingPai India Private	(32)	-	(32)	-	-	-
Servicios de Seguridad	(116)	-	(116)	-	-	-
Empresa de Transportes Cia de Seguridad Chile	15	-	15	-	-	-
Prosegur Chile	7	-	7	-	-	-
Prosegur Seguridad Privada Logistica	6	-	6	-	-	-
Prosegur Seguridad Privada	11	-	11	-	-	-
Prosegur Consultoria	(141)	-	(141)	-	-	-
Prosegur Custodias	2	-	2	-	-	-
Grupo Mercurio de Transporte	(8)	-	(8)	-	-	-
Integrum 2008	-	33	33	-	-	-
Prosegur Ciberseguridad International	(335)	-	(335)	-	-	-
Bloggers Brokers	-	14	14	-	-	-
Contesta TeleServicios	-	143	143	-	-	-
Tellex	(48)	-	(48)	-	-	-
Prosegur Global Cyber	-	(1)	(1)	-	-	-
Contesta Servicios Auxiliares	-	90	90	-	-	-
Prosegur AVOS	-	70	70	-	-	-
Prosegur Colombia 2	-	(1)	(1)	-	-	-
Prosegur Colombia	273	-	273	-	-	-
Total	(2,841)	(37,335)	(40,176)	34,358	2,036	36,397

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

Transactions between the Company and Group companies are as follows:

	Thousands of Euros					
	2018					
	Income			Expenses		
Services provided and other income	Interest (Note 3)	Dividends (Note 3)	Services rendered	Interest (Note 4)	Result due to impairment (Note 9)	
Prosegur Soluciones Integrales de Seguridad España, S.L.U.	(2,595)	92	-	(353)	-	-
Prosegur Gestión de Activos, S.L.U.	-	455	10,000	(733)	-	-
Prosegur Global Alarmas, S.L.U.	-	356	-	(16)	-	-
Compañía Ridur, S.A.	-	-	-	-	(9)	-
Formación, Selección y Consultoría, S.A.	-	-	-	(5)	(9)	-
Prosegur Gestión de Activos Internacional, S.L.U.	-	-	-	-	(2)	-
Prosegur Internacional SIS, S.L.U.	-	190	-	-	-	-
Prosegur Internacional Alarmas, S.L.U.	-	97	-	-	-	-
Prosegur Soluciones, S.A.U.	-	-	-	(48)	(57)	-
Prosegur Ciberseguridad, S.L.	-	21	-	(6)	-	-
Indiseg Evolium Group, S.L.	-	4	-	-	-	-
Prosegur Assets Management, S.L.U.	-	-	25,050	(13)	(369)	-
Prosegur Global SIS, S.L.U.	-	849	-	(104)	-	-
Prosegur Servicios de Efectivo España, S.L.U.	-	-	-	(119)	-	-
Prosegur Alarmas España, S.L.U.	-	-	-	(44)	(266)	-
Prosegur Global CIT, S.L.U.	-	-	-	(4)	-	-
Prosegur Cash, S.A.	27,398	-	60,205	(84)	-	-
Prosegur BPO España, S.L.U.	-	-	-	(1)	-	-
Prosegur Global Alarmas ROW, S.L.U.	-	117	-	(6)	-	-
Prosegur Global CIT ROW, S.L.U.	-	-	-	(283)	-	-
Prosegur Global SIS ROW, S.L.U.	-	-	-	(31)	-	-
ESC Servicios Generales, S.L.U.	2,027	62	-	(16)	(2)	-
Prosegur Global Cyber	-	3	-	-	-	-
Segtech Ventures, S.A.	-	17	-	-	-	-
Prosegur Foundation	-	-	-	(11)	-	-
Prosegur Group in Abu Dhabi	-	23	-	-	-	-
Prosegur Group in Argentina	2,167	137	-	(4)	-	-
Prosegur Group in Australia	-	-	-	(18)	-	-
Prosegur Group in Brazil	287	-	-	-	-	-
Prosegur Group in Peru	1,382	-	-	5	-	-
Prosegur Group in Chile	(253)	-	-	(8)	-	-
Prosegur Group in France	41	-	-	-	(4)	-
Prosegur Group in Colombia	33	-	-	-	-	-
Prosegur Group in Germany	-	72	-	(1)	-	-
Prosegur Group in Uruguay	1,287	-	-	-	-	-
Prosegur Group in Portugal	85	-	-	(2)	(8)	-
Prosegur Group in Mexico	(75)	29	-	-	-	-
Prosegur Group in Luxembourg	-	-	-	-	(95)	(38)
Prosegur Group in the USA	-	46	-	(76)	-	-
Total	31,784	3,570	95,255	(1,981)	(821)	(38)

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

	Thousands of Euros					
	2017					
	Income			Expenses		Result due to impairment (Note 9)
Services provided and other income	Interest (Note 3)	Dividends (Note 3)	Services rendered	Interest (Note 4)		
Prosegur Soluciones Integrales de Seguridad España, S.L.U.	4,758	133	-	(828)	-	-
Prosegur Gestión de Activos, S.L.U.	733	697	-	(2,965)	-	-
Prosegur Global Alarmas, S.L.U.	72	186	-	(73)	-	-
Formación, Selección y Consultoría, S.A.	11	-	-	(11)	(7)	-
Prosegur Gestión de Activos International, S.L.U.	-	3	-	-	-	-
Prosegur International SIS, S.L.U.	-	80	-	-	-	-
Prosegur USAP International, S.L.U.	-	2	-	-	-	-
Prosegur International Alarmas, S.L.U.	-	16	-	-	-	-
Prosegur Soluciones, S.A.U.	55	-	-	(55)	(40)	-
Prosegur Ciberseguridad, S.L.	38	18	-	(38)	-	-
Indiseg Evolium Group, S.L.	2	9	-	(2)	-	-
Prosegur Assets Management, S.L.U.	2	-	775,000	(2)	(192)	-
Prosegur Global SIS, S.L.U.	298	347	-	(428)	-	-
Prosegur Servicios de Efectivo España, S.L.U.	177	-	-	(177)	-	-
Prosegur Alarmas España, S.L.U.	67	-	-	(67)	(300)	-
Prosegur Global CIT, S.L.U.	30	-	-	(30)	-	-
Prosegur Cash, S.A.	31,137	67	54,774	(568)	75	-
Prosegur BPO España, S.L.U.	3	-	-	(3)	-	-
Prosegur Global Alarmas ROW, S.L.U.	38	76	-	(38)	-	-
Prosegur Global CIT ROW, S.L.U.	245	-	-	(245)	-	-
Prosegur Global SIS ROW, S.L.U.	153	51	-	(153)	-	-
ESC Servicios Generales, S.L.U.	10	10	-	(52)	-	-
Others	28	-	-	(28)	-	-
Prosegur Group in Abu Dhabi	-	27	-	-	-	-
Prosegur Group in Argentina	1,465	527	-	(331)	-	-
Prosegur Group in Brazil	446	-	-	(171)	-	-
Prosegur Group in Peru	711	-	-	(5)	(7)	-
Prosegur Group in Chile	257	-	-	(467)	-	773
Prosegur Group in France	12	578	-	(12)	-	-
Prosegur Group in Portugal	81	10	-	(29)	(45)	-
Prosegur Group in Colombia	57	-	-	(5)	-	-
Prosegur Group in Germany	8	4	-	(8)	-	-
Prosegur Group in Uruguay	593	-	-	(17)	-	-
Prosegur Group in Paraguay	2	-	-	(1)	-	-
Prosegur Group in Mexico	76	-	-	-	-	-
Prosegur Group in Australia	36	-	-	(36)	-	-
Prosegur Group in Luxembourg	-	-	-	-	(87)	-
Prosegur Group in India	46	-	-	-	-	-
Prosegur Group in the USA	70	-	-	(70)	-	-
Prosegur Group in China	-	4	-	-	-	-
Total	41,717	2,845	829,774	(6,915)	(603)	773

Within the services given and other revenue are EUR 31,784 thousand (EUR 41,717 thousand in 2017) invoiced for use of the trademark. In this sense, Prosegur Compañía de Seguridad, S.A., owner of the "Prosegur" brand, concedes its brand to the rest of the Group's companies and invoices them based on the utility that it reports to the different lessee entities. The Company policy follows the OECD Guidelines on Transfer Pricing. In 2018, a regularisation of the revenue by brand for EUR 2,086 thousand corresponding to income for the year 2017 was included.

Services rendered mainly include EUR 993 thousand (EUR 2,281 thousand in 2017) for the billing received in relation to centralised services, registered in the section on external services, are included under the heading of Other operating expenses.

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

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

b) Other related parties

Goods and services

In October 2005 Prosegur and Proactinmo, S.L.U. (controlled by Gubel, S.L.) signed a lease contract for the building located at Calle Santa Sabina, 8 (Madrid), which is adjacent to a building at Calle Pajaritos, 24. In 2018 and 2017, no expense was received for said lease contract. In December 2015 the novation of the contract was signed updating the current rent to market conditions, established as EUR 1,096 thousand and extending the term of the contract from five to ten years, renewable for a further year.

In December 2015 Prosegur and Proactinmo, S.L.U. (controlled by Gubel, S.L.) for the building located in Calle Pajaritos, number 24, Madrid. This contract has a term of ten years, and may be extended for an additional year and was arranged at arm's length. In 2018 and 2017, no expense was received for said lease contract.

These contracts were assigned to Prosegur Gestión de Activos S.L. On 1 January 2017, which is subrogated in the Company's position (Note 18).

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

Through the company Gesconsult S.A., Prosegur invested EUR 50,000 thousand in a fixed income fund, for which an expense was recognised for a management fee of 0.60%. The chairman of Gesconsult, Juan Lladó Fernández-Urrutia, is an in-law of Mr Christian Gut Revoredo. The Board of Directors considers that this fact in no way affects Mr Christian Gut Revoredo's independence to hold the position of Executive Director of Prosegur.

20. Remuneration of Directors and Senior Management Personnel

a) Remuneration of members of the board of directors

The total remuneration accrued by members of the board of directors is as follows:

	Thousands of Euros	
	2018	2017
Fixed remuneration	1,724	1,717
Variable remuneration	308	250
Remuneration for membership of the Board and	160	160
Per diems	143	190
Life insurance premiums	67	66
Total	2,402	2,383

b) Remuneration of senior management personnel

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

The total remuneration accrued by senior management personnel of the Company is as follows:

	Thousands of Euros	
	2018	2017
Fixed remuneration	1,467	1,354
Variable remuneration	629	1,030
Remuneration in kind	24	43
Life insurance premiums	5	6
Total	2,125	2,433

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

These amounts reflect the provisions for the accrued incentive, payable in cash, corresponding to the 2017 and 2020 Plan (Note 25.9).

In this period, provisions to results were made of EUR 2,855 thousand (2,162 thousand in 2017) (Note 3). This amount includes the adjustment for fair value of the share price for the Plan 2017 and the Plan 2020 and the corresponding accrual.

In 2018, EUR 374 thousand were applied (EUR 814 thousand in 2017).

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

Lastly, this provision was recognised as current provisions in an amount of EUR 3,076 thousand (EUR 6,288 thousand in 2017) since the maturity of this commitment will take place in the first half of 2019 regarding the Plan 2017.

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

As required by articles 228, 229 and 230 of the Restated Text of the Spanish Companies Act, approved by Royal Decree Act 1/2010 of 2 July 2010 and amended by Act 31/2014 concerning improvements to corporate governance, the members of the board of directors declare that they have not been involved in any direct or indirect conflicts of interest with the company in 2017.

Recurrently, and for many years before the appointment of Fernando Vives as a director of the Company, the law firm J&A Garrigues, S.L.P. has provided Prosegur with legal counsel and tax advice, within the ordinary course of business and in market terms. Prosegur does not work solely with J&A Garrigues, S.L.P., but also receives legal counsel and tax advice from other firms. The fees received by J&A Garrigues, S.L.P. from Prosegur are not material for the firm and neither do they represent a significant amount on the accounts of Prosegur. At 31 December 2018, fees totalled EUR 70 thousand (EUR 235 thousand at 31 December 2017).

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

21. Employee Information

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

	<u>2018</u>	<u>2017</u>
Indirect personnel	30	27
Total	30	27

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

	<u>2018</u>		<u>2017</u>	
	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>
Indirect personnel	10	21	9	21
Total	10	21	9	21

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

The year-end (and average) distribution by gender of the board of directors and senior management personnel is as follows:

	2018		2017	
	Female	Male	Female	Male
Directors	2	5	2	7
Senior Management	-	9	1	10
Total	2	14	3	17

There are no employees in the Company with a disability rating of 33% or more.

22. Audit Fees

KPMG Auditores, S.L., the auditors of the annual accounts of the Company, have invoiced the following fees and expenses for professional services:

	Thousands of Euros	
	2018	2017
Audit services	373	253
Other audit-related services	2	147
Total	375	400

Audit services detailed in the above table include the total fees for services rendered in 2018 and 2017, irrespective of the date of invoice.

Other services related to the audit correspond mainly to limited audits of interim financial statements, reports on procedures agreed for compliance with covenants and others, provided by KPMG Auditores, S.L. to Prosegur Compañía de Seguridad, S.A. for the year ending 31 December 2018.

Additionally, other KPMG International affiliates have invoiced the Company the following fees for professional services during the year:

	Thousands of Euros	
	2018	2017
Tax assessment	-	149
Other services	30	168
Total	30	317

Under Other services, financial advisory services are included mainly in the evaluation of the takeover of businesses (due diligence and related services).

23. Financial Risk Management

Financial Risk Factors

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

The Company uses hedges to mitigate certain risks. Risk management is controlled by the Company's Treasury Department, which identifies, proposes and carries out the hedging instructions approved by the Company's Executive Committee.

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

(i) Currency risk

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

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

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

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

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

	Thousands of Euros			
	2018		2017	
	Assets	Liabilities	Assets	Liabilities
Euros	961,567	980,890	816,202	812,733
Argentine Peso	-	-	-	308
US Dollar	-	159	-	104
Peruvian Nuevo Sol	834	-	-	-
Colombian Pesos	-	-	-	1,981
Brazilian Real	-	1,906	-	151
Chilean Peso	-	25	347	-
South African Rand	-	-	4,480	-
Mexican Peso	21	-	-	-
Total	962,422	982,980	821,029	815,277

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

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

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

In 2018 and 2017 the Company's borrowings at variable interest rates were basically denominated in EUR.

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

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Details of loans and borrowings by debentures and other negotiable securities and bank loans and borrowings, either at a fixed rate or using derivatives, are as follows:

	Thousands of Euros		
	2018		
	Total debt	Hedged debt	Debt exposure
Non-current (Note 15)	696,566	696,566	-
Current (Note 15)	23,569	23,569	-
Total debt	720,135	720,135	-

	Thousands of Euros		
	2017		
	Total debt	Hedged debt	Debt exposure
Current (Note 15)	590,727	590,088	639
Total debt	590,727	590,088	639

(iii) Credit risk

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

(iv) Liquidity risk

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

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

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

	Thousands of Euros				
	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
31 December 2018	-	31,111	700,000	-	731,111
31 December 2017	590,727	-	-	-	590,727

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

(v) Price volatility risk

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

24. Events after the Reporting Date

On 7 February 2019, the syndicated loan, of up to EUR 200,000 thousand, was renewed, and its maturity extended by another 5 years until February 2024.

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On 16 January 2019, the first payment was made of the dividend approved on 20 December 2018 for a maximum total of EUR 79,054.

25. Accounting Principles

25.1 Intangible Assets

The assets in intangible assets are posted at purchase price. The capitalisation of production cost appears under "Self constructed assets" in the income statement. Intangible fixed assets are shown in the balance sheet at cost value less the amount of accumulated depreciation and impairment.

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

a) Computer software

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

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

Computer software maintenance costs are charged as expenses when incurred.

b) Licences

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

c) Trademarks

Trademarks are initially recognised at their cost of purchase and are presented at historical cost. They have finite useful lives and are recognised at cost less amortisation and accumulated impairment losses. Trademarks are amortised on a straight-line basis to allocate the cost over their estimated useful lives (1.6 to 30 years), and the amortisation of the Prosegur trademark is in 10 years (Note 6).

25.2 Property, Plant and Equipment

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

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

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

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

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

The Company uses the following depreciation rates:

	<u>Amortization coefficients</u>
Technical facilities	10% to 25%
Computer softwares	25%
Transport elements	16%
Other intangible	10% to 25%

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

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

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

25.3. Impairment Losses on Non-financial Assets

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

25.4. Financial assets

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The assets are classified as current unless they mature in more than 12 months after the balance sheet date, in which case they are classified as non-current. Loans and receivables are generally recognised under loans to companies and trade and other receivables in the balance sheet.

These financial assets are initially carried at fair value, including directly attributable transaction costs, and are subsequently measured at amortised cost, recognising accrued interest at the effective interest rate, which is the discount rate that matches the instrument's carrying amount with all estimated cash flows to maturity. Nevertheless, trade receivables falling due in less than one year are carried at their face value on both initial recognition and subsequent measurement, provided the effect of not updating is immaterial.

Loans with interest contingent on the borrower achieving a milestone such as obtaining profits, or calculated by reference to the financial performance of the borrower, are measured at cost, plus the attributable interest. In these cases, transaction costs are recognised on a straight-line basis over the term of the loan.

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

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

b) Financial assets held for trading

An asset is classified as a financial asset held for trading if it is acquired principally for the purpose of selling it in the near term, forms part of a portfolio of identified financial instruments that are managed together for short-term profit-taking or is a derivative financial instrument, except for financial guarantee contracts or designated hedging instruments.

These financial assets are recognised at fair value both on initial recognition and on subsequent measurement and any changes in fair value are recognised in the income statement. Transaction costs directly attributable to the acquisition are recognised in the income statement.

c) Investments in equity instruments of Group companies, jointly controlled companies and associates

These investments are initially recognised at cost, which is equivalent to the fair value of the consideration paid, including for jointly controlled companies and associates the transaction costs incurred, and are subsequently measured at cost net of any accumulated impairment losses.

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If there is objective evidence that the carrying amount is not recoverable, the amount of the impairment loss is measured as the difference between the carrying amount and the recoverable amount, the latter of which is understood as the higher of the fair value less costs to sell and the present value of estimated future cash flows from the investment. Unless there is better evidence of the recoverable amount of the investment, when estimating the impairment of these types of assets, the investee's equity is taken into consideration, corrected for any unrealised gains existing at the measurement date. Impairment losses are recognised and reversed in profit and loss.

d) Available-for-sale and other non-current financial assets

This category comprises debt securities and equity instruments that are not included in the aforementioned categories. Available-for-sale financial assets are classified as non-current assets unless management intends to derecognise the investment within twelve months after the balance sheet date.

Available-for-sale financial assets are measured at fair value and any changes are recognised directly in equity until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recorded in equity is recognised in profit or loss, provided that the fair value can be determined. Otherwise, it is recognised at cost less any impairment losses.

An available-for-sale financial asset is impaired if there is objective evidence that the estimated future cash flows are reduced or delayed, in the case of acquired debt instruments, or the carrying amount of the asset is uncollectible, in the case of equity instruments. The impairment of these assets is the difference between the cost or amortised cost less any impairment previously recognised in the income statement, and the fair value on the date of measurement. Impairment of equity instruments that are measured at cost because their fair value cannot be determined is calculated in the same way as for investments in group companies, jointly controlled entities and associates.

If there is objective evidence of impairment, the Company recognises in the income statement the accumulated losses previously recognised in equity as a result of a decrease in the fair value of the assets. Impairment losses on equity instruments recognised in the income statement are not reversed through the Profit and Loss Account.

e) Derecognition of financial assets

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

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

f) Offsetting principles

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

25.5. Cash and cash equivalents

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

25.6. Equity

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

The acquisition by the Group of equity instruments of the parent company is presented at acquisition cost separately as a reduction in net equity in the consolidated balance sheet, regardless of the reason for the acquisition. No profit or loss was recognised in transactions with own equity instruments.

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

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

25.7. Financial liabilities

a) Debts and payables

This category includes trade and non-trade payables. These borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

The payables are initially recognised at fair value, adjusted for directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method.

The effective interest rate is the discount rate that matches the instrument's carrying amount with the expected future flow of payments to the maturity date of the liability.

Nevertheless, trade payables falling due in less than one year without a contractual interest rate are carried at their face value on both initial recognition and subsequent measurement, provided the effect of not discounting flows is not significant.

If existing payables are renegotiated but the lender has not changed and the present value of future cash flows, including net fees paid, differs by less than 10% from the present value of future cash payments for the original liability, calculated using the same method, the liability is not considered to be substantially modified.

b) Derecognition of financial liabilities

A financial liability, or part of a financial liability, is derecognised when the Company either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

c) Offsetting principles

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

25.8. Current and Deferred Tax

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

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

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

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

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

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

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

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

25.9. Employee benefits

a) Compensations based on the share price of Prosegur shares - 2017 and 2020 Plan

At the general meeting held on 28 April 2015, the shareholders approved the 2017 Plan of long-term incentives for Prosegur Executive Director and Management. The 2017 Plan is generally linked to value creation during the 2015-2017 period and foresees the payment of share-based incentives and/or cash-based incentives to the Executive Director and Management.

At the general meeting held on 28 May 2018, the shareholders approved the 2020 Plan of long-term incentives for Prosegur Executive Director and Management. The Plan is linked to the creation of value in the 2018-2020 period and envisages the payment of cash incentives, calculated for certain beneficiaries based on the share price. The Plan has duration of three years and is based on length of service and target achievement. In the vast majority of cases, the Plan measures target achievement from 1 January 2018 until 31 December 2020 and length of service from 1 January 2018 until 31 December 2022.

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

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

The 2017 and 2020 long-term incentive plans for the Executive Director and Senior Management of Prosegur, within the Salaries and wages paragraph, have been included in the expense accrued during the year in relation to the 2018 commitment amounting to EUR 2,855 thousand (EUR 2,162 thousand in 2017) (Note 3).

The fair value of the incentives referred to the share quotation price was estimated on the basis of Prosegur's share quotation price at the close of the period, EUR 4.42 share (EUR 6.55 share in 2017) or at the payment time.

b) Termination benefits

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

c) Profit-sharing plans and bonuses

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

d) Remuneration of senior management

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 reporting period, provision has been made for these plans based on management's best possible estimate of the extent to which targets will be met.

25.10. Provisions and Contingent Liabilities

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

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

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

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

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

25.11. Business Combinations

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

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

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

Mergers, spin-offs and non-monetary contributions between group companies are recognised using the criteria applicable to related party transactions (see Note 25.17).

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

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

25.12. Revenue recognition

Revenue is recognised at the fair value of the consideration receivable and reflects the amounts to be collected for goods handed over and services rendered in the ordinary course of the Company's activities, less returns, rebates, discounts and value added tax.

The Company recognises revenue when the amount can be reliably estimated, it is probable that the future economic benefits will flow to the Company and the specific conditions are met for each of the activities, as described below. The Company's estimates are based on historical results, taking into account customer type, transaction type and specific contractual terms.

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

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

a) Provision of services

These primarily consist of trademark assignment services and up to 2017 general services provided by the Group parent company such as management and administrative support, marketing services, information technology, legal and tax advice provided by the Company to its subsidiaries.

b) Interest received

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

c) Dividend received

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

25.13. Leases

a) Operating leases - lessee

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

25.14. Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the transaction date. Foreign currency profit and losses arising on the settlement of these transactions and the translation into EUR of monetary assets and liabilities denominated in foreign currencies at the closing exchange rate are recognised in profit or loss.

25.15. Related Party Transactions

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

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

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

Appendix I – Investments in Group Companies

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

Obs.	Business name	Registered offices	Activ.	2018					
				Shareholding		Voting right		Auditor	
				Dir. %	Ind. %	Dir. %	Ind. %		
*	Prosegur Gestion de Activos, S.L.U.	Pajaritos, 24	Madrid	5	100%	-	100%	-	A
*	Prosegur Global Alarmas, S.L.U.	Pajaritos, 24	Madrid	5	100%	-	100%	-	A
	Compañía Ridur S.A.	Pajaritos, 24	Madrid	7	100%	-	100%	-	B
*	Prosegur Asset Management, S.L.	Pajaritos, 24	Madrid	5	100%	-	100%	-	B
*	Prosegur Global SIS, S.L.	Pajaritos, 24	Madrid	5	100%	-	100%	-	A
*	Prosegur Cash, S.A.	Santa Sabina, 8	Madrid	5	51%	22,5%	51%	22,5%	A
*	Prosegur Global Alarmas ROW, S.L.	Pajaritos, 24	Madrid	5	100%	-	100%	-	B
*	Prosegur Global SIS ROW, S.L.	Pajaritos, 24	Madrid	5	100%	-	100%	-	A
*	Prosegur Global Cyber Security, S.L.U.	Pajaritos, 24	Madrid	5	100%	-	100%	-	B
*	Prosegur Holding, S.A.	Tres Arroyos 2835	Cuidad de Buenos Aires	5	9%	91%	9%	91%	A
*	Prosegur Inversiones, S.A.	Tres Arroyos 2835	Cuidad de Buenos Aires	5	9%	91%	9%	91%	A
	Prosegur Tecnologia Chile Ltda.	Avda.Loboza 8395, Mod,3	Pudahuel-Santiago	1	0%	100%	0%	100%	B
	Prosegur Gestao de Activos, Ltda.	Thomas Edison 813 Barra Funda	San Pablo	7	0%	100%	0%	100%	B
	Prosegur Tecnologia Peru, S.A.	La Chira, 103 Surco	Lima	1	99%	1%	99%	1%	B
	Prosegur Activa Perú, S.A.	Avda.República de Panamá, 3890-Surquillo	Lima	3	0%	100%	0%	100%	B
	Prosegur Servicios Administrativos, S.A.	La Chira, 103 Surco	Lima	7	99%	1%	99%	1%	B
	Prointrans, LLC	411 Lafayette Street, 6th Floor, NY 10003	New York	5	100%	-	100%	-	B
	Prosegur Technological Security Solutions LLC	Al Falah Street-211	Abu Dhabi	1	49%	-	49%	-	B

Obs: (*): These companies have a stake in other group companies within their same geographical area.

Activity: 1. Integrated Security Solutions 2. Cash in Transit 3. Alarms 4. Two or more activities 5. Holding company 6: Financial Services 7: Auxiliary Services 8: Inactive

Auditor: A. Audited by KPMG B. Not subject to audit C. Others

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Notes to the Annual Accounts
31 December 2018

Obs.	Business name	Registered offices		Activ.	2017				Auditor
					Shareholding		Voting right		
				Dir. %	Ind. %	Dir. %	Ind. %		
*	Prosegur Gestion de Activos, S.L.U.	Pajaritos, 24	Madrid	5	100%	-	100%	-	A
*	Prosegur Global Alarmas, S.L.U.	Pajaritos, 24	Madrid	5	100%	-	100%	-	A
	Compañía Ridur S.A.	Pajaritos, 24	Madrid	7	100%	-	100%	-	B
*	Prosegur Ciberseguridad España, S.L.	Pajaritos, 24	Madrid	1	100%	-	100%	-	B
*	Prosegur Asset Management, S.L.	Pajaritos, 24	Madrid	5	100%	-	100%	-	B
*	Prosegur Global SIS, S.L.	Pajaritos, 24	Madrid	5	100%	-	100%	-	A
*	Prosegur Cash, S.A.	Santa Sabina, 8	Madrid	5	51%	22,5%	51%	22,5%	A
*	Prosegur Global Alarmas ROW, S.L.	Pajaritos, 24	Madrid	5	100%	-	100%	-	B
*	Prosegur Global SIS ROW, S.L.	Pajaritos, 24	Madrid	5	100%	-	100%	-	A
	Dognaedis, Lda.	Coimbra	Coimbra	1	100%	-	100%	-	B
*	Prosegur Holding, S.A.	Tres Arroyos 2835	Cuidad de Buenos Aires	5	9%	91%	9%	91%	A
*	Prosegur Inversiones, S.A.	Tres Arroyos 2835	Cuidad de Buenos Aires	5	9%	91%	9%	91%	A
	Prosegur Tecnologia Chile Ltda.	Avda.Loboza 8395, Mod,3	Pudahuel-Santiago	1	0%	100%	0%	100%	B
	Prosegur Gestao de Activos, Ltda.	Thomas Edison 813 Barra Funda	San Pablo	7	0%	100%	0%	100%	B
	Prosegur Tecnologia Peru, S.A.	La Chira, 103 Surco	Lima	1	99%	1%	99%	1%	B
	Prosegur Activa Perú, S.A.	Avda.República de Panamá, 3890-Surquillo	Lima	3	0%	100%	0%	100%	B
	Prosegur Servicios Administrativos, S.A.	La Chira, 103 Surco	Lima	7	99%	1%	99%	1%	B
	Prointrans, LLC	411 Lafayette Street, 6th Floor, NY 10003	New York	5	100%	-	100%	-	B
	Prosegur Ciberseguridad SAS	TV 23 · 95-53	Bogota D.C.	1	100%	-	100%	-	B
	Prosegur Technological Security Solutions LLC	Al Falah Street-211	Abu Dhabi	1	49%	-	49%	-	B

Obs: (*): These companies have a stake in other group companies within their same geographical area.

Activity: 1. Integrated Security Solutions 2. Cash in Transit 3. Alarms 4. Two or more activities 5. Holding company 6: Financial Services 7: Auxiliary Services 8: Inactive

Auditor: A. Auditada por KPMG B. No sujeta a auditoría C. Otros

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.

Notes to the Annual Accounts
31 December 2018

		2018							
		EQUITY				Operating result	Profit for the year	Dividends Received	
Thousands of euros	Business name	Country	Net book value	Capital	Reserves				Other items
Companies in Spain:									
	Prosegur Gestion de Activos, S.L.U.	Spain	163.026	29.953	2.420	129.047	29.299	21.993	10.000
	Prosegur Global Alarmas, S.L.U.	Spain	100.485	2.000	3.175	55.761	(402)	(750)	-
	Compañía Ridur S.A.	Spain	49.872	881	228	70	(17)	(6)	-
	Prosegur Asset Management, S.L.	Spain	77.315	52.351	11.909	(87)	(760)	25.088	25.050
	Prosegur Global SIS, S.L.	Spain	204.796	3	(4.684)	180.336	(1.694)	(4.362)	-
	Prosegur Cash, S.A.	Spain	15.300	30.000	24.495	(119.993)	(4.506)	135.618	60.205
	Prosegur Global Alarmas ROW, S.L.	Spain	53.566	3	1.045	52.387	(79)	95	-
	Prosegur Global SIS ROW, S.L.	Spain	281.743	3	(1.423)	279.253	(2.823)	(2.284)	-
	Prosegur Global Cyber Security, S.L.U.	Spain	2.317	3	-	2.317	(2)	(3)	-
Subsidiaries abroad:									
	Prosegur Holding, S.A.	Argentina	1.755	1.006	70	10.724	(19)	416	-
	Prosegur Inversiones, S.A.	Argentina	195	114	8	1.170	(5)	52	-
	Prosegur Tecnologia Chile Ltda.	Chile	-	10.118	5.424	(10.978)	(759)	(745)	-
	Prosegur Gestao de Activos, Ltda.	Brazil	-	23.152	1.588	8.748	1.146	866	-
	Prosegur Tecnologia Peru, S.A.	Perú	5.698	560	38	39	(81)	11	-
	Prosegur Activa Perú, S.A.	Perú	101	13.561	3.006	(5.148)	(2.662)	(3.679)	-
	Prosegur Servicios Administrativos, S.A.	Perú	109	109	-	(113)	10	2	-
	Prointrans, LLC	USA	274	306	-	124	(34)	(24)	-
	Prosegur Technological Security Solutions LLC	Arab Emirates	-	59	-	(581)	8	8	-
TOTAL			956.552					95.255	

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.

Notes to the Annual Accounts
31 December 2018

		2017							
Thousands of euros		EQUITY				Operating result	Profit for the year	Dividends Received	
Business name	Country	Net book value	Capital	Reserves	Other items				
Companies in Spain:									
Prosegur Gestion de Activos, S.L.U.	Spain	163.026	29.953	9.420	131.181	(413)	866	-	
Prosegur Global Alarmas, S.L.U.(PAH)	Spain	100.485	2.000	3.174	55.794	354	(32)	-	
Compañía Ridur S.A.	Spain	49.872	881	228	34	(4)	36	-	
Prosegur Ciberseguridad España, S.L.	Spain	3.244	3	11	3.230	(3.141)	(2.368)	-	
Prosegur Asset Management, S.L.	Spain	77.315	52.351	42	(750.036)	22.610	786.867	775.000	
Prosegur Global SIS, S.L.	Spain	204.796	3	(4.684)	170.670	(1.126)	(2.480)	-	
Prosegur Cash, S.A.	Spain	15.300	30.000	5.518	(109.527)	139.706	127.155	54.774	
Prosegur Global Alarmas ROW, S.L.	Spain	53.565	3	1.045	53.562	(569)	(1.176)	-	
Prosegur Global SIS ROW, S.L.	Spain	281.743	3	(1.423)	261.621	(2.806)	(368)	-	
Subsidiaries abroad:									
Dognaedis, Lda.	Portugal	2.761	50	303	829	(253)	(268)	-	
PROSEGUR HOLDING	Argentina	1.755	1.778	135	18.305	614	453	-	
PROSEGUR INVERSIONES	Argentina	195	200	15	2.003	48	41	-	
Prosegur Tecnologia Chile Ltda.	Chile	-	9.992	-	(10.321)	(767)	(1.535)	-	
Prosegur Gestao de Activos, Ltda.	Brazil	-	17.408	1.245	9.573	893	493	-	
Prosegur Tecnologia Peru, S.A.	Perú	5.698	558	47	54	195	(15)	-	
Prosegur Activa Perú, S.A.	Perú	101	8.880	-	(969)	(2.874)	(4.162)	-	
Prosegur Servicios Administrativos, S.A.	Perú	109	108	-	(103)	(2)	(10)	-	
Prointrans, LLC	USA	274	417	-	111	14	7	-	
Prosegur Ciberseguridad SAS	Colombia	15	28	-	39	(156)	(107)	-	
Prosegur Technological Security Solutions LLC	Arab Emirates	-	56	-	(451)	3	(105)	-	
TOTAL		960.254				829.774			

PROSEGUR COMPAÑIA DE SEGURIDAD, S.A.

Directors' Report for 2018

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

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PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

Directors' Report for 2018

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

1. The Bank's situation

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

Prosegur provides private security services in the following countries: Germany, Argentina, Australia, Brazil, Chile, China, Colombia, Costa Rica, El Salvador, Spain, the United States, the Philippines, France, Guatemala, Honduras, India, Luxembourg, Mexico, Nicaragua, Paraguay, Peru, Portugal, Singapore, South Africa, Turkey and Uruguay.

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

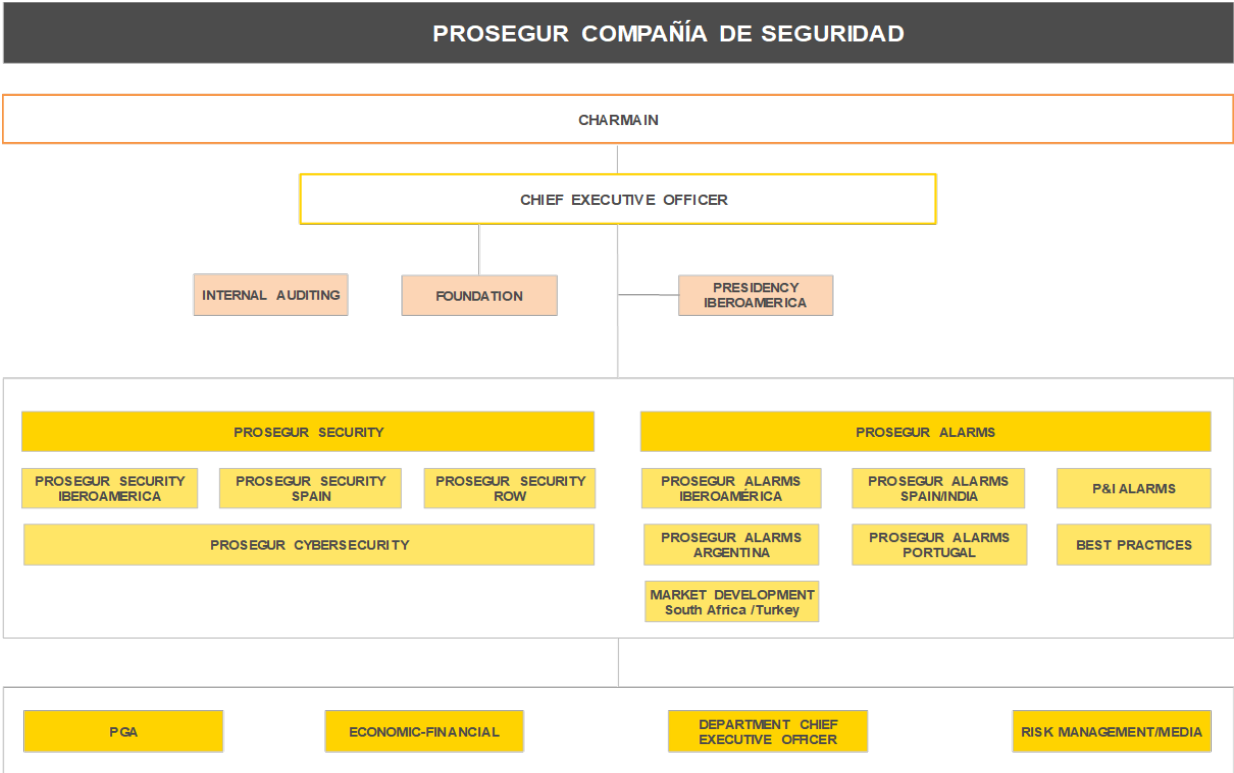
1.1 Organisational Structure

The organisational structure of Prosegur is designed to improve business processes and add value to our clients. Its flexibility allows for a permanent adaptation to an ever-changing environment and the evolution of Prosegur as a business group. In addition, it fosters transversal knowledge of business areas and results in a closer approach to client needs.

Business is the backbone of the organisation and is made up of the General Business Management Areas which are responsible for the design of security solutions for clients and cover the main business lines (Seguridad, Cash and Alarms).

The corporate functions are supervised by the Global Support Divisions which cover the Financial-Economic department, Prosegur Gestión de Activos (Prosegur Asset Management), Executive Director's Office and Risk and Resources Management.

The organisation of Prosegur is shown in the table below:



PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

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

The delegated committees of the Board of Directors are the Audit Committee and the Appointments and Remuneration Committee. Among the Audit Committee's responsibilities are: propose the appointment of the auditor; review the Prosegur accounts; ensure compliance with legal requirements and application of accounting principles generally accepted. For its part, the duty of the Appointments and Remunerations Committee is to establish and review the criteria for the composition and remuneration of the Board of Directors, and of the members of the Prosegur management team. It also periodically reviews remuneration programmes.

1.2 Operation

The unceasing development of the environment in which Prosegur operates has played a crucial role in the company's transformation over the last few years. In this connection, Prosegur established three main goals:

- Respond to clients' new needs, in line with market trends.
- Become their trusted strategic partner.
- Boost their value through efficiency in processes and by implementing increasingly technological services.

Prosegur is in the midst of a new Three-Year Strategic Plan 2018-2020. Our ambition to lead the transformation of the industry has led us to embark on a digital transformation of the company, hinging upon three basic pillars: Digitalise, Innovate and Grow.

Specific goals have been set in connection with each pillar and, after the first year of the plan, considerable progress has already been made.

Digitalise

With regard to digitalisation, the established goals are:

- Roll out the necessary platforms and tools to simplify management and enhance the client experience, paving the way for Prosegur to lead the industry in the future.
- Support operational excellence and the technological improvement of processes in order to boost profitability.
- Reduce the weight of indirect costs that do not create value for clients.
- Attract, develop and retain the most highly-qualified professionals. To do this, Prosegur offers them the necessary know-how and tools to enhance their skills and grow within the company.

In 2018, the first year of the 2018-2020 Three-Year Plan, progress was made in the following areas:

- In connection with Information Technologies, progress in standardising the technological infrastructure, harmonising systems and reducing operational errors.
- In Human Resources, developing candidate screening using data analysis.
- In Security: the development of new platforms and systems for employees and clients, anticipating their needs and working in a more digital environment.
- In Cash, automating interfaces with clients.
- In Alarms, by developing the integration of our SMART app into the most advanced interfaces of the industry.

Innovate

With regard to innovation, the established goals are:

- Listen to clients to develop new value proposals that meet their needs.
- Introduce new products that improve client satisfaction, transform the business, increase margins and evidence our firm commitment to innovation.

The following advances have already been made in 2018:

- In Security: the development of the Prosegur on Demand application, which allows clients to request security services on an hourly basis from their mobile device.
- In Cybersecurity, driving business forward with the acquisition of Cipher and the sale of integrated Security.
- In Cash, the strengthening of Smart Cash sales and BPO (Business Process Outsourcing) services.
- In Alarms, advances in integrated solutions for home security.

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

Grow

With regard to growth, the established goals are:

- Maintain high rates of profitable organic growth.
- In Security, the promotion of the integrated sale of a range of surveillance and technology products that differentiate Prosegur from the competition, offering the latest security solutions to our clients.
- In Cash, maintaining the pace of growth logged in recent years, spearheading market consolidation and stimulating the sale of new products.
- In Alarms, raising business value by increasing the number of connections and taking advantage of the benefits of a larger scale.

2018 has seen advances made in the following business lines:

- Security, entry into new markets and the promotion of the integrated sale of technology products.
- Cash: advances in our acquisition strategy, with entry into new countries and the consolidation of some of our existing markets.
- Alarms: continuing double-digit growth while ensuring the profitability of each and every one of these clients.

2. Business performance and profit/(loss)

The Company has obtained positive results in 2018 of EUR 103.0 million derived from its income as a holding. The comparison with the results of the previous year are shown below:

(Millions of euros)	2018	2017	Variation
Sales	130,653	872,897	-85%
EBITDA	120,209	854,838	-86%
<i>Margin</i>	92.0%	97.9%	
Depreciation of property, plant and equipment	-696	-203	243%
Depreciation of intangible assets	-3,948	-3,046	30%
EBIT	115,565	851,589	-86%
<i>Margin</i>	88.5%	97.6%	
Financial results	-11,511	-17,375	-34%
Profit before tax	104,054	834,214	-88%
<i>Margin</i>	79.6%	95.6%	
Tax	-1,069	-3,880	-72%
<i>Tax rate</i>	-1.03%	-0.5%	
Net profit	102,985	830,334	-88%

The main variation with respect to 2017 is due to the dividend revenue received in 2017 as a result of the listing of the shares of the subsidiary Prosegur Cash.

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

The most significant events reflected in the Profit and Loss Account of 2018 are the following:

	Thousands of Euros									
	National		Europe		AOA		LatAm		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Dividend received:										
- Group companies and associates	95,255	829,774	-	-	-	-	-	-	95,255	829,774
Loan interest income	2,262	1,697	72	621	23	-	213	527	2,570	2,845
Provision of services:										
- General services	28,255	37,349	112	92	(367)	82	4,828	2,755	32,828	40,278
Total	125,772	868,820	184	713	(344)	82	5,041	3,282	130,653	872,897

2.1 Investment activity

The changes in the composition of the Prosegur Group, of which the company is the parent, during 2018 were mainly due to the following acquisitions:

- Cash business combinations in Latam: In 2018, in Latam Prosegur acquired a series of security companies and assets providing cash in transit and cash management services and conducting correspondent banking activities. The total purchase price was EUR 49,452 thousand, comprising a cash payment of EUR 26,568 thousand, and a deferred contingent consideration totalling EUR 22,884 thousand maturing in 2018, 2019, 2020 and 2021.
- Cash business combinations in Europe: In 2018, in Europe, Prosegur acquired a series of security companies providing ATM management and maintenance services, cash in transit and document management and the development and marketing of software specialising in prevention of money-laundering and terrorist financing. The total acquisition price was EUR 11,664 thousand, comprising a cash consideration of EUR 6,922 thousand, a deferred contingent consideration amounting to a total of EUR 4,492 thousand, due in 2018, 2019, 2020, 2021, 2022 and 2023 and a deferred payment of EUR 250 thousand, due in 2019.
- Cash business combinations in ROW: in 2018, Prosegur acquired a security company providing cash in transit and cash management services. The total purchase price was EUR 20,664 thousand at the acquisition date, comprising a cash payment of EUR 12,593 thousand and a deferred contingent consideration totalling EUR 8,071 thousand.
- Security business combinations in ROW: in 2018, Prosegur acquired a number of security companies providing surveillance and remote video surveillance services. The total purchase price was EUR 23,411 thousand, consisting of a cash payment of EUR 18,526 thousand, and a deferred contingent consideration for a total of EUR 4,885 thousand due for payment in 2018, 2019, 2020, 2021, 2022 and 2023.
- Business combinations Latin America Alarms: In 2018, Prosegur acquired in Latin America a security company specialising in monitoring residential alarm systems. The total purchase price was EUR 774 thousand at the acquisition date, comprising a cash payment of EUR 124 thousand and a deferred amount totalling EUR 650 thousand.

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

Additionally, changes in the composition of the Prosegur Group, of which the company is the parent, during the year 2018 were mainly determined by:

In addition, the following companies were incorporated or wound up in 2018:

- In January 2018 Prosegur Ciberseguridad Paraguay SA was incorporated in Paraguay.
- In February 2018 Prosegur Colombia 1 S.L.U. was incorporated in Spain.
- In February 2018 Prosegur Colombia 2 S.L.U. was incorporated in Spain.
- In March 2018 Prosegur Global Cyber Security SLU was incorporated in Spain.
- In May 2018 Segtech Ventures SA was incorporated in Spain.
- In May 2018 Prosegur Gestión de Activos Honduras S de RL was incorporated in Honduras.
- In May 2018 Gestión de Activos Cash Guatemala SA was incorporated in Guatemala.
- In June 2018 the company Prosegur Servicios de Pago EP SLU was incorporated in Spain.
- In June 2018, Prosegur Global Resources Holding Philippines Incorporated was incorporated in The Philippines.
- In July 2018 Prosegur Events SASU was incorporated in France.
- In July 2018 Prosegur Logística e Armazenamento Ltda was incorporated in Brazil.
- The company Prosegur SES Serviços Empresariais de Segurança Unipessoal Lda was wound up in Portugal in September 2018.

Furthermore, the following mergers took place between subsidiaries in 2018:

- In July 2018, the takeover by merger took place between Setha Industria Eletronica Ltda and Segurpro Tecnologia em Sistemas de Segurança Eletronica e Incendios Ltda. in Brazil.
- In December 2018, Prosegur Brasil Transportadora de Valores de Segurança completed the takeover by merger of Transexcel Segurança e Transporte de Valores Ltda in Brazil.

Additionally, in December the following dormant companies were purchased in Germany; M Sicherheitstechnik Venwaltungs, AC Alarm Verwaltungs GmbH, M. Sicherheitstechnik GmbH & Co KG and AC Alarm GmbH & Co KG.

2.2 Investments

All of the Company's investments are analysed by the corresponding technical and operating areas and the management control department, which estimate and examine the strategic importance, period and yields of the investments before these are approved. Subsequently these are submitted to the Investment Committee for a final decision on whether to proceed with the investment. Investments in excess of EUR 0.6 million are submitted to the Executive Committee for approval.

Amortisation and depreciation charges totalled EUR 4.6 million in 2018 (EUR 3.2 million in 2017). Of this total, EUR 0,7 millions were for property, plant and equipment (EUR 0.2 million in 2017), and EUR 3.9 million for intangible assets (EUR 3.0 million in 2017).

EUR 0.1 million was invested in property, plant and equipment in 2018 (EUR 13.2 million in 2017). No investments were made in intangible assets during 2018 (EUR 36.0 million in 2017).

2.3 Personnel

The workforce of the company at the end of 2018 was of 31 persons. At the close of 2017, the workforce of the company was 30 persons.

2.4 Environmental issues

At the end of 2018, the Company has no environment-related contingencies, legal claims or income and expenses relating to the environment.

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

3. Liquidity and capital resources

3.1 Liquidity

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

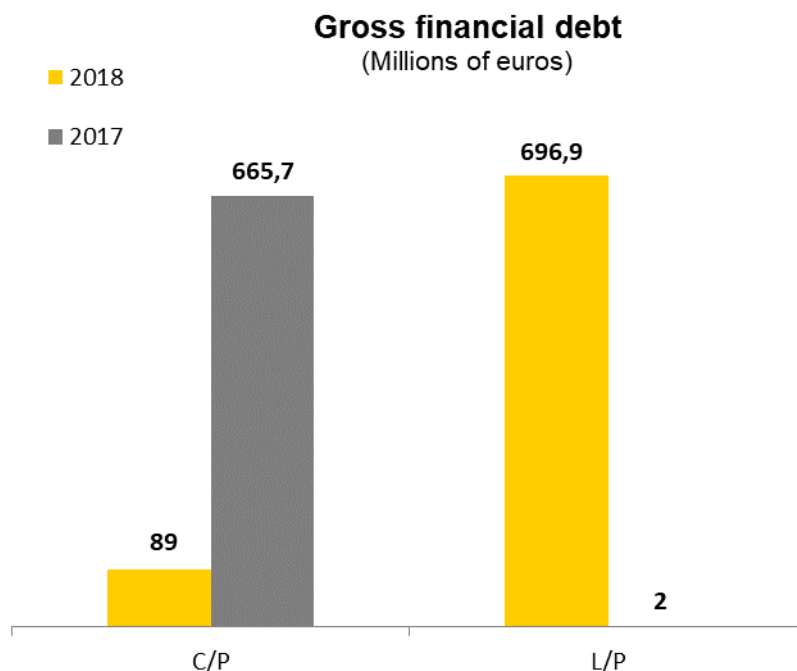
3.2 Capital resources

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

- a) On 8 February 2018 an issue of uncovered bonds with a nominal value of EUR 700,000 thousand, maturing on 8 February 2023, has been made. The bonds are traded on the secondary market, on the Irish Stock Exchange. They accrued an annual coupon of 1.00% payable at the end of each year. On 2 April 2018 the uncovered bonds issued on 2 April 2013 for EUR 500,000 thousand were amortised on their due date.
- b) On 10 February 2017 Prosegur arranged a five-year syndicated credit financing facility of EUR 200,000 thousand to provide the company with long-term liquidity. At 31 December 2018, no amount of this credit facility has been drawn down.

Long-term gross financial debt totals EUR 696.9 million (EUR 2.0 million in 2017). The variation is due to the maturity of less than one year of the bond issued in 2013 and the new bond issue made during 2018, long-term debt with maturity in 2023.

The current and non-current maturities of gross financial debt are distributed as follows:



In 2018 financial debt had an average cost of 1.22% (2.60% in 2017).

The following table shows the maturities of the contractual obligations at 31 December 2018:

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Balance at 31 December, 2018	6.252	0	0	694.932	701.184
Balance at 31 December, 2017	590.727	0	0	0	590.727

3.3 Analysis of contractual obligations and off balance sheet obligations

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

4. Main risks and uncertainties

The Company's activities are exposed to currency risk, interest rate risk and price risk, credit risk and liquidity risk. The Company's global risk management programme aims to reduce these risks using a variety of methods, including financial instruments.

The management of these risks has been identified, proposed and executed by the Treasury Department, responsible for identifying, proposing and executing actions in accordance with policies approved by the Board of Directors of the Company.

4.1 Client concentration

The Group of which the Company is the parent company has no significant concentrations of clients.

4.2. Financial Risks

The Company mainly operates in the domestic market; however, the Group of which it is the Parent Company, operates on an international level and, therefore, the Company is exposed to currency risk in its foreign currency operations with foreign subsidiaries and assets and liabilities is foreign currency held with third parties.

As the Company, as the Parent Company of Prosegur Group, intends to remain in the foreign markets in which it is present in the long term, it does not hedge equity investments, assuming the risk relating to the translation to EUR of the assets and liabilities denominated in foreign currencies.

4.2.1 Market risk

Interest rate, cash flow and fair value risks

The Company is exposed to interest rate risk due to its monetary assets and liabilities.

At the close of financial year 2018, there are no significant positions in financial investment at a fixed or variable interest rate. The Company analyses its interest rate risk exposure dynamically.

Management performs a simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges. Based on these scenarios, the Company calculates the effect of a certain variation in interest rates on profit and loss. The scenarios are only analysed for the liabilities that represent the most significant positions in which a variable interest rate is paid.

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

Exchange rate risk

The diversity of risks to which the Company is exposed has resulted in an increasingly active policy in the derivatives market, aiming to limit this exposure, although the Company at 31 December 2018 has no hedges in place with derivatives.

4.2.2 4.2.2 Credit risk

The Company is not significantly exposed to credit risk.

4.2.3 4.2.3 Liquidity risk

A prudent liquidity risk management policy is based on having sufficient cash and marketable securities, as well as sufficient short-, medium- and long-term financing through credit facilities to reach the Company's business targets safely, efficiently and on time. The Treasury Department aims to maintain liquidity and sufficient availability to guarantee the Company's business operations.

The information required by the "Reporting Requirement", third additional provision of Act 15/2010 of 5 July 2010 (modified through the Final Provision Two of Act 31/2014, of 3 December) prepared in accordance with the ICAC Resolution of 29 January 2016, on the information to be included in the annual accounts report in relation to the average period of payment to suppliers in commercial operations is detailed below.

5. Average payment period to suppliers

The average payment period to suppliers in 2018 was 49 days (53 days in 2017).

6. Important circumstances after the reporting period

On 7 February 2019, the syndicated loan was novated for both Prosegur and Prosegur Cash, S.A. and the maturity extended by a further 5 years in both cases. The new maturity dates are as follows:

-Prosegur: syndicated financing facility for EUR 200,000 thousand (Spain) maturing in February 2024.

-Prosegur Cash, S.A.: syndicated financing facility for EUR 300,000 thousand (Spain) maturing in February 2024.

On 16 January 2019, the first payment was made of the dividend approved on 20 December 2018 for a maximum total of EUR 79,054.

7. Information on the foreseeable performance of the entity

The Company, as the parent company of the Group, is affected by the performance forecasts of each of the regions in the Group.

Forecasts for 2019 are optimistic. Potential stability in the main macroeconomic aspects of the main geographical areas where the company operates, which presumably can be translated as reduced exchange rate volatility, can help to define a year of maintaining or increasing the growth rate in profitability.

Prosegur will continue enhancing the internal control procedures that guarantee effectiveness in the different businesses, maintaining the financial discipline of the group and strengthening the corporate supervisory policies aimed at greater control of the profitability per business line and greater focus by the countries in organic growth via new products with higher margin. This exhaustive level of internal control and optimisation will bring improvements and increases in cash generation in 2019, continuing with the path shown in previous years.

The levers for improvement, which are expected to show effectiveness in 2019, are mainly:

For the Security business, the increasingly greater penetration of the Advanced Integrated Security Solutions which already account for more than 20% of the total sales for the division and whose margin continues expanding as the service becomes even more sophisticated with clients, plus the entry into new and more profitable markets such as North America and the growing demand for remote monitoring and cybersecurity services that are beginning to be seen on the market.

In Prosegur Cash, business dynamics similar to those of 2018 are expected, in structural terms. With sustained growth in Latin America supported by development of the recent acquisitions in Central America and the Philippines, plus the

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

sharp increase in cash automation products, which will possibly show growth rates higher than those of 2018, as demand increases, and special sales teams spread throughout all the geographical areas.

In the Cash business it is also expected that the new AVOS bank services will have a positive effect, for which investments and company acquisitions have increased during 2018.

Upward adjustments of the adverse competitive situation of some geographical areas can also be expected for the coming year, mainly in Australia and, to a certain extent, in France.

Lastly, and with regard to the Alarms business, in 2019 and the following years, Prosegur will maintain a strong trend for growth similar to that seen in 2018, which is higher than the average overall growth for the industry and focussing on sound growth by intensifying the procedures for rating client creditworthiness. With this strategy, the intention is to improve the quality of the client portfolio, ensuring a lower drop-out rate than at present, and a higher global margin on each new connection, even at the expense of slightly detracting from the strong growth rate.

In addition, it is worth highlighting that the company's significant commitment to digital transformation will also contribute to the group's growth and increased profits.

This major initiative, which will be developed over the next three years, will permit not only more efficiency and agility in the internal processes of the company but also reduced indirect costs for the group.

To achieve this, all the business management and support platforms will be renewed and updated, developing them toward scalable systems that are easily maintained and updated, whilst at the same time making a complete overhaul of the internal processes through which it is expected to achieve a high degree of automation and robotisation of many of the traditional documentary and administration procedures.

By way of conclusion, Prosegur is facing interesting challenges in the coming years, which include meeting the expectations to maintain the trend - which began in previous years - for recovering margins in Europe and sustaining the profitability levels in Latam despite the deceleration in 2018 due to the adverse macro situation.

The company has excellent levers of growth: The best platform available in the world for cash in transit, with a dominant presence in emerging markets unrivalled by any of its competitors; the whole set of complete solutions for the most innovative security, backed up by a top quality client portfolio in all countries and the optimum solvency and financial soundness for meeting these challenges. Although the coming years will be more focused on profitability and organic growth, Prosegur will continue to consolidate its leadership position, gaining market share and strengthening its image as a worldwide company with the most advanced security solutions.

8. R&D+i Activities

The important projects carried out in recent years have brought differentiation to the quality of the services offered by Prosegur and reflect the company's commitment to innovation and excellence. Among the projects which have recently and successfully been completed or which are currently in progress, we shall highlight the following:

Security

In 2018 several technological initiatives were launched as a result of the ambitious plans for transforming traditional security services into security services with high added value and increased profitability.

Prosegur was the first private security company to be recognised by the Ministry of Public Works and Transport in Spain to operate with RPAS (Remotely Piloted Aircraft Systems), and as a result, in 2018 the first projects commenced for using remote monitoring systems involving the use of drones in industrial plants.

Also, in 2018 the initiative "Prosegur on Demand" was put into operation, the first application for the contracting of security services from a mobile phone or tablet.

Prosegur Seguridad is immersed in a process of transformation with various priority aspects: processes, employees, services and products, and clients. In order to develop them, the company is relying on different technological levers, amongst which Cloud, IoT, Edge and Artificial Intelligence are worthy of mention.

With this, a digital ecosystem is shaped, aimed at optimising processes, encouraging decision-making based on collective intelligence, transforming services and, ultimately, involving the clients.

Cash

For its part, Prosegur Cash has continued to foster the development of the IT platform underpinning its AVOS (Added-value Outsourcing Services) business. This environment combines process control tools, enabling us to adapt to clients' needs, with digital channels and document management tools.

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The company has also continued to foster the development of new cash automation solutions, with a particular emphasis on retailers' front-office operations. Likewise, the company has automated the control and improved its value data solutions in which cash paid into the machine is available in the retailer's account regardless of its collection.

Alarms

Prosegur Alarmas has begun projects for optimising its data organisation and making use of Big Data, in addition to implementing an ambitious project of bankarisation of payments from its clients in Latin America which will streamline the credit rating process for clients, increasing the quality of the portfolio and having a positive effect on the Churn Rate in the medium term.

It will also continue strengthening the technological capacities of the Prosegur Smart platform, created so that users can generate a greater number of interactions with their security system. The Prosegur Smart platform already accounts for more than 15% of the installed base and clients are accessing increasingly more functions.

Regarding services, Prosegur Alarmas continues promoting Hawk Eye, an innovative security system, that makes it possible to check what is happening in a building in real time and constantly by using 24-hour a day smart surveillance. The company is also encouraging home technology and automation projects, aimed at improving the security in the house.

9. Acquisition/disposal of own shares

At 31 December 2018 the Company held 18,542,006 own shares (18,627,835 shares in 2017), which represent 3.00% of the share capital (3.02% in 2017) and have a value of EUR 65.2 million (EUR 65.5 million in 2017).

10. Alternative Performance Measures

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

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APM	Definition and calculation	Purpose
CAPEX	Capex (<i>Capital Expenditure</i>) represents the money a company spends on equipment assets that generates a profit or return, or by increasing the value of existing fixed assets. CAPEX includes additions of both property, plant and equipment and of software as part of its intangible assets.	CAPEX is an important indicator of a company's life cycle at a given point in time. When a company experiences rapid growth, CAPEX will exceed the depreciation of its fixed assets, indicating that the value of its equipment is increasing 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.
EBIT Margin	EBIT Margin is calculated as results from operating activities divided by total revenue.	EBIT margin provides a view of the company's operating results in comparison with the total revenue.
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.
EBITDA	EBITDA is calculated on the Group's Consolidated profit for the year without factoring in loss from discontinued operation net of tax, income tax expenses, net finance income or cost and amortisation of goodwill or of intangible assets, but including amortisation of software.	EBITDA provides a view of the company's earnings before interest, taxes and amortisation of goodwill or of intangible assets.
EBITDA	EBITDA is calculated on the Group's Consolidated profit without factoring in loss from discontinued operations net of tax, income tax expenses, net finance income or cost and any depreciation or amortisation of goodwill.	EBITDA provides an accurate view of what a company is earning or losing from its business. EBITDA excludes non-cash variables, which can vary significantly from one company to another, depending on the accounting policies applied. Depreciation and amortisation are non-monetary variables and are therefore of limited interest to investors.

The reconciliation of Alternative Performance Measures is as follows:

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CAPEX (Millions of Euro)	31.12.2018	31.12.2017
Other installations and furniture	0.1	0.0
Under construction and advances	0.0	13.2
Subtotal: Property, Plant and Equipment additions	0.1	13.2
Software additions	0.0	0.0
Total CAPEX	0.1	13.2
Adjusted EBIT Margin (Millions of Euro)	31.12.2018	31.12.2017
EBIT	115.6	851.6
Revenues	130.7	872.9
Adjusted EBIT Margin	88.5%	97.6%
Net Financial Debt (Millions of Euro)	31.12.2018	31.12.2017
Financial liabilities (A)	785.8	667.7
Cash and cash equivalents (B)	(138.3)	(104.9)
Less: other financial current assets (C)	(489)	(490.3)
Total Net Financial Debt (A+B+C)	158.2	72.5
Less: other non-bank payables (D)	(84.7)	(77.0)
Total Net Financial Debt (excluding other non-bank payables corresponding to deferred payments for M&A acquisitions) (A+B+C+D)	73.5	(4.5)
EBITA (Millions of Euro)	31.12.2018	31.12.2017
Consolidated profit for the year	103.0	830.3
Income tax expenses	1.1	3.9
Net finance costs	11.5	17.4
Amortizations	3.9	3.0
EBITA	119.5	854.7
EBITDA (Millions of Euro)	31.12.2018	31.12.2017
Consolidated profit for the year	103.0	830.3
Income tax expenses	1.1	3.9
Net finance costs	11.5	17.4
Depreciation and amortization	4.6	3.2
EBITDA	120.2	854.9

11. Other significant information

Stock market information

Prosegur 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.

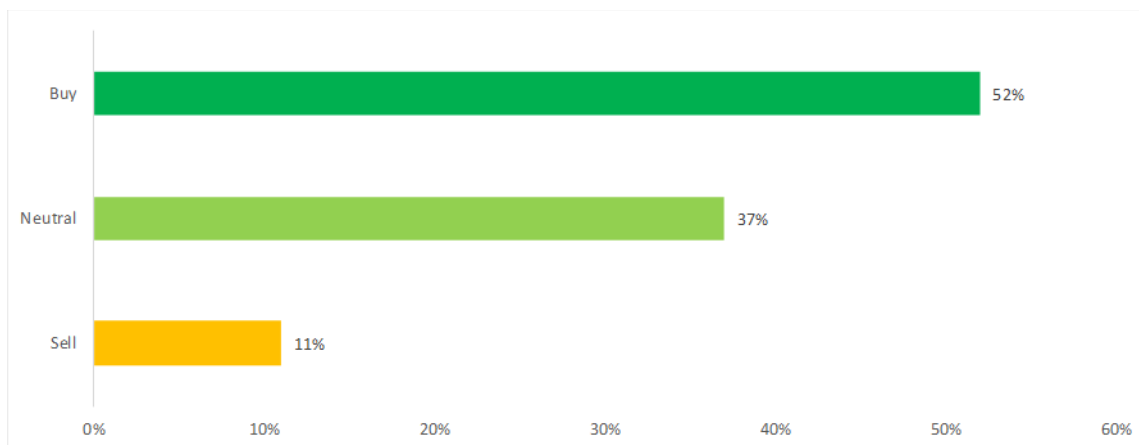
The policy of relationship with shareholders and investors of Prosegur aims to establish a communication that is direct, personal and stable over time. The Company has a close relationship with its shareholders, private and institutional investors and with the main stock analysts, to whom it provides detailed information on a continuous basis.

In order to meet this transparency commitment, Prosegur uses multiple communication channels such as the webcast held every quarter to report results or the creation of the Investors Newsletter, added to the publication of other information bulletins with specific content of interest to the investment community.

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Analysts coverage

At the close of the market in 2018, of a total of 19 analysts covering Prosegur's equity stock, most of them had a positive perception of the company, although somewhat more conservative than in 2017 due to the negative effect of the currencies. With this, eight of them have a neutral recommendation (six in 2017) and nine recommend purchasing (11 in 2017). And only two analysts (11%) have a negative assessment and recommend selling.



Prosegur's shares started 2018 listed at EUR 6.64 per share, and at close, on 31 December at EUR 4.42 per share. During the year, the company's share price went down by 32.1% mainly caused by the sharp adjustment that the market applied from the end of August to shares with high exposure to Argentina and to emerging countries in general.

Main shareholders

The shareholding structure of Prosegur reflects its solidity and stability.

At 31 December 2018, 66.43% of the capital of the Company is in the hands of significant shareholders. The remaining 33.57% was free float.

The strong presence of the shareholding in the Board of Directors enables the management bodies to define that the strategic lines and decisions are in line with the interests of all its shareholders. This solid and stable shareholder base of relevance, made up largely of significant shareholders and institutional investors, provides Prosegur with the ideal conditions to develop its project and achieve its objectives.

Geographical distribution of free float

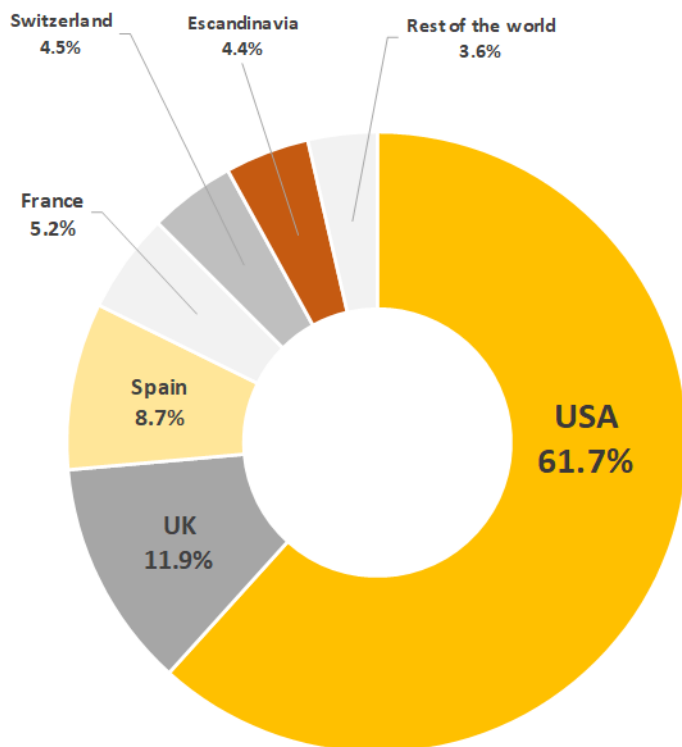
At an international level and given its growth potential, Prosegur has always been well accepted among investors. For these reasons, its shareholding includes foreign investors which account for a very significant part of its free float. In 2018 there was a significant increase in the U.S. shareholding, reaching 18.44% of the shareholder structure.

French capital has also increased its presence in Prosegur equity stake, and the same applies to Spanish investors and, to a greater extent, to the Swiss, which account for 1.60%, 2.73, and 1.39% respectively.

Conversely, capital from the U.K. has gone down slightly compared to 2017 representing 3.69% of the Prosegur equity stake, and the Scandinavian investors in 2018 opted to withdraw their investment in the company, reducing their percentage to 1.37%

Lastly, it is worth noting the sharp increase in the Prosegur equity stake coming from the Asia-Pacific region and Latin America which at the end of 2018 accounted for 1.2% of the free float of the company, growing by over 25% compared to previous years.

Geographical distribution (Free Float)



Region	% Shares	% Free Float
USA	18.44%	61.70%
UK	3.69%	11.90%
Spain	2.73%	8.70%
France	1.60%	5.20%
Switzerland	1.39%	4.50%
Escandinavia	1.37%	4.40%
Rest of the world	1.12%	3.60%

Corporate Governance Annual Report

Prosegur's Annual Corporate Governance Report for the 2018 year forms part of the Directors' Report, and is available on the web site of the National Stock Exchange Commission and on the Prosegur web site as from the date of publication of the annual accounts.

This report includes section 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).

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STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL INFORMATION FOR 2018

The members of the board of directors of Prosegur Compañía de Seguridad, S.A. hereby confirm that, to the best of our knowledge, the individual annual accounts of 2018, authorised for issue by the board of directors at the meeting held on 26 February 2019 and prepared in accordance with applicable accounting principles, present fairly the equity, financial position and profit/(loss) of Prosegur Compañía de Seguridad, S.A., and that the respective individual directors' reports provide a reliable analysis of the Company's performance and results and the position of Prosegur Compañía de Seguridad, S.A., together with the main risks and uncertainties facing the company.

Madrid, 26 February 2019

Ms Helena Irene Revoredo Delvecchio
Chair

Mr Isidro Fernández Barreiro
Vice-chairman

Mr Christian Gut Revoredo
Executive Director

Mr Fernando D'Ornellas Silva
Director

Ms Chantal Gut Revoredo
Director

Mr Ángel Durández Adeva
Director

Mr Fernando Vives Ruiz
Director

Mr Eugenio Ruiz-Gálvez Priego
Director

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

DIRECTORS' RESPONSIBILITY OVER THE ANNUAL ACCOUNTS

The annual accounts of Prosegur Compañía de Seguridad, S.A. are the responsibility of the directors of the company, and have been prepared in accordance with General Accounting Plan endorsed by Spain.

The directors are responsible for the completeness and objectivity of the annual accounts, including the estimates and judgements included therein. They fulfil their responsibility mainly by establishing and maintaining accounting systems and other regulations, supporting them adequately using internal accounting controls. These controls have been designed to provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations and regulations laid down by management and that accounting records are reliable for the purposes of drawing up the annual accounts. The automatic correction and control mechanisms are also a relevant part of the control environment, insofar as corrective action is taken when weaknesses are observed. Nevertheless, an effective internal control system, irrespective of how perfect its design may be, has inherent limitations, including the possibility of circumventing or invalidating controls, and can therefore provide only reasonable assurance in relation with preparation of the annual accounts and the protection of assets. However, the effectiveness of internal control systems may vary over time due to changing conditions.

The Company evaluated its internal control system at 31 December 2018. Based on this evaluation, the directors believe that existing internal accounting controls provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations laid down by management, and that the financial records are reliable for the purposes of drawing up the annual accounts.

Independent auditors are appointed by the shareholders at their annual general meeting to audit the annual accounts, in accordance with the technical standards governing the audit profession. Their report, with an unqualified opinion, is attached separately. Their audit and the work performed by the Company's internal services include a review of internal accounting controls and selective testing of the transactions. The Company's management teams hold regular meetings with the independent auditors and with the internal services in order to review matters pertaining to financial reporting, internal accounting controls and other relevant audit-related issues.

Mr Antonio Rubio Merino
Chief Financial Officer