2016

ANNUAL REVIEW AND SUSTAINABILITY REPORT

GOLDCAR

GOLDCAR

www.goldcar.com

Designed and made by: Lavola

INDEX

INTRODUCTION

LETTER FROM THE CEO

In 2016, Goldcar has continued its growth throughout Europe and globally. We have opened a total of 17 new offices, 8 of which are in Italy, 1 in France and 1 in Spain, thus consolidating our presence in these three countries. In addition, we are now operating in Mexico, Romania and the Netherlands for the first time thanks to our franchisees.

Our presence at the main airports of the countries where we operate has been crucial for Goldcar's significant growth in recent years. These strategic locations allow us to offer the best services to our customers since we will continue expanding our presence at others main airports in the future.

One of our main goals for 2016 has been to improve customer satisfaction by implementing new technological solutions. Last year, we launched the Net Promoter Score (NPS) index, which allowed us to measure customer satisfaction accurately. In 2016, we have continued the digitalization of our business by launching a new queue management system and the Key'n Go service, allowing customers to pick a car without coming to one of our desks. In addition, we have further improved Goldcar's App and we have launched a new application allowing a faster review of damages upon vehicle return.

At Goldcar we are aware that innovation and technology are key to a successful business, and for this reason we have invested €5.3 million in IT in 2016. This is a significant increase compared to the €3.9 million that was invested last year. This growth was accompanied by the employment of specialised staff, thanks to whom we have been able to develop our newest technological solutions.

Goldcar's investment in IT will continue to be one of our priorities in the coming years, with projects such connected cars and mobility programs.

The three pillars of our business strategy are geographical expansion, excellent customer service, and investing in new technologies. In 2016 we have reinforced our commitment to all of them, and this has led to an increase in our revenue of 13.6% as compared to 2015.

We are pleased to see our efforts leading to profit maximisation, but we do not forget that our growth needs to be responsible and sustainable. For this reason, every year we deepen our commitment to the UN Global Compact, a United Nations set of principles that guide businesses in creating better impacts. Our collaboration with one of the most important corporate social responsibility initiatives on a global level has encouraged us to take specific actions to improve our sustainability performance. For this reason, we want to firmly renew our commitment to the UN Global Compact for another year.

This report, again prepared using the Global Reporting Initiative's G4 Guidelines, allows us to explain Goldcar's progress in the main areas of sustainability and to improve transparency with stakeholders.

Our team of professionals, which has increased by 28% in 2016, plays an important role in our success as a profitable and responsible company. In 2016, we put the focus on the professional development of all employees. We launched a new e-learning platform with valuable training and knowledge. This has not only allowed them to acquire new skills, but also improved their work-life balance by minimizing work trips.

In addition, we have launched our Plan for equal opportunities and diversity of gender, race and culture for 2016-2018, aimed at achieving effective equality in the workplace, and our Plan for the Integration of People with Disabilities.

We also are aware of the effects that our business has on the environment and the impacts of our fleet on climate change, and for that reason in 2016 we have continued promoting Goldcar Blue, our fleet offering electric, hybrid and GLP vehicles. In addition, we have carried out new initiatives to lower our environmental impact, such as Goldcar's carbon emission offset programme, allowing customers to neutralize their emissions by supporting a clean energy project.

Finally, we have improved transparency with customers during the booking process, making service conditions clearer and more accessible during the purchasing process.

We encourage you to read this Goldcar Corporate Social Responsibility report for 2016 which we believe will be of great interest to you and we would also like to thank Investindustrial[1], our majority shareholder, for their leadership and support in producing this report.

Juan Carlos Azcona
CEO
jcazcona@goldcar.com

1- The term "Investindustrial" in this document has been used only for practical ease of reading and does not intend to imply any specific reference to a legal definition of any activity of control by any company with respect to other companies and should be read as referring to, where the context requires, to the applicable advisory company or investment subsidiary entity.

LETTER FROM THE CFO

2016 has been another successful year in terms of operational and financial performance. The company managed more than 1.2 million contracts and more than 9.8 million rental days throughout the 6 countries in which we operate with our own network. Revenues excluding fuel reached €238.9m, 13.6% above last year on a like-for-like basis, excluding Goldcar Fleet division sold in 2015. The strong growth was fuelled by growth in tourism in Southern Europe, market share gain, and the international expansion.

Growth has been accompanied by an increase of EBITDA which amounted to €129.2m, an annual increase of 6.1%. We continue to benefit from our lean cost structure and an excellent fleet utilisation rate, with an average of 75.4% in 2016, which support profitability levels higher than the sector, with an EBIT margin of 24.1% over revenue excluding fuel.

One of Goldcar's aims is to be the leader in the key leisure hotspots. To this end, in 2016 we opened offices inside the terminals of major airports such as Madrid, Barcelona, Ibiza and Rome Fiumicino, amongst others, where we were previously operating in facilities outside the airport. In the first part of 2017 we have opened an office inside the terminal of Nice-Cote d'Azur Airport and have secured presence in Marseille Airport. Moving our offices into the airport terminals allow us to gain market share and offer a better customer experience to our clients.
As part of our growth strategy, in 2016 we reinforced our presence in Italy opening 8 additional offices and reaching 19 offices across the main hotspots locations in the countries. In addition, we continued increasing our market share in France, Greece and Croatia. As a result, we observed a decrease on the weight of Spain and Portugal over the total group.

In 2017, we continue to work in this regard, growing throughout the Mediterranean, and during the first half of the year we opened five offices in Turkey, our first corporate country outside Europe.

The financial ratios demonstrate the financial strength of the company as the leverage ratio was 1.05 times EBITDA, 0.2x lower than in the previous year despite the investments to grow, and the interest coverage ratio was 5.95 times interest. Both Standard & Poor's and Moody's increased their rating of the company as a result of the solid financial performance and Management ability to leverage Goldcar's lean structure.

Additionally, the company has a Revolving Credit Facility (RCF) aimed at financing the fleet and working capital needs. The increase in RCF size by €75m during the first months of 2017 to reach €250m demonstrates the strong appetite for Goldcar's credit. The majority of RCF lenders have increased their exposure and new lenders have been introduced, attracted by the strong credit profile of Goldcar.

The management of the fleet assets is another key aspect for Goldcar. In 2016, we signed the first European-wide agreement with a major OEM (PSA) and we are proud to own one of the youngest fleets in the market, with an average age of below nine months in 2016.

Our clear focus on improving the customer experience saw us increase our investment in Technology to provide a unique and first-class car rental experience to our clients. The development and deployment of our peopleless self check-in system 'Key'n Go' is just one example.

One of our keys to success is our aim to continuously develop new products and services. In 2016, we identified a niche market within the mid-tier segment and decided to rethink Rhodium, our mid-tier brand. Rhodium's strategy is based on three pillars: Rhodium Leisure; the mid-tier brand for the most demanding leisure customers, Rhodium Long Haul; focused on capturing volume from Asia and Americas, and Rhodium Corporate Traveller; the car rental solution for freelancers and SMEs. 2017 will see the deployment of this new line of business with high profitability levels and targetting a new customer segment.

In addition, as part of our efforts to improve of our internal control systems and Corporate Governance we hired external advisors to implement a GRC (Governance, Risks and Compliance) system. Their recommendations were presented to our Board of Directors and are now implemented across the organisation.

After a successful 2016, I am excited to inform you that we have very exciting plans for 2017 including strong growth in all the markets where we currently operate, office openings in Turkey and France, new technology innovations and the rollout of our mid-tier brand Rhodium.

Lluís Pérez
CFO
lluisperez@goldcar.com

2016 FIGURES

SUPPLIERS

2,055 (+27.7%)
Total number of suppliers

82.4%
Local suppliers

PEOPLE

914
Staff as of 31st December

68.5%
Permanent staff

40.3%
Female staff

GOLDCAR BUSINESS

87 (+11.5%)
Number of offices

9,780,254 (+14.5%)
Days of rental

33,776 (+12.4%)
Average vehicle rental fleet

9 MONTHS
Average age of fleet vehicles

FINANCIAL

238.9 M€ (+13.6%)
Revenue excluding fuel

129.2 M€ (+6.1%)
EBITDA

1.05 (-13.0%)
Leverage ratio year

5.3 M€ (+36.6%)
IT investment

ENVIRONMENT

2.8 (-2.5%)
MWh per person
Electricity consumption (per staff member)

110.8 (-4.1%)
gCO_2eq/km
Goldcar rental fleet's greenhouse gas emissions

4,164 m^3 (-14.8%)
Yearly recycled water volume

CUSTOMERS

91.9%
% Online Bookings

78%
International customers

299,871 (+212.9%)
Goldcar club members

134,581 (+284.5%)
Social network followers

4.60 (out of 5.0)
Satisfaction Survey Mark in Spain

4.53 (out of 5.0)
Satisfaction Survey Mark in Italy

GROWTH VS. PREVIOUS YEAR

01

WHO ARE WE

WHO ARE WE

LEADERS IN THE LEISURE-FOCUSED CAR RENTAL BUSINESS

During 2016, Goldcar has consolidated its position as the leading leisure-focused car rental company in Spain and Portugal. We are proud of reaching this milestone in the Spanish and Portuguese markets whilst enjoying our continued growth in Italy, France, Greece and Croatia.

2016 has marked a turning point for Goldcar because we have opened 17 new offices in multiple locations including Florence and Toulouse. In addition, we have also started operating in Mexico, the Netherlands, Cyprus and Romania and thanks to our franchisees, further contributing to our expansion. This has resulted in considerable market growth as we reach more holidaymakers worldwide. After more than 30 years in the car rental business, we are proud to see that Goldcar's excellent business model and reputation has sparked the creation of new franchises around the globe.

In 2016, we have opened 17 new Goldcar offices around the globe.

International expansion has always been a priority for Goldcar and in 2016 we have proven that growing internationally and strengthening our Spanish and Mediterranean leadership can go hand in hand. It is thanks to the tireless efforts of our talented employees that we are able to pursue both goals, and also thanks to our high quality rental fleet, which is one of the newest in Europe.

GOLDCAR

Goldcar has 87 offices in 13 countries

OUR BUSINESS

RENTAL DAYS

+ 14.5% 2015 -2016 variations

2016 **9,780,254**

2015 **8,540,796**

2014 **7,880,349**

AVERAGE VEHICLE RENTAL FLEET

+12.4% 2015 -2016 variations

2016 **33,777**

2015 **30,047**

2014 **27,890**

NUMBER OF CONTRACTS PER YEAR

+18.1% 2015 -2016 variations

2016 **1,244,741**

2015 **1,054,101**

2014 **969,600**

Please note: Figures excluding fleets division (disposed in Q32015)

OUR SERVICES

Customer satisfaction is a priority for Goldcar, and for this reason we want to provide our clients with a service that perfectly fits their needs. Our fleet is composed of a wide range of vehicles that includes most models available on the market, accommodating the requirements of every holidaymaker.

Goldcar offers two commercial brands in order to ensure that all customers will find a vehicle that meets their expectations. While Goldcar rental offers a cost effective service, providing value for money, Rhodium car rental provides a premium vehicle hire service for those customers looking for an exclusive car rental experience.

GOLDCAR

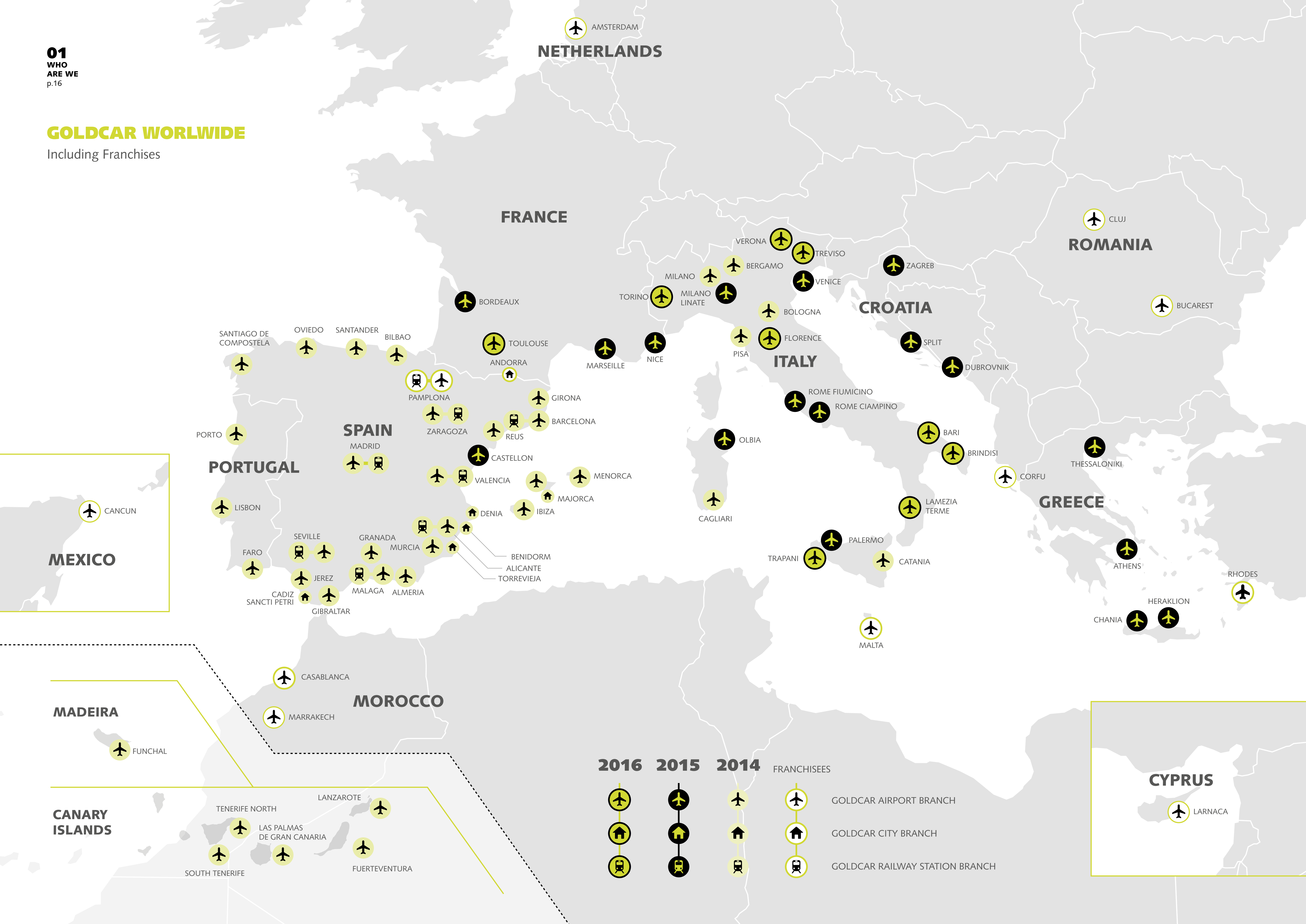
Value vehicle hire - Cost effective.

RHODIUM

Premium vehicle hire service.

GOLDCAR WORLWIDE

Including Franchises



ORGANISATIONAL STRUCTURE

Goldcar is led by a Board of Directors, responsible for making strategic decisions, including those related to corporate social responsibility and the environment. As one of our top governing bodies one of its main priorities is to lead the company through a focus on sustainability.

The Board has nine members; three major shareholders, two executive directors, and four independent advisors.

OUR ROLE WITH TRADE ASSOCIATIONS

The car rental business is determined to minimize the negative impacts of its operations and to provide more sustainable services. Trade associations provide a platform for companies to facilitate knowledge sharing on several issues, including the development of new sustainability initiatives.

For this reason, we have been members of the following associations for several years:

GANVAM

Spanish National Motor Vehicle Sellers Association

AECOVAL

Valencian Region's Vehicle Rental Business Association

AECAV

Canary Island's Vehicle Rental Business Association

AEVAC

Catalan Region's Vehicle Rental Business Association

APECA

Santa Cruz de Tenerife province's Vehicle Rental Association

APD

Spanish Association for the Development of Executive Managers

BALEVAL

Balearic Island's Self Drive and Chauffer Vehicle Rental Services Association

ASEVAL

Madrid's Self Drive and Chauffer Vehicle Rental Business Association

FENEVAL

Spanish National Self Drive and Chauffer Vehicle Rental Business Association

LEASEUROPE

European Federation of Leasing Company Associations

ADIGITAL

Spanish Digital Economy Association.

BARCELONA TECH CITY

Association open to all those based in Barcelona working in digital and tech business.

TOP SEEDS LAB

A cluster of companies that help travel and technology-based start-ups to develop new business.

In addition, in 2016, we also joined the following associations:

ASTA

ASTA is the world's largest association of travel professionals, and its members include travel agents and companies offering services such as tours, cruises, hotels or car rentals.

INECA

INECA is a civil organisation devoted to the development and promotion of economic investigation in the province of Alicante. In addition, it aims to put the region on the world stage.

Goldcar's MANAGEMENT TEAM

JUAN CARLOS AZCONA
CEO Goldcar

Mr Juan Carlos Azcona is **Goldcar's Chief Executive Officer.** With more than 12 years in the car rental sector, Mr Azcona has prior experience as General Manager of the FIA Formula E Championship and as General Manager of Hertz Spain.

He was also Finance Director of BMC Software Spain & Portugal and previously of Dyson Spain.

Mr Juan Carlos Azcona holds a degree in Economics and Business Studies, an MBA specialising in Financial Management from the National University of San Diego, a Certificate in Marketing, passing with Distinction, from the University of California, Berkeley and attended an Orchestrating Winning Performance programme at the IMD Business School of Lausanne, Switzerland.

TOP MANAGEMENT TEAM

LLUÍS PÉREZ
CFO Goldcar

Mr Lluís Pérez is **Goldcar's Chief Financial Officer.** His broad professional career includes experience as CFO of Celsa Nordic Group, with headquarters in Stockholm (Sweden). Previously, Mr Pérez served as Finance Director of Celsa Steel Services UK and as Head of Internal Audit of Taurus Group. He holds a degree in Business Economics from the UAB (Barcelona) and an Executive MBA from La Salle Business School.

JAIME SORIANO
COO Goldcar

Mr Jaime Soriano is **Chief Operations Officer of Goldcar.** With more than 11 years' experience in the car rental sector, Mr Soriano served as General Manager, Country Manager, and Operations and Franchise Director at Hertz Spain and was also General Manager of SEUR, and Logistics Director of Chronopost. Mr Soriano holds a degree in Economics and Business Studies and a Master in Marketing from IDE-CESEM Business School.

SERGIO HERNÁNDEZ
CFLO Goldcar

Mr Sergio Hernández is **Goldcar's Chief Fleet Officer.** He has a broad professional background in the automotive sector, having worked as European Fleet & Remarketing Area Manager of Hyundai Europe, with headquarters in Frankfurt (Germany). Prior to that, he was Sales Area Manager of Fiat and Chrysler. Mr. Hernandez holds a degree in Business Administration and Management from the European University of Madrid, a degree in Economics from the University of Strathclyde Glasgow, and a Master in International Trade.

SENIOR MANAGEMENT TEAM

PEDRO BONET

Mr Pedro Bonet is **Goldcar's Group Controller.** His prior experience includes six years as Financial Controller of Vía Operador Petrolífero S.L. with headquarters in Barcelona and he also held positions as Risk Manager, Commodity Trader and Logistics Manager with the same company. Mr Bonet holds a Degree in Business Administration and Management from the University of Barcelona.

DALINA LEONOR

Ms Dalina Leonor is **Goldcar's Pricing Director.** Ms Leonor holds a degree in Economics and Business studies and an MBA from IE Business School. Her professional career includes experience in the Pricing and Revenue Management area, including 5 years as a Head of Pricing and Revenue Management in Hotelbeds.

CÉSAR LÓPEZ

Mr César López is **Goldcar's Technology Director.** He studied Computer Science Engineering at UPV and has worked in companies such as Diana Software Solutions and NUNSYS, where he managed different business areas; Consulting, Operations and Smart Business.

JOSÉ LUÍS MARTÍN

Mr José Luís Martín is **Goldcar's Fleet and Sales Analysis Director.** With more than 10 years' experience in the car rental sector, he was Supply Chain Manager and, prior to that, Maintenance and Distribution Manager at Hertz Spain. His education includes training in process improvement and leadership and team management.

JOSÉ MORENO

Mr José Moreno is **Goldcar's Network Director.** He has more than 15 years' professional experience in the car rental sector, five of those at Goldcar. Mr Moreno has prior experience as Sales Country Manager and, before that, as Regional Sales Manager and Key Account Executive at Hertz Spain. He holds a degree in Economics and Business Studies and completed a Management Development Program at IESE Business School.

MANUEL NUÑEZ

Mr Manuel Nuñez is **Goldcar's Commercial Director.** Mr Nuñez has developed his professional career within the car rental sector. He held executive positions at Avis Budget Group, including six years as Sales Director for Leisure inbound and outbound, and 33 years as Network and Facilities Director. Mr Nuñez holds a degree in English Studies from the University Claude Bernard of Lyon and is fluent in 7 languages.

TONICA SAFONT

Ms Tonica Safont is **Goldcar's Human Resources and Customer Service Director.** She has more than 12 years' experience in the car rental sector. Her professional career includes experience as General Resources Director of Record – Northgate Spain, and as Finance Operations Director of Adecco Iberia. Ms Safont holds a degree in Economics and Business Studies and an Executive MBA from IE Business School.

PEDRO PABLO SASTRE

Mr Pedro Pablo Sastre is **Goldcar's eCommerce Director.** He has broad knowledge of the tourism sector, having served as Head of Online Division of Orizonia Corporation and, previously, Pricing Manager of TUI Travel PLC Spain. A graduate in Graphic and Multimedia Design, Mr Sastre also holds a Master in Project Management from Alfonso X El Sabio University.

ALFONSO VIDAL

Mr Alfonso Vidal is **Goldcar's Logistics and Remarketing Director.** He has more than 17 years' experience in the car rental sector. Before starting at Goldcar in 2007, Mr Vidal worked as General Manager at Star Rent a Car and Iberocar Car Rental. Mr Vidal has received executive training in Leadership and People Management at the Otto Walter School.

02

COMMITMENT TOWARDS CORPORATE SOCIAL RESPONSIBILITY

COMMITMENT TOWARDS CORPORATE SOCIAL RESPONSIBILITY

WE SUPPORT

UN GLOBAL COMPACT

This chapter within the report covers:

PRINCIPLE 01
Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence.

PRINCIPLE 02
Businesses should make sure that they are not complicit in human rights abuses.

PRINCIPLE 03
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

PRINCIPLE 04
Businesses should uphold the elimination of all forms of forced and compulsory labour;

PRINCIPLE 05
Businesses should uphold the effective abolition of child labour;

PRINCIPLE 06
Businesses should uphold the elimination of discrimination in respect of employment and occupation.

PRINCIPLE 10
Businesses should work against corruption in all its forms, including extortion and bribery.

SUSTAINABLE AND RESPONSIBLE COMPANY

During 2016 we strengthened our commitment to the UN Global Compact, a United Nations initiative recognized worldwide. Our alignment with these principles has reinforced our leadership in sustainability within the leisure-focused car rental sector and has provided us with opportunities to improve our sustainability performance.

Our mission, vision and values are also in line with the UN Global Compact and reflect our commitment towards sustainability and profit maximization.

We implemented several initiatives to share and communicate our vision of sustainability, such as presenting our Mission, Vision and Values at Goldcar's 2016 Convention and in our Quarterly updates. In addition, we launched an internal competition amongst our employees regarding Goldcar's values, and we have shared it in our internal Newsletter.

We revised our internal audit model in order to include corporate social responsibility aspects.

In 2016 we conducted a total of 72 internal audits of Goldcar's offices and bases network. Audits provide us with tools to verify the correct implementation of all our regulations and processes in the workplace, and they allow us to implement improvements whenever needed. In addition, internal audits have been carried out in all our franchises except for Cancun, which is planned for 2017.

In 2016 we renewed our commitment to the UN Global Compact.

2016 has also been marked by the inclusion of corporate social responsibility criteria in our internal audit procedures, with the aim of providing a more comprehensive analysis of our performance. The two main sustainability topics included in internal audits are environmental protection and labour rights.

MISSION
Goldcar offers car rental services to satisfy leisure customer mobility needs around the world, providing the best value for money for our customers and pursuing long term sustainability and profitability for our stakeholders.

VISION
To become the leading leisure-focused car rental company in the world.

VALUES
- Transparency
- Data driven company
- Passion
- Accountability
- Team spirit
- Innovation and continuous improvement
- Entrepreneurship
- Safety

In 2016, training on the Code of Ethics and compliance policy was offered to all Goldcar members, an initiative which will be repeated in the near future.

GLOBAL CSR GLOBAL MANAGEMENT IMPROVEMENT TARGETS

2016 TARGETS	INDICATOR	INDICATOR'S VALUE	DEGREE OF COMPLIANCE WITH TARGET
Carrying out an internal audit of 100% of all Goldcar offices (according to our current audit model, which especifies that all offices must be yearly audited, except those opened after July)	% offices audited	72 offices audited (Including Pulsar)	100.0%
Carry out an internal audit of 100% of all Goldcar franchises	% franchises audited	90.0% (all franchisees except Cancun)	90.0%
Including environmental inspection, human rights and working conditions in all aspects of the current audit model	Number of audits carried out using the new audit model	39 offices audited under environment and human rights aspects	100.0%
Delivering the new Company mission, vision and values to all Company Members	Number of implemented initiatives	4	100.0%

FUTURE TARGETS ON THIS TOPIC	INDICATOR	YEAR TO REACH TARGET
Adherence to the World Tourism Organization (UNWTO)	Certification by the World Tourism Organization (UNWTO)	2017

CORPORATE GOVERNANCE AND ETHICS

At Goldcar, we believe that long term growth and international expansion can only be achieved with effective management and ethical behaviour. For this reason, our Code of Ethics, approved in 2014 by the Company's top governing bodies, provides behavioural guidelines for all Goldcar members and collaborators, both internally and externally, including staff, third parties, suppliers, individuals, and any person or collective with whom we may have a professional relationship. Our Code of Ethics is the pillar of our internal culture based on ethics, transparency and good corporate management.

The Code of Ethics aims to ensure the ethical and respectful behaviour of all Company members, including the observance of all applicable legislation and international human rights regulations (UN Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights and the OECD Guidelines).

The Code of Ethics can be found on the e-learning platform "Goldcar University" which guarantees easy access for all employees. In addition, in 2016 we continued our efforts to increase awareness and knowledge of the Code of Ethics by implementing several actions:

- The Code of Ethics was translated into three different languages and was shared through our office network.
- Online training was carried out in order to increase knowledge regarding the Code of Ethics and its main guidelines and the compliance policy.
- Different initiatives was organized in order to raise awareness of the Code of Ethics, such as staff competitions in Goldcar's Newsletter.

Goldcar believes it is important to ensure that franchisees uphold the same standards and values, and for this reason they must also comply with the Code of Ethics. This year, the Code was signed by all our franchisees.

Complaints related to non-compliance with the Code of Ethics can be directed to the Ethics Channel, a system where staff can confidentially report issues of their concern. Goldcar's Ethics Committee is responsible for handling compliance issues in accordance with our Prevention and Response Manual, applicable to the entire Goldcar Group. Our Prevention and Response Manual is currently being updated according to the new version of the Spanish Criminal Code implemented through the Law 1/2015 and the resolution of the Prosecutor General's Office 1/2016 issued on 22 January. We expect this process to be completed in 2017.

In 2016, there was a total of two complaints reported to the Ethics Channel and both were resolved successfully.

Moreover, Goldcar counts on a compliance policy to prevent corruption and other similar offences, including a Catalogue of Offences applicable to all staff. The framework 'Rules on gifts, benefits and advantages' establishes practices in order to prevent criminal behaviour that may occur in certain situations.

OUR VOLUNTARY COMMITMENT TO IMPROVE TRANSPARENCY WITH OUR CUSTOMERS

In the United Kingdom, brokers have to comply with a new regulation (CMA) requiring them to provide their clients with all the information regarding the services of the parent company. Goldcar has voluntarily extended this commitment to all the brokers it deals with, creating a more transparent way of operating. From this moment all brokers working with us need to provide all the information regarding Goldcar's services' terms and conditions, with the obligation to disclose all relevant information. This is a result of our close collaboration with brokers with the aim of enhancing ethics and transparency with our customers. Hence, we have upgraded our transparency standards, and we are ready to expand this way of operating throughout Europe.

ETHICS AND GOOD CORPORATE MANAGEMENT PROMOTION TARGETS

2016 TARGETS	INDICATOR	INDICATOR'S VALUE	DEGREE OF COMPLIANCE
Knowledge and acceptance of the Code of Ethics by all franchisees who joined the Company before 2015.	% of franchisees who have validated their knowledge and observance of Goldcar's Code of Ethics	100.0%	100.0%
Online training on the Code of Ethics and compliance policy aimed at all staff (except executives and line managers).	% of staff members trained on ethics and compliance aspects	100.0%	100.0%
Reviewing the *Prevention Manual* **and adapting it to Italy's specific regulations.**	Reviewed prevention and response manual	100.0%	100.0%

FUTURE TARGETS ON THIS TOPIC	INDICATOR	YEAR TO REACH TARGET
Targeting 100% completion by all employees of the online Compliance Course	Compliance	2017
Adapt the Prevention and Response Manual to 100% of Corporate Countries	Health and Safety - Adaptation of Prevention and Response Manual	2018

GOLDCAR'S STAKEHOLDERS

Stakeholders are key to understanding our sustainability performance. At Goldcar we believe that remaining engaged with our stakeholders contributes to ongoing learning for both parties. For this reason, in 2015 a work group made up of key Company individuals reviewed our stakeholder mapping.

During 2016 we further strengthened the relationship with stakeholders and reinforced our commitment to their needs and expectations. Thanks to several communication channels, we maintain an ongoing dialogue with them, and this allows us to integrate their perspective within our business strategy. New technologies play an important role in the communication channels used to obtain their input.

GOLDCAR'S STAKEHOLDER MAPPING

SHAREHOLDERS

We work to create value through sustainable company management.

STAFF

We provide a quality work environment to facilitate talent retention.

CUSTOMERS

We offer an excellent vehicle rental service and strive towards improving the Goldcar experience.

LOCAL COMMUNITIES

We have a positive impact in those communities where we carry out our business.

SUPPLIERS

We establish relationships that are based on trust and the promotion of sustainability

PUBLIC AUTHORITIES

We cooperate by complying with all applicable regulations and by developing new industry standards.

FRANCHISES

We collaborate with their business success through our experience and the business model developed by Goldcar.

RENTAL AGENCIES

We work together to create shared wealth on the basis of good marketing practices and transparency.

AIRPORT OPERATORS

We provide a service aimed at the holidaymaking industry that enhances the range available at the airport.

MATERIALITY SUSTAINABILITY ISSUES

Reporting is a tool that provides us with self-knowledge and allows us to share our sustainability performance with all our stakeholders. Every business has countless impacts, and in order to report on them, the most relevant ones need to be selected to ensure honesty and transparency. Goldcar has focused on those aspects that are truly material to its business and to its stakeholders.

We have prepared our report in accordance with the G4 Guidelines of the Global Reporting Initiative (GRI), an independent standards organisation that helps businesses, governments and other organisations understand and communicate their impacts. In order to determine its content, we undertook a materiality assessment in 2015, which took into account the principles of the GRI G4 Guidelines and the AA1000SES Accountability standard.

The materiality assessment of 2015 considered the views of around 1000 stakeholders and followed three steps: Identification, Prioritisation and Validation. In the identification step, we considered a wide range of aspects identified as material by other companies of the same sector. In the prioritisation step, we chose those aspects that were material for Goldcar and lastly, for the Validation step our management team reviewed the results and ensured that all necessary aspects had been included.

Bearing in mind the depth of last year's materiality assessment, and that our business activity and the social context have not changed, we have reported on the material aspects used in our 2015 Corporate Social Responsibility report.

Once again, Goldcar is reporting in accordance with the GRI G4 Guidelines, one of the world´s most comprehensive and trustworthy sustainability reporting standards.

MATERIALITY MATRIX

MATERIALITY SUSTAINABLE ISSUES

IMPORTANCE OF ISSUES FOR STAKEHOLDERS / RELEVANT TO GOLDCAR	Low	Intermediate	High
High		Presence in the marketplace Establishing CSR criteria when selecting suppliers CO_2 emissions management Child and forced labour Customer privacy	Quality employment Equal opportunities Staff training Secure services Customer satisfaction and complaints procedure Online transactions security* New technologies available to customers*
Intermediate	Inclusive work environment Preventing discrimination Environmental awareness of employees and customers	Staff and management relationships Unfair competition practices Energy	Financial performance Occupational Health and Safety Good marketing practices Anti-corruption strategies
Low	Buying from local suppliers Customer compensation for CO_2 emissions Eco friendly services Commitment towards industry initiatives on clean technologies Human rights training Safety measures Human rights assessment	Water consumption Expanding our business and sustainability strategies to our franchisees Investment in the environment Association and the right to collective bargaining Social impact claims process Social action and volunteering Compliance with regulations	Materials consumed Correct refuse management

Environmental aspects
Financial aspects
Work practice aspects
Human rights aspects
Society aspects
Product responsibility aspects

* Other issues (not relevant to GRI's G4 guide)

03

COMMITMENT TOWARDS CUSTOMER SATISFACTION

COMMITMENT TOWARDS CUSTOMER SATISFACTION

UN GLOBAL COMPACT

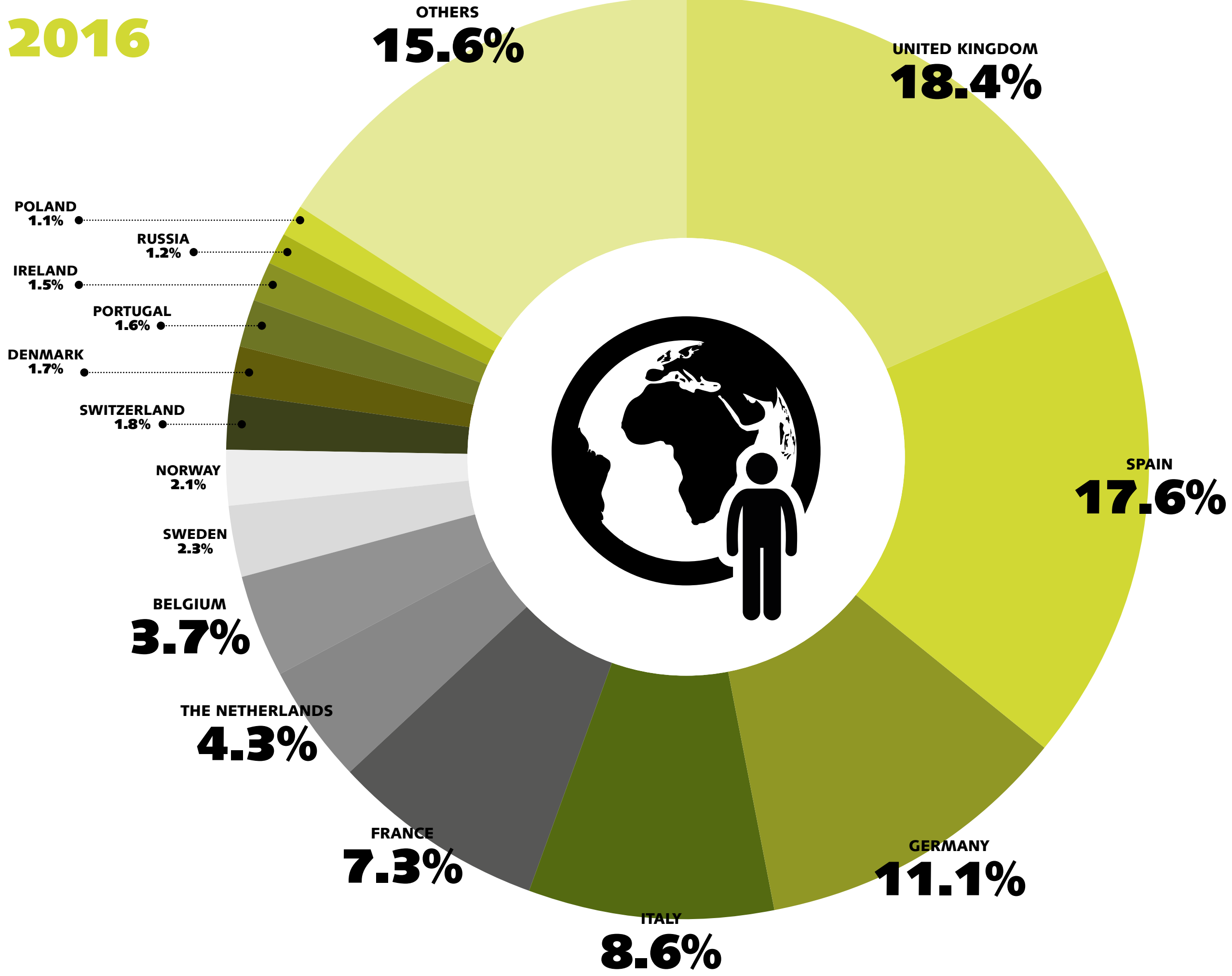
WE SUPPORT

This chapter within the report covers:

PRINCIPLE 01
Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence.

TOP 15 CUSTOMER BY COUNTRY OF RESIDENCE

2016



CUSTOMERS ARE THE KEY TO OUR SUCCESS

2016 has been marked by a continued focus on increasing customer satisfaction, and we believe that we have once again lived up to our clients' expectations.

Thanks to our international expansion we have customers in more than 15 countries worldwide.

During 2015, our goal was to increase our clients' satisfaction and trust. In order to achieve that, we carried out a pilot trial to implement the Net Promoter Score (NPS) index, a customer satisfaction measurement system, in 21 offices located in 5 different countries. This year, the NPS system has reached all our offices, allowing us to measure customer satisfaction more accurately.

In addition, we have continued providing new technology solutions to our customers to increase the efficiency of our operations. We made a series of improvements such as a queue management system in response to our clients' feedback. We also modernised our website in order to improve transparency for our users and to improve additional support channels such as Goldcar Help.

In 2016, we conducted a workshop with some of our customers to identity their suggestions in order to improve our services and facilities. Among other recommendations, we have redefined Goldcar's image at our offices to align it to our new online image.

ENGAGING CUSTOMERS THROUGH SOCIAL MEDIA

Social media is a platform for strengthening our bond with customers and stakeholders. Social media is increasingly becoming a normalised communication channel, used by customers to obtain information about our services. Goldcar is cognizant of that and puts special effort into communicating through social media. Customers receive a response with an average of 2 hours on Facebook or 24 hours on Twitter. In 2016, we reached 28,450 customer interactions via Facebook and Twitter.

Facebook is the social media channel where we interact most frequently with customers, and for this reason we have focused all our efforts on strengthening our Facebook presence. We have created different Goldcar Facebook accounts, displaying different languages and therefore targeting different collectives. Goldcar has a general English Facebook account, together with three market-specific accounts: one in Spanish, one in Portuguese and another in Italian. They display content and information related to the interests of our users in those countries. Our goal for 2017 is to create additional Facebook accounts for our French and German markets

Our corporate blog Ongoldroad reached 249,221 views and was read by 211,871 users in 2016.

Our customer engagement goes beyond social media, and it also includes features such as the Goldcar Club, a member's club offering discounts on Goldcar services as well as several hotels and tourist attractions. In 2016, it reached 299,871 members just two years after being launched.

By joining the Goldcar Club, our customers can collect points with every rental and redeem them for prizes and gifts. Goldcar clubbers have priority access to our exclusive promotions and offers and they benefit from special discounts on products and services provided by our partners. A world of advantages just one click away and completely for free

Goldcar implements regular updates to its website in order to make it more accessible to users. During 2016, we applied changes to improve navigation, searching information and booking services within the website, and we launched a new section about Goldcar Blue, which offers rental of electric, hybrid and GLP vehicles. Information on sponsorships, client reviews, sales, and Ongoldroad has also been given more visibility.

Goldcar Club has experienced rapid growth in 2016 with a member increase of 212%

In 2016 our website transitioned towards a responsive design, which allows for easy mobile phone navigation, and it was available in 14 different languages, increasing readability for all our clients.

131,147
Facebook followers

3,434
Twitter followers

GOLDCAR PRESS

In 2016, we launched a new platform, Goldcar Press, in order to share relevant information about our business with the press and other stakeholders. The platform is available in English and Spanish, and it has useful features such as a history of press releases, appearances in the media, graphical material, and other resources to facilitate the work of journalists. The platform also gathers our corporate social responsibility practices and shows Goldcar's sponsorships.

GOLDCAR press

CUSTOMERS AND OTHER STAKEHOLDERS' RELATIONSHIP TARGETS

2016 TARGETS	INDICATOR	INDICATOR'S VALUE	DEGREE OF COMPLIANCE WITH TARGET
Continue to improve Goldcar's presence on Social Networks	% increase in the number of Facebook followers since 2015	353.8% Facebook followers 2015: 28,902 Facebook followers 2016: 131,147	100.0%
Continue to improve Goldcar's presence on Social Networks	% increase in the number of Twitter followers since 2015	51.1% Twitter followers in 2015: 2,273 Twitter followers in 2016: 3,434	100.0%

We have worked to improve the usability of Goldcar's website.

INCREASING CUSTOMER SATISFACTION

In 2016, the NPS System was implemented in all of our offices, which gave us a chance to identify the reasons for customer disappointment and satisfaction. The NPS System is a powerful tool for increasing our self-knowledge and for identifying actions for improvement.

We also continue our efforts to improve road assistance through the *social call*; a system that allows our customers to rate the service provided through a call, which helps us identify areas needing improvement.

All of Goldcar's work centres have implemented the NPS customer satisfaction measurement system

CUSTOMER EXPERIENCE IMPROVEMENT TARGETS

2016 TARGETS	INDICATOR	INDICATOR'S VALUE	DEGREE OF COMPLIANCE WITH TARGET
Measurement of the customer's satisfaction through the NPS system in all of Goldcar's work centres (except franchisees).	% of work centres where NPS is implemented	100.0%	100.0%
Implement customer's evaluation regarding our roadside assistance services in Croatia.	% of countries where a survey about customers' satisfaction regarding roadside assistance is implemented in comparison with all the countries where Goldcar operates	100.0%	100.0%
Customer satisfaction levels (customer helpline) above 4.5 out of 5.0.	Satisfaction survey mark	Spain 4.60 Italy 4.53	100.0%

FUTURE TARGETS ON THIS TOPIC

Customer satisfaction levels (customer helpline) above 4.5 out of 5.0.	Satisfaction survey mark	2017

OUR TECHNOLOGICAL TRANSFORMATION

At Goldcar we are determined to transform our business by integrating new technologies into our operations, and our ultimate goal is to improve our customers' experience. In the last years, we have carried out a gradual transition towards more digitalized, efficient and competitive services by implementing external improvements, which have benefited the customer, and internal improvements, applied within the organisation.

Elimination of long queues has been one of our goals in 2016, in accordance with our customers' expectations. In 2015 we launched the first smart **queue management system** in the sector, which we have further improved and developed. In 2016 the queue management system has been implemented in 21 different Goldcar locations. As a result, 89% of Goldcar's customers were attended to in less than 30 minutes during the peak season (July and August 2016).

With the aim of reducing wait times in our services, we have also developed Key'n Go, allowing customers to pick up their car keys without coming to a Goldcar desk and in less than 1 minute.

Moreover, in order to make the check-in and check-out process more efficient and transparent with our customers, we have implemented a **new technological solution** allowing for a **faster review of damages** upon vehicle return.

With this new feature, damages can be registered in great detail and the signature of our customers can be digitally captured at the moment of the review. This has led to a significant saving of paper, which has lowered operational costs and helps protect the environment. Digitalization of check-in and check-out also increases comfort for our customers, who receive an email with the results of the vehicle inspection.

In addition, we have continued improving Goldcar's App, allowing our customers to make bookings, check details of their reservation and request invoices through their mobile phone's App. The App also permits customers to send their location in the case of requesting roadside assistance, and to declare an accident or theft. Other features include subscription to Goldcar Club, and the App is available in several languages.

Reducing customer wait times has been a priority for Goldcar in 2016

KEY'N GO

Last summer Goldcar implemented its pioneer device, Key'n Go, an automatic key collection system that allows any customer with a reservation to collect the car keys in just 1 minute. Simple and easy, customers who choose the Key'n Go collection system only have to enter a code received on their phone, follow the on-screen steps and they can immediately start enjoying their trip.

During the next few years, new technological solutions will be developed to further increase our customers' satisfaction. One of them is *Connected Car*, where customers will be able to pick up the car in the airport right after landing. This will provide our customers with a complete digital experience free from queues, paperwork and other procedures, such as coming to a Goldcar desk.

TRANSPARENCY AND SECURITY IN THE BOOKING PROCESS

During 2016, 95% of all contracted services were booked online, which confirms that our customers are looking for a fast, efficient, and paper-free service.

In recent years we have worked hard to increase transparency with our customers by implementing improvements in our website. Thanks to these efforts, in 2016 we have obtained the online Trust certification. Other certifications ensuring transparency during the booking process have also been renewed this year, namely the Ekomi certification and quality certificate for good practices in e-commerce.

At Goldcar we believe it is essential to provide complete information to customers and to ensure that they understand the conditions of the service they have purchased. To achieve that, we have created a set of didactic videos and materials about our services and their conditions, including the fuel policy and damages cover, amongst others. The videos have been translated into different languages and are available on Goldcar's website throughout the booking process, as well as via video channels such as YouTube. This allows customers to obtain quick and clear information while they make their purchase.

Making payments online provides security for the customer and increases the efficiency of services. For this reason, Goldcar provides a secure platform where customers can pay for services online. The platform is compliant with the PCI-DSS Standards, and therefore provides security for all details entered during the purchase transaction.

We have obtained the online Trust certification.

The PAYTPV model allows our clients to purchase services from our own website, which permits us to retain full control of the transactions at all times. In addition, we have renewed our SSL Certification from GeoTrust which certifies that all internet based communications are carried out in a secure way throughout the purchasing process.

TRUST MARK CERTIFICATION (ONLINE TRUST)

We are proud to have the Online Trust certification, distinguishing those companies who voluntarily use good internet and e-commerce practices, who protect consumers and users, and who operate according to high ethical standards.

The mark certifies that our website is trustworthy, and it allows Goldcar to benefit from a system of mediation and arbitration in case of any claims against the company, with no cost for customers.

Goldcar's website inspires trust, credibility and security for users during the whole booking process. Information on our services, pricing policies, customer support, data protection and payment or return of the service, is displayed at all times.

CUSTOMER TRANSPARENCY IMPROVEMENT TARGETS

2016 TARGETS	INDICATOR	INDICATOR'S VALUE	DEGREE OF COMPLIANCE WITH TARGET
Obtaining the online Trust certification.	Online Trust certification.	Online Trust certification obtained	100.0%

CUSTOMER PRIVACY

Goldcar treats all customers' details and personal data in conformity with Act 15/1999 passed on 13 December on Personal Data Protection. In order to guarantee the same standards for our subsidiaries abroad, we have implemented adaptations to local Data Protection legislations. To date, there are no records of any privacy breach or customers' data loss.

CUSTOMER SUPPORT

When booking a service, customers may have queries or questions that need to be addressed. At Goldcar we want our clients to feel that they can count on us, so we provide them with several options to get in touch.

We have updated Goldcar help centre with new information.

One of them is the **Goldcar help centre**, a platform where customers can obtain information on a wide range of aspects, such as fees, cancellations, invoices and any practical information in an easy and user-friendly manner. This platform also has a Frequently Asked Questions section. During 2016, the platform has been updated with new information after taking into consideration the specific characteristics and demands of each market in which we operate. In addition, our call centres in Spain and Italy have longer operating hours than our competitors, making us leaders in customer service.

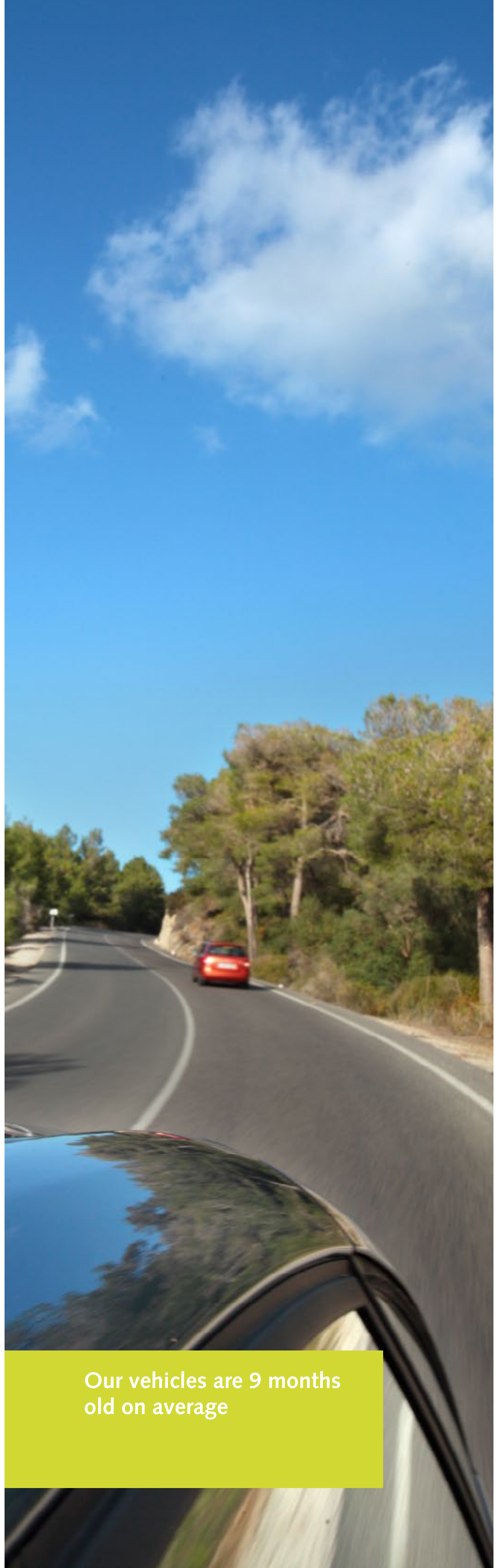
As a car rental business, roadside assistance services are also key to shaping the customer's perception of our company. That's why our road assistance service continues to be available 24/7 in every country where we operate, ensuring all emergencies are resolved quickly and efficiently.

In addition, Goldcar also has a query management system, known as the back-office service, in order to centralise all incidents, including those from services booked via intermediaries. In 2016, we have reviewed our response system to increase the quality of the replies given to our clients.

CUSTOMER SUGGESTIONS MANAGEMENT IMPROVEMENT TARGETS

2016 TARGETS		INDICATOR	INDICATOR'S VALUE	DEGREE OF COMPLIANCE WITH TARGET
Call Centre	Strengthen our customer services by implementing a Call Centre in Italy	Number of calls at the Call centre in Italy	38,315	100.0%
	% of customers' difficulties solved in the first call no lower than 65%	% of FCR (First Contact Resolution)	Spain 83.7% Italy 83.9%	100.0%
	Level of calls attended no lower than 90%	% of attended SLA calls	90.1% (Spain and Italy)	100.0%
Back Office	Resolution of complaints in an average period less than 7 days	Days taken to resolve complaints	4.5	100.0%
	80% of complaints resolved in less than 13 days	% of complaints resolved in less than 13 days	90.3%	100.0%
Road Assistance	Level of calls attended no lower than 90%	% of attended SLA calls	90.7%	100.0%
	Assuring that we provide quick roadside assistance, no greater than 40 mins in Spain	Average time taken to provide a tow truck service	Spain 39 min average	100.0%

FUTURE TARGETS ON THIS TOPIC	INDICATOR	YEAR TO REACH TARGET
Ensuring that our call handling levels (SLA) are at least 90%	% call handling levels	2017
Maintain our current percentage of customer issues resolved on first call at over 65%	% customer queries resolved on first call.	2017
Continue to ensure that we can provide a fast road assistance service in under 40 minutes in Spain.	Average towing service waiting time	2017



Our vehicles are 9 months old on average

PUTTING SECURITY AT THE CORE OF OUR BUSINESS

As a car rental business, focus on security is paramount. In order to guarantee that our vehicles are in good order, we have several policies and control procedures in place. 80% of our fleet is renewed annually, which makes us one of the youngest fleets in Europe, and we provide through technical maintenance to monitor the condition of every car we rent to our customers.

All our customers receive an information leaflet explaining the local traffic rules in the country where the booking is made.

Goldcar is committed to the safety of our customers, so we go beyond legal requirements to provide additional safety guarantees:

Pre-MOT procedure
The Ministry of Transport (MOT) carries out several tests on rental vehicles. This is a rigorous procedure that all our cars need to pass. Prior to undergoing the MOT testing, inspections are also carried out by our specialized staff. This procedure has been approved by the Fleet Maintenance, Internal Audit and Fleet Purchase Managers.

Post check-in inspection
Upon return, all our vehicles are inspected for any damages that might have been caused during use. These damages are classified into 3 levels, and vehicles with serious damage (levels 2 and 3) are removed from the fleet.

Regular safety checks
Our vehicle cleaning subcontractors perform basic safety checks (oil levels, lights, and tyre pressure and damage) during every car wash.

After a car crash or small collision, Goldcar carries out a check-up of the repairs made to the vehicle. The check-up is done by appointed experts to ensure that everything has been properly fixed and that the vehicle is in an optimal condition. This review responds to a Goldcar internal policy and is applied in all our offices, except for Croatia.

04

OUR IMPACT ON THE COMMUNITY

OUR IMPACT ON THE COMMUNITY

UN GLOBAL COMPACT
WE SUPPORT

UN GLOBAL COMPACT

This chapter within the report covers:

PRINCIPLE 01
Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence.

When it comes to the community, road safety and sustainable mobility are our main lines of action

During 2016, we have continued our efforts to strengthen our relationship with the community. At Goldcar we understand that social sustainability is key to our success and we want to ensure that our operations are planting seeds for a better world.

This belief has led us to sponsor several local initiatives and projects. Our efforts are channelled into two main lines of action: road safety and awareness for sustainable driving. A third line of action focuses on other social initiatives.

ROAD SAFETY

COEXISTENCE OF CYCLISTS AND DRIVERS

Cyclists and drivers often share the road, which can lead to accidents and injuries. Cyclists are particularly exposed to danger; however, the bicycle is a sustainable means of transportation and promotes a healthy lifestyle.

As a car rental business, Goldcar is committed to improving the relationship between cyclists and drivers, and expanding the use of the bicycle by improving its safety and facilitating its use.

In 2016, we have continued to support sports events and competitions such as La Vuelta Ciclista Andalucía and Mallorca 312, which international sports professionals and cyclists participate in every year. We also sponsor a cycling team; the Goldcar Bike Sport.

OUR CYCLIST MANIFESTO HAS BEEN LAUNCHED

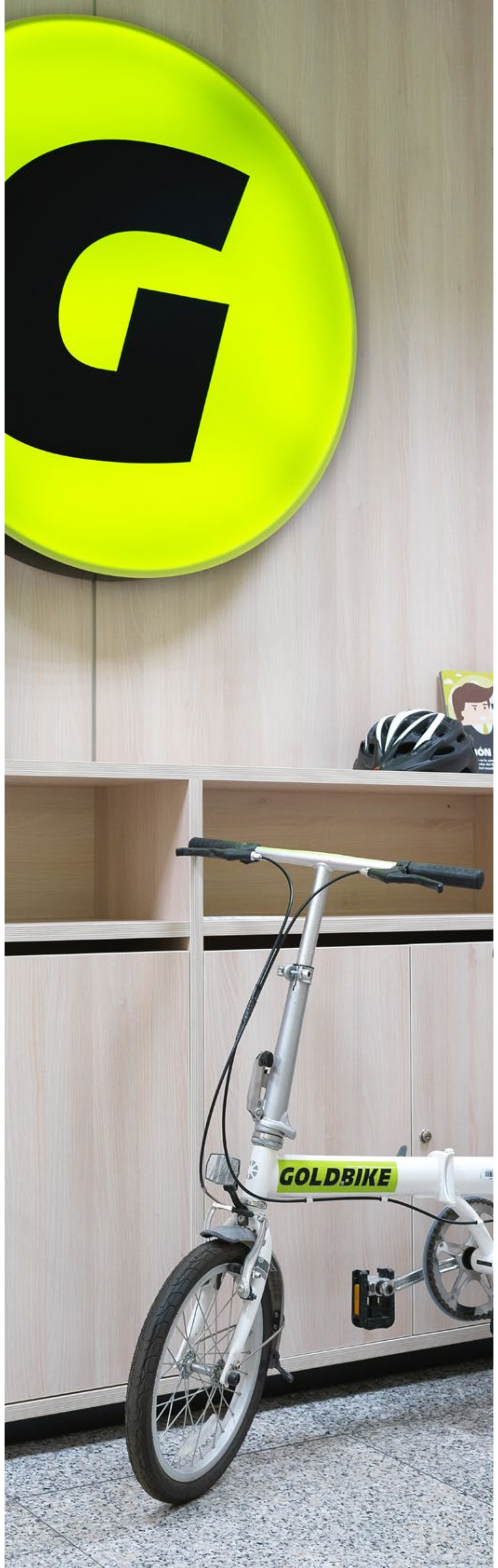
During 2016, we have developed and launched a Cyclist manifesto, which promotes a culture based on mutual respect between cyclists and drivers. It contains several recommendations to improve coexistence between both parties, and its main goal is to reduce accidents on the road. The contents of the manifesto have been agreed upon by professionals, associations, customers and drivers from different nationalities. In 2017, we will continue working on new prevention measures and on the development of awareness campaigns.

YOUNGSTERS BEHIND THE WHEEL

In 2016, we started developing a training course for youngsters aged 18 to 21 years old, aimed at boosting their safety on the road. This course will allow young people in this age range to rent a vehicle at Goldcar once they have completed the training. The course focuses on accident prevention and safe driving, and it has been developed thanks to an agreement between Goldcar and Real Automovil Club de España (RACE). It entails practical and real-life driving on the Jarama circuit at the Race-Red Bull Driver's Academy. The course will be available in 2017.

Our collaboration with RACE will allow us to develop special campaigns for young foreigners, providing them with information regarding speed limits, alcohol consumption and traffic regulations.

In addition, Goldcar has reached an agreement with Campos Racing, a racing team. As a result, our brand has been linked to the image of the young driver Álex Palou and we are contributing to the start of his motor racing career.



RAISING AWARENESS ABOUT SUSTAINABLE MOBILITY

Goldcar understands that car transportation is responsible for several environmental and social impacts, including climate change. For this reason, through our Goldcar Blue initiative, we strive to raise awareness of the use of electric, hybrid and GLP vehicles. Our goal is to approach drivers and organisations and to make them aware of these environmentally-friendly vehicles, and that's why we have loaned electric cars to different organisations and companies, including:


AMADIP ESMENT FUNDACIÓ


LOGITRAVEL

AMADIP EESMENT FUNDACIÓ

Goldcar loaned two electric cars to Amadip Esment, an organisation that works for equal opportunities and a good quality of life for intellectually disabled people. The two electric vehicles were made available free of charge for two months, and they were used by the staff of the organisation in their daily tasks relating to labour insertion, school orientation and commercial activities.

LOGITRAVEL

Two electric Nissan Leaf vehicles were loaned to Logitravel, an important travel agency. Through this collaboration we are both expressing our willingness to promote energy efficiency and to reduce environmental pollution. As a travel agency, Logitravel is able to share the benefits of electric mobility with its peers and potentially lead a change in its sector.

ENDESA

Goldcar and Endesa developed the project #Movitur, which gathered several journalists and bloggers in Mallorca. In order to highlight the benefits of electric cars to society, they were taken on tours in electric cars through the island. Together with Endesa, we also took part in the last edition of ITB Berlin in Germany, sharing the good aspects of the Goldcar Blue experience.

Finally, we also took part in the Smart Destination Congress, which took place in Mallorca in September 2016. Its goal was to boost the transformation of tourist destinations using smarter and more sustainable designs. It is also aimed to encourage the management of services through a lens of economic, social and environmental development. This is a vision that we share, and for this reason Goldcar made several electrical vehicles available to the organisers of the Congress.

SOCIAL INITIATIVES

At Goldcar we want to contribute to a more equal society and so we provide our clients with the chance to take part in different social initiatives.

In 2016 we have donated 43,972 € to social causes

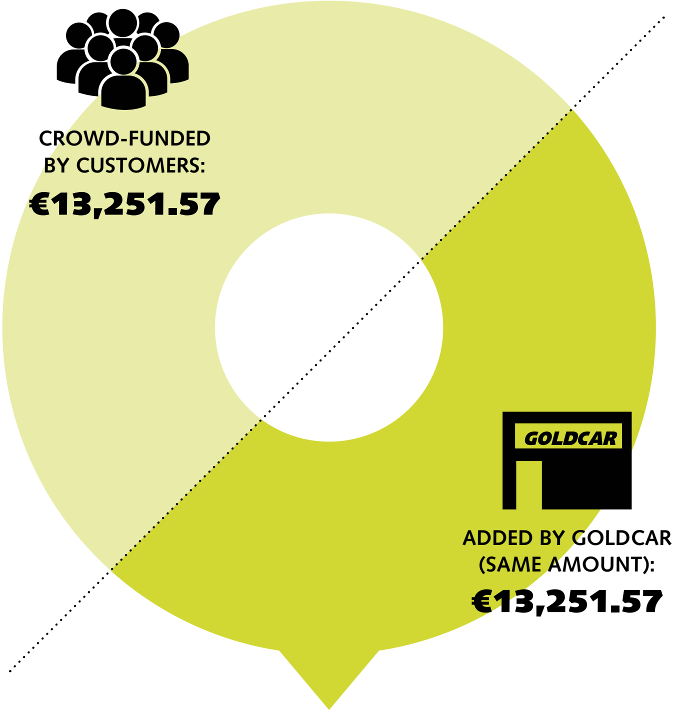
REFUGEE AID CAMPAIGN BY GOLDCAR AND ACNUR

In 2016, Goldcar joined forces with ACNUR, the Spanish branch of the United Nations Refugee Agency, with the aim of helping Syrians displaced by war. Through our e-commerce platform, we have launched a campaign to raise funds. Each customer that rents a car through our website can donate during the payment process, and Goldcar commits to contributing the same amount.

In addition, two types of donations are available from our website: €2 for a day's supply of water for 6 refugees, and €4 for diapers for one baby for one month.

This campaign with Acnur reflects our willingness and determination to leave a positive footprint on the world and on the people that live in it.

RESULTS OF THE REFUGEE AID CAMPAIGN IN 2016



TOTAL AMOUNT COLLECTED:
€26,503.14

At Goldcar we also support leading a healthy lifestyle by promoting sport among young people. In 2016, we have supported the Sant Joan Volleyball Club, donating €6000. In addition, we provided vehicles for the team's transportation to matches and competitions. The sponsorship has a positive impact on the region because it promotes the values of sport and it strengthens the bonds between our company and the community.

We also sponsored Foro Turismo +, an event organised by Diario de Mallorca in order to look for new solutions and perspectives in the tourism sector. The event was attended by some of the most prominent figures in the technology and political sectors.

SUPPORT FOR CHILDREN WITH CANCER AND THEIR FAMILIES

Through this initiative Goldcar is supporting the Sant Joan de Déu Hospital that is expanding its paediatrics unit that focuses on cancer treatment and research. The project involves the assignment of vehicles so that the Hospital doctors can improve and increase home care for children affected by the disease. We work together on the dissemination of awareness campaigns and solidarity that will be developed through offline and online channels.

In addition, we have carried out a blood donation campaign, and we have contributed to the Banco de Alimentos, an organisation that gathers food and redistributes it to vulnerable groups. Goldcar also took part in the annual event We are one, organised by Invest for Children, which consisted of a 7-a-side football tournament at the RDC Espanyol stadium in Barcelona. Every company had their own team, and the final prize was to play a game against a group of RCD Espanyol players.

Our goal is to continue increasing our collaboration with local initiatives to reach more people and to cover a wider variety of social issues. In 2017, we plan to work with the Fashion Art Institute project, aimed at improving the quality of life of people at risk of social exclusion in Cuba. Participants will get the chance to express their creativity through painting, designing, and through other artistic creations. The goal is to promote creativity and to provide them with the tools and knowledge to favour their integration into society.

COMMUNITY INVOLVEMENT

2016 TARGET	INDICATOR	INDICATOR'S VALUE	DEGREE OF COMPLIANCE
Increasing our social action investment in regards to 2015	% increase in our social investment	57.0% (43,972 € in 2016)	100.0%
Launch of a micro grants scheme[1]	Number of initiatives launched	2	100.0%

FUTURE TARGETS ON THIS TOPIC	INDICATOR	YEAR TO REACH TARGET
Promoting safety on the road for cyclists and drivers by launching new initiatives in 2017-2018	Number of initiatives launched	2017
Promoting safety on the road for young drivers	Number of initiatives launched	2017

1- Activation of a field in the online reservation process to give customers the opportunity to collaborate with social projects

05

ECONOMIC MANAGEMENT THROUGH A SUSTAINABILITY LENS

ECONOMIC MANAGEMENT THROUGH A SUSTAINABILITY LENS

BUSINESS GROWTH

2016 has been the year in which we have continued our international expansion and extended our presence throughout Europe and globally. 8 new offices have opened in Italy, strengthening our presence there, and a new office has opened its doors in France.

In 2016, we have increased our revenue by 13.6% when compared to 2015, amounting to €238.9 million

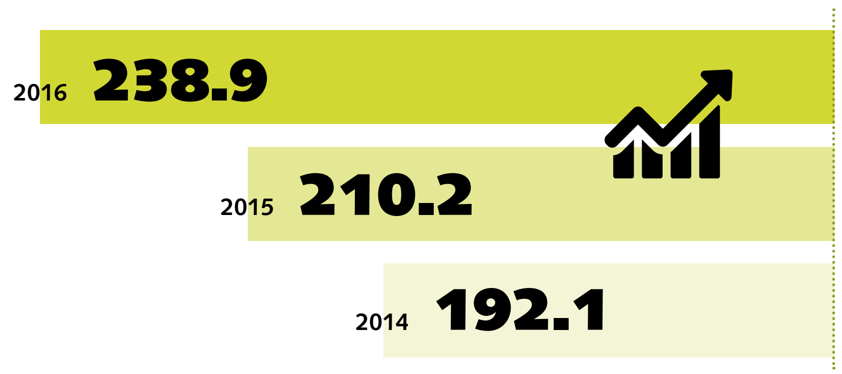
We have also opened our first office in Latin America thanks to our franchisees, to whom we have provided tools and knowledge to guarantee their business success. The office is in Cancun, Mexico. Our franchisees have also opened an office in Marrakesh, Morocco, allowing to expand our presence in North Africa.

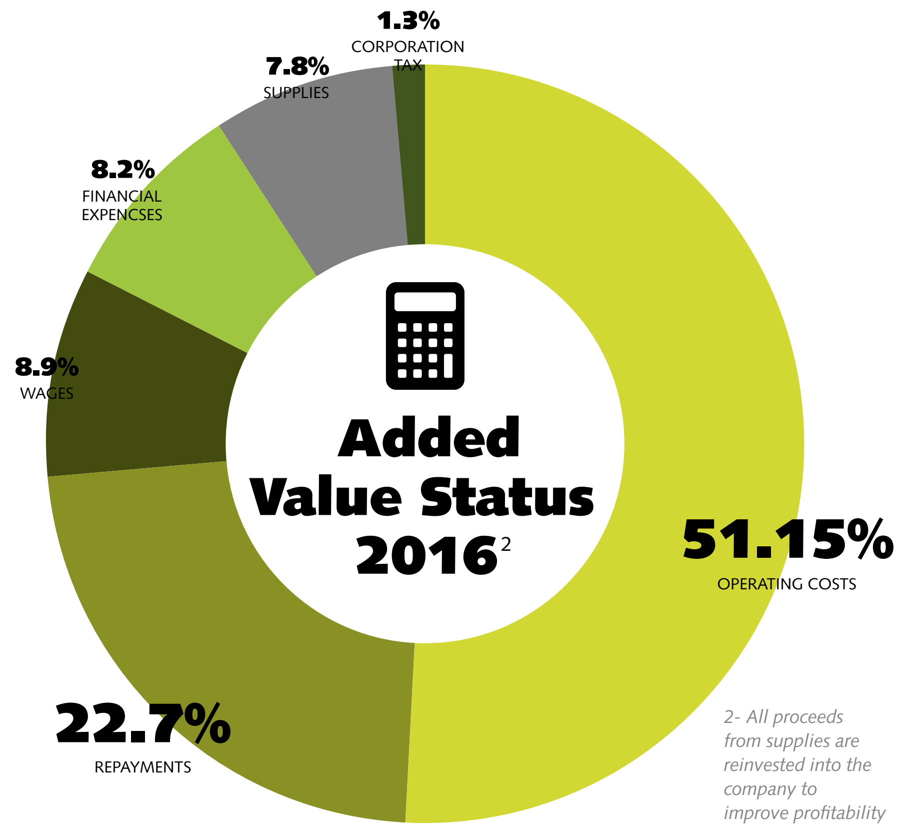
Our success is based on a well-planned business strategy focusing on the leisure market, together with good value for money services. Today, we are one of the leaders in the leisure-focused car rental business in Europe, and we have an increasing presence globally.

Under Investindustrial's[1] ownership the company strengthened its business growth and continued creating jobs and opportunities in all areas where we operate, thus having a positive impact on local communities

1- The term "Investindustrial" in this document has been used only for practical ease of reading and does not intend to imply any specific reference to a legal definition of any activity of control by any company with respect to other companies and should be read as referring to, where the context requires, to the applicable advisory company or investment subsidiary entity.

REVENUE EVOLUTION EXCLUDING FUEL (million Euros)





2- All proceeds from supplies are reinvested into the company to improve profitability and sustain business growth.

	EBITDA (€million)	EBITDA Margin (%)
2016	129.2	54.1%
2015	121.8	57.9%
2014	104.3	54.3%

Please note: Figures excluding fleets division (disposed in Q32015)

INNOVATION FOR BUSINESS SUCCESS

Goldcar's goal is to improve customer experience through the implementation of new technological solutions. Customers and society increasingly rely on technologies to book services, purchase products and make any arrangements. We always want to be at the forefront of innovation, and so we have undertaken several initiatives in the past few years, such as the smart queue management system and the creation of a self-service kiosk. In 2016, we have launched Key'n Go, a system allowing customers to pick up a vehicle right after making a reservation, with no waiting time, queuing, or needing to come to a Goldcar desk.

Innovation is also at the core of our internal management, so we continue to undertake several procedures and methods to increase our team's working capacity. This year we have continued reinforcing our data protection system (DPC), aimed at improving our IT system's security.

In 2017, we will continue focusing on new technologies as one of Goldcar's main business strategies. We will implement new IT solutions for our customers such as connected car services and other mobility projects.

In order to offer quality services, we need to know our customers' needs. During 2017-2018, Goldcar will use technological innovation to understand the needs and wishes of customers and to offer targeted services. The Big Data project will consist of gathering data from customers and analysing the general market, resulting in an improvement in Goldcar's prices and services, which will adapt to a continuously changing market.

We have increased our investment in technological innovation by 36.6% compared to 2015.

OUTLOOK FOR 2017

In the coming years we expect a continued tourism growth at all regions where Goldcar operates. Since we are leaders in the leisure-focused car rental sector, we expect a significant growth for Goldcar too.

In particular, we foresee a significant activity growth in the airports of Barcelona, Madrid, Ibiza, Niza, Marseille, Rome Fiumicino, as we have recently entered in-airport, as well in the new offices recently opened.

In 2017, we will open new offices in France, Biarritz and Lyon, in order to reinforce our presence in the country according to Goldcar's international expansion strategy.

Furthermore, we plan to open new offices in Turkey and we expect to open new franchises in Kos (Greece) during the first trimester and in Serbia, Montenegro and Iceland during the second trimester of the year. This is a challenge that we are excited to embark upon. Operating in Turkey will allow us to consolidate our presence in the Mediterranean region and continue our expansion outside of Europe.

Investment in new technologies will continue to be one of our priorities in the coming years, as we consider it to be a crucial element for our economic growth and the improvement of our competitiveness. During recent years, the number of specialised professionals in our company has been growing exponentially to address the demands for more innovation.

In addition, the commitment to meet the needs and expectations of leisure customers is one of Goldcar's main strategic pillars. This, along with the aim of expanding our large customer portfolio, has led us to boost Rhodium, Goldcar's mid-tier brand, by devising comprehensive strategy based on three different products:

- **Rhodium leisure**, focused on leisure customers expecting a premium service at affordable prices
- **Rhodium Corporate Traveller**, the car rental solution for S.M.E and freelancers
- **Rhodium Long Haul**, especially designed for Off-Europe customers

06

THE PEOPLE BEHIND OUR SUCCESS

THE PEOPLE BEHIND OUR SUCCESS

UN GLOBAL COMPACT

WE SUPPORT

This chapter within the report covers:

PRINCIPLE 01
Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence.

PRINCIPLE 03
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

PRINCIPLE 04
Businesses should uphold the elimination of all forms of forced and compulsory labour;

PRINCIPLE 05
Businesses should uphold the effective abolition of child labour;

PRINCIPLE 06
Businesses should uphold the elimination of discrimination in respect of employment and occupation.

EMPLOYEES FIRST

During 2016, we have grown our team of professionals considerably, which has helped us consolidate our geographical and operational expansion. Our employees have also contributed to achieving a higher customer satisfaction. On December 31st, we had 914 employees, 68.5% of which were permanent and 91.7% were working full time.

Our employees' wellbeing and motivation are crucial to our performance, so it is important for us to offer them good quality jobs. For this reason, all entry level salaries offered to new recruits are higher than the local minimum wages in the countries where we operate.

In 2016, we hired 200 new employees, resulting in a 28% growth of our team.

In 2016, Goldcar has developed new initiatives aimed at reinforcing an internal culture of commitment, team work, responsibility, mutual respect and healthy staff relationships. We have launched our Plan for Equality 2016-2018, aimed at achieving effective equality between women and men, and our plan for the Integration of People with Disabilities. Both plans have marked a turning point in our approach to sustainability and have reaffirmed our commitment to gender equality and the integration of people with disabilities.

Furthermore, we conducted the first Goldcar work environment survey and all our employees were invited to participate. The main objective of this initiative was to measure the satisfaction of people working at Goldcar through an easy and comprehensive questionnaire. Topics such as training and education, work environment conditions, remuneration, professional relationships and personal expectations were included in the survey. Thanks to this initiative we have been able to gather opinions and suggestions from our team to better understand their needs and to improve our HR policies.

In March, we launched *Sponsor an Office*, an initiative to promote teamwork and engagement among employees at the headquarters and at the offices, despite the distance. All the participants designed a roadmap to identify needs and options for improvement at the different Goldcar workplaces.

In addition, we continue promoting other initiatives such as the *Have breakfast with the CEO* scheme, where staff can communicate directly with Goldcar's top decision maker to discuss any topic of their liking. This contributes to an open, horizontal corporate culture where employees are encouraged to share their ideas and bring their feedback forward.

We have launched the first Goldcar work environment survey.

Goldcar's quarterly newsletter, on the other hand, is an informative online gazette made available to staff. The CEO participates in the publication, sharing news and updates with staff. This contributes to more dynamic communication between staff and management. Moreover, a system of monthly meetings has been established in every department to improve the exchange of relevant information between employees.

STAFF MEMBERS
as of 31st december

	MALE	FEMALE	TOTAL
2014	389	231	**620**
2015	436	278	**714**
2016	545	369	**914**

Please note: Figures shown in the tables below only include data related to staff employed directly by Goldcar, and therefore exclude any staff employed by the franchisees or outsourced.

AVERAGE NUMBER OF OUTSOURCED STAFF IN GOLDCAR FIELDS

2016	**325**
2015	**260**
2014	**180**

STAFF MEMBERS BY COUNTRY AND GENDER

as of 31st december

	2014		2015		2016	
	Men	Women	Men	Women	Men	Women
1 Spain	333	174	322	189	**374**	**236**
2 Portugal	23	32	27	34	**38**	**47**
3 Italy	33	25	46	37	**85**	**59**
4 France	-	-	18	13	**22**	**21**
5 Greece	-	-	15	4	**15**	**3**
6 Croatia	-	-	8	1	**11**	**3**

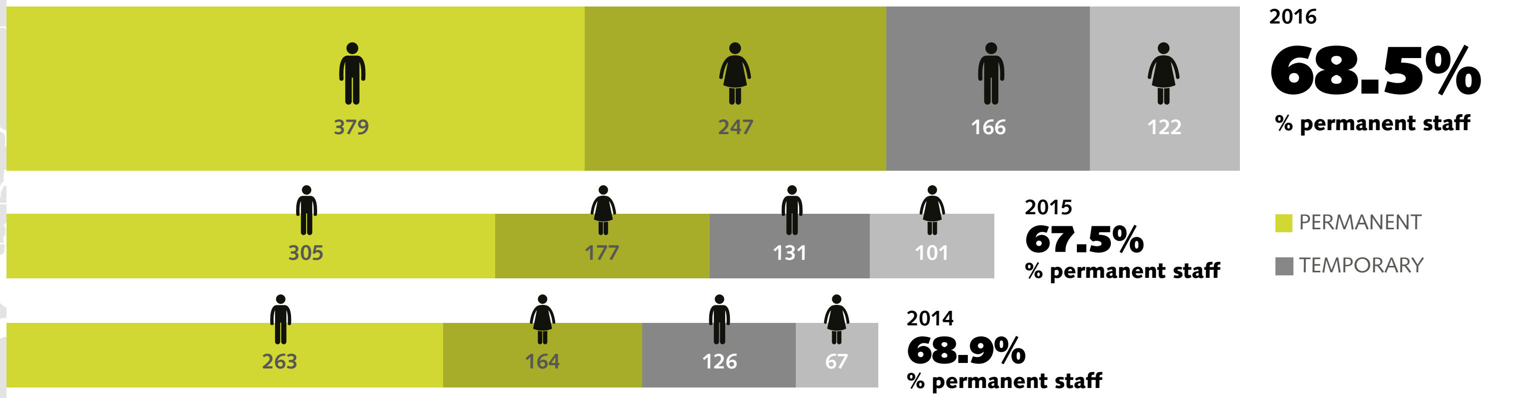
STAFF DISTRIBUTION BY AGE GROUP AND GENDER

as of 31st december

	2014			2015			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Under 30	74	50	124	84	56	140	**103**	**102**	**205**
30 to 50	280	169	449	311	211	522	**396**	**255**	**651**
50 years	35	12	47	41	11	52	**46**	**12**	**58**

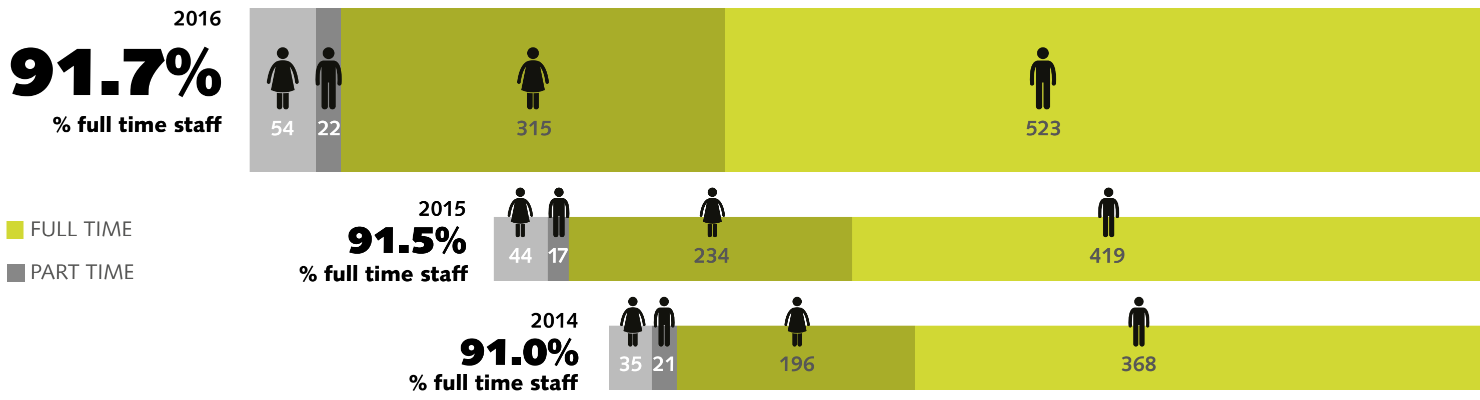
STAFF SHEET BY EMPLOYMENT TYPE

as of 31st december



STAFF SHEET BY WORKING HOURS

as of 31st december

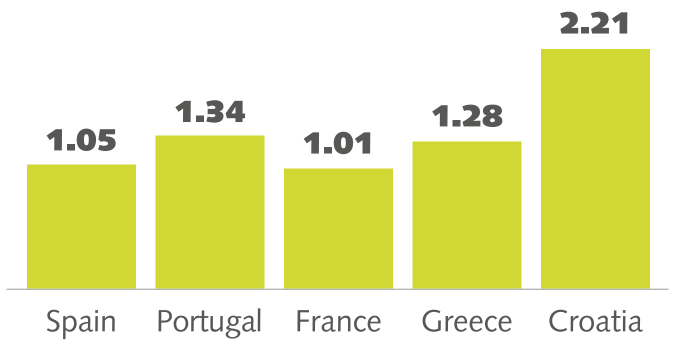


STAFF SHEET BY CATEGORY

as of 31st december

	EXECUTIVE OFFICERS	LINE MANAGERS	OTHER STAFF
2016	**14**	**110**	**790**
2015	14	91	609
2014	12	86	522

COMPARISON BETWEEN GOLDCAR'S ENTRY LEVEL SALARY AND THE LOCAL MINIMUM WAGE FOR 2016[1]



1- There is no minimum wage in Italy

EQUALITY IN THE WORKPLACE

At Goldcar we understand that our employees are at the core of our business and that their happiness and wellbeing have a direct effect on our success. That's why one of our priorities is to guarantee a culture of respect and to prevent any discrimination in the workplace. This is reflected in our Code of Ethics, which is applicable to all company staff and includes an Ethics Channel where any discriminatory situations may be reported.

We have launched our new Plan for Equal Opportunities and Diversity of Gender, Race and Culture for 2016-2018.

Our commitment to equality has led us to develop the Plan for Equal Opportunities, Diversity of Gender, Race and Culture for 2016-2018. With this plan we want to achieve real and effective equality between men and women, fight discrimination and we seek to further underline equality as one of our most important values.

The Plan for Equal Opportunities, Diversity of Gender, Race and Culture also seeks to promote the work-life balance of our employees and other employees directly or indirectly related to our operations. Gender equality is at the core of our plan and we are determined to make it effective while respecting the legislations of the countries where we operate and while adopting the best international practices.

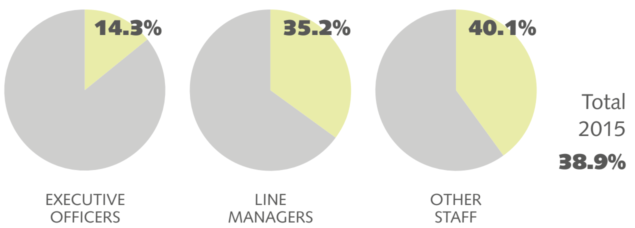
This commitment to equality led us to define a set of targets to be achieved before 2016, as well as new targets for 2017 and 2018.

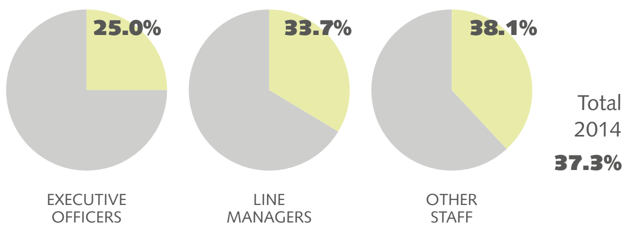
2016-2018 LINES OF ACTION

1. Respecting diversity.
2. Guaranteeing the quality of employment.
3. Developing the principle of equal opportunities.
4. Promoting effective equality between women and men within Goldcar Group.

% FEMALE STAFF BY CATEGORY

as of 31 december





% FEMALE STAFF BY CATEGORY AND COUNTRY

as of 31st december

	2014				2015				2016			
	Executive officers	Line managers	Other staff	Total	Executive officers	Line managers	Other staff	Total	Executive officers	Line managers	Other staff	Total
Spain	25.0%	31.9%	35.0%	34.3%	14.3%	37.7%	37.6%	37.0%	15.4%	**32.9%**	**40.0%**	**38.7%**
Portugal	-	42.9%	60.4%	58.2%	-	37.5%	58.5%	55.7%	-	**33.3%**	**57.9%**	**55.3%**
Italy	-	42.9%	43.1%	43.1%	-	36.4%	45.8%	44.6%	-	**20.0%**	**42.4%**	**41.0%**
France	-	-	-	-	-	50.0%	40.7%	41.9%	-	**20.0%**	**52.6%**	**48.8%**
Greece	-	-	-	-	-	-	25.0%	21.1%	-	**-**	**21.4%**	**16.7%**
Croatia	-	-	-	-	-	-	20.0%	11.1%	-	**-**	**30.0%**	**21.4%**

Please note: All company executive officers are based in Spain, which is the location of Goldcar's headquarters.

EQUALITY IN THE WORKPLACE (GENDER, RACE AND CULTURE) TARGETS

FUTURE TARGETS ON THIS TOPIC	INDICATOR	YEAR TO REACH TARGET
Include references to equal opportunities in Goldcar's corporate documents	100% on boarding pack (This is Goldcar)	2017

WORK-LIFE BALANCE PROMOTION

At Goldcar we care about the happiness of our staff, and we understand that work-life balance plays an important role in it. We have therefore implemented flexible working hours in our headquarters, and we make it easy for our employees to request a reduction of working hours and a change of shift due to family or legal guardianship reasons. Moreover, it is also possible to take morning and/or afternoon only shifts to adapt their working hours to their family life and personal circumstances.

In 2016, we implemented a flexible schedule for head office staff.

PERCENTAGE OF STAFF RETURNING TO WORK AND RETENTION RATE

as of 31st December 2016

	Staff entitled to parental leave		Staff who have taken parental leave		Percentage of staff returning to work (%)		Retention rate %	
	Male	Female	Male	Female	Male	Female	Male	Female
Spain	16	15	16	15	100	93	81	100
Portugal	1	3	1	3	100	100	100	100
Italy	2	1	2	1	100	100	50	100
France	1	0	1	0	100	0	100	0
Croatia	0	1	0	1	0	0	0	0

Please note: Our staff returning to work percentage is calculated by dividing the total number of staff who returned to work after parental leave by the total number of staff. Our staff retention percentage is calculated by dividing the total number of staff who continue to work for the company 12 months after they have returned to work following a parental leave period by the total number of staff who have returned to work after parental leave during the reporting period.
1- In Greece no requests for parental leave have been made in this reporting period.

WORK AND FAMILY BALANCE PROMOTION TARGETS

2016 TARGET	INDICATOR	INDICATOR'S VALUE	DEGREE OF COMPLIANCE
Implementation of flexible working hours for head office staff	% staff taking advantage of flexible working hours	100.0%	100.0%

INTEGRATION OF PEOPLE WITH DISABILITIES

Another initiative which has been carried out in 2016 is Goldcar's plan for the Integration of People with Disabilities. Its aim is to achieve total equality, participation and integration of people with disabilities in society and in the job market.

In 2016, we launched a plan for the Integration of People with Disabilities.

The plan establishes a set of actions to reinforce inclusiveness, and intends to maximise the potential of disabled people as Goldcar's employees and as members of society.

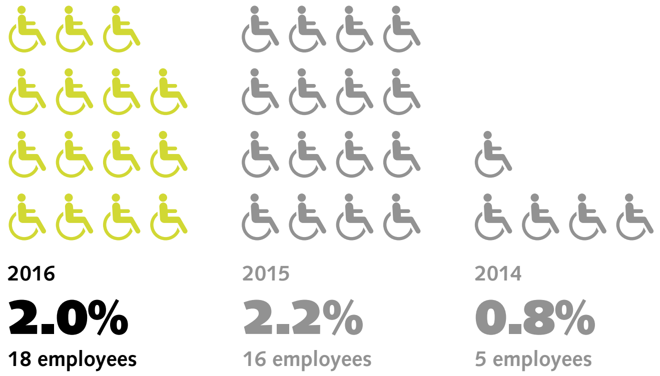
PLAN FOR THE INTEGRATION OF PEOPLE WITH DISABILITIES. LINES OF ACTION

1. Comply with the legislations regarding disabled employees in the countries where we operate
2. Spread Goldcar's commitment to equality of people with disabilities throughout the organisation
3. Raise awareness of disabilities amongst Goldcar's leaders (directors and middle management)
4. Contribute to the normalisation of disabilities by carrying out awareness raising activities and providing information/communication that will favour the elimination of corporate barriers
5. Have an active participation in projects aimed at people with disabilities

STAFF WITH DISABILITIES BY CATEGORY

as of 31st December 2016

OTHER STAFF



Please note: There are no staff with any type of disability employed as Executive officers and Line managers.

EQUALITY IN THE WORKPLACE (INTEGRATION OF PEOPLE WITH DISABILITIES) TARGETS

FUTURE TARGETS ON THIS TOPIC	INDICATOR	INDICATOR'S VALUE
Give people with disabilities the chance to work with us by hiring 25 people with disabilities on a global level	Number of hired people with disabilities on a global level	2017
Take informative actions that increase staff commitment to people with disabilities	Number of informative actions taken regarding Goldcar's commitment to integrating people with disabilities	2017

COMMITMENT TO PROFESSIONAL DEVELOPMENT

One of Goldcar's goals is to improve our team's abilities and to provide our employees with opportunities for personal and professional growth. We believe that their talent is key to our success and needs to be cultivated, since it provides us with a competitive advantage.

In 2016, we increased our investment in training by 213%

In 2015, we developed a Strategic Training Plan for 2015-2017 aimed at improving the abilities of each team and facilitating promotion and talent retention. The plan is divided into 5 training areas, which were defined after identifying the training needs and areas of improvement of every team. This plan led to us launching new initiatives such as the E-learning platform in 2016.

In addition, we are continuing our commitment to preparing university students and to boosting their employability with our Talent Internship Program. Goldcar has several agreements with different colleges and business schools, and offers career mentoring to the students participating in this project. The internship includes a final assessment where the students and Goldcar's staff can evaluate their experience. The technology department oversaw this project, where the participants identified areas of improvement and suggested new ideas that could be implemented. As a result, the tools for internal messaging were unified to streamline internal communication.

Our new E-Learning plan will have a positive impact on the work life balance of employees and will decrease Goldcar's carbon footprint.

In 2016, we have developed the E-learning training plan 2016-2018, aimed at reducing the number of staff trips, and therefore lowering Goldcar's carbon footprint. Reducing the frequency of staff trips will also have a positive impact on the work life balance of employees, who will be able to join training sessions without travelling away from home. The e-learning platform consists of an internal communications tool, where different topics and documents of interest are shared with employees, such as the Code of Ethics.

E- LEARNING PLAN LINES OF ACTION

1. Reducing the number of trips by our operations staff.

2. Building an alternative to face-to-face training sessions, while maintaining their content and quality, and reducing staff trips.

3. Placing all training sessions related to job performance on the E-learning platform, with the aim of making them available to all employees at any moment and from every device.

AVERAGE TRAINING HOURS PER EMPLOYEE BY GENDER AND BY EMPLOYEE CATEGORY

as of 31 December 2016

Executive officers		Line managers		Other staff		All staff	
40.00	37.00	21.00	18.00	18.00	18.00	19.00	19.00

TRAINING AREAS

NUMBER OF EMPLOYEES TRAINED	LEADERSHIP AND TEAM MANAGEMENT	SKILLS DEVELOPMENT	LANGUAGES	TECHNOLOGY (IT GOVERNANCE)	HIGH POTENTIAL PROFILES PROJECT	OPERATIONAL TRAINING
2016	10	42	48	54	6	760
2015	18	124	12	3	1	225

+140.2% compared to 2015

INVESTMENT IN TRAINING (€)

2016	2015
€414,401.31	€132,452.95

+213.0% compared to 2015

TALENT PROMOTION TARGETS

2016 TARGET	INDICATOR	INDICATOR'S VALUE	DEGREE OF COMPLIANCE
Development of a new e-learning platform with training paths.	e-learning platform completed	The platform is completed and open to all employees	100.0%
Development of a new e-learning platform with training paths.	10 courses available	100.0%	100.0%
Implementation of Goldcar Talent Internship Program	10 students joining the scholarship program.	18 joined the scholarship program in 2016	100.0%
Implementation of Goldcar Talent Internship Program	2 working sessions	3 working sessions during 2016	100.0%
Implementation of Goldcar's Strategic Training Plan on a global level	Average training hours per member of staff	100.0%	100.0%

FUTURE TARGETS ON THIS TOPIC

TARGETS	INDICATOR	YEAR TO REACH TARGET
Provide 3 online training paths via the e-learning platform to all network staff covering work tools, methods, commercial policy, sales techniques and procedures.	Number of online training paths provided	2017

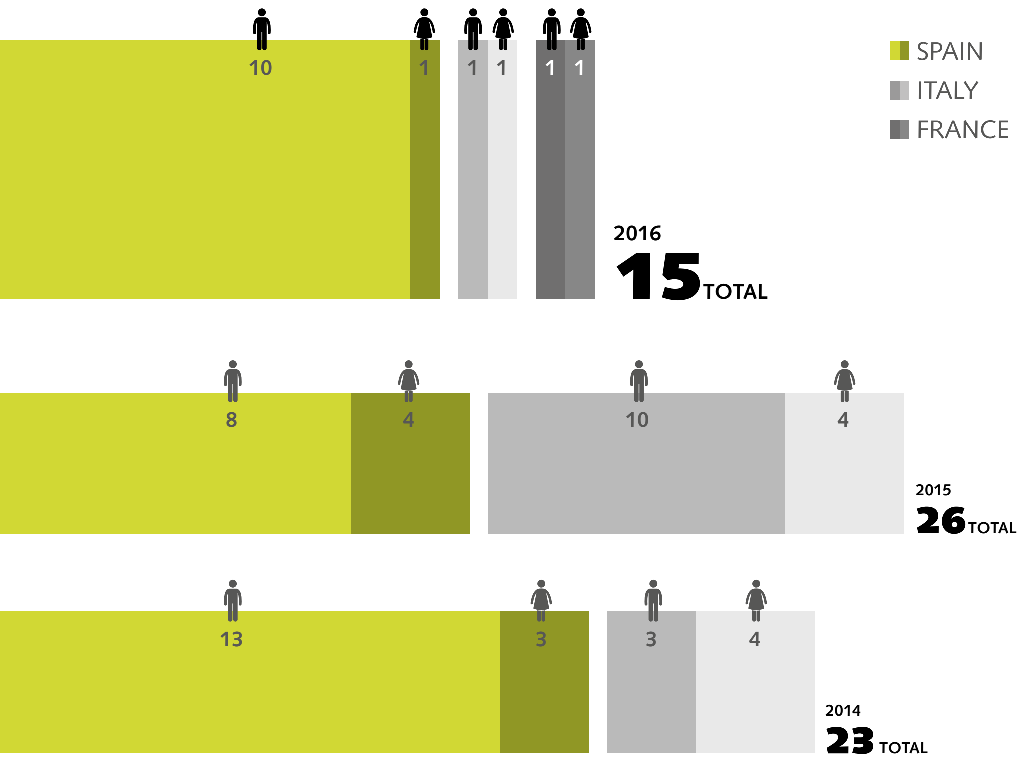
SAFETY AT THE WORKPLACE

The safety of staff is paramount to Goldcar and so prevention policies and services have been put in place in all countries where we operate.

Despite increasing our number of employees, in 2016 the number of accidents resulting in time off work has diminished.

Every employee regularly receives training on occupational health and safety which is specific to their position. The training is developed by Goldcar, after carrying out a preliminary risk assessment for all jobs and tasks. In addition, base staff are provided with statutory safety kits specific to their duties.

NO. OF ACCIDENTS RESULTING IN TIME OFF WORK[1]



Please note: Does not include accidents in itinere
1- No accidents resulting in time off work were recorded in Portugal during either 2014, 2015 or 2016. In addition, there were no accidents resulting in time off work in Greece or Croatia in 2016.

FREQUENCY INDEX[1]

	2014		2015		2016	
Spain	9.4	2.2	0.04	0.1	**8.20**	**0.8**
Italy	33.0	52.1	2.7	1.6	**0.08**	**0.2**
France	-	-	-	-	**1.28**	**2.0**

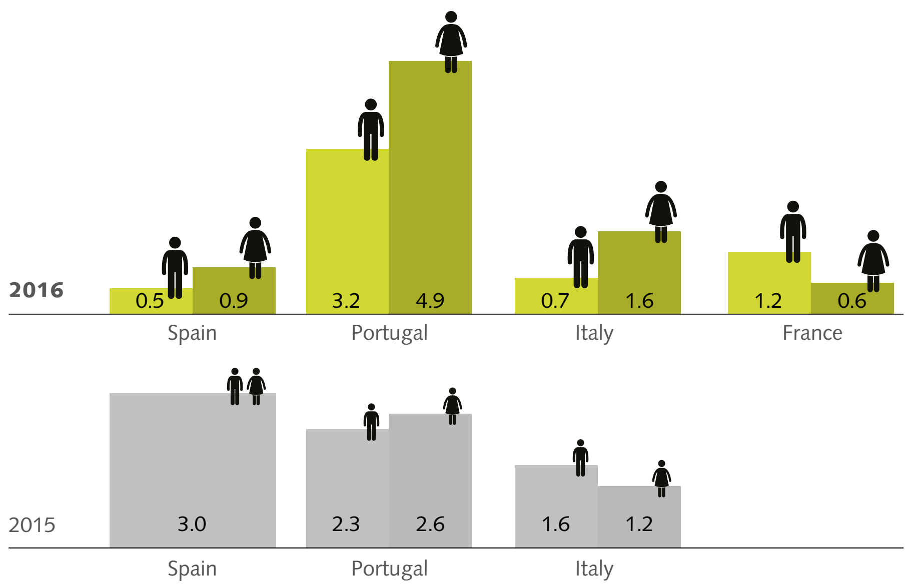
Please note: Our frequency index is calculated by dividing the number of accidents by the total number of hours worked multiplied by 1,000,000.
1-Portugal's frequency index for 2014, 2015 and 2016 has been nil. In Greece and Croatia, the frequency index for 2016 has also been nil.

INCIDENT INDEX[1]

	2014		2015		2016	
Spain	1,655.3	382.0	2,284.3	815.8	**1,436.8**	**143.7**
Italy	5,882.4	9,302.3	21,739.1	10,810.8	**1,176.5**	**1,694.9**
France	-	-	-	-	**4,545.5**	**4,761.9**

Please note: Our incidents index is calculated by dividing the number of accidents by the total number of employees, multiplied by 100.000
1-Portugal's incident index for 2014, 2015 and 2016 has been nil. In Greece and Croatia, the incident index for 2016 has also been nil.

ABSENCE RATE1[1]



Please note: our absence rate is calculated by dividing lost working hours by the total number of working hours multiplied by 100.
1- For the year 2014, there is only standardised data available for Spain, where the value was 2.3. In Greece and Croatia, the absence rate for 2016 was zero.

07

ENVIRONMENTAL FOOTPRINT

ENVIRON-MENTAL FOOTPRINT

UN GLOBAL COMPACT

WE SUPPORT

This chapter within the report covers:

PRINCIPLE 7

Businesses should support a precautionary approach to environmental challenges.

PRINCIPLE 08

Businesses should undertake initiatives to promote greater environmental responsibility.

PRINCIPLE 09

Businesses should encourage the development and diffusion of environmentally friendly technologies.

HOW WE CARE FOR THE ENVIRONMENT

At Goldcar we care about the environment, and minimizing our main impacts is at the centre of our business strategy and our activities. Once again, our headquarters have renewed the ISO 14.001 certification, helping us to integrate sustainability into our business decisions and vision.

Moreover, in 2016 we have revised our internal audit model to include environmental aspects. Auditing allows us to ensure that all our offices and bases carry out good environmental practices and they allow us to identify areas of improvement that require attention.

In addition, we seek the help of our staff to achieve our environmental goals, which is why we developed the Good Housekeeping Practices file in 2014, a document that aims to share good environmental practices with them.

As a car rental business, we are deeply committed to minimizing our environmental impacts. Our goal is to compensate the negative impacts stemming from our operations by developing and implementing eco-friendly initiatives such as the Clean CO_2 Project.

We focus on offsetting greenhouse gas emissions (GHG) generated by our customers

GLOBAL ENVIRONMENTAL MANAGEMENT

FUTURE TARGETS ON THIS TOPIC	INDICATOR	YEAR TO REACH TARGET
Renew ISO 14001 certification under the new Standard at head office	ISO 14001 certification	2017

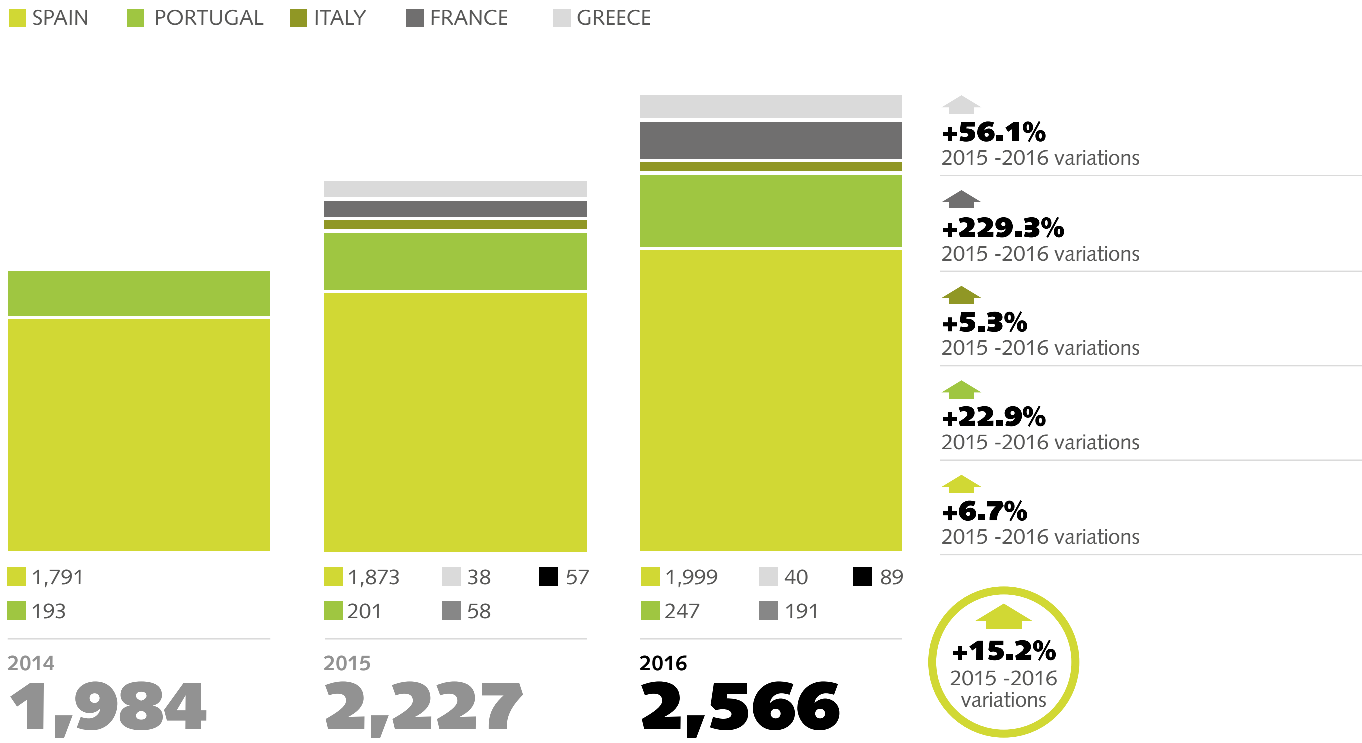
ENERGY CONSUMPTION

Most of our energy consumption comes from electricity, mainly from the company's headquarters. With the goal of reducing our electricity consumption, we have carried out several measures such as environmental awareness initiatives for staff, and investing in improving our facilities' energy efficiency.

In 2016, the diesel consumption per generator has increased due to the installation of new generator sets in the Madrid and Barcelona airport facilities.

We have reduced our electricity consumption per staff member by 10% compared to 2015.

ANNUAL ELECTRICITY CONSUMPTION (MWh)[1]

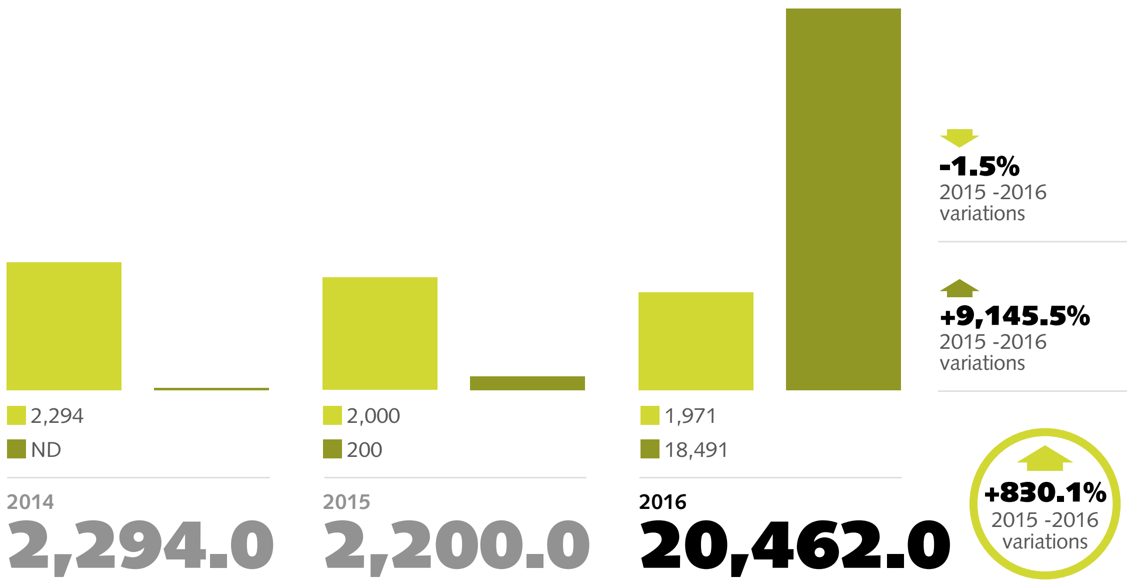


Please note: Above data was obtained from our consumption data found in invoices. In cases where invoices were not available, a consumption estimate has been calculated based on the amount charged by the electricity company in each case. There was no consumption of renewable energies. There was no sale or purchase of energy.
1- There is no historical data available for Italy. France and Greece offices were opened in 2014. There is no data available for Croatia.

ELECTRICITY CONSUMPTION (MWH per staff member)

ANNUAL FUEL CONSUMPTION (l)[1]

- OWN VEHICLE FLEET PETROL AND DIESEL CONSUMPTION
- GENERATOR SETS DIESEL CONSUMPTION



Please note: Above details are for Spain only, which is the only location where Goldcar has any fuel consumption. Own vehicle fleet refers to vehicles used by internal auditors and a further vehicle available for internal transportation at head office. There is no historical data available for 2014.

ENERGY EFFICIENCY IMPROVEMENT TARGETS

2016 TARGETS	INDICATOR	INDICATOR'S VALUE	DEGREE OF COMPLIANCE
Replacing 50% of the company's traditional lighting with LED for 2015-2020	% of traditional lighting replaced by LED	62.9%	62.9%
Energy audits undertaken throughout the Group	No. of audits undertaken	16 in Spain (in accordance with Spanish legislation)	100.0%
Conduct energy audits throughout the Group to comply with Spanish regulation	Detect potential areas for improvement	Green fleet increase, new efficient equipment and energy management improvement, among others.	

FUTURE TARGETS ON THIS TOPIC

TARGETS	INDICATOR	YEAR TO REACH TARGET
Replace 50% of the company's traditional lighting with LED for 2015 - 2020	% of traditional lighting replaced by LED	2020
Installation of photovoltaic panels	Number of photovoltaic panels	2017
Reducing the electrical consumption at HQ by 5% vs PY	Total electrical consumption at HQ	2018

WATER CONSUMPTION AND RECYCLING

We control our water consumption levels at our offices and facilities to prevent any leaking which may result in additional water consumption on our premises.

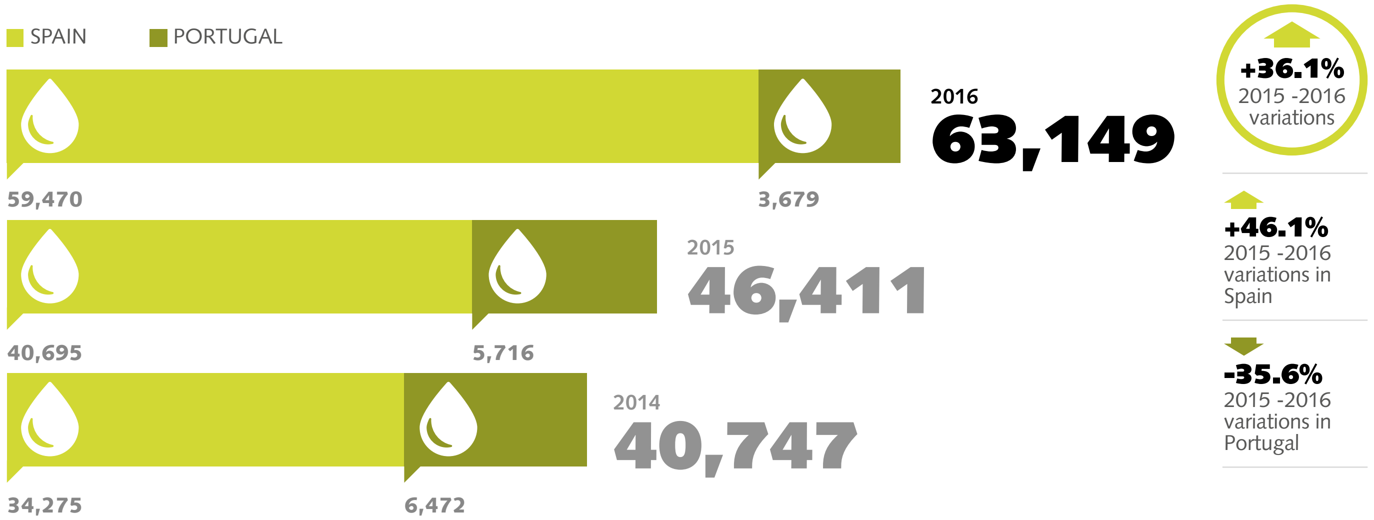
Most of our company's water consumption, in addition to water for sanitary facilities at our headquarters, is used on vehicle washing facilities located at some of Goldcar's sites. To reduce usage of water for washing purposes, some of our facilities are equipped with water recycling systems that enable us to reuse up to 20% of the water used in every car wash.

In addition, we hire car washing suppliers to help us maintain our fleet. In 2017, we are planning to work more closely with those suppliers using waterless carwash methods.

We have increased the use of recycled water at washing facilities by 14.8% compared to 2015

WATER CONSUMPTION SUPPLIED BY THE COUNCIL BOARD [1] (m³)

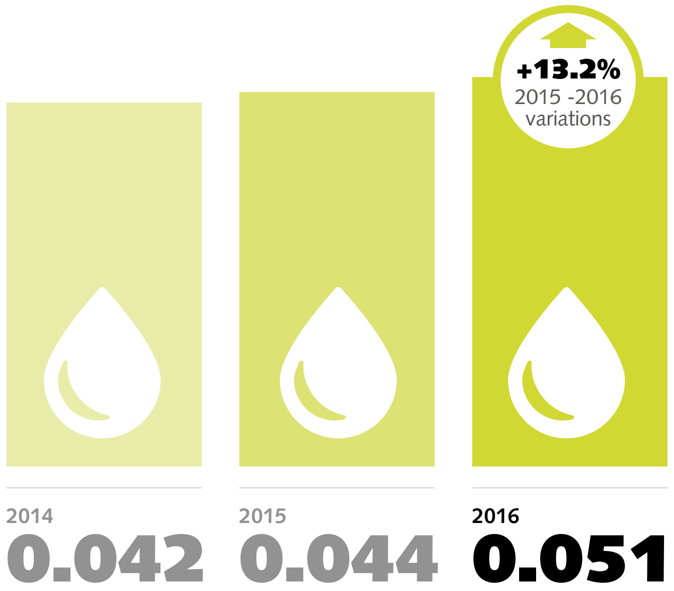
(Used at headquarters, offices and bases, including water usage by the vehicle washing facilities)



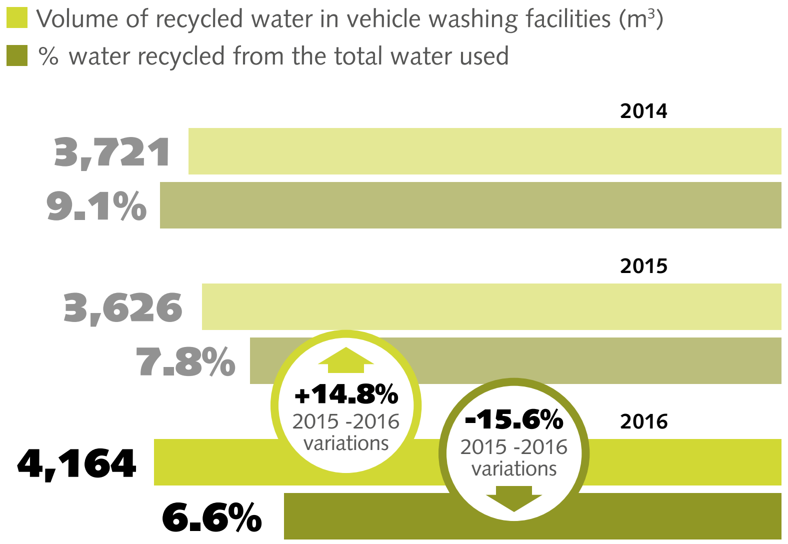
Please note: Water consumption data is obtained from invoices received by the water boards. In cases where invoices were not available, a consumption estimate has been calculated based on the amount charged by the water company in each case. Data is only available for Spain and Portugal.
1- The year 2015 includes all locations in Portugal.

WATER CONSUMPTION

(litres per number of contracts)



VOLUME AND PERCENTAGE OF RECYCLED WATER



Please note: Our recycled water levels have been calculated based on the water used by each vehicle washing facility, their technical specifications (percentage of reused water per wash) and the number of washes completed during the year.

WATER CONSUMPTION REDUCTION

FUTURE TARGETS ON THIS TOPIC	INDICATOR	YEAR TO REACH TARGET
Devise a plan/procedure for using waterless car wash practices	Number of vehicles cleaned with waterless practices	2017

CO_2 emissions per kilometre travelled stemming from our rental fleet have been reduced by 4.1%

GAS EMISSIONS

Another of Goldcar's environmental impacts are the greenhouse gas emissions (GHG), mainly produced by our customers during vehicle use. In 2016, we have given our customers the chance to get involved in our sustainable strategy by launching our carbon emission offset programme.

To calculate the GHG emissions produced by our business, we have included those arising from electricity consumption in all countries where Goldcar is currently based and those arising from diesel consumption by our generator sets. We also included emissions arising from the services provided to customers through our vehicle rental fleet.

We are aware of our environmental impact, so in 2016 we added more than 250 hybrid vehicles to our fleet, as well as vehicles that work with alternative green fuels and electric vehicles. Our goal is to contribute to the reduction of GHG emissions worldwide and to become a greener fleet.

Goldcar's carbon emission offset programme has deepened our commitment to environmental preservation, but our contribution to a greener and healthier world does not end there. In 2015, we launched the Goldcar Blue initiative by purchasing electric vehicles for our fleets in Barcelona and Palma de Majorca. Today, we continue to promote Goldcar Blue as an eco-friendly service which sets us apart from our competitors and we look forward to expanding our electric vehicle fleet in the future.

GOLDCAR'S CARBON EMISSION OFFSET PROGRAMME

In 2016, we have continued to fight climate change by launching a new initiative offering our clients the possibility to have emission free transportation. When booking our services, customers can choose to compensate for their CO_2 emissions with a small economic contribution, therefore obtaining the Clean CO_2 Certified label. Their donation is exclusively used to finance a clean energy project in Turkey, where the Balkesir wind power plant provides clean energy benefiting more than 100,000 people. Thanks to this initiative, our customers have the chance to neutralize the CO_2 emissions caused by their transportation whilst boosting the local economy of a local village in the region.

TOTAL EMMISSIONS BY SCOPE (CO_{2eq} tonnes)[1]

	2014	2015	2016	2015-2016 variations
Indirect emissions of CO_{2eq} (Scope 1)	27.2	54.9	**52.1**	-5.0%
Diffuse HFC emissions (R-22)	27.2	54.3	0	-
Diesel for generator sets	ND	0.6	52.1	9,146.0%
Indirect emissions of CO_{2eq} (Scope 2)	734.4	890.8	**1,026.4**	15.2%
Electricity	734.4	890.8	1,026.4	15.2%
Indirect emissions of CO_{2eq} (Scope 3)[1]	88,301.44	89,729.44	**101,338.48**	12.9%
Vehicle rental fleet	88,301.44	89,729.44	101,338.48	12.9%
TOTAL	**89,063.0**	**90,675.1**	**102,417**	**12.9%**

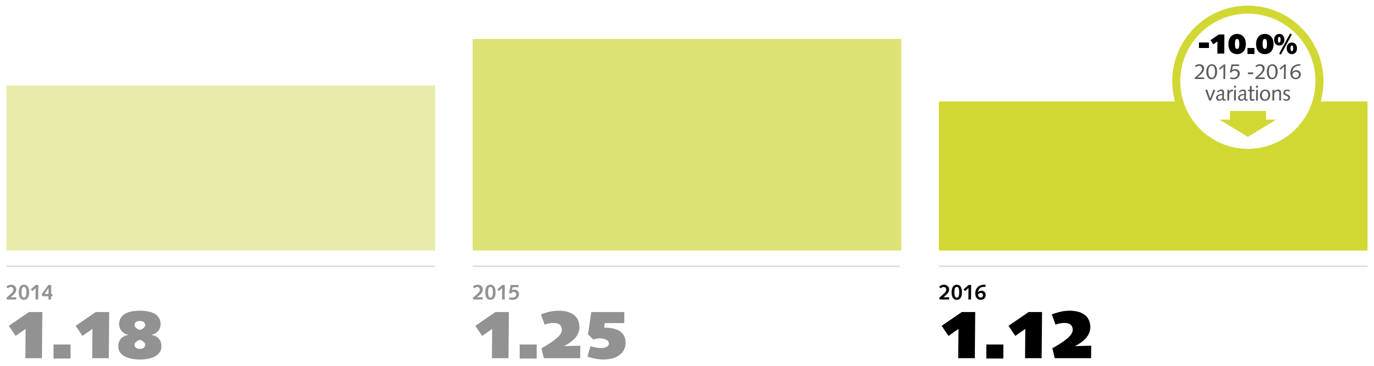
Sources: Our greenhouse gas emissions estimate expressed in CO2eq tonnes has been calculated by considering the electric energy usage, diesel fuel consumption by the generator sets, fluorinated greenhouse gas leaks and kilometres travelled by Goldcar's rental vehicle fleet. Regarding scope 1 emissions, we have used the R-22 emission factor included in the 4th Assessment Report of the Intergovernmental Panel on Climate Change, and the emission factor for diesel fuels within our premises was obtained from the emissions factor document Registration of carbon footprint, compensation and projects for absorption of carbon dioxide, published by the Ministry of Agriculture, Food and Environment (MAGRAMA).

Please note: Regarding scope 2, we have used the emission factor for electricity consumption published by the National Energy Commission for years 2014, 2015 and 2016. Regarding scope 3 emissions, we have used the gC02 per km available for each vehicle model in Goldcar's fleet and, in certain cases, an average of the total fleet emissions.

1-Gas emissions estimate does not include those gases generated by electricity consumption in Croatia. In addition, it does not include those emissions generated by our own vehicle fleet because data for petrol and diesel consumption are not available individually. Regarding scope 3, gas emissions generated by diffuse HFC only include HFC leaks at our headquarters.

EMISSION INTENSITY

Scope 2 CO_{2eq} tonnes per staff member



EMISSION INTENSITY

Scope 3 gCO_{2eq} per kilometre

EMISSIONS REDUCTION

2016 TARGETS	INDICATOR	INDICATOR'S VALUE	DEGREE OF COMPLIANCE
Ensuring that 70% of Goldcar's vehicle fleet complies with Euro VI emission regulations.	% of Goldcar's vehicle fleet compliant with Euro VI emission regulations.	76.0%	100.0%
Extension of Goldcar's green fleet	No. of green vehicles in Goldcar's vehicle fleet	255	100.0%

FUTURE TARGETS ON THIS TOPIC

TARGETS	INDICATOR	YEAR TO REACH TARGET
Addition of hybrid vehicles to Goldcar's vehicle fleet	No. of hybrid vehicles in Goldcar's vehicle fleet	2017
Reducing the average emissions of NOx by Goldcar's total fleet by 7%	Average emissions per Km	2017

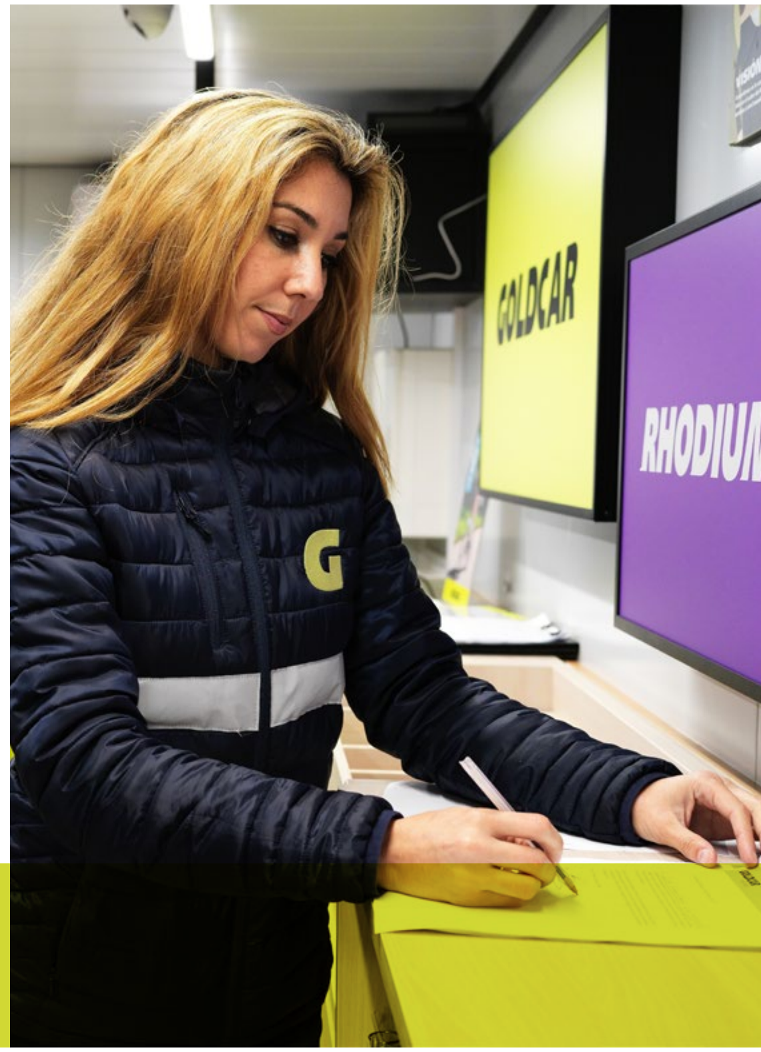
MATERIALS

Goldcar's main paper consumption is related to office supplies and products used with the purpose of maintaining our fleet of vehicles. Other materials include engine oil and chemicals such as detergents used in washing vehicles, polishing and air fresheners, to name a few.

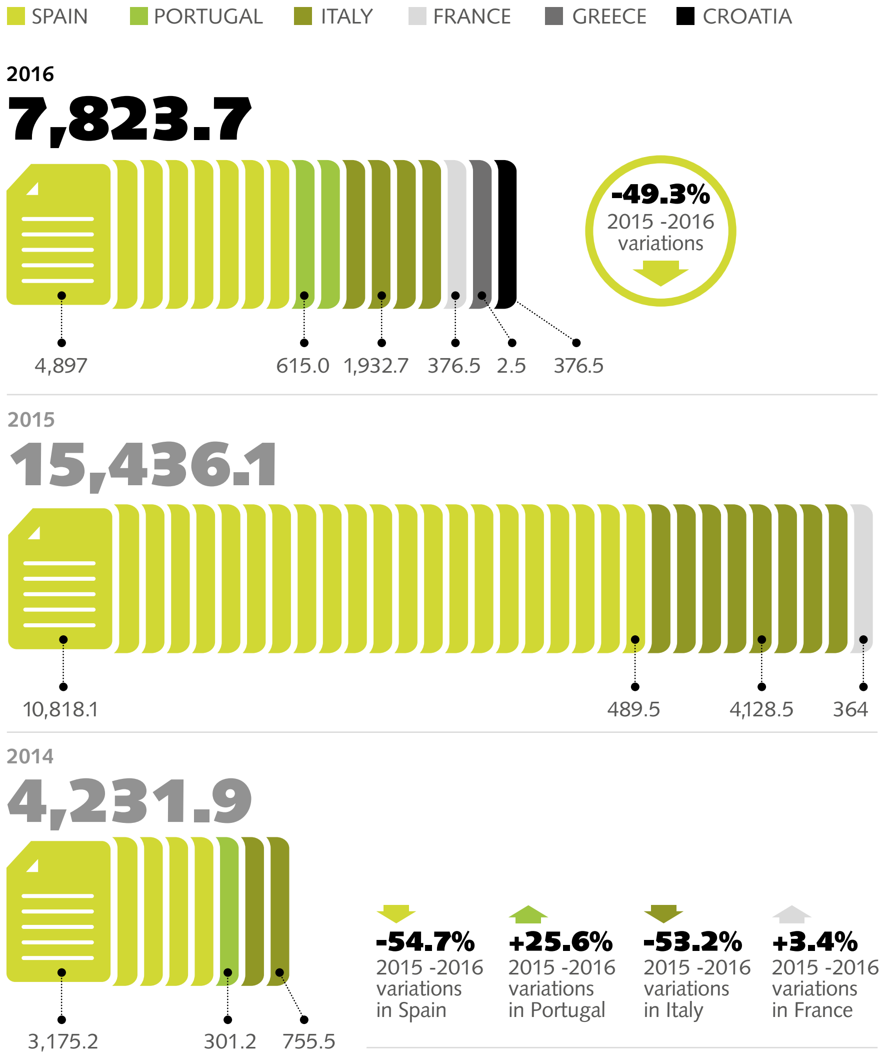
In 2016, we observed a reduction in the consumption of paper in our offices. Furthermore, since this year all the paper (DIN A4) at our headquarters is certified ecological paper.

We also reduced our consumption of antifreeze, chemical products and engine oil in our facilities.

We have reduced our paper consumption per employee by 60.4%

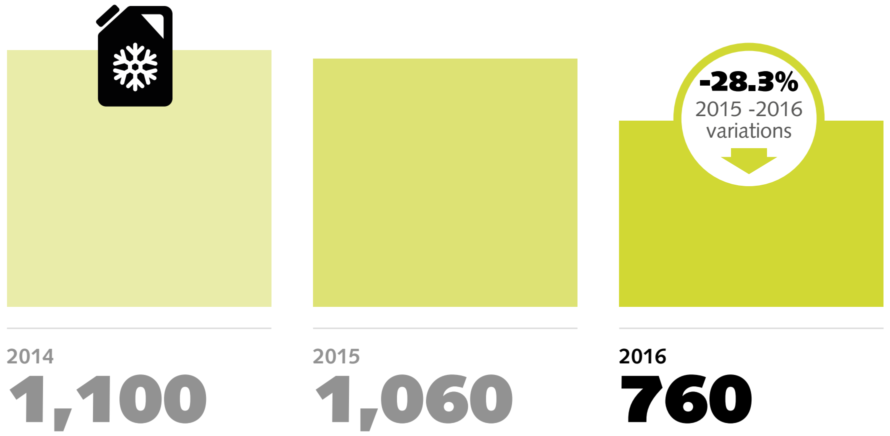


PAPER CONSUMPTION (kg)

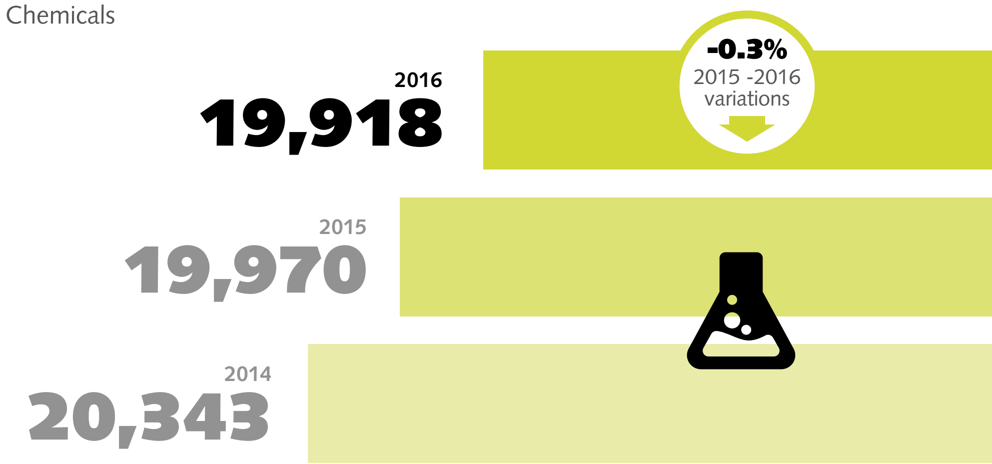


PRODUCTS CONSUMED IN GOLDCAR FACILITIES[1] (l)

Antifreeze consumed



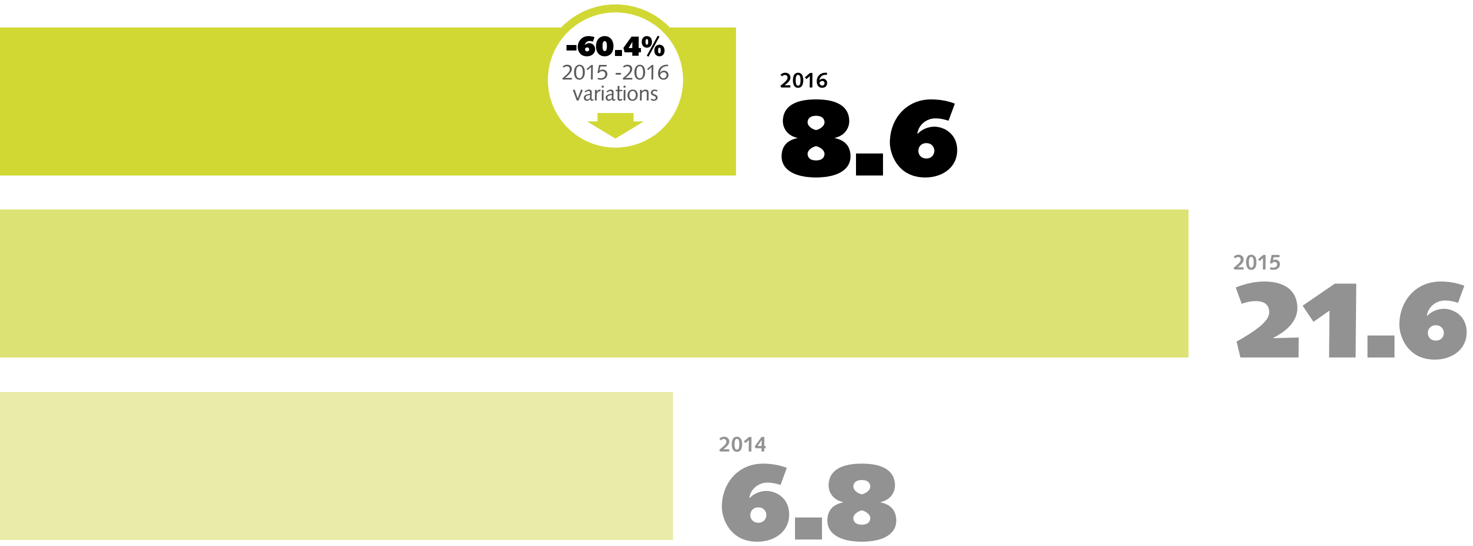
Chemicals



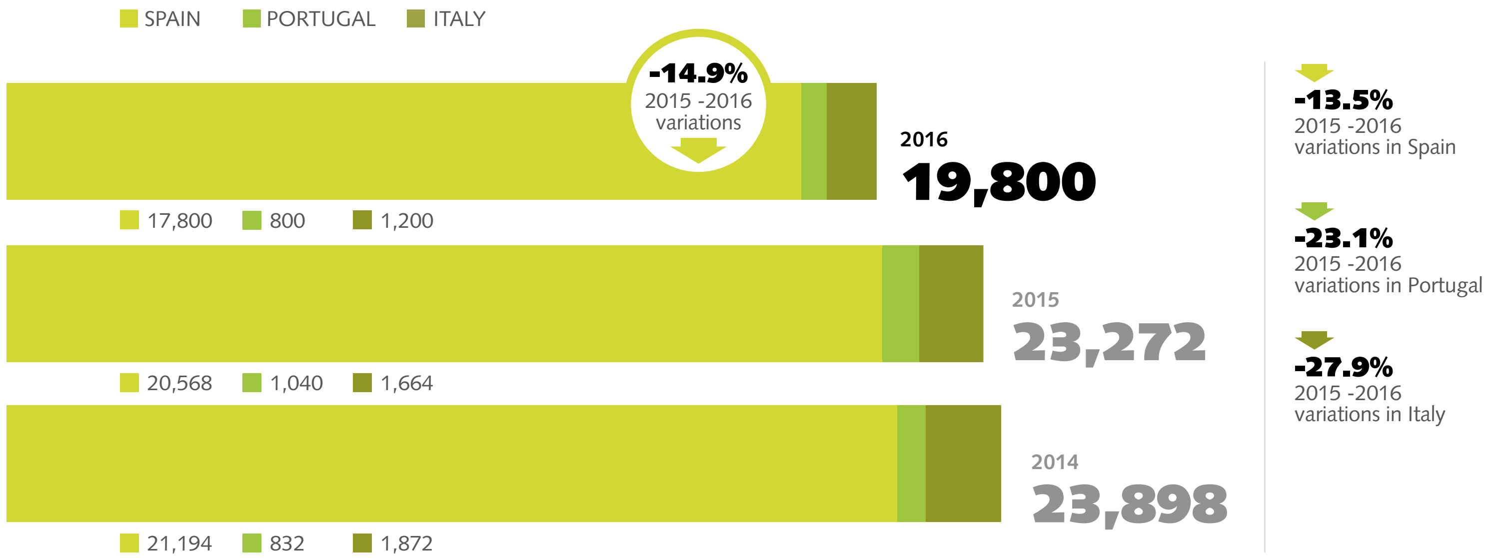
1- Our product consumption corresponding to workshops only represents Goldcar's Spanish operations. In all countries except Spain, our suppliers are responsible for purchasing all cleaning and antifreeze products.

PAPER CONSUMPTION PER EMPLOYER

Paper consumption per employer (kg/employer)



ENGINE OIL CONSUMED IN GOLDCAR FACILITIES[1] (l)



1- During 2015 and 2016, the consumption of engine oil in France, Greece and Croatia was zero.

WASTE MANAGEMENT

In 2016, we have continued our efforts to separate waste in almost all our premises, in compliance with local waste management regulations in each country where we operate. All the waste produced by Goldcar is currently managed by waste management companies who respect the applicable regulations and carry out correct management methods.

Regarding to the tires all of our suppliers are members of official Integrated Management Systems (IMS). IMSs are responsible for the retirement and recycling of the tires according to applicable law in each European country. According to this, all waste tires generated by Goldcar in Europe have been reused, recycled or energetically recovered.

WASTE PRODUCTION BY TYPE (SPAIN)

	2015	2016	2015-2016 variations
Solid pollutants (t)	1.0	1.2	20.0%
Non-hazardous solids (t)	53.5	53.5	0.0%
Oil (t)	5.2	2.5	-51.9%
Hydrocarbon sludge (t)	40.4	40.4	0.0%
Organic sludge (t)	50.0	50.0	0.0%
Cardboard (t)	2.9	2.9	0.0%
Plastic (t)	0.8	0.8	-2.5%
Electronic waste (t)	0.3	1.0	233.3%
Tyres (u)	8.0	7.1	-11.4%
Total	**162.1**	**159.4**	**-1.7%**

NON-HAZARDOUS SOLID WASTE PRODUCED (OTHER COUNTRIES (t)) [1]

	2015	2016	2015-2016 variations
Portugal	1.2	1.2	0.0%
Italy	1.6	1.6	0.0%
France	0.4	0.4	0.0%
Greece	0.9	0.9	0.0%
Total	**4.1**	**4.1**	**0.0%**

1- There is no data available for the remaining countries where Goldcar currently has office

WASTE MANAGEMENT IMPROVEMENT TARGETS

2016 TARGETS	INDICATOR	INDICATOR'S VALUE	DEGREE OF COMPLIANCE
Internal waste management audit and detect areas for improvements	Number of offices audited and detected areas of improvement	47	100.0%

08

SUPPLIER RELATIONSHIPS

SUPPLIER RELATIONSHIPS

WE SUPPORT

UN GLOBAL COMPACT

This chapter within the report covers:

PRINCIPLE 2:
Businesses should make sure that they are not complicit in human rights abuses.

> We prioritise local suppliers in order to boost the local economies of the countries where we operate

Goldcar has established commercial relationships with various local companies in a wide range of industries within the locations where we operate, resulting in a total cost of €487.9 million in 2016.

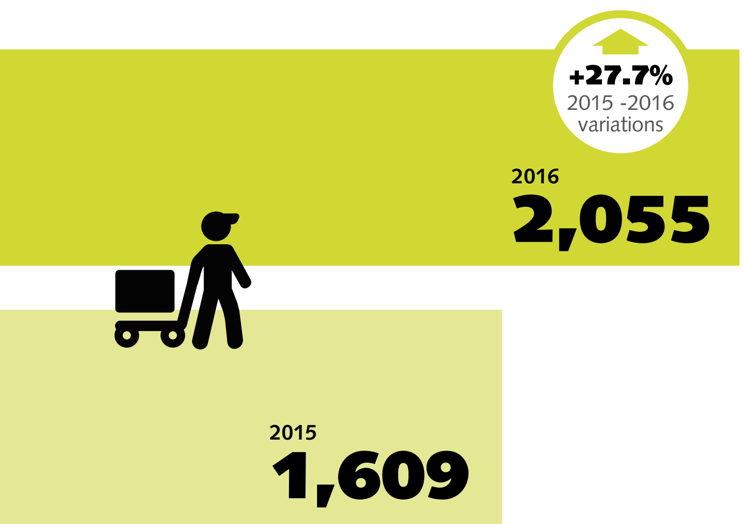
Our main suppliers are direct manufacturers and import companies representing the vehicle models in our fleet. Fuel distributors are also relevant suppliers.

Regarding our subcontractors, some of our most important suppliers are those connected to key outsourced company services such as roadside assistance for customers, customer service (telephone suppliers, social media companies) and vehicle maintenance and management services at Goldcar's own sites.

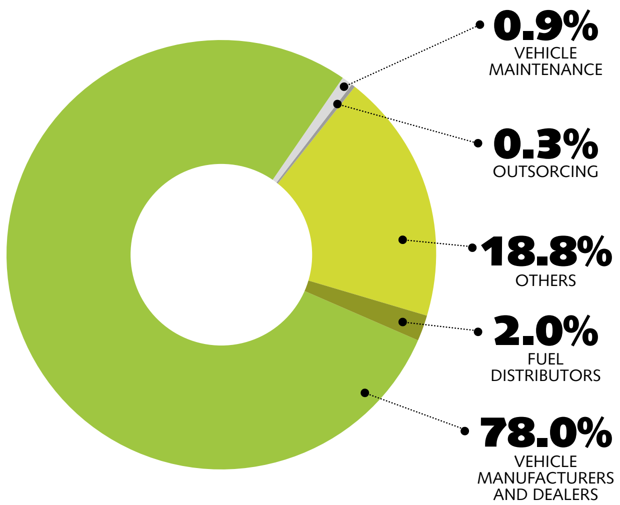
Our suppliers are selected based on strict criteria concerning, among other aspects, their quality, company solvency and their capacity to fulfil the orders or services required. Most of our contracts are awarded after a bidding process where a minimum of three firms are invited to put forward their best proposal.

We established relationships based on mutual trust and transparency which are regulated and have clearly defined procedures set out by our purchase department and approved by the management, pursuant to our ethics code and compliance policy.

TOTAL NUMBER OF SUPPLIERS

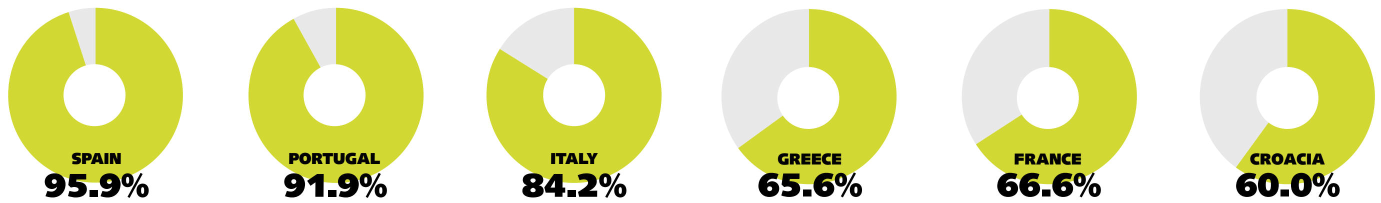


MAIN GOLDCAR SUPPLIERS IN 2016



Please note: This calculation is based upon the expenditure levels by supplier type

PERCENTAGE OF TOTAL LOCAL SUPPLIERS FOR EACH COUNTRY 2016



INCORPORATION OF CSR CRITERIA DURING THE SUPPLIER PROCUREMENT PROCESS TARGETS

2016 TARGETS	INDICATOR	INDICATOR'S VALUE	DEGREE OF COMPLIANCE WITH TARGET
Including CSR related clauses in at least 30% of our outsourced supplier agreements	% of outsourced supplier agreements including CSR related clauses	30.0%	100.0%
Including CSR related clauses in 100% of our fuel supplier agreements	% of fuel supplier agreements including CSR related clauses	100.0%	100.0%

FUTURE TARGETS ON THIS TOPIC

TARGETS	INDICATOR	YEAR TO REACH TARGET
Include CSR related clauses in at least 60% of our outsourced supplier agreements in 2017	% of environmentally screened suppliers	2017

MAIN COLLABORATING BRANDS

Ford SEAT RENAULT Audi KIA

Opel HYUNDAI NEW THINKING. NEW POSSIBILITIES. Mercedes-Benz Volkswagen NISSAN BMW

Alfa Romeo FIAT FIAT PROFESSIONAL Jeep ABARTH FCA | FLEET & BUSINESS

PSA PEUGEOT CITROËN CITROËN DS PEUGEOT

ŠKODA

09

GOLDCAR'S SUSTAINABILITY REPORT FOR 2016

GOLDCAR'S SUSTAINABILITY REPORT FOR 2016

SCOPE OF THE REPORT

Goldcar's Corporate Social Responsibility report for 2016 is the third report of its kind, and it includes the period between 1st January and 31st December 2016. All of our operations involving our parent company, Car Rental Topco S.L, are covered in the report, including those of our subsidiary firms: Car Rentals Parentco S.A.U, Car Rentals Subsidiary S.A.U., Goldcar Spain S.L.U, Goldcar Italy S.R.L, Goldcar Fleetco Italy S.R.L., Goldhire Portugal Lda, Goldhire Fleetco Portugal Lda., Goldcar Fleets Spain S.L.U, Goldcar Fleetco S.A, Goldcar Master S.L., Goldcar France S.à.r.l, Goldcar Fleetco France S.A.R.L, Goldcar Hellas S.à.r.l, Goldcar Rental, d.o.o, Pulsar Rent a Car S.L.U. In these regards, 100% of the revenue corresponding to 2016 has been included in this report.

Our environmental performance is included in the report, and it covers all our operations except in those cases where specified. Data related to human resources issues includes all countries where we operate through our own company offices.

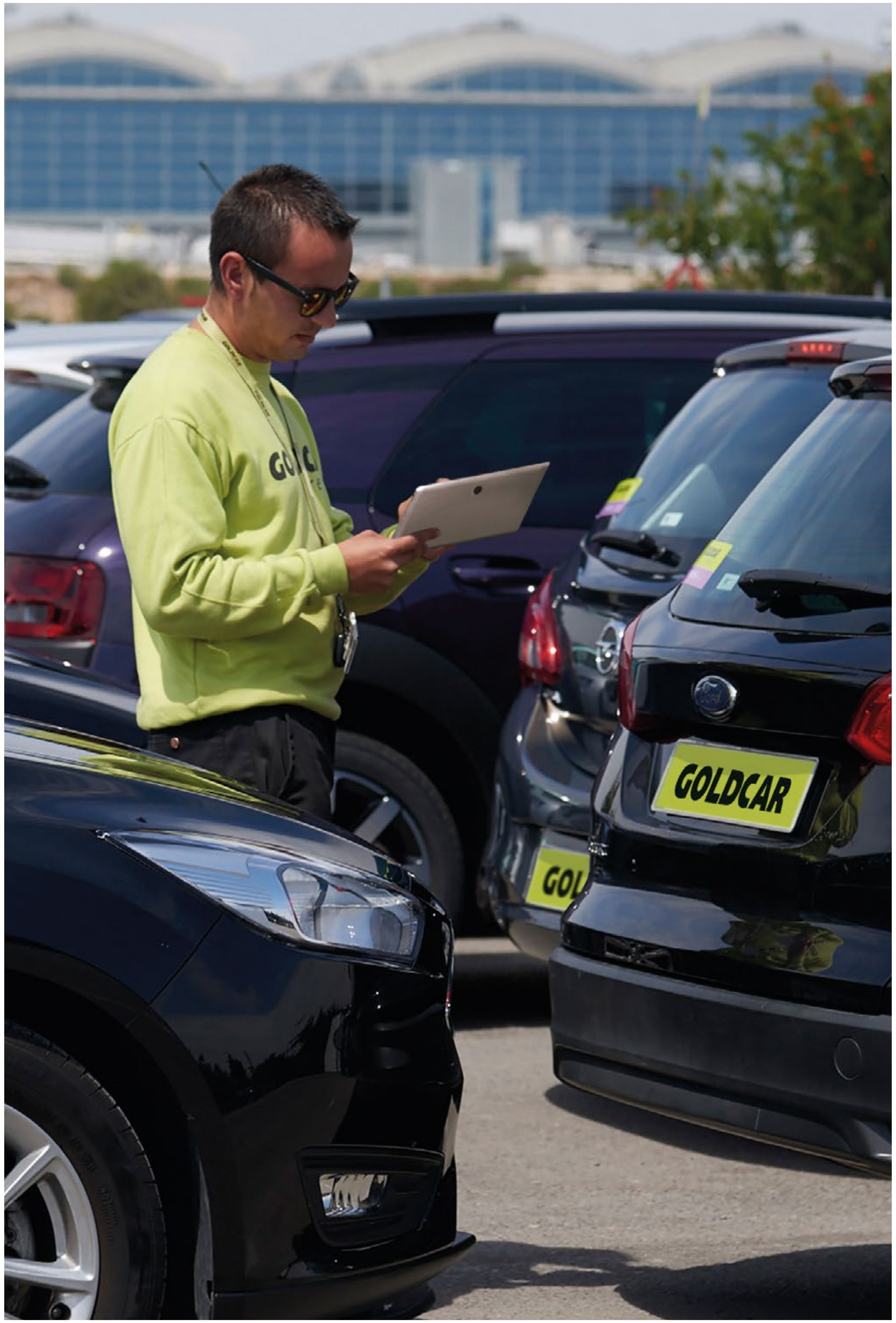
Data related to franchised offices is not included in the report since Goldcar does not manage or control any of the aspects mentioned in the report pertaining to franchises.

DEFINITION OF CONTENTS AND PREPARATION PROCESS

This report follows the G4 Guidelines of the Global Reporting Initiative and the AA1000SES (2011) stakeholder engagement standard regarding the materiality assessment.

In addition, key individuals from different management areas collaborated with us to determine what aspects were truly material to the company. Thanks to their contribution we have also obtained valuable information about the different aspects included in the report. The Human Resources and Customer Service department have coordinated this process.

For any questions or queries concerning the content of this report, please get in touch with us via the email address csr@goldcar.com.



GLOBAL REPORTING INITIATIVE'S TABLE OF CONTENTS

The following table summarises the general basic and specific contents of the Global Reporting Initiative (GRI) in conformity with the G4 standard for the "In accordance - Core" option.

GENERAL BASIC CONTENTS

Indicators	Description	Direct page or answer	Omissions	Verification
Strategy and analysis				
G4-1	Statement from the organisation's most senior decision-maker.	6-9		
Organisational profile				
G4-3	Name of the organisation.	94		
G4-4	Primary brands, products, and services.	14-15		
G4-5	Location of the organisation's headquarters.	Ctra. Valencia N332, km 115 - Edificio Goldcar 03550 - San Juan, Alicante		
G4-6	Number of countries where the organisation operates.	16-17		
G4-7	Nature of ownership and legal form.	94, Annex I		
G4-8	Markets served.	14-15, 34-35		
G4-9	Scale of the organisation.	Total Assets: 611,105 Total equity and Liabilities: 611,105		
G4-10	Total number of employees.	63-69		
G4-11	Percentage of total employees covered by collective bargaining agreements.	100% of Goldcar's staff were under a collective agreement in 2014, while only 96% of their staff were under a collective agreement in 2015 and 2016 since neither Greece nor Croatia have collective agreements.		
G4-12	Organisation's supply chain.	90-91		
G4-13	Significant changes during the reporting period.	There were no significant changes during the reporting period.		
G4-14	Implementation of the precautionary principle.	76-86		
G4-15	Initiatives to which the organisation subscribes or which it endorses.	24		
G4-16	Memberships of associations.	19		
Identified Material Aspects and Boundaries				
G4-17	Entities included in the organisation's consolidated financial statements.	94		
G4-18	Process for defining the report content and the Aspect Boundaries.	30		
G4-19	Material aspects.	31		
G4-20	Aspect Boundary for each material aspect within the organisation.			
G4-21	Aspect Boundary for each material aspect outside the organisation.			

	Limitations and coverage			
	Internal	External		
Materiality of issues to the business	Goldcar business	Vehicle suppliers	Service suppliers	Customers
FINANCIAL				
Financial performance				
Presence in the marketplace				
Establishing CSR criteria when selecting suppliers				
ENVIRONMENT				
Materials				
Energy				
Water				
Emissions				
Effluents and waste				
SOCIAL - WORK PRACTICES AND DECENT WORK				
Employment				
Staff and management relationships				
Occupational health and safety				
Training and education				
Diversity and equal opportunities				
SOCIAL - HUMAN RIGHTS				
Child and forced labour				
SOCIAL - SOCIETY				
Local communities				
Anti-corruption strategies				
Unfair competition practices				
SOCIAL - PRODUCT LIABILITY				
Customer health and safety				
Customer satisfaction				
Customer privacy				
Good marketing practices				
Payment and other online website transactions' security*				
Use of new technologies to improve the services offered to customers (i.e., jumping the queue and improving vehicle delivery times, thus improving customer contact*)				

**Non GRI aspect*

G4-22	Effects of any restatements of information provided in previous reports and the reasons.	This report includes the following restatements of information for the reasons stated below: - The total $C0_2$ emissions generated by diesel combustion in generator sets in 2015 has been modified. This is because of the update of the fuel factor emission in the Registration of carbon footprint, compensation and projects for absorption of carbon dioxide, published by the Ministry of Agriculture, Food and Environment (MAGRAMA).		
G4-23	Significant changes in the scope and coverage of every aspect in the Scope and Aspect Boundaries.	There have been no significant changes to the report's scope and coverage.		

Stakeholder engagement

G4-24	Stakeholder groups engaged by the organisation.	29		
G4-25	Basis for stakeholder identification.	Goldcar has identified its stakeholders using criteria such as: dependence (upon its stakeholders or otherwise), responsibility towards them, proximity and influencing power.		
G4-26	Organisation's approach to stakeholder engagement.			
G4-27	Key topics and concerns that have benn raisen through stakeholder engagement.			

Stakeholders	Main communication and dialogue channels	Main identified issues
Shareholders	- Board of Directors meetings. - Management meetings. - Regular reporting.	Financial performance, impact on the labour market, energy consumption, mitigation of climate change and compensation for CO_2 emissions, quality employment, promoting occupational health and safety, professional development, preventing discrimination, child and forced labour, anti-corruption strategies, safe services, customer satisfaction.
Customers	- Counter service. - Website, social networks (Facebook, Twitter, Instagram) and blog. - Customer service (call centre and roadside assistance, email (Contact Goldcar)). - Media publications and newsletter.	Financial performance, responsible supplier selection, energy and materials consumption, quality employment, staff and management relationships, promoting occupational health and safety, preventing discrimination, child and forced labour, security staff training on human rights, anti-corruption strategies, preventing unfair competition practices, safe online payments.
Staff	- Intranet and noticeboards . - Ethics channel. - Specific notifications: email, newsletters, team meetings, etc.	Quality employment, staff and management relationships, professional development, promoting equal opportunities, responsible supplier selection, impact on the labour market, energy consumption, mitigation of climate change, preventing discrimination, child and forced labour, anti-corruption strategies.
Suppliers and contractors	- Direct contact with the purchase manager. - Agreement type documentation.	Secure online payments, preventing child and forced labour, quality employment, responsible supplier selection, water and energy consumption, mitigation of climate change, customer satisfaction, good marketing practices.
Rental agencies	- Direct contact with sales representatives, legal and customer service managers. - Marketing agreements.	Impact on the labour market, responsible supplier selection, mitigation of climate change, staff and management relationships, quality employment, correction of discrimination issues, freedom of association.
Franchisees	- Direct contact with the franchise manager. - Agreement type documentation. - Regular Goldcar meetings and notifications.	No answers were received from this group of stakeholders.
Local communities	- Website, social networks (Facebook, Twitter, Instagram) and blog. - Media publications and newsletter. - Meetings with local entities and associations' representatives.	Financial performance, impact on the labour market, mitigation of climate change, quality employment, data privacy, preventing unfair competition practices, regulation compliance.
Airport operators	- Direct contact with office staff. - Agreement type documentation.	Secure online payments, data privacy, customer satisfaction, safe services, good marketing practices, use of new technologies to improve the services offered to customers, occupational health and safety, staff and company relationships, responsible supplier selection.
Public authorities	- Direct contact with legal representatives and other Goldcar departments. - Administrative notifications. - Public notifications made by the authorities.	Preventing unfair competition practices, customer satisfaction, environmental or social issues, complaints procedure, quality employment, waste management, responsible supplier selection.

Report profile

G4-28	Reporting period.	2016		
G4-29	Date of most recent previous report.	2015		
G4-30	Report cycle:	Goldcar prepares its corporate social responsibility report on an annual basis.		
G4-31	Contact point for questions regarding the report or its contents.	94		
G4-32	'In accordance' option chosen by the organisation and the GRI Content Index for the chosen option.	96		
G4-33	Current policy and practice in relation to requests for external auditing of the report.	This report has not been externally audited. It has been internally audited to verify the rigorousness of the data reported.		

Management

G4-34	Company's management structure.	18		

Ethics and integrity

G4-56	Organisation's values, principles, standards and norms of behaviour.	25, 27		

SPECIFIC BASIC CONTENTS

FINANCIAL PERFORMANCE

Material aspects	Indicators	Description	Direct page or answer	Omissions	External auditing
Financial performance	G4-DMA	Management approach.	57-59		
	G4-EC1	Direct economic value generated and distributed.	57		
Presence in the marketplace	G4-DMA	Management approach.	62-69		
	G4-EC5	Comparison between entry level salary and local minimum wage.	Entry level salaries are similar for females and males in all countries where Goldcar is based.		

ENVIRONMENTAL PERFORMANCE

Material aspects	Indicators	Description	Direct page or answer	Omissions	External auditing
Materials	G4-DMA	Management approach.	76, 83-85		
	G4-EN1	Materials used.	84-85		
Energy	G4-DMA	Management approach.	76, 77-78		
	G4-EN3	Energy consumption within the company.	77-78		
	G4-EN5	Energy intensity ratio	77		
Water	G4-DMA	Management approach.	76, 79-80		
	G4-EN8	Total volume of water withdrawn from source.	80		
	G4-EN10	Total volume of water recycled and reused.	80		
Emissions	G4-DMA	Management approach.	76, 81-83		
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	82		
	G4-EN16	Indirect greenhouse gas emissions (GHG) (Scope 2).	82		
	G4-EN17	Other indirect greenhouse gas emissions (GHG) (Scope 3).	82		
	G4-EN18	Greenhouse gas (GHG) emissions intensity.	82		
Effluents and waste	G4-DMA	Management approach.	76, 86		
	G4-EN23	Total weight of waste.	Total weight of hazardous waste is not available. We hope to have this information for future reports.		

Supplier's environmental assessment	G4-DMA	Management approach.	Among its future goals, Goldcar is contemplating the inclusion of these aspects in the procurement of some of its new suppliers.		
	G4-EN32	Percentage of new suppliers that were screened using environmental criteria			

SOCIAL PERFORMANCE - WORK PRACTICES

Material aspects	Indicators	Description	Direct page or answer	Omissions	External auditing
Employment	G4-DMA	Management approach.	62-65		
	G4-LA3	Return to work and retention rates after parental leave.	68		
Staff and management relationships	G4-DMA	Management approach.	62-65		
	G4-LA4	Minimum notice periods regarding operational changes.	All issues related to notice periods are established in the self-drive vehicle rental ruling, applicable collective agreements (Italy, Portugal, Malaga, Balearic Islands and Madrid), the Spanish Statute of Workers Rights and all applicable legislation in force at any given time.		
Occupational health and safety	G4-DMA	Management approach.	72-73		
	G4-LA6	Absenteeism, occupational diseases, lost days' rates and total number of work-related fatalities.	There were no fatalities during the reporting period.		
Training and education	G4-DMA	Management approach.	70-71		
	G4-LA9	Average training hours.	70		
Diversity and equal opportunities	G4-DMA	Management approach.	66-67		
	G4-LA12	Composition of governance bodies and breakdown of employees.	Our Board of Directors is made up of nine members, three of which are legal entities. All Board of Directors members and legal entity representatives are male in gender and aged between 34 and 74 years old.		
Equal salary	G4-DMA	Management approach.	66-67		
	G4-LA13	Equal Remuneration for Women and Men.		This information is confidential.	
Assessment of supplier's work practices	G4-DMA	Management approach.	Among its future goals, Goldcar is contemplating the inclusion of these aspects in the procurement of some of its new suppliers.		
		New suppliers analysed based on work practices.			

SOCIAL PERFORMANCE - HUMAN RIGHTS

Material aspects	Indicators	Description	Direct page or answer	Omissions	External auditing
Child labour	G4-DMA		24-28		
	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour and measures taken to contribute to its effective abolition.	No Goldcar centres have currently been identified as affected by the risk of child labour issues. However, Goldcar undertakes a comprehensive monitoring of all its staff's labour conditions in all its workplaces to prevent the occurrence of this type of situation. Regarding its suppliers, Goldcar carries out specific controls on subcontracted companies' employment paperwork to prevent the occurrence of this type of situation.		
Forced labour	G4-DMA		24-28		
	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to its elimination.	No Goldcar centres have currently been identified as affected by the risk of forced labour issues. However, Goldcar undertakes a comprehensive monitoring of all its staff's labour conditions in all its workplaces to prevent the occurrence of this type of situation. Regarding its suppliers, Goldcar carries out specific controls on subcontracted companies' employment paperwork to prevent the occurrence of this type of situation.		
Assessment of suppliers' human rights compliance	G4-DMA	Management approach.	Among its future goals, Goldcar is contemplating the inclusion of these aspects in the procurement of some of its new suppliers.		
	G4-HR10	New suppliers analysed based on human rights compliance.			

SOCIAL PERFORMANCE - SOCIETY

Material aspects	Indicators	Description	Direct page or answer	Omissions	External auditing
Local communities	G4-DMA	Management approach.	48		
	G4–SO1	Operations with implemented local community engagement, impact assessments and development programs.	48-53		
Anti-corruption strategies	G4-DMA	Management approach.	24-28		
	G4-SO4	Communication and training on anti-corruption policies and procedures.	28		
Unfair competition practices	G4-DMA	Number of unfair competition claims.	27-28		
	G4-SO7		During 2016, we have not had any unfair competition claims.		

SOCIAL PERFORMANCE - PRODUCT LIABILITY

Material aspects	Indicators	Description	Direct page or answer	Omissions	External auditing
Customer's health and safety	G4-DMA	Management approach.	45		
	G4-PR1	Products and services assessed for customer's health and safety impact.	45		
Labelling of goods and services	G4-DMA	Management approach.	35-38		
	G4-PR5	Customer satisfaction survey results.	38		
Good marketing practices	G4-DMA	Management approach.	27-28, 39-42		
	G4-PR7	Number of good marketing practices or marketing code breaches.	Goldcar has not had any legal breaches in these regards during the year 2016.		
Customer privacy	G4-DMA	Management approach.	42		
	G4-PR8	Claims concerning customer privacy and personal data loss.	42		

OTHER NON GRI ISSUES

Material aspects	Description	Direct page or answer	Omissions	External auditing
Payment and other online website transactions security	Management approach.	39-42		
	Procedures implemented by the company to ensure secure payments from the website.	39-42		
Use of new technologies to improve the services offered to customers	Management approach.	36, 39-42, 58		
	Number of followers on social media networks and visits to our website resources.	36		
	Technology initiatives to simplify customer service.	39-42, 58		

ANNEX 1

CONSOLIDATED ANNUAL ACCOUNTS AND DIRECTOR'S REPORT - 2016 WITH THE AUDITOR'S REPORT

Car Rentals Topco, S.L. and its subsidiaries

Consolidated Annual Accounts

31 December 2016

Director's Report

2016

(With the Auditor's Report Theron)

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

KPMG Auditores, S.L.
Edificio Oficentro
Avda. Maisonnave, 19
03003 Alicante

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

Independent Auditor's Report on the Consolidated Annual Accounts

To the Shareholders of
Car Rentals Topco, S.L.

Report on the Consolidated Annual Accounts

We have audited the accompanying consolidated annual accounts of Car Rentals Topco, S.L. (the "Company") and its subsidiaries, which comprise the consolidated statement of financial position at 31 December 2016 and the consolidated Statement of Income and Other Consolidated Comprehensive Income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

Directors' Responsibility for the Consolidated Annual Accounts

The Company's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of Car Rentals Topco, S.L. and subsidiaries in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated annual accounts based on our audit. We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the consolidated annual accounts by the Company's directors in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated annual accounts taken as a whole.

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

Opinion

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of Car Rentals Topco, S.L. and subsidiaries at 31 December 2016 and of their consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial reporting framework applicable in Spain.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated directors' report for 2016 contains such explanations as the Directors of Car Rentals Topco, S.L. consider relevant to the situation of the Group, its business performance and other matters, and is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the consolidated annual accounts for 2016. Our work as auditors is limited to the verification of the consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Car Rentals Topco, S.L. and subsidiaries.

KPMG Auditores, S.L.

Miguel Ángel Paredes Gómez
7 April 2017

(Signed on original in Spanish)

Car Rentals Topco S.L. and Subsidiaries

Consolidated Annual Accounts
31 December 2016

Consolidated Directors' Report
Year 2016

INDEX NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- Consolidated Statement of Financial Position ended 31 December 2016 and 2015
- Consolidated Statement of Income and Other Consolidated Comprehensive Income for the period ended 31 December 2016 and 2015
- Consolidated Cash Flow Statement for the year ended 31 December 2016 and 2015
- Consolidated Statement of Changes in Equity for the year ended 31 December 2016
- Notes to the Consolidated Financial Statements for the year ended 31 December 2016.

Index:

CAR RENTALS TOPCO S.L. AND SUBSIDIARIES

Consolidated Statement of Financial Position ended 31 december 2016 and 2015

		Thousands of Euros	
Assets	**Notes**	**12/31/2016**	**12/31/2015**
Non-current assets:			
Goodwill	4	187,598	187,598
Intangible assets	5	24,695	22,690
Property, plant and equipment	6	98,822	76,494
Financial investments		2,034	1,022
Deferred tax assets	10	1,190	945
Total non-current assets		**314,339**	**288,749**
Current assets:			
Inventories		1,182	985
Trade and other receivables	7	12,202	17,138
Current tax assets	10	5,776	4,456
Financial investments	7	82,383	87,221
Prepayments		10,737	12,718
Cash and cash equivalents		184,486	174,022
Total current assets		**296,766**	**296,540**
Total assets		**611,105**	**585,289**
Equity:			
Share capital and share premium	8	215,000	215,000
Consolidated reserves	8	20,410	(1,828)
Parent Company reserves		(69)	-
Comprehensive result for the period	11	24,512	22,169
Conversion differences		7	-
Total equity		**259,860**	**235,341**
Non-current liabilites:			
Provisions	14-c	961	955
Financial debt	9	301,274	303,332
Derivatives	9	183	277
Deferred tax liabilities	10	-	219
Other non-current liabilities	9	126	123
Total non-current liabilities		**302,544**	**304,906**
Current liabilites:			
Provisions		1,001	1,439
Financial debt	9	5,607	4,457
Trade and other payables	14	26,512	23,002
Personnel	11	1,630	1,892
Current tax liabilities and other balances with Public Administrations	10	6,651	4,780
Customer advances		1,892	3,077
Accruals		2,578	2,187
Other current liabilities		2,830	4,208
Total current liabilities		**48,701**	**45,042**
Total equity and liabilities		**611,105**	**585,289**

Notes 1 to 14 described below are part of the Consolidated Statement of Financial Position for the year ended 31 December 2016.

Translation of a report originally issued in Spanish, In the event of a discrepancy, the Spanish-language version prevails

CAR RENTALS TOPCO S.L. AND SUBSIDIARIES

Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income for the period ended 31 December 2016 and 2015

		Thousands of Euros	
Consolidated Statement of Profit or Loss	**Notes**	**12/31/2016**	**12/31/2015**
Revenue-	**11**	309,382	288,908
Income from services		255,066	237,399
Income proceeds from the sale of vehicles		54,316	51,509
Other operational income		4,872	3,669
Cost of vehicles sales		(54,316)	(51,509)
Cost of sales		(11,938)	(21,980)
Personnel expenses	**11**	(28,087)	(22,961)
Other operating expenses	**11**	(90,861)	(71,557)
Adjusted EBITDA		**129,052**	**124,570**
Fixed asset amortisation and buy back renting costs	**5, 6 and 11**	(71,563)	(65,052)
Impairment and profit/loss on disposal of fixed assets	**5, 6 and 11**	(86)	(407)
Adjusted EBIT		**57,403**	**59,111**
Other non recurring income and expenses	**11**	(3,507)	(2,241)
Profit/loss From Continuing Operations		**53,896**	**56,870**
Financial income	**11**	350	328
Financial costs	**11**	(25,659)	(26,289)
Exchange gains or losses		(53)	(92)
Finacial profit/loss		**(25,362)**	**(26,053)**
Profit/loss before tax		**28,534**	**30,817**
Income tax	**10**	(4,022)	(8,648)
Profit for the period		**24,512**	**22,169**

		Thousands of Euros	
Consolidated Statement of Comprehensive income	**Notes**	**31/12/2016**	**31/12/2015**
Translation differences of financial statements of foreign operations		7	-
Other comprehensive income, net of taxes		**7**	**-**
Total comprehensive income for the period		**24,519**	**22,169**
Profit/Loss attributable to minority interests			**-**
Profit/Loss attributable to the Parent Company		24,512	22,169
Profit/Loss attributable to minority interests			**-**
Profit/Loss attributable to the Parent Company		24,519	22,169

Notes 1 to 14 described below are part of the Consolidated Statement of Profit or Loss for the year ended on 31 december 2016.

Translation of a report originally issued in Spanish, In the event of a discrepancy, the Spanish-language version prevails

CAR RENTALS TOPCO S.L. AND SUBSIDIARIES

Consolidated Statement of Cash Flow for the year ended 31 December 2016 and 2015

		Thousands of Euros	
Consolidated Cash Flow Statement	**Notes**	**12/31/2016**	**12/31/2015**
Cash flow from operating activities			
Consolidated profit before tax		28,534	30,817
Negative consolidation differences	**4**	-	-
Financial cost recognised in income statement	**9**	25,659	26,289
Financial income recognised in income statement		-	(328)
Fixed asset amortisation and buy back renting costs	**5, 6 and 11**	71,563	69,853
Impairment and profit/loss on disposal of fixed assets	**5, 6 and 11**	86	(4,394)
Others		278	671
Cash flow		**125,770**	**122,908**
Movement in working capital			
Change in trade receivables		648,000	303
Change in trade payables		6,551	(1,689)
Change in other net assets		3,731	(731)
Cash flows from operations		**136,700**	**120,791**
Others cash flows:			
Interest paid			
Interest paid	**9**	(22,167)	(22,264)
Interest recovered		350	328
Income tax received (paid)	**10**	(8,383)	(9,306)
Net cash flows from operating activities		**106,500**	**89,549**
Investing activities			
Proceeds from disposal of intangible assets, property and equipment.	**5, 6 and 7**	298,697	300,312
Payment for investment in intangible assets, property and equipment	**5, 6 and 7**	(389,949)	(336,411)
Other investments		(1,023)	(309)
Net cash flows used in investing activities		**(92,275)**	**(36,408)**
Financing activities			
Payments made for redemption of long-term bank loans	**9**	(3,750)	(5,966)
Others changes		(11)	(60)
Net cash flows from/used in financing activities		**(3,761)**	**(6,026)**
Net cash flows in cash and cash equivalents		**10,464**	**47,115**
Change from amendments to scope of consolidation			-
Cash and cash equivalents at 1 January		174,022	126,907
Cash and cash equivalents at 31 December		184,486	174,022

Notes 1 to 14 described below are part of the Consolidated Statement of Cash Flow for the year ended on 31 december 2016.

Translation of a report originally issued in Spanish, In the event of a discrepancy, the Spanish-language version prevails

CAR RENTALS TOPCO S.L. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity for the year ended 31 december 2016

Thousands of Euros	Notes	Share Capital	Share Premium	Reserves	Profit/Loss for the Year	Conversion differences	Total
Balance at 1 January 2016		**21,500**	**193,500**	**(1,828)**	**22,169**	**235,341**	**235,341**
Total comprehensive income for the year 2016	**11**	-	-	-	24,512	7	24,519
Other changes in equity							
Distribution of profit for the year		-	-	22,169	(22,169)	-	-
Balance at 31 December 2016		**21,500**	**193,500**	**20,341**	**24,512**	**7,000**	**259,860**

Notes 1 to 14 described below are part of the Consolidated Statement of Changes in Equity for the year ended 31 december 2016.

CAR RENTALS TOPCO S.L. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity for the year ended 31 december 2015

Thousands of Euros	Notes	Share Capital	Share Premium	Reserves	Profit/Loss for the Year	Conversion differences	Total
Balance at 1 January 2015		**21,500**	**193,500**	**-**	**(1,828)**	**-**	**213,172**
Total comprehensive income for the year 2015	**11**	-	-	-	22,169	-	22,169
Other changes in equity							
Distribution of profit for the year		-	-	(1,828)	1,828	-	-
Balance at 31 December 2015		**21,500**	**193,500**	**(1,828)**	**22,169**	**-**	**235,341**

Notes 1 to 14 described below are part of the Consolidated Statement of Changes in Equity for the year ended 31 december 2016.

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Car Rentals Topco S.L. and Subsidiaries

Notes to the Consolidated Financial Statements for the year ended 31 December 2016

1. General information and Group Companies

Car Rentals Topco S.L.U. (hereinafter the Parent Company) was incorporated in Spain, in compliance with Spanish Corporate Law, on 4 September 2014 under the name of Nuevo Impulso Comercial 21, S.L. for an indefinite period of time. The Parent Company is registered in the Mercantile Registry of Barcelona under the Fiscal I.D. B-54806971 and the legal address of the company is in to Selva, 4, Prat del Llobregat (Barcelona).

In accordance with its Articles of Association, the purpose of the Parent Company is:

1. The acquisition, holding, administration, swap and disposal of all types of securities including public, private, national and foreign securities. Particularly, its main activity is the acquisition, by subscription swap or any other way, of partnership shares and financial assets, as well as taking part in the establishment, development and control of any company or entity.

2. The acquisition, holding, disposal, selling, renting, third-party transfers and exploitation of any class of motor vehicles with or without a driver.

3. The repair, maintenance and technical assistance of all kinds of motor vehicles.

4. Taking part in companies whose purpose wholly or partly extends to the aforementioned areas of activity, in order to develop the Parent Company's own purpose by means of subscribing their shares, founding or increasing their share capital or acquiring them under any legal title.

The main activity of the Parent Company in 2016 consisted of holding 100% of the shares of the company Car Rentals Parentco S.L.U. as well as that generated by the function of head of the Group. Consequently, the Parent Company is the parent of a group of companies which, along with itself, comprise the Goldcar Group (hereinafter the Group).

The main activity performed by the Goldcar Group in 2016 has been the provision of services related to the rental of vehicles which is included in the purpose of the Group.

Subsidiaries

The companies in which the Parent Company takes part in are considered subsidiaries. The only direct participation the Parent Company holds is over Car Rentals Parentco S.A.U. which has a book value of EUR 215,003 thousand. The rest of the shareholdings are indirect through Car Rentals Parentco, S.A.U.

The most significant information related to the subsidiaries at 31 December 2016 is detailed below:

Company	Main activity	Registered office	Ownership
Car Rentals Parentco S.A.U.	Share Holding	Spain	100%
Car Rentals Subsidiary S.A.U. *(*)*	Share Holding	Spain	100%
Goldcar Spain S.L.	Car Rental	Spain	100%
Car Rentals Italy S.r.L.	Share Holding	Italy	100%
Goldcar Italy S.r.L.	Car Rental	Italy	100%
Goldcar Fleetco Italy S.R.L.	Acquisition and Car Rental to Group	Spain	100%
Goldhire Portugal Lda.	Car Rental	Portugal	100%
Goldhire Fleetco Portugal Lda.	Acquisition and Car Rental to Group	Portugal	100%
Goldcar Fleets Spain S.L.U.	Acquisition and Car Rental to Group	Spain	100%
Goldcar Fleetco S.A.	Car Rental	Spain	100%
Goldcar Master S.L.	Car Rental	Spain	100%
Goldcar France S.à.r.l.	Car Rental	France	100%
Goldcar Fleetco Fance S.A.R.L.	Acquisition and Car Rental to Group	France	100%
Goldcar Hellas S.à.r.l.	Car Rental	Greece	100%
Goldcar Rental, d.o.o.	Car Rental	Croatia	100%
Pulsar Rentar a Car S.L.U.	Car Rental	Spain	100%

(*) In addition to being a share holding company, Car Rentals Subsidiary S.A.U. has also signed the financing agreements described in Note 9.

During the first quarter of 2017, the Group has two additional companies to start the activity in Turkey and Ireland, although at the date of preparation of these annual accounts the impact is not significant.

There are no companies that being part of the Group have been excluded from the consolidation perimeter except for Group Goldcar Car Rental A.I.E., Goldhire Fleetco Portugal Lda. and Godcar Rental, d.o.o. Its exclusion has no significant impact on the fair presentation of the Group's consolidated equity, consolidated financial position, consolidated results of operations and consolidated cash flows. A breakdown of the main aspects of the mentioned entities is provided below:

			Thousands of Euros	
	Registered office	Indirect ownership	Net Equity	Carrying amount of investment in Parent's books
Group Goldcar Car Rental, A.I.E (*)	Alicante	100%	(15)	-
Goldhire Fleetco Portugal Lda. (*)	Portugal	100%	10	10
Goldcar Rental, d.o.o. (**)	Croatia	75%	6	3
Total			**1**	**13**

(*) In 2016
(**) In 2015

2. Basis of presentation of the consolidated annual accounts and consolidation principles

2.1 Regulatory financial reporting framework applicable to the Group

These consolidated annual accounts for the year ended on 31 December 2016 were formally prepared:

- By the Directors of the Parent Company, on 28 March 2017. Moreover, they will be submitted for approval of the Sole Shareholder where they are expected to be approved without any modifications.

- In accordance with the International Financial Reporting Standards adopted by the European Union (hereinafter, EU-IFRSs), in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, that were in force at 31 December 2016.

  The principal accounting policies and measurement bases applied in preparing the Group's consolidated annual accounts for the year 2016 are summarised in Note 3.

- Taking into account all the mandatory EU-IFRSs accounting principles and valuation criteria that have a significant effect on the consolidated annual accounts.

- So that they fairly present the Group's consolidated equity and financial position at 31 December 2016 and the results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended.

  However, since the accounting policies and measurement bases used in preparing the Group's consolidated annual accounts for the year ended on 31 December 2016 may differ from those used by certain Group companies, the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with EU-IFRSs.

- Based on the historical cost basis except for certain items, such as financial instruments that are valued based on their fair value, as detailed in the significant accounting policies adopted by the Group (see Note 3).

  Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated annual accounts is determined on such basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

  Additionally, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable, according to the following description:

  - Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

  - Level 2: Inputs are Inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (prices) or indirectly (inputs derived from prices); and

  - Level 3: Inputs are unobservable inputs referenced to valuation techniques (that are not included in quoted prices described in Level 1).

- On the basis of the accounting records kept by the Parent and by the other Group companies.

Pursuant to IAS 1 (revised in 2011) “Presentation of Financial Statements”, these consolidated annual accounts include the following statements for the year ended 31 December 2016:

- Consolidated statement of financial position.
- Consolidated statement of profit or loss and Consolidated statement of comprehensive income.
- Consolidated statement of changes in equity.
- Consolidated statement of cash flows.
- Notes to the consolidated financial statements.

2.2 Responsibility for the information and use of estimates

The information contained in these consolidated annual accounts is responsibility of the Parent’s Directors.

In the application of the Group’s accounting policies, which are described in Note 3, the Directors of the Parent Company are required to make judgements, estimates and assumptions about the carrying amounts of several assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Estimates and judgements that most significantly affect the amounts recognised in the annual accounts relate basically to the following:

- The fair value in business combinations. As it is described in Note 3, a business combination took place in 2014 entailing an estimation of the fair value of the assets and liabilities assumed in said operation. However, in the opinion of the Directors the amortized cost of substantially all the assets and liabilities assumed by the Group reflected their fair value at the date of acquisition and, therefore, it was not necessary to carry out complex valuation techniques nor subjective hypothesis.

- The calculation of impairment of goodwill on consolidation. The calculation of the recoverable amount of a cash-generating unit to which goodwill has been allocated requires the use of estimates. The recoverable amount is the higher of fair value less costs of disposal and value in use. The Group generally uses cash flow discounting methods to calculate these values. This requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.The carrying amount of goodwill at 31 December 2016 and 2015 is EUR 187,598 thousand. Details of the impairment test are set out in Notes 3-a and 3-d.

- The useful lives of intangible assets and property, plant and equipment. As it is explained in Notes 3-b and 3-c, the Group reviews its estimates of the amortization rates at the end of each year.

- Assessing whether provisions related to claims in progress should be registered (see Note 14-c). If it is probable for an obligation entailing an outflow of resources to exist at the end of the year, the Group recognizes a provision provided that its amount can be estimated reliably.

- Assumptions used in the calculation of the fair value of financial instruments, in particular financial derivatives.

Following the regular review process conducted by the Directors of the Parent Company, although these estimates were made based on the best information available at 31 December 2016, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. The change in estimates would be carried out prospectively , in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", recognising the effect of changes in estimates in the Consolidated Statement of Profit or Loss or in the Consolidated Statement of Changes in Equity, as appropriate.

2.3 New and revised EU-IFRSs

a) Standards and interpretations effective in the current period

These are the new standards, amendments and interpretations that are mandatorily effective in the years subsequent to the calendar year that began on 1 January 2016:

Standards, amendments and interpretations approved for use in the European Union		**Mandatory Application in the Years Beginning On or After**
Amendments to IAS 1.	These amendments include various clarifications relating to disclosures.	1 January 2016
Amendments to IAS 16 and 38”	It clarifies the acceptable methods of amortising property, plant and equipment and intangible assets.	1 January 2016
Amendments to IAS 11: "Accounting for acquisitions of interests in joint operations"	Provides guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business.	1 January 2016
Improvements to IFRSs 2012-2014	Minor amendments to a set of rules.	1 January 2016
Amendment to IAS 27: “Equity method in separate financial statements”	The equity method will be allowed in the separate financial statements of an investor.	1 January 2016
Amendments to IAS 16 and IAS 41: “Bearer plants”	Bearer plants will be measured at cost, rather than fair value.	1 January 2016
Amendments to IFRS 10 and IAS 28: “Disposal or transfer of assets between an investor and its associate / joint venture”	These amendments explain how to treat the result of these operations in the case of businesses related to assets.	1 January 2016
IFRS 9 “Financial Instruments”: classification, measurement and subsequent amendments to IFRS 9 and IFRS 7.	This standard replaces the requirements for classifying, derecognising and valuating financial assets and liabilities and hedge accounting (IAS 39).	1 January 2018
IFRS 15 "Revenue from contracts with customers"	This standard regulates revenue recognition replacing IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31.	1 January 2018

IFRS 9 "Financial Instruments" will replace IAS 39. The new standard changes the model for the classification and measurement of financial assets. It also introduces a new impairment model based on expected losses, rather than incurred losses, and measures to closely align hedge accounting with risk management activities.

IFRS 15 “Revenue from Contracts with Customers” is the new comprehensive standard for revenue arising from contracts with customers and it supersedes the following revenue Standards and Interpretations upon its effective date:

- IAS 18 Revenue;
- IAS 11 Construction Contracts;
- IFRIC 13 Customer Loyalty Programmes;
- IFRIC 15 Agreements for the Construction of Real Estate;
- IFRIC 18 Transfers of Assets from Customers; and
- SIC 31 Revenue-Barter Transactions Involving Advertising Services.

The new revenue standard applies to all contracts with customers except those that are within the scope of other IFRSs, such as leases, insurance contracts and financial instruments. The central recognition model is structured around the following five steps:

1. Identifying the contract with a customer.
2. Identifying the performance obligations in the contract.
3. Determining the transaction period.
4. Allocating the transaction price to the performance obligations in the contract.
5. Recognising revenue when (or as) the entity satisfies a performance obligation.

b) Standards and interpretations that will take effect from financial year 2017.

Standards, amendments and interpretations not approved for use in the European Union		**Mandatory Application Financial Years Beginning from**
Clarifications to IFRS 15	Identification of performance obligations, principal versus agent, the concession of licenses and their accrual at a point in time or over time, as well as certain clarifications to transition rules.	1 January 2018
Amendment to IFRS 2 Classification and valuation of share-based payments	These are limited amendments that clarify specific issues such as the effects of accrual conditions on share-based payments to be settled in cash, share-based payment classification when having net settlement clauses and certain aspects of changes in the type of share-based payment.	1 January 2018
Amendment to IFRS 4 Insurance contracts	It allows entities within the scope of IFRS 4 the option of applying IFRS 9 ("overlay approach") or its temporary exemption.	1 January 2018
Amendment to IAS 40 Reclassification of investment property	The amendment clarifies that a reclassification of an investment from or to investment property is only permitted when there is evidence of a change in its use.	1 January 2018
Improvements to IFRS Cycle 2014-2016	Minor amendments to a set of standards (different effective dates).	1 January 2018
IFRIC 22 Transactions and Advances in Foreign Currency	This interpretation establishes the "transaction date" for the purpose of determining the exchange rate applicable in transactions with foreign currency advances.	1 January 2018
Modification to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and their associate / joint venture	Clarification regarding the result of these transactions whether it is business or assets.	No defined date

IFRS 16 - Leases (IFRS 16) was issued by the IASB in January 2016. In accordance with the provisions of this standard, it will be applicable for financial years beginning on or after 1 January 2019. The standard permits its early application to entities that apply IFRS 15 at the initial date of application of IFRS 16 or prior to that date. To date, this standard has not yet been adopted by the European Union.

IFRS 16 addresses the accounting treatment, both from the point of view of the lessee and the lessor, of those contracts that are lease contracts or that contain a lease, as defined by the standard. In this regard, it is worth noting the greater detail, compared to the current standard, with which the standard addresses the process of determining whether a contract is or contains a lease.

The effects of the adoption of IFRS 16 for contracts in which one acts as lessor or lessee may be summarised as follows:

- From the point of view of the lessee, the application of IFRS 16 will mean that most leases are recognised in the balance sheet, eliminating the distinction between operating and financial leases. The appearance in the balance sheet will generally result in the recognition of an asset (the right to use the leased element) and a financial liability for the payment of rents. The standard includes an optional exemption for short-term and low-value leases. The income statement will also be affected because total expenditure will normally be higher in the first years of the lease and lower in the latter years. Furthermore, the current operating expense will be replaced by interest and depreciation (except in those cases where payments are variable). On the other hand, operating cash flows will be higher, to the extent that cash payments for the principal portion of the lease liability will be classified within financing activities.

- From the point of view of the lessor, the accounting registration of a contract that is or that contains a lease will not change significantly.

Regarding the interrelationship between the two standards, IFRS 15 excludes leasing contracts from the scope of this standard. Consequently, the determination of whether a contract entered into after the adoption of IFRS 16 is or contains a lease will determine which of the two standards, IFRS 15 (applicable to contracts for the delivery of goods or provision of services) or IFRS 16 (applicable to leases), will be applied to the corresponding income. Furthermore, IFRS 16 indicates that, in those contracts that are or that contain a lease, IFRS 15 should be applied to assign value to each differentiated component, an especially relevant circumstance in those cases where the contract contains service components and leasing components. Finally, as already indicated, early adoption of IFRS 16 requires that IFRS 15 has also been adopted.

Given the relevance and interrelationship between the two standards, the Parent Company has initiated a simultaneous process to analyse how they both impact on the main transactions carried out to date and the possible types of transactions that are expected to be entered into in the coming financial years.

The mentioned process has been structured in the following parts:

a) Determination of what types of transactions are subject to both standards. Initiated during the financial year 2016, this work aims to determine:

    i. For each segment of activity, determine whether the contracts with their customers are or contain leases, as well as what components exist;

    ii. For each segment of activity, what types of contracts signed with their suppliers are or contain leases and, if applicable, what components should be differentiated.

b) Determination what would be the accounting registration indicated by IFRS 15 and IFRS 16 for each contract and for each type of contract analysed.

c) Given the high volume of contracts for which it would be a lessee, definition of methodologies to standardise the application of judgments and calculation of key data for the accounting registration (such as lease terms or interest rates to be used).

d) Identification of the operational implications at the level of processes and systems.

e) Implementation and evaluation of transition options.

With respect to other detailed rules and amendments, the Parent Company's Directors have evaluated the potential impacts of their future application and consider that their entry into force will not have a significant effect on the consolidated annual accounts.

Furthermore, the new standards, amendments or interpretations indicated above have not been adopted in advance.

2.4 Basis of consolidation

Uniformity of items

In order to uniformly present the various items composing the accompanying consolidated annual accounts for the year ended 31 December 2016, the same accounting policies have been applied to all of the companies included in the consolidated Group, adjusting when necessary the corresponding annual accounts and financial statements of such companies to bring their accounting policies into line with those of the Group. The effect of the adjustments and reclassifications carried out to this purpose is not significant.

In this sense, both the Parent Company and its subsidiaries end their financial year on 31 December 2016.

Subsidiaries

According to the model of consolidation under international accounting standards (mainly IFRS 10, 11 and 12), subsidiaries would be those entities over which the Parent Company is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Parent Company is exposed or has rights to variable returns from its involvement with the subsidiary when the returns that it obtains may vary depending on the economic performance of said entity.

Relevant information about the companies included in the consolidated Group is provided in Note 1.

Consolidation method

The annual accounts and financial statements of the subsidiaries are fully consolidated. Consequently, all of the significant balances and transactions between the consolidated companies have been eliminated upon consolidation.

2.5 Aspects related to comparative information

Within the normal exercise of its activity and as part of its strategy, the Group has established various commercial formulas for the fleet disposal, among which is the direct acquisition of vehicles for rental and subsequent sale to third parties, once the estimated period of possession has finalised. This form of fleet is known within the sector as "Risk Fleet ".

During the current financial year, the Group has adapted the accounting policy related to the risk fleet to adapt it to the accounting treatment considering the interpretation of the recently published regulations.

In particular, and in application of the abovementioned interpretation of the mandatory regulations, once the fleet is sold, the Group reclassifies it to the "Inventories" heading on the date on which the change of use is agreed, and, consequently, the income derived from the disposal is presented as part of revenue.

Furthermore, the Group had recorded certain vehicles subject to repurchase (buy back) agreements in tangible fixed assets based on the transfer of the significant risks and benefits inherent to their ownership (see note 3 (c)). Based on the interpretation of the recently published regulations mentioned above, also considering its policy of vehicle acquisition and fleet management, as well as the economic substance of the global agreements reached with manufacturers or dealers, the Group has adapted its accounting policy so that vehicles subject to repurchase agreements are classified as a lease agreement and are accounted for in accordance with the criteria set forth in IAS 17, since, in view of the above factors, there is in general an economic incentive to return the vehicle. The Group has reclassified certain buy back contracts from property, plant and equipment to operating leases in compliance with current regulations.

In accordance with current accounting regulations, comparative information for financial year 2015 has been restatement, and therefore figures for this financial year have been modified. However, this change has no impact on the Group's adjusted EBITDA, the net result or the variables that affect the Group's mandatory financial ratios.

In particular, the items affected by this change for financial year 2015 have been the following:

	Miles de euros	
	Cr	Dr
Property, plant and equipment (Non-current assets)	-	60,842
Financial investments (Current assets)	52,177	-
Prepayments (Current assets)	8,665	-
Income proceeds from the sale of vehicles	-	51,509
Cost of vehicles sales	51,509	-
Fixed asset amortisation and buy back renting costs	-	4,801
Impairment and profit/loss on disposal of fixed assets	4,801	-

2.6 Functional currency and currency of presentation

These consolidated annual accounts corresponding to the year ended on 31 December 2016 are presented in thousands of euros. The functional currency of the Group and of the Parent Company is the euro.

3. Significant accounting policies

The principal accounting policies and principles, as well as valuation criteria used by the Group in preparing these accompanying consolidated annual accounts for the year ended on 31 December 2016, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, were as follows:

a) Business combinations

The acquisition of the control of a depending company by the Parent Company is a business combination in which the acquisition method is applied. In subsequent consolidations, the elimination of the investment-equity related to the depending companies will be generally carried out based on the figures resulting from applying the acquisition method that is described below at the date control is obtained.

Business combinations are accounted for by applying the acquisition method for which the acquisition date and the cost of the combination are determined and calculated. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax asset or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 respectively;

- Liabilities or equity instruments related to share-based payment arrangement of the acquiree or share-based payment arrangements of Group entered into replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Liabilities assumed include contingent liabilities provided that they represent current obligations arising from past events with a fair value that can be reliably estimated.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquire (If any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire, the equity interests issued by the Group and any other contingent consideration depending on future events or on the meeting of certain criteria in exchange for control of the acquire.

If, after reassessment, the net of the acquisition-date amounts of the identifiable asset acquired an liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognized immediately in the profit or loss as bargain purchase gain.

The fees paid to the legal advisers and other professionals that have intervened in the combination, as well as all of the internally generated expenses regarding these concepts are not part of the cost of said combination and, therefore, they are charged as an expense on an accrual basis.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire, the equity interests issued by the Group and any other contingent consideration depending on future events or on the meeting of certain criteria in exchange for control of the acquire.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

If at the end of the year in which the business combination has taken place the valuation processes that are needed to apply the aforementioned acquisition method cannot be concluded, the accounting of the business combination would be considered to be provisional. These provisional amounts can be adjusted in the period that is necessary to obtain the required information which cannot exceed one year in any case. The effects of the adjustments made are accounted for retrospectively and they would modify the comparative information if it were necessary.

b) Intangible assets

Goodwill

Goodwill arising on business combinations is recognised under the heading "Goodwill" of the consolidated statement of financial position. It represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the subsidiary at the date in which the business combination takes places.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. In this sense, a cash-generating unit is defined as an identifiable group of smaller assets that generates cash flows for the Group that are basically independent from cash flows derived from other assets or groups of them.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit to the limit of the higher value between the following: fair value less selling costs, value in use and zero.

Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Individually acquired intangible assets

Intangible assets acquired individually are initially recognised at acquisition price or production cost. Afterwards, they are valued at cost less any accumulated amortisation and, if applicable, any impairment losses calculated in accordance with the criterion mentioned in the Note 3-d. Intangible assets with an indefinite useful life are not amortised (goodwill and trademarks) but they are assessed for impairment, at least once a year.

The Group amortises its intangible assets using the straight-line method, distributing the cost of the assets over the estimated useful life years. For the calculation of amortisation charges, the Group has considered the following amortisation rates:

	Amortization Rate
Intangible assets	16.66%

The Group reviews and adjusts prospectively when the residual value, useful life and method of amortisation of intangible assets are necessary at the close of each financial year. Changes in the criteria initially established are recognised as a change in estimation.

Patents, trademarks and similar intangible assets

Patents, trademarks and similar intangible assets reflect the costs incurred on the acquisition of ownership or rights to use or on their registration. The assets registered under this heading present an indefinite useful life and thus they are not amortised annually.

Computer software

Computer software accounts reflect the costs incurred on the acquisition of computer software. The maintenance costs related to computer applications are charged as expenses in the period in which they occur. The amortisation of the computer software is carried out annually on a straight-line basis over a three-year period.

Internally-developed intangible fixed assets

These assets included in intangible assets are recorded at cost of production, following the same principles as those established in the determination of the production cost of inventories. Intangible assets are included in the consolidated balance sheet at cost of less accumulated depreciation and impairment losses.

The expenses incurred in the internal development of software applications and other intangible assets are capitalized to the extent that they are specific and individualized projects that meet the following conditions:

- The disbursement attributable to the performance of the project can be reliably measured.
- The assignment, allocation and distribution over time of project costs are clearly established.
- There are well-founded reasons for technical success in the performance of the project, both for the case of direct exploitation, and for the sale to a third party of the result of the project once completed, if there is a market.
- The economic-commercial profitability of the project is reasonably assured.
- The financing to complete the project, the availability of adequate technical or other resources to complete the project and to use or sell the intangible asset are reasonably assured.
- There is an intention to complete the intangible asset, in order to use or sell it.

The expenses charged to income in prior financial years cannot be subsequently capitalized when the conditions are met.

c) Property, plant and equipment

Property, plant and equipment is measured at cost of acquisition or production, using the same criteria as for determining the cost of production of inventories. Property, plant and equipment are carried at cost less any accumulated depreciation and impairment, if any, as mentioned in Note 3-d.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognised as additions to property, plant and equipment, and the items replaced or renewed are derecognised. Periodic maintenance, upkeep and repair expenses are recognised in the consolidated statement of profit or loss on an accrual basis as incurred.

The Group amortises its property, plant and equipment by distributing the cost of the asset on a straight-line basis over its useful life. In order to calculate the corresponding amortisation, the Group has considered the following rates of amortisation:

	Amortization Rate
Buildings	3%
Technical installations and machinery	8% - 12.5%
Other installations, equipment and furniture	10% - 25%
Information technology equipment	25%
Motor vehicles	15% - 25%
Other property, plant and equipment	10% - 25%

The Group reviews the residual value, useful life and method of amortisation of property, plant and equipment at the close of each financial year. Changes in the criteria initially established are recognised as a change in estimation.

The Directors of the Parent Company consider that the carrying amount of the assets does not exceed their recoverable amount, which is calculated on the basis described in Note 3-d.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale price less any selling costs and the value in books of the asset and it is recognised in the consolidated statement of profit or loss.

Nevertheless, in the normal course of its business, the Group directly acquires vehicles for rental and subsequent sale to third parties once their estimated period of possession has finalised. When the mentioned vehicles are sold, they are reclassified to "Inventories" on the date on which the change of use is agreed upon and, consequently, the income derived from the disposal is recorded.

Vehicles under repurchase agreements

Vehicles under repurchase agreements are those for which the companies comprising the Group and the manufacturers or vehicle dealerships have entered into agreements whereby, at the end of the holding period, these assets will or can be bought back by the manufacturers or dealerships.

For acquisitions of vehicles subject to these repurchase agreements, the Group companies assess whether ownership, in accounting terms, has been transferred under the agreements. If this is the case, the accounting principles described for the remaining items of property, plant and equipment are applied.

Where ownership, in accounting terms, of the vehicles is not transferred, these assets are recognised as operating leases, as described below.

At the outset of the agreement, the difference between the initial payment and the fair value of the estimated repurchase price agreed by the parties is recognised as a prepayment of expenses to be incurred on the operating lease for the use of these vehicles and is classified under prepayments for current assets. This prepayment is recognised as a lease expense in the consolidated statement of profit or loss under “Fixed asset amortisation and buy back renting expenses” on a straight-line basis over the holding period of these vehicles.

At the outset of the agreement, the fair value of the repurchase price is recognised separately under “financial investments” and the accounting principles described in letter f) of this Note.

d) Impairment of property, plant and equipment and intangible assets

At the end of each reporting period or whether there is any indication of an impairment loss, the Group tests the intangible assets and property, plant and equipment for impairment to determine whether the recoverable amount of the assets has been reduced to below their carrying amount. At 31 December 31 2016, based on the assessment made on external and internal factors, the Directors of the Parent Company consider that there are not relevant indications of impairment. In any case, the Group has proceeded to estimate the possible loss of value of tangible assets as part of the annual evaluation of goodwill allocated to groups of cash generating units.

The procedure applied by Group management to perform the impairment test consists of ascertaining the recoverable amounts calculated for each cash-generating unit. However, whenever possible, in the case of property, plant and equipment, impairment is calculated on a case-by-case basis. Where the asset itself does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The Group identifies as groups of cash-generating units the assets assigned to each of the companies comprising the Group.

The recoverable amount is calculated as the higher value between fair value less disposal costs and value in use. In assessing value in use at 31 December 2016, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks that are specific to the asset for which the estimates of future cash flows have not been adjusted.

In case of need to recognize an impairment loss for a group of cash-generating units to which it is assigned all or part of a goodwill, it is first reduced the book value of the goodwill relating to that unit. If the impairment loss exceeds the amount of it, then it is reduced in proportion to its book value, the remaining assets of the group of cash generating units, to the limit of the higher of the following: its fair value less selling costs, value in use and zero.

Where an impairment loss subsequently reverses, circumstance not permitted in the specific case of goodwill, the carrying amount of the asset or cash-generating unit is increased up to the revised estimate of its recoverable amount, recognized as an expense, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. That reversal of an impairment loss is recognised as income.

e) Operating leases

Lessor accounting records

The Group has conveyed the right to use certain assets, mainly motor vehicles, through lease contracts.

Leases which transfer to third parties substantially all the risks and rewards incidental to ownership, in accounting terms, of the assets are classified as finance leases, otherwise they are classified as operating leases. In essence, all of the leases of the Group are classified as operating.

Assets leased to third parties under operating lease contracts are presented according to their nature, applying the accounting policies set out in Note 3-c).

Operating lease income, net of incentives granted, is recognised in income on a straight-line basis over the lease term.

Lessee accounting records

The Group has rights to use certain assets through lease contracts.

Leases in which the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases, otherwise they are classified as operating leases.

Lease payments under an operating lease, net of incentives received, are recognised as an expense on a straight-line basis over the lease term under the heading “Other operational expenses” of the consolidated statement of profit or loss, unless another systematic basis of distribution is more representative as it more adequately reflects the time pattern of lease benefits for the user.

Contingent lease payments are recognised as an expense when it is probable that the Group is going to incur in them.

Operating leases are deemed to be arrangements in which the lessor grants the lessee the right to use an asset during a specific period of time in exchange for a sole payment or a series of payments. These leases cannot be considered finance leases as the ownership of the leased asset and substantially all the risks and rewards relating to the leased asset remain with the lessor.

f) Financial instruments

Financial assets

Financial assets are initially recognised in the consolidated statement of financial position at the fair value of the consideration given plus any directly attributable transaction costs.

The financial assets held by the Group relate to loans and receivables which are financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Group's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market. Subsequently they are measured at nominal value which, in the opinion of the Parent Company's Director, does not differ significantly from amortised cost, and the interest income is recognized in consolidated statement of comprehensive income on the basis of the nominal interest rate.

At least at each reporting date the Group tests its financial assets not measured at fair value through profit or loss for impairment. Objective evidence of impairment is considered to exist when the recoverable amount of the financial asset is lower than its carrying amount. When such impairment occurs, it is recognized in the consolidated statement of profit or loss.

In particular, the Group registers impairment losses under the heading “Trade and other receivables” when there is a remote probability to recover the amounts registered under said heading.

The Group derecognises a financial asset when it expires or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred, such as in the firm sale of assets and transfers of commercial credit in “factoring” operations in which the Company has no credit or interest-rate risk, has extended no guarantees or assumed any other type of risk.

Conversely, the Group does not derecognise financial assets, but recognises a financial liability for an amount equal to the consideration received, in the assignments of financial assets in which substantially all the risks and rewards associated with ownership of the assets are retained, such as the discounting of notes and “factoring with recourse”.

Financial liabilities

Financial liabilities are initially recognised at fair value and they are classified in accordance with the content and the substance of the contractual arrangements.

The main financial liabilities held by the Group are classified as held-to-maturity financial liabilities. Interest-bearing bank loans are recognized at the proceeds received, net of direct issue costs. Borrowing costs, including premiums payable on settlement or redemption and direct issue costs, are recognized in the consolidated statement of comprehensive income on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

The effective interest rate is the discount rate that exactly matches the carrying amount of a financial instrument to all its estimated cash flows of all kinds through its residual life. For fixed rate financial instruments, the effective interest rate coincides with the contractual interest rate established on the acquisition date plus, where applicable, the fees that, because of their nature, can be equated with a rate of interest. In the case of floating rate financial instruments, the effective interest rate coincides with the rate of return prevailing in all connections until the date on which the reference interest rate is to be revised for the first time and, therefore, the Parent Company's Directors consider that the differences arising from the changes in interest rate that could arise will not be material.

When the maturity of the loans is subject to express annual renewal at the decision of the lender or the associated terms and the conditions to be fulfilled used to calculate the future borrowing costs cannot be estimated reliably, the aforementioned financing is recognized at nominal value.

Payable to suppliers and trade payables are not interest bearing and are stated at their nominal value, which does not vary substantially from their fair value.

The Group writes-off the financial liabilities only when obligations, specified in the contract that generates them, have been met, cancelled or expired.

Financial assets and financial liabilities held for trading

Financial assets or financial liabilities held for trading are those which are classified as held for trading from initial recognition. A financial asset or financial liability is classified as held for trading if it:

- Originates or is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
- Forms part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or
- Is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial assets and financial liabilities held for trading are initially recognised at fair value. Transaction costs directly attributable to the acquisition or issue are recognised as an expense when incurred.

After initial recognition, they are recognised at fair value through profit or loss. Fair value is not reduced by transaction costs incurred on sale or disposal. Accrual interest and dividends are recognised separately.

The Group does not reclassify financial assets or financial liabilities into or out of this category while recognised in the consolidated statement of financial position, except when there is a change in the classification of hedging financial instruments.

Determining the fair value of financial assets and liabilities

The fair value of the financial assets and liabilities is determined as described below:

- The fair value of the financial assets and liabilities, under standard terms and conditions, which are traded in active and liquid markets, will be based on quoted market prices.
- The fair value of other financial assets and liabilities (excluding those mentioned in the paragraph above) will be determined according to generally accepted valuation models on the basis of discounted cash flows using the observable market transaction prices and the quotations of the contributors for similar instruments.

The Directors of the Parent Company consider that the carrying amount of the financial assets and liabilities included in the amortised cost recognised in the current consolidated annual accounts approximates their fair value. Furthermore, substantially all of the financial assets and liabilities at 31 December 2016 and 2015 correspond to instruments valued at amortised cost.

Equity instruments

An equity instrument represents a residual share in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Parent Company are recognised in consolidated equity at the proceeds received, net of direct issue costs.

g) Classification of current and non-current balances

Current assets are assets associated with the normal operating cycle, which in general is considered to be one year; other assets which are expected to mature, be disposed of or be realised within twelve months from the end, financial assets held for trading, with the exception of financial derivatives which settlement exceeds a year and cash. Assets that do not meet these requirements are mark as non-current assets.

Similarly, current liabilities are liabilities associated with the normal operating cycle, and financial liabilities held for trading, with the exception of financial derivatives which settlement exceeds a year, and in general all obligations that will mature or be extinguished at short term. All other liabilities are classified as non-current liabilities.

h) Corporate income tax and deferred tax

The expenses or incomes due to taxes on profit are related to the part of expenses or incomes for current taxes and the part corresponding to the expenses or incomes for deferred tax.

The current tax is the amount that the Company pays as a result of tax payments on the corresponding profits produced in a financial year. The deductions and other tax advantages in the tax rate, excluding the withholding of tax and payment on account, as well as losses compensated in tax from previous years and effectively applied to the current tax year, result in a lesser amount of current tax.

Expenses or incomes due to deferred taxes correspond to the recognition and cancellation of assets and liabilities due to deferred taxes. These include the provisional differences that are identified as those amounts payable and redeemable deriving from the differences between the amounts on books in assets and liabilities and their tax value, as well as the negative taxable base pending compensation and the credits for tax deductions not applied in tax. Such amounts are registered applying to the provisional difference or credit that corresponds to the type of lien that should be recuperated or paid.

Liabilities due to deferred taxes are recognized for all the different tax bases, except for those deriving from the initial recognition of goodwill value or of other assets and liabilities in an operation which affects neither the tax results nor the accounting results and is not a combined trading.

On the other hand, the assets due to deferred taxes are only registered as they are considered possible when the Company considers that is possible to generate future taxable profits in order to pay taxes and not resulting from the initial recognition, except in a business combination, of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. The remaining deferred tax assets (tax losses and deductions pending) are only recognized if it is probable that the consolidated entities will have sufficient future taxable profits against which to utilize them.

Current tax and deferred tax are recognized against the Consolidated Statement of Comprehensive Income, except when they are associated with transactions that are recognized in the consolidated equity, in which case the current tax and deferred tax is also recognized in the consolidated equity. When the current tax and deferred tax arise from the accounting of a business combination, the tax effect is recognized in the accounting of the combination.

At each closing date, the assets due to deferred taxes registered are considered, making the corresponding corrections to these if there is doubt whether such can be redeemed. Furthermore, at each closing date, the assets due to deferred taxes which are not registered in the balance sheet and are recognized possible as redeemable with future tax benefits.

i) Revenues and expenses

Revenues and expenses are recognized depending on an accrual basis, that is to say, when the actual flow of related assets and service occurs, notwithstanding the time of occurrence of financial or money flow resulting from these. Revenues are valued at their fair values of the consideration received, deducting discounts and taxes.

Sale revenue is recognised when the Company transfers the significant risks and rewards incidental to the ownership of the sold asset, which include not having effective control over the asset and not being able to manage it.

Revenues associated with the rendering of services are recognised in the income statement by reference to the stage of completion at the reporting date when revenues, the stage of completion, the costs incurred and the costs to complete the transaction can be estimated reliably and it is probable that the economic benefits derived from the transaction will flow to the Group.

j) Termination benefits

Under current legislation, the Group companies are required to pay termination benefits to employees, under certain conditions. Termination benefits that can be reasonably quantified are recognised as an expense in the year in which the decision to terminate the employment relationship is taken The accompanying financial statements at 31 December 2016 do not include any provision in this connection, since no situations of this nature are expected to arise.

k) Provisions and contingencies

The Directors of the Parent Company in the elaboration of the current annual accounts of the year ended on 31 December 2016 differentiate between:

a) Provisions: credit balances that cover current obligations arising from past events, whose cancellation is likely to lead to the exit of resources, but which are undetermined with regards to the amounts and/or time of cancellation, and

b) Contingent liabilities: possible obligations emerged as consequences of past events, whose future materialisation is conditioned by the occurrence or non-occurrence of one or more future events not wholly within the Group's control.

The consolidated annual accounts of the year ended on 31 December 2016 include all the important provisions with respect to which one considers the possibility of attending such an obligation is greater than otherwise. The contingent liabilities are not registered in the annual accounts at 31 December 2016, but rather are disclosed, unless the possibility of an outflow in settlement is considered to be remote.

Provisions are valued at their present value of the best possible estimate of the amount required to cancel or transfer the obligation, taking into account the information available on the event and its consequences, and the adjustments are registered as they emerge on updating the said provisions as financial costs according to their accrual periods.

The compensation to be received from a third party at the time of liquidating the obligation, as long as there are no doubts to that such refund will be perceived, is registered as an asset, except for those cases in which there is a legal attachment for which part of the risk is outsourced, and in virtue of which the Company is not obliged to respond; in such case, the compensation will be taken into account in order to estimate the amount for which, if applicable, the corresponding provision appears.

l) Offsetting balances

Only offset each other, and are presented in the consolidated statement of financial position on a net basis, debtor and creditor balances arising from transactions in which, contractually or by operation of a legal regulation, contemplating offset and the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

m) Activitites with environmental impact

Environmental activity is defined as any action intended to prevent, regulate or repair damage to the environment.

Investments in environmental activities, if any, are valued at acquisition cost and capitalized as cost of assets in the year in which they are incurred.

Environmental protection and improvement expenses are charged to consolidated statement of profit or loss in the year in which they are incurred, regardless of when the resulting monetary or financial flow arises.

Provisions for probable or certain, litigation in progress and indemnities or obligations of an undetermined amount of an environmental nature, not covered by insurance policies, are constituted at the time when the liability or obligation that determines the indemnity or payment rises.

n) Transactions with related parties

The Group performs all the intercompany transactions at market values. Additionally, the transfer pricing is adequately supported so that the Directors of the Parent Company consider that there are no significant risks in this connection that might give rise to significant liabilities in the future.

o) Consolidated Cash Flow Statement

The meanings of the following expressions in the Consolidated Cash Flow Statement prepared using the indirect method are:

- Cash flows: inflows and outflows of cash and cash equivalents, this includes investments that are short term, highly liquid insignificant risk of changes in value.
- Operating activities: typical activities of the Companies of the Group, as well as other activities that could not be classified as investing or financing activities.
- Investing activities: the acquisition, sale or disposal of long-term assets and other investments not included in cash and cash equivalents. The Group, according to the IFRS 7, assess to disclose the cash flows attending to the appropriateness to their nature. Investing cash flows include cash flows relating to the acquisitions and disposals of vehicles under repurchase agreements independently whether ownership, in accounting terms, has been transferred under the agreements (see note 3 (c)).
- Financing activities: activities which produce changes in the size and composition of equity and liabilities that are not part of operating activities.

p) Financial information by segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur in expenses, whose operating results are regularly reviewed by the Group's chief decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

q) Adjusted EBITDA

In order to give more information on the profit or loss of the year, the Management of the Group has included an intermediate margin in the accompanying consolidated financial statement integral result of the years 2016 and 2015 titled “adjusted EBITDA” which includes all of the income and expenses of the year except for:

- Income or expense arising from corporate tax.
- Financial income and expenses.
- Fixed asset amortisation expenses and buy back renting costs.
- Income and expenses that are considered non-recurring because of their nature.
- Impairment and profit/loss on disposal of fixed assets.

r) Adjusted EBIT

In order to give more information on the profit or loss of the year, the Management of the Group has included an intermediate margin in the accompanying consolidated financial statement integral result of the years 2016 and 2015 titled “adjusted EBIT” which includes all of the income and expenses of the year except for:

- Income or expense arising from corporate tax.
- Financial income and expenses.
- Income and expenses that are considered non-recurring because of their nature (see note 11(f)).

s) Conversion of business abroad

The conversion into euros of business abroad whose functional currency is not that of a hyper-inflationary country has been carried out by applying the following criterion (IAS 21.39):

- Assets and liabilities, including goodwill and adjustments to net assets arising from the acquisition of the businesses, including comparative balances, are converted at the closing exchange rate at each balance sheet date;
- Revenues and expenses, including comparative balances, are converted at the exchange rates prevailing on the date of each transaction; and
- Exchange rate differences resulting from the application of the above criteria are recognised as translation differences in other comprehensive income;

This same criterion is applicable to the conversion of the financial statements of the companies accounted for using the equity method, recognising the translation differences corresponding to the Group's shareholding in other comprehensive income.

In the presentation of the consolidated statement of cash flows, the cash flows, including comparative balances, of foreign subsidiaries and joint ventures are translated to euros using the exchange rates prevailing at the date they were incurred.

Translation differences recorded in other comprehensive income are recognised in profit or loss as an adjustment to profit or loss on the sale, following the criteria set forth in the sections relating to subsidiaries and associates.

4. Business combinations and Goodwill

Cost of the business combination

At 18 December 2014 the Parent Company took control of the Goldcar Group through several operations in a single act. Information on the acquisition process is detailed in the consolidated financial statements for financial year 2014.

Moreover, in the purchase agreement signed between Car Rentals Topco, S.L. and Alcor Sociedad Estratégica S.L., a contingent future consideration was established. This consideration is subject to the attainment of a specified minimum corporate EBITDA during the years 2014, 2015 and 2016. In this sense, the degree of compliance with the corporate EBITDA is independent each year as long as a series of contingent conditions are additionally met which can only be verified at the moment of divestment of the buyer.

At the acquisition date, and at 31 December 2016 and 2015, the Directors of the Sole shareholder of the Parent Company estimated that the fair value of such contingent consideration will be EUR zero since its probability of occurrence cannot be estimated, nor valued reliably.

Goodwill

The balance for financial year 2016 under the "Goodwill" heading assigned to each of the cash-generating units is as follows:

Sociedad	Miles de Euros 2016
Goldcar Italy S.r.L.	27,009
Goldhire Portugal Lda.	44,851
Goldcar Spain S.L.	115,737
Goldcar France S.à.r.l.	1
Total	**187,598**

This item has had no movements during the financial year.

The movement for the year 2015 under the heading “Goodwill”, which has been allocated to each cash-generating unit has been the following:

	Thousands of Euros			
	2015			
Company	**Balance at 12/31/2014**	**Additions**	**Retirements**	**Balance at 12/31/2015**
Goldcar Italy S.r.L.	26,683	326	-	27,009
Goldhire Portugal Lda.	44,851	-	-	44,851
Goldcar Fleets Spain, S.L.U.	214	-	(214)	-
Goldcar Spain S.L.	115,737	-	-	115,737
Goldcar France S.à.r.l.	1	-	-	1
Total	**187,486**	**326**	**(214)**	**187,598**

The goodwill corresponds to the difference between the fair value of the acquired assets and assumed liabilities and the cost of the business combination at the date of acquisition of each identified cash-generating unit. In this sense, the consideration paid for the business combination includes amounts corresponding to know-how, benefit of the acquired synergies, expected growth of the business and workforce. These benefits are not recognised separately from the goodwill since they do not meet the criteria to be considered identifiable intangible assets.

The Group has defined as cash-generating units the different companies acquired in the business combination. A breakdown of the acquired companies is detailed in the following section.

The goodwill derived from the business combination explained in this note is not tax deductible.

Impairment analysis

Moreover, as it is indicated in Notes 3-1 and 3-d, the Group has performed the corresponding impairment test according to IAS 36.

The recoverable amount of the assets allocated to the CGUs has been calculated based on its value in use calculated as the present value of the future cash flows discounted at a discount rate considering the risk inherent in these flows.

The calculations of value in use and fair value use cash flow projections based for five-years based on the financial budgets approved by management. Cash flows estimated as of the year in which the CGU achieves a stable rate of growth are extrapolated using the estimated growth rates indicated below.

Company	Perpetual growth rate	Post-tax discount rate
Goldcar Italy S.r.L.	1.5%	8.2%
Goldhire Portugal Lda.	1.5%	9.4%
Goldcar Spain S.L.	1.5%	8.7%

Management determined the budgeted gross margins based on past experience and forecast market performance. Perpetual growth rates are coherent with the forecasts included in industry reports. The discount rate uses post-tax values and reflects specific risks related to the CGU.

Because the recoverable amount is considerably higher than the carrying amount of the net assets, specific information from the impairment test sensitivity analysis is not included.

5. Intangible assets

The movement in the accounts corresponding to intangible assets and their accumulated amortisation during the year 2016 and 2015 is as follows:

	Miles de Euros				
	Ejercicio 2016				
	Balance at 12/31/2015	Additions	Retirements	Transfers	Balance at 12/31/2016
Cost:					
Trademarks	18,919	-	-	-	18,919
Other intangible assets	4,130	2,909	172	(569)	6,642
Total cost	**23,049**	**2,909**	**172**	**(569)**	**25,561**
Accumulated amortisation:					
Trademarks	-	-	-	-	-
Other intangible assets	(359)	(502)	(4)	-	(865)
Total amortisation	**(359)**	**(502)**	**(4)**	**-**	**(865)**
Net value:					
Trademarks	18,919	-	-	-	18,919
Other intangible assets	3,771	2,407	167	(569)	5,776
Total net book value	**22,690**	**2,407**	**167**	**(569)**	**24,695**

	Thousands of Euros				
	2015				
	Balance at 12/31/2014	Additions	Retirements	Transfers	Balance at 12/31/2015
Cost:					
Trademarks	18,829	-	-	90	18,919
Other intangible assets	1,246	2,981	(7)	(90)	4,130
Total cost	**20,075**	**2,981**	**(7)**	**-**	**23,049**
Accumulated amortisation:					
Trademarks	-	-	-		-
Other intangible assets	(5)	(358)	4		(359)
Total amortisation	**(5)**	(358)	**4**		**(359)**
Net value:					
Trademarks	18,829	-	-	90	18,919
Other intangible assets	1,241	2,623	(3)	(90)	3,771
Total net book value	**20,070**	**2,623**	**(3)**	**-**	**22,690**

Trademarks

Under the caption described as “Trademarks”, the Group registers certain commercial trademarks acquired from the company Alcor Sociedad Estratégica, S.L. amounting to EUR 18,829 thousand. Based on an analysis of all the relevant factors, Group Management considers that there is no foreseeable limit to the period over which these trademarks are expected to generate net cash inflows for the Group and, therefore, the trademarks have been classified as intangible assets with indefinite useful lives. Accordingly, they are not amortised although their classification as assets with indefinite useful lives is reviewed at the end of each fiscal year and it is consistent with the Group’s related business plans.

The intangible assets with indefinite useful lives were assigned jointly with goodwill and their impairment has been analysed jointly with that goodwill (see note 4).

The Company has analysed the impairment of each intangible asset under development by calculating the recoverable amount thereof based on its fair value.

6. Property, plant and equipment

The movement of the property, plant and equipment accounts and their accumulated amortisation for the year 2016 and 2015 is detailed below:

	Thousands of Euros				
	2016				
	Balance at 12/31/2015	Additions	Disposals	Transfers	Balance at 12/31/2016
Cost:					
Land and buildings	370	-	(234)	-	136
Technical facilities and other property, plant and equipment	77,043	95,299	(38)	(72,115)	100,189
Property, plant and equipment in the course of construction and advances	51	221	-	(19)	253
Total cost	**77,464**	**95,520**	**(272)**	**(72,134)**	**100,578**
Accumulated amortisation:					
Land and buildings	-	(6)	-	-	(6)
Technical facilities and other property, plant and equipment	(567)	(19,358)	(12)	18,852	(1,085)
Total amortisation	**(567)**	**(19,364)**	**(12)**	**18,852**	**(1,091)**
Depreciation					
Technical facilities and other property, plant and equipment	(403)	(302)	40	-	(665)
Accumulated depreciation	**(403)**	**(302)**	**40**	**-**	**(665)**
Total net book value	**76,494**	**75,854**	**(244)**	**(53,282)**	**98,822**

	Thousands of Euros				
	2015				
	Balance at 12/31/2014	Additions	Disposals	Transfers	Balance at 12/31/2015
Cost:					
Land and buildings	370	-	-	-	370
Technical facilities and other property, plant and equipment	113,348	81,192	-	(117,497)	77,043
Property, plant and equipment in the course of construction and advances	2,521	46	-	(2,516)	51
Total cost	**116,239**	**81,238**	**-**	**(120,013)**	**77,464**
Accumulated amortisation:					
Technical facilities and other property, plant and equipment	341	(21,917)	-	21,009	(567)
Total amortisation	**341**	**(21,917)**	**-**	**21,009**	**(567)**
Depreciation					
Technical facilities and other property, plant and equipment	-	(593)	190	-	(403)
Accumulated depreciation		**(593)**	**190**	**-**	**(403)**
Total net book value	**116,580**	**58,728**	**190**	**(99,004)**	**76,494**

The main additions in 2016 and 2015 relate mainly to vehicles.

In the normal course of its business, the Group directly acquires vehicles for rental and subsequent sale to third parties after the end of their estimated period of possession. The transfers correspond mainly to the vehicles that are sold and are therefore reclassified in the "Inventories" heading on the date on which the change of use is agreed.

The impairment loses of Technical facilities and other property, plant and equipment corresponds to valuation adjustments arising as a result of missing or stolen vehicles at year-end, based on the net book value of such vehicles.

At 31 December 2016 fully depreciated property, plant and equipment total EUR 533 thousand (EUR 577 thousand in 2015) and have been recognised under technical installations and other items of property, plant and equipment.

At 31 December 2016 and 2015, there are no firm commitments to sell and purchase assets.

At 31 December 2016, certain transportation elements have been pledged to secure the proceedings described in Note 14.c which have net book value of EUR 36 thousand (EUR 703 thousand in 2015).

The policy of the Group is to take out insurance policies to cover the potential risks to which its fixed assets are subject. At 31 December 2016, the mentioned policies nearly cover the net book value of said elements.

7. Trade and other receivables and Financial investments

In connection with the Group's main activity, which is the renting of vehicles, its sales are mainly paid in cash causing the average credit and collection periods to be virtually zero. For this reason, there is no significant impairment in the accounts receivables.

Due to the Management's accounts receivable management policy and the Group's type of business, there are no provisions for significant insolvencies in this respect nor has there been any movement of this type of provisions in financial year 2016 or 2015.

Additionally, the Group's accounts receivables registered under the heading "Trade and other receivables" of the consolidated financial statement mainly comprise amounts due from manufacturers and, to a lesser extent, vehicle dealerships, primarily for vehicle sales derived fundamentally from sales of vehicles subject to repurchase agreements for which the transaction has taken place.

At 31 December 2016, the Group has derecognised an amount of EUR 19,168 thousand (EUR 16,978 thousand in 2015) in respect of factoring without recourse operations with a total fixed limit of EUR 20,000 thousand, and a variable limit for individual operations depending on the balance receivable that gave rise to the corresponding credit (see note 14 (b)).

The heading "Financial investments" mainly comprises the amounts receivable from manufacturers, primarily for vehicle sales with repurchase agreements, and reflect the fair value of the repurchase price (see note 3-c) of vehicles that have not yet been bought back.

The Group reflects its trade receivables at nominal value, provided that it does not differ significantly from its fair value.

8. Consolidated net equity and equity

a) Equity

Share capital

The share capital of the Parent company is represented by 21,500,000 shares of EUR 1 par value each, with a share premium of EUR 193,500 thousand, which have been created through the incorporation of the Parent company and two share capital increases of 17,197,000 and 4,300,000 shares each, executed through a public deed on 18 December 2014. All of the shares have been fully subscribed and paid as of 31 December 2014.

The shares of the companies that comprise the Group are not listed on any official organised market.

At 31 December 2016 and 2015, the shareholders of the Parent Company who are legal persons are International Car Rentals III S.à.r.l. and Alcor Sociedad Estratégica, S.L. owning 80% and 20% of the shares respectively.

Legal reserve

Under the Consolidated Spanish Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. Such reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for that purpose.

At the end of the year 2016, the Parent Company's legal reserve had not been legally constituted.

Capitalisation reserve

Appropriations shall be made to the capitalisation reserve in accordance with articles 25 and 62 of the Spanish Corporate Income Tax Law, which stipulates that this reserve must be appropriated in the amount of the reduction in the income tax base for the year to which the tax group is entitled. The right to a reduction in the income tax base of the tax group amounts to 10% of the increase in the capital and reserves of the tax group, as defined in this article, and in no case may exceed 10% of the income tax base of the tax group for the tax period prior to the reduction and the integration referred to in section 12 of article 11 of the Law and the offsetting of tax losses. However, in the event that the tax group has insufficient taxable income to apply the reduction, the amounts pending can be applied in the tax periods ending during the two successive years following the close of the tax period in which the right to the reduction was generated, together with the reduction that could apply in that year, subject to the aforementioned limit. The reserve is non-distributable and is subject to the tax group maintaining the increase in capital and reserves during a period of five years from the end of the tax period in which the reduction was generated, except in the event that the Company incurs accounting losses.

Consolidated reserves

Details by company of this heading at 31 December 2016 and 2015 are as follows:

	Thousands of Euros 2016	**Thousands of Euros 2015**
Car Rentals Parentco S.A.U.	(92)	-
Car Rentals Subsidiary S.A.U.	13,387	(897)
Goldcar Spain S.L.	2,005	(476)
Pulsar Rent a Car S.L.U.	(18)	-
Goldcar Hellas S.à.r.l.	(1,366)	-
Car Rentals Italy S.r.L.	(713)	(226)
Goldcar Italy S.r.L.	(649)	(274)
Goldshire Portugal Lda.	8,691	8
Goldcar Fleets Spain S.L.U.	(249)	29
Goldcar Fleetco S.A.	(7)	-
Goldcar Master S.L.	74	8
Goldcar France S.à.r.l.	(653)	-
Total	**20,410**	**(1,828)**

Basic earnings/(loss) per share

The basic earnings/losses per share in relation to continuing operations recognised for 2016 and 2015 are presented below, expressed in Euros per share:

	2016	**2015**
Total loss for the year (thousands of Euros)	24,512	22,169
eighted average of shares outstanding (thousands)	21,500	21,500
Basic earnings/(loss) per share	**1.1401**	**1.0311**

Since there is no dilutive effect on the losses per share, the basic losses and the diluted losses per share total the same amount.

9. Financial debt and Derivatives

Long term financial liabilities

The balance of the accounts registered under the heading “Financial debt” and “Derivatives” at the end of the year 2016 and 2015 are the following:

	Thousands of Euros		
	2015		
	Long-Term	**Short-Term**	**Total**
Senior Facility	301,274	5,585	306,859
Derivative financial instruments	183	-	183
Other debt with financial institutions	-	22	22
Total	**301,457**	**5,607**	**307,064**

	Thousands of Euros		
	2015		
	Long-Term	**Short-Term**	**Total**
Senior Facility	303,332	4,385	307,717
Derivative financial instruments	277	-	277
Other debt with financial institutions	-	72	72
Total	**303,609**	**4,457**	**308,066**

Almost of all the financial debt has a floating interest rate.

The detail of the due dates of the debt that is registered under the heading “Financial debt” of the non-current liabilities is as follows:

	Thousands of Euros	
	2016	**2015**
	Senior Facility	**Senior Facility**
2017	-	4,878
2018	7,087	7,228
2019	31,152	30,992
2020	263,035	260,234
Total	**301,274**	**303,332**

Characteristics of the Group's financial debt

Within the process of taking control of the Group carried out on 18 December 2014 (see Note 1 for a full description), the company Car Rentals Subsidiary, S.A.U. entered, as the debtor, along with Car Rentals Parentco, S.L.U., as the Parent Company, into a syndicated global financing agreement with several financial institutions. Both companies are Group companies. The financing totals an amount of EUR 450,000 thousand and it was subdivided in two parts:

- Senior Facility: the loan has a total nominal value of EUR 325,000 thousand. The amortised cost at 31 December 2016 of the mentioned loan amounts to EUR 306,859 thousand (EUR 307,717 thousand in 2015) and its aim is to finance the share purchase of the foreign companies comprising the Group (Goldhire Portugal Lda. and Goldcar Italy S.r.L.), the purchase of certain trademarks, to cancel the previously existing debt and to increase the operational flexibility of the Group. The senior facility was issued in two tranches and their most significant traits are the following:

    - “Tranche A” was granted for a total amount of EUR 50,000 thousand. The Group will annually amortise the accumulated drawn amounts through annual repayments until the due date, 18 December 2019.

    - “Tranche B” was issued for a total amount of EUR 275,000 thousand. The Group will amortise this amount through one sole payment to be made at the date of maturity which is 18 June 2020.

      The financing through Tranche A, as well as the financing through Tranche B bear a variable interest rate at Euribor-indexed (adjusted) plus a margin. The margin is computed on the basis of the leverage ratio of the Group which can range from 3.25% up to 3.75% for Tranche A and from 5% up to 5.50% for Tranche B.

- A revolving credit facility with an initial limit of EUR 125,000 thousand to finance the working capital of the Group in order to fuel its growth. This facility matures in 18 December 2019 and accrues interest on floating market rates based on Euribor plus a margin that is conditioned to certain financial figures of the Group measured at the date of disposal. At 31 December 2016 and 2015, no amount has been drawn from this facility. During financial year 2015, there were two extensions of the credit facility limit amounting to 25,000 thousand euros and 12,000 thousand euros. Furthermore, in financial year 2016, there was an extension of 13,000 thousand euros, raising the limit at the close to 175,000 thousand euros. In addition, at the beginning of 2017, the Group has extended this credit facility by an additional 75,000 thousand euros.

The effective interest rate of the senior facility for the year 2016 has been 7.33% (7.83% in 2015) and it has resulted in financial expenses amounting to EUR 24,304 thousand in the year 2016 (EUR 24,573 thousand in 2015), which are registered under the heading “Financial costs” of the consolidated statement of profit or loss (See Note 11.e).

Moreover and in accordance with said financing agreement, the Group has provided several guarantees to the creditor financial institutions and it is required to comply with several economic and equity ratios in relation to the consolidated financial statements as it is detailed in Note 14.

Derivative Financial Instruments

At 18 March 2015, the Group, through its subsidiary Car Rentals Subsidiary, S.A.U., has entered into derivative financial instruments to hedge its exposure to the interest rates of the syndicated financing described above. These financial instruments have been formalised through the following operations:

- An interest rate SWAP maturing on 31 December 2017 with a notional amount of EUR 50 million in which the Group pays a fixed monthly rate of 0.04% and charges a variable interest rate based on Euribor 1 M. This instrument would hedge tranche A of the syndicated financing.

- Two CAP agreements with a fixed interest rate (strike) of 1.50%. The two agreements have the same conditions maturing both on 18 December 2007 and having each notional amounts of EUR 137.5 million. The benchmark interest rate is Euribor 6 M. This instrument would hedge tranche B of the syndicated financing.

10. Public Administrations and tax position

Reconciliation of accounting profit/loss and tax base

The income tax is calculated on the basis of accounting profit or loss determined by application of generally accepted accounting principles which does not have to necessarily coincide with the taxable profit or the tax base.

The reconciliation between the accounting result and the taxable income of the theoretical Corporate Income Tax corresponding to 31 December 2016 and 31 December 2015, is as follows:

	Thousands of euros		
	2016		
	Additions	**Reductions**	**Total**
Accounting profit/loss before tax	-	-	28,534
Permanent differences	1,203	(2,213)	(1,010)
Temporary differences	-	(172)	(172)
Capitalization Reserve	-	(2,064)	(2,064)
Tax loss carryforwards from previous financial years	-	(23)	(23)
Tax base	**1,203**	**(4,472)**	**25,265**

	Thousands of euros		
	2015		
	Additions	**Reductions**	**Total**
Accounting profit/loss before tax	-	-	30,817
Permanent differences	3,071	(5,071)	(2,000)
Temporary differences	5,563	(6,230)	(667)
Tax base	**8,634**	**(11,301)**	**28,150**

Reconciliation of the consolidated accounting profit or loss before tax to the tax income or expense

The reconciliation of the accounting profit or loss before tax to the tax result corresponding to the tax period in financial year 2016 and 2015 is as follows:

	Thousands of Euros	
	At 31/12/2016 Profit or loss	At 31/12/2015 Profit or loss
Accounting profit/loss before tax	28,534	30,817
Tax charge	**7,387**	**8,705**
Deductions	(3,077)	(220)
Non-deductible expenses	305	870
Non-taxable income	(514)	(795)
Capitalisation reserve	(516)	(610)
Prior year adjustments	(46)	46
Tax loss carryforwards/ Unrecognised tax credits	483	652
Total tax expense/(income) recognised in the consolidated statement of profit or loss	**4,022**	**8,648**

Details of the tax expense/(tax income) in the consolidated statement of profit or loss are as follows:

	Thousands of Euros	
	At 31/12/2016	At 31/12/2015
Current tax		
For the period	7,164	8,670
Prior year adjustments	6	-
Previously unrecognised tax deductions	(2,629)	(256)
Tax loss carryforwards/ Unrecognised tax credits	(63)	-
Total	**4,478**	**8,414**
Deferred tax		
Property, plant and equipment	(169)	188
Tax deductions not recognised in previous financial years	(455)	-
Prior year adjustments	168	46
Total	**(456)**	**234**
From continuing operations	**4,022**	**8,648**

In financial year 2016, the company generated a deduction in order to avoid double taxation amounting to 2,732 thousand euros, of which 2,277 thousand euros have been applied in the settlement of the financial year, with the remaining 455 thousand euros pending application for future financial years. The balance of the deduction pending application is expected to be fully utilised in financial year 2017.

Withholdings and payments on account made during 2016 amounted to Euros 5,168 thousand (Euros 9,710 thousand in 2015).

Deferred tax assets and liabilities

Details of the Deferred tax assets at the consolidated statement of financial position at 31 December 2016 and 2015 are as follows:

	Thousands of Euros	
	31/12/2016	31/12/2015
Limit on deductibility of amortisation/depreciation	415	466
Tax loss carryforwards	305	349
Deductions	455	-
Others	15	130
Total	**1,190**	**945**

Regarding the limit on the deductibility of amortisation/depreciation (applicable in 2013 and 2014) was partially recovered in 2015 as it related to the depreciation of the fleet of vehicles expected to be withdrawn from service between 2015 and 2017.

In relation to the negative tax bases and given that they were generated independently by a Spanish company under the individual income tax regime, the recoverability of the negative tax bases will depend on the tax bases generated by that company for the periods beginning after 1 January 2015.

Furthermore, the detail of the heading “Deferred tax liabilities” registered in the consolidated statement of financial position at 31 December 2016 and 2015 is the following:

	Thousands of Euros	
	31/12/2016	31/12/2015
Other	-	219
Total	**-**	**219**

At end of the year 2016, there are no pending deductions nor temporary differences related to investments in depending companies and related parties or to interests in joint ventures for which deferred tax liabilities have not been recognised.

The negative tax bases registered in in the accompanying consolidated statement of financial position have no temporary limit.

The current tax rates applicable to the Spanish companies in the group for the financial years beginning on or after 1 January 2015 and following are set at 28% and 25%, respectively.

In relation to the deduction for reinvestment of extraordinary profits established in article 42 of the Royal Legislative Decree 4/2004, of 5 March, for which the Revised Text of the Corporate Tax Law is approved by, the following information is provided.

Period	Gains	Deduction Applied	Reinvestment Period
2010	3,265	355	2009-2013
2011	1,747	210	2010-2014
2012	1,238	149	2011-2014
2013	964	116	2012-2014

The Group has a commitment to maintain the assets and liabilities for which it received a deduction for reinvestment for five years, or three years in the case of moveable property, unless the amount obtained or the carrying amount, if lower, is to be reinvested.

Years open to inspection

Under current tax regulation, taxes cannot be deemed definitive until they have been inspected by the tax authorities or the corresponding prescription period of four years has passed. As a consequence of the possible different interpretations of the current tax regulation, among other reasons, additional liabilities could arise as a result of an inspection. In any case, the Directors of the Parent Company believe that in the case that the mentioned liabilities arise they would not significantly affect the annual accounts.

At 31 December 2016, the Parent Company has the period 2014 open to inspection since it has been incorporated in that period and at 31 December 2015 and 2016. The subsidiaries have all of the main applicable taxes open to inspection by the tax authorities since January 2013, except for the income tax which is open to inspection since the year 2012. Subsidiaries with tax residence in countries other than Spain, are open to inspection their taxes based on current tax laws in each country The Directors of the Parent Company believe that, in the event that an inspection takes place, no additional relevant liabilities will arise.

Tax consolidation

The Spanish companies comprising the consolidated Group will be taxed from January 2015 onwards under the consolidated tax regime established in Chapter VI of the Title VII of the Spanish Corporation Law (27/2014) of the Income Tax.

Moreover, the Spanish companies comprising the consolidated Group have applied the special regime for groups of entities in relation to the value added tax established in Chapter IX of Title IX of the Value Added Tax Law (37/1992) to the operations carried out from 1 January 2015 onwards.

11. Income and expenses

a) Revenue

Revenues mainly derive from the commercialization of self-drive vehicle hire. In this context, the Group does not have clients that represent more than 10% of the total revenue.

Furthermore, in the normal course of its business, the Group acquires vehicles to be used for rental and subsequent sale to third parties after the end of their estimated period of possession. When these vehicles are sold, they are reclassified to "Inventories" on the date the change of use is agreed upon and, consequently, the income derived from the sale is recorded as part of “Revenue".

The breakdown of the revenue of the Group by activity segments is detailed in Note 13, while the distribution by geographic markets is detailed in section h) of this note 11.

b) Personnel

The average number of Group employees during the year 2016 and 2015, detailed by categories, is the following:

Professional Categories	Number of Employees 2016	2015
Senior management	5	5
Other management personnel	21	20
Technicians, professionals and support personnel	109	87
Administrative staff	78	59
Sales and similar personnel	446	347
Other qualified personnel	83	104
Unskilled workers	157	168
Total	**899**	**790**

Additionally, the distribution by gender of Group personnel at the end of the year 2016 and 2015, detailed by categories, is as follows:

	2016		2015	
Professional Categories	Male	Female	Male	Female
Directors	10	-	8	-
Senior management (not directors)	2	-	2	-
Other management personnel	21	1	19	3
Technicians, professionals and support personnel	67	29	50	38
Administrative staff	35	42	34	29
Sales and similar personnel	230	225	157	176
Other qualified personnel	63	36	93	38
Unskilled workers	188	42	99	17
Total	**616**	**375**	**462**	**301**

The average number of Group employees with a disability greater than or equal to 33% during the year 2016 is 13 (6 in 2015).

c) Leases

Operating leases - lessor

At 31 December 2016 and 2015 there are no significant non-cancelable operating leases to which the Group companies are considered lessors.

Operating leases - lessee

Operating leases in which the Group acts as a lessee relate to the leases of offices, buildings and land located in different settings of Spain and the European community. The Group pays a fixed monthly fee which is updated by indexes that correct the effect of inflation. Moreover, the Parent Company is present in numerous Spanish airports by means of the entity A.E.N.A. (Aeropuertos Españoles y Navegación Aérea) to which it pays fixed and variable fees. In this sense, the variables fees are calculated on the basis of invoicing, facility use, and airport area and they cannot be lower than 9.25% of the turnover generated in the corresponding airports. During the current financial year, the Spanish airport concessions with expiry in October 2016 were put up for auction. The Group has been awarded several of these concessions, the new conditions of which are the payment of a fixed part plus an 8% variable fee, without having an assured minimum.

In addition to acting as a lessee as explained above, the Group is also a lessee of rental vehicles without a driver.

Moreover, the Group classifies as an operating lease certain vehicles that are destined to car rental and that have been acquired from manufacturers or dealerships. These vehicles are subject to repurchase agreements (See Note 3-c).

The expenses of the period resulting from operating leases ascend to EUR 89,917 thousand (EUR 73,928 thousand in 2015) and their detail is disclosed below:

	Thousands of Euros	
	2016	**2015**
Buy back renting costs	51,697	42,777
Renting costs	14,140	11,404
Airport royalties	18,568	15,164
Other leases	5,512	4,583
Total	**89,917**	**73,928**

Buy back renting costs with the amortisation expenses detailed in Notes 5 and 6 are classified under the heading “Fixed asset amortisation and buy back renting costs” of the accompanying consolidated statement of profit or loss.

Future minimum payments under non-cancellable operating leases are detailed below, excluding future increases due to inflation:

	Thousands of Euros	
	2016	**2015**
Less than one year	19,957	7,028
One to five years	38,459	4,246
More than five years	7,219	503
Total	**65,635**	**11,777**

d) Other operating expenses

External services

The fees for financial audit and other professional services provided by the auditors of the consolidated annual accounts of the Group, KPMG Auditores S.L., as well as the fees invoiced by the auditors of the annual accounts of the companies included in the consolidation perimeter and of the entities that are considered related by means of control, common ownership or management, have been the following in 2016 and 2015:

	Thousands of Euros			
	2016		**2015**	
Description	**Main Auditor**	**Other Auditors**	**Main Auditor**	**Other Auditors**
Audit services	98	13	97	14
Other assurance services	6	-	-	-
Total	**104**	**13**	**97**	**14**

e) Income and expenses resulting from financial instruments

The financial expenses correspond mainly to the financing described in Note 9 which refers to the “Senior Facility”.

f) Other non-recurring income and expenses

The Group recognises under this heading, in essence, those non-recurring expenses resulting from the hiring of professional services, other expenses related to other fixed assets, other vehicle expenses, allowance and attendance expenses relating to the Board of Directors, extra payments to certain employees, severance payments and sundry others. No significant income was included.

g) Subsidiary contribution to the consolidated profit

The contribution made by each of the companies comprising the Group to the consolidated results for the year 2016 and 2015 is the following:

	Thousands of Euros	
	2016	2015
	Result attributable to the Parent Company	Result attributable to the Parent Company
Car Rentals Topco S.L.U.	(504)	(68)
Car Rentals Parentco S.A.U.	(20)	(91)
Car Rentals Subsidiary S.A.U.(*)	2,772	(846)
Goldcar Spain S.L.	17,670	17,396
Car Rentals Italy S.r.L.	111	(487)
Goldcar Italy S.r.L.	897	(375)
Goldcar Fleetco Italy S.R.L.	23	-
Goldhire Portugal Lda.	5,588	8,683
Goldcar Fleets Spain S.L.U.	(22)	(65)
Goldcar Fleetco S.A.	(350)	(7)
Goldcar Master S.L.	381	66
Goldcar France S.à.r.l.	(979)	(653)
Goldhire Fleetco Portugal Lda.	(31)	-
Goldcar Hellas S.A.	(529)	(1,366)
Goldcar Rental, d.o.o.	(435)	-
Pulsar Rent a Car S.L.U.	(60)	(18)
Total	**24,512**	**22,169**

h) Operations by geographical market

A breakdown of the revenue and non-current assets by geographical market at 31 December 2016 and 2015 is detailed below:

	Thousands of Euros			
	2016		2015	
	Revenue	Non-current assets (*)	Revenue	Non-current assets (*)
National (Spain)	190,482	96,959	194,931	58,726
Rest of the European Union	117,256	29,782	93,966	42,424
Other countries	1,644	-	11	-
Total	**309,382**	**126,741**	**288,908**	**101,150**

(*) Excluding goodwill

i) Foreign currency

The breakdown of the balances and transactions in foreign currency at the close of financial year 2016 and financial year 2015, respectively, is as follows:

	Thousands of Euros			
	Accounts receivable	Accounts payable	Total Revenues	Total Expenses
Croatian kuna (HRK)	302	(405)	1,452	(1,886)

12. Related parties balances and transactions

a) Remuneration of the Group's Directors and senior management

The aggregate annual remuneration paid to the Senior Management of the Parent Company in wages and salaries totalled an amount to EUR 445 thousand (EUR 581 thousand in 2015). The amount for financial year 2016 includes the remuneration of a member of senior management who ceased his activity during the year.The Parent Company's senior management does not receive any other remuneration other than the wages and salaries mentioned above.

The Directors of the Parent Company, (other than those referred to in the preceding paragrafh, for the case in which the Group's Senior Management are part of the Board of Directors), have received attendance fees, diets and remuneration amounting to EUR 105 thousand during the year ended 31 December 2016 (EUR 90 thousand in 2015).

Additionally, a director has granted a loan to the Company amounting to 500 thousand euros. This loan accrues a variable interest rate and has repayment terms that are conditional on the achievement of certain milestones, only verifiable in the case and moment of divestment by the majority shareholder of the Parent Company. As of 31 December 2016, the Directors of the Parent Company have estimated that the fair value of the accrued interest is zero euros since the probability of this occurrence cannot be estimated nor can it be reliably valued.

The Board of Directors consists of 10 men.

The Parent Company has not assumed any commitments with its Directors or the Group's senior management regarding pensions, life insurance, advance payments, loans or any of the sort. The amount of the civil liability insurance policy accrued in the financial year by the Group amounts to 16 thousand euros.

b) Information regarding conflict of interest situations with the Directors

During the year 2016 and 2015 the Directors of the Parent Company have not communicated to the Company's shareholder any situation regarding themselves or their related parties in which there could be an indirect or direct conflict of interest with the Parent Company. In this sense, the term "related parties" refers to the one defined under Spanish Corporation Law, except for the Director Juan Alcaraz Alcaraz, which ones have been disclosed in note c) below.

c) Balances and transactions with other related parties

At 31 December 2016 and 2015, the main balances and transactions of the Group related to transactions with Alcor Sociedad Estratégica, S.L. (one of the shareholders of the Goldcar Group, see Note 8).

Moreover, the main operations with related parties were:

- Operating expenses resulting from the lease of buildings for an amount of EUR 945 thousand with related companies to Alcor Sociedad Estratégica, S.L. (EUR 965 thousand in 2015) and non-significant advisory services expenses by these entities.

- Operating expenses resulting from vehicles repair for non-significant amounts.

- Consulting Contract with Laurence Marlor amounting to 6 thousand euros during financial year 2016.

- Loan amounting to 500 thousand euros granted by Laurence Marlor.

13. Segment information

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. An operating segment is defined as a component of an entity:

- that engages in business activities from which it may earn revenue and incur in expenses (including revenue and expenses relating to transactions with other components of the same entity),

- whose operating results are regularly reviewed by the entity's chief operating decision maker to decide about the resources that should be allocated to the segment and assess their performance; and

- for which discrete financial information is available.

The Group only operates in the car rental segment. In this sense, the information that serves as a base to the maximum authority in the decision making process regarding Group operations is structured according to the different offices in which each of the Subsidiaries operates.

14. Other information

a) Guarantees and obligations derived from the financing agreement

The main guarantees granted by the Group to the creditor financial institutions upon the issuing of the syndicated financing described in Note 9 are disclosed below:

- A pledge on the shares of the depending companies Goldcar Spain S.L. and Goldhire Portugal Lda.

- Additionally, every material Group company will be considered a guarantor of the obtained financing. According to the financing agreement, a Group company will be considered material if its assets or individual EBITDA (*) amount to at least 5% of those of the Group's. In this sense, at the closing of each financial year, the Group shall evaluate if the material restricted Subsidiaries comply with the Coverage Test (Guarantor Coverage Test) which establishes that the total of assets and EBITDA(*) of the guarantors are higher than 80% of those of the Group. At 31 December 2016 and 2015, the Group considers that the granted guarantees are enough to comply with what is established in the agreement reached with its financial creditors.

- In the same way, guarantees are granted on the bank accounts and trade receivables of Goldcar Spain S.L. and Goldhire Portugal Lda. The trade receivables comprise receivables with clients, manufacturers of vehicles subject to repurchase agreements, and other Group companies. Additionally, Goldcar Spain S.L. has entered into a senior mortgage commitment on its owned vehicles.

- Moreover, Goldcar Spain has entered the financing as a debtor and guarantor. Goldcar Fleetco, S.A. has also entered the financing as a guarantor and guarantees have been issued over its shares and bank accounts.

- According to the financing agreement and provided that there are drawn amounts in any of the syndicated loans or the revolving policy, a number of mandatory conditions are established. Such conditions are measured on the basis of certain ratios and financial levels to be estimated on the consolidated financial information of the Goldcar Group. These ratios are the total banking ratio (total consolidated net debt/ consolidated EBITDA) and the interest coverage ratio (consolidated EBITDA/ total net payment of interests). At 31 December 2016 and 2015, the Group believes that all of the conditions included in the agreements are met.

  (*) EBITDA, as defined in global funding agreement.

b) Information on the management of capital and the nature and level of financial risks

The Group's financial risk management is centralised in its Financial Management, which has established the required mechanisms to control exposure to the fluctuations in interest and exchange rates, as well as credit and liquidity risk. The detail of the capital management policy and the main risks affecting the Group are as follows:

i. Capital management policy

The aim of the Group's capital management is to achieve a financial structure that optimises the cost of capital and maximises short- and medium-term liquidity while maintaining a solid financial position. This policy makes it possible to reconcile creating value for the Shareholders with access to financial markets at a competitive cost, which is in line with the overall Group strategy of increasing sales through the expansion of its operations in Spain and abroad.

The Group's financial structure rests fundamentally on the syndicated financing described in Note 9 which has an available balance at 31 December 2016 of EUR 175,000 thousand (EUR 162,000 thousand available in 2015) that will enable the Group, along with other factors, to fuel its growth. In addition, at the beginning of 2017, the Group has extended this credit facility by an additional 75,000 thousand euros.

As part of its capital management policy the Group regularly monitors, inter alia, the following consolidated aggregates:

− Net financial debt: represents the sum of all the debt, both long and short term, less the amounts included in cash balances.

− Net financial debt/EBITDA: represents the sum of dividing net financial debt by EBITDA.

In this context, the syndicated financing obtained in the year 2014 includes conditions related to the compliance with certain economic and equity ratios that are associated with the consolidated annual accounts of the Group.

ii. Financial risk management policy

Credit risk

Credit risk is the risk that a debtor may become insolvent in relation to applicable contractual obligations, giving rise to a loss for the Group. In general the Group's policy to mitigate such risk consists in collecting in cash the transactions related to its ordinary car rental activity from its final customers. However, the Group maintains trade receivables with wholesalers and travel agencies.

In 2016 and 2015, in general, the main receivables are from solvent vehicle manufacturers, which have historically settled payables by their due dates. Cash and cash equivalents are deposited in financial institutions with high credit ratings.

Liquidity risk

This risk refers to both, the risk in which the Group might find difficulties in selling a financial instrument quickly enough without incurring in significant additional costs, as well as the risk resulting from not having sufficient liquidity at the moment in which the payment obligations of the Group need to be met.

The policy of the Group is to hold cash through leading financial institutions in order to be able to meet its future obligations. It also monitors the structure of its balance sheet by maturity on an ongoing basis in order to detect as soon as possible any inappropriate short- and medium-term liquidity structures using a strategy aimed at ensuring stable sources of financing and the arrangement of credit facilities for amounts which are sufficient to cover the projected needs.

The Group arranged non-recourse factoring facilities amounted to Euros 39.500 thousand (35,000 thousand in 2015) that can be applied to certain trade receivables with a maximum limit of Euros 20,000 thousand according to the guarantees and obligations derived in the syndicated financing agreement (see note 14 (a)).

Market risk

Market risk is defined as the risk of variation in the fair value or the future cash flows of a financial instrument due to changes in interest rates, exchange rates or other price risks.

- Interest rate risk

  Interest rate fluctuations change the fair value of assets and liabilities that bear interest at a fixed rate and the future cash flows from assets and liabilities tied to a floating interest rate. The aim of interest rate risk management is to achieve a balanced debt structure that makes it possible to minimise the cost of the debt over several years with reduced volatility in the consolidated statement of profit or loss.

  The indebtedness of the Group is tied to Euribor. However, as it is disclosed in Note 9, at 18 March 2015, the Group has entered into derivative financial instruments to cover the future fluctuations of the syndicated financing interest rate, hence, it has been able to minimise its exposure to the variations in interest rates. The SWAP and the two CAP with low strikes (1.5%) will allow the Group to minimise the possible impact.

- Exchange rate risk:

  The Group virtually carries out its operations in euros, which is the local currency of all of the companies comprising the Goldcar Group. Consequently, the exchange rate risk is considered to be a residual risk.

Sensitivity analysis

The Group's Finance Department considers interest rates to be the main market risk. Therefore, the aforementioned hedges were entered into. The interest rate sensitivity analysis shows that an increase of 100 basis points in the Euribor in 2016 would increase finance costs by approximately Euros 1,100 thousand (in 2015 finance costs would rise by approximately Euros 479 thousand), but the hedges contracted in 2015 would considerably minimise this impact. However, a fall in the Euribor in 2016 and 2015 would have a notable impact on the consolidated statement of profit or loss as the Euribor would be at near-zero levels.

c) Legal proceedings, claims in progress and/or contingencies

As a normal part of its activity the Group receives various administrative and labour claims that are evaluated on an annual basis by the Group's legal department together with its external advisors to determine, where appropriate, the equity impact based on an estimate of probability of occurrence on the basis of which the appropriate provisions are recorded.

Furthermore, throughout each financial year the Group enters into commercial agreements with its main clients consisting of discounts, commissions or the like, having recorded in these annual accounts the best estimate that such agreements may have in respect of them.

Other information

In 2012 the Spanish National Competition Authorities (now replaced by the Spanish National Markets and Competition Commission – CNMC) undertook administrative proceedings on two counts. The first case was raised jointly against subsidiary Goldcar Spain, S.L., and its parent company in that period, Alcor Sociedad Estratégica, S.L., as well as AENA and several other vehicle rental sector companies. The second jointly concerned the subsidiary Goldcar Spain, S.L and Alcor Sociedad Estratégica, S.L, in addition to other vehicle rental sector companies and associations.

The first case stemmed from possible anti-competitive conduct, namely the sharing of sensitive business information on self-drive car hire companies that rent AENA commercial premises. The Spanish National Competition Authorities (CNC) issued a ruling on this procedure on 2 January 2014, although it imposed no fine. The Directors and legal independent advisers of the Group believe it is not probable for significant economic responsibilities to derive for the Group.

On the second was resolution of 30 July 2013, whereby the Spanish National Competition Authorities imposed a fine of 15,456 thousand euros. Furthermore, in relation to the appeal filed by the subsidiary company, Goldcar Spain, SL, a judgement was delivered on 16 March 2016. The judgement partially considers the appeal, annuls the resolution in the particular relating to the determination of the amount of the fine and orders that the proceedings be referred to the Spanish National Competition Authorities so that it dictates another in which to set the amount in accordance with the legal criteria of duly substantiated graduation. Against the judgement, the subsidiary company Goldcar Spain, S.L. has filed a cassation appeal before the Supreme Court, requesting the complete annulment of the Resolution. At the date of the preparation of these consolidated annual accounts, the proceedings are pending indication for vote and judgement, and therefore no judgement has been served.

Pursuant to the agreements adopted in the context of the Group's takeover of this subsidiary described in Note 4, which included the commitment by the seller to keep the Group harmless in the event that it had to face the claim described above and considering the guarantees provided in this commitment, the subsidiary company Goldcar Spain, S.L. does not consider that there is any liability related to this aspect.

In relation to the situation explained above, real guarantees have been formed over certain vehicles (see Note 6).

During financial year 2016, the Italian Competition and Market Authority started inspections of several entities in the vehicle rental sector, including the Goldcar Group. On 20 November 2016, the Italian Competition Authority imposed a penalty of 2 million euros on the Goldcar Group for alleged infringements related to the consumer code. Subsequent to the close of financial year 2016, in accordance with Italian law and as a preliminary procedure necessary in order to appeal against the sanctioning sentence, the Group has paid the mentioned amount in financial year 2017. The appeal was filed on 17 February 2017 before The Italian Administrative Court of the Region of Lazio. The Directors of the Parent Company consider the likelihood that the appeal will not be successful as remote, based, among other things, on the assessments made by its legal advisors, who consider that there are sufficient arguments, from the point of view of both procedure and substance, to obtain the partial or total annulment of the decision of the Italian Competition Authority. The Directors of the Parent Company have therefore considered any contingencies that could arise were the appeal filed by the Parent Company not successful to be remote and therefore no provision has been recorded in this regard in these consolidated annual accounts.

Other aspects

At 31 December the Group is supported by financial institutions to cover the guarantees resulting from the ordinary course of business for a total amount of EUR 19,764 thousand (EUR 10,658 thousand in 2015).

At 31 December 2016 and 2015, there are no significant contingent assets.

d) Average period of payments to suppliers.

The Information on Late Payments to Suppliers is as follows:

	Days	
	2016	**2015**
Average period of payments to suppliers	31.51	27.59
Ratio of paid transactions	31.14	27.22
Ratio of outstanding operations	34.25	34.03
	Thousand of euros	
Total payments made	74,576	95,335
Total pending payments	9,903	5,454

e) Subsequent events

No significant events have occurred since the reporting date that could affect the consolidated annual accounts at 31 December 2016.

Car Rentals Topco S.L. and Subsidiaries

Consolidated directors' report for the year ended 31 December 2016

Current position and outlook for the Group

With more than 30 years of experience, Goldcar is an international group dedicated to the provision of services related to the car rental without a driver being the leader in the Spanish and Portuguese holiday market, and growing significantly in the other countries where it operates with own offices, such as Italy, France, Greece and Croatia, which has allowed it to position itself as a reference point in the sector of car rental in the European holiday market.

Financial year 2016 has been characterised by the continuity of economic growth and the consolidation of Goldcar as an international and expanding company. In this sense, revenues from services (excluding fuel revenues) increased by 13,6% compared to the year 2015, which has had a positive impact on the adjusted EBITDA.

Additionally, the Group has not received negative signals in demand caused by the possible effects of the "Brexit", which could lead to a new relationship between the United Kingdom and Europe in the future.

During 2016, the Group made significant investments in technology, structure and direct channel enhancement in order to face the expected growth of the coming years.

Another equally important aspect, which is linked to sustainable growth, is the enhancement that the Group is carrying out with aspects related to Corporate Governance, such as the implementation of a GRC (Government, Risks and Compliance) system, and the corporate social responsibility report that will be published in 2017 for the third consecutive year.

The Group has a financial structure, with reduced levels of leverage and a liquidity situation that allows to face the business plan.

Subsequent events

During the first months of 2017, the Group continued to develop its expansion plan, improving the quality of customer service according to its strategic plan. In this sense, there have been no significant events since the end of the year that may affect these annual accounts as of December 31, 2016.

Foreseeable evolution of the Group

The situation of the tourism sector in southern Europe and the Group's outlook make it likely that during 2017 sustainable growth will occur in line with the budget prepared by the Group's Management.

In this sense, the current Group Management has taken significant steps to modernize and consolidate the existing business model, having established a solid structure, both in financial resources and in human, technological and commercial resources, suggesting that the evolution of the Group will be as established in its strategic plan.

Acquisition of own shares

During the year ended on 31 December 2016, the Company did not carry out any operations regarding its own shares.

Environment

Due to the activity of the Group, it does not have any responsibilities, expenses, assets, provisions nor contingencies with an environmental nature that could be considered significant in relation to its equity, financial situation or results.

However, and from a social responsibility perspective, the Group is aware of the effects that the car rental business has on the environment and in particular on gas emissions. For this reason, the Group has several initiatives to mitigate the environmental impact of the business, it studies trends in the sector and coordinates with the main players. One of the first measures taken by the Group has been to include electric vehicles in its fleet available for rent.

R+D activities

The Group has not capitalised research and development programmes under assets. However, quality of service is a key strategy for the Group and, accordingly, all the operating processes incorporate the latest developments in the vehicle rental sector, where the Company is one of the leaders in technological progress.

Personnel

The Group's human resources policies, which guide the professional and human development of the team, have not undergone any relevant changes in the current exercise. The workforce has grown according to the needs of the business and new measures are continuously evaluated to favor the development of the individual and the collective.

Our corporate social responsibility report, available on our website, discloses additional aspects regarding our human resources culture and policy.

There are no additional personnel issues that need to be disclosed.

Information on late payments to suppliers

The Information on Late Payments to Suppliers is as follows:

	Days	
	2016	**2015**
Average period of payments to suppliers	31.51	27.59
Ratio of paid transactions	31.14	27.22
Ratio of outstanding operations	34.25	34.03
	Thousand of euros	
Total payments made	74,576	95,335
Total pending payments	9,903	5,454

Information on the nature and risk of the financial instruments

The financial risk management of the Group is centralised in the Financial Department which has established the necessary mechanisms to control the exposure to credit risk and liquidity risk, as well as the possible fluctuations in interest and exchange rates.

The main financial risks that the Group faces are as follows:

a) Credit risk:

In general, the Group maintains its treasury in highly rated financial institutions. In addition, the Group enters a significant part of its sales through secure means of payment and operates in a sector with a very fragmented volume of customers, which significantly reduces credit risk. Also, a relevant part of the accounts receivable are with manufacturers of vehicles and brokers of recognized solvency, who have historically attended to the payment within the established periods.

b) Liquidity risk:

In order to ensure liquidity and to meet all the payment commitments arising from its activity, the Company has the cash flow statement showing its financial position, as well as the credit and financing lines available at year-end For the Group.

In addition, the Group has complied with the parameters established in its financial covenants which show that there is sufficient headroom to increase the available financing lines.

c) Market risk:

The Company's financial debt is exposed to interest rate risk, which could have an adverse effect on financial results and cash flows.

The Company performs practically all its operations in euros, consequently the exchange rate risk is considered residual.

Barcelona, 28 March 2017

Preparation of the consolidated annual accounts and consolidated directors' report

The preparation of the these consolidated annual accounts and the consolidated directors' report has been carried out by the Board of Directors of **Car Rentals Topco, S.L.** at its meeting held on 28 March 2017, and they will be submitted for approval by the Sole Shareholder. The mentioned consolidated annual accounts comprise the consolidated statement of financial position, the consolidated statement of profit or loss and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated financial statements. All the documents mentioned above and the consolidated directors' report have been signed in all of their pages by the Secretary of the Board of Directors, while the present page has been signed by all of the members of the Board of Directors.