Auditor's Report on Globalia Corporación Empresarial, S.A. and subsidiaries

(Together with the consolidated annual accounts and consolidated directors' report of Globalia Corporación Empresarial, S.A. and subsidiaries for the year ended 31 December 2020)

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

KPMG Auditores, S.L.
Edificio Reina Constanza
Calle Porto Pí, 8, 10º B
07015 Palma de Mallorca

(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 Globalia Corporación Empresarial, S.A.

Opinion

We have audited the consolidated annual accounts of Globalia Corporación Empresarial, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated balance sheet at 31 December 2020, and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the consolidated annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

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

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

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

On the Spanish Official Register of Auditors ("ROAC") with No. S0702, and the Spanish Institute of Registered Auditors' list of companies with No. 10.
Reg. Mer Madrid, T. 11.961, F. 90, Sec. 8, H. M -188.007, Inscrip. 9
N.I.F. B-78510153

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

Material Uncertainty Related to Going Concern

We draw attention to note 2(e) to the accompanying consolidated annual accounts, which indicates that in 2020 the Group incurred a pre-tax loss of Euros 540,223 thousand and at 31 December 2020 its current liabilities exceeded its current assets by Euros 421,164 thousand. This was mainly as a result of the negative effects on the Group's activity due to the health crisis triggered by COVID-19, one of the most salient being a significant decrease in revenues due to the decline in activity from March 2020 until the present date. Due to the high degree of exposure of the sector in which the Group operates to the effects of the pandemic, the achievement of the Group's cashflow forecasts, as approved by the Directors, will depend to a large extent on the evolution of the health crisis. These events or conditions, along with other matters described in note 2(e) to the consolidated annual accounts, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Most Relevant Aspects of the Audit

The most relevant aspects of the audit are those that, in our professional judgement, have been considered as the most significant risks of material misstatement in the audit of the consolidated annual accounts of the current period. These risks were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

In addition to the matter described in the *Material Uncertainty related to Going Concern* section, we have determined the risks described below as those of most significance in the audit which should be communicated in our report.

Recognition of revenue from services rendered (see notes 4r and 30)

Revenue recognition is a significant area and susceptible to material misstatement, particularly at the reporting date with regard to the appropriate timing of revenue recognition. Also, in the particular case of the air division, revenues from services rendered relating to the sale of flight tickets not yet used are recognised at the unaccrued amount in liabilities under current accruals and amount to Euros 255,525 thousand at 31 December 2020. See note 26 to the consolidated annual accounts.

Our audit procedures included evaluating the design and implementation, as well as testing the operating effectiveness of the Group's key controls over the recognition of revenue from services rendered, the performance of tests by the technological audit team on the recalculation of revenues from services rendered for the year and, where appropriate, on the accrual of these revenues at the reporting date, checking the nature, accuracy and correct timing of the transaction, as well as the transfer to revenue of expired tickets. The correct recognition of freight revenues has been validated for a sample of transactions. Moreover, we obtained external confirmation for a sample of outstanding trade receivables, performing alternative procedures, where applicable, on these balances. Lastly, for unused sold flight tickets that the Group expects will not be used and have been derecognised from accruals and recognised as revenues, we gained an understanding of the methodology used by the Group to calculate this estimate and we analysed, for a sample thereof, whether the conditions established for their consideration as revenues have been met.

In addition, we assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

Provisions for major repairs (see notes 4q and 22)

The Group operates aircraft, mostly under operating leases. In these cases, due to the scheduled periodic maintenance and the conditions for returning aircraft set out in the contracts with the lessors, there is a commitment to perform certain repairs during the term of the aforementioned contracts, which gives rise to the recognition of a provision for major repairs under liabilities on the balance sheet. Calculation of these provisions entails significant value judgements and is an inherently subjective activity, which has led us to consider it as a relevant aspect of our audit. At 31 December 2020 the provision for major repairs amounts to Euros 144,199 thousand. See note 22 to the consolidated annual accounts.

Our audit procedures included holding meetings with the personnel responsible for aircraft maintenance in order to understand the methodology used to calculate the provision for major repairs. We analysed, for a sample of aircraft models and types of repairs, the criteria used by the Group to estimate the cost for which provision is made. We also performed a retrospective analysis, comparing the amounts ultimately incurred in the repairs with the amounts of the provisions in prior years, in order to assess the degree of reliability of the estimates made by the Group. We reviewed the terms for returning aircraft whose lease period expired during the period audited.

We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

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

Other Information: Consolidated Directors' Report

Other information solely comprises the 2020 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the information contained in the consolidated directors' report is defined in the legislation regulating the audit of accounts, as follows:

a) Determine, solely, whether the consolidated non-financial information statement has been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

b) Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts. Also, assess and report on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2020, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' Responsibility for the Consolidated Annual Accounts

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

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

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.

- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

From the significant risks communicated to the Directors of Globalia Corporación Empresarial, S.A., we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the most significant risks.

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

KPMG Auditores, S.L.
On the Spanish Official Register of
Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

Joan Manuel Plà Hernàndez
On the Spanish Official Register of Auditors ("ROAC") with nº 20351

21 September 2021

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Consolidated Balance Sheet

31 December 2020

(Expressed in thousands of Euros)

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

Assets	*Note*	*2020*	*2019 Restated*
Intangible assets	**Note 6**	**42,177**	**63,599**
Goodwill on consolidation	**Note 7**	3,791	8,130
Concessions		2,361	2,292
Patents, licences, trademarks and similar rights		-	156
Goodwill	**Note 7**	-	2,029
Computer software		36,025	48,741
Other intangible assets		-	2,251
Property, plant and equipment	**Note 8**	**449,357**	**440,316**
Land and buildings		214,434	223,984
Technical installations, machinery, tools, furniture and other property, plant and equipment		139,376	166,803
Under construction and advances		95,547	49,529
Investment property	**Note 9**	**3,517**	**3,893**
Land		757	924
Buildings		2,760	2,969
Non-current investments in Group companies and associates	**Note 13**	**142,876**	**725**
Equity instruments		101	138
Equity-accounted investees		142,775	587
Non-current investments	**Note 15**	**97,278**	**140,077**
Equity instruments		29	3,164
Loans to third parties		-	363
Debt securities		8	8
Other financial assets		97,241	136,542
Deferred tax assets	**Note 27**	**52,785**	**29,717**
Total non-current assets		**787,990**	**678,327**
Inventories	**Note 17**	**30,302**	**58,506**
Raw materials and other supplies		21,970	24,044
Gas emission allowances		6,018	9,819
Advances to suppliers		2,314	24,643
Trade and other receivables	**Note 15**	**132,189**	**477,194**
Trade receivables – current		92,699	378,695
Other receivables		1,445	39,111
Personnel		1,675	1,558
Current tax assets	**Note 27**	13,837	18,349
Public entities, other	**Note 27**	22,533	39,481
Current investments	**Note 15**	**60,879**	**111,858**
Equity instruments		378	504
Loans to companies		-	166
Derivatives	**Note 16**	-	2,950
Other financial assets		60,501	108,238
Prepayments for current assets	**Note 18**	**52,287**	**74,132**
Cash and cash equivalents	**Note 19**	**37,948**	**101,627**
Cash		37,948	101,622
Cash equivalents		-	5
Total current assets		**313,605**	**823,317**
Total assets		**1,101,595**	**1,501,644**

The accompanying notes form an integral part of the annual accounts.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Consolidated Balance Sheet

31 December 2020

(Expressed in thousands of Euros)

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

Liabilities	*Note*	*2020*	*2019 Restated*
Capital and reserves	**Note 20**	**(257,415)**	**149,830**
Capital		16,894	16,894
Reserves		181,087	92,717
Reserves in consolidated companies		(67,372)	19,405
Reserves in equity-accounted investees		1,129	611
Profit/loss for the year attributable to the Parent		(389,153)	26,203
(Interim dividend)		-	(6,000)
Valuation adjustments		**(11,959)**	**(3,864)**
Hedging transactions	**Note 16**	(8,914)	(1,438)
Translation differences	**Note 20**	(3,045)	(2,426)
Non-controlling interests	**Note 21**	**3,098**	**6,906**
Total equity		**(266,276)**	**152,872**
Non-current provisions	**Note 22**	**111,129**	**146,033**
Long-term employee benefits		-	180
Other provisions		111,129	145,853
Non-current payables	**Note 24**	**506,258**	**88,665**
Loans and borrowings		217,740	48,536
Finance lease payables	**Note 10**	29,965	38,491
Derivatives	**Note 16**	63	90
Other financial liabilities		258,490	1,548
Deferred tax liabilities	**Note 27**	**15,715**	**8,110**
Total non-current liabilities		**633,102**	**242,808**
Current provisions	**Note 22**	**46,710**	**114,296**
Loyalty programmes		1,563	1,583
Provision for greenhouse gas emission allowances	**Note 17**	6,030	15,577
Other provisions		39,117	97,136
Current payables	**Note 24**	**110,035**	**130,312**
Loans and borrowings		69,457	97,992
Finance lease payables	**Note 10**	8,392	10,983
Derivatives	**Note 16**	11,553	4,459
Other financial liabilities		20,633	16,878
Trade and other payables	**Note 24**	**314,825**	**564,546**
Current payables to suppliers		252,600	378,630
Other payables		10,689	23,302
Personnel (salaries payable)		5,383	19,798
Current tax liabilities	**Note 27**	267	5,795
Public entities, other	**Note 27**	24,694	42,538
Advances from customers		21,192	94,483
Current accruals	**Note 26**	**263,199**	**296,810**
Total current liabilities		**734,769**	**1,105,964**
Total equity and liabilities		**1,101,595**	**1,501,644**

The accompanying notes form an integral part of the annual accounts.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Consolidated Income Statement
for the year ended
31 December 2020

(Expressed in thousands of Euros)

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

	Note	*2020*	*2019 Restated*
Revenues	**Note 30**	**881,394**	**2,564,844**
Services rendered		881,394	2,564,844
Self-constructed assets		**7,013**	**14,722**
Supplies	**Note 30**	**(343,818)**	**(553,320)**
Merchandise used		(344)	(2,071)
Raw materials and other consumables used		(327,769)	(513,590)
Subcontracted work		(15,705)	(37,659)
Other operating income		**37,480**	**14,509**
Non-trading and other operating income		37,480	14,509
Personnel expenses		**(310,448)**	**(528,322)**
Salaries and wages		(202,017)	(399,924)
Employee benefits expense	**Note 30**	(108,431)	(128,398)
Other operating expenses		**(752,995)**	**(1,397,402)**
Losses, impairment and changes in trade provisions	**Note 15**	(1,492)	(2,692)
Other operating expenses		(751,503)	(1,394,710)
Amortisation and depreciation	**Notes 6, 7, 8 and 9**	**(41,198)**	**(45,871)**
Provision surpluses		**293**	**180**
Impairment and losses on disposal of fixed assets	**Note 30**	**(997)**	**(2,596)**
Impairment and losses		(1,221)	(401)
Gains/(losses) on disposal and other		224	(2,197)
Other expenses	**Note 30**	**(2,036)**	**(261)**
Results from operating activities		**(525,312)**	**66,482**
Finance income		**329**	**146**
Marketable securities and other financial instruments			
Group companies and associates		10	2
Other		319	144
Finance costs		**(22,014)**	**(26,208)**
Other		(21,981)	(29,497)
Provision adjustments		(33)	3,289
Exchange gains/(losses)		**15,662**	**(30,037)**
Other exchange gains/(losses)		15,662	(30,037)
Impairment and gains/(losses) on disposal of financial instruments		**(8,687)**	**102**
Impairment and gains/(losses)		(3,024)	102
Gains/(losses) on disposal and other		(5,663)	-
Net finance cost		**(14,710)**	**(55,997)**
Share of profit/(loss) of equity-accounted investees	**Note 13**	(201)	113
Profit/(Loss) before income tax		**(540,223)**	**10,598**
Income tax	**Note 27**	**10,549**	**(3,270)**
Profit/(loss) from continuing operations		**(529,674)**	**7,328**
Profit from discontinued operations, net of tax	**Note 31**	**140,064**	**18,455**
Consolidated profit/(loss) for the year		**(389,610)**	**25,783**
Profit/(loss) attributable to the Parent		(389,153)	26,203
Loss attributable to non-controlling interests	**Note 21**	(457)	(420)

The accompanying notes form an integral part of the annual accounts.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
for the year ended
31 December 2020

A) Consolidated Statement of Recognised Income and Expense
for the year ended
31 December 2020

(Expressed in thousands of Euros)

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

	Note	2020	2019
Consolidated profit/(loss) for the year		**(389,610)**	**25,783**
Income and expense recognised directly in equity			
Cash flow hedges		(11,884)	(1,917)
Translation differences			
Differences on translation into presentation currency		(619)	(7,981)
Tax effect		2,971	480
Total income and expense recognised directly in consolidated equity		**(9,532)**	**(9,418)**
Amounts transferred to the consolidated income statement			
Cash flow hedges		1,917	31,936
Tax effect		(480)	(7,871)
Total amounts transferred to the consolidated income statement		**1,437**	**24,065**
Adjustments to non-financial assets and liabilities			
Other		-	(114)
Total adjustments to non-financial assets and liabilities		**-**	**(114)**
Total consolidated recognised income and expense		**(397,705)**	**40,316**
Total recognised income and expense attributable to the Parent		(397,248)	40,736
Total recognised income and expense attributable to non-controlling interests		(457)	(420)

The accompanying notes form an integral part of the annual accounts.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
for the year ended
31 December 2020

B) Statement of Total Changes in Equity for the years ended
31 December 2020

(Expressed in thousands of Euros)

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

	Capital	Reserves and prior years' profit and loss	Profit/(loss) attributable to the Parent	Interim dividend	Valuation adjustments	Non-controlling interests	Total
Balance at 31 December 2019	**16,894**	**112,733**	**26,203**	**(6,000)**	**(3,864)**	**6,906**	**152,872**
Recognised income and expense	-		(389,153)		(8,095)	(457)	**(397,705)**
Transactions with shareholders or owners							
Distribution of profit/(Application of loss) for the period							
Reserves	-	20,203	(26,203)	6,000			**-**
Other movements	-	(18,092)	-			(3,351)	**(21,443)**
Balance at 31 December 2020	16,894	114,844	(389,153)	-	(11,959)	3,098	**(266,276)**

The accompanying notes form an integral part of the annual accounts.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
for the year ended
31 December 2020

B) Statement of Total Changes in Equity for the years ended
31 December 2019

(Expressed in thousands of Euros)

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

	Capital	Reserves and prior years' profit and loss	Profit/(loss) attributable to the Parent	Interim dividend	Valuation adjustments	Non-controlling interests	Total
Balance at 31 December 2018	**16,894**	**97,620**	**48,740**	**-**	**(18,397)**	**9,434**	**154,291**
Recognised income and expense	-	-	26,203	-	14,533	(420)	**40,316**
Transactions with shareholders or owners							
Distribution of dividends	-	(34,000)	-	(6,000)	-	-	**(40,000)**
Distribution of profit/(Application of loss) for the period							
Reserves	-	48,740	(48,740)	-	-	-	**-**
Adjustments for changes in criteria (note 2 b)	-	373	-	-	-	(2,108)	**(1,735)**
Balance at 31 December 2019	**16,894**	**112,733**	**26,203**	**(6,000)**	**(3,864)**	**6,906**	**152,872**

The accompanying notes form an integral part of the annual accounts.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
for the year ended
31 December 2020

(Expressed in thousands of Euros)

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

	2020	*2019*
Consolidated cash flows from operating activities		
Consolidated profit/(loss) for the year before tax	**(540,223)**	**10,598**
Consolidated adjustments for:		
Amortisation and depreciation	41,198	45,871
Impairment	10,179	4,886
Change in provisions	10,244	4,604
Proceeds from disposals of fixed assets	(997)	2,789
Finance income	(329)	(146)
Finance costs	22,014	26,208
Exchange gains/(losses)	(5,628)	7,920
Other income and expenses	(293)	(70)
Share of loss of equity-accounted investees	201	(113)
Changes in consolidated operating assets and liabilities		
Inventories	28,204	(7,544)
Trade and other receivables	333,188	(41,042)
Other current assets	38,843	(14,199)
Trade and other payables	(234,575)	3,964
Other current liabilities	(53,786)	104,890
Other non-current assets and liabilities	-	(1,017)
Other consolidated cash flows from operating activities		
Interest paid	(20,055)	(29,539)
Interest received	329	146
Income tax paid/received	(1,016)	746
Other amounts paid/received	-	(718)
Consolidated cash flows from (used in) operating activities	**(372,502)**	**118,234**
Consolidated cash flows from investing activities		
Payments for investments		
Associates	-	(6)
Intangible assets	(10,188)	(23,259)
Property, plant and equipment	(57,828)	(60,497)
Other financial assets	(932)	(20,584)
Proceeds from sale of investments		
Associates	7,251	264
Intangible assets	1,966	1,583
Property, plant and equipment	6,157	37,480
Investment property	272	-
Other financial assets	500	307

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
for the year ended
31 December 2020

(Expressed in thousands of Euros)

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

Consolidated cash flows used in investing activities	**(52,802)**	**(64,712)**
Consolidated cash flows from financing activities		
Proceeds from and payments for financial liability instruments		
Issue		
Loans and borrowings	141,000	29,313
Other	240,000	856
Redemption and repayment of		
Loans and borrowings	(13,375)	(17,664)
Dividends and interest on other equity instruments		
Dividends	(6,000)	(34,000)
Consolidated cash flows from/(used in) financing activities	**361,625**	**(21,495)**
Net increase/(decrease) in cash and cash equivalents	**(63,678)**	**32,027**
Cash and cash equivalents at beginning of year	101,627	69,600
Cash and cash equivalents at year end	37,948	101,627

The accompanying notes form an integral part of the annual accounts.

(1) Nature, Activities and Composition of the Group

Globalia Corporación Empresarial, S.A. (hereinafter the Parent) was incorporated in Palma de Mallorca on 14 May 1997. Its statutory activity consists of the rendering of management, advisory and other business services as well as the holding of fixed assets, investments, bonds, shares and interests in other companies. In 1998 the Parent changed its name from GAE Corporación Empresarial, S.A. to its current name. The Parent's registered office is located in Polígono de Son Noguera, Llucmajor, Balearic Islands.

The Globalia Group (hereinafter the Group) operates in the transport, travel and tourism sector and basically comprises: the Parent, as head of the Group; Air Europa Líneas Aéreas, S.A.U. and Aeronova, S.L.U., which act as air carriers and have a fleet of 53 jet aircraft (56 aircraft at 31 December 2019); the Hotel division, headed by Be Live Hotels, S.L.U. and operating a total of 29 hotels in Spain and the Caribbean (34 hotels at 31 December 2019); Globalia Handling, S.A.U., as head of the Handling division, which provides ground handling services at the main Spanish airports; and Globalia Mantenimiento Aeronáutico, S.L.U., which owns and operates the maintenance hangar located at Palma de Mallorca airport. The Group also includes other entities that provide ancillary services for the core activities.

Globalia Business Travel, S.A.U. and Globalia Travel Club Spain, S.L.U. operate in the wholesale travel sector; Viajes Halcón, S.A.U. and Viajes Ecuador S.A.U. have 694 points of sale in Spain (781 points of sale at 31 December 2019); Globalia Autocares, S.L. has a fleet of 49 coaches (49 coaches 31 December 2019) and Welcome Incoming Services, SLU is engaged in incoming tourism. On 18 December 2020 it was agreed to integrate the businesses between Barceló Corporación Empresarial, S.A. and the Parent, with the latter making a non-monetary contribution of Gestión de Viajes Deneb, S.L. and subsidiaries (Globalia Autocares, S.A., Globalia Corporate Travel, S.L.U., Geomoon, S.L.U., Globalia Traveling, S.L.U., Iberotours, S.A.U., Welcome Incoming Services, S.L.U., Globalia Travel Club Spain, S.L.U., Globalia Trading Services, S.L.U., Globalia Business Travel, S.A.U., Viajes Ecuador, S.A.U., Viajes Halcón, S.A.U. and MS Viajes Marsol) to the newco Avoris Corporación Empresarial, S.L. As a result, the Parent has 49.45% stake in the aforementioned holding.

The Group also holds interests in associates (see Appendix III) and jointly controlled entities (see Appendix IV) and participates in several joint ventures along with other venturers (see Appendix V).

(2) Basis of Presentation

(a) True and fair view

The consolidated annual accounts have been prepared on the basis of the accounting records of Globalia Corporación Empresarial, S.A. and subsidiaries. The consolidated annual accounts for 2020 have been prepared in accordance with prevailing legislation, the Spanish General Chart of Accounts and the standards for the preparation of consolidated annual accounts, to give a true and fair view of the consolidated equity and consolidated financial position at 31 December 2020 and consolidated results of operations, changes in consolidated equity, and consolidated cash flows for the year then ended.

The directors consider that the consolidated annual accounts for 2020, authorised for issue on 30 June 2021, will be approved with no changes by the shareholders at their annual general meeting.

(Continued)

(b) Comparative information

The consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and the consolidated notes thereto for 2020 include comparative figures for 2019, which formed part of the consolidated annual accounts approved by the shareholders at the annual general meeting held on 8 September 2020.

During 2020 the Group restated the comparative figures for 2019 in order to disclose the discontinued operations of the retail and wholesale divisions.

(i) Changes in the consolidated Group

Changes in the consolidated Group for the year ended 31 December 2020 were as follows:

- MK Media Corp, MK Puerto Rico, S.A., MK Tours INC, MK Dominicana USA INC and MK Travel & Tours INC have left the consolidated group.

- As a result of the transaction described in note 1, Gestión de Viajes Deneb, S.L. and subsidiaries from the travel business (Globalia Autocares, S.A., Globalia Corporate Travel, S.L.U., Geomoon, S.L.U., Globalia Traveling, S.L.U., Iberotours, S.A.U., Welcome Incoming Services, S.L.U., Globalia Travel Club Spain, S.L.U., Globalia Trading Services, S.L.U., Globalia Business Travel, S.A.U., Viajes Ecuador, S.A.U., Viajes Halcón, S.A.U. and MS Viajes Marsol), cease to be fully consolidated and the interest in the holding Avoris Corporación Empresarial, S.L., that groups together all these investments, is equity-accounted.

Changes in the consolidated Group for the year ended 31 December 2019 were as follows:

- The following companies have joined the consolidated Group: Air Europa Holding, S.L.U., Globalia Linhas Aéreas, Ltda, Gestión de Viajes Deneb, S.L., Avoris Halcon UTE, Rotas Ibéricas-Viagens e Turismo Unipessoal Lda, Transportes Turísticos San Miguel, M.S. Viajes, S.A., Wakalua Innovation Hub, S.L.

- The following companies have left the consolidated Group: La Hispano Moforte, Castromil, Globalia, UTE, Globalia France, S.A.S., Intertravel SARL, Globalia Lease Finance, Ltd., Globalia Lease Finance Two Ltd., Globalia Lease Finance Three Ltd., Globalia Lease Finance Four Ltd., Globalia Lease Finance Five Ltd., Globalia Lease Finance Six Ltd. and Globalia Lease Finance Seven Ltd.

(c) Functional currency and presentation currency

The figures disclosed in the consolidated annual accounts are expressed in thousands of Euros, the functional and presentation currency of the Parent and most of the Group companies, rounded off to the nearest thousand.

(d) Critical issues regarding the valuation and estimation of relevant uncertainties and judgements used when applying accounting principles

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the Group's accounting principles to prepare the consolidated annual accounts. A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the consolidated annual accounts, is as follows:

(Continued)

(i) Relevant accounting estimates and assumptions

The measurement of non-current assets, other than financial assets, requires estimates to be made to determine their fair value, for the purpose of evaluating any possible impairment. In order to determine the fair value, the directors of the Parent estimate expected future cash flows from the assets or from the cash-generating units to which they belong and apply an appropriate discount rate to calculate the present value of these cash flows.

Deferred tax assets are recognised for all those deductible temporary differences, unused tax loss carryforwards and deductions that are expected to be able to be offset against future taxable profit. In order to determine the amount of the deferred tax assets to be recognised, the directors take into account the amounts and dates on which future taxable profits will be obtained and the reversal period for taxable temporary differences.

Group management estimates the useful life of assets and their residual value. Given the complexity and relevance of the residual value of the aircraft owned or held under finance leases by the Group, management uses reports prepared by independent third parties to estimate this value.

Air Europa Líneas Aéreas, S.A.U. and Aeronova, S.L.U. are subject to regulatory processes and inspections by government bodies in charge of air traffic. The Group recognises a provision if it is probable that an obligation will exist at year end which will give rise to an outflow of resources and the outflow can be reliably measured. Legal processes usually involve complex legal issues and are subject to substantial uncertainties. As a result, management uses significant judgement when determining whether it is probable that the process will result in an outflow of resources embodying economic benefits and estimating the amount. The calculation of provisions for major repairs is subject to a high degree of uncertainty given that it is based on an individual analysis of the different components subject to review for each aircraft. Air Europa Líneas Aéreas, S.A.U. and Aeronova, S.L.U. recognise provisions for major repairs when the total cost can be reliably measured.

Following usual sector practice, Air Europa Líneas Aéreas, S.A.U. prepares an estimate of the revenues from tickets sold and not used and that will not be used in the future. Prior to the COVID-19 pandemic, unused tickets were recognised as income after the contractual departure date, using estimates regarding the timing of the recognition based on the terms and conditions of the tickets and an analysis of historical trends. Due to the changes occurring due to COVID-19, when flights are cancelled passengers are entitled to obtain a reimbursement, re-book a ticket to an alternative flight or receive a voucher. Due to the relatively short period regarding historical data, when a voucher is issued no revenue is recognised until the voucher has been exchanged for transport services or it expires.

(e) Going concern basis

The Group's business has been significantly affected in 2020 due mainly to the fall in revenues as a result of the drop in activity triggered by the effect of COVID-19.

Consequently, pre-tax losses for the year ended 31 December 2020 total Euros 540,223 thousand and working capital and equity are negative in amounts of Euros 421,164 thousand and Euros 266,276 thousand, respectively.

(Continued)

However, due to the uncertainty created by COVID-19, the potential for future waves of the pandemic and the impact of restrictions and/or demand for travel, the Group cannot be certain that there will not be additional and more severe negative scenarios than those already taken into consideration. The Group has continued to maintain and operate its structure and processes for the purpose of identifying, assessing and managing the risks. The main risks and uncertainties affecting the Group are:

- Airports, infrastructure and third parties. Restrictions at hubs and airports have forced changes with regard to capacity, including adjustments to fleet and new operating procedures to re-start flights. All this negatively affects the hotel, travel and handling divisions.

- Competitors, consolidation and government regulations. The amount of incentives from governments and public aid has varied between different countries and the potential impact on the competitive scenario is being continuously assessed.

- Political and economic scenario. National governments are imposing a raft of travel restrictions and quarantines which will continue to affect the Group's operations. These measures are being actively monitored and short-term capacity plans are being vigorously revised in line with recent developments. It is expected that the economic impact of COVID-19 will be considerable if the pandemic continues. Consequently, the Group will adjust its capacity plans in the future, whilst remaining flexible where required.

To mitigate these effects, the Group has implemented a number of measures, as described below:

- In April 2020 the Group applied for a furlough scheme ("ERTE" per the Spanish acronym) claiming force majeure, availing of the measures adopted by the government for 91.89% of its workforce, with a view to fulfilling the minimum service requirement. To date, furloughed workers have been gradually returning to work, although it is expected that the furlough scheme will remain in force until May.

- The Group has obtained financing in the form of a Euros 141,000 thousand syndicated loan from the financial institutions with which it operates. The loan has a grace period until May 2021 and matures in 2025, and 70% of the balance is guaranteed by ICO (Spain's Official Credit Institute).

- Furthermore, the Group has obtained temporary public financial aid from Sociedad Estatal de Participaciones Industriales (SEPI) for a total amount of Euros 475,000 thousand, which has been arranged through a participating loan of Euros 240,000 thousand already drawn down and an ordinary loan of Euros 235,000 thousand undrawn to date and maturing in 2026.

- The Group has come to agreements with suppliers to defer payment of certain debts, and is renegotiating the payment terms in other cases and implementing cost cutting policies.

- Furthermore, the assumptions for estimated revenue generation in the coming months partially indicate that the Group's available resources will enable it to meet its liquidity requirements.

The Parent's directors have prepared these consolidated annual accounts on a going concern basis.

(Continued)

(3) Distribution of Profit of the Parent

The distribution of the Parent's profit for the year ended 31 December 2019, approved by the shareholders at their annual general meeting held on 8 September 2020, was as follows:

	Euros
Basis of allocation	
Profit for the year	
	94,369
Distribution	
Voluntary reserves	88,369
Interim dividend	6,000
	94,369

The proposed distribution of the Parent's profit for 2020 to be submitted to the shareholders for approval at their annual general meeting is as follows:

	Thousands of Euros
Basis of allocation	
Profit for the year	
Profit for the year	96,501
Distribution	
Voluntary reserves	96,501
	96,501

The interim dividend was distributed in March 2019.

At 31 December non-distributable reserves of the Parent are as follows:

	Thousands of Euros	
	2020	2019
Parent reserves		
Legal reserve	3,379	3,379

(Continued)

(4) Significant Accounting Policies

(a) Subsidiaries

Subsidiaries are entities, including special purpose entities (SPE), over which the Company, either directly or indirectly through subsidiaries, exercises control as defined in article 42 of the Spanish Code of Commerce. Control is the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities. In assessing control, potential voting rights held by the Group or other entities that are exercisable or convertible at the end of each reporting period are considered.

For presentation and disclosure purposes only, Group companies are considered to be those controlled by one or more individuals or entities acting jointly or under the same management through statutory clauses or agreements.

The consolidated annual accounts include the results of a subsidiary, See Europe Tours Limited, registered in the United Kingdom, which has availed of the exemption from the audit of individual annual accounts provided for in article 479 of the UK Companies Act of 2006.

Subsidiaries are fully consolidated.

Information on the subsidiaries included in the consolidated Group is presented in Appendix I.

Information on companies that have not been consolidated because their impact on the true and fair view of the consolidated annual accounts is immaterial has been included in Appendix II.

Transactions and balances with subsidiaries and unrealised gains or losses have been eliminated upon consolidation. Nevertheless, unrealised losses have been considered as an indicator of impairment of the assets transferred.

The Parent and subsidiaries form an integrated transport, travel and tourism group and therefore the number of transactions carried out between Group companies is very high. All accounts and transactions between consolidated entities have been eliminated on consolidation, including investments between these entities, giving rise, where applicable, to the corresponding goodwill on consolidation. As mentioned in note 1, deriving from the described transaction, transactions and balances with companies from the travel business have not been eliminated on consolidation.

The subsidiaries' accounting policies have been adapted to Group accounting policies, for like transactions and other events in similar circumstances.

The timing of the annual accounts or financial statements of subsidiaries has been harmonised and relevant adjustments have been made to reflect the effect of transactions and significant events occurred between the closing date of subsidiaries and the closing date of the Parent.

(b) Non-controlling interests

Non-controlling interests in subsidiaries acquired after the transition date are recognised at the acquisition date at the proportional part of the fair value of the identifiable net assets. Non-controlling interests in subsidiaries acquired prior to the transition date were recognised at the proportional part of the equity of the subsidiaries at the date of first consolidation. Non-controlling interests are presented in the consolidated balance sheet under equity, separately from equity attributable to the Parent. Non-controlling interests' share in profit or loss for the year is also presented separately in the consolidated income statement.

(Continued)

The profit or loss and changes in equity of the subsidiaries attributable to the Group and non-controlling interests, after consolidation adjustments and eliminations, are determined in accordance with the percentage ownership at year end.

The profit/loss and recognised income and expense of subsidiaries are allocated to equity attributable to the Parent and to non-controlling interests in proportion to their investments, even if this results in a balance receivable from non-controlling interests. Agreements entered into between the Group and non-controlling interests are recognised as a separate transaction.

Increases and reductions in non-controlling interests in subsidiaries in which control is retained are recognised as equity instrument transactions. Consequently, no new acquisition cost arises on increases nor is a gain recorded on reductions; rather, the difference between the consideration given or received and the carrying amount of the non-controlling interests is recognised in the reserves of the Parent, notwithstanding the reclassification of consolidation reserves and the reallocation of recognised income and expense between the Group and the non-controlling interests. When a Group's interest in a subsidiary increases, non-controlling interests are recognised at their share of the consolidated net assets, including goodwill on consolidation.

(c) Associates

Associates are companies over which the Parent, either directly, or indirectly through subsidiaries, exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The existence of potential voting rights that are exercisable or convertible at the end of each reporting period, including potential voting rights held by the Group or third parties, are considered when assessing whether an entity has significant influence.

Investments in associates are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. However, associates that qualify for classification at the acquisition date as non-current assets or disposal groups held for sale are recognised at fair value less costs to sell.

Details of equity-accounted investees are included in Appendix III.

The Group's share of the profit or loss of an associate from the date of acquisition is recognised as an increase or decrease in the value of the investment, with a credit or debit to share in profit/loss of equity-accounted investees in the consolidated income statement. The Group's share of the total recognised income and expense of associates from the date of acquisition is recognised as an increase or decrease in investments in associates with a balancing entry in consolidated equity accounts. The distribution of dividends is recognised as a decrease in the value of the investment. The Group's share of profit or loss, including impairment losses recognised by the associates, is calculated based on income and expenses arising from application of the acquisition method.

The timing of the annual accounts or financial statements of associates has been harmonised and the relevant adjustments have been made to reflect the effect of transactions and significant events occurred between the closing date of associates and the closing date of the Parent.

(i) Impairment

The Group applies the impairment criteria set out in the section on financial instruments to determine whether additional impairment losses to those already recognised on the net investment in the associate, or on any other financial asset held as a result of applying the equity method, should be recognised.

Impairment is calculated by comparing the carrying amount of the investment with its recoverable amount. The recoverable amount is the higher of value in use and fair value less costs to sell.

Value in use is calculated based on the Group's share of the present value of future cash flows expected to be derived from ordinary activities and from the disposal of the asset, or the estimated cash flows expected to be received from the distribution of dividends and the final disposal of the investment. Nonetheless, and in certain cases, unless better evidence of the recoverable amount of the investment is available, when estimating impairment of these types of assets, the investee's equity is taken into consideration, adjusted, where appropriate, to generally accepted accounting principles and standards in Spain, corrected for any net unrealised gains existing at the measurement date.

(d) Joint ventures

Joint ventures are those in which there is a statutory or contractual agreement to share the control over an economic activity, in such a way that strategic financial and operating decisions relating to the activity require the unanimous consent of the Parent and the remaining venturers.

Group joint ventures adopt the form of investments in jointly controlled entities, operations and assets.

Details of jointly controlled entities are provided in Appendix IV.

Jointly controlled operations and assets are those in which there is a statutory or contractual agreement to share the control over an economic activity, in such a way that strategic financial and operating decisions relating to the activity require the unanimous consent of the Group and the remaining venturers.

Information relating to jointly controlled operations, referred to as UTEs (Unión Temporal de Empresas – a form of temporary business association), is presented in Appendix V.

Investments in jointly controlled entities are proportionately consolidated from the date joint control is obtained until the date joint control ceases. However, investments that are classified as non-current assets or disposal groups held for sale at the date joint control is obtained are recognised at fair value less costs to sell.

The Group recognises assets controlled and liabilities incurred in respect of jointly controlled operations, as well as the proportional part of jointly controlled assets and liabilities and of expenses incurred and income earned from the sale of goods or services by the joint venture. The statement of changes in equity and the statement of cash flows also include the proportional part corresponding to the Group by virtue of the agreements reached.

Reciprocal transactions, balances, income, expenses and cash flows have been eliminated in proportion to the interest held by the Group in joint ventures. All dividends have been eliminated.

Unrealised gains and losses from non-monetary contributions or downstream transactions in joint ventures are recognised based on the substance of the transaction. Where the assets are retained by the joint ventures and the Group has transferred the significant risks and rewards of ownership, only the portion of the gain or loss that is attributable to the interests of the other venturers is recognised. Unrealised losses are not eliminated if they provide evidence of an impairment loss.

The Group only recognises the portion of gains and losses on transactions in joint ventures that is attributable to the interests of the other venturers. In the event of losses, the Group applies the same recognition criteria as those described in the previous paragraph.

The Group has made the necessary measurement and timing harmonisation adjustments to incorporate its joint ventures in the consolidated annual accounts.

(Continued)

The timing of the annual accounts or financial statements of joint ventures has been harmonised and the relevant adjustments have been made to reflect the effect of transactions and significant events occurred between the closing date of the joint ventures and the closing date of the Company.

(e) Foreign currency transactions, balances and cash flows

(i) Foreign currency transactions, balances and cash flows

Foreign currency transactions have been translated into Euros using the spot exchange rate prevailing at the transaction date. Some Spanish Group companies which operate in US Dollars recognise purchases and sales using a standard exchange rate, in accordance with the Group policy of contracting the appropriate financial instruments to hedge against fluctuations in the US Dollar exchange rate. The differences between the standard exchange rate and the settlement or hedging rate are recognised as exchange gains or losses in the income statement.

Monetary assets and liabilities denominated in foreign currencies have been translated into Euros at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date.

Non-monetary assets measured at fair value have been translated into Euros at the exchange rate at the date that the fair value was determined.

In the consolidated statement of cash flows, cash flows from foreign currency transactions have been translated into Euros at the exchange rates at the dates the cash flows occur.

(ii) Translation of foreign operations

Foreign operations whose functional currency is not the currency of a hyperinflationary economy have been translated into Euros as follows:

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations are translated at the closing rate at the reporting date;

- Income and expenses are translated at the average exchange rate for the period; and

- All resulting exchange differences are recognised as translation differences in consolidated equity.

These criteria are also applicable to the translation of the financial statements of equity-accounted investees, with translation differences attributable to the Parent recognised in consolidated equity.

The translation into Euros described in the preceding paragraph using the closing exchange rate is performed on the functional currency. Given the economic and financial characteristics of certain companies' activities, the functional currency is considered to be the US Dollar rather than the official currency of the country where their registered offices are located.

The translation from local currency to functional currency implies the use of historical exchange rates for the non-monetary balance sheet and income statement items and the exchange rate prevailing at year end for monetary items. Cash and those items that are representative of accounts receivable and payable are considered to be monetary items.

(Continued)

When the date of the financial statements of foreign operations differs from that of the Parent, the assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, are translated at the rate prevailing at the reporting date of the foreign operation and any necessary adjustments are made to balances and transactions with the Group in respect of exchange rate fluctuations up to the reporting date.

(f) Capitalisation of borrowing costs and exchange differences

As permitted by the second transitional provision of Royal Decree 1514/2007 approving the Spanish General Chart of Accounts, the Group opted to apply this accounting policy to work in progress at 01 January 2008 that will not be available for use, capable of operating or available for sale for more than one year. Until that date, the Group opted to recognise borrowing costs as an expense as they were incurred.

Borrowing costs related to specific and general financing that are directly attributable to the acquisition, construction or production of intangible assets (except capitalised research and development expenditure), property, plant and equipment, investment property, and inventories that will not be available for use, capable of operating or available for sale for more than one year are included in the cost of the asset, as well as exchange differences to the extent that they comprise an adjustment to the interest rate of the transaction.

To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined as the actual borrowing costs incurred. Non-commercial general borrowing costs eligible for capitalisation are calculated as the weighted average of the borrowing costs applicable to outstanding borrowings during the period, other than those specifically for the purpose of obtaining a qualifying asset and the portion financed using consolidated equity. The borrowing costs capitalised cannot exceed the borrowing costs incurred during that period. When determining borrowing costs eligible for capitalisation, adjustments to the finance costs corresponding to the effective portion of hedges entered into by the Group are considered. These calculations are based on the Group's financial structure.

The Group begins capitalising borrowing costs as part of the cost of a qualifying asset when it incurs expenditures for the asset, interest is accrued, and it undertakes activities that are necessary to prepare the asset for its intended use or sale, and ceases capitalising borrowing costs when all or substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Nevertheless, capitalisation of borrowing costs is suspended when active development is interrupted for extended periods, except where a temporary delay is a necessary part of the process of getting an asset ready for its intended use or sale.

The Group capitalises exchange differences on receivables in foreign currency that fall due in more than one year which specifically finance the construction or production of non-monetary assets in the same currency and which will not be available for use, capable of operating or available for sale for more than one year.

Capitalised exchange differences are recognised in the consolidated income statement under capitalised exchange differences.

(g) Intangible assets

Intangible assets are measured at cost of acquisition or production, using the same criteria as for determining the cost of production of inventories. Capitalised production costs are recognised under self-constructed assets in the consolidated income statement. Intangible assets are carried at cost, less any accumulated amortisation and impairment.

Expenditure on activities that contribute to increasing the value of the Group’s business as a whole, such as goodwill, trademarks and other similar items generated internally, as well as establishment costs, are recognised as expenses when incurred.

(Continued)

(i) Industrial property, patents and trademarks

Industrial property rights primarily consist of land rights over the plot on which the Be Live Smart Talavera Hotel was built, amounting to Euros 2,394 thousand. These land rights are valid for 75 years starting 16 November 2005 and are amortised over the remaining useful life of this concession from the date on which the Group acquired the company, that is, 70 years.

Administrative concessions include the costs incurred in their procurement.

(ii) Goodwill on consolidation and goodwill

Goodwill on consolidation arises from the consolidation of subsidiaries and joint ventures. Goodwill arises from business combinations recognised in the individual annual accounts of consolidated companies.

Goodwill can only be recognised under assets when its value arises from an onerous acquisition within the context of a business combination. The amount of goodwill is determined in accordance with the standard on business combinations and it must be allocated from the acquisition date to each of the Company's cash-generating units that are expected to benefit from the synergies of the business combination.

After initial recognition, goodwill is measured at cost of acquisition, less accumulated amortisation and, where applicable, the accumulated amount of recognised impairment adjustments.

Goodwill is amortised over its useful life. Useful life is determined separately for each cash-generating unit to which goodwill has been allocated. It will be presumed, unless there is evidence to the contrary, that the useful life of goodwill is ten years, to be amortised on a straight-line basis.

At least once a year, the cash-generating units to which goodwill has been allocated will be analysed for indications of impairment. If such indications exist, the potential impairment will be measured using the criteria provided for property, plant and equipment. Impairment losses on goodwill will not be reversed in subsequent years.

The Group recognised goodwill amounting to Euros 3,791 thousand in 2020 (Euros 10,159 thousand in 2019).

(iii) Computer software

Computer software acquired and produced by the Company, including website costs, is recognised when it meets the conditions for consideration as development costs. Expenditure on developing a website to promote and advertise the Group's own products or services is recognised as an expense when incurred. Computer software maintenance costs are charged as expenses when incurred.

(iv) Leaseholds

Leaseholds are rights to lease premises which have been acquired through an onerous contract subrogated by the Group.

(v) Subsequent costs

Subsequent costs incurred on intangible assets are recognised in profit and loss, unless they increase the expected future economic benefits attributable to the intangible asset.

(Continued)

(vi) Useful life and amortisation rates

The Group assesses whether the useful life of each intangible asset acquired is finite or indefinite. An intangible asset is regarded by the Group as having an indefinite useful life when there is no foreseeable limit to the period over which the asset will generate net cash inflows.

Intangible assets with indefinite useful lives are not amortised, but are instead tested for impairment on an annual basis or whenever there is an indication that the intangible asset may be impaired.

Intangible assets with finite useful lives are amortised by allocating the depreciable amount of an asset on a systematic basis over its useful life, by applying the following criteria:

	Amortisation method	**Estimated years of useful life**
Goodwill	Straight-line	10
Industrial property, patents and trademarks	Straight-line	5
Concessions	Straight-line	6
Computer software	Straight-line	6
Leaseholds	Straight-line	10

The depreciable amount of intangible assets is measured as the cost of the asset, less any residual value.

The Group considers that the residual value of the assets is zero unless:

- There is a commitment by a third party to purchase the asset at the end of its useful life.
- There is an active market for the intangible asset and:
- Residual value can be determined by reference to that market; and
- It is probable that such a market will exist at the end of the asset's useful life.

The Group reviews the residual value, useful life and amortisation method for intangible assets at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

(vii) Impairment

The Group measures and determines impairment to be recognised or reversed based on the criteria in section (j) Impairment of non-financial assets subject to amortisation or depreciation.

(h) Property, plant and equipment

(i) Initial recognition

Property, plant and equipment are measured at cost of acquisition or production, using the same criteria as for determining the cost of production of inventories. Capitalised production costs are recognised under self-constructed assets in the consolidated income statement. Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment.

(Continued)

Spare parts used to replace similar parts in facilities, equipment and machinery are measured applying the aforementioned criteria. Parts with a warehouse cycle of less than one year are recognised as inventories. Parts with a warehouse cycle of more than one year and which are related to certain specific assets are recognised and depreciated on a systematic basis consistent with the depreciation policy for the assets in question, and those not related to specific assets are recognised as other fixed assets and depreciated using the same process as for the part to be replaced, if this can be identified. In general, these latter spare parts are depreciated from the date they are incorporated into the asset, considering their technical obsolescence and the weighted technical or economic useful life of the assets in which they are to be incorporated.

Non-current investments in property held by the Group under operating leases are classified as property, plant and equipment. Investments are depreciated over their useful lives, provided these are not expected to exceed the duration of the lease contract or the contract is renewed indefinitely for a period greater than their useful lives.

(ii) Depreciation

Property, plant and equipment are depreciated by allocating the depreciable amount of the asset on a systematic basis over its useful life. The depreciable amount is the cost of an asset, less its residual value. The Group determines the depreciation charge separately for each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and with a useful life that differs from the remainder of the asset.

Property, plant and equipment are depreciated using the following criteria:

	Depreciation method	**Estimated years of useful life**
Buildings	Straight-line	20 – 50
Technical installations and machinery (aircraft, engines, aircraft spare parts, maintenance equipment and handling equipment)	Straight-line	8 – 20
Other installations, equipment and furniture	Straight-line	8 – 12
Other property, plant and equipment	Straight-line	4 – 12

The Group reviews residual values, useful lives and depreciation methods at each reporting date. Changes to initially established criteria are accounted for as a change in accounting estimates. Management of the Air division determines the residual value of the aircraft on the basis of reports drawn up by independent experts.

(iii) Subsequent costs

Subsequent to initial recognition of the asset, only the costs incurred which increase capacity or productivity or which lengthen the useful life of the asset are capitalised. The carrying amount of parts that are replaced is derecognised. Costs of day-to-day servicing are recognised in profit and loss as incurred.

Replacements of property, plant and equipment that qualify for capitalisation are recognised as a reduction in the carrying amount of the items replaced. Where the cost of the replaced items has not been depreciated independently and it is not possible to determine the respective carrying amount, the replacement cost is used as indicative of the cost of items at the time of acquisition or construction.

(Continued)

(iv) Impairment

The Group measures and determines impairment to be recognised or reversed based on the criteria in section (j) Impairment of non-financial assets subject to amortisation or depreciation.

(i) Investment property

Investment property comprises property, including that which is under construction or being developed, which is earmarked totally or partially to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services, for administrative purposes or for sale in the ordinary course of business.

The Group measures and recognises investment property following the policy for property, plant and equipment.

The Group reclassifies investment property to property, plant and equipment when it begins to use the property in the production or supply of goods or services, or for administrative purposes.

The Group reclassifies investment property to inventories when it commences construction work to substantially alter the property with a view to selling it.

The Group reclassifies property, plant and equipment to investment property when it ceases to use the building in the production or supply of goods or services, for administrative purposes or when it is held to earn rentals or for capital appreciation or both.

The Group reclassifies inventories to investment property when the property is leased under an operating lease.

Investment property is depreciated applying the following policies:

	Depreciation method	**Estimated years of useful life**
Buildings	Straight-line	33

(j) Impairment of non-financial assets subject to amortisation or depreciation

The Group evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use.

The Group tests goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet available for use for impairment at least annually, irrespective of whether there is any indication that the assets may be impaired.

An asset's value in use is measured based on the future cash flows the Company expects to derive from use of the asset, expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset and other factors that market participants would reflect in pricing the future cash flows the Group expects to derive from the asset.

Impairment losses are recognised in the consolidated income statement.

(Continued)

Recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

However, the Group determines the individual impairment of an asset included in a CGU when:

a) It no longer contributes to the cash flows of the CGU to which it belongs and its recoverable amount is similar to its fair value less costs to sell, or, where applicable, the asset must be derecognised.

b) The carrying amount of the CGU has increased by the value of the assets which generate independent cash flows, provided that there are indications that the assets may be impaired.

This year the Group uses detailed calculations made in a preceding year of the recoverable amount of a CGU to which an intangible asset of indefinite life or goodwill has been included, provided the following requirements are met:

a) The assets making up that unit have not changed significantly since the most recent recoverable amount calculation;

b) the most recent recoverable amount calculation resulted in an amount that exceeded the unit's carrying amount by a substantial margin; and

c) based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation, the likelihood that a current recoverable amount determination would be less than the unit's carrying amount is remote.

The Group distributes goodwill and common assets between each of the CGUs to test for impairment. If part of the goodwill or common assets cannot be allocated to the CGUs, it is distributed in proportion to the carrying amount of each of the CGUs.

Impairment losses for cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other non-current assets of the unit pro rata with their carrying amounts. The carrying amount of each asset may not be reduced below the highest of its fair value less costs to sell, its value in use and zero.

At the end of each reporting period the Group assesses whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. Impairment losses on goodwill are not reversible. Impairment losses on other assets are only reversed if there has been a change in the estimates used to calculate the recoverable amount of the asset.

A reversal of an impairment loss is recognised in the consolidated income statement. The increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

A reversal of an impairment loss for a CGU is allocated to the non-current assets of each unit, except goodwill, pro rata with the carrying amounts of those assets. The carrying amount of an asset may not be increased above the lower of its recoverable amount and the carrying amount that would have been disclosed, net of amortisation or depreciation, had no impairment loss been recognised.

After an impairment loss or reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the asset is adjusted in future periods based on its new carrying amount.

However, if the specific circumstances of the assets indicate an irreversible loss, this is recognised directly in losses on the disposal of fixed assets in the consolidated income statement.

(Continued)

Valuations from independent appraisers or the discounted cash flow method have been used to determine the recoverable amount. Discounted cash flow calculations are based on five-year projections in the budgets approved by management plus a residual value. The cash flows take into consideration past experience and represent management's best estimate of future market performance. The key assumptions employed when determining value in use include growth rates, the weighted average cost of capital and tax rates. The discount rate applied for the impairment test on the Group's hotel assets and for goodwill is 8% to 10%. In order to calculate the recoverable amount of certain hotel properties, external valuations by renowned appraisal companies have been obtained.

(k) Leases

(i) Lessee accounting

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

The Group assesses the economic substance of contracts that confer the right to use certain assets, to identify any implicit leases. A contract is or contains a lease if compliance with the agreement depends on the use of a specific asset or assets. In these cases, at the inception of the lease the Group separates future lease payments and the consideration relating to the lease from those for the rest of the items included in the agreement, based on their fair values. Lease payments are recognised by applying the criteria set out in this section.

The Group has the right to use aircraft, hotels, handling equipment and travel agency offices through lease contracts.

Financial assets and financial liabilities under lease contracts are subject to the same derecognition criteria as financial instruments.

- *Finance leases*

At the commencement of the lease term, the Group recognises finance leases as assets and liabilities at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Initial direct costs are added to the asset's carrying amount. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Interest is expensed using the effective interest method.

Contingent rents are recognised as an expense when it is probable that they will be incurred.

The accounting policies applied to the assets used by the Group by virtue of finance lease contracts are the same as those set out in sections (h) and (i) Property, plant and equipment and Investment property. However, if there is no reasonable assurance that the Group will obtain ownership by the end of the lease term, the assets are fully depreciated over the shorter of the lease term and their useful lives.

- *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, unless another systematic basis is more representative of the time pattern of the lease's benefit.

Contingent rents are recognised as an expense when it is probable that they will be incurred.

(Continued)

(ii) Sale and leaseback transactions

Asset sale and leaseback transactions that meet the conditions for classification as a finance lease are considered as financing operations and, therefore, the type of asset is not changed and no profit or loss is recognised.

(l) Financial instruments

(i) Classification and separation of financial instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument.

The Group classifies financial instruments into different categories based on the nature of the instruments and the Group's intentions on initial recognition.

(ii) Offsetting principles

A financial asset and a financial liability are offset only when the Group currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iii) 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

- It 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. Accrued interest and dividends are recognised separately.

The Group does not reclassify any financial asset or financial liability into or out of this category while it is recognised in the consolidated balance sheet, except when there is a change in the classification of hedging financial instruments.

(Continued)

(v) Loans and receivables

Loans and receivables comprise trade and non-trade receivables with fixed or determinable payments that are not quoted in an active market other than those classified in other financial asset categories. These assets are initially recognised at fair value, including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Nevertheless, financial assets which have no established interest rate, which mature or are expected to be received in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

(v) Held-to-maturity investments

Held-to-maturity investments are debt securities with fixed or determinable payments and fixed maturity traded on an active market and that the Group has the positive intention and ability to hold to maturity, other than those classified in other categories. The measurement criteria applicable to financial instruments classified in this category are the same as those applicable to loans and receivables.

The Group has not reclassified or sold any held-to-maturity investments during the year.

(vi) Financial assets and financial liabilities carried at cost

Investments in equity instruments for which the fair value cannot be reliably measured and derivative instruments that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less any accumulated impairment. Nonetheless, if the financial assets or liabilities can subsequently be reliably measured on an ongoing basis, they are accounted for at fair value and any gain or loss is recognised in accordance with their classification.

(vii) Investments in non-consolidated Group companies, associates and jointly controlled entities

Investments in Group companies, associates and jointly controlled entities are initially recognised at cost, which is equivalent to the fair value of the consideration given, including transaction costs in the case of investments in associates and jointly controlled entities, and are subsequently measured at cost net of any accumulated impairment. The cost of investments in Group companies acquired before 1 January 2010 includes any transaction costs incurred.

The cost of acquisition of an investment in a Group company, associate or jointly controlled entity includes its carrying amount immediately before classification. Amounts previously recognised in equity are transferred to the income statement when the investment is derecognised or when an impairment loss is recognised or reversed.

If an investment no longer qualifies for classification under this category, it is reclassified as available-for-sale and is measured as such from the reclassification date.

Investments in equity instruments for which the fair value cannot be reliably measured and derivative instruments that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less any accumulated impairment. Nonetheless, if the financial assets or liabilities can subsequently be reliably measured on an ongoing basis, they are accounted for at fair value and any gain or loss is recognised in accordance with their classification.

(viii) Interest and dividends

Interest is recognised using the effective interest method.

(Continued)

Dividends from investments in equity instruments are recognised when the Group is entitled to receive them. If the dividends are clearly derived from profits generated prior to the acquisition date because amounts higher than the profits generated by the investment since acquisition have been distributed, the carrying amount of the investment is reduced.

(ix) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received, net of transaction costs, including any new asset obtained less any new liability assumed and any cumulative gain or loss deferred in consolidated recognised income and expense, is recorded in consolidated profit or loss.

(x) Impairment of financial assets

A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and the event or events have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group recognises impairment of loans and receivables and debt instruments when estimated future cash flows are reduced or delayed due to debtor insolvency.

For equity instruments, objective evidence of impairment exists when the carrying amount of an asset is uncollectible due to a significant or prolonged decline in its fair value.

Nevertheless, in cases in which the fair value of these instruments declines and subsequently recovers to above their quoted price, the one and a half-year period is counted from the date on which, after this recovery, the quoted price starts to drop progressively again, except when the recovery of the fair value would have been an isolated and barely significant event, in which case, the one and a half-year period is counted from the date the value first starts to decrease. This same criterion is applicable to determine whether there has been a 40% decrease in the quoted price. For this purpose, the quoted price is understood to be the initial measurement of the asset, or the weighted average price of homogeneous groups, if there have been various acquisitions.

Impairment of financial assets carried at amortised cost

The amount of the impairment loss of financial assets carried at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. For variable income financial assets, the effective interest rate corresponding to the measurement date under the contractual conditions is used. For held-to-maturity debt instruments the Group uses the market value, providing this is sufficiently reliable to be considered representative of the recoverable amount.

The impairment loss is recognised in profit and loss and may be reversed in subsequent periods if the decrease can be objectively related to an event occurring after the impairment has been recognised. The loss can only be reversed to the limit of the amortised cost of the assets had the impairment loss not been recognised.

(Continued)

The Group has made a collective or global valuation allowance for trade balances, equivalent to 3% of the total amount of trade receivables at year end, less the recoverable amount of guarantees obtained and without taking into account balances with public entities, or balances that have been individually tested for impairment.

Investments in non-consolidated Group companies, associates and jointly controlled entities and equity instruments carried at cost.

Impairment is calculated by comparing the carrying amount of the investment with its recoverable amount. The recoverable amount is the higher of value in use and fair value less costs to sell.

(xi) Financial liabilities

Financial liabilities, including trade and other payables, that are not classified as held for trading or as financial liabilities at fair value through profit or loss are initially recognised at fair value less any transaction costs directly attributable to the issue of the financial liability. After initial recognition, liabilities classified under this category are measured at amortised cost using the effective interest method.

Nevertheless, financial liabilities which have no established interest rate, which mature or are expected to be settled in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

The Group measures financial liabilities at amortised cost provided that reliable estimates of cash flows can be made based on the contractual terms.

(xii) Security deposits

Security deposits paid in relation to operating lease contracts on aircraft, hotels and sales offices are measured using the same criteria as for financial assets. The difference between the amount paid and the fair value is classified as a prepayment and recognised in consolidated profit or loss over the lease term (over the period for which the service is rendered). Non-current advances are restated at the end of each reporting period based on the market interest rate on initial recognition.

(xiii) Derecognition and modifications of financial liabilities

The Group derecognises all or part of a financial liability when it either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

(m) Hedge accounting

Derivative financial instruments which qualify for hedge accounting are initially measured at fair value, plus any transaction costs that are directly attributable to the acquisition, or minus any transaction costs directly attributable to the issue of the financial instruments. Nonetheless, transaction costs are subsequently recognised in profit and loss, inasmuch as they do not form part of the changes in the effective value of the hedge.

The Group undertakes foreign currency (US Dollar) cash flow hedges, interest rate hedges and hedges on jet fuel prices.

(Continued)

At the inception of the hedge the Group formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. Hedge accounting is only applicable when the hedge is expected to be highly effective at the inception of the hedge and in subsequent years in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, throughout the period for which the hedge was designated (prospective analysis), and the actual effectiveness is within a range of 80-125% (retrospective analysis) and can be reliably measured.

For cash flow hedges of forecast transactions, the Group assesses whether these transactions are highly probable and if they present an exposure to variations in cash flows that could ultimately affect profit or loss.

The Group only designates as hedged items assets, liabilities, firm commitments and highly probable forecast transactions that involve a party external to the Group. Nevertheless, the foreign currency risk of a monetary item receivable from or payable to consolidated foreign operations qualifies as a hedged item in the consolidated annual accounts if it results in an exposure to foreign exchange rate gains or losses that are not fully eliminated on consolidation. The foreign currency risk of highly probable forecast transactions with consolidated foreign operations qualifies as a hedged item in the consolidated annual accounts provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and the foreign currency risk will affect the consolidated income statement. As a result, amounts from the hedging operation deferred in recognised income and expense are taken to profit or loss when the transaction is carried out with parties external to the Group.

(i) Cash flow hedges

The Group recognises the portion of the gain or loss on the measurement at fair value of a hedging instrument that is determined to be an effective hedge in consolidated recognised income and expense. The ineffective portion and the specific component of the gain or loss or cash flows on the hedging instrument, excluding the measurement of the hedge effectiveness, are recognised under change in fair value of financial instruments.

The separate component of consolidated equity associated with the hedged item is adjusted to the lesser of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in fair value or present value of the expected future cash flows on the hedged item from inception of the hedge. However, if the Group expects that all or a portion of a loss recognised in consolidated equity will not be recovered in one or more future periods, it reclassifies into change in fair value of financial instruments the amount that is not expected to be recovered.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in consolidated equity are reclassified to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss and under the same caption of the consolidated income statement.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the Group reclassifies the associated gains and losses that were recognised in consolidated equity and includes them in the initial cost or carrying amount of the non-financial asset or liability.

The Group prospectively discontinues hedge accounting if the foreseen circumstances affecting fair value hedges arise. In these cases, the cumulative gain or loss on the hedging instrument that has been recognised in consolidated equity is not recorded in profit or loss until the forecast transaction occurs. If the transaction is no longer expected to occur, the cumulative gain or loss that had been recognised in consolidated equity is reclassified from equity to consolidated profit or loss as change in fair value of financial instruments.

(Continued)

(n) Inventories

Inventories are initially measured at cost of purchase or production.

The consolidated companies measure their inventories using the last invoice price, which does not differ significantly from the cost calculated on a FIFO basis. The valuation of slow-moving inventories has been lowered to their estimated probable realisable value.

Advances on account of inventories are initially recognised at cost. In subsequent years, advances accrue interest at the supplier's incremental borrowing rate when the period between payment and the receipt of the inventories exceeds one year.

Emission allowances

Under Directive 2003/87/EC and subsequent amendments to the Directive of the European Parliament and of the Council, which established a trading scheme for greenhouse gas emission allowances in the European Community, measures aimed at reducing the impact of aviation on climate change came into effect in 2012, requiring airlines to assume certain costs for CO2 emissions from flights from or to any country in the European Union.

On 17 November 2014, the Company received a notification from the Spanish Ministry for Agriculture, Food and the Environment, stating that Regulation (EU) No 421/2014 introduced a number of amendments: the European emission allowances trading scheme for 2013 to 2016 is only applicable to emissions in the European Economic Area. It is not applicable to emissions from flights operated from 2013 to 2016 between airports in the outermost regions, as defined in article 349 of the Treaty on the Functioning of the European Union (TFEU), and airports located in another region in the European Economic Area. From 1 January 2013 until 31 December 2020, the emission allowances trading scheme will exclude flights undertaken by operators of non-commercial aircraft with emissions of less than 1000 tonnes per year.

In accordance with the above, the number of allowances granted free of charge to aircraft operators should be reduced in proportion to the reduced scope of application of the trading scheme for 2013 to 2016. To this end, member states should adapt the emission allowances granted to each aircraft operator for these annual cycles.

In accordance with the mandate established in Regulation (EU) No 421/2014, through the agreement dated 7 November 2014, the Council of Ministers amended the free allocation of allowances for 2013 to 2016 for aircraft operators, which had been approved by agreement of the Council of Ministers on 16 December 2011 and subsequently corrected on 13 July 2012. The definitive allocation of allowances exclusively for 2013 to 2016 totalled 252,224, with no amendment, as a result of this agreement, of the amounts foreseen for the trading period, i.e. 2017 to 2020.

Upon their allocation, the Company recognises these allowances as inventories under "Greenhouse gas emission allowances" at their fair market value. At the same time the Company recognises a non-repayable capital grant for the same amount. After initial recognition, emission allowances are carried at the value attributed to them upon their receipt or acquisition and are not amortised.

The non-current provisions recognised with a balancing entry under other operating expenses reflect the expenses associated with the greenhouse gas emissions for the year. Where allowances for such emissions are available these provisions are measured at the amount at which the allowances were granted or acquired. Where these allowances are not available the Company recognises the best possible estimate of the cost to be incurred to cover the shortfall.

Firstly, through allocated emission allowances, which are then used to cancel actual emissions in proportion to total forecast emissions for the entire period to which they have been allocated. The expense corresponding to this part of the obligation is determined based on the carrying amount of the transferred emission allowances.

Secondly, through the remaining emission allowances recorded. Expenditure on this part of the obligation is measured as the weighted average cost of the emission allowances.

Emission allowances acquired for the purpose of being sold are classified and measured based on the standards applicable to inventories. The non-repayable grants associated with emission allowances received free of charge are taken to profit and loss in line with the recognition of the expenses derived from the gas emissions related to the subsidised allowances.

When the cost of inventories exceeds net realisable value, materials are written down to net realisable value.

(Continued)

(o) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.

(p) Defined benefit plans

In accordance with prevailing Spanish employment regulations applicable to retail travel agencies, wholesale travel agencies and ground transport companies, employees are entitled to retirement bonuses based on years of service and retirement age. Management of these retirement bonus commitments has been outsourced to non-Group companies. This outsourcing is based on an actuarial study of these commitments applying the Projected Unit Credit method using PERM00 mortality tables, a capitalisation rate of 2% and an annual salary increase of 0%.

Certain collective bargaining agreements applicable to Spanish Group companies with activities other than those mentioned in the preceding paragraph basically establish that permanent personnel retiring between the age of 60 and 65 are entitled to a long-service bonus equivalent to a certain number of monthly payments depending on the number of years worked. All long-service bonuses have been externalised to non-Group companies.

(q) Provisions

(i) General criteria

Provisions are recognised when the Group has a present obligation (legal, contractual, constructive or tacit) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is a pre-tax rate that reflects the time value of money and the specific risks for which future cash flows associated with the provision have not been adjusted at each reporting date.

Single obligations are measured using the individual most likely outcome. When the provision involves a large population of identical items, the obligation is estimated by weighting all possible outcomes by their associated probabilities. Where there is a continuous range of possible outcomes, and each point in that range is as likely as any other, the mid-point of the range is used.

The financial effect of provisions is recognised as a finance cost in the consolidated income statement.

(Continued)

The tax effect and gains on the expected disposal of assets are not taken into account in measuring a provision.

Rights to reimbursement from third parties of the expenditure required to settle a provision are recognised as a separate asset provided that it is virtually certain that the reimbursement will be received. The reimbursement is recognised as income in the consolidated income statement based on the nature of the expenditure up to the amount of the provision.

Where a risk is externalised to a third party by means of a legal or contractual agreement, provision is only made for the part of the risk assumed by the Group.

If it is not probable that an outflow of resources will be required to settle an obligation, the provision is reversed.

(ii) Provisions for customer loyalty programmes

Air Europa Líneas Aéreas, S.A.U. recognises a provision at the fair value of the liabilities accrued at the reporting date. This balance, amounting to Euros 1,763 thousand (Euros 1,583 thousand for the year ended 31 December 2019), is recognised under current provisions (see note 22).

In 2017 the operations related to the points were transferred to the Group company Air Europa Suma Miles, S.L.U. because a new points programme known as "Suma" has been developed. In these cases the Company recognises the cost communicated by the provider, which in this case is Air Europa Suma Miles, S.L.U.

The Group recognises the transport revenue when points from any of its programmes are used on an Air Europa flight.

(iii) Provisions for termination benefits

Termination benefits are recognised as a liability when the Company has a detailed formal plan for the termination and there is a valid expectation among the affected employees that termination will arise either because the plan has already started to be implemented or because its main characteristics have been published.

Restructuring provisions are recognised when the Company has a detailed formal plan for the restructuring and there is a valid expectation among the employees that termination will arise either because the plan has already started to be implemented or because its main characteristics have been published.

On the matter of employee transfers, under the collective bargaining agreement governing airport ground handling services, on expiry of a concession the new concession holder for the service must assume the position of employer of all personnel who exercise their rights and voluntarily choose to be transferred to the new operator. In the unlikely event that employees voluntarily decide not to be transferred to the new operator, the transferring operator, in this case entities forming part of the Handling division, is obliged to indemnify them with an amount equivalent to 21 days' pay for each year of service up to a maximum of 12 months' salary. The directors of the Parent do not expect any significant liabilities to arise in connection with these indemnity payments given the favourable terms and conditions governing transfers set forth in the aforementioned collective bargaining agreement. Consequently, no provision has been recognised in the consolidated annual accounts.

(Continued)

(iv) Provisions for major repairs on aircraft under operating lease contracts

Pursuant to the contracts, the Group recognises a provision for the total cost to be incurred for scheduled inspections of aircraft contracted under operating leases (general inspections of aircraft, engines and components), expensing these costs on a straight-line basis over the period that elapses between two successive inspections. Air Europa Líneas Aéreas, S.A.U. and Aeronova, S.L.U. also make provision for the cost of returning the leased aircraft, in accordance with the contractual terms agreed with the lessor, provided that sufficient technical and financial information is available to reliably estimate the cost.

Under some of the contracts between Air Europa Líneas Aéreas, S.A.U. and Aeronova, S.L.U. and the aircraft lessors, most of the inspection costs are paid to the lessor in regular instalments. This company then settles the cost of these periodic inspections through the lessor's repayment of the amounts that were previously advanced. The monthly amounts paid to the lessors as advances on account are recognised under non-current investments - other financial assets and current investments - other financial assets, depending on the period in which they are offset.

For those aircraft leased with part of their useful life consumed, the provision has been calculated for the whole of the remaining lease term, recognising the cost on a straight-line basis in the consolidated income statement. The effect of applying these criteria does not differ significantly from general criteria.

(r) Revenue from the sale of goods and rendering of services

Revenue from the sale of goods or services is measured at the fair value of the consideration received or receivable. Volume rebates, prompt payment and any other discounts, as well as the interest added to the nominal amount of the consideration, are recognised as a reduction in the consideration.

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.

Air Europa Líneas Aéreas, S.A.U. and Aeronova, S.L.U. recognise revenues from air transport services rendered when the passenger has actually flown. The amount received from tickets sold for future flights is recognised under current accruals on the accompanying consolidated balance sheet. Current accruals reflect the estimated liability associated with tickets sold prior to the end of each reporting period and not yet used at that date. The revenues from these tickets, as well as the estimate of the tickets sold that will not be used, are recognised on the dates for which the flights are booked. Following usual sector practice, Air Europa Líneas Aéreas, S.A.U. prepares an estimate of tickets sold that the buyer will not use in the future. This estimate is drawn up on the basis of historical statistical information on this aspect.

Viajes Halcón, S.A.U., Viajes Ecuador, S.A.U., Viajes Tu Billete, S.L.U. and Globalia Corporate Travel, S.L.U. provide travel agency services. Since these companies bill customers, transactions are presented at their sales amount and cost of supplies when the travel documents or documents for other services to be provided are delivered to the customer, which is when the accrual of income and cost of supplies is deemed to take place, irrespective of when the customer is to travel or when the contracted services are to be used.

Globalia Travel Club Spain, S.A.U, Globalia Business Travel, S.A.U., Iberotours, S.A.U. and Welcome Incoming Services, S.L.U. recognise income and expenses on an accruals basis.

As these companies contract tourism services as wholesale travel agencies, sales and cost of supplies are recognised when services are rendered to end customers. The Group presents this income from discontinued operations deriving from the transaction described in note 1.

(Continued)

Be Live Hotels, S.L.U., Inversiones Costa Adeje, S.L.U., Explotadora Hotelera Luabay, S.L.U., Smart Inversiones S.A.S., Inversiones La Albufera, S.A.S. and Media & Design, S.A.U. operate and market hotel complexes. These companies recognise revenue from their activity in line with their customers' overnight stays.

Transactions between consolidated companies have been eliminated on consolidation as explained in section a) of this note.

(s) Income tax

The income tax expense or tax income for the year comprises current tax and deferred tax.

Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Current and deferred tax are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in consolidated equity, or from a business combination.

Government assistance provided in the form of deductions and other tax relief applicable to income tax payable and considered as government grants is recognised in accordance with the prevailing regulations.

The Parent files consolidated tax returns with other companies belonging to the Globalia business group. This tax group is headed by Globalia Corporación Empresarial, as the parent, and includes the following subsidiaries, including the Company itself: Air Europa Líneas Aéreas, S.A.U.; Globalia Formación, S.L.U.; Globalia Mantenimiento Aeronáutico, S.L.U.; Globalia Broker Services, S.A.U.; Globalia Activos Inmobiliarios, S.A.U.; Globalia Sistemas y Comunicaciones, S.L.U., Globalia Hotel Orotava, S.L.U.; Iberhandling, S.A.U.; Globalia Call Center, S.A.U.; Be Live Hotels, S.L.U.; Globalia Handling, S.A.U.; Globalia Artes Gráficas, S.L.U.; Globalia Hotel Talavera, S.A.U.; Globalia Hotel Palace de Muro, S.L.U.; Media&Design, S.A.U.; Iberrail Spanish Railroads, S.A.U.; Groundforce Cargo, S.L.U.; Globalia Servicios Corporativos, S.L.U.; Globalia Gestión Seguros, S.L.U.; Globalia Hotel la Niña, S.L.; Viajes Tu Billete, S.L.U.; Canoa Spain, S.L.U.; Halcon Online Services, S.A.U.; Techite Inversiones 2012, S.L.U.; Luabay Hoteles y Apartamentos, S.L.U.; Inversiones Costa Adeje, S.A.U.; León Activos Aeronáuticos, S.L.U.; Aeronova, S.L.U.; Globalia Autocares Levante, S.L.; Air Europa Suma Miles, S.L.U.; Mundaka Corporación Hotelera, S.L.U.; Punta Cana Inversiones Exteriores, S.L.; Zarek Investments 2017, S.L.U.; Cloverdale Spain, S.L.U.; Air Europa Holding, S.L.U.; Wakalua Innovation Hub, S.L.

(i) Recognition of deferred tax liabilities

The Group recognises all deferred tax liabilities, except where:

- they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

(Continued)

- they relate to taxable temporary differences associated with investments in subsidiaries, associates and jointly controlled entities over which the Group is able to control the timing of the reversal of the taxable temporary difference and it is not probable that the taxable temporary difference will reverse in the foreseeable future.

(ii) Recognition of deferred tax assets

The Group recognises deferred tax assets provided that:

- it is probable that sufficient taxable income will be available against which they can be utilised or when tax legislation envisages the possibility of converting deferred tax assets into a receivable from public entities in the future. Nonetheless, assets arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income, are not recognised;

- they relate to investments in subsidiaries, associates and jointly controlled entities, to the extent that it is probable that the deductible temporary difference will reverse in the foreseeable future and sufficient taxable profit will be available against which the temporary difference can be utilised.

The Group recognises the conversion of a deferred tax asset into a receivable from public entities when it becomes enforceable in accordance with prevailing tax legislation. For this purpose, the deferred tax asset is derecognised with a charge to the deferred tax expense and the receivable is recognised with a credit to current tax. Likewise, the Group recognises the exchange of a deferred tax asset for government debt securities when it acquires ownership thereof.

The Group recognises the payment obligation deriving from financial contributions as an operating expense at its present value with a credit to payables to public entities classified as current or non-current based on the period in which it will be settled.

In the absence of evidence to the contrary, it is not considered probable that the Group will have future taxable profit when the deferred tax assets are expected to be recovered in a period of more than ten years from the end of the reporting period, irrespective of the nature of the deferred tax asset; or, in the case of tax credits for deductions and other tax relief that are unused due to an insufficient amount of total tax, when there is reasonable doubt – after the activity or the income giving rise to entitlement to the deduction or tax credit has been rendered or received, respectively – as to whether the requirements for their offset will be met.

The Group only recognises deferred tax assets arising from tax loss carryforwards when it is probable that future taxable profit will be generated against which they may be offset within the period stipulated in applicable tax legislation, up to a maximum period of 10 years, unless there is evidence that their recovery in a longer period of time is probable and tax legislation provides for their utilisation in a longer period or stipulates no time limit for their utilisation.

Conversely, it is considered probable that the Group will generate sufficient taxable profit to recover deferred tax assets when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which are expected to reverse in the same tax period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from a deductible temporary difference can be carried back or forward. If the only future taxable profit is derived from taxable temporary differences, the recognition of deferred tax assets arising from tax loss carryforwards is limited to 70% of the deferred tax liabilities recognised.

(Continued)

The Group recognises deferred tax assets not previously recognised because they were not expected to be utilised within the 10-year recovery period, inasmuch as the future reversal period does not exceed 10 years from the end of the reporting period or when there are sufficient taxable temporary differences.

In order to determine future taxable profit the Group takes into account tax planning opportunities, provided it intends or is likely to adopt them.

(iii) Measurement of deferred tax assets and liabilities

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted. The tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities. For these purposes, the Group has considered the deduction for reversal of the temporary measures provided in transitional provision thirty-seven of Income Tax Law 27/2014 of 27 November 2014 as an adjustment to the tax rate applicable to the deductible temporary difference associated with the non-deductibility of amortisation and depreciation charges in 2013 and 2014.

(iv) Offset and classification

The Group only offsets tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Deferred tax assets and liabilities are recognised in the consolidated balance sheet under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

(t) Classification of assets and liabilities as current and non-current

The Group classifies assets and liabilities in the consolidated balance sheet as current and non-current. Current assets and liabilities are determined as follows:

- Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within 12 months after the reporting date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least 12 months after the reporting date.

- Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within 12 months after the reporting date or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

- Financial liabilities are classified as current when they are due to be settled within 12 months after the reporting date, even if the original term was for a period longer than 12 months, and an agreement to refinance or to reschedule payments on a long-term basis is completed after the reporting date and before the consolidated annual accounts are authorised for issue.

(Continued)

(u) Environment

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as other operating expenses in the period in which they are incurred.

See note 28 for further details on these activities.

(v) Transactions between non-consolidated Group companies

Transactions between non-consolidated Group companies, except for those related to mergers, spin-offs and non-monetary contributions, are recognised for the fair value of the consideration given or received. The difference between this value and the amount agreed is recognised in line with the underlying economic substance of the transaction.

(w) Furlough (ERTE)

The Group has availed of the aid deriving from the furlough (ERTE) set forth in Royal Decree-law 8/2020 of 17 March 2020 on extraordinary urgent measures to address the economic and social impact of COVID-19. For this purpose, the Group recognises the contribution to the Social Security authorities for the furloughed employees, those with reduced working hours or those who have been re-incorporated, as an expense at its full amount and in line with its nature, and a subsidy recognised for the paid amount in line with the criteria indicated in note 32.

Note 32 indicates the commitments assumed by the Group for the furloughs (ERTEs) carried out in 2020.

(5) Joint Ventures

Information on joint ventures in the form of jointly controlled entities is presented in Appendix IV.

Information on joint ventures in the form of temporary business associations (UTEs) is presented in Appendix V.

(a) Foreign currency

The functional currency of foreign operations is the currency of the countries in which such operations are domiciled.

(6) Intangible Assets

Details of and movement in intangible assets, excluding goodwill and goodwill on consolidation, are as follows:

2020	Concessions	Patents, licences, trademarks and similar rights	Computer software	Other intangible assets	Total
Cost at 1 January 2020	2,899	3,397	153,038	3,715	**163,049**
Additions	111	21	7,987	2,180	**10,299**
Disposals	-		(2,097)	(525)	**(2,622)**
Departure from the consolidated Group	-	(1,211)	(50,597)	(5,370)	**(57,178)**
Cost at 31 December 2020	3,010	2,207	108,331	-	**113,548**
Accumulated amortisation at 1 January 2020	(607)	(3,241)	(104,297)	(1,464)	**(109,609)**
Amortisation	(42)	(15)	(15,553)	(3)	**(15,613)**
Disposals	-	-	656	-	**656**
Disposals due to spin-offs or contributions					
Departure from the consolidated Group	-	1,049	46,888	1,467	**49,404**
Accumulated amortisation at 31 December 2020	(649)	(2,207)	(72,306)	-	**(75,162)**
Carrying amount at 31 December 2020	**2,361**	**-**	**36,025**	**-**	**38,386**

(Continued)

2019	Concessions	Patents, licences, trademarks and similar rights	Computer software	Other intangible assets	Total
Cost at 1 January 2019	2,899	3,331	142,342	1,469	**150,041**
Additions	-	44	15,819	3,450	**19,313**
Disposals	-	(7)	(6,190)	(145)	**(6,342)**
Additions to the consolidated Group	-	29	8	-	**37**
Transfers	-	-	1,059	(1,059)	**-**
Cost at 31 December 2019	2,899	3,397	153,038	3,715	**163,049**
Accumulated amortisation at 1 January 2019	(565)	(3,227)	(95,688)	(1,461)	**(100,941)**
Amortisation	(42)	(13)	(13,152)	-	**(13,221)**
Disposals	-	-	4,535	-	**4,535**
Transfers	-	(1)	8	-	**7**
Accumulated amortisation at 31 December 2019	(607)	(3,241)	(104,297)	(1,464)	**(109,609)**
Carrying amount at 31 December 2019	**2,292**	**156**	**48,741**	**2,251**	**53,440**

Additions for 2020 and 2019 reflect IT development for online business and business development for the various Group divisions.

Departures from the consolidated Group for 2020 reflect all those companies from the Gestión de Viajes Deneb, S.L. and subsidiaries group which are considered as discontinued operations in the income statement (see note 31).

(a) Fully amortised assets

The cost of fully amortised intangible assets in use at 31 December is as follows:

	Thousands of Euros	
	2020	**2019**
Concessions, patents and trademarks	2,446	3,189
Computer software	49,170	68,191
Other intangible assets	-	1,456
	51,616	**72,836**

(7) Goodwill, Goodwill on Consolidation and Impairment

Details of goodwill and movement are as follows:

	Thousands of Euros	
	2020	**2019**
Cost at beginning of year	15,400	15,400
Departure from the consolidated Group	(15,400)	-
Cost at year end	-	15,400
Accumulated amortisation at beginning of year	(9,907)	(9,055)
Amortisation	(73)	(855)
Departure from the consolidated Group	9,980	-
Accumulated amortisation at year end	**-**	**(9,907)**
Accumulated impairment at beginning of year	(3,464)	(3,464)
Departure from the consolidated Group	3,464	-
Accumulated impairment at year end	-	(3,464)
Carrying amount at year end	**-**	**2,029**

Details of the goodwill of consolidated companies and movement are as follows:

	Thousands of Euros	
	2020	**2019**
Cost at beginning of year	24,880	20,920
Additions due to business combination	-	3,960
Departure from the consolidated Group	(3,960)	
Cost at year end	20,920	24,880
Accumulated amortisation at beginning of year	(16,750)	(15,828)
Amortisation	(1,039)	(922)
Departure from the consolidated Group	660	-
Accumulated amortisation at year end	**(17,129)**	**(16,750)**
Carrying amount at year end	**3,791**	**8,130**

(Continued)

Details of residual useful life, the CGU to which it belongs, amortisation for the year, accumulated amortisation and the carrying amount of individually significant goodwill at 31 December are as follows:

			Thousands of Euros		
			2020		
Description of the asset	**CGU**	**Residual useful life**	**Amortisation for the year**	**Accumulated amortisation**	**Carrying amount**
Aeronova, S.L.U.	Aeronova	8 - 9 years	(239)	(1,234)	1,153
Viajes Tu Billete, S.L.	Tu Billete	2 years	(39)	(1,039)	268
Golf Maioris, S.A.	Golf Maioris	3 years and 10 months	(296)	(593)	2,370
			(574)	**(2,866)**	**3,791**

			Thousands of Euros		
			2019		
Description of the asset	**CGU**	**Residual useful life**	**Amortisation for the year**	**Accumulated amortisation**	**Carrying amount**
Groundforce Cargo, S.L.U.	Groundforce	-	-	(8,416)	-
Viajes Ecuador, S.A.	Viajes Ecuador	-	-	(4,944)	-
MK Tours	MK Tours	-	-	(2,845)	-
Aeronova, S.L.U.	Aeronova	8 - 9 years	(239)	(995)	1,392
Viajes Tu Billete, S.L.	Tu Billete	2 years	(39)	(1,000)	307
Mundosocial	Mundosocial	3 - 7 years	(862)	(6,663)	1,952
Golf Maioris, S.A.	Golf Maioris	3 years and 10 months	(297)	-	2,666
Viajes Marsol, S.A.	Mundosocial	10 years	(264)	-	3,696
Other	Other	1 - 5 years	(73)	(1,370)	146
			(1,774)	**(26,233)**	**10,159**

(Continued)

(8) Property, Plant and Equipment

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

	Thousands of Euros						
2020	**Land**	**Buildings**	**Technical installations and machinery**	**Other installations, equipment and furniture**	**Under constructio n and advances**	**Other property, plant and equipment**	**Total**
Cost at 1 January 2020	69,740	277,146	370,524	70,796	49,529	45,123	**882,858**
Additions	97	1,125	8,255	567	47,516	268	**57,828**
Disposals	(167)	(675)	(14,900)	(116)	(1,311)	(2,234)	**(19,403)**
Additions to the consolidated Group							
Disposals from the consolidated Group	(90)	(756)	(31,212)	(21,288)	(24)	(15,655)	**(69,025)**
Translation differences	(228)	(2,679)	(1,138)	(233)	(163)	(148)	**(4,589)**
Cost at 31 December 2020	69,352	274,161	331,529	49,726	95,547	27,354	**847,669**
Accumulated depreciation at 1 January 2020	-	(122,902)	(225,329)	(63,305)	-	(25,620)	**(437,156)**
Depreciation	-	(6,634)	(21,593)	(2,688)	-	(1,632)	**(32,547)**
Disposals	-	58	13,070	63	-	55	**13,246**
Disposals from the consolidated Group	-	399	27,831	20,745	-	15,013	**63,988**
Translation differences	-	-	-	-	-	-	**-**
Accumulated depreciation at 31 December 2020	-	(129,079)	(206,021)	(45,185)	-	(12,184)	**(392,469)**
Accumulated impairment at 1 January 2020	-	-	(5,386)	-	-	-	**(5,386)**
Impairment provision	-	-	(457)	-	-	-	**(457)**
Accumulated impairment at 31 December 2020	-	-	(5,843)	-	-	-	**(5,843)**
Carrying amount at 31 December 2020	**69,352**	**145,082**	**119,665**	**4,541**	**95,547**	**15,170**	**449,357**

(Continued)

	Thousands of Euros						
2019	**Land**	**Buildings**	**Technical installations and machinery**	**Other installations, equipment and furniture**	**Under constructio n and advances**	**Other property, plant and equipment**	**Total**
Cost at 1 January 2019	69,584	267,659	355,758	70,740	52,100	49,186	**865,027**
Additions	-	9,447	21,621	862	17,111	11,456	**60,497**
Disposals	-	-	(6,064)	(1,183)	(19,534)	(15,519)	**(42,300)**
Additions to the consolidated Group	-	196	-	371	658	-	**1,225**
Disposals from the consolidated Group	-	-	-	-	(812)	-	**(812)**
Transfers	156	(156)	-	-	-	-	**-**
Translation differences	-	-	(791)	6	6	-	**(779)**
Cost at 31 December 2019	69,740	277,146	370,524	70,796	49,529	45,123	**882,858**
Accumulated depreciation at 1 January 2019	-	(112,183)	(207,686)	(60,465)	-	(23,414)	**(403,748)**
Depreciation	-	(9,672)	(23,016)	(2,575)	-	(1,897)	**(37,160)**
Disposals	-	-	4,466	142	-	212	**4,820**
Additions to the consolidated Group	-	(27)	-	(371)	-	(555)	**(953)**
Translation differences	-	(1,020)	907	(36)	-	34	**(115)**
Accumulated depreciation at 31 December 2019	-	(122,902)	(225,329)	(63,305)	-	(25,620)	**(437,156)**
Accumulated impairment at 1 January 2019	-	-	(5,466)	-	-	-	**(5,466)**
Reversal of impairment losses	-	-	80	-	-	-	**80**
Accumulated impairment at 31 December 2019	-	-	(5,386)	-	-	-	**(5,386)**
Carrying amount at 31 December 2019	**69,740**	**154,244**	**139,809**	**7,491**	**49,529**	**19,503**	**440,316**

(Continued)

(a) General

Advances made by Air Europa Líneas Aéreas, S.A.U. for various aircraft orders to be received in the future are reflected in under construction and advances.

Additions for the year mainly reflect payments to lessors stipulated in the contracts for aircraft under construction, and the capitalisation of interest paid to lessors during the period, amounting to Euros 8,000 thousand. Interest on instalment payments in advance for the acquisition of aircraft and other assets under construction is capitalised and added to the cost of the corresponding asset. The remaining financing costs are recognised in the income statement in the year in which they are incurred.

Additions to technical installations and machinery in the year essentially comprise handling equipment and improvements to the Group's hotels.

The main additions for 2019 comprised:

- Adjustment to the value of payments in advance for Boeing 787-9 aircraft amounting to US Dollars 198 thousand (equivalent to Euros 175 thousand), scheduled for delivery in 2025.

- Improvements to aircraft from the Group's fleet amounting to Euros 16,914 thousand.

- Handling teams and improvements to the Group's hotels.

Disposals for 2020 mainly correspond to the installations of various aircrafts due to the end of various lease contracts.

Disposals for 2019 mainly reflected the transfer of purchase positions of three Boeing 787-9 in January 2019 from entities unrelated to the Group, amounting to US Dollars 9,190 thousand, and six Boeing 737-MAX totalling US Dollars 7,375 thousand and other disposals for various items with a value of Euros 18,030 thousand.

The difference between the depreciation charge in the Group's income statement and that detailed in the movements of notes 7 and 8 to the consolidated annual accounts corresponds to the depreciation charge of the Gestión de Viajes Deneb, S.L. and subsidiaries group amounting to Euros 6,165 thousand, that is recognised as Profit/loss from discontinued operations, net of income tax in the consolidated income statement.

(b) Property, plant and equipment located abroad

Details of property, plant and equipment located abroad at 31 December are as follows:

	Thousands of Euros		
	2020		
Description	**Cost**	**Accumulated depreciation**	**Total**
Hotel Be Live Punta Cana Grand	105,510	(52,160)	**53,351**
Hotel Canoa	63,057	(45,187)	**18,870**
Commercial premises and other	6,691	(5,183)	**1,508**
	175,258	**(102,529)**	**72,729**

(Continued)

	2019		
Be Live Punta Cana Grand Hotel	105,215	(46,542)	**58,673**
Hotel Canoa	62,818	(43,221)	**19,597**
Commercial premises and other	6,818	(4,490)	**1,828**
	174,851	**(94,753)**	**80,098**

(c) Fully depreciated assets

Details of the cost of fully depreciated property, plant and equipment in use at 31 December are as follows:

	Thousands of Euros	
	2020	**2019**
Buildings	865	872
Technical installations and machinery	88,118	113,564
Other installations, equipment and furniture	21,389	36,039
Other property, plant and equipment	6,732	16,661
	117,104	**167,136**

(d) Property, plant and equipment pledged as collateral

At 31 December 2020 the Group has property, plant and equipment with a carrying amount of Euros 120,612 thousand (Euros 85,486 thousand at 31 December 2019) which have been pledged as collateral for several mortgage-backed loans and credit facilities (see note 24 (b)).

(e) Commitments

Under construction and advances include payments made to the aircraft manufacturer for the construction and assembly of aircraft.

The advances paid to date amount to US Dollars 6,267 thousand for the fleet of 787-9 (US Dollars 6,267 thousand in the year ended 31 December 2019), and US Dollars 17,961 thousand for the fleet of 737-8 MAX (US Dollars 17,961 thousand in the year ended 31 December 2019) totalling an equivalent of Euros 19,744 thousand at 31 December 2020 (Euros 21,567 thousand at 31 December 2019).

	Aircraft	
	2020	**2019**
Boeing 787-9	2	2
Boeing 737-8 MAX	14	14
	16	**16**

Details of these commitments at 31 December 2020 and 2019 are as follows:

- A contract with the aircraft manufacturer The Boeing Company, for the acquisition of two Boeing 787-9 (two aircraft in 2019) with a total catalogue value of US Dollars 3,052 million, and with estimated delivery dates from 2020 to 2022.

(Continued)

-A contract with the aircraft manufacturer The Boeing Company, for the acquisition of 14 Boeing 737--8 MAX (14 aircraft in 2019) with a total catalogue value of US Dollars 2,533 million, and with estimated delivery dates from 2022 to 2024.

The Group intends to finance its purchase commitments using funds generated by the Group and financial transactions that can be entered into with aircraft lessors.

(f) Insurance

The Group has taken out insurance policies to cover the risk of damage to its property, plant and equipment. The coverage of these policies is considered sufficient.

(9) Investment Property

Details of investment property and movement during the year are as follows:

	Thousands of Euros		
	2020		
Description	**Land**	**Buildings**	**Total**
Cost at 1 January 2020	924	4,933	**5,857**
Disposals	(167)	(675)	**(842)**
Cost at 31 December 2020	757	4,258	**5,015**
Accumulated depreciation at 1 January 2020	-	(798)	**(798)**
Depreciation	-	(104)	**(104)**
Disposals	-	570	**570**
Accumulated depreciation at 31 December 2020	-	(332)	**(332)**
Accumulated impairment at 1 January 2020	-	(1,166)	**(1,166)**
Accumulated impairment at 31 December 2020	-	(1,166)	**(1,166)**
Carrying amount at 31 December 2020	**757**	**2,760**	**3,517**

(Continued)

	Thousands of Euros		
	2019		
Description	**Land**	**Buildings**	**Total**
Cost at 1 January 2019	924	4,933	**5,857**
Cost at 31 December 2019	924	4,933	**5,857**
Accumulated depreciation at 1 January 2019	-	(697)	**(697)**
Depreciation	-	(101)	**(101)**
Accumulated depreciation at 31 December 2019	-	(798)	**(798)**
Accumulated impairment at 1 January 2019	-	(1,166)	**(1,166)**
Accumulated impairment at 31 December 2019	-	(1,166)	**(1,166)**
Carrying amount at 31 December 2019	**924**	**2,969**	**3,893**

(a) General

Assets mostly comprise commercial premises and parking spaces in several locations in Spain.

(b) Impairment

At 31 December 2020 and 2019, impairment of Euros 1,166 thousand was recognised on investment property, specifically commercial premises and parking spaces in several locations in Spain.

(c) Insurance

The Group has taken out insurance policies to cover the risk of damage to its investment property. The coverage of these policies is considered sufficient.

(Continued)

(10) Finance Leases - Lessee

The Group has leased the following types of assets under finance leases:

	Thousands of Euros	
	Ot property, plant and equipment	Total
Initially recognised at:		
Fair value	92,822	**92,822**
Accumulated depreciation and impairment losses	(25,757)	**(25,757)**
Carrying amount at 31 December 2020	67,065	**67,065**
Initially recognised at:		
Fair value	94,534	**94,534**
Accumulated depreciation and impairment losses	(23,093)	**(23,093)**
Carrying amount at 31 December 2019	**71,441**	**71,441**

The Group has leased assets under finance leases, basically aircraft, engines and handling equipment. The assets acquired under finance leases are included in property, plant and equipment on the consolidated balance sheet.

Assets under finance leases in 2020 correspond to handling equipment deployed at airports where the Group has been awarded the most recent tender.

Future minimum lease payments are reconciled with their present value as follows:

	Thousands of Euros	
	2020	2019
Future minimum payments	40,783	53,111
Unaccrued finance costs	(2,426)	(3,637)
Present value	**38,357**	**49,574**

Details of minimum payments and the present value of finance lease liabilities, by maturity date, are as follows:

	Thousands of Euros			
	2020		2019	
	Minimum payments	Present value	Minimum payments	Present value
Less than one year	8,603	8,392	11,303	10,983
One to five years	16,412	14,715	21,265	20,890
More than five years	15,768	15,250	20,543	17,601
	40,783	38,357	53,111	49,474
Less current portion	(8,603)	(8,392)	(11,303)	(10,983)
Total non-current	**32,180**	**29,965**	**41,808**	**38,491**

(Continued)

Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(11) Operating Leases - Lessee

The Group has leased aircraft, hotels and travel agency sales offices from third parties under operating leases.

Operating lease payments have been recognised as an expense for the year as follows:

	Thousands of Euros	
	2020	**2019**
Minimum lease payments	321,031	337,922

Future minimum payments under operating leases are as follows:

	Thousands of Euros	
	2020	**2019**
Up to one year	262,579	287,379
One to five years	907,809	863,886
More than five years	908,524	935,860
	2,078,911	**2,087,125**

These payments basically relate to lease commitments for aircraft, hotels and retail sales offices and other items, for Euros 2,034,139 thousand, Euros 20,631 thousand and Euros 0 thousand, respectively. (Euros 1,999,493 thousand, Euros 45,502 thousand and Euros 15,966 thousand, respectively, at 31 December 2019).

On 25 November 2015 Globalia Mantenimiento Aeronáutico, S.L.U. signed a 35 year leasehold right on land at Madrid Barajas airport for the construction of an aircraft maintenance hangar. This leasehold right stipulated the payment of an annual levy of Euros 678 thousand for the duration of the right, which has started to be accrued from the date the land certificate of delivery was issued.

(12) Risk Management Policy

(a) Financial risk factors

The Group's activities are exposed to various financial risks: market risk (including currency risk, interest rate risk and jet fuel price risk), credit risk and liquidity risk. The Group's global risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Group's profits. The Group uses derivatives to mitigate certain risks.

(Continued)

Risks are managed by the Group's Finance Department in accordance with policies approved by the board of directors. This department identifies, evaluates and mitigates financial risks in close collaboration with the Group's operational units. The board of directors issues global risk management policies, as well as policies for specific issues such as currency risk, interest rate risk, liquidity risk, the use of derivatives and non-derivative instruments, and investments of cash surpluses.

(i) Market risk

Market risk is mainly derived from trends in the Spanish tourist market, although to minimise this risk the Group's area of influence is also diversified into Europe and the USA/Canada. Market risk is currently dependent on the advance of the COVID-19 pandemic and the restrictions imposed by different countries with regard to international travel.

(ii) Currency risk

The Group operates internationally and is therefore exposed to currency risk, especially with regard to the US Dollar. Currency risk is associated with future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.

In order to control currency risk associated with future commercial transactions, the Group uses forward currency contracts. Currency risk arises when future commercial transactions are presented in a foreign currency other than the Group's functional currency. The Group's financial management is responsible for controlling the net position of each foreign currency by entering into external forward currency contracts. Details of the amounts of transactions in foreign currency are provided in note 30.

(iii) Credit risk

The Group is not significantly exposed to credit risk. The Group has policies to ensure that wholesale sales are only made to customers with adequate credit records. Retail customers pay in cash or by credit card. Derivative and cash transactions are only performed with financial institutions that have high credit ratings. The Group has policies to limit the amount of risk with any one financial institution.

Valuation allowances for bad debts, and the review of individual balances based on customers' credit ratings, market trends and historical analysis of bad debts at an aggregated level require a significant use of estimates. The credit rating of the country, based on information provided by external agencies, is used to calculate the individual country-specific valuation allowance for bad debts. Any decrease in the volume of outstanding balances entails a reduction in impairment resulting from an aggregate analysis of historical bad debts, and vice versa.

Trade and other receivables from third parties mainly comprise balances receivable from private customers for passenger transport for the Air division, receivables from private customers for the Retail division, receivables from airlines for the Handling division and receivables from retail travel agencies for the Hotel division. Transactions with travel agencies in the Air division are carried out using a settlement system managed by the International Air Transportation Association (IATA), which in each country also imposes credit conditions involving risk hedging on travel agencies using the scheme. The Group has a policy of arranging credit insurance for most other trade and credit transactions in each division, which partially covers these balances.

(Continued)

(iv) Liquidity risk

The Group applies a prudent policy to cover its liquidity risks based on having sufficient cash and marketable securities, as well as sufficient financing through credit facilities, to settle market positions. The excess of current liabilities compared to current assets common among groups operating in the travel sector reflects the difference in average collection days from customers and average payment days to suppliers due to the financing of advances from customers and suppliers. The amount received from tickets sold and not used at 31 December 2020 is recognised by Air Europa Líneas Aéreas, S.A.U. under current accruals (see note 26). Group management considers that this liability is not payable as it relates to future services not yet carried out for which returns are insignificant.

The Finance department manages this situation by controlling these average periods and by obtaining and drawing funds from credit facilities with financial institutions (see note 24).

One-off cash requirements of the Group companies are covered by Globalia Corporación Empresarial, S.A., as the entity that manages the Group's cash, receives the cash surpluses and allocates them to offset the various seasonal requirements of the Group's businesses.

Air Europa Holding, S.L., has obtained temporary public financial aid from Sociedad Estatal de Participaciones Industriales (SEPI) for a total amount of Euros 475,000 thousand, which has been arranged through a participating loan of Euros 240,000 thousand already drawn down and an ordinary loan of Euros 235,000 thousand undrawn to date and maturing in 2026. The aforementioned company has signed various agreements with the Group companies Air Europa Líneas Aéreas, S.A.U. and Aeronova, S.L.U. to meet its short-term liquidity needs.

(v) Cash flow and fair value interest rate risks

Interest rate risk arises from non-current borrowings. Borrowings at variable interest rates expose the Group to cash flow interest rate risks. The Group has taken out interest rate swaps to partially hedge the interest rate risk derived from bank debt (see note 16).

The Group is sensitive to fluctuations in the price of jet fuel for the aircraft it operates. To minimise this risk, short-term jet fuel futures were contracted during the reporting period to hedge between 20% and 50% of forecast consumption.

(13) Equity-Accounted Investees

Details of equity-accounted investees and movement during the year are shown in Appendix VI.

(14) Financial Assets by Category

(a) Classification of financial assets by category

The classification of financial assets by category and class and a comparison of the fair value and the carrying amount are provided in Appendix VII.

(15) Investments and Trade Receivables

(a) Investments

Details of investments are as follows:

	Thousands of Euros			
	2020		2019	
	Non-current	Current	Non-current	Current
Unrelated parties				
Equity instruments	29	378	3,164	504
Loans	-	-	363	166
Debt securities	8	-	8	-
Hedging derivatives (note 16)		-	-	2,950
Security and other deposits	97,241	60,501	136,542	108,238
Total	**97,278**	**60,879**	**140,077**	**111,858**

The Group has deposits on aircraft under operating leases for an equivalent value of Euros 53,557 thousand at 31 December 2020 (Euros 67,910 thousand at 31 December 2019), which are recognised under current and non-current security and other deposits.

This item also primarily includes the deposits paid to the lessors of the aircraft to secure the periodic fleet inspections. The Group settles the cost of these periodic inspections through the lessor's repayment of amounts previously paid in advance by the Group. At 31 December 2020 these deposits have an equivalent value of Euros 78,599 thousand (Euros 137,550 thousand at 31 December 2019), of which Euros 37,114 thousand is current (Euros 91,637 thousand at 31 December 2019).

(b) Trade and other receivables

Details of trade and other receivables are as follows:

	Thousands of Euros	
	2020	2019
	Current	Current
Unrelated parties		
Trade receivables	155,398	439,902
Other receivables	1,445	39,111
Personnel	1,675	1,558
Taxation authorities, income tax (note 27)	13,837	18,349
Public entities, other (note 27)	22,533	39,481
Impairment	(62,699)	(61,207)
Total	**132,189**	**477,194**

(Continued)

Other receivables from unrelated parties in 2019 included advances paid to suppliers by companies from the Retail and Wholesale divisions to guarantee operational capability to render services in the coming season, as is common practice in the sector. These advances are subsequently cancelled.

(c) Impairment

An analysis of the changes in allowance accounts related to impairment of financial assets measured at amortised cost due to credit risk is as follows:

	Thousands of Euros	
	2020	
	Trade receivables	**Total**
Current		
Balance at 1 January 2020	(61,207)	(61,207)
Charges	(1,492)	(1,492)
Balance at 31 December 2020	**(62,699)**	**(62,699)**
	2019	
Current		
Balance at 1 January 2019	(56,321)	(56,321)
Charges	(4,886)	(4,886)
Balance at 31 December 2019	**(61,207)**	**(61,207)**

(d) Classification by maturity

The classification of financial assets by maturity is shown in Appendix VIII.

(e) Amounts denominated in foreign currencies

Details of monetary financial assets denominated in foreign currencies are as follows:

	Thousands of Euros				
	2020				
	US Dollar	Mexican Peso	Dominican Peso	Other currencies	Total
Non-current investments					
Other financial assets	93,447	2	31	64	**93,544**
Total non-current financial assets	93,447	2	31	64	**93,544**
Trade and other receivables					
Trade receivables – current	30,557	(18)	(1,203)	(11,021)	**19,315**
Other receivables	(104)	-	8	84	**(12)**
Current investments					
Other financial assets	32,461	-	-	2,675	**35,135**
Cash and cash equivalents					
Cash	5,403	699	75	7,098	**13,275**
Total current financial assets	69,317	681	(1,120)	(1,164)	**67,714**
Total financial assets	**162,764**	**683**	**(1,089)**	**(1,100)**	**161,258**

	Thousands of Euros				
	2019				
	US Dollar	Mexican Peso	Dominican Peso	Other currencies	Total
Non-current investments					
Other financial assets	117,719	56	32	84	**117,891**
Total non-current financial assets	117,719	56	32	84	**117,891**
Trade and other receivables					
Trade receivables – current	27,029	508	(1,031)	2,216	**28,722**
Other receivables	127	1	12	183	**323**
Current investments					
Other financial assets	23,475	-	-	4	**23,479**
Cash and cash equivalents					
Cash	32,353	422	1,170	11,647	**45,592**
Total current financial assets	82,984	931	151	14,050	**98,116**
Total financial assets	**200,703**	**987**	**183**	**14,134**	**216,007**

(Continued)

(16) Derivative Financial Instruments

Details of derivative financial instruments are as follows:

	2020			
	Thousands of Euros			
	Fair values			
	Assets		Liabilities	
	Notional amount	Current	Non-current	Current
Cash flow hedges				
Interest rate swaps	4,150	-	(63)	-
Fuel futures (in tonnes)	76,041	-	-	(11,553)
Total derivatives at fair value through changes in equity	**80,191**	**-**	**(63)**	**(11,553)**
Total hedging derivatives	**80,191**	**-**	**(63)**	**(11,553)**

	2019			
	Thousands of Euros			
	Fair values			
	Assets		Liabilities	
	Notional amount	Current	Non-current	Current
Cash flow hedges				
Interest rate swaps	5,659	-	(90)	-
Fuel futures (in tonnes)	301,341	2,950	-	(4,459)
Total derivatives at fair value through changes in equity	**307,000**	**2,950**	**(90)**	**(4,459)**
Total hedging derivatives	**307,000**	**2,950**	**(90)**	**(4,459)**

(Continued)

(a) Interest rate swaps

To manage its interest rate risks, Globalia Hotel La Niña, S.L. has arranged two variable-to-fixed interest rate swaps for a notional amount of Euros 4,150 thousand, which expire on 25 September 2023.

The fair value of the financial swaps is based on the market values of equivalent derivative financial instruments at the consolidated reporting date. All financial interest rate swaps are effective as cash flow hedges.

(b) Forward exchange contracts

In order to manage its currency risks, Globalia Corporación Empresarial, S.A. and Air Europa Líneas Aéreas, S.A.U. mainly enter into US Dollar forward exchange contracts.

The fair values of these forward contracts are based on the market values of equivalent instruments. At the start of the contract the Group assesses whether hedge accounting should be applied.

No such contracts are in force at 31 December 2020.

(c) Jet fuel hedges

To hedge the risk of fuel price fluctuations Air Europa Líneas Aéreas, S.A.U. and Globalia Corporación Empresarial, S.A. have entered into a number of jet fuel futures contracts. These contracts expire in the short term. The fair values of these forward contracts are based on the market values of equivalent instruments.

The total amount of cash flow hedges recognised in equity is as follows:

	Thousands of Euros Income/(Expense)	
	2020	**2019**
Exchange rate insurance	-	-
Interest rate swaps	(47)	(67)
Fuel price hedge	(8,664)	(1,131)
	(8,711)	**(1,198)**

(17) Inventories

Details of inventories are as follows:

	Thousands of Euros	
	2020	**2019**
Production and distribution business		
Raw materials and other supplies	21,970	24,044
Gas emission allowances	6,018	9,819
Advances to suppliers	2,314	24,643
	30,302	**58,506**

The Group's inventories mainly comprise maintenance consumables, aircraft catering materials and hotel consumables.

The Group has taken out insurance policies to cover the risk of damage to its inventories. The coverage of these policies is considered sufficient.

	Thousands of Euros	
	2020	**2019**
Emission allowances - short cycle	6,018	9,819
	6,018	**9,819**

Description	Free of charge	Purchased	Total
Balances at 1 January 2019	133,856	199,000	**332,856**
Additions	252,224	647,517	**899,741**
Disposals	(133,856)	(655,844)	**(789,700)**
Balance at 31 December 2019	**252,224**	**190,673**	**442,897**
Additions	258,787	228,000	**486,787**
Disposals	(253,049)	(418,673)	**(671,722)**
Balance at 31 December 2020	**257,962**	**-**	**257,962**

Additions in 2020 comprise the allocation of free-of-charge allowances under the allocation plan explained in note 4h ii), which amounted to 258,787 allowances (252,224 allowances in 2019) equivalent to Euros 6,038 thousand (Euros 5,544 thousand in 2019), and the acquisition during the year of 228,000 allowances (647,517 allowances in 2019) equivalent to Euros 5,558 thousand (Euros 14,482 thousand in 2019).

The effect of this estimate of greenhouse gas expenses used at 31 December 2020 is Euros 6,030 thousand (Euros 15,577 thousand in 2019), the balancing entry of which has been recognised under Provisions - Provision for emission allowances (see note 22).

(Continued)

(18) Prepayments

Details of prepayments are as follows:

	Thousands of Euros	
	2020	2019
	Current	Current
Prepayments for operating leases	23,580	49,985
Prepayments for aircraft maintenance and insurance	25,030	14,902
Prepayments for unused flight tickets and other	269	1,225
Other	3,408	8,020
Total	**52,287**	**74,132**

(19) Cash and Cash Equivalents

Details of cash and cash equivalents are as follows:

	Thousands of Euros	
	2020	2019
Cash in hand and at banks	37,948	101,622
Current bank deposits	-	5
	37,948	**101,627**

(20) Equity

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

(a) Capital

At 31 December 2020 and 2019 the share capital of Globalia Corporación Empresarial, S.A., the Parent, is represented by 168,944,700 registered shares of Euros 0.1 par value each, subscribed and fully paid.

The company that holds a direct or indirect interest of at least 10% in the share capital of the Parent is JJH Capital & Asset Management S.L.U. with a percentage of 51.58%.

(b) Reserves

(i) Legal reserve

The legal reserve has been appropriated in compliance with article 274 of the Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital.

The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, the reserve must be replenished with future profits.

(Continued)

This reserve is not distributable to shareholders and may only be used to offset losses if no other reserves are available. This reserve may be used to increase share capital.

At 31 December 2020 and 2019, the Parent has appropriated to this reserve the minimum amount required by law.

(ii) Voluntary reserves

These reserves are freely distributable.

(c) Translation differences

Details of translation differences, by source, are as follows:

	Thousands of Euros	
	2020	**2019**
Bajuba de México Consultores S de RL de CV	232	232
Be Live Trading, Inc	8	10
Globalia Incoming Services Mexico, S. de R.L.de C.V.	(165)	(510)
Globalia Incoming Services Dominicana, S.A.	(27)	(7)
Globalia Servicios Corporativos Dominicana, S.A.	238	87
Hotel Canoa, S.A.	(5,794)	(5,050)
Intertravel, S.R.L.		-
Inversiones Bávaro, S.A.	(31)	1,284
Inversiones Inmobiliarias, RCJ, S.A.	(252)	(151)
Inversiones La Albufera, S.A.S.	515	635
MK Dominicana USA, INC	-	(596)
MK Media Corp.	-	(72)
MK Puerto Rico, S.A.	-	(208)
MK Tours, INC	-	(233)
MK Travel & Tours, INC	-	240
Morocco, G.H.S.		293
Morocco GHS, S.A.	452	-
Panamericana de Servicios Energéticos	(130)	(89)
See Europe Tours, LTD	(54)	(48)
Servicios D&A de R.L. de C.V.	358	358
Eurogestión Hoteliere S.A.R.L.	3	14
Globalia Linhas Aereas	2	-
Smart Inversiones, S.A.S.	380	395
Melody Maker Hotel S.A. de C.V.	734	742
Deliriio Beach Club,S,A, DE cv	486	248
Total	**(3,045)**	**(2,426)**

(21) Non-Controlling Interests

Details of non-controlling interests by company and movement during the year are as follows:

(Continued)

	Thousands of Euros			
	2020			
Company	**Balance at 1 January**	**Other**	**Share of profit/(loss)**	**Balance at 31 December**
Golf Maioris, S.A.	6,186	(56)	(191)	5,939
Globalia Autocares, S.A.	267	(227)	(40)	-
Globalia Autocares Levante, S.L	674	(1,699)	(186)	(1,211)
Hispano Monfcastr. Globalia UTE	11	(11)	-	-
Panamericana de Servicios Energéticos, S.A.S.	(147)	(809)	(28)	(984)
Zarek Investments 2017,S.L.	1	(1)	-	-
Delirio Beach Club, S.A. de C.V.	(58)	(219)	(3)	(280)
Melody Maker Hotel S.A. de C.V	(28)	(329)	(9)	(366)
	6,906	**(3,350)**	**(457)**	**3,098**

	Thousands of Euros			
	2019			
Company	**Balance at 1 January**	**Changes in the consolidated group**	**Share of profit/(loss)**	**Balance at 31 December**
Golf Maioris, S.A.	7,534	(1,362)	14	6,186
Globalia Autocares, S.A.	1,088	(833)	12	267
Globalia Autocares Levante, S.L	822	76	(224)	674
Hispano Monfcastr. Globalia UTE	-	11	-	11
Panamericana de Servicios Energéticos, S.A.S.	(11)	-	(136)	(147)
Zarek Investments 2017,S.L.	1	-	-	1
Delirio Beach Club, S.A. de C.V.	-	-	(58)	(58)
Melody Maker Hotel S.A. de C.V	-	-	(28)	(28)
	9,434	**(2,108)**	**(420)**	**6,906**

(Continued)

The companies or individuals, both related to the Group and unrelated parties, with a direct or indirect interest of at least 10% in the share capital of a Group company are as follows:

- Saraitsa Comercializadora, S.A. (33.33% interest in Panamericana de Servicios Energéticos, S.A.S.)
- Transportes Chapín, S.L. (25% interest in Globalia Autocares Levante, S.L.).
- Covilla, S.L. (37.63% interest in Golf Maioris, S.A.U.)

(22) Provisions

Details of provisions are as follows:

	Thousands of Euros			
	2020		2019	
	Non-current	Current	Non-current	Current
Provisions for other employee benefits	184	-	180	-
Provisions for major repairs	105,282	38,917	145,853	97,136
Provisions for customer loyalty programmes	-	1,763	-	1,583
Provision for emission allowances (note 17)	-	6,030	-	15,577
Provision for liabilities	5,663	-	-	-
Total	**111,129**	**46,710**	**146,033**	**114,296**

The provision for major repairs includes the provision for inspections to be made in the coming years considering the regulatory maintenance commitments for aircraft under operating leases.

An amount of Euros 6,030 thousand (Euros 15,577 thousand at 31 December 2019) is also recognised under provisions for emission allowances in relation to the provision for greenhouse gas emissions (see note 17).

(23) Financial Liabilities by Category

(a) Classification of financial liabilities by category

The classification of financial liabilities by category and class, and a comparison of the fair value with the carrying amount are provided in Appendix IX.

(Continued)

(24) Payables and Trade Payables

(a) Payables

Details of payables are as follows:

	Thousands of Euros			
	2020		2019	
	Non-current	Current	Non-current	Current
Unrelated parties				
Loans and borrowings	217,740	69,457	48,536	97,992
Finance lease payables	29,965	8,392	38,491	10,983
Hedging derivatives (Note 16)	63	11,553	90	4,459
Other financial liabilities	258,490	-	1,548	-
Guarantees and deposits received	-	20,633	-	16,878
Total	**506,258**	**110,035**	**88,665**	**130,312**

The amount recognised under Non-current payables - Loans and borrowings mainly reflects an ICO-secured syndicated loan of Euros 141,000 thousand requested by Air Europa Líneas Aéreas, S.A.U. This loan, the characteristics of which are detailed in Appendix XI, falls due in 2025.

The amount recognised under Non-current payables - Other financial liabilities mainly corresponds to temporary public financial aid that Air Europa Holding, S.L.U. has received from Sociedad Estatal de Participaciones Industriales (SEPI). This aid amounts to Euros 475,000 thousand, of which Euros 240,000 thousand has been drawn down at 31 December 2020 for the purpose of financing the working capital and liquidity needs of the Group companies as a result of COVID-19. This payable falls due in 2026 and accrues ordinary interest at a variable rate.

Non-current payables - Other financial liabilities also include deferred rents from the operating leases for the Group's fleet.

(b) Other information on payables

(i) Main characteristics of payables

The terms and conditions of loans and payables are shown in Appendix XI.

At 31 December 2020 the Parent is the guarantor of subsidiaries' loans totalling Euros 210,714 thousand (Euros 61,927 thousand at 31 December 2019). The Parent has extended bank guarantees to third parties totalling Euros 59,402 thousand (Euros 61,050 thousand at 31 December 2019). The directors of the Parent do not consider that additional liabilities will arise as a result of these guarantees, other than those already recognised.

(Continued)

The Group has the following credit and discount facilities at the reporting dates:

	Thousands of Euros			
	2020		2019	
	Drawn down	Limit	Drawn down	Limit
Credit facilities:				
Globalia Corporación Empresarial, S.A.	70,517	116,500	75,124	95,000
Globalia Mantenimiento Aeronáutico, S.L.U.	1,184	3,350	1,065	2,285
Air Europa Líneas Aéreas, S.L.U.	-	-	-	16,000
Other	290	650	-	-
	71,991	**120,500**	**76,189**	**113,285**

The following payables are secured as shown below (see note 8):

Creditor	Guarantee	Thousands of Euros	
		2020	2019
Spanish bank	Hotel Be Live La Niña	8,300	11,319
Spanish bank	Maintenance hangar	1,220	2,285
Spanish bank	Business centre and head offices in Llucmajor	4,649	5,937
Spanish bank	Hotel Be Live Orotava	1,688	3,375
Spanish bank	Hotel Be Live Palace de Muro	12,920	15,281
		28,777	**38,197**

(c) Trade and other payables

Details of trade and other payables are as follows:

	Thousands of Euros	
	2020	2019
	Current	Current
Unrelated parties		
Suppliers	252,600	378,630
Payables	10,689	23,302
Personnel	5,383	19,798
Current tax liabilities (note 27)	267	5,795
Public entities, other (note 27)	24,694	42,538
Advances from customers	21,192	94,483
	314,825	**564,546**

(d) Classification by maturity

The classification of financial liabilities by maturity is shown in Appendix X.

(Continued)

(e) Amounts denominated in foreign currencies

Details of financial liabilities denominated in foreign currencies are as follows:

	Thousands of Euros				
	2020				
	US Dollar	Mexican Peso	Dominican Peso	Other	Total
Non-current payables					
Finance lease payables	15,413	-	-	-	15,413
Other financial liabilities	19,740	(77)	411	-	20,074
Total non-current liabilities	**35,153**	**(77)**	**411**	**-**	**35,487**
Current payables					
Finance lease payables	-	-	-	-	-
Other financial liabilities	6,514	-	-	-	6,514
Trade and other payables					
Suppliers	130,305	1,985	(175)	(5,693)	126,422
Other payables	(2,983)	2,174	9	(1,060)	(1,860)
Total current liabilities	**133,836**	**4,159**	**(166)**	**(6,753)**	**131,076**
Total financial liabilities	**168,989**	**4,082**	**245**	**(6,753)**	**166,563**

	Thousands of Euros				
	2019				
	US Dollar	Mexican Peso	Dominican Peso	Other	Total
Non-current payables					
Finance lease payables	19,061	-	-	-	19,061
Other financial liabilities	1	(88)	495	-	408
Total non-current liabilities	**19,062**	**(88)**	**495**	**-**	**-**
Current payables					
Other financial liabilities	2	-	-	-	2
Trade and other payables					
Suppliers	121,195	1,373	1,623	(5,806)	118,385
Other payables	96	421	1,576	5	2,098
Total current liabilities	**121,293**	**1,794**	**3,199**	**(5,801)**	**120,485**
Total financial liabilities	**140,355**	**1,706**	**3,694**	**(5,801)**	**120,485**

(Continued)

(25) Late Payments to Suppliers. "Reporting Requirement". Third Additional Provision of Law 15/2010 of 5 July 2010.

Details of late payments to suppliers by Spanish consolidated companies are as follows:

	2020	2019
	Days	
Average supplier payment period	74	31
Transactions paid ratio	46	29
Transactions payable ratio	190	66
Total payments made	1,409,170	2,873,192
Total payments outstanding	324,447	143,008

The calculation of the average supplier payment period includes the average balance recognised by the Company under Current suppliers and payables and Trade and other payables.

(26) Accruals

Details of accruals are as follows:

	Thousands of Euros	
	2020	2019
	Current	Current
Income received in advance	263,199	296,810

Current accruals in the consolidated balance sheet at 31 December 2020 primarily include payments received in advance totalling Euros 255,525 thousand (Euros 293,487 thousand at 31 December 2019) derived from how Air Europa Líneas Aéreas, S.A.U. and Aeronova, S.L. handle scheduled flight tickets sold and not used at that date.

(Continued)

(27) Taxation

Details of balances with public entities are as follows:

	Thousands of Euros			
	2020		2019	
	Non-current	Current	Non-current	Current
Assets				
Deferred tax assets	52,785	-	29,717	-
Current tax assets	-	13,837	-	18,349
Value added tax and similar taxes	-	22,533	-	39,481
	52,785	**36,370**	**29,717**	**57,830**
Liabilities				
Deferred tax liabilities	15,715	-	8,110	-
Current tax liabilities	-	267	-	5,795
Value added tax and similar taxes	-	24,694	-	42,538
	15,715	**24,961**	**8,110**	**48,333**

The Group has the following main applicable taxes open to inspection by the Spanish taxation authorities:

Tax	Years open to inspection
Income tax	2016 - 2019
Value added tax	2017 - 2020
Personal income tax	2017 - 2020
Capital gains tax	2017 - 2020
Tax on Economic Activities	2017 - 2020
Social Security	2017 - 2020
Non-residents	2017 - 2020

(Continued)

In 2011 the tax inspection of León Activos Aeronáuticos, S.L.U. in connection with transport registration tax (*Impuesto Especial sobre Determinados Medios de Transporte*) was completed. The tax assessment, which proposed a settlement of Euros 893 thousand and a penalty of Euros 592 thousand, was contested. Following the decision handed down by the Economic-Administrative Tribunal, this company filed an appeal for judicial review. The Spanish National High Court's ruling received on 28 January 2016 partially upheld the company's appeal. The ruling eliminated the penalty imposed and required the taxation authorities to modify the settlement on the understanding that the tax base was calculated incorrectly. As the company disagreed with the taxation authorities' interpretation, it lodged an appeal on 11 February. The Tribunal ultimately rejected the company's arguments and an order for the enforcement of the economic-administrative decision was received on 4 September 2017. A request for a second expert appraisal has been filed in respect of this order because the company disagrees with the taxation authorities' valuation of the aircraft. On 6 August 2018 notification was received of a decision by the Balearic Islands Economic-Administrative Tribunal rejecting the ruling and as the company disagreed with this decision, an appeal was filed, which to date is pending resolution by the Central Economic-Administrative Tribunal. These consolidated annual accounts do not include an accounting provision for this contingency as it is considered probable that the Tribunal will rule in favour of the company.

Moreover, the tax prescription period for the Spanish companies that file consolidated tax returns (which are detailed below) has been interrupted due to the taxation authorities opening inspections in 2012 in connection with corporate income tax for the years 2008, 2009, 2010 and 2011. They also initiated inspections on VAT, withholdings and payments on account for personal income tax and withholdings and payments on account for capital gains tax from July 2008 until December 2011.

During 2014 contested assessments were signed of Euros 39,985 thousand with regard to tax and Euros 6,836 thousand with regard to late payment interest. As a result of the assessments signed on a contested basis, the Group companies have filed an appeal for judicial review. The ruling is still pending on this appeal. During the year ended 31 December 2014 a VAT assessment was contested in an amount of Euros 1,224 thousand with regard to tax and Euros 208 thousand with regard to late payment interest. Like the other companies, an appeal for judicial review has been filed.

In July 2016 the Group companies subject to inspection filed appeals for judicial review against the default dismissal by administrative silence of the Central Economic-Administrative Tribunal (TEAC). A decision has yet to be handed down on these appeals. The Company's directors and tax advisors consider that it is not likely that any significant liabilities would arise as a result of the above and therefore no provision has been recognised in this regard.

On 11 February 2016 Globalia Corporación Empresarial, S.A., as head of the tax group, was notified of the start of partial inspection and verification procedures for VAT from 2012 to 2015. The verification is partial as it will focus on transactions declared as exempt by Air Europa Líneas Aéreas, S.A.U. On 5 May 2016 an assessment of Euros 5,836 thousand was signed on a contested basis. On 21 November 2017 the Parent filed the corresponding economic and administrative appeal, which is pending resolution.

On the same date, 11 February 2016 Globalia Travel Club Spain, S.L.U. and Iberotours, S.A.U. were informed of the start of general inspection and verification procedures for VAT from 2012 to 2015. This inspection was completed in 2017 with the signing of settlement decision for an amount of Euros 16,894 thousand.

On 23 October 2018, notification was received of the start of a tax inspection on income tax for 2014. This inspection is partial and is limited to the verification of the effects deriving from its interest in PRODUCCIONES RAMSES, AIE in the income tax return. On 30 October 2019 this verification was contested. As a result,

(Continued)

after having filed the submissions on 2 December 2019 with respect to the contested tax assessments, on 25 June 2020 a settlement decision was received upholding the assessment. Within the legal deadline, an appeal for reconsideration will be lodged with the taxation authorities as the arguments presented by said authorities are considered to be incorrect.

On 2 June 2020, notification was received regarding the commencement of a verification of Be Live Hotels S.L. and Globalia Travel Club Spain. In both cases the tax subject to review is value added tax, for 2019 and 2016-2019, respectively.

Due to different possible interpretations of prevailing tax legislation, additional tax contingencies could arise in the event of inspection. In any event, the directors of the Parent consider that any such contingencies that could arise would not have a significant effect on the consolidated annual accounts.

(a) Income tax

The Group files consolidated tax returns with the companies indicated in note 4 (s).

A reconciliation of net income and expenses for the year with the taxable income/tax loss is provided in Appendix XII.

Details of the consolidated tax expense/tax income and consolidated accounting profit/loss for the year is shown in Appendix XIII.

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

	Thousands of Euros	
	2020	**2019**
Current tax		
Present year	1,681	6,108
Foreign tax	(1,787)	1,342
Taxes derived from tax inspection	(6,662)	461
Prior years	-	1,504
	(6,768)	**9,415**
Deferred tax		
Source and reversal of temporary differences	17,317	(2,631)
	(10,549)	**6,784**

Tax for 2019 corresponds to the consolidated tax group including the companies from the Gestión de Viajes Deneb, S.L. and subsidiaries group, which are shown in the income statement as discontinued operations.

Details of deferred tax assets and liabilities by type of asset and liability are as follows:

	Thousands of Euros			
	Assets		Liabilities	
	2020	2019	2020	2019
Accelerated depreciation and amortisation and leases	1,361	1,144	(5,217)	(2,692)
Fixed assets-Depreciation deductibility limit	1,173	1,323	-	-
Financial hedging instruments	8,712	1,115	-	-
Tax loss carryforwards	17,267	3,569	-	-
Unused deductions	6,660	1,108	-	-
Provisions and other	17,612	21,458	(10,498)	(5,418)
Net assets and liabilities	**52,785**	**29,717**	**(15,715)**	**(8,110)**

The Group has unused tax loss carryforwards from individual companies before they joined the consolidated tax group, the amounts of which are as follows:

	Thousands of Euros	
Year	2020	2019
2000	-	-
2002	-	-
2003	1,051	1,051
2004	494	494
2005	18	824
2006	56	1,379
2007	93	150
2008	-	-
2009	205	204
2010	301	301
2011	1,769	1,769
2012	1,092	1,092
2013	4,930	4,930
2014	628	628
2015	1,454	1,454
	12,091	**14,276**

Capitalised tax loss carryforwards amount to Euros 26,132 thousand (Euros 3,569 thousand at 31 December 2019).

The deductions to be offset were mostly generated in 2003, 2015, 2016 and 2017. At 31 December 2020 an amount of Euros 1,426 thousand still has to be offset, which is capitalised under assets in the consolidated balance sheet (Euros 1,108 thousand at 31 December 2019).

(Continued)

In 2003-2004, the Parent (Globalia Corporación Empresarial, S.A.) and its subsidiaries Travelplán, S.A.U., Air Europa Líneas Aéreas, S.A.U. and Viajes Halcón, S.A.U. made outlays for advertising and marketing covering a period of several years as part of the activity plans and programmes approved by the Jacobean Council to celebrate the 2004 Jubilee Year, giving rise to and applying the following income tax deductions for that year:

Globalia Corporación Empresarial, S.A.	Euros 150 thousand
Air Europa Líneas Aéreas, S.A.U.	Euros 111 thousand
Viajes Halcón, S.A.U.	Euros 1,522 thousand
Travelplán, S.A.U.	Euros 577 thousand

In July 2005, the taxation authorities, through the central tax management department for large businesses (Unidad Central de Gestión de Grandes Empresas), notified the above companies that, among other things, they had been refused the right to apply the deduction set forth in section Two 1 (c) of the second additional provision of Law 53/2002 to advertising and marketing expenses for the period from 1 November 2003 to 31 October 2004, on the grounds that the application for recognition of the tax benefit had been submitted after the deadline.

As they were not in agreement with the tenor of these rulings, the companies filed administrative appeals which were dismissed, first by the National Inspection Office and subsequently by the TEAC, forcing the entities to file appeals for judicial review in order to have their rights recognised. These were heard and favourable rulings dated 15 July 2010, 7 October 2010 and 28 October 2010 were handed down by the Judicial Review Chamber (second section) of the Spanish High Court.

Specifically, in every case, the Spanish High Court overruled the contested TEAC decisions, allowing the parties to be reimbursed for excess amounts paid, together with the corresponding late payment interest.

The amount pending collection on this account including late payment interest at 31 December 2020 was Euros 4,085 thousand (Euros 4,085 thousand at 31 December 2019), presented under current tax assets in the consolidated balance sheet.

(b) Value added tax

Most transactions by the Retail and Wholesale divisions are subject to the special VAT regime governing travel agencies. In accordance with accounting regulations, the Company applies the following criteria with respect to the aforementioned special regime:

i) Input VAT on acquisitions of goods and services as a part of transactions subject to the special regime increases the amount of goods and services acquired.

ii) Output VAT on transactions included in the special regime is recognised together with income from the transaction.

iii) The VAT amount settled in accordance with the special regime, that is, the VAT for which the taxable base is the Parent's gross margin, is deducted from recorded income.

The Parent files consolidated VAT returns with other companies belonging to the Globalia business group. This tax group, which is headed by Globalia Corporación Empresarial, S.A. as the Parent, also includes the following subsidiaries: Air Europa Líneas Aéreas, S.A.U.; Air Europa Suma Miles, S.L.; Globalia Hotel Palace de Muro, S.L.U.; Globalia Autocares Levante, S.L.; Globalia Activos Inmobiliarios, S.A.U.; Globalia Hotel Talavera, S.A.U.; Groundforce Cargo, S.L.U.; Globalia Call Center, S.A.U.; Cloverdale Spain, S.L.U.; Globalia Formación, S.L.U.; Globalia Broker Services, S.A.U.; Globalia Sistemas y Comunicaciones, S.L.U.; Globalia Gestión Seguros, S.L.U.; Globalia Servicios Corporativos, S.L.U.; Globalia Handling, S.A.U.; Globalia Artes Gráficas, S.L.U.; Iberrail Spanish Railroads, S.A.U.; León Activos Aeronáuticos, S.L.U.; Mundaka Corporación Hotelera, S.L.U.; Media & Design, S.A.U.; Punta Cana Inversiones Exteriores, S.L.; Air Europa Holding, S.L.U.; Aeronova, S.L.U.; Halcón Online Services, S.A.U.; Techite Inversiones 2012, S.L.U.; Wakalua Innovation Hub, S.L.U.; Zarek Investments 2017, S.L.U.

(28) Environmental Information

Aware of the importance of the environment in sustainable development, in January 2006 Air Europa Líneas Aéreas, S.A.U. became the first Spanish airline to receive the ISO 14001 Environmental Management Systems certificate. In 2012 it reaffirmed its commitment to the environment by registering with EMAS (Eco-Management and Audit Scheme). The Environmental Declaration is published on the website www.aireuropa.com.

The main aim of this system is to minimise the environmental impact of all activities, focusing on a decrease in the consumption of natural resources, correct waste management and the optimisation of procedures to reduce both noise and CO2 emissions.

Reducing air pollution as much as possible is a priority for Air Europa Líneas Aéreas, S.A.U., as evidenced, among other actions, by the effort and major commitment the Company has demonstrated by purchasing the most modern aircraft, which unquestionably results in a more efficient use of fuel.

The main aim of the Environmental Management System is to implement the Company's Environmental Policy, ensuring its compliance with prevailing environmental legislation, managing environmental aspects, controlling indicators and fulfilling the objectives proposed through continuous improvement.

The Company has approved procedures in place to guarantee compliance with the requirements established in Commission Decisions 2007/589/EC of 18 July 2007 and 2009/339/EC of 16 April 2009, which establish the guidelines for the monitoring and reporting of greenhouse gas emissions, and are in line with Law 1/2005 of 9 March 2005, which regulates the scheme for greenhouse gas emission allowance trading. Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003, establishing a scheme for greenhouse gas emission allowance trading in the European Union, was transposed to the Spanish legal system in Law 1/2005. Law 13/2010 of 5 July 2010 amends Law 1/2005 of 9 March 2005, perfecting and expanding the greenhouse gas emission allowance trading scheme and including the aviation industry in this scheme as a result of the publication of Directive 2008/101/EC of 19 November 2008. It also complies with the requirements of EMAS Regulation (EC) No.1221/2009 and, therefore, its Environmental Declaration is audited on an annual basis.

(Continued)

(29) Related Party Balances and Transactions

(a) Related party balances

Details of balances by category are as follows:

	Thousands of Euros 2020	
	Other related parties	**Total**
Trade and other receivables		
Trade receivables – current	18,861	18,861
Total current assets	**18,861**	**18,861**
Total assets	**18,861**	**18,861**
Other financial liabilities	(5,664)	(5,664)
Total non-current liabilities	**(5,664)**	**(5,664)**
Other financial liabilities	(1,542)	(1,542)
Trade and other payables		
Suppliers	(14,484)	(14,484)
Total current liabilities	**(16,026)**	**(16,026)**
Total liabilities	**(21,690)**	**(21,690)**

	Thousands of Euros 2019	
	Other related parties	**Total**
Trade and other receivables		
Trade receivables – current	1,557	1,557
Total current assets	**1,557**	**1,557**
Total assets	**1,557**	**1,557**
Trade and other payables		
Suppliers	(366)	(366)
Total current liabilities	**(366)**	**(366)**
Total liabilities	**(366)**	**(366)**

(Continued)

The rise in Group balances with related parties is due to the departure of Gestión de Viajes Deneb, S.L. and subsidiaries from the Globalia Group.

(b) Group transactions with related parties

The Group's transactions with related parties are as follows:

	Thousands of Euros			
	2020			
	Directors	Senior management personnel	Other related parties	Total
Net sales				
Sales	-	-	21,852	21,852
Other operating income	-	-	4,657	4,657
Finance income	-	-	105	105
Total income	**-**	**-**	**26,614**	**26,614**
Expenses				
Operating lease expenses	-	-	(810)	(810)
Other expenses	-	-	(10,032)	(10,032)
Finance costs	-	-	(53)	(53)
Personnel expenses				
Salaries	(4,993)	(2,234)	-	(7,227)
Allowances	-	-	-	-
Total expenses	**(4,993)**	**(2,234)**	**(10,895)**	**(18,122)**

	Thousands of Euros			
	2019			
	Directors	Senior management personnel	Other related parties	Total
Net sales				
Sales	-	-	1,278	1,278
Total income	**-**	**-**	**1,278**	**1,278**
Expenses				
Operating lease expenses	-	-	(1,254)	(1,254)
Other expenses	-	-	(11,239)	(11,239)
Personnel expenses				
Salaries	(6,128)	(1,666)	-	(7,794)
Allowances	(20)	-	-	(20)
Total expenses	**(6,148)**	**(1,666)**	**(12,493)**	**(20,307)**

(Continued)

The rise in Group balances with related parties is due to the departure of Gestión de Viajes Deneb, S.L. and subsidiaries from the Globalia Group.

Operating lease expenses reflect hotel operating lease expenses and advisory fees for Caribbean hotel properties operated by the Group for companies related to the Parent's majority shareholder.

Transactions with related parties are carried out at arm's length.

(c) Information on the Company's directors and senior management personnel

In 2020 and 2019 the directors and senior management received the remuneration shown in the above table. The directors have not received any loans or advances, nor has the Group extended any guarantees on their behalf. The Group has no pension or life insurance obligations with the Company's former or current directors or senior management personnel.

The Group has paid an annual public liability insurance premium of Euros 36 thousand (Euros 36 thousand in 2019) for directors and senior management.

In the years ended 31 December 2020 and 2019 the directors have not carried out any transactions other than ordinary business with the Parent or other Group companies or applying terms that differ from market conditions.

(d) Conflicts of interest of the directors of the Parent and their related parties in other companies

The situations of conflict of interest of the Parent's directors are detailed in Appendix XV, which forms an integral part of this note to the consolidated annual accounts.

(30) Income and Expenses

(a) Revenues

Details of revenues by category of activity and geographical market are shown in Appendix XIV.

(b) Supplies

Details of merchandise, raw materials and other supplies used are as follows:

	Thousands of Euros	
	2020	**2019**
Merchandise used		
Domestic purchases	344	2,071
Raw materials and other supplies used		
Domestic and other purchases	327,769	513,590
	328,113	**515,661**

(Continued)

(c) Employee benefits expense and provisions

Details of employee benefits expense and provisions are as follows:

	Thousands of Euros	
	2020	**2019**
Employee benefits expense		
Social Security and other benefits	108,431	128,398
	108,431	**128,398**

(d) Gains/losses on disposal of fixed assets

Details of gains and losses on the disposal of fixed assets are as follows:

	Thousands of Euros	
	2020	**2019**
Losses		
Property, plant and equipment	(1,221)	(401)
Gains		
Property, plant and equipment	224	(2,195)
	(997)	**(2,596)**

(e) Other income and expenses

Details of other income/expenses are as follows:

	Thousands of Euros	
	2020	**2019**
Expenses		
Penalties, fines and other	(2,036)	(261)
	(2,036)	(261)

(Continued)

(f) Foreign currency transactions

Details of income and expenses denominated in foreign currencies are as follows:

	Thousands of Euros	
	2020	**2019**
Income		
Net sales	159,371	769,938
Other services rendered	1,024	3,843
Expenses		
Net purchases	(297,958)	(588,876)
Operating lease expenses	(287,498)	(265,376)
Personnel expenses	(10,792)	(17,227)
Other services received	(116,733)	(313,546)
	(552,585)	(411,244)

(31) Discontinued operations

The Group has classified the income statement of Gestión de Viajes Deneb, S.L. and subsidiaries as held for sale on 18 December 2020, based on the agreements adopted as part of the process to integrate the businesses from the travel divisions between Barceló Corporación Empresarial, S.A. and Globalia Corporación Empresarial, S.A.

Details of the post-tax loss of discontinued operations disclosed in the income consolidated statement and cash flows relating to the discontinued operation are as follows:

	Thousands of Euros	
	2020	2019
Income	328,396	1,638,402
Expenses	(382,006)	(1,616,433)
Pre-tax profit or loss of discontinued operations	(53,610)	21,969
Income tax	744	(3,514)
Post-tax profit or loss of discontinued operations	(52,866)	18,455
Profit/(loss) related to measurement at fair value less costs to sell	192,930	-
Profit/(loss) related to sale or disposal by other method of the assets or disposal groups	-	-
Income tax	-	-
Profit/(loss) after income tax related to fair value adjustments less costs to sell and related to the sale or disposal by other method of assets or disposal groups.	192,930	-

(Continued)

	Thousands of Euros	
	2020	2019
Post-tax profit or loss of discontinued operations	140,064	18,455

(32) Employee Information

The average headcount of the Group in 2020 and 2019, distributed by category, is as follows.

	Number	
	2020	**2019**
Consolidated companies		
Management	130	174
Middle management	181	258
Hotel personnel	542	1,939
Ground handling personnel	1,849	3,966
Travel agency personnel	705	1,690
Pilots	379	741
Flight attendants	899	1,946
Mechanics	366	440
Drivers	65	125
Other	95	131
IT programmers	100	153
Administrative staff	212	306
Other office personnel	974	1,540
Call centre operators	689	737
	7,186	**14,146**

(Continued)

The Company continues to apply the furlough scheme (ERTE) based on force majeure. This type of furlough scheme (ERTE) was initially regulated in Royal Decree-Law 8/2020 of 17 March 2020 on extraordinary urgent measures to address the economic and social impact of COVID-19, specifically article 22 relating to suspensions and reductions in working hours as a result of force majeure linked to COVID-19.

At the moment, the application of the furlough scheme (ERTE) due to force majeure has been extended to 31 May by Royal Decree-Law 2/2021 of 26 January to reinforce and consolidate social measures to protect employment. The exonerated social security expense recorded under other operating expenses amounts to Euros 14,562 thousand.

As a result of the application of the aforementioned furlough scheme (ERTE) the Group has to assume the obligations included in the successive regulations enacted on this matter, including that of the commitment to maintain employment.

Lastly, some of the obligations that should be legally assumed by companies adhering to the furlough schemes (ERTEs) due to force majeure are being subject to interpretation by the courts with regard to their scope and, above all, the consequences of failing to meet these obligations.

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

	Number	
	2020	**2019**
Consolidated companies		
Male	6,488	6,821
Female	6,724	6,676
	13,212	**13,497**

The distribution by gender of the Parent's directors is one man and two women (four men and two women in 2019).

The average number of Group employees with a disability rating of 33% or higher (or equivalent local rating) in 2020 and 2019, distributed by category, is as follows:

	Number	
	2020	**2019**
Consolidated companies		
Administrative staff	85	155
	85	**155**

(Continued)

(33) Audit Fees

The auditor of the annual accounts of the Group has accrued the following fees and expenses for professional services during 2020 and 2019:

	Thousands of Euros	
	2020	**2019**
Audit services	387	386
Other audit services	67	50
Other tax and sundry services	4	253
	458	**689**

Other affiliates of KPMG International invoiced the Group the following fees for professional services during 2020 and 2019:

	Thousands of Euros	
	2020	**2019**
Audit services	-	18

Other auditors invoiced the Group the following fees and expenses for professional services during 2020 and 2019:

	Thousands of Euros	
	2020	**2019**
Audit services	28	65

(Continued)

(34) Other Contingencies

In 2015 the Group company Air Europa Líneas Aéreas, S.A.U. was notified of the resolution regarding the repayment in relation to the settlement of tariff deductions applied to air transport for residents in non-mainland Spain from January 2009 to September 2014. Despite having paid the amount to the Directorate General of Civil Aviation (DGAC), the company has filed an appeal as Group management considers that very restrictive assumptions have been used regarding the possibility of applying these deductions to calculate the amount repayable.

In 2015 legal proceedings commenced involving the Parent and various Globalia Group companies in respect of the possible incorrect application of the tariff deductions for scheduled air transport services for residents in the autonomous regions of the Canary Islands, Balearic Islands, Ceuta and Melilla. On 14 February 2017 the Central Criminal Court of the Spanish High Court found Globalia Servicios Corporativos, S.L.U. guilty of incorrectly applying the tariff deductions and ordered the company to pay a fine of Euros 7,672 thousand.

Following this judgment and the rulings of the regulators in 2015, the directors of the Parent consider all contingencies relating to grants received for tariff reductions for scheduled air transport services for residents in the autonomous regions of the Canary Islands, Balearic Islands, Ceuta and Melilla to be resolved and they consider that no additional liabilities or any other measure will arise that could affect the Group's operations. In October 2017 a decision was received from the Spanish Ministry of Public Works and Transport's Directorate-General for Civil Aviation regarding discounts on scheduled flights for residents of the Canary Islands, Balearic Islands, Ceuta and Melilla for 2019 and 2010. The Group has filed an appeal for judicial review, although the directors do not expect that any additional liabilities will arise.

The Company has various legal proceedings underway with employees. However, the Company's advisors do not consider it likely that any liabilities will arise other than those recognised in the consolidated annual accounts for the year.

Globalia Business Travel, S.A.U. is involved in legal proceedings with a supplier that has lodged a claim for Euros 10,628 thousand due to breach of contract. On 13 June 2013, the London Court of International Arbitration ruled in favour of the company, although the supplier appealed this ruling. On 8 March 2021 new arbitration took place ruling in favour of the supplier, for an amount of Euros 4,739 thousand, plus interest.

(35) Commitments

On 4 November 2019, Globalia Corporación Empresarial, S.A. and IB Opco Holding, S.L. (member of the IAG group) entered into an agreement for the sale-purchase of 100% of the shares in the Globalia Group companies forming part of the Air Division: Air Europa Líneas Aéreas, S.A.U., Aeronova, S.L., León Activos Aeronáuticos, S.L. and Globalia Lease Finance Seven, Limited. The above agreement is subject to the approval of the transaction by the European competition authorities.

On 19 January 2021 the initial agreement was modified to reduce the purchase price to Euros 500,000 thousand, which will be payable in a six-month period from the close of the transaction.

(Continued)

(36) Events after the Reporting Period

On 30 January 2021, Royal Decree 1/2021 of 12 January 2021 was published amending the following: the Spanish General Chart of Accounts approved by Royal Decree 1514/2007 of 16 November 2007; the Spanish General Chart of Accounts for Small and Medium-sized Enterprises approved by Royal Decree 1515/2007 of 16 November 2007; the Standards for the Preparation of Consolidated Annual Accounts approved by Royal Decree 1159/2010 of 17 September 2010; and standards adapting the Spanish General Chart of Accounts for non-profit entities approved by Royal Decree 1491/2011of 24 October 2011. Furthermore, on 13 February 2021, the Spanish Accounting and Auditing Institute (ICAC) published the Resolution of 10 February 2021, issuing standards for recognition, measurement and the preparation of annual accounts with respect to the recognition of revenue from the delivery of goods and services.

The changes to the standards are applicable to accounting periods beginning on or after 1 January 2021 and focus on the criteria for recognition, measurement and disclosure of revenue from the delivery of goods and services, financial instruments, hedge accounting, measurement of inventories of listed commodities traded by brokers, and the definition of fair value.

In this regard, the consolidated annual accounts for the first accounting period beginning on or after 1 January 2021 shall include comparative information but there is no obligation to restate the information from the prior accounting period. The comparative information shall be restated only where all the criteria approved by the Royal Decree can be applied without incurring a retrospective bias, and without prejudice to the exceptions established in the transitional provisions.

The standards are generally applied retroactively, albeit with alternative practical expedients. However, hedge accounting is applied prospectively, the criteria for classifying financial instruments can be applied prospectively and the criteria for revenue from sales and services rendered can be applied prospectively to contracts starting from 1 January 2021 onwards.

The directors of the Parent are currently undertaking an assessment of the applicable transition options and the accounting impacts that these changes will have, although at the date of authorising these consolidated annual accounts for issue they do not yet have sufficient information to conclude on the outcome of this analysis.

(Continued)

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Details of Investments in Subsidiaries for the year ended 31 December 2020

(Expressed in thousands of Euros)

Company	Registered office	Activity	Auditor	Group company holding the investment	Investment		Thousands of Euros
					Percentage ownership	% effective interest of the Group	
Air Europa Líneas Aéreas, S.A.U.	Llucmajor (Spain)	Airline	KPMG	Air Europa Holding S.L.U	100	100	18.848
Globalia Handling, S.A.U.	Llucmajor (Spain)	Ground handling services	KPMG	Globalia Corporación Empresarial, S.A.	100	100	33.069
Be Live Hotels, S.L.U.	Llucmajor (Spain)	Hotel management	KPMG	Globalia Corporación Empresarial, S.A.	100	100	234.702
Globalia Servicios Corporativos, S.L.U.	Llucmajor (Spain)	General services	KPMG	Globalia Corporación Empresarial, S.A.	100	100	1.342
Globalia Hotel La Niña, S.L.	Puerto de la Cruz (Spain)	Real estate	KPMG	Mundaka Corporación Hotelera, S.L.U.	100	100	21.045
Globalia Call Center, S.A.U.	Llucmajor (Spain)	Call Centre	KPMG	Globalia Corporación Empresarial, S.A.	100	100	61
Media & Design, S.A.U.	Llucmajor (Spain)	Communication and advertising	KPMG	Zarek Investments, S.L.	100	100	1.817
Globalia Gestión de Seguros, S.L.U.	Llucmajor (Spain)	Insurance brokerage	-	Globalia Corporación Empresarial, S.A.	100	100	185
Globalia Hotel Talavera, S.A.U.	Llucmajor (Spain)	Hotel owner	-	Mundaka Corporación Hotelera, S.L.U.	100	100	1.522
Globalia Sistemas y Comunicaciones, S.L.U.	Llucmajor (Spain)	IT services	KPMG	Globalia Corporación Empresarial, S.A.	100	100	3.004
Globalia Formación, S.L.U.	Llucmajor (Spain)	Training	-	Globalia Corporación Empresarial, S.A.	100	100	
Globalia Activos Inmobiliarios, S.A.U.	Llucmajor (Spain)	Real estate	KPMG	Globalia Corporación Empresarial, S.A.	100	100	14.824
Globalia Hotel Palace de Muro, S.L.U.	Llucmajor (Spain)	Hotel owner	-	Mundaka Corporación Hotelera, S.L.U.	100	100	14.579
Globalia Hotel Orotava, S.L.U.	Puerto de la Cruz (Spain)	Hotel owner	-	Mundaka Corporación Hotelera, S.L.U.	100	100	15.378
Globalia Broker Services, S.A.U.	Llucmajor (Spain)	Aircraft broker	-	Globalia Corporación Empresarial, S.A.	100	100	147
Globalia Mantenimiento Aeronaútico, S.L.U.	Llucmajor (Spain)	Maintenance	KPMG	Globalia Corporación Empresarial, S.A.	100	100	3.000
Halcon Online Services, S.A.U.	Llucmajor (Spain)	Sales of items	-	Globalia Corporación Empresarial, S.A.	100	100	492
Morocco GHS, S.A.	Casablanca (Morocco)	Ground handling services	KPMG	Globalia Handling, S.A.U.	100	100	
Iberhandling, S.A.U.	Llucmajor (Spain)	Ground handling services	-	Globalia Handling, S.A.U.	100	100	571
Globalia Artes Gráficas, S.L.U.	Llucmajor (Spain)	Printing	KPMG	Globalia Corporación Empresarial, S.A.	100	100	224

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Details of Investments in Subsidiaries for the year ended 31 December 2020

(Expressed in thousands of Euros)

Company	Registered office	Activity	Auditor	Group company holding the investment	Investment		Thousands of Euros
					Percentage ownership	% effective interest of the Group	
Eurogestion Hoteliere, S.A.R.L.	Casablanca (Morocco)	Hotel management	-	Be Live Hotels, S.L.	100	100	5
Viajes Tu Billete, S.L.	Santa Cruz de Tenerife (Spain)	Travel agency	KPMG	Globalia Corporación Empresarial, S.A.	100	100	
Bajuba de México Consultores, S de R.L. de C.V.	Quintana Roo (Mexico)	Rendering of personnel services	Baker Tilly Mexico	Media & Design, S.A.	100	100	
Punta Cana Inversiones Exteriores, S.L.	Amsterdam (Netherlands)	Holding of assets	-	Mundaka Corporación Hotelera, S.L.U.	100	100	64.671
Groundforce Cargo, S.L.U.	Llucmajor (Spain)	Ground handling services	KPMG	Globalia Handling, S.A.U.	100	100	12.312
Be Live Trading, INC	Miami (United States)	Holding of shares	-	Be Live Hotels, S.L.	100	100	7
Smart Inversiones, S.A.S.	Santo Domingo (Dominican Republic)	Hotel operation	Urrutia Liriano & Asoc.	Punta Cana Inversiones Exteriores, S.L.	100	100	
Inversiones La Albufera, S.A.S.	Santo Domingo (Dominican Republic)	Hotel operation	Urrutia Liriano & Asoc.	Punta Cana Inversiones Exteriores, S.L.	100	100	
Globalia Servicios Corporativos Dominicana, S.A.	Santo Domingo (Dominican Republic)	General services	Urrutia Liriano & Asoc.	Globalia Servicios Corporativos, S.L.U.	100	100	
Inversiones Bávaro, S.A.	Santo Domingo (Dominican Republic)	Hotel owner	Urrutia Liriano & Asoc.	Punta Cana Inversiones Exteriores, S.L.	100	100	23.080
Inversiones Inmobiliarias RCJ, S.A.	Santo Domingo (Dominican Republic)	Real estate	Urrutia Liriano & Asoc.	Punta Cana Inversiones Exteriores, S.L.	100	100	1.401
Travelplan Italia, S.R.L.	Milan (Italy)	Tour operator	-	Globalia Corporación Empresarial, S.A.	100	100	
Cloverdale Spain, S.L.U.	Llucmajor (Spain)	Hotel business	-	Globalia Corporación Empresarial, S.A.	100	100	
Golf Maioris, S.A.	Llucmajor (Spain)	Golf club	KPMG	Globalia Corporación Empresarial, S.A.	42,65	42,65	4.392
Mundaka Corporación Hotelera, S.L.U.	Llucmajor (Spain)	Hotel business	-	Be Live Hotels, S.L.	100	100	173.036
Melody Maker Hotel, S.A. de C.V.	Cancun (Mexico)	Hotel business	-	Zarek Investments, S.L.	99	99	
Canoa Spain , S.L.U.	Llucmajor (Spain)	Hotel business	-	Mundaka Corporación Hotelera, S.L.U.	100	100	43.309
Hotel Canoa, S.A.	Santo Domingo (Dominican Republic)	Hotel business	-	Canoa Spain, S.L.	100	100	17.771
Luabay Hoteles y Apartamentos, S.L.U.	Llucmajor (Spain)	Hotel business	-	Techite Inversiones 2012,SI.U.	100	100	
Inversiones Costa Adeje, S.A.U.	Puerto de la Cruz (Spain)	Hotel business	-	Luabay Hoteles y Apartamentos, S.L.U.	100	100	

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Details of Investments in Subsidiaries for the year ended 31 December 2020

(Expressed in thousands of Euros)

Company	Registered office	Activity	Auditor	Group company holding the investment	Investment		Thousands of Euros
					Percentage ownership	% effective interest of the Group	
Techite Inversiones 2012,S.L.U.	Llucmajor (Spain)	Hotel business	-	Globalia Corporación Empresarial, S.A.	100	100	1.323
Aeronova, S.L.U.	Llucmajor (Spain)	Airline	KPMG	Air Europa Holding S.L.U	100	100	984
Panamericana de Servicios Energéticos, S.A.S.	Santo Domingo (Dominican Republic)	Energy services	-	Be Live Hotels, S.L.	66,66	66,66	
Air Europa Suma Miles, S.L.	Llucmajor (Spain)	Airline	-	Air Europa Líneas Aéreas, S.A.U.	100	100	500
Globalia Autocares Levante, S.L	Llucmajor (Spain)	Passenger transport	-	Globalia Corporación Empresarial, S.A.	75	337,501	338
León Activos Aeronáuticos, S.L.	Llucmajor (Spain)	Airline	-	Air Europa Holding S.L.U	100	100	4.585
Iberrail Spanish Railroads, S.A.U.	Llucmajor (Spain)	Travel agency	-	Globalia Corporación Empresarial, S.A.	100	100	63
Wakalua Innovation Hub, S.L	Spain	Tourism services	-	Globalia Corporación Empresarial, S.A.	100	100	14
Globalias Linhas Aéreas, L.T.D.A	Brazil	Airline	-	Globalia Corporación Empresarial, S.A.	100	100	21
Air Europa Holding, S.L.U	Spain	Holding company	-	Globalia Corporación Empresarial, S.A.	100	100	24.420
Zarek Investments 2017,S.L.	Llucmajor (Spain)	Hotel business		Be Live Hotels, S.L.	100	100	12.503

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Details of Investments in Subsidiaries for the year ended 31 December 2019

(Expressed in thousands of Euros)

Company	Registered office	Activity	Auditor	Group company holding the investment	Investment		Thousands of Euros
					Percentage ownership	% effective interest of the Group	
Air Europa Líneas Aéreas, S.A.U.	Llucmajor (Spain)	Airline	KPMG	Air Europa Holding S.L.U	100	100	18.848
Globalia Business Travel, S.A.U.	Llucmajor (Spain)	Tour operator	KPMG	Gestión de Viajes Deneb, S.L	100	100	40.626
Globalia Handling, S.A.U.	Llucmajor (Spain)	Ground handling services	KPMG	Globalia Corporación Empresarial, S.A.	100	100	13.200
Viajes Halcón, S.A.U.	Llucmajor (Spain)	Travel agency	KPMG	Gestión de Viajes Deneb, S.L	100	100	95.634
Be Live Hotels, S.L.U.	Llucmajor (Spain)	Hotel management	KPMG	Globalia Corporación Empresarial, S.A.	100	100	234.702
Globalia Servicios Corporativos, S.L.U.	Llucmajor (Spain)	General services	KPMG	Globalia Corporación Empresarial, S.A.	100	100	2.268
Globalia Hotel La Niña, S.L.	Puerto de la Cruz (Spain)	Real estate	KPMG	Mundaka Corporación Hotelera, S.L.U.	100	100	21.045
Globalia Call Center, S.A.U.	Llucmajor (Spain)	Call Centre	KPMG	Globalia Corporación Empresarial, S.A.	100	100	61
Welcome Incoming Services, S.L.U.	Llucmajor (Spain)	Incoming services	KPMG	Gestión de Viajes Deneb, S.L	100	100	
Media & Design, S.A.U.	Llucmajor (Spain)	Communication and advertising	KPMG	Zarek Investments, S.L.	100	100	317
Globalia Gestión de Seguros, S.L.U.	Llucmajor (Spain)	Insurance brokerage	-	Globalia Corporación Empresarial, S.A.	100	100	185
Globalia Hotel Talavera, S.A.U.	Llucmajor (Spain)	Hotel owner	-	Mundaka Corporación Hotelera, S.L.U.	100	100	1.522
Globalia Sistemas y Comunicaciones, S.L.U.	Llucmajor (Spain)	IT services	KPMG	Globalia Corporación Empresarial, S.A.	100	100	3.004
Globalia Formación, S.L.U.	Llucmajor (Spain)	Training	-	Globalia Corporación Empresarial, S.A.	100	100	670
Globalia Activos Inmobiliarios, S.A.U.	Llucmajor (Spain)	Real estate	KPMG	Globalia Corporación Empresarial, S.A.	100	100	14.824
Globalia Hotel Palace de Muro, S.L.U.	Llucmajor (Spain)	Hotel owner	-	Mundaka Corporación Hotelera, S.L.U.	100	100	14.579
Iberotours, S.A.U.	Santa Cruz de Tenerife (Spain)	Tour operator	KPMG	Gestión de Viajes Deneb, S.L	100	100	7.232
Globalia Autocares, S.A.	Llucmajor (Spain)	Passenger transport	KPMG	Gestión de Viajes Deneb, S.L	90	90	10.753
Globalia Hotel Orotava, S.L.U.	Puerto de la Cruz (Spain)	Hotel owner	-	Mundaka Corporación Hotelera, S.L.U.	100	100	15.378
Globalia Broker Services, S.A.U.	Llucmajor (Spain)	Aircraft broker	-	Globalia Corporación Empresarial, S.A.	100	100	1.205

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Details of Investments in Subsidiaries for the year ended 31 December 2019

(Expressed in thousands of Euros)

Company	Registered office	Activity	Auditor	Group company holding the investment	Investment		Thousands of Euros
					Percentage ownership	% effective interest of the Group	
Globalia Mantenimiento Aeronaútico, S.L.U.	Llucmajor (Spain)	Maintenance	KPMG	Globalia Corporación Empresarial, S.A.	100	100	3.000
Halcon Online Services, S.A.U.	Llucmajor (Spain)	Sales of items	-	Globalia Corporación Empresarial, S.A.	100	100	
Morocco GHS, S.A.	Casablanca (Morocco)	Ground handling services	KPMG	Globalia Handling, S.A.U.	100	100	
Iberhandling, S.A.U.	Llucmajor (Spain)	Ground handling services	-	Globalia Handling, S.A.U.	100	100	571
Geomoon, S.L.U.	Llucmajor (Spain)	Travel agency	-	Viajes Halcón, S.A.U.	100	100	359
Viajes Ecuador, S.A.U.	Llucmajor (Spain)	Travel agency	KPMG	Gestión de Viajes Deneb, S.L	100	100	2.963
Globalia Artes Gráficas, S.L.U.	Llucmajor (Spain)	Printing	KPMG	Globalia Corporación Empresarial, S.A.	100	100	961
Eurogestion Hoteliere, S.A.R.L.	Casablanca (Morocco)	Hotel management	-	Be Live Hotels, S.L.	100	100	5
Viajes Tu Billete, S.L.	Santa Cruz de Tenerife (Spain)	Travel agency	KPMG	Globalia Corporación Empresarial, S.A.	100	100	
Bajuba de México Consultores, S de R.L. de C.V.	Quintana Roo (Mexico)	Rendering of personnel services	Baker Tilly Mexico	Media & Design, S.A.	100	100	
D & A Servicios Integrales, S. de E.L. de C.V.	Quintana Roo (Mexico)	Rendering of personnel services	Baker Tilly Mexico	Media & Design, S.A.	100	100	
Punta Cana Inversiones Exteriores, S.L.	Amsterdam (Netherlands)	Holding of assets	-	Mundaka Corporación Hotelera, S.L.U.	100	100	64.671
Globalia Trading Services, S.L.U.	Llucmajor (Spain)	Tour operator	KPMG	Gestión de Viajes Deneb, S.L	100	100	22.023
Groundforce Cargo, S.L.U.	Llucmajor (Spain)	Ground handling services	KPMG	Globalia Handling, S.A.U.	100	100	12.312
Globalia Travel Club Spain, S.L.U.	Santa Cruz de Tenerife (Spain)	Tour operator	KPMG	Gestión de Viajes Deneb, S.L	100	100	11.024
Be Live Trading, INC	Miami (United States)	Holding of shares	-	Be Live Hotels, S.L.	100	100	7
Smart Inversiones, S.A.S.	Santo Domingo (Dominican Republic)	Hotel operation	Urrutia Liriano & Asoc.	Punta Cana Inversiones Exteriores, S.L.	100	100	
Inversiones La Albufera, S.A.S.	Santo Domingo (Dominican Republic)	Hotel operation	Urrutia Liriano & Asoc.	Punta Cana Inversiones Exteriores, S.L.	100	100	
Globalia Servicios Corporativos Dominicana, S.A.	Santo Domingo (Dominican Republic)	General services	Urrutia Liriano & Asoc.	Globalia Servicios Corporativos, S.L.U.	100	100	
Inversiones Bávaro, S.A.	Santo Domingo (Dominican Republic)	Hotel owner	Urrutia Liriano & Asoc.	Punta Cana Inversiones Exteriores, S.L.	100	100	23.080

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Details of Investments in Subsidiaries for the year ended 31 December 2019

(Expressed in thousands of Euros)

Company	Registered office	Activity	Auditor	Group company holding the investment	Investment		Thousands of Euros
					Percentage ownership	% effective interest of the Group	
Inversiones Inmobiliarias RCJ, S.A.	Santo Domingo (Dominican Republic)	Real estate	Urrutia Liriano & Asoc.	Punta Cana Inversiones Exteriores, S.L.	100	100	1.401
Travelplan Italia, S.R.L.	Milan (Italy)	Tour operator	-	Globalia Corporación Empresarial, S.A.	100	100	
Travelplán Portugal, Agencia de Viagens e Turismo, Sociedade Unipessoal Lda.	Lisbon (Portugal)	Tour operator	Pinto Leite & Machado Vaz-SROC, Lda.	Gestión de Viajes Deneb, S.L	100	100	
Globalia Incoming Services Mexico, S.R.L. de C.V.	Quintana Roo (Mexico)	Incoming services		Welcome Incoming Services, Slu	100	100	51
Globalia Incoming Services Dominicana, S.A.	Santo Domingo (Dominican Republic)	Incoming services	Urrutia Liriano & Asoc. (R.D.)	Welcome Incoming Services, Slu	100	100	22
See Europe Tours Limited	London (United Kingdom).	Incoming services	-	Welcome Incoming Services, Slu	100	100	575
MK Media Corp.	Miami (United States)	Tour operator	-	MK Tours, S.A.	100	100	1
MK Puerto Rico, S.A.	Hato Rey (Puerto Rico)	Tour operator	-	Globalia Business Travel, S.A.U.	100	100	
MK Tours, S.A.	Miami (United States)	Tour operator	-	Globalia Business Travel, S.A.U.	100	100	
MK Tours Dominicana USA INC.	Santo Domingo (Dominican Republic)	Tour operator	-	MK Tours, S.A.	100	100	1
MK Travel & Tours, INC	Miami (United States)	Tour operator	-	MK Tours, S.A.	100	100	1
Cloverdale Spain, S.L.U.	Llucmajor (Spain)	Hotel business	-	Globalia Corporación Empresarial, S.A.	100	100	
Delirio Beach Club, S.A. de C.V.	Santo Domingo (Dominican Republic)	Hotel business	-	Zarek Investments, S.L.	99	99	
Golf Maioris, S.A.	Llucmajor (Spain)	Golf club	KPMG	Globalia Corporación Empresarial, S.A.	42,65	42,65	7.526
Mundaka Corporación Hotelera, S.L.U.	Llucmajor (Spain)	Hotel business	-	Be Live Hotels, S.L.	100	100	178.506
Melody Maker Hotel, S.A. de C.V.	Cancun (Mexico)	Hotel business	-	Zarek Investments, S.L.	99	99	
Canoa Spain , S.L.U.	Llucmajor (Spain)	Hotel business	-	Mundaka Corporación Hotelera, S.L.U.	100	100	43.309
Hotel Canoa, S.A.	Santo Domingo (Dominican Republic)	Hotel business	-	Canoa Spain, S.L.	100	100	17.771
Luabay Hoteles y Apartamentos, S.L.U.	Llucmajor (Spain)	Hotel business	-	Techite Inversiones 2012,Sl.U.	100	100	

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Details of Investments in Subsidiaries for the year ended 31 December 2019

(Expressed in thousands of Euros)

Company	Registered office	Activity	Auditor	Group company holding the investment	Investment		Thousands of Euros
					Percentage ownership	% effective interest of the Group	
Inversiones Costa Adeje, S.A.U.	Puerto de la Cruz (Spain)	Hotel business	-	Luabay Hoteles y Apartamentos, S.L.U.	100	100	
Techite Inversiones 2012,S.L.U.	Llucmajor (Spain)	Hotel business	-	Globalia Corporación Empresarial, S.A.	100	100	1.496
Aeronova, S.L.U.	Llucmajor (Spain)	Airline	KPMG	Air Europa Holding S.L.U	100	100	984
Panamericana de Servicios Energéticos, S.A.S.	Santo Domingo (Dominican Republic)	Energy services	-	Be Live Hotels, S.L.	66,66	66,66	
Globalia Corporate Travel, S.L.U.	Llucmajor (Spain)	Travel agency	-	Gestión de Viajes Deneb, S.L	100	100	
Globalia Traveling, S.L.U.	Llucmajor (Spain)	Travel agency	-	Viajes Halcón, S.A.U.	100	100	500
Air Europa Suma Miles, S.L.	Llucmajor (Spain)	Airline	-	Air Europa Líneas Aéreas, S.A.U.	100	100	500
Globalia Autocares Levante, S.L	Llucmajor (Spain)	Passenger transport	-	Globalia Corporación Empresarial, S.A.	75	338	338
León Activos Aeronáuticos, S.L.	Llucmajor (Spain)	Airline	-	Air Europa Holding S.L.U	100	100	4.585
Iberrail Spanish Railroads, S.A.U.	Llucmajor (Spain)	Travel agency	-	Globalia Corporación Empresarial, S.A.	100	100	63
Wakalua Innovation Hub, S.L	Spain	Tourism services	-	Globalia Corporación Empresarial, S.A.	100	100	123
Gestión de Viajes Deneb, S.L	Spain	Holding company	-	Globalia Corporación Empresarial, S.A.	100	100	43.287
Globalias Linhas Aéreas, L.T.D.A	Brazil	Airline	-	Globalia Corporación Empresarial, S.A.	100	100	11
Air Europa Holding, S.L.U	Spain	Holding company	-	Globalia Corporación Empresarial, S.A.	100	100	24.420
M.S. Viajes, S.A.	Spain	Tourism services		Globalia Trading Service	100	100	3.450
Rotas ibéricas-Viagens e turismo Unipessoal., LDA	Portugal	Tour operator		M.S. Viajes, S.A.	100	100	101
Transportes turísticos San Miguel	Santo Domingo (Dominican Republic)	Tour operator		Globalia Incoming Services Dominicana, S.A.	100	100	34
Zarek Investments 2017,S.L.	Llucmajor (Spain)	Hotel business		Be Live Hotels, S.L.	100	100	

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Details of Investments in Non-consolidated Subsidiaries for the year ended 31 December 2020

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

			Investment		Thousands of Euros			
Company	**Registered office**	**Activity**	**Group company holding the investment**	**% ownership**	**Capital and share premium**	**Reserves**	**Other equity items**	**Total**
Globalia Tunisie, S.A.R.L	Tunisia	In liquidation	Globalia Corporación Empresarial, S.A.	100.00	(89)	(89)	(5,554)	(5,732)

This appendix forms an integral part of note 4 a) to the annual accounts, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Details of Investments in Non-consolidated Subsidiaries for the year ended 31 December 2019

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

			Investment		Thousands of Euros			
Company	**Registered office**	**Activity**	**Group company holding the investment**	**% ownership**	**Capital and share premium**	**Reserves**	**Other equity items**	**Total**
Globalia Tunisie, S.A.R.L.	Tunisia	In liquidation	Globalia Corporación Empresarial, S.A.	100.00	(89)	(89)	(5,554)	(5,732)

This appendix forms an integral part of note 4 a) to the annual accounts, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Details of Investments in Associates
for the year ended 31 December 2020

(Expressed in thousands of Euros)

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

				Investment			
Name	**Registered office**	**Activity**	**Auditor**	**Group company holding the investment**	**% ownership**	**% effective ownership of the Company**	**Amount of the interest**
Maintenance of Equipment on Tarmac Service, S.A.	Madrid (Spain)	Maintenance and Handling	Unaudited	Globalia Handling, S.A.U.	49	49	245
Palacio de Congresos de Tenerife Sur	Tenerife (Spain)	Dormant	Unaudited	Viajes Halcón, S.A.U.	49	49	72
Avoris Corporación Empresarial, S.A.	Mallorca (Spain)	Retail	Unaudited	Globalia Corporación Empresarial, S.L.	49.45	49.45	142,058

This appendix forms an integral part of note 4 c) to the annual accounts, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Details of Investments in Associates
for the year ended 31 December 2019

(Expressed in thousands of Euros)

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

				Investment			
Name	**Registered office**	**Activity**	**Auditor**	**Group company holding the investment**	**% ownership**	**% effective ownership of the Company**	**Amount of the interest**
Maintenance of Equipment on Tarmac Service, S.A	Madrid (Spain)	Maintenance and Handling	Unaudited	Globalia Handling, S.A.U.	49	49	245
Palacio de Congresos de Tenerife Sur	Tenerife (Spain)	Dormant	Unaudited	Viajes Halcón, S.A.U.	49	49	72

This appendix forms an integral part of note 4 c) to the annual accounts, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Details of Investments in Jointly Controlled Entities
for the year ended 31 December 2020

(Expressed in thousands of Euros)

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

				Investment			
Name	**Registered office**	**Activity**	**Auditor**	**Group company holding the investment**	**% ownership**	**% effective ownership of the Company**	**Amount of the interest**
-	-	-	-	-	-	-	-

This appendix forms an integral part of note 1 to the annual accounts, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Details of Investments in Jointly Controlled Entities
for the year ended 31 December 2019

(Expressed in thousands of Euros)

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

				Investment			
Name	**Registered office**	**Activity**	**Auditor**	**Group company holding the investment**	**% ownership**	**% effective ownership of the Company**	**Amount of the interest**
Mundo Social, A.I.E	Palma de Mallorca (Spain)	Travel agency	KPMG	Viajes Halcón, S.A.U.	50	50	1,762
Ocio y Turismo Novotours, A.I.E.	Palma de Mallorca (Spain)	Travel agency	KPMG	Viajes Halcón, S.A.U.	50	50	427

This appendix forms an integral part of note 1 to the annual accounts, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Information relating to Jointly Controlled Operations for the year ended 31 December 2020

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

Company	Registered office	Activity	Auditor	Group company holding the investment	Investment		Thousands of Euros
					Percentage ownership	% effective interest of the Group	
Groundforce Barcelona UTE	Barcelona (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	68	68	1.020
Groundforce Tenerife Sur UTE	Tenerife (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	80	923
Groundforce Tenerife Norte UTE	Tenerife (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	80	207
Groundforce Las Palmas UTE	Las Palmas de Gran Canaria (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	80	706
Groundforce AGP 2015, UTE	Malaga (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	488
Groundforce ALC 2015, UTE	Alicante (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	200
Groundforce BCN 2015, UTE	Barcelona (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	800
Groundforce BIO 2015, UTE	Bilbao (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	160
Groundforce FUE 2015, UTE	Fuerteventura (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	140
Groundforce IBZ 2015, UTE	Ibiza (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	180
Groundforce LPA 2015, UTE	Las Palmas de Gran Canaria (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	488
Groundforce MAD 2015, UTE	Madrid (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	1.600
Groundforce PMI 2015, UTE	Palma de Mallorca (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	540
Groundforce TFN 2015, UTE	Tenerife (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	140
Groundforce VLC 2015, UTE	Valencia (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	280
Groundforce ZAZ 2015, UTE	Zaragoza (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	40
Mundosenior PLUS	Balearic Islands (Spain)	Travel agency	-	Viajes Halcón, S.A.U.	50	50	150
Avoris Halcon UTE	Balearic Islands (Spain)	Travel agency	-	Viajes Halcón, S.A.U.	50	50	250
Halcón Monfobus Fisterra UTE	A Coruña (Spain)	Convention centre management and operation		Viajes Halcón, S.A.U.	40	40	32
Air Europa Aeronova Swiftair, UTE	Balearic Islands (Spain)	Passenger air transport		Air Europa Líneas Aéreas, S.A.U.	51	51	5
Air Europa Swiftair, UTE 2015	Balearic Islands (Spain)	Passenger air transport		Air Europa Líneas Aéreas, S.A.U.	51	51	5

(1) The company's reporting date is at 31 August.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Information relating to Jointly Controlled Operations for the year ended 31 December 2019

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

Company	Registered office	Activity	Auditor	Group company holding the investment	Investment		Thousands of Euros
					Percentage ownership	% effective interest of the Group	
Groundforce Barcelona UTE	Barcelona (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	68	68	1.632
Groundforce Tenerife Sur UTE	Tenerife (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	80	923
Groundforce Tenerife Norte UTE	Tenerife (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	80	207
Groundforce Las Palmas UTE	Las Palmas de Gran Canaria (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	80	706
Groundforce AGP 2015, UTE	Malaga (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	488
Groundforce ALC 2015, UTE	Alicante (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	200
Groundforce BCN 2015, UTE	Barcelona (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	800
Groundforce BIO 2015, UTE	Bilbao (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	160
Groundforce FUE 2015, UTE	Fuerteventura (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	140
Groundforce IBZ 2015, UTE	Ibiza (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	180
Groundforce LPA 2015, UTE	Las Palmas de Gran Canaria (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	488
Groundforce MAD 2015, UTE	Madrid (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	1.600
Groundforce PMI 2015, UTE	Palma de Mallorca (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	540
Groundforce TFN 2015, UTE	Tenerife (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	140
Groundforce VLC 2015, UTE	Valencia (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	280
Groundforce ZAZ 2015, UTE	Zaragoza (Spain)	Ground handling services	KPMG, SL	Globalia Handling, S.A.U.	80	100	40
La Hispano, Monforte, Castromil, Globalia UTE	Madrid (Spain)	Airport passenger transport services	-	Globalia Autocares, S.A.	45	45	36
Mundosenior PLUS	Balearic Islands (Spain)	Travel agency	-	Viajes Halcón, S.A.U.	50	50	150
Halcón Monfobus Fisterra UTE	A Coruña (Spain)	Convention centre management and operation		Viajes Halcón, S.A.U.	40	40	32
Air Europa Swiftair, UTE	Balearic Islands (Spain)	Passenger air transport		Air Europa Líneas Aéreas, S.A.U.	51	51	5
Air Europa Swiftair, UTE 2015	Balearic Islands (Spain)	Passenger air transport		Air Europa Líneas Aéreas, S.A.U.	51	51	5

(1) The company's reporting date is at 31 August.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Details of Equity-accounted Investees by Company and Movement Therein for the year ended 31 December 2020

(Expressed in thousands of Euros)

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

	Thousands of Euros			
Company	**Balance at 1 January 2020**	**Transactions with shareholders**	**Share of profits/(losses)**	**Balance at 31 December 2020**
Maintenance of Equipment on Tarmac Service, S.A.	919	-	(201)	718
Palacio de Congresos Tenerife Sur	(332)	1	-	(331)
Avoris Corporación Empresarial, S.A.	-	142,388	-	142,388
	587	142,389	(201)	142,775

This appendix forms an integral part of note 13 to the annual accounts, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Details of Equity-accounted Investees by Company and Movement Therein for the year ended 31 December 2019

(Expressed in thousands of Euros)

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

	Thousands of Euros			
Company	**Balance at 1 January 2019**	**Share of profits/(losses)**	**Other movements**	**Balance at 31 December 2019**
Maintenance of Equipment on Tarmac Service, S.A.	806	113	-	919
Palacio de Congresos Tenerife Sur	(30)	-	(302)	(332)
	776	113	(302)	587

This appendix forms an integral part of note 13 to the annual accounts, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Classification of Financial Assets by Category
for the year ended 31 December 2020

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

	Thousands of Euros					
	Non-current			Current		
	At amortised cost or cost			At amortised cost or cost		
	Carrying amount	Fair value	Total	Carrying amount	Fair value	Total
Assets held for trading						
Equity instruments						
Unquoted	29	29	**29**	378	378	**378**
Debt securities						
Unquoted	8	8	**8**	-	-	**-**
Total	37	37	**37**	378	378	**378**
Loans and receivables						
Other financial assets	97,241	97,241	**97,241**	60,501	60,501	**60,501**
	-	-	**-**	92,699	92,699	**92,699**
Trade receivables	-	-	**-**	3,120	3,120	**3,120**
Trade and other receivables						
Total	97,241	97,241	**97,241**	156,320	156,320	**156,320**
Total financial assets	**97,278**	**97,278**	**97,278**	**156,698**	**156,698**	**156,698**

This appendix forms an integral part of note 14 to the annual accounts, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Classification of Financial Assets by Category
for the year ended 31 December 2019
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Thousands of Euros					
	Non-current			Current		
	At amortised cost or cost			At amortised cost or cost		
	Carrying amount	Fair value	Total	Carrying amount	Fair value	Total
Assets held for trading						
Equity instruments						
Unquoted	3,164	3,164	**3,164**	504	504	**504**
Debt securities						
Unquoted	8	8	**8**	-	-	**-**
Total	3,172	3,172	**3,172**	504	504	**504**
Loans and receivables						
Loans, derivatives and others	363	363	**363**	166	166	**166**
Variable rate						
Other financial assets	136,542	136,542	**136,542**	108,238	108,238	**108,238**
Trade receivables	-	-	**-**	378,695	378,695	**378,695**
Trade and other receivables	-	-	**-**	40,669	40,669	**40,669**
Total	136,905	136,905	**136,905**	527,768	527,768	**527,768**
Hedging derivatives						
Traded on OTC markets				2,950	2,950	**2,950**
Total financial assets	**140,077**	**140,077**	**140,077**	**531,222**	**531,222**	**531,222**

This appendix forms an integral part of note 14 to the annual accounts, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Classification of Financial Assets by Maturity
for the year ended 31 December 2020
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Thousands of Euros							
	2020							
	2021	2022	2023	2024	2025	Subsequent years	Less current portion	Total non-current
Investments								
Debt securities	-	-	-	-	-	8	-	8
Derivatives	-	-	-	-	-	-	-	-
Other financial assets	60,501	11,371	21,001	2,840	2,422	59,607	(60,501)	97,241
Other investments	378	-	-	-	-	29	(378)	29
Trade and other receivables								
Trade receivables	92,699	-	-	-	-	-	(92,699)	-
Other receivables	1,445	-	-	-	-	-	(1,445)	-
Personnel	1,675	-	-	-	-	-	(1,675)	-
Total financial liabilities	**156,698**	**11,371**	**21,001**	**2,840**	**2,422**	**59,644**	**(156,698)**	**97,278**

This appendix forms an integral part of note 15 to the annual accounts, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Classification of Financial Assets by Maturity
for the year ended 31 December 2019

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

	Thousands of Euros							
	2019							
	2020	2021	2022	2023	2024	Subsequent years	Less current portion	Total non-current
Investments								
Loans to third parties	166	-	-	-	-	363	(166)	363
Debt securities	-	-	-	-	-	8	-	8
Derivatives	2,950	-	-	-	-	-	(2,950)	-
Other financial assets	108,238	36,049	11,236	1,289	.2.269	85,699	(108,238)	136,542
Other investments	504	-				3,164	(504)	3,164
Trade and other receivables								
Trade receivables	378,695	-	-	-	-	-	(378,695)	-
Other receivables	39,111	-	-	-	-	-	(39,111)	-
Personnel	1,558	-	-	-	-	-	(1,558)	-
Total financial liabilities	**531,222**	**36,049**	**11,236**	**1,289**	**.2.269**	**89,234**	**(531,222)**	**140,077**

This appendix forms an integral part of note 15 to the annual accounts, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Details of Financial Liabilities by Category
for the year ended 31 December 2020
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Thousands of Euros					
	Non-current			Current		
	At amortised cost or cost			At amortised cost or cost		
	Carrying amount	Fair value	Total	Carrying amount	Fair value	Total
Debts and payables						
Loans and borrowings						
Variable rate	217,740	217,740	217,740	69,457	69,457	69,457
Finance lease payables	29,965	29,965	29,965	8,392	8,392	8,392
Other financial liabilities	258,490	258,490	258,490	20,633	20,633	20,633
Trade and other payables						
Suppliers	-	-	-	252,600	252,600	252,600
Other payables	-	-	-	37,264	37,264	37,264
Hedging derivatives						
Traded on organised markets	63	63	63	11,553	11,553	11,553
Total financial liabilities	**506,258**	**506,258**	**506,258**	**399,899**	**399,899**	**399,899**

This appendix forms an integral part of note 23 to the annual accounts, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Details of Financial Liabilities by Category
for the year ended 31 December 2019

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

	Thousands of Euros					
	Non-current			Current		
	At amortised cost or cost			At amortised cost or cost		
	Carrying amount	Fair value	Total	Carrying amount	Fair value	Total
Debts and payables						
Loans and borrowings						
Variable rate	48,536	48,536	48,536	97,992	97,992	97,992
Finance lease payables	38,491	38,491	38,491	10,983	10,983	10,983
Other financial liabilities	1,548	1,548	1,548	16,878	16,878	16,878
Trade and other payables						
Suppliers	-	-	-	378,630	378,630	378,630
Other payables	-	-	-	137,583	137,583	137,583
Hedging derivatives						
Traded on organised markets	90	90	90	4,459	4,459	4,459
Total financial liabilities	**88,665**	**88,665**	**88,665**	**646,525**	**646,525**	**646,525**

This appendix forms an integral part of note 23 to the annual accounts, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Classification of Payables and Trade Payables by Maturity
for the years ended
31 December 2020

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

	Thousands of Euros							
	2021	**2022**	**2023**	**2024**	**2025**	**Subsequent years**	**Less current portion**	**Total non-current**
Payables								
Loans and borrowings	69,457	51,166	66,383	50,364	44,831	4,996	(69,457)	217,740
Finance lease payables	8,392	6,254	3,319	2,757	2,386	15,249	(8,392)	29,965
Derivatives	11,553	-	-	-	-	63	(11,553)	63
Other financial liabilities	20,633	14,147	4,061	151	151	239,980	(20,633)	258,490
Trade and other payables								
Suppliers	244,053	-	-	-	-	-	(244,053)	-
Suppliers, Group companies and associates	8,547	-	-	-	-	-	(8,547)	-
Payables	10,689	-	-	-	-	-	(10,689)	-
Personnel	5,383	-	-	-	-	-	(5,383)	-
Advances from customers	21,192	-	-	-	-	-	(21,192)	-
Total financial liabilities	399,899						(399,899)	506,258

This appendix forms an integral part of note 24 to the annual accounts, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Classification of Payables and Trade Payables by Maturity
for the years ended
31 December 2019

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

	Thousands of Euros							
	2020	**2021**	**2022**	**2023**	**2024**	**Subsequent years**	**Less current portion**	**Total non-current**
Payables								
Loans and borrowings	97,992	13,085	12,006	8,699	11,757	2,089	(97,992)	48,536
Finance lease payables	10,983	7,622	6,753	3,543	2,973	17,600	(10,983)	38,491
Derivatives	4,459	-	-	-	-	90	(4,459)	90
Other financial liabilities	16,878	32	-	-	-	1,516	(16,878)	1,548
Trade and other payables								
Suppliers	378,630	-	-	-	-	-	(378,630)	-
Payables	23,302	-	-	-	-	-	(23,302)	-
Personnel	19,798	-	-	-	-	-	(19,798)	-
Advances from customers	94,483	-	-	-	-	-	(94,483)	-
Total financial liabilities	646,525	21,639	18,759	12,242	14,730	21,295	(646,525)	88,665

This appendix forms an integral part of note 24 to the annual accounts, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Main Characteristics of Payables
for the year ended 31 December 2020

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

Type of debt	Currency	Effective rate	Maturity	Limit/nominal amount	Current	Non-current
Credit facility 1	Euros	Market	2021	6000	0	5341
Credit facility 2	Euros	Market	2021	5.000	3.568	0
Credit facility 3	Euros	Market	2021	5.000	4.600	0
Credit facility 4	Euros	Market	2021	4.000	3.067	0
Credit facility 5	Euros	Market	2021	7.500	0	82
Credit facility 6	Euros	Market	2021	4.000	3.963	0
Credit facility 7	Euros	Market	2021	25.000	0	15457
Credit facility 8	Euros	Market	2021	15.000	0	0
Credit facility 9	Euros	Market	2021	20.000	0	13449
Credit facility 10	Euros	Market	2021	7.500	10	7501
Credit facility 11	Euros	Market	2021	7.500	0	3510
Credit facility 12	Euros	Market	2021	10.000	9.969	0
Credit facility 13	Euros	Market	2021	1.700	530	92,005
Credit facility 14	Euros	Market	2021	1.650	535	26,823
Credit facility 15	Euros	Market	2023	50	5	8,64369
Credit facility 16	Euros	Market	2021	50	0	0
Credit facility 17	Euros	Market	2021	50	0	0
Credit facility 18	Euros	Market	2021	500	277	0
Total credit facilities				**120.500**	**26.524**	**45.467**
Lease 1	Euros	Market	2024	1.378	173	519
Lease 2	Euros	Market	2024	1.393	173	536
Lease 3	Euros	Market	2022	4.493	743	381
Lease 4	Euros	Market	2022	4.103	724	554
Lease 5	Euros	Market	2023	3.659	544	798
Lease 6	Euros	Market	2023	2.607	390	469
Lease 7	Euros	Market	2024	10.575	1.562	1.990
Lease 8	Euros	Market	2022	226	69	68
Lease 9	Euros	Market	2024	484	73	180
Lease 10	Euros	Market	2021	91	59	0
Lease 11	Euros	Market	2023	302	14	124
Lease 12	Euros	Market	2021	388	35	38
Lease 13	Euros	Market	2030	34.802	2.225	24.253
Lease 14	Euros	Market	2023	14.600	1.383	55

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Main Characteristics of Payables
for the year ended 31 December 2020

Type of debt	Currency	Effective rate	Maturity	Limit/nominal amount	Current	Non-current
Lease 15	Euros	Market	2023	5.000	225	0
Total finance leases				**84.101**	**8.392**	**29.965**
Loan 1	Euros	Market	2021	13.500	1.688	0
Loan 2	Euros	Market	2023	5.146	674	1.101
Loan 3	Euros	Market	2022	5.000	1.704	856
Loan 4	Euros	Market	2025	5.650	672	4.160
Loan 5	Euros	Market	2021	2.500	656	625
Loan 6	Euros	Market	2022	1.000	261	294
Loan 7	Euros	Market	2021	1.528	1.528	0
Loan 8	Euros	Market	2021	15.000	15.000	0
Loan 9	Euros	Market	2023	21.883	3.022	5.161
Loan 10	Euros	Market	2022	882	151	76
Loan 11	Euros	Market	2023	2.000	340	431
Loan 12	Euros	Market	2023	2.627	446	647
Loan 13	Euros	Market	2024	1.200	240	513
Loan 14	Euros	Market	2024	712	118	334
Loan 15	Euros	Market	2024	15.000	1.337	3.309
Loan 16	Euros	Market	2021	100	9	0
Loan 17	Euros	Market	2025	35.000	2.829	32.308
Loan 18	Euros	Market	2025	18.000	1.522	16.615
Loan 19	Euros	Market	2025	16.500	1.406	15.231
Loan 20	Euros	Market	2025	15.000	1.291	13.846
Loan 21	Euros	Market	2025	3.000	368	2.769
Loan 22	Euros	Market	2025	8.000	752	7.385
Loan 23	Euros	Market	2025	7.000	675	6.461
Loan 24	Euros	Market	2025	3.500	406	3.232
Loan 25	Euros	Market	2025	35.000	2.829	32.307
Loan 26	Euros	Market	2028	11.658	176	11.658
Loan 27	Euros	Market	2025	23.000	2.432	10.488
Loan 28	Euros	Market	2025	2.800	404	2.465
Total loans				**272.186**	**42.932**	**172.272**
Total				**476.787**	**77.849**	**247.705**

This appendix forms an integral part of note 24 to the consolidated financial statements, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Main Characteristics of Payables
for the year ended 31 December 2019

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

Type of debt	Currency	Effective rate	Maturity	Limit/nominal amount	Current	Non-current
Credit facility 1	Euros	Market	2020	7.500	4.122	
Credit facility 2	Euros	Market	2020	5.000	4.495	
Credit facility 3	Euros	Market	2020	6.000	5.585	
Credit facility 4	Euros	Market	2020	5.000	3.921	
Credit facility 5	Euros	Market	2020	25.000	20.852	
Credit facility 6	Euros	Market	2020	7.000	6.874	
Credit facility 7	Euros	Market	2020	2.500	2.444	
Credit facility 8	Euros	Market	2020	5.000	4.943	
Credit facility 9	Euros	Market	2020	20.000	10.753	
Credit facility 10	Euros	Market	2020	4.000	3.169	
Credit facility 11	Euros	Market	2020	4.000	3.971	
Credit facility 12	Euros	Market	2020	4.000	4.000	
Credit facility 13	Euros	Market	2020	16.000	0	
Credit facility 14	Euros	Market	2020	0	-3	
Credit facility 15	Euros	Market	2020	1.170	535	564
Credit facility 16	Euros	Market	2020	1.115	530	616
Total credit facilities				**113.285**	**76.189**	**1.180**
Lease 1	Euros	Market	2020	388	79	73
Lease 2	Euros	Market	2021	1.753	352	148
Lease 3	Euros	Market	2021	91	28	14
Lease 4	Euros	Market	2022	4.493	719	1.124
Lease 5	Euros	Market	2022	4.103	711	1.278
Lease 6	Euros	Market	2023	14.600	2.977	846
Lease 7	Euros	Market	2023	5.000	1.034	225
Lease 8	Euros	Market	2023	3.659	532	1.343
Lease 9	Euros	Market	2023	2.607	380	859
Lease 10	Euros	Market	2023	302	58	184
Lease 11	Euros	Market	2024	10.575	1.522	3.552
Lease 12	Euros	Market	2024	484	67	249
Lease 13	Euros	Market	2022	226	73	142
Lease 14	Euros	Market	2024	1.378	169	691
Lease 15	Euros	Market	2024	1.393	171	709
Lease 16	Euros	Market	2030	34.802	2.122	27.055

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Main Characteristics of Payables
for the year ended 31 December 2019

Type of debt	Currency	Effective rate	Maturity	Limit/nominal amount	Current	Non-current
Lease 17	Euros	Market		0	-11	0
Total finance leases				**51.052**	**10.983**	**38.491**
Loan 1	Euros	Market	2020	2.000	398	0
Loan 2	Euros	Market	2021	13	4	2
Loan 3	Euros	Market	2024	15	3	12
Loan 4	Euros	Market	2021	13.500	1.688	1.688
Loan 5	Euros	Market	2022	882	600	1.451
Loan 6	Euros	Market	2022	5.000	1.647	2.543
Loan 7	Euros	Market	2023	5.146	658	1.774
Loan 8	Euros	Market	2022	2.500	642	1.281
Loan 9	Euros	Market	2022	1.000	256	104
Loan 10	Euros	Market	2020	1.500	1.500	0
Loan 11	Euros	Market	2020	5.000	5.000	0
Loan 12	Euros	Market	2023	2.627	438	1.093
Loan 13	Euros	Market	2023	1.200	235	753
Loan 14	Euros	Market	2023	21.883	3.018	7.483
Loan 15	Euros	Market	2024	10.500	1.288	4.595
Loan 16	Euros	Market	2025	23.000	2.360	12.920
Loan 17	Euros	Market	2028	11.658	0	11.658
Total loans				**107.424**	**19.738**	**47.356**
Collection management facilities						
Other					2.065	
Non-current debt arrangement costs						0
Total				**271.761**	**108.975**	**87.027**

This appendix forms an integral part of note 24 to the consolidated financial statements, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Reconciliation between Net Income and Expense for the Year and Tax Loss of the Consolidated Tax Group in Spain for the year ended 31 December 2020

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

	Thousands of Euros			
	Income statement			
2020	**Increases**	**Decreases**	**Net**	**Total**
Income and expenses for the period			(386,050)	(386,050)
Income tax			9,033	9,033
Profit/(loss) before income tax			(395,083)	(395,083)
Permanent differences				
Individual company				
Temporary differences:				
Individual company	45,121	104,632	(59,511)	(59,511)
originating in current year and prior years	5,181	2,939	2,242	2,242
Offset of tax loss carryforwards			-	-
Consolidation adjustments			-	-
Taxable income (tax loss) of the consolidated tax group in Spain	**50,302**	**107,571**	**(452,352)**	**(452,352)**

This appendix forms an integral part of note 27 to the annual accounts, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Reconciliation between Net Income and Expense for the Year and Tax Loss of the Consolidated Tax Group in Spain for the year ended 31 December 2019

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

	Thousands of Euros			
	Income statement			
2019	**Increases**	**Decreases**	**Net**	**Total**
Income and expenses for the period			25,783	25,783
Income tax			6,784	6,784
Profit/(loss) before income tax			32,567	32,567
Permanent differences				
Individual company	1,111,327	1,235,028	(123,701)	(123,701)
Temporary differences:				
Individual company originating in current year and prior years	41,579	5,105	36,474	36,474
Offset of tax loss carryforwards	-	4,957	(4,957)	(4,957)
Consolidation adjustments	104,376	-	104,376	104,376
Taxable income (tax loss) of the consolidated tax group in Spain	**1,257,282**	**1,245,090**	**44,759**	**(59,617)**

This appendix forms an integral part of note 27 to the annual accounts, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Details of the Income Tax Expense related to Loss of the Consolidated Tax Group in Spain for the year ended 31 December 2020

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

	Thousands of Euros	
	Consolidated profit or loss	**Total**
Income and expenses for the period before tax	(395,083)	(395,083)
Tax at 25%	(98,771)	(98,771)
Non-taxable income		
Permanent differences	(26,158)	(26,158)
Non-deductible expenses		
Permanent differences	11,280	11,280
Tax losses for the current year	21,456	21,456
Consolidation adjustments	-	-
Income tax expense/(income)		
Continuing operations	**(92,193)**	**(92,193)**

This appendix forms an integral part of note 27 to the annual accounts, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Details of the Income Tax Expense related to Profit of the Consolidated Tax Group in Spain for the year ended 31 December 2019

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

	Thousands of Euros	
	Consolidated profit or loss	**Total**
Income and expenses for the period before tax	32,567	32,567
Tax at 25%	8,142	8,142
Non-taxable income		
Permanent differences	(308,757)	(308,757)
Non-deductible expenses		
Permanent differences	277,832	277,832
Tax losses for the current year	83	83
Consolidation adjustments	29,484	29,484
Income tax expense/(income)		
Continuing operations	**6,784**	**6,784**

This appendix forms an integral part of note 27 to the annual accounts, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

Details of revenues by category of activity and geographical market
for the years ended
31 December 2020 and 2019

(Expressed in thousands of Euros)

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

	Domestic		Rest of European Union		Americas		Other		Total	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Air division	235,718	693,448	154,784	455,351	352,493	1,036,982	16,860	49,601	759,855	2,235,382
Retail division	-	-	-	-	-	-	-	-	-	-
Wholesale division	-	-	-	-	-	-	-	-	-	-
Hotel division	28,986	109,127	-	-	4,421	25,598	-	-	33,407	134,725
Handling division and other	87,983	203,821	-	-	149	120	-	512	88,132	194,737
	352,687	**2,579,668**	**154,784**	**482,428**	**357,063**	**1,071,192**	**16,860**	**49,601**	**881,394**	**2,564,844**

This appendix forms an integral part of note 30 to the annual accounts, in conjunction with which it should be read.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A.

Situations of conflicts of interest of the directors
for the year ended 31 December 2020
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Director	Company	Statutory activity	Percentage ownership	Position and duties
Mr Juan José Hidalgo Acera	JJH Capital & Asset Management S.L.U.	Management of investments and real estate assets	100,00%	Sole director
Mr Juan José Hidalgo Acera	Covilla, S.L. (1)	Management of investments and real estate assets	80,00%	-
Mr Juan José Hidalgo Acera	Beach Resorts, S.L. (1)	Management of investments and real estate assets	20,00%	-
Mr Juan José Hidalgo Acera	JJH Activos Inmobiliarios S.L.U. (1)	Management of investments and real estate assets	100,00%	-
Mr Juan José Hidalgo Acera	JJH Capital Inversiones Exteriores S.L.U. (1)	Management of investments and real estate assets	100,00%	-
Mr Juan José Hidalgo Acera	DPM Sales & Marketing S.L.U. (1)	Travel agency	100,00%	-
Mr Juan José Hidalgo Acera	Hamaca Beach Resort S.A.S. (1)	Management of investments and real estate assets	100,00%	-
Mr Juan José Hidalgo Acera	Costa Dorada Beach Resort S.A.S. (1)	Management of investments and real estate assets	100,00%	-
Mr Juan José Hidalgo Acera	Nobile Capital 2018 S.L.U.	Holding of investments	0,00%	Joint and several director
Ms. María José Hidalgo Gutiérrez	Covilla, S.L. (1)	Management of investments and real estate assets	5,00%	-
Ms. María José Hidalgo Gutiérrez	Beach Resorts, S.L. (1)	Management of investments and real estate assets	20,00%	-
Ms. María José Hidalgo Gutiérrez	Elemar Inversiones, S.L.U.	Management of investments and real estate assets	100,00%	Sole director
Ms. María José Hidalgo Gutiérrez	Hotel Son Antem, S.L.(1)	Management of investments and real estate assets	50,00%	Joint director
Ms. María José Hidalgo Gutiérrez	See Usa Tours, S.L. (1)	Incoming services	50,00%	Joint and several director
Ms. María José Hidalgo Gutiérrez	El Salado Resorts, S.L.	Management of investments and real estate assets	50,00%	Joint director
Ms. Cristina Hidalgo Gutiérrez	Covilla, S.L. (1)	Management of investments and real estate assets	5,00%	-
Ms. Cristina Hidalgo Gutiérrez	Beach Resorts, S.L. (1)	Management of investments and real estate assets	20,00%	-
Ms. Cristina Hidalgo Gutiérrez	Crisdago Inversiones, S.L.U.	Management of investments and real estate assets	100,00%	Sole director

(1) Indirect ownership

This appendix forms an integral part of note 29 to the consolidated annual accounts, in conjunction with which it should be read

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A.

Situations of conflicts of interest of the directors
for the year ended 31 December 2019
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Director	Company	Statutory activity	Percentage ownership	Position and duties
Mr. Juan José Hidalgo Acera	JJH Capital & Asset Management S.L.U.	Management of investments and real estate assets	100,00%	Sole director
Mr. Juan José Hidalgo Acera	Covilla, S.L. (1)	Management of investments and real estate assets	80,00%	-
Mr. Juan José Hidalgo Acera	Beach Resorts, S.L. (1)	Management of investments and real estate assets	20,00%	-
Mr. Juan José Hidalgo Acera	JJH Activos Inmobiliarios S.L.U. (1)	Management of investments and real estate assets	100,00%	-
Mr. Juan José Hidalgo Acera	JJH Capital Inversiones Exteriores S.L.U. (1)	Management of investments and real estate assets	100,00%	-
Mr. Juan José Hidalgo Acera	DPM Sales & Marketing S.L.U. (1)	Travel agency	100,00%	-
Mr. Juan José Hidalgo Acera	Hamaca Beach Resort S.A.S. (1)	Management of investments and real estate assets	100,00%	-
Mr. Juan José Hidalgo Acera	Costa Dorada Beach Resort S.A.S. (1)	Management of investments and real estate assets	100,00%	-
Mr. Juan José Hidalgo Acera	Nobile Capital 2018 S.L.U.	Holding of investments	0,00%	Joint and several director
Ms. María José Hidalgo Gutiérrez	Covilla, S.L. (1)	Management of investments and real estate assets	5,00%	-
Ms. María José Hidalgo Gutiérrez	Beach Resorts, S.L. (1)	Management of investments and real estate assets	20,00%	-
Ms. María José Hidalgo Gutiérrez	Elemar Inversiones, S.L.U.	Management of investments and real estate assets	100,00%	Sole director
Ms. María José Hidalgo Gutiérrez	Hotel Son Antem, S.L.(1)	Management of investments and real estate assets	50,00%	Joint director
Ms. María José Hidalgo Gutiérrez	See Usa Tours, S.L. (1)	Incoming services	50,00%	Joint and several director
Mr. Francisco Javier Hidalgo Gutiérrez	Covilla, S.L. (1)	Management of investments and real estate assets	5,00%	-
Mr. Francisco Javier Hidalgo Gutiérrez	Beach Resorts, S.L. (1)	Management of investments and real estate assets	20,00%	-
Mr. Francisco Javier Hidalgo Gutiérrez	Desarrollos Bondi Beach S.A. de C.V. (1)	Management of investments and real estate assets	50,00%	General administrator
Mr. Francisco Javier Hidalgo Gutiérrez	JHG Investment Models, S.L.U.	Holding of investments	100,00%	Sole director
Mr. Francisco Javier Hidalgo Gutiérrez	Lamica 2014 Inversiones S.L.U. (1)	Holding of investments	100,00%	Sole director
Mr. Francisco Javier Hidalgo Gutiérrez	Nobile Capital 2018 S.L.U. (1)	Holding of investments	100,00%	Joint and several director
Mr. Francisco Javier Hidalgo Gutiérrez	Global Dynamics Security S.R.L.		80,00%	-
Ms. Cristina Hidalgo Gutiérrez	Covilla, S.L. (1)	Management of investments and real estate assets	5,00%	-
Ms. Cristina Hidalgo Gutiérrez	Beach Resorts, S.L. (1)	Management of investments and real estate assets	20,00%	-
Ms. Cristina Hidalgo Gutiérrez	Crisdago Inversiones, S.L.U.	Management of investments and real estate assets	100,00%	Sole director

(1) Indirect ownership

This appendix forms an integral part of note 29 to the consolidated annual accounts, in conjunction with which it should be read

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A.
AND SUBSIDIARIES

Directors' Report

Year ended 31 December 2020

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

1 INTRODUCTION

1.1 The global economy

Now one year since the declaration of the COVID-19 pandemic, the growing human toll continues to be of concern, despite optimism fuelled by the increasing coverage of vaccination campaigns. The global economic outlook is marred by great uncertainty, caused mainly by the trajectory of the pandemic.

The contraction in activity in 2020 is unprecedented in recent history in terms of its speed and synchronicity. But it could have been much worse. While difficult to determine precisely, IMF technical staff estimate that the contraction could have been three times larger had it not been for the extraordinary support policies rolled out.

Following an estimated contraction of -3.3% in 2020, the global economy is projected to experience 6% growth in 2021, moderating to 4.4% in 2022. This improvement reflects higher-than-expected growth in the second half of the year in most regions following the lifting of lockdowns and the adaptation of economies to new ways of working.

Thanks to unprecedented policy responses, the recession triggered by COVID-19 is likely to cause less lasting damage than the 2008 international financial crisis. However, emerging market economies and low-income developing countries have been hit harder and are expected to suffer more significant losses in the medium term.

1.2 Euro Zone

The new wave of infections and restrictions during Q4 2020 and Q1 2021 has led to delays in recovery expectations in most Eurozone countries. However, the prospect of mass vaccinations from March-April onwards means that the scenario of a return to Eurozone GDP growth from Q2 2021 is still on the cards. Moreover, mass vaccinations will be combined with the launch of the European Recovery Fund (Euros 750,000 million) and the ECB's ultra-loose policies.

In certain countries, such as Germany, this recovery is even more pronounced (ZEW at 20-year highs), proving once again that the exit from the crisis will be asymmetric across countries and sectors.

Inflation will continue to be closely monitored in light of the recent resurgence, although the ECB believes that current price pressures are due to transitory factors and that in the medium term inflation will fall far from the targets set by the institution.

In summary, we consider that the Eurozone scenario is reasonably positive and expect a gradual recovery in the second half of the year. However, the recovery will most likely not be complete (pre-pandemic levels) until the end of 2022. The rate of vaccination and the extent of the stimulus measures will determine the pace of the recovery.

1.3 Spanish economy

In Spain, GDP contracted by 10.8% in 2020. The economy recorded a significant slowdown that led to stagnation in Q4 2020. At the beginning of 2021, a contraction was again observed (-0.9% quarter-on-quarter) as a consequence of the deterioration in health indicators in Spain and the EMU, the UK's exit from the EU, the impact of weather events and the increase in the cost of energy.

However, the recovery in activity is expected to pick up the pace over the coming quarters, growing by 5.5% in 2021 and 7.0% in 2022. Several factors explain the expected acceleration in growth: the change in US fiscal policy; the improvement in health indicators; the high level of accumulated savings; the easing of rules in the EMU, which will allow fiscal policy to remain expansionary; the progressive impact of the NGEU; the effect of the ECB's policies; and the favourable performance of exports.

The risks undermining this scenario continue to be determined by the extent of vaccination, the consequences on employment and productive activity caused by the crisis, the implementation of the projects related to the NGEU programme and the political consensus required to agree on what reforms the country needs.

With regard to the tourism sector, the key will be the roll-out of vaccination and the regulatory changes made to facilitate the movement of people while maintaining their safety. Companies have made significant efforts to stay afloat amidst this difficult economic situation, which together with the aid provided by the government, the comparative advantages of the country and the unused infrastructure guarantee a very attractive product.

2 INTERNATIONAL SCENARIO IN WHICH THE GROUP HAS CARRIED OUT ITS ACTIVITY

2.1 Euro-Dollar exchange rates

The impact of fluctuations in the Euro-US Dollar exchange rate is highly significant for the Group, as almost all of its aircraft lease costs and engine and spare part expenses are denominated in US Dollars, as well as the costs of insurance and jet fuel. The average Euro-Dollar exchange rates for the past five years were as follows:

Year	US Dollar-Euro
2016	1.103
2017	1.137
2018	1.179
2019	1.121
2020	1.147

The average monthly exchange rates during this period compared to the two previous periods were as follows:

	US Dollar-Euro		
	2020	**2019**	**2018**
January	1.105	1.148	1.246
February	1.097	1.141	1.221
March	1.095	1.123	1.232
April	1.087	1.121	1.208
May	1.113	1.115	1.170
June	1.119	1.138	1.166
July	1.184	1.115	1.174
August	1.194	1.115	1.165
September	1.170	1.088	1.158
October	1.169	1.115	1.132
November	1.198	1.110	1.136
December	1.227	1.123	1.145
Average for the year	**1.147**	**1.121**	**1.179**

On average, the US Dollar has devalued by 2.28% against the Euro in 2020 in comparison to the prior year.

2.2 Jet fuel prices

Average basic jet fuel prices (CIF Northwest Europe Cargoes market) for the past five years were as follows:

Year	**US Dollar/tonne**
2016	425.00
2017	527.58
2018	685.53
2019	631.85
2020	358.78

Variations in average monthly basic jet fuel prices during 2020 compared to the prior two years are as follows:

	US Dollar/tonne		
	Year 2020	**Year 2019**	**Year 2018**
January	609.77	602.31	656.86
February	523.01	631.74	642.39
March	322.10	643.57	641.71
April	177.98	663.14	693.09
May	221.02	663.63	728.99
June	318.84	609.63	702.80
July	348.37	638.69	703.42
August	347.06	606.57	697.41
September	312.28	640.96	731.00
October	330.56	625.89	766.14
November	364.38	620.74	668.96
December	429.90	635.31	593.56
Average for the year	**358.78**	**631.85**	**685.53**

Average basic prices of jet fuel in 2020 have dropped by 43.2% compared to the prior year.

3 GROUP BUSINESS PERFORMANCE DURING THE YEAR

3.1 Air division

The average number of aircraft in service during the year compared to the two prior years is as follows:

	Average number of aircraft		
	2020	**2019**	**2018**
Embraer 195	10.10	11.00	11.00
Boeing 737-800	19.89	20.89	20.25
Boeing 787-8	8.00	8.00	8.00
Boeing 787-9	8.96	3.71	1.66
Airbus 330-200	5.91	9.91	10.00
Airbus 330-300	1.23	2.00	2.00
ATR	2.25	3.48	5.03
	56.34	**58.99**	**57.94**

The Group continues to invest in a modern and efficient fleet of aircraft, improving the service to our customers and the airline's operating capacity.

The flight hours clocked up by Air Europa Líneas Aéreas, S.A.U. in 2020 compared to the two previous years were as follows:

	Flight hours		
Fleet	**2020**	**2019**	**2018**
Embraer 195	10,649	34,802	34,625
Boeing 737-800	31,014	72,123	69,017
Boeing 787-8	12,396	36,834	39,236
Boeing 787-9	14,932	20,774	8,717
Airbus 330-200/300	8,450	57,048	58,233
ATR	2,248	7,378	11,547
	79,691	**228,959**	**221,374**
Flights for other airlines	4,610	20,664	12,686
Total	**84,301**	**249,623**	**234,060**

The total number of passengers (charter and scheduled flights) carried by the Group's Air Division over the past five years has been as follows:

Year	**Number of passengers carried**
2016	10,679,045
2017	10,596,881
2018	11,839,366
2019	13,130,598
2020	4,259,732

Below we list the number of seats for sale, the number of passengers carried and the resulting load factor for scheduled flights during the year ended 31 December 2020 compared with the two prior years:

Year/Market	ASK '000	PKT '000	% Load Factor
Domestic	5,078,133	4,017,746	79.1%
Europe	6,686,018	5,445,846	81.5%
International	22,661,740	19,112,604	84.3%
TOTAL 2018	**34,425,891**	**28,576,195**	**83.0%**
Percentage variation	***12.3%***	***13.0%***	***0.6%***
Domestic	5,169,394	4,253,033	82.27%
Europe	6,682,480	5,553,121	83.10%
International	24,256,181	20,367,571	83.97%
TOTAL 2019	**36,108,056**	**30,173,725**	**83.57%**
Percentage variation	***4.9%***	***5.6%***	***0.31%***
Domestic	2,288,392	1,619,315	70.76%
Europe	2,290,702	1,576,465	68.82%
International	7,243,527	5,567,405	76.86%
TOTAL 2020	**11,822,621**	**8,763,185**	**74.12%**
Percentage variation	***-67.3%***	***-71.0%***	***-11.30%***

The number of employees of the Air Division over the past five years, not including personnel corresponding to the Group's airport handling concessions, was as follows:

	Average headcount				
	2020	**2019**	**2018**	**2017**	**2016**
Direct employees	1.611	2,963	2,749	2,693	2,527
Indirect employees	1.246	1,163	1,066	966	886
	2.857	4,126	3,815	3,659	3,413
Own ground handling division	60	112	57	58	62
Total	**2,917**	**4,238**	**3,872**	**3,717**	**3,475**

3.2 Wholesale division

The Division has made considerable advances in and consolidated its ecommerce B2B business in recent years, via the incorporation of new technologies developed by the Group's systems department. Particularly noteworthy is the new online sales system linked to the Group's operating system, the implementation of which has facilitated and increased the agility and effectiveness of its reservations management system, and permitted interconnection with the different Group and external retail networks.

The number of passengers carried by the Division this year and in the five prior years is as follows:

Year	Passengers
2016	505,767
2017	496,090
2018	457,569
2019	440,239
2020	56,271

The preceding passenger figures do not include customers of the Division's incoming area.

Aggregate revenues of the Wholesale Division over the last five years are as follows:

Year	Millions of Euros
2016	650
2017	624
2018	595
2019	632
2020	97

3.3 Incoming division

The Globalia Group Incoming Division was set up in November 2010 under the "Welcome Incoming Services" brand, and its economic activity centres mainly on the provision of excursions and transfer services, hotel reservations and car hire. Its main supplier is the Globalia Group Wholesale Division.

The second phase of its implementation saw the introduction of an online hotel accommodation sales platform, "WELCOMEBEDS", which provides services to third parties, travel agencies and tour operators with no geographic restrictions, but with a focus on markets where our incoming operations have a physical presence.

The average number of employees in this Division since 2016 is as follows:

Year	Average headcount
2016	226
2017	149
2018	144
2019	148
2020	94

3.4 Retail division

The number of offices (both own offices and franchises) operating at the end of each of the last three years is as follows:

Year	Viajes Halcón, S.A.	Viajes Ecuador Group	Globalia Corporate Travel	Total
2018	605	165	67	837
2019	589	154	63	806
2020	516	137	62	715

Revenue in the Retail Division over the last five years is as follows:

Year	Millions of Euros					
	Viajes Halcón, S.A.U.	Viajes Ecuador Group	Halcon Viagens e Turismo, Lda	Viajes Tu Billete, S.L.	Globalia Corporate Travel	Total
2016	1,000	132	36	43	-	1,211
2017	991	129	-	33	-	1,153
2018	650	122	-	19	303	1,094
2019	655	118	-	16	323	1,112
2020	105	19	-	4	109	238

The average number of employees of the main company in the Retail Division, Viajes Halcón, S.A.U. over the last five years is as follows:

Year	Number Average number of employees	% increase
2016	1,691	3%
2017	1,651	-2%
2018	1,252	-24%
2019	1,017	-19%
2020	916	-10%

3.5 Hotel division

The number of rooms and hotels operated by the Division compared with the end of the last five years is as follows:

	Spain Mediterranean		Dominican Republic		Cuba		Mexico/Colombia		TOTAL	
	Rooms	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**
2016	4,308	17	3,051	6	781	3	-	-	**8,140**	**26**
2017	4,365	18	3,081	6	949	4	-	-	**8,395**	**28**
2018	4,524	18	3,081	6	1,502	7	635	1	**9,742**	**32**
2019	3,562	16	3,268	6	2,348	8	915	2	**11,042**	**34**
2020	3,411	15	3,268	6	2,339	6	244	1	**9,262**	**28**

Group management implemented measures in previous years to strengthen its hotel management system and support the Divisional sales team.

3.6 Handling division

The Division's handling operating hubs in Spain, which provide almost full coverage of operations at Spanish airports, are as follows:

Alicante (Groundforce)	Palma de Mallorca (Groundforce)
Barcelona (Groundforce)	Tenerife Norte (Groundforce)
Bilbao (Groundforce)	Valencia (Groundforce)
Fuerteventura (Groundforce)	Zaragoza (Groundforce)
Ibiza (Groundforce)	
Las Palmas (Groundforce)	
Madrid (Groundforce)	
Malaga (Groundforce)	

Over the last five years, the level of autonomy of the Air Division with respect to Handling services has performed as follows:

	% Handling operations carried out in Spanish airports by the Group's own Handling Division	**Total number of handling operations carried out by the own Handling Division**
2016	93.31%	63,099
2017	93.61%	61,169
2018	91.97%	71,600
2019	90.16%	75,456
2020	93.00%	27,956

Apart from Air Europa, Groundforce clients include leading airlines.

4 CONSOLIDATED LOSS FOR THE YEAR AND CONCLUSIONS

The Group's consolidated revenue totalled Euros 881 million for the year ended 31 December 2020, compared to Euros 4,183 million obtained in the prior year.

Consolidated losses after tax amounted to Euros 389.6 million for 2020, compared to profit of Euros 25.8 million in the prior year.

5 RISK MANAGEMENT

The Group's activities are exposed to various financial risks: market risk, credit risk, liquidity risk, and cash flow interest rate risk. The Group's global risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on its profits.

The Globalia Group implements its risk management policy as a whole, which can be summarised as follows:

1- Market risk. The Group has diversified market risk by increasing its international presence, thereby reducing the impact of domestic demand on its business.

2- Risks arising from exchange rate fluctuations. Risks arising from exchange rate fluctuations are hedged through the hedging contracts the Company has with its subsidiaries.

3- Risks arising from variations in fuel prices. The Group has a hedging policy for fluctuations in fuel prices, to hedge the price of part of the fuel consumed by its aircraft, which is managed by Group Management.

4- Liquidity risks. Globalia is an integrated transport, travel and tourism group with a number of lines of business (air transport, tour operators and travel agents, passenger ground handling service, hospitality, etc.). The Parent, as the head of the Group, manages all of the cash generated by Group companies to cover potential liquidity risks resulting from the various business cycles of the entities forming part of the Group.

6 OTHER

The Group does not hold own shares or equity holdings or shares in the Parent. No research or development activity was conducted during the year ended 31 December 2020, although certain Group companies have undertaken technological innovation projects. No events have taken place after the end of the reporting period which have not been mentioned in the attached notes which could have a significant effect on the annual accounts for the year ended 31 December 2020.

The Group does not carry out any research and development activity.

During the year ended 31 December 2020 and to date the Group has not held any own shares.

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A.
AND SUBSIDIARIES

Directors' Report

Year ended 31 December 2020

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

Signatories:

JJH CAPITAL & ASSET MANAGEMENT S.L.U.
represented by Mr. JUAN JOSÉ HIDALGO ACERA

CRISDAGO INVERSIONES S.L.U. represented by Ms.
CRISTINA HIDALGO GUTIERREZ

ELEMAR INVERSIONES S.L. represented by Ms. Mª
JOSÉ HIDALGO GUTIERREZ

GLOBALIA CORPORACIÓN EMPRESARIAL AND SUBSIDIARIES

2020

NON-FINANCIAL INFORMATION STATEMENT

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

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1. INTRODUCTION

The Globalia Group is a holding company led by Parent company Globalia Corporación Empresarial, S.A. It holds ownership interests in various businesses, the vast majority of which operate either directly or indirectly in the tourism sector. The emergence of the COVID-19 pandemic has had a major impact across the entire transport, hospitality and tourism industries, leading to considerable losses for both companies and their employees. Despite this challenging backdrop, the Globalia Group has demonstrated its resilience, thanks to the effort made by its entire workforce, as well as its management and shareholders, all of whom have enabled Globalia to forge ahead with the projects it embarked upon in 2019. For example, the agreement reached in November 2019 with the IAG Group, which would see it acquire a 100% interest in Air Europa Holding and its subsidiaries, including the Air Europa airline itself, is currently pending authorisation from the pertinent European anti-trust authorities and is expected to be secured during the first half of 2021. Moreover, in 2020 the agreement was finalised to merge Ávoris, the Travel division of the Barceló Group, and the Retail and Wholesale divisions of the Globalia Group. Approval has already been secured from the Spanish National Markets and Competition Commission.

We remain firmly committed at Globalia to corporate social responsibility and continue to roll out initiatives and activities in this regard. We are also making headway on those launched in prior years in order to bolster the Group's pledge to our values and principles.

Globalia is keenly aware that its human resources lie at the heart of its operations. With this in mind and with a view to encouraging the participation and contribution to decision-making of every employee, in 2020 Globalia's workforce was kept abreast of activity within the Group thanks to a line of internal communication, which was successfully implemented in 2019. 2017 saw the launch of "Compliance", Globalia's programme aimed at ensuring that all employees act in accordance with the principles and values set forth in the Group's Code of Ethics, which was approved by the Board of Directors on 29 June 2017.

1.1. Statement from senior decision-makers

On 29 June 2017 the Board of Directors of Globalia approved the Code of Ethics of Globalia. All the members of the Board made a commitment to accept the principles and standards of action set out in the Code, which include respect for the sustainability of the Group's operations:

"Globalia is in the midst of important, profound changes that usher in a new chapter characterised by major challenges and opportunities that meet the expectations of today's society.

In this new cycle we would like to voice our commitment and our purpose as a Group that has always acted in accordance with the ethical values and principles that have enabled us to consolidate our corporate identity.

Through our Code of Ethics we consolidate our corporate culture based on compliance with current legislation, showing our firm commitment to our employees, suppliers, customers and society in general.

This Code of Ethics lays the groundwork for a regulatory framework within Globalia and is therefore the general framework applicable to the performance of each of our functions and responsibilities within the Group. The Code of Ethics is an instrument that enables us to unite and consolidate into each of the companies and professionals that make up Globalia, a single modus operandi based on principles and guidelines for conduct aimed at ensuring ethical, responsible behaviour".

1.2. Framework used to prepare the NFIS

This Non-financial Information Statement (NFIS) forms part of the consolidated directors' report for 2020 of Globalia Corporación Empresarial, S.A. and subsidiaries, as required by Law 11/2018 of 28 December 2018, amending the Spanish Code of Commerce, the Revised Spanish Companies Act approved by Royal Legislative Decree 1/2010 of 2 July 2010, and Spanish Audit Law 22/2015 of 20 July 2015 on non-financial and diversity information.

The requirements provided for in Law 11/2018 and, wherever possible, the Global Reporting Initiative (GRI) standards have been followed in the preparation of this report.

Under GRI standards, the contents of this NFIS meet the criteria as regards comparability, materiality, relevance and reliability, and the information provided is accurate, comparable and verifiable.

2. DESCRIPTION OF THE BUSINESS MODEL

2.1. Location of headquarters

Globalia Corporación Empresarial, S.A., the parent of the Globalia Group, was incorporated in Palma de Mallorca on 14 May 1997. Its statutory activity consists of rendering management, advisory and other business services as well as holding and investment of fixed assets, financial assets, bonds, shares and interests in other companies. Its registered office is located in Polígono de Son Noguera, Llucmajor, Balearic Islands.

2.2. Scale of the organisation

The main economic indicators of the Group, which briefly describe the scale of the organisation and its performance, are as follows:

INDICATORS		2020	2019	2018
Thousands of Euros	Revenues	881,367,987.16	4,182,889.16	3,830,312.77
	Results from operating activities	-528,047,105.98	90,396.92	117,746.64
	Profit/Loss after income tax	-282,753.74	25,783.02	50,151.12
Average FTEs/Year		7,183	14,145	13,422

2.3. Description of the economic backdrop

The consolidated directors' report which forms part of the consolidated annual accounts for 2020 provides information on the economic backdrop against which the Group has operated: the global economic situation, the Euro zone and the Spanish economy. It also provides details on two important factors that affect results: EUR-USD exchange rates and the price of jet fuel (see sections *1. Introduction and 2. International scenario in which the Group has carried out its activity*, from the consolidated directors' report in the aforementioned annual accounts).

Details of all Group subsidiaries are provided in Appendix I to the consolidated annual accounts for 2020.

2.4. Organisation, structure and markets in which the Group operates

Globalia operates in the transport, hospitality, travel and tourism sectors, and is essentially made up of the following business units:

• **Globalia Corporación Empresarial S.A.,** the parent and head of the Group.

• **Air division,** headed by Air Europa. It operates mainly in Spain, Europe, the Americas and North Africa.

• **Wholesale division,** led by the Travelplan brand through Globalia Business Travel and Globalia Travel Club Spain. Both are major players in the travel package market in Spain.

• **Incoming division,** the Welcome Incoming Services brand, which provides incoming travel infrastructure in the key destinations where Globalia currently operates. It also has another business line specialising in the online sale of accommodation (Welcomebeds).

• **Retail division,** comprising Viajes Halcón and Viajes Ecuador and boasting Spain's largest network of travel agencies.

• **Hotel division,** operating in the hotel sector under the Be Live Hotels brand name. It manages hotels in the Balearic Islands, the Canary Islands, mainland Spain, Morocco, the Dominican Republic, Cuba and Colombia.

• **Handling division,** operating under the brand name Groundforce, which provides ground handling services to the main airports in Spain.

• **Road transport division,** with Globalia Autocares, which offers occasional passenger transport services through its fleet of 49 coaches.

Over the years, the Group has shown that it is capable of adapting to market circumstances at all times. During 2019, the Air division consolidated its position as the most reliable flight alternative for the transatlantic corridor, continuously incorporating increasingly efficient aircraft to its fleet. The sector increasingly identifies Air Europa with modernity, renewal, security, effectiveness, sustainability and quality. This is reflected in the continuous improvement in on-board products and services that make passengers feel special. This was certainly the scenario during the first quarter of 2020 until the situation was brought to an abrupt halt by the pandemic and declaration of the state of emergency in March 2020.

The consolidation of the Be Live Hotel division in the wider hotel industry was also brought to a standstill by the COVID-19 pandemic, having to adapt its presence in the main tourist destinations to each country's COVID requirements and measures implemented in the hotel sector.

The remaining divisions -Wholesale, Incoming, Retail, Handling and Road Transport- all similarly had to adapt to the requirements and measures that were introduced so as to provide a service with the highest guarantee during the state of emergency, following all necessary recommendations and obligations issued by the authorities in each of the countries where they render their services.

2.5. Goals aligned with strategy. Key factors and trends that could affect future performance

The business plan has been impacted by the current pandemic scenario, the associated measures and that fact that the tourism market has been stymied as a result.

Strategic cornerstones for each division

Air division:

- Fleet standardisation, which significantly lowers maintenance costs.
- Reduction in distribution costs, with a decided focus on direct sales to end customers through the website.
- Maximisation of "ancillaries" (seat assignment, hold luggage, etc.).
- Consolidation of newly established routes, focusing on Latin America.

Wholesale and Incoming divisions:

- Integration of project Ávoris.
- Within the Wholesale business, work is centred on optimising allotments.
- The objective of the "Welcomebeds" bed bank is to reach a significant volume of billings in order to achieve profitability, given that margins on these are very slim.

Retail division:

- This division is actively channelling its efforts into optimising its network of own travel agencies, closing loss-making units and relocating offices.
- Margins are being maximised by ensuring that volume is concentrated on the most profitable products and suppliers.

Handling division:

- Drafting of the new tender bids in order to retain the largest possible concession of airports for the provision of handling services.
- The focus is on boosting productivity, given that personnel costs represent a very large percentage of the total cost of the business.
- Cargo: activities, which are highly profitable, continue to grow. The objective is to export the operating excellence achieved at the Zaragoza base to the other bases.

Hotel division:

- Project to strengthen the position of the Hotel division as a major player in the sector.
- In the Caribbean region, there has been an improvement in the distribution of the Punta Cana hotel, the division's star product, which was recently refurbished, increasing its capacity by 17%.
- In the Mediterranean region, work is being done to standardise services in order to maintain or increase the average room rate.

2.6. Risks

Despite being impacted as we described earlier, the business plan identifies those risks that could affect the Group's future business performance, monitoring and controlling those risks that are considered relevant, especially those arising in 2020 in the wake of COVID-19.

Risk management is multi-disciplinary and fully integrated across all of the Group's areas and operations. Risk management policies are established to identify and analyse the risks facing the Group, and to establish limits, measures and controls so as to mitigate their potential impact as far as possible. The Group's main tool for this is a Risk Map which Company management uses to minimise risks and optimise risk management. These risks have been defined, with considerable involvement by members of senior management, through an analysis of the drivers that will help the Group to achieve its strategic objectives.

2.6.1. Main risks for the Group

The key risks with a potentially relevant impact on the Group's performance are its sensitivity to changes in the price of jet fuel, fluctuations in the Euro-US Dollar exchange rate and how the major impact caused by COVID-19 on the tourism sector will unfold going forward.

The impact of fluctuations in the Euro-US Dollar exchange rate is of enormous importance for the Group as almost all of its aircraft lease costs and engine and spare part expenses are denominated in US Dollars, as are insurance and jet fuel costs.

Other risk factors that may have a future impact include operations in certain countries whose currencies are weaker than the Euro or the US Dollar, the investment required to consolidate in new overseas markets in which the Group is beginning to operate, the impact of direct sales and the need to adapt to the new tools offered by the Internet.

2.6.2. Procedures used to detect and assess risks in accordance with national, European and international frameworks for each area. Impact and main risks

Financial risk factors

The Group's activities are exposed to various financial risks.

- Market risk: including currency risk, interest rate risk and jet fuel price risk.
- Credit risk.
- Liquidity risk.

The Group's global risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on financial profitability. The Group uses derivatives to mitigate certain risks.

Risks are managed by the Group's Finance Department in accordance with policies approved by the board of directors. This department identifies, evaluates and mitigates financial risks in close collaboration with the Group's operational units.

Market risk

Market risk is mainly derived from trends in the Spanish tourist market, although to minimise this risk the Group's area of influence is also diversified into Europe and the USA/Canada.

Currency risk

The Group operates internationally and is therefore exposed to currency risk when operating with foreign currencies, especially the US Dollar. Currency risk is associated with future commercial transactions, recognised assets and liabilities and net investments in foreign operations. In order to control currency risk, the Group uses forward currency contracts. The Group's financial management is responsible for controlling the net position of each foreign currency by entering into external forward currency contracts.

Credit risk

The Group is not significantly exposed to credit risk. There are policies in place to ensure that wholesale sales are made only to customers with adequate credit records. Retail customers pay in cash or by credit card. Derivative and cash transactions are only performed with financial institutions that have high credit ratings. The Group has policies to limit the amount of risk with any one financial institution.

Valuation allowances for bad debts, and the review of individual balances based on customers' credit ratings, current market trends and historical analysis of bad debts at an aggregated level entail a high level of judgement. The credit rating of the country, based on information provided by external agencies, is used to calculate the individual country-specific valuation allowance for bad debts. Any decrease in the volume of outstanding balances entails a reduction in impairment resulting from an aggregate analysis of historical bad debts, and vice versa.

Trade and other receivables from third parties mainly comprise balances receivable from travel agencies and private customers for passenger transport in the Air division, receivables from private customers in the Retail division and receivables from wholesale and retail travel agencies in the Hotel division. Transactions with travel agencies in the Air division are carried out using a settlement system managed by the International Air Transportation Association (lATA), which also imposes credit conditions involving risk hedging on travel agencies using the scheme in each country. The Group has a policy of arranging credit insurance for most other trade and credit transactions in each division, which partially covers these balances.

Liquidity risk

The Group applies a prudent policy to cover its liquidity risks based on having sufficient cash and marketable securities, as well as sufficient financing through credit facilities, to settle market positions. The excess of current liabilities compared to current assets common among groups operating in the travel sector reflects the difference in average collection days from customers and average payment days to suppliers due to the financing of advances from customers and suppliers. The amount received from tickets sold and not used at the reporting date is recognised by Air Europa Líneas Aéreas, S.A.U. under current accruals. Group management considers that this liability is not payable as it relates to future services not yet carried out for which returns are insignificant.

One-off cash requirements of the Group companies are covered by Globalia Corporación Empresarial, S.A., the entity that manages the Group's cash, receives the cash surpluses and allocates them to offset the various seasonal requirements of the Group's businesses.

Cash flow and fair value interest rate risks

The Group's interest rate risk arises from non-current borrowings. Borrowings at variable interest rates expose the Group to cash flow interest rate risk. In some circumstances, the Group has taken out interest rate swaps to partially hedge the interest rate risk derived from bank debt.

2.6.3. List of risks identified and materiality analysis

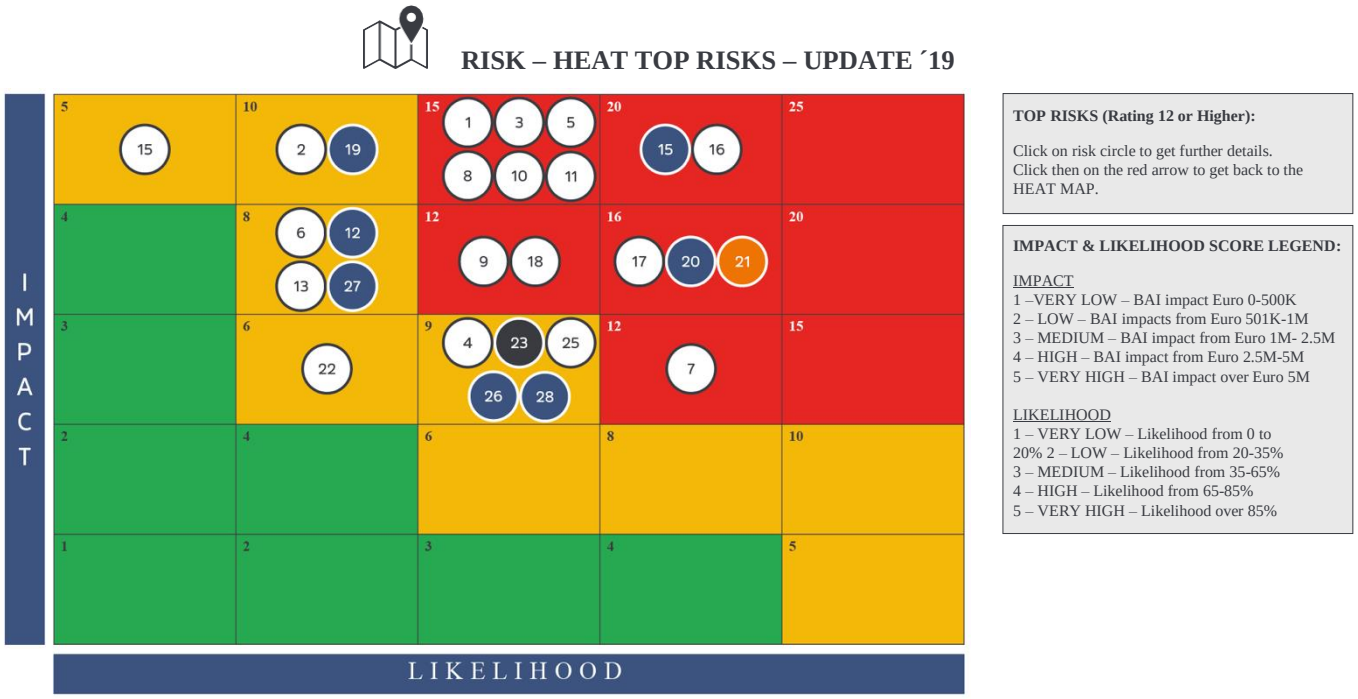
Risks identified

When analysing and estimating the impact of these actions on the Group, the various departments involved have worked together sharing their priorities regarding customers, the business, the owners, the environment, suppliers and collaborators, competitors and the local communities in which we operate, and, of course, our employees, whose essence drives our Group.

To analyse the risks identified and assess their materiality, the estimated probability of occurrence of the risk and its economic impact are entered into a matrix. Probability is measured on a scale of 1 to 5, with 1 being 0-20%, the lowest probability, and 5 representing a probability of over 85%. The economic impact on the result is also measured on a scale of 1 to 5, with 1 being a very low impact of Euros 0-500 thousand and 5 representing a very high impact of over Euros 5 million. The scoring of the risks is the result of multiplying the value assigned to the probability of occurrence of the risk by its economic impact, with 1 being the lowest score and 25 the highest.

Based on the foregoing, a Risk Inventory was drawn up in which the risks that scored highest were the price of fuel (risk no. 15), and fluctuations in the Euro-US Dollar exchange rate (risk no. 16), both of which are located in the red 20-point section of the matrix.

The Risk Map for 2019 is as follows:



List of relevant risks analysed in the matrix by materiality level:

15	Fuel	**3**	Conversion of sales to profit
16	EUR/USD exchange rate	**5**	Corporate governance (investment decisions and risk authorisation)
17	Exposure to foreign currency other than US Dollar	**8**	Financial planning risk
20	Airline route planning	**10**	Reputational risk
21	Cross-channel selling in retail business	**11**	Disaster recovery plan
7	Intercompany relations	**9**	Seasonality
1	Geographical concentration/Country risk	**18**	Collective bargaining agreements

Policies implemented to mitigate fuel risk:

- A Monitoring Committee was established and meets regularly.
- Its objective is to define the hedging policy.
- Hedging was established for a high percentage of the estimated fuel consumption.
- A time period of 1 to 2 years was agreed for anticipatory hedging.

Policies implemented to mitigate currency risk:

- A Monitoring Committee was established and meets regularly.
- A conservative USD/EUR exchange rate was established on the basis of available market projections.
- Its objective is to define the hedging policy.
- Hedging was established for a high percentage of the estimated fuel consumption.
- A time period of 1 to 2 years was agreed for anticipatory hedging.

Ultimately, the global economic and political situation has repercussions on the Globalia Group's business. Instability currently arises from the following scenarios:

- Trade tensions between the US and China.
- Instability in Latin American countries.
- Promotion of global cybersecurity to protect against potential transactional cyberattacks.
- Major political changes that could affect national or European institutions.
- Hostilities between countries at war.
- Tensions related to oil-producing countries and their distribution channels (control over Strait of Hormuz).
- Effect of a hard Brexit.

In the context of global tourism:

- Global tourism is estimated to grow by 3.9%, with an expected increase of 3.2% for Europe and a 2.9% rise for the Southern Mediterranean. A certain degree of stability is foreseen.
- In the field of aviation, the supply of air travel is expected to grow by around 8.8%, while demand for air travel rises 6.5%, which could affect the load factor, although we believe that demand will be robust enough to avoid being affected significantly. The Netherlands has proposed that the European Union levy an aviation tax on carbon emissions, which would have repercussions on the price of tickets for end customers.

Materiality analysis

Materiality analysis is a key element of Globalia's management process. It is an essential step in defining the strategic plan of the corporate group, the actions and initiatives to be implemented and its relationship with stakeholder groups.

The analysis has identified the main issues affecting the business, related parties and the global context.

- **Business:** impact of the main issues in Globalia's business, primarily from the standpoint of long-term business continuity, considering financial and business-related aspects, but also maintaining a positive relationship with stakeholders and with the society of which it forms an integral part.
- **Stakeholders:** analysis of issues that affect customers, suppliers, employees, shareholders, financial institutions, potential investors, public bodies, peer companies and other groups operating in the same environment.
- **Global environment:** how the main issues affect the environment, conservation of the global environment and society in general.

The main material issues were ranked using two variables:

- **Impact on the business:** weight of each main issue on the business activity of the corporate group, including issues classified as having a medium, high or very high impact.

• **Impact on stakeholders and global environment:** weight of each issue on the various stakeholders and the global environment, based on the internal information of the corporate group, as well as the global trends in transportation, tourism and leisure and society's current concerns.

Based on this approach, a materiality matrix using the above two variables as its axes was drawn up for the Non-Financial Information Statement. The matrix shows all key issues with a relevance of over 35% (medium, high or very high relevance) that have been identified.

Materiality analysis. Matrix of main issues

RELEVANCE FOR STAKEHOLDERS	MEDIUM	HIGH	VERY HIGH
VERY HIGH	• Occupational health and safety	• Protection and promotion of labour rights • Corporate social responsibility	• Jet fuel management • Accident prevention • Natural disasters • Action against climate change
HIGH		• Country stability risk • Aircraft technical stops	
MEDIUM	• Refurbishment of public facilities • Ethical commitment measures		• Foreign currency exchange rate trends • Customer country concentration risk • Data security and financial transactions • Adaptation to changes in leisure trends • Access to credit facilities
	RELEVANCE FOR THE BUSINESS		

VERY HIGH > 85%
HIGH 65-85%
MEDIUM 35-65%
MEDIUM-LOW 20-35%
LOW 0-20%

3. ENVIRONMENTAL MATTERS

3.1. Commitment to the environment

Globalia pursues its activities with the utmost respect for the environment, complying with the legislation in force and going beyond that in some of the Group's divisions, with the implementation of internationally recognised voluntary standards such as EMAS and ISO 14001.

The companies within the Group adopt behavioural standards to minimise and manage the risks produced by waste, emissions, discharges, radiation, noise, vibration or explosives, among others, as well as any other agent that may have an environmental impact.

Moreover, Globalia has stated its commitment to preserving natural resources and public assets or places that are recognised for their landscape, or other ecological, artistic, historic or cultural value.

In the course of their work, all employees must keep in mind this rule of conduct regarding the protection of the environment. Globalia seeks to raise awareness of all of the measures, policies and procedures that help to improve and prevent adverse environmental risks and undertakes to act to further sustainability and respect the environment criteria.

Moreover, Globalia has set in place controls over the activities of its suppliers, contractors and collaborators, requiring that they comply with the applicable environmental procedures and requirements.

On 25 January 2018, the Compliance Committee approved Globalia's Environmental Policy. This Policy states that the Globalia Group is an environmentally-friendly company, as provided for in the Group's Code of Ethics. We firmly believe that the success of our business rests on developing an environmentally sustainable business across all sectors and wherever we may operate. This responsibility forms part of our corporate culture and allows us to draw on the relevant resources and engage all of our personnel and any third parties related to Globalia.

The core principles governing environmental action are:

- Integrating environmental aspects within the strategic management of the Group so that they form part of our corporate culture.

- Complying with the environmental legislation in the countries in which the Group operates and, to the extent possible, implementing internationally recognised, voluntary environmental management standards such as ISO 14001 or the European EMAS Regulation at any companies that have currently not done so.

- Systematically identifying and assessing the environmental impacts deriving from the activities of the Globalia Group companies.

- Informing and training personnel on the environmental impact of their activities.

- Extending compliance with the Group's environmental management policies, procedures and practices to include suppliers, contractors and any related third parties.

- Seeking to ensure, wherever the Group operates, the conservation of natural resources, public assets and places that are recognised for their landscape, ecological, artistic, historic or cultural value.

- Making a sustainable use of natural resources.

3.2. Description of the Management System in place at Air Europa

3.2.1. Environmental matters

Air Europa's Environmental Management System bases its analysis criteria on the EMAS Regulation (pursuant to Regulation (EC) No. 1221/2009 and its subsequent amendments) and the Sector-Based Guidelines (Commission Decision (EU) of 15 April 2016 on the reference document on best environmental management practice, sector environmental performance indicators and benchmarks of excellence for the tourism sector). Should you require any more detailed information, please consult the Air Europa Environmental Declaration on its website.

3.2.2. Brief description of the Management System. Policies and certifications

3.2.2.1. Brief description of the Management System

Minimising the consequences of climate change is one of the priorities for Air Europa. This commitment is reflected in its annual investments to reduce the environmental impact of its operations. In that regard and to demonstrate its compliance, in January 2006 Air Europa became the first Spanish airline to receive the ISO 14001:2004 Environmental Management Systems certification. The scope of this certification now extends to all the Company's activities. This environmental commitment was reaffirmed in 2012 when the airline registered with the EMAS (Eco-Management and Audit Scheme), which has been renewed annually ever since. Air Europa is the only airline in Spain with this accreditation, which is testament to its environmental commitment.

Air Europa is engaged in various activities with a differing environmental impact, all of which involve the carriage of passengers and freight. Each activity is analysed separately in order to improve processes and minimise the environmental impact.

3.2.2.2. Air Europe in 2020

2020 was marked by the outbreak and advance of the pandemic triggered by COVID-19. The tourism sector has been one of the worst affected by the economic consequences. Without a doubt, the COVID-19 pandemic has been the cause of unprecedented results, for us and for almost all of the airlines around the world. Particularly relevant data are that the number of Air Europa flights fell by 65% and the number of passengers by 67% compared to 2019, thus reversing the trend seen in recent years. Furthermore, the occupancy of all flights has dropped by 12%.

This sharp decrease in activity led Air Europa to furlough employees (ERTE per the Spanish acronym) under the force majeure scheme approved by the Spanish government, maintained until 31 May and the number of employees and/or their working hours was reduced. This reduction has had a major impact on the Company's environmental performance.

This period has forced us to reinvent ourselves and seek new opportunities. We have operated ad hoc flights to transport healthcare materials and repatriate people to China, Indonesia, the Philippines, etc. During these months employee engagement has been key, revealing their capacity for commitment and adaptation to the different scenarios in which we have found ourselves.

The Air Europe fleet has also undergone changes in 2020. Five years ago, Air Europa started a fleet renewal plan to acquire more efficient aircraft, first changing the long haul fleet (wide-body aircraft) and then continuing with the short haul fleet (narrow-body aircraft). The change of the B737 fleet was put on hold due to the problems with the new Boeing B737MAX aircraft.

As explained in the introduction, in recent years the A330 aircraft have been replaced by Dreamliner B787s. In 2020 four B789 aircraft were introduced and five A330 aircraft retired. Furthermore, a B737, which had been transferred to Aeronova the previous year, was added.

Although Air Europa's fleet consists of 43 aircraft, 34% of the fleet has been grounded and in preservation during 2020. The following graph shows the number of aircraft in storage in each month of 2020.

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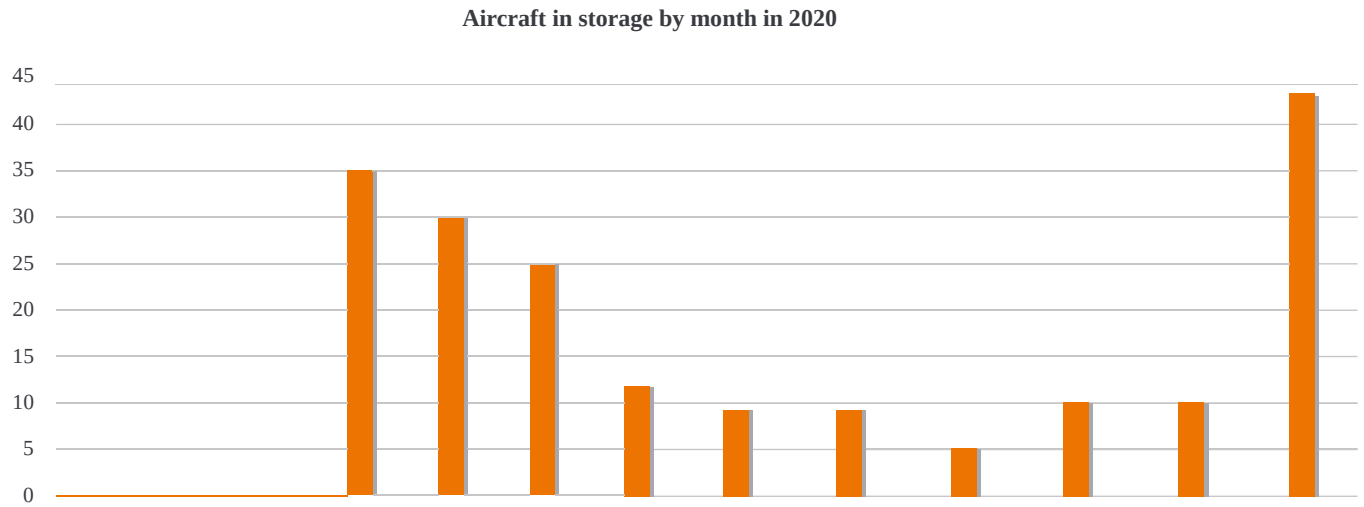
FIGURE 1. AIRCRAFT IN STORAGE DURING 2020



	01-JANUARY	02-FEBRUARY	03-MARCH	04-APRIL	05-MAY	06-JUNE	07-JULY	08-AUGUST	09-SEPTEMBER	10-OCTOBE	11-NOVEMBER	12-DECEMBER	AVERAGE NO. OF
Total	0	0	1	35	29	24	12	9	9	5	10	10	43

3.2.2.3. Environmental policy

Air Europa's environmental policy, called the "Integrated Management System Policy" because it brings together all the certifications obtained by the Company, is summarised below and can be found on the Air Europa website.

3.2.2.4. Environmental certifications

The main aim of the Environmental Management System is to implement the Company's Environmental Policy, ensuring compliance with the environmental legislation in force, managing the relevant environmental aspects, controlling the indicators and meeting the targets set in the form of ongoing improvement in order to minimise the environmental impact generated by all activities, focusing on a decrease in the consumption of natural resources (paper, water, electricity, fuel, etc.), correct waste management and the optimisation of procedures to reduce both noise and greenhouse gas emissions.

The Environmental Management System approved by the general management is made up of the overall structure of the Organisation, functions, procedures, processes and (human and material) resources available to Air Europa for managing its operations and complying with the requirements under ISO Standard 14001:2015 and the EMAS Regulation.

Air Europa's commitment to the environment is further borne out by the EMAS certification received in 2012, verifying the EU's Eco-Management and Audit System.

In February 2020, Air Europa passed the monitoring audits of the ISO 45001:2018 (Occupational health and safety management systems) and ISO 27001:2013 (Information security management system) certifications and in March, the monitoring audits of the ISO 9001:2015 and ISO 14001:2015 certifications and the environmental verification according to the EMAS register.

3.2.3. Environmental management

3.2.3.1. Materials

Materials consumed in the rendering of services:

3.2.3.1.1. Paper consumption

Purpose of the indicator: The purpose of the indicator is to monitor the consumption of paper across the entire Organisation, taking into consideration all areas: Llucmajor head office, Airport offices (In-flight services, Madrid; Technical operations area, Palma and Madrid; and Station managers, Madrid), Ground handling services, Maintenance and Sales offices.

Control and monitoring: To monitor this indicator and meet Air Europa's overall goal of reducing paper consumption, an Environmental Liaison in each department records how much material is consumed on a monthly basis and then enters the data into the GESMED tool.

Paper consumption has been falling year on year. The graph below reflects the downward trend of the Organisation's paper consumption per employee in recent years.

Environmental performance: Although paper consumption in absolute kilos has decreased 31% compared to 2019 and 33% compared to the historical average, due to the drastic reduction in the number of employees and because since January 2020 the company's offices in Madrid and Palma have been managed by Air Europa, paper consumption per employee has risen by 35.23% compared to 2019 and 24.09% in respect of the historical average.

FIGURE 2. VARIATION IN AIR EUROPA'S PAPER CONSUMPTION

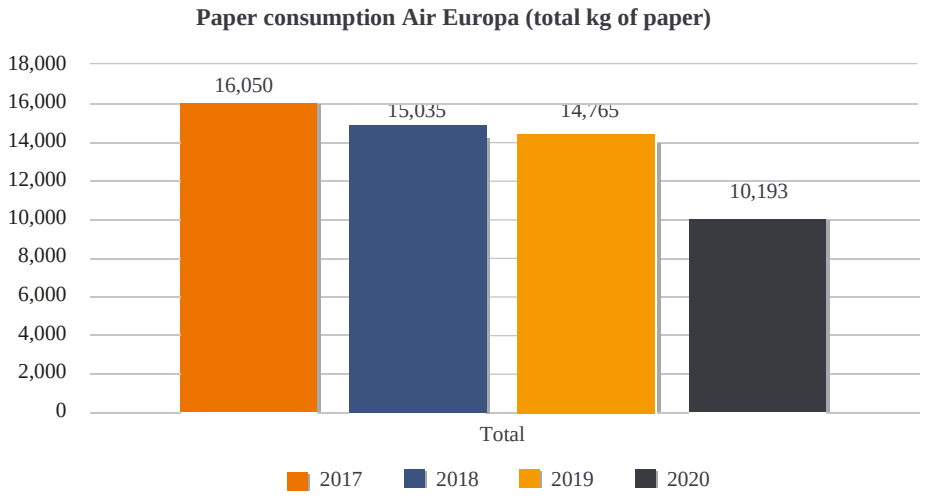
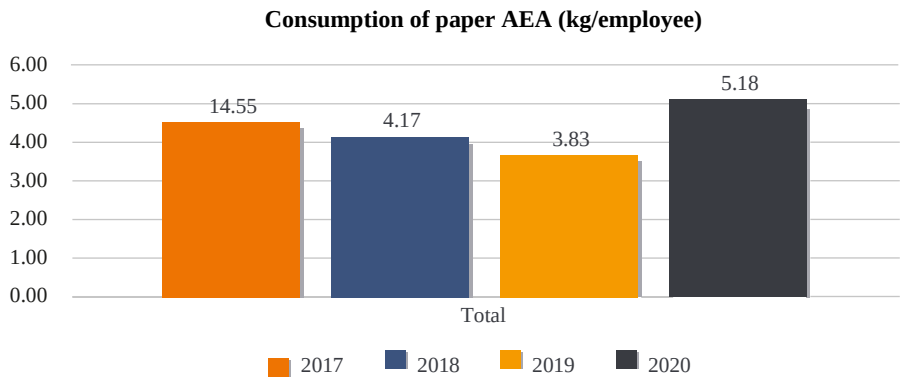


FIGURE 3. VARIATION IN PAPER CONSUMPTION PER EMPLOYEE



The area that consumes most paper is Maintenance, as all work and revisions have to be printed out in accordance with aviation regulations. Paper consumption in the airport offices has risen notably this year as since January the flight operations offices in Madrid and Palma have no longer been managed by Groundforce but directly managed by Air Europa. This department's paper consumption is very high as it prints all the documentation required onboard the aircraft to be able to carry out the flight.

Paper consumption of each area is measured per employee. The Sales offices have a higher consumption rate per employee, as most of the paper consumed is to be given to passengers.

FIGURE 4. CONSUMPTION OF PAPER BY AREA, 2020 (kg in absolute terms)

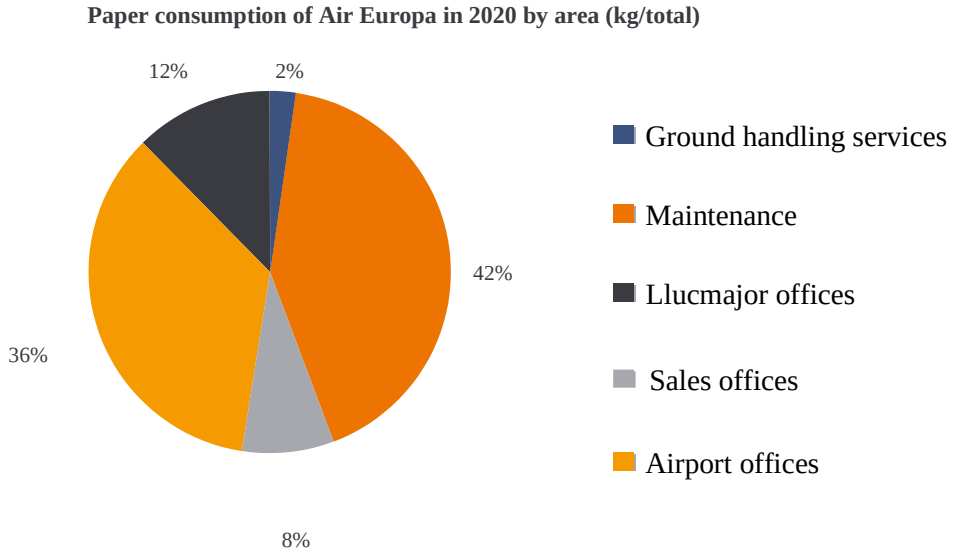
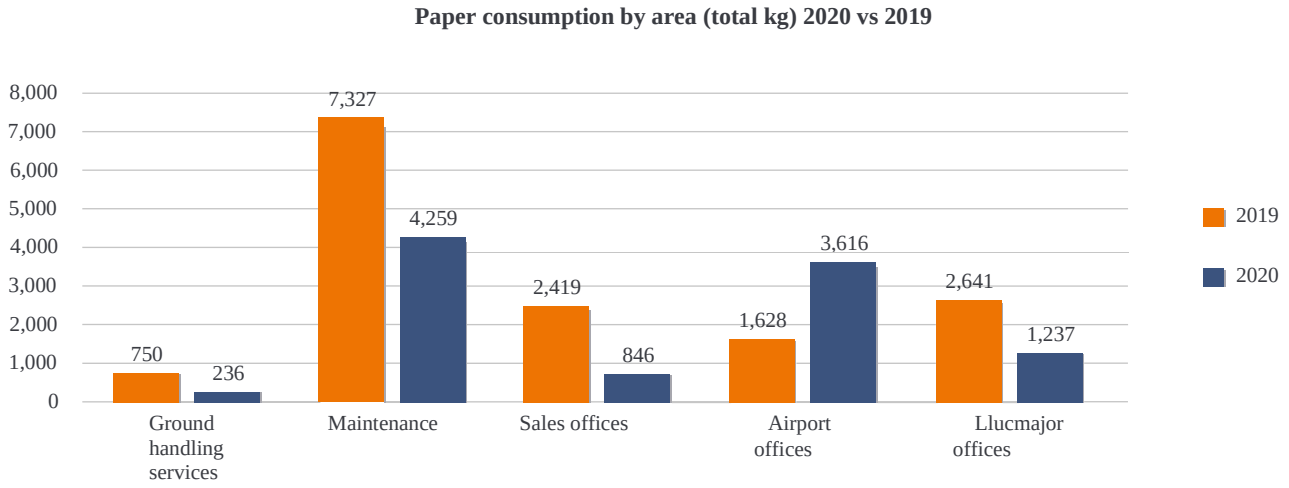


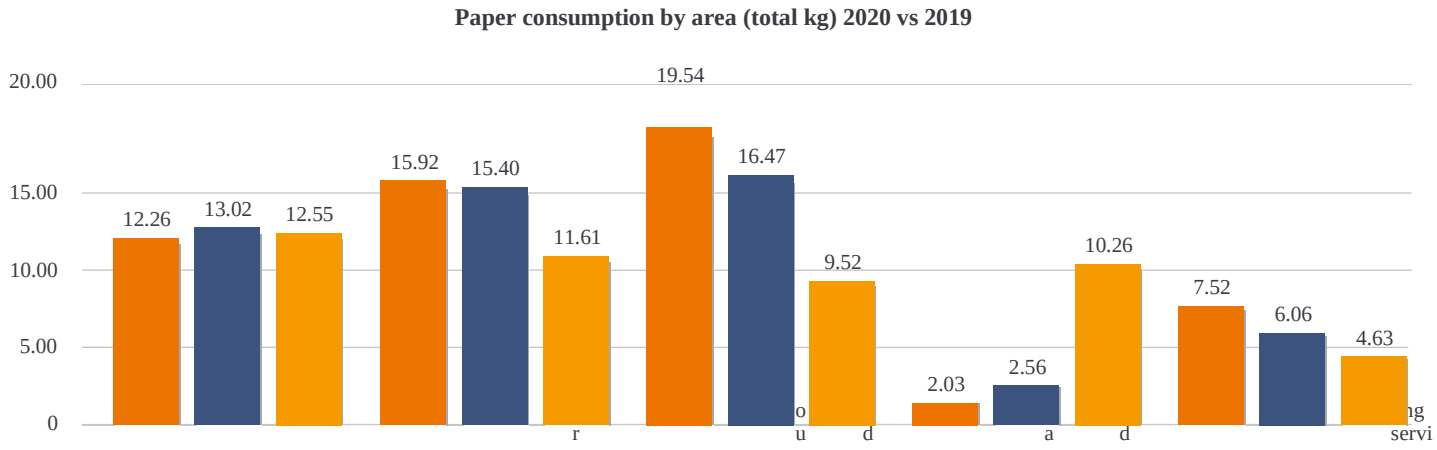
FIGURE 5. PAPER CONSUMPTION BY AREA 2020 VS 2019



If we compare paper consumption by employee rather than in absolute terms, a 31.1% increase is noted compared to 2019 and a 33.3% rise compared to the historical average. As indicated previously, this is due to the lower number of employees as a result of the furloughs.

Nonetheless, by area, the only area where paper consumption has increased is that which includes the airport offices since with the addition of the flight operations offices in the airports of Madrid and Palma total paper consumption has risen by more than 100%.

FIGURE 6. PAPER CONSUMPTION BY AREA, 2018-2020 (kg/Employee)



ces

Maintenance

Sales offices

Airport offices

Llucmajor offices

2018 2019 2020

Figure 1. Paper consumption AEA 2019 vs. 2018

	Starting point			Results			% Change	
	2019 - kg	2019 - EMPL	2019 kg/EMP	2020 - kg	2020 - EMPL	2020 kg/EMP	2020 VS 2019 kg/EMP	2020 VS hist. avg. kg/EMPL
Ground handling services	750	58	13.02	236	19	12.55	-3.60%	4.02%
Maintenance	7,327	476	15.40	4,259	367	11.61	-24.61%	-27.17%
Llucmajor offices	2,419	147	16.47	846	89	9.52	-42.19%	-50.63%
Sales offices	1,628	636	2.56	3,616	352	10.26	301.22%	279.47%
Airport offices	2,641	436	6.06	1,237	267	4.63	-23.62%	-37.85%
Total	14,791	3,862	3.83	10,193	1,968	5.18	35.23%	24.09%

Actions taken to reduce paper consumption

- As 2020 was an atypical year no measures were taken to reduce paper consumption. In some cases regulatory requirements due to the health crisis made it necessary to increase paper consumption, e.g. the health forms to be completed by passengers.
- Nevertheless, all Air Europa employees are conscious of the need to reduce the consumption of materials and environmental awareness bulletins are sent monthly to the entire Company.

3.2.3.2. Energy

The energy consumed by Air Europa is primarily for:

- Motor vehicles and equipment: Air Europa's motor vehicles and equipment are mainly used within airport compounds.
- Offices: Air Europa's head office is located at the Globalia corporate headquarters, where there are also other Group companies. These buildings and offices are owned by Globalia Activos and consumption cannot be broken down by office. At the sales and airport offices, airport operator AENA provides the electric power and, consequently, this data cannot be analysed accurately and is therefore not included in this report. For further information, please consult the Air Europa Environmental Declaration.
- Aircraft: This is where the majority of the Company's energy is consumed and where efforts are focused to minimise it.

3.2.3.2.1. Fuel consumption

Air Europa's fuel consumption in 2020 was distributed as follows:

Figure 2. Total fuel consumption of Air Europa in 2020

Fuel in 2020	MWh	% OF TOTAL
Aircraft	3,303,368	99.97%
Other	1,095	0.03%
Total	3,304,463	-

Practically 100% of the Company's energy consumption is due to the fuel used by Air Europa's aircraft.

3.2.3.2.1.1. Fuel consumption by motor vehicles and equipment

Purpose of the indicator: To track the consumption of petrol and diesel by the Company's motor vehicles (Ground handling, Maintenance, motor vehicles used by Airport offices).

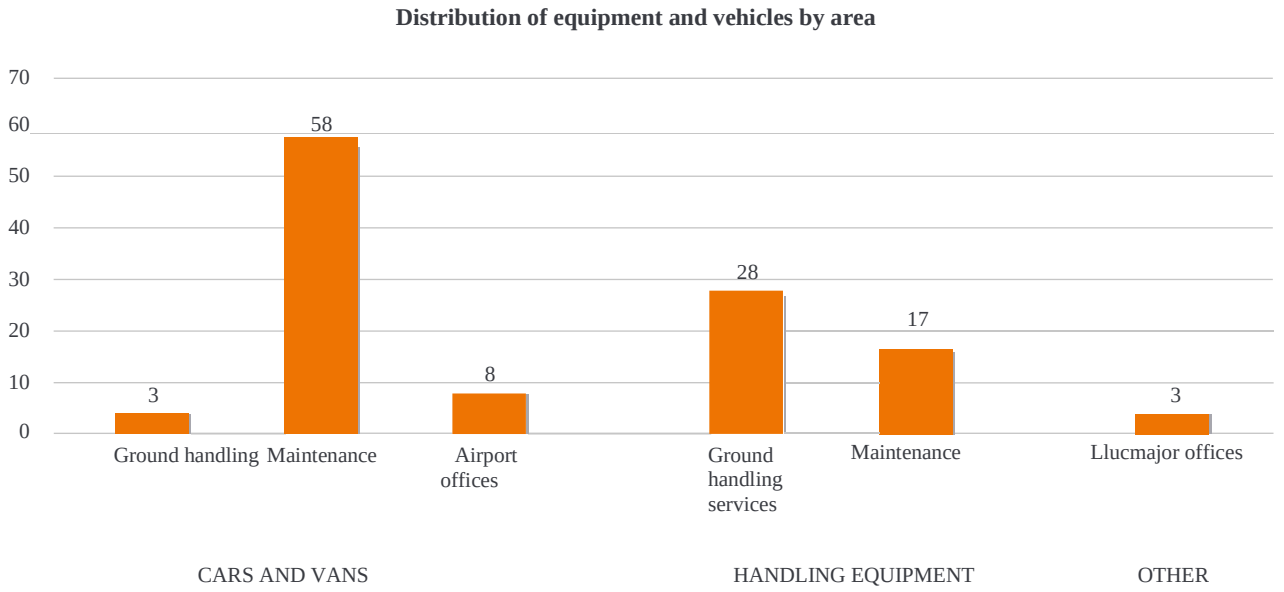
Control and monitoring: To calculate the energy consumed, the fuel used is converted to kWh based on the emission factors updated annually by the Spanish Institute for the Diversification and Saving of Energy (IDAE). For 2020, the lower heating values (LHV) published by IDAE[1] are:

1 kg of petrol: 12.306 kWh
1 kg of diesel: 11.944 kWh
1kg of aviation kerosene: 12.250 kWh

These conversion factors have also been used in the historical data to make the annual data comparable.

Environmental performance: At 2020 year end there were 69 vehicles, 45 pieces of ground handling equipment, 2 generators and a boiler in Llucmajor.

FIGURE 7. DISTRIBUTION OF EQUIPMENT AND VEHICLES BY AREA



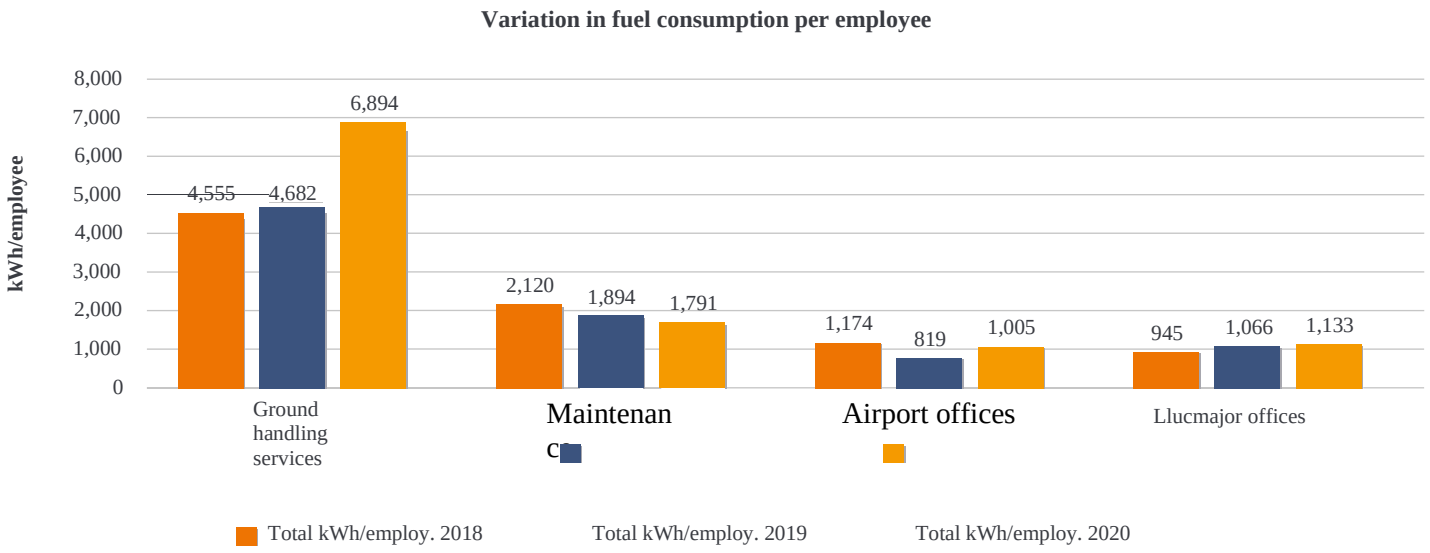
The fuel consumption of Air Europa's vehicles and equipment has fallen compared to 2019, both in absolute terms (-32.6%) and per employee (-0.64%). Consumption per employee has risen slightly (+5%) compared to the historical average.

The performance has varied considerably by area, Maintenance being the only area that has reduced its fuel consumption per employee as it was the area with the lowest workforce reduction, whereas Handling and the airport offices, where consumption depends on the number and type of operations are two of the areas where there is a rise in consumption per employee. In the Llucmajor offices there has also been a slight increase in consumption per employee.

Figure **3. Fuel consumption of Air Europa's vehicles and equipment 2019-2020**

	Starting point (2019)			Result obtained (2020)			% Change	
	kWh	EMPL	kWh/employ.	kWh	EMPL	kWh/employ.	2020 VS 2019 kWh/ employ	2020 VS hist. avg. kWh/Employ.
Ground handling services	269,602	58	4,682	129,539	18.79	6,894	47.25%	56.07%
Maintenance	869,325	459	1,894	643,658	359.41	1,791	-5.43%	-10.69%
Llucmajor offices	459,928	431	1,066	300,405	265.09	1,133	6.26%	52.83%
Total	1,625,200	980	1,658	1,094,992	664,58	1,648	-0.64%	5.05%

FIGURE 8. VARIATION IN FUEL CONSUMPTION PER EMPLOYEE



Actions taken to reduce fuel consumption

- Awareness bulletins distributed throughout the whole Company.
- Acquisition of new, more efficient equipment (e.g.: forklift trucks).
- Vehicle renewal every four years, although in 2020 the majority of vehicles under finance leases have not been renewed.

3.2.3.2.1.2. Fuel consumption by aircraft

Purpose of the indicator: To track fuel consumption by aircraft.

Control and monitoring: To calculate the energy consumed, the fuel consumed (calculated using method A of the EU Emissions Trading (ETS) Directive) is converted to kWh based on the emission factors updated annually by the Spanish Institute for the Diversification and Saving of Energy (IDAE). For 2020, the LVH (lower heating value) published by IDAE is:

1kg of aviation kerosene = 12.250 kWh

These conversion factors have also been used in the historical data so that the annual data is comparable. Consequently, the data in Figure 5 and subsequent figures are slightly different from those published in prior years' reports.

Furthermore, so that the numbers are more easily understood, the data on total fuel consumption are presented in MWh and the data on fuel consumption by passenger kilometre and by tonne-km are given in kWh.

Environmental performance

Aircraft efficiency can be measured in various ways. In this case, it will be measured in kWh per 100 passengers and kilometre travelled (PKT) and in kWh for each 100 tonnes and km transported (TKT).

As indicated previously, the environmental performance in 2020 is marked by the advancement of the SARS-Cov-2 pandemic, which has restricted people's movement and has led to a major decrease in tourism. Compared to 2019, the number of flights operated by Air Europa declined by 64.4% and the number of passengers carried by 67%, with an average aircraft occupancy of 67.5%, which represents a significant decrease in PKT and TKT.

A large part of the fleet was grounded and in storage and the number of flights that are usually operated by other companies for Air Europa decreased by 72.4%.

[2] Directive 2008/101/EC, Regulation (EU) No. 421/2014 and Regulation (EU) No. 2017/2392 (Emissions Trading System EU-ETS)
[3] IDAE 2020. https://www.idae.es/sites/default/files/estudios_informes_y_estadisticas/poderes-calorificos-inferiores_pci_v_1-00_2020.xlsx

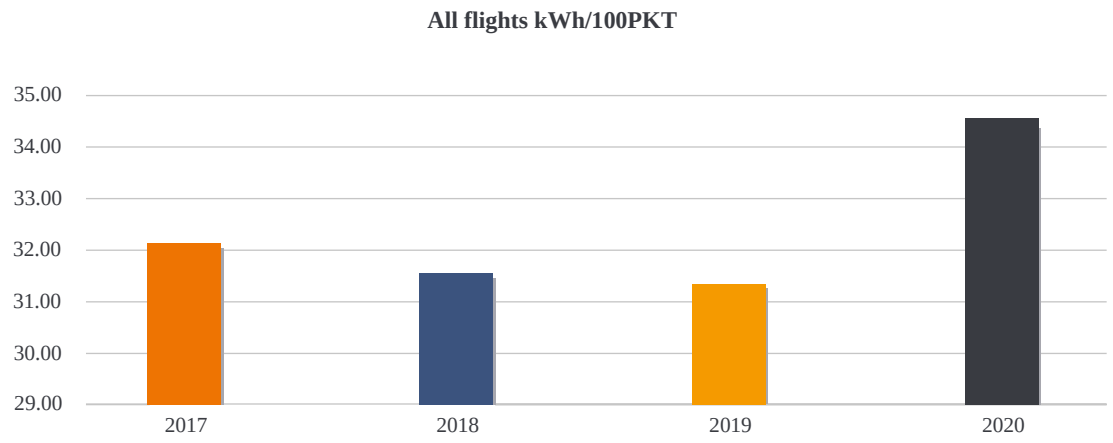
Figure 4. Fuel consumption for all Air Europa flights

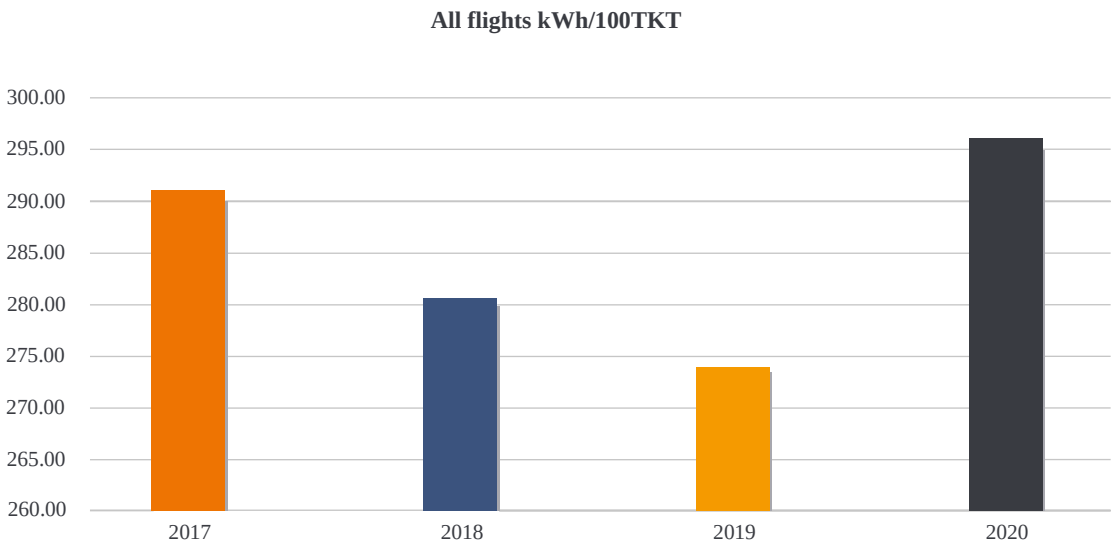
	Nº FLIGHTS	MWh	PKT	TKT	kWh/100 PKT	kWh/100 TKT
2018	97,713	9,309,653	29,540,801,518	3,319,939,466	31.51	280.42
2019	104,613	10,072,969	32,225,078,139	3,675,357,215	31.26	274.07
2020	37,277	3,303,368	9,548,170,274	1,115,884,071	34.60	296.03
Historical average (17-19)	94,994	9,088,494	29,572,717,012	3,323,096,449	30.76	274.08
2020 vs 2019	-64.37%	-67.21%	-70.37%	-69.64%	10.68%	8.01%
2020 vs Historical average	-60.76%	-64.66%	-67.71%	-66.42%	9.36%	5.01%

As the number of flights and the occupancy (-12%) have decreased, PKT and TKT have fallen around 70%, which has resulted in a rise in fuel consumption per PKT (+11%) and per TKT (+8%).

The following graphs show the variations in fuel consumption for all flights operated. A downward trend can be observed in fuel consumption, both in terms of PKT and TKT.

FIGURE 9. VARIATION IN FUEL CONSUMPTION (kWh/100 PKT AND kWh/100TKT) FOR ALL FLIGHTS OPERATED





3.2.3.2.1.3. Reduction of energy consumption

The goal of a 10% reduction in the fuel consumption of the long haul fleet (kWh/TKT) compared to 2016 by the end of December 2021 has been maintained.

For this analysis, as in the previous ones, the conversion factor has been updated to that published by DEFRA for 2020 (1kg aviation kerosene = 12.250 kWh).

Fuel consumption is the fuel burnt in a flight and not that calculated using Method A of the Emissions Directive and the TKT is calculated based on the actual distance travelled and not the great circle distance. For these reasons, the data shown in the indicator does not exactly coincide with the analysis of this goal.

Analysis of the goal:

As indicated previously, 2020 has been marked by the health crisis that started in March.

The fuel consumption by TKT has decreased 8.27% compared to the starting point (2016). However, compared to 2019 it has increased 3.84%.

By fleet, the fuel consumption of the A330 aircraft was up by less than 1% compared to the starting point and the previous year. The fuel consumption of the B787 aircraft fleet has declined 2.4% compared to the starting point but compared to the previous year it has increased 14%.

In 2020 the A330 aircraft have flown very little (-85%) and the B787 have clocked up only 45% of the time flown the prior year. The occupancy of the flights has dropped, so that the tonnes-km transported have decreased more than the fuel consumption, pushing up the consumption per TKT.

Figure 5. Fuel consumption 2020 vs 2016 wide-body fleets (kWh/TKT)

AIRCRAFT TYPE	NO. FLIGHTS	TKT-GD	MWh	kWh/TKT-GD
A330	-87.70%	-88.70%	-88.67%	0.28%
B787	281.04%	214.04%	206.44%	-2.42%
Total	-53.17%	-55.89%	-59.54%	-8.27%

Figure 6. Fuel consumption 2020 vs 2019 wide-body fleets (kWh/TKT)

AIRCRAFT TYPE	NO. FLIGHTS	TKT-GD	MWh	kWh/TKT-GD
A330	-85.20%	-85.15%	-85.08%	0.46%
B787	-45.61%	-58.42%	-52.57%	14.06%
Total	-67.44%	-70.53%	-69.40%	3.84%

The B789 fleet still has the lowest fuel consumption per TKT, with a consumption of 2.458kWh/TKT. The A332 fleet has the highest consumption per TKT.

Figure 7. Fuel consumption 2020 vs 2019 wide-body fleets (kWh/TKT)

AIRCRAFT TYPE	NO. FLIGHTS	TKT-GD	MWh	kWh/TKT-GD
A332	1,101	132,022,300	400,453	3.033
A333	271	57,803,652	147,634	2.554
B788	2,059	263,65.559	695,093	2.636
B789	2,041	377,813,324	928,601	2.458
Total	5,472	831,289,835	2,171,780	2.613

FIGURE 10. TREND IN FUEL CONSUMPTION OF THE WIDE-BODY FLEETS (kWh/TKT)

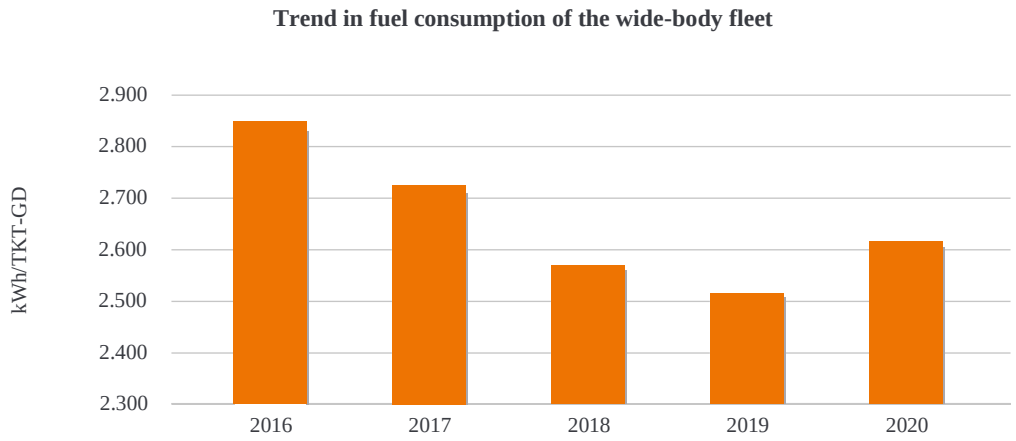
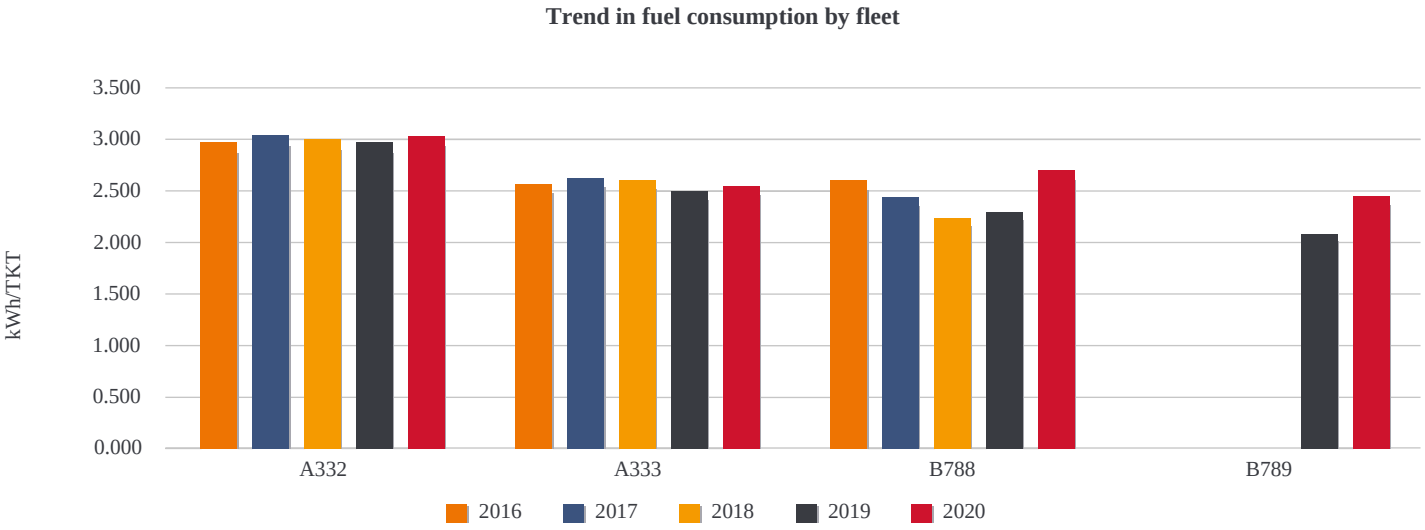


FIGURE 11. TREND IN FUEL CONSUMPTION OF THE WIDE-BODY FLEETS BY FLEET (kWh/TKT)



Actions to reduce emissions:

In 2020 it has not been possible to take specific measures to reduce polluting gas emissions.

There have been indirect consequences that have helped to reduce emissions, such as the reduced taxi time at the Madrid-Barajas airport as a result of the transfer to Terminal 4, less air traffic congestion has reduced waiting times and diversions, thus improving the efficiency of flights.

Furthermore, in 2020 four new aircraft of the B789 fleet were received, the most efficient aircraft for long haul flights and five A330 aircraft have been retired.

3.2.4. Water and effluents

Water consumption, at least over which Air Europa can exercise control, is related to the cleaning of equipment and vehicles at its auto-handling bases, as well as the water used to clean aircraft exteriors.

Effluent: Waste cleaning water is discharged into the network of airport bilge tanks, which is adequately managed by AENA.

3.2.4.1. Water consumption

Purpose of the indicator: To monitor water consumption that can be measured by Air Europa.

Control and monitoring: Water consumption that can be measured is that used to clean equipment and vehicles at the auto-handling bases, as they have their own meters. Water consumption for the exterior cleaning of aircraft is calculated based on the fleet washed, as different capacity water tankers are used depending on the fleet to be cleaned.

In the offices located in airports, the services are provided by AENA and not self-metered, therefore monitoring is not possible.

In the case of the Llucmajor offices, total water consumption of all the buildings is monitored via the invoices and the meter readings of the cistern and although it is not possible to know the exact consumption of water by Air Europa employees the consumption is distributed pro rata to obtain an approximate amount. Almost all of the water consumption that we can measure is in the Llucmajor offices.

Exterior cleaning of aircraft is carried out in Madrid and Palma airports when requested. Each aircraft is usually cleaned once or twice a year. The aircraft are cleaned using water tankers and the average water consumption used per fleet is available:

Figure 8. Water consumption used for exterior cleaning of aircraft

FLEET	CONSUMPTION PER CLEANING OPERATION (m^3)
A330	4
B787	4
B738	2.5

In this case it makes no sense to compare water consumption per employee, therefore only the water consumption per cleaning operation is analysed.

Environmental performance: In 2020 water consumption decreased considerably, especially in the Llucmajor offices and the exterior cleaning of aircraft.

In Llucmajor, the canteen building closed as soon as the state of emergency started (14/03/2020) and remained closed for the rest of the year and on 25 September the main building was closed. Furthermore, most of the employees in the Llucmajor offices have been working remotely since the start of the pandemic.

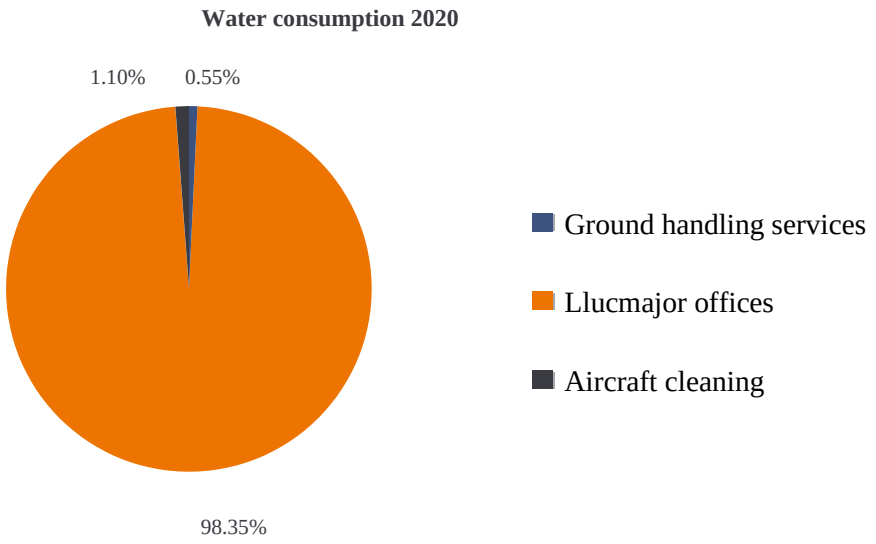
Most of the water consumed at Llucmajor comes from an owned cistern and the data on consumption is obtained directly from the meter reading. It is calculated by dividing the total consumption of all the buildings by the number of Air Europa employees on a pro rata basis. Subsequently, the ratio of this consumption per employee is calculated.

In the case of the Ground Handling division, the water used to clean equipment and vehicles is measured. All the cleaning is carried out in the areas set up for this purpose by AENA, where each company has a meter. The Ground Handing agents record the consumption of these meters. In this case, although the consumption per employee ratio is calculated, the consumption ratio per cleaning operation is more coherent with the use made of the water.

In 2020 AENA closed the washing facilities in Madrid airport from March until September. Furthermore, given that a large part of the fleet was grounded and in storage, a very small number of cleaning operations were necessary (only four were carried out in the entire year).

The following pie chart shows the distribution of the water consumption measured in 2020.

FIGURE 12. WATER CONSUMPTION MEASURED IN 2020



Total water consumption has fallen 59% compared to the previous year and water consumption per employee by 30%. Water consumption in the Ground Handling Services division has increased as a whole and per employee.

With regard to the water consumed in the exterior cleaning of aircraft, total water consumption has decreased 93%, the same percentage as the number of cleaning operations performed.

Figure **9. Water consumption per employee 2020 vs 2019**

	STARTING POINT (2019)			RESULT OBTAINED (2020)			COMPARISON (2020 vs 2019)		
	m^3	EMPLOY.	m^3/EMPLOY.	m^3	EMPLOY.	m^3/EMPLOY.	m^3	EMPLOY.	m^3/EMPLOY.
Ground handling services	5.3	57.58	0.09	5.72	18.79	0.30	7.51%	-67.37%	229.46%
Llucmajor offices	2,375.8	431.25	5.51	1,024.0	267.48	3.83	-56.90%	-37.98%	-30.51%
Exterior cleaning of aircraft	164.0	-	-	11.5	-	-	-92.99%	-	-
Total	2,545.12	488.83	5.21	1,041.25	286.27	3.64	-59.09%	-41.44%	-30.14%

Figure **10. Water consumption per cleaning operation 2020 vs 2019**

	STARTING POINT (2019)			RESULT OBTAINED (2020)			COMPARISON (2020 vs 2019)		
	m^3	EMPLOY.	m^3/EMPLOY.	m^3	EMPLOY.	m^3/EMPLOY.	m^3	EMPLOY.	m^3/EMPLOY.
Ground handling services	5.32	107	0.05	5.72	86	0.07	7.51%	-20%	33.76%
Llucmajor offices	2,375.8	-	-	1,024.03	-	-	-57%	-	-
Exterior cleaning of aircraft	164.00	56	2.93	11.50	4	2.88	-93%	-93%	-1.83%
Total	2,545.12	163	15.61	1,041.25	90	11.57	-59%	-45%	-25.90%

Actions taken to reduce water consumption

- Environmental awareness bulletins are now sent monthly to the entire Company.
- The six-monthly analysis of the Company's environmental performance reveals whether there are deviations to be corrected.
- In the case of aircraft, various types of aircraft cleaning equipment have been tested to reduce water consumption, but those tried so far have not proven to be efficient.
- The exterior paint of newly-acquired planes is dirt-repellent, meaning that they do not have to be cleaned as often. In 2019, 56 cleaning operations were performed, of which 40 were for B737 aircraft (21 units in the fleet), 10 for A330 (12 units in the fleet) and 6 B787 (14 units in the fleet).

3.2.5. Biodiversity

Biodiversity management:

Not applicable. This indicator is not considered as in relation to the land use in terms of built area, Air Europa does not own any of the premises.

In any case, some of the issues that foment the loss of biodiversity (climate change, emissions and pollution) are already covered in the EMAS regulations by the environmental aspects and the related basic indicators, such as water consumption, emissions, waste, described in the Environmental Declaration.

3.2.6. Emissions

Greenhouse gas emissions are generated by the combustion engines of equipment, vehicles and aircraft.

99.97% of Air Europa's CO_2 emissions is generated by the fuel consumption of flights operated by the Company.

Figure 11. Greenhouse gas emissions of Air Europa in 2020

	EMISSIONS 2020 kg CO_{2e}	% OF TOTAL
Aircraft	857,907,664	99.97%
Other	270,080	0.03%
Total	858,177,744	-

3.2.6.1. CO_2 emissions of motor vehicles and equipment

Purpose of the indicator: To control the stability of greenhouse gas emissions, specifically CO_2.

Control and monitoring: Rather than all polluting gases, this indicator will only have regard to CO_2 emissions, as this is the gas that is emitted in the greatest quantities.

To calculate the CO_2 emissions, the fuel consumed is converted to kg of CO_2 emitted based on the emission factors updated annually by the Spanish Ministry for the Ecological Transition and the Demographic Challenge. Version V20 of the carbon footprint calculator has been used, which was updated on 07/07/2020.

The factors used are:

1L of petrol (E10) = 2.065kg CO2e 1L
of diesel (B7) = 2.467kg CO2e

These conversion factors have also been used in the historical data so that the annual data is comparable. Consequently, the data in the following tables differ slightly from those published in prior years' reports.

Emissions from motor vehicles and equipment have a local impact on the quality of air in the surrounding area of an airport, as well as direct repercussions for the process of climate change.

Motor vehicle and equipment emissions are controlled by the Environmental Liaisons, which record the fuel consumption data in the GESMED tool.

The monitoring of this indicator is carried out separately within each of the areas as consumption can vary from one department to the next, as can the use of the equipment according to their operations.

Emissions are calculated in kilograms per employee in each department and base.

Environmental performance:

Although not considered in this indicator, the age of the vehicles and equipment is one of the criterion used to assess the environmental aspects associated with the emissions, where equipment aged over 5 years is rated negatively.

The average age of Air Europa's vehicles and equipment is 6.6 years; the ground handling equipment is the oldest. All the vehicles are leased and are replaced every four years, except for the two vehicles of the Madrid Station manager, which are owned by the Company and are over 15 years' old.

The CO_2 emissions of Air Europa's vehicles and equipment are lower than in 2019, both in absolute terms (-32.6%) and per employee (-0.65%). The emissions per employee have increased slightly (+5%) compared to the historical average due to the 29% reduction in the headcount.

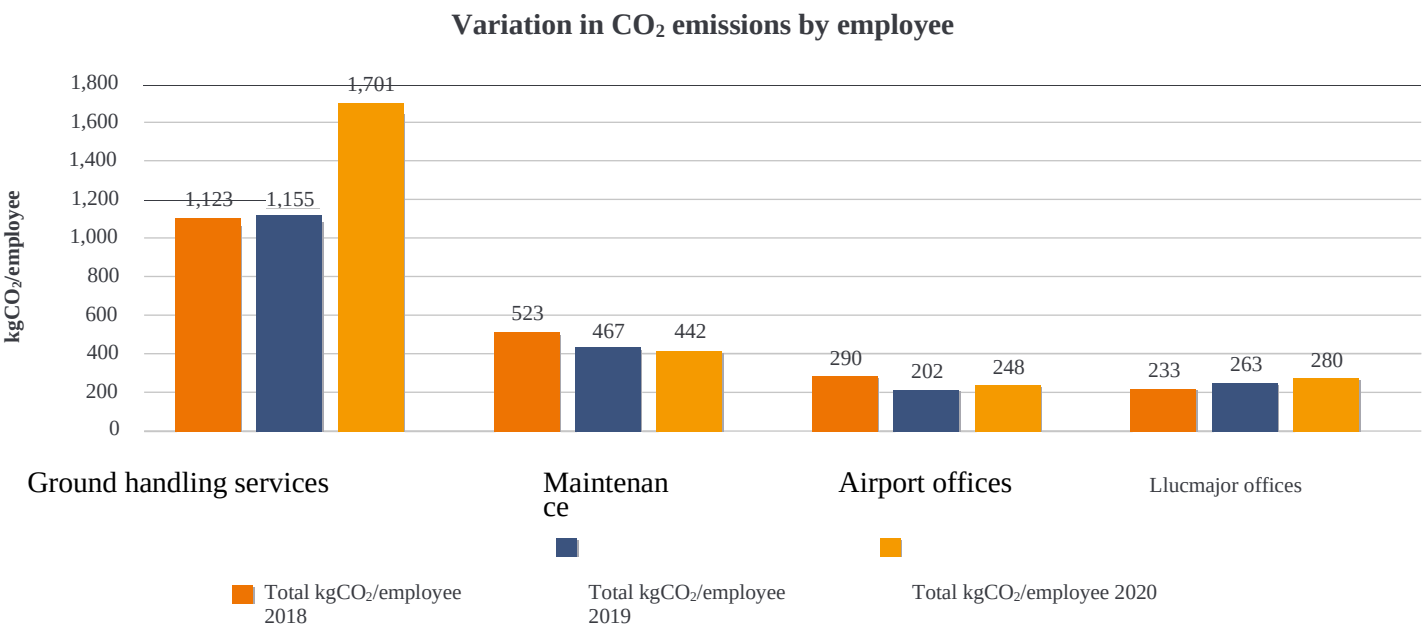
In absolute terms, emissions have fallen in all areas, while only the maintenance area, where the headcount was reduced the least, has seen a decrease in emissions per employee.

Details of the performance of each area is described in the verified Environmental Declaration, available on Air Europe's website.

Figure **12. CO_2 emissions of Air Europa's vehicles and equipment 2020 vs 2019**

	STARTING POINT (2019)			RESULT OBTAINED (2020)			COMPARISON (2020 vs 2019)		
	kg CO	EMPLOYEE	kg CO₂/ 2 EMPLOY.	kg CO	EMPLOYEES	kg CO₂/ 2 EMPLOY.	kg CO	EMPLOYEES	kg CO₂/EMPLOY.
Ground handling services	66,482	58	1,155	31,953	19	1,701	-51.94%	-67.37%	47.29%
Maintenance	214,443	459	467	158,736	359	442	-25.98%	-21.71%	-5.45%
Airport offices	6,500	32	202	5,277	21	248	-18.81%	-33.81%	22.67%
Llucmajor offices	113,470	431	263	74,114	265	280	-34.68%	-38.53%	6.26%
Total	400,895	980	409	270,080	665	406	-32.63%	-32.19%	-0.65%

FIGURE 13. VARIATION IN CO_2 EMISSIONS BY EMPLOYEE



Actions to reduce the CO_2 emissions of vehicles and equipment

- Awareness bulletins distributed throughout the whole Company.
- Acquisition of new, more efficient equipment (e.g.: forklift trucks).
- Renewal of vehicles every four years.

3.2.6.2. Polluting gas emissions released by aircraft

Purpose of the indicator: To exercise control over the stability of greenhouse gas emissions.

Control and monitoring: CO2e is analysed in this case as it brings together the global warming power (GWP) of all gases released, broken down by passenger and kilometre travelled (PKT). Kg of CO2e is used rather than tonnes in the breakdown to aid understanding of the data, as the numerical values are extremely small.

Breaking down the emissions by PKT enables the efficiency of the various aircraft fleets to be compared.

To calculate the fuel consumption of Air Europa flights, the Company follows Directive 2008/101/EC, Regulation (EU) No. 421/2014 and Regulation (EU) No. 2017/2392 (Emissions Trading System EU-ETS). All data is verified by a third party and sent to the competent authority on an annual basis. The Company follows Method A contained in the above-mentioned Directive.

To calculate the emissions from flights, the fuel consumed is converted to CO2e emissions using the conversion factors for 2020 taken from the database of DEFRA (the UK Department for Environment, Food & Rural Affairs), which indicates that 1kg of Jet-A1 kerosene emits 3.18141kg of CO2e. This factor varies considerably each year, so that in order for the data to be comparable and not suffer distortion, the historical data have been modified using this factor, which will be reflected in the data in the following tables.

Environmental performance

The CO_2e emissions of the flights operated by Air Europa have decreased by 67%. Given that the passengers-km travelled and the tonnes-km transported have declined even further (70%), the ratio of $kgCO_2$ per passenger-km and per tonne-km are higher than in 2019. The following table presents a breakdown of the data from 2018 until 2020.

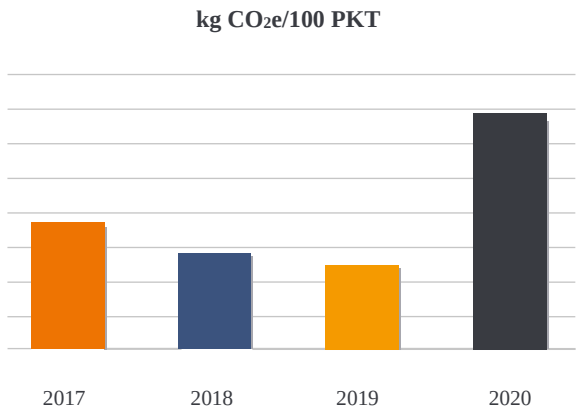
Figure 13. CO_2e emissions of all Air Europa flights (2018-2020)

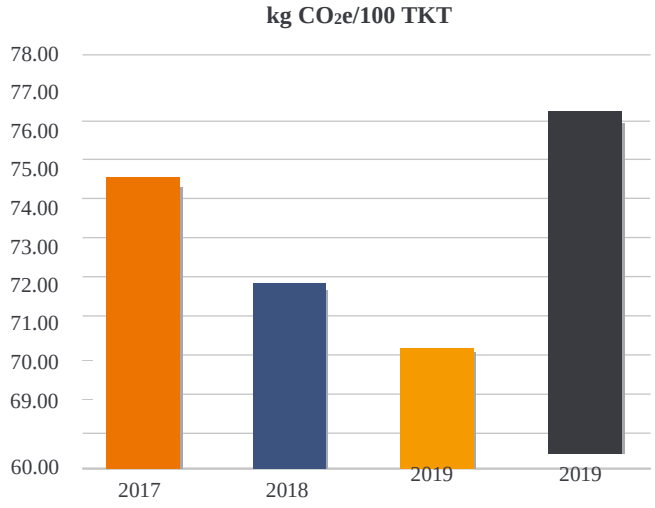
	NO. FLIGHTS	t CO_2e	PKT	TKT	kg CO_2e/100 PKT	kg CO_2e/100 TKT
2018	97,713	2,417,781	29,540,801,518	3,319,939,466	8.18	72.83
2019	104,613	2,616,020	32,225,078,139	3,675,357,215	8.12	71.18
2020	37,277	857,908	9,548,170,274	1,115,884,071	8.99	76.88
Historical average (2017-19)	94,994	2,427,727	29,572,717,012	3,323,096,449	8.22	73.21
2020 vs 2019	-64.37%	-67.21%	-70.37%	-69.64%	10.68%	8.01%
2020 vs Historical average	-60.76%	-64.66%	-67.71%	-66.42%	9.36%	5.01%

The following graphs show the variations in emissions for all flights operated. The rise in emissions per passenger-km and tonne-km as a result of the steep drop in activity in 2020 can be clearly seen.

[4] https://www.miteco.gob.es/es/cambio-climatico/temas/mitigacion-politicas-y-medidas/calculadoras.aspx

FIGURE 14. VARIATION IN CO_2 EMISSIONS (kg CO_2e/100 PKT and kg CO_2e/100 TKT) OF ALL FLIGHTS OPERATED





If we focus on flights operated with aircraft included in Air Europa's AOC (which represented 59.67% of total flights in 2020), the same upwards trend can be seen in the emissions by PKT and TKT due to the drop in the number of flights and occupancy. It must also be considered that the intensity of the emissions from flights operated with Air Europa's AOC is much lower than that of flights made by other operators, as the airline is much more efficient.

Figure 14. CO_2e emissions of all flights operated under Air Europa's AOC

AEA AOC	NO. FLIGHTS	t CO_2e	PKT	TKT	kg CO_2 /100 PKT	kg CO_2 /100 TKT
2017	45,737	2,050,856	25,203,410,765	2,797,522,182	8.92	80.41
2018	48,137	2,176,691	27,427,770,689	3,106,951,665	8.82	77.82
2019	50,167	2,333,530	29,588,204,594	3,409,316,094	8.84	76.73
2020	22,242	773,875	8,822,862,707	1,042,629,868	9.72	82.28
Historical average (2017-19)	48,014	2,187,025	27,406,462,016	3,104,596,647	8.86	78.32
2020 vs 2019	-55.66%	-66.84%	-70.18%	-69.42%	9.98%	7.24%
2020 vs Historical average	-53.68%	-64.62%	-67.81%	-66.42%	9.74%	5.06%

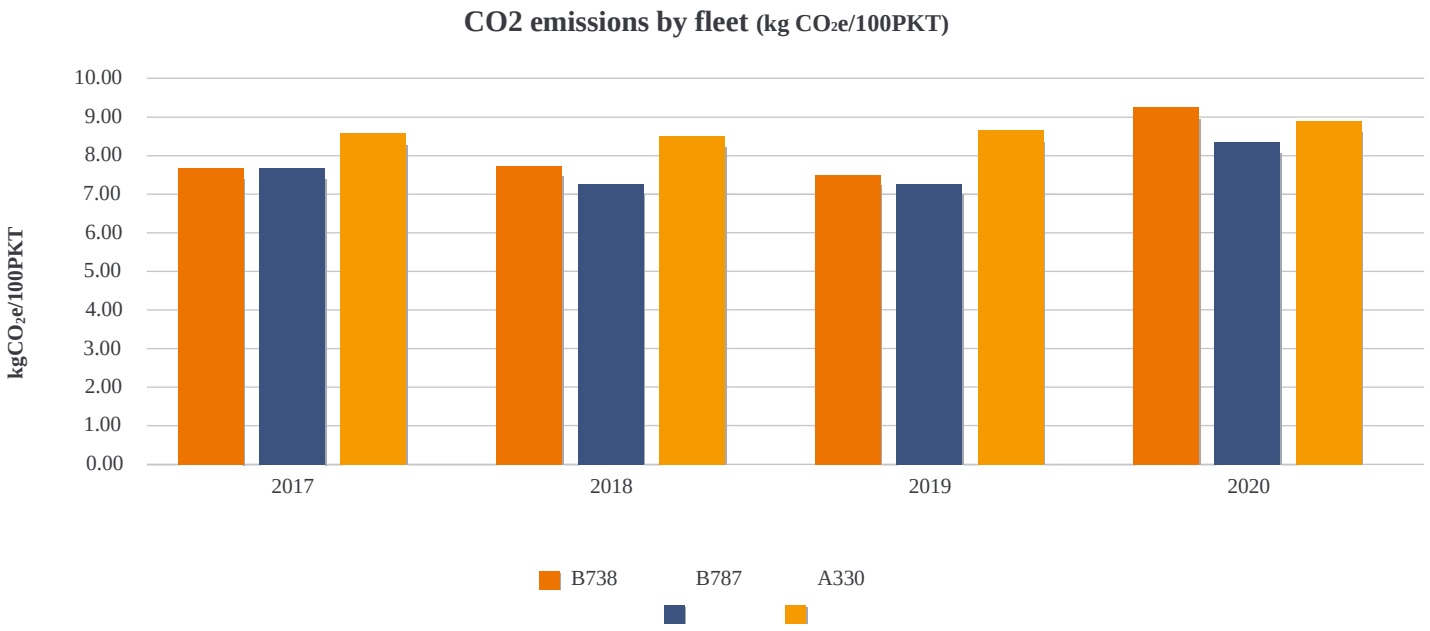
Figure 15. CO_2e emissions of flights operated with an AOC other than that of Air Europa

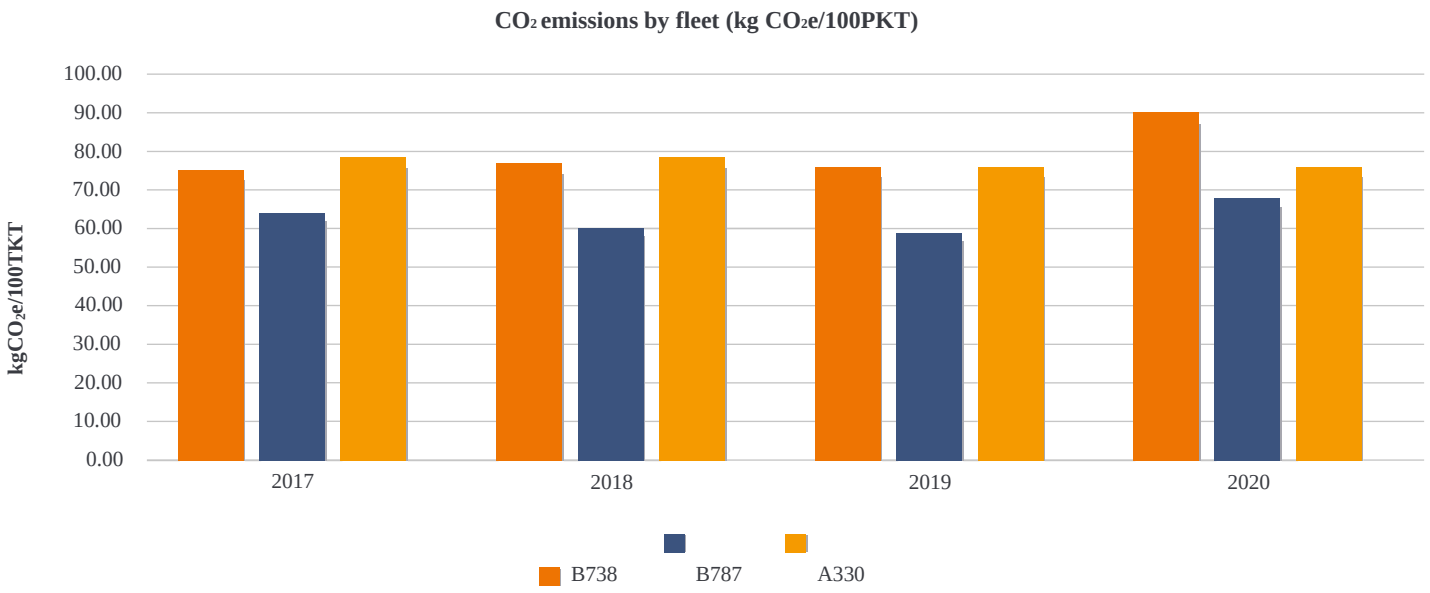
NON-AEA AOC	NO. FLIGHTS	t CO_2e	PKT	TKT	kg CO_2/100 PKT	kg CO_2/100 TKT
2017	36,915	198,039	1,744,029,297	175,935,404	11.36	112.56
2018	49,576	241,091	2,113,030,829	212,987,801	11.41	113.19
2019	54,446	282,490	2,636,873,545	266,041,121	10.71	106.18
2020	15,035	84,032	725,307,657	73,254,203	11.59	114.71
Historical average (2017-19)	46,979	240,540	2,164,644,557	218,321,442	11.16	110.65
2020 vs 2019	-72.39%	-70.25%	-72.49%	-72.47%	8.15%	8.03%
2020 vs Historical average	-68.00%	-65.07%	-66.49%	-66.45%	-66.45%	3.67%

By Air Europa fleet, the Company's newest fleet has the lowest emission intensity: the Dreamliner B788 and B789 are two of the most efficient long haul aircraft on the market.

The following graph shows the emissions by passenger-km and by tonne-km of the Air Europa fleets. The emission intensity of all the fleets has risen slightly despite the fact that, in net terms, the Air Europa fleet's emissions are down by 66.84%.

FIGURE 15. CO_2e EMISSIONS BY FLEET (AEA AOC)





3.2.6.3. Reduction of emissions

One of the Company's general goals is to reduce the emissions of the B737 fleet by 10% over 5 years (2019-2023).

In 2020 Air Europa operated 16,770 flights with its B737 fleet, 49.7% less than in the previous year. The number of passengers was down almost 60%, the occupancy being 20% lower.

Total emissions fell by 57.4%, however the emissions per passenger-km travelled and tonne-km rose by 21%. This is due to the drastic reduction in passengers carried and the lower occupancy rate. The following table shows the results obtained in 2018-2020.

Figure 16. CO_2e emissions of all flights operated under Air Europa's AOC

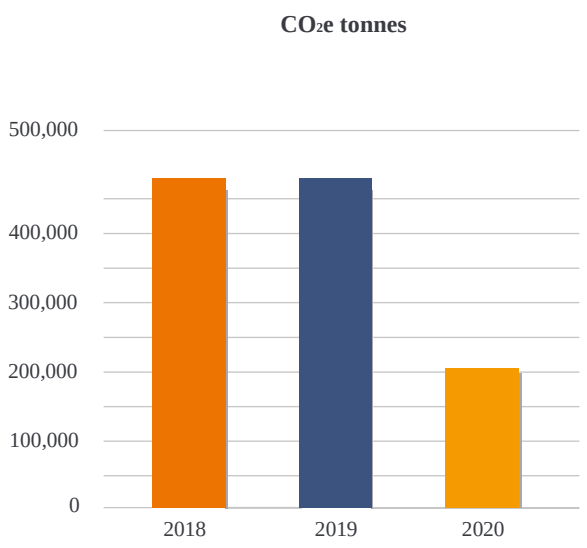
YEAR	NO. FLIGHTS	kg OF FUEL	t CO_2e	PKT	TKT	kg CO_2 /100 PKT	kg CO_2/100 TKT
2018	33,263	151,456,211	481,844	6,219,200,678	629,117,628	7.75	76.59
2019	33,360	151,309,470	481,377	6,293,585,163	635,703,955	7.65	75.72
2020	16,770	64,664,245	205,723	2,214,532,138	225,443,147	9.29	91.25
Total	83,393	367,429,926	1,168,945	14,727,317,979	1,490,264,730	8.223	81.19

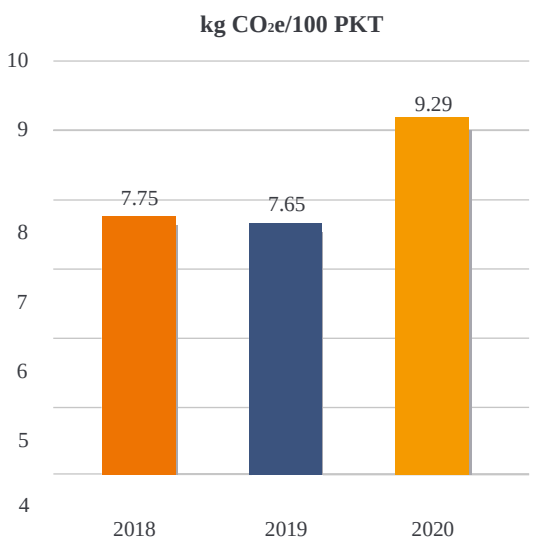
Comparing figures with the starting point (2018), the result is very similar, with a 49.6% reduction in flights and a 20% increase in the intensity of the emissions.

Figure 17. Goal to reduce B737 emissions. 2020 vs 2018

FLIGHTS OPERATED	PAX	t CO_2e	PKT	TKT	kg CO_2/100 PKT	kg CO_2/100 TKT
-49.58%	-58.68%	-57.30%	-64.39%	-64.17%	19.90%	19.14%

FIGURE 14. VARIATION IN CO_2 EMISSIONS (kg CO_2e/100 PKT and kg CO_2e/100 TKT) OF ALL FLIGHTS OPERATED





Actions to reduce emissions:

In 2020 it was not possible to take specific measures to reduce fuel consumption and, in fact, certain measures have led to a slight increase in fuel consumption, such as use of the APU (auxiliary power unit), which has increased because of having to force ventilation inside the aircraft during stops.

Boeing still has delivery of the new B737MAX on hold, therefore starting the changeover of the B737 fleet to the new more efficient fleet was impossible.

The following measures taken were continued:

- Maintenance of the data analysis software of fuel consumption and the related emissions.
- Replacement of aircraft carpeting for lighter materials, which reduces the overall weight of the aircraft and, consequently, its fuel consumption.

3.2.7. Waste

Two types of waste are generated by Air Europa:

- Non-hazardous waste: this type of waste is generated in all of the Company's activities, whether administrative or on-board during the in-flight service. Non-hazardous waste is separated by type in all the facilities and activities: paper, packaging, glass and other. However, no reliable data is available because the Company does not have its own facilities and therefore the waste products are mixed with those of other companies and the final weight that the manager could give us would not correspond to the waste generated by Air Europa.
- Special waste: this is waste that while not hazardous does require special treatment.
- Hazardous waste: waste that has any of the characteristics of hazardousness set out in Appendix III of Law 22/2011 on waste and contaminated soil.

Hazardous waste is mainly generated in aircraft maintenance activity and accounts for more than 95% of the total waste produced by Air Europa. All hazardous waste is treated by authorised management companies.
The waste of this type that can be generated in the offices consists of batteries and fluorescent tubes.

3.2.7.1. Environmental performance

As a result of the COVID-19 pandemic, 2020 is not representative of the Company's environmental performance.

The waste produced (in absolute kg) decreased 36%, with a much higher reduction in special waste (-68%) than in hazardous waste (-34%).

Figure 18. Waste generated in Air Europa by type 2020 vs 2019

	2019		2020		2020 VS 2019
TYPE OF WASTE	kg OF WASTE	% OF TOTAL WASTE	kg OF WASTE	% OF TOTAL WASTE	kg OF WASTE
Special waste	3,509	4.80%	1,133	2.41%	-67.73%
Hazardous waste	69,600	95.20%	45,784	97.59%	-34.22%
Total	73,110	100.00%	46,917	100.00%	-35.83%

By activity, **maintenance** generates almost 100% of all waste. The waste produced in this area has decreased by 36%.

In the case of the **offices**, the waste generated consists of batteries, toner and fluorescent tubes. The airport offices have gone from producing 0kg of waste in 2019 to 3kg in 2020, namely printer toners, 2kg of which was generated in the Madrid flight operations office. In the Llucmajor offices there was a 74% reduction because since mid-March most of the personnel have been furloughed and working remotely. In the sales offices the decrease was 19.4%.

The **Handling division** has decreased the waste generated by around 80%, the most common waste in this area being tyres and toner waste.

Figure 19. Waste generated by area 2020 vs 2019

TYPE OF WASTE	2019 kg OF WASTE	2019 % OF TOTAL WASTE	2020 kg OF WASTE	2020 % OF TOTAL WASTE	2020 VS 2019 kg OF WASTE
Ground handling services	42	0.06%	9	0.02%	-79.65%
Maintenance	72,992	99.84%	46,866	99.89%	-35.79%
Airport offices	0	0.00%	3	0.01%	3000.00%
Sales offices	36	0.05%	29	0.06%	-19.44%
Llucmajor offices	39	0.05%	10	0.02%	-73.97%
Total	73,110	100.00%	46,917	100.00%	-35.83%

The following table presents a breakdown of the waste generated by type and area in 2019 and 2020.

Figure 20. Waste generated by type and area 2020 vs 2019

TYPE OF WASTE	2019 kg OF WASTE	2019 % OF TOTAL WASTE	2020 kg OF WASTE	2020 % OF TOTAL WASTE	2020 VS 2019 kg OF WASTE
Special waste	3,509	4.80%	1,133	2.42%	-67.73%
Ground handling services	42	0.06%	9	0.02%	-79.65%
Maintenance	3,396	4.65%	1,085	2.31%	-68.05%
Airport offices	0	0.00%	3	0.01%	3000.00%
Sales offices	36	0.05%	29	0.06%	-18.07%
Llucmajor offices	36	0.05%	8	0.02%	-81.46%
Hazardous waste	69,600	95.20%	45,784	97.58%	-34.22%
Ground handling services	0	0.00%	0	0.00%	0.00%
Maintenance	69,596	95.19%	45,781	97.58%	-34.22%
Airport offices	0	0.00%	0	0.00%	0.00%
Sales offices	1	0.00%	0	0.00%	-100.00%
Llucmajor offices	4	0.00%	3	0.01%	-23.61%
General total	73,110	100.00%	46,917	100.00%	-35.83%

If the data by employee are analysed, a 26% increase in the waste generated per employee can be seen due to the almost 50% reduction in employees (Note: in the overall data , flight crew and cabin crew are considered in total employees, although they do not directly generate waste).

The greatest increase is in the airport offices due to the flight operations office in Madrid airport, a new department that prints a very large number of sheets per flight operated and in the sales offices due to the reduction in employees.

Figure 21. Waste generated per employee and area 2020 vs 2019

	2019			2020			2020 vs 2019		
	kg	EMPLOY.	kg/EMPLOY.	kg	EMPLOY.	kg/EMPLOY.	kg	EMPLOY.	kg/EMPLOY.
Ground handling services	42	58	0.73	9	19	0.45	-79.65%	-67.37%	-37.64%
Maintenance	72,992	476	153.45	46,844	367	127.78	-35.79%	-22.89%	-16.73%
Airport offices	0	34	0.00	3	37	0.08	100.00%	9.49%	100.00%
Sales offices	36	149	0.24	29	89	0.33	-19.44%	-40.48%	35.35%
Llucmajor offices	39	436	0.09	10	267	0.04	-73.97%	-38.67%	-57.55%
Total	73,110	3,862	18.93	46,917	1,968	23.84	-35.83%	-49.04%	25.92%

All of the planes are equipped with bins so that waste generated on board can be separated correctly. Fixed compartmentalised waste bins are installed for packaging and organic/other waste, as well as half-size waste trolleys. Paper, mostly newspapers, is stored in the overhead lockers and is collected by the cleaning personnel and deposited in the appropriate section at the airport recycling points.

- B737: this model has two compartmentalised fixed rubbish bins in the forward galley for packaging and organic/other waste and a further two fixed rubbish bins for packaging and organic/other waste, as well as capacity for a half-size waste trolley in the rear galley.
- A330 and B787: the number of waste bins varies depending on the plane and the length of its route. Long haul flights have more waste bin capacity than short haul. In general terms, they have fixed waste bins with separate sections for packaging and organic/other, half-size waste trolleys and packaging compactors.

In 2020, due to changes in healthcare legislation, certain waste could not be separated. The waste separation inspections on board could not be carried out due to the furloughs. It is expected that all procedures and inspections can be resumed in 2021.

3.2.7.2. Maintenance

As maintenance is the activity that generates almost all of the hazardous waste, a detailed analysis is carried out. Information on the breakdown and treatment of the remaining hazardous waste generated by the Company can be found in the Environmental Declaration.

As previously indicated, 34% of the Air Europa fleet was grounded and in storage during 2020. If an aircraft is not flown, rust starts to appear, bacteria grows in the fuel tanks and the drinking water system, grease dries out, gear mechanisms jam, batteries lose charge, in other words, all of the plane deteriorates. To prevent this deterioration preservation maintenance is carried out that includes:

- Firstly, all sensors and air inlets (any holes) are covered with plastic and tape, which prevents birds or mosquitos nesting in them or any kind of pollutant entering. The plastic is periodically checked to ensure that it has not come away. The wheels and brakes are also covered up as well as engine entry and exit points.
- All fuel tanks are drained, both at the start and periodically, to remove any water condensation and stop any bacteria growing.
- The drinking water and sewage systems are drained.
- All flight surfaces, the landing gear and doors i.e. all moving mechanisms are greased, so that they will not cause problems when they have to be used again.
- Dehumidifiers are placed in the engines, the cabin and in the electronic equipment bays. As well as the humidifiers, humidity control strips are put in place that are periodically checked and if the humidity exceeds 60% the aircraft is heated to dry it.
- All windows are protected with opaque film so that the light cannot damage upholstery and interiors.
- Batteries are disconnected so that they do not lose charge due to the passive consumption of equipment in standby mode.
- Depending on the type of parking used, with more or less frequency, the engines are started for half an hour once a month, all flight surfaces are moved (weekly) and all electronic equipment is switched on.
- Finally they are put back into service, which consists of removing all the plastic and checking all the systems one-by-one to ensure they are working correctly.

Furthermore, in 2020 the following important changes took place in the Maintenance division:

• The unit at TFS (Tenerife South airport) was closed completely in October 2019. Consequently the historical data for TCI (both of the Tenerife airports) include TFN (Los Rodeos or Tenerife North airport) and TFS, however from that date onwards the consumption corresponds only to TFN. The surplus vehicle in Tenerife was transferred to AGP (Malaga airport).
• The unit at VLC (Valencia airport) closed in March 2020.
• The unit at AGP became a permanent site under the administrative control of BCN (Barcelona).
• In November a maintenance unit was opened in Ciudad Real (CQM) for the preservation of aircraft that are not in use. This unit reports to BCN and MAD (Madrid).

The Maintenance division has been one of the least affected by the furloughs, with a workforce reduction of 23%. The following table shows the number of employees by maintenance area and the percentage variation compared to the previous year.

Figure 22. Maintenance employees by area 2020 vs 2019

MAINTENANCE AREAS	2019	2020	2020 VS 2019
Warehouse	65.7	54.7	-16.75%
Training	16.6	14.4	-13.47%
Line	272.2	193.4	-28.96%
Office	121.3	104.4	-13.91%
Total	475.7	366.8	-22.89%

By base, while in BCN and training at Llucmajor the reduction was less than 15%, at other bases it was above 20%, with LPA (Las Palmas, Gran Canaria) being the worst affected with a 31.6% reduction.

Figure 23. Maintenance employees by base 2020 vs 2019

BASES	2019	2020	2020 VS 2019
BCN	21.8	19.4	-11.24%
LLU	16.6	14.4	-13.47%
LPA	37.5	25.6	-31.65%
MAD	210.8	159.9	-24.15%
PMI	189.0	147.6	-21.93%
Total	475.7	366.8	-22.89%

The waste generated by maintenance has decreased compared to the previous year, in both absolute terms (-35.8%) and per employee (-18.6%). In the case of training maintenance, there has been a significant rise in the waste generated as out of date and unusable material was withdrawn from the workshops.

Figure 24. Waste generated in maintenance by area and base 2020 vs 2019

	STARTING POINT 2019			RESULT OBTAINED 2020			COMPARISON (2020 vs 2019)		
	kg	EMPLOY.	kg/EMPLOY.	kg	EMPLOY.	kg/EMPLOY.	kg	EMPLOY.	kg/EMPLOY.
Base	70,842	459	154.31	45,483	352	129.06	-35.80%	-23.23%	-16.36%
BCN	3,681	22	168.60	1,340	19	69.14	-63.60%	-11.24%	-58.99%
LPA	1,829	38	48.76	558	26	21.77	-69.48%	-31.65%	-55.35%
MAD	59,328	211	281.51	39,536	160	247.32	-33.36%	-24.15%	-12.15%
PMI	6,004	189	31.77	4,049	148	27.44	-32.56%	-21.93%	-13.62%
Unit	2,132	0	N/A	1,052	0	N/A	-50.66%	0	N/A
AGP	480	0	N/A	223	0	N/A	-53.54%	0	N/A
CQM	0	-	N/A	97	0	N/A	-	0	N/A
LCG	254	0	N/A	129	0	N/A	-49.21%	0	N/A
TCI	710	0	N/A	471	0	N/A	-33.66%	0	N/A
VLC	688	0	N/A	132	0	N/A	-80.81%	0	N/A
Training	19	27	2.79	331	31	10.68	1680.71%	14.81%	283.61%
LLUC	19	27	2.79	331	31	10.68	1680.71%	14.81%	283.61%
Overall total	72,992	486	150.16	46,886	383	122.23	-35.79%	-21.12%	-18.60%

Variations in the waste generated by type have been very disparate and although the vast majority have fallen, some have increased such as adhesives and sealants, laboratory reagents, etc. due to:

- Changes in the type of maintenance
- Expiry dates and the withdrawal of unusable substances and products.

Figure 25. Variation in the quantity of waste by type generated in maintenance (includes units and training)

TYPE OF WASTE	STARTING POINT 2019		RESULT OBTAINED 2020		COMPARISON (2020 vs 2019)	
	kg	kg/EMPLOY.	kg	kg/EMPLOY.	kg	kg/EMPLOY.
Absorbents	19,781	40.69	15,684	40.91	-20.71%	0.52%
Oils	6,554	13.48	3,625	9.45	-44.69%	-29.88%
Adhesives, sealants, resins and silicones	458	0.94	896	2.34	95.63%	148.02%
Empty aerosols	302	0.62	159	0.41	-47.26%	-33.14%
Batteries and accumulators	3	0.01	69	0.18	2200.00%	2815.84%
Fuel	17,047	35.07	8,736	22.78	-48.75%	-35.03%
Solvents	259	0.53	0	0.00	-100.00%	-100.00%
Contaminated empty containers	19,849	40.83	13,310	34.71	-32.94%	-14.99%
Oil filters	1,193	2.45	664	1.73	-44.34%	-29.44%
Air filters	2,318	4.77	642	1.67	-72.30%	-64.89%
Grease	51	0.10	0	0.00	-100.00%	-100.00%
Alkaline and salt water batteries	58	0.12	6	0.02	-89.6%	-86.89%

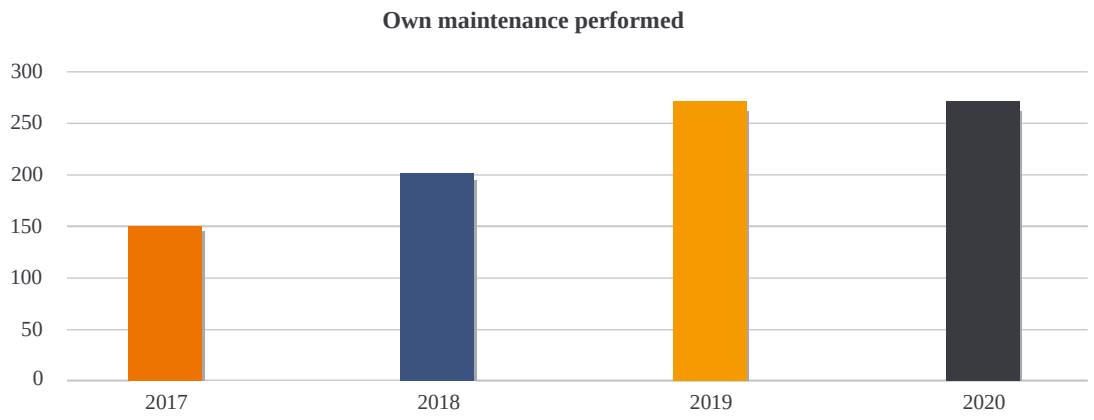
Nickel–cadmium batteries	39	0.08	95	0.25	100.00%	100.00%
Paints	2,495	5.13	1,952	5.09	-21.76%	-0.82%
Laboratory reagents	218	0.45	113	0.29	100.00%	100.00%
Printer toner	208	0.43	119	0.31	-42.82%	-27.50%
Bulky waste	8112	1.67	318	0.83	-60.84%	-50.35%
Paper and cardboard	144	0.30	183	0.48	27.08%	61.11%
Fluorescent and halogen lamps	1,397	2.87	490	1.28	-64.92%	-55.53%
Grand total	72,992	150.16	46,886	122.23	-35.79%	-18.48%

Own maintenance, including the A-Check, C-Check and Work Package and excluding the daily, weekly and biweekly maintenance has remained stable compared to 2019.

Figure **26. Variation in own maintenance performed**

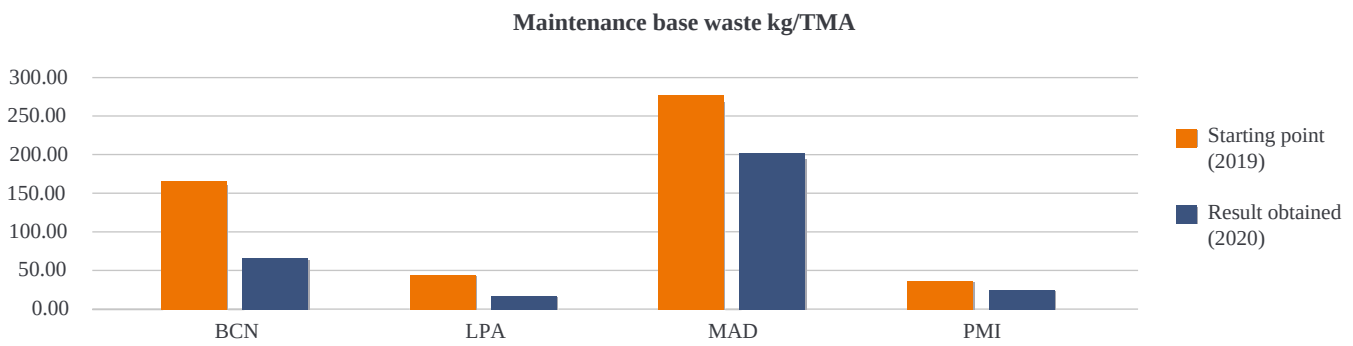
	2018	2019	2020	2020 VS 2019
LPA	8	29	11	-62.07%
MAD	179	151	135	-10.60%
PMI	16	76	115	51.32%
AGP	-	1	-	-100.00%
BCN	-	11	9	-18.18%
Total	203	268	270	0.75%

FIGURE 15. VARIATION IN NO. OF OWN MAINTENANCE PERFORMED



The waste generated per employee has decreased at all the maintenance bases.

FIGURE 16. WASTE GENERATED BY AMT IN THE MAINTENANCE BASES 2019 AND 2020



In the case of training maintenance, there has been a significant rise in the waste generated because, as indicated above, unusable material was withdrawn from the workshops.

Actions to reduce the generation of hazardous waste and improve its management

- The Management Systems Department controls all waste generated by Air Europa via the GESMED tool.

- Training workshops were arranged for aviation maintenance technicians on waste and waste management and on what to do in the event of leakage or spills. In 2020 two online training sessions were held and a video has been prepared that will be available in 2021 to provide training to all AMTs and raise their awareness.

3.2.8. Environmental compliance

Mechanisms to evaluate legal compliance

Legal compliance is evaluated using an IT tool, ASECORP. The evaluation of compliance with legal environmental requirements is performed by Management Systems Department personnel on a biannual basis by means of the tool hired for the following work centres: The Balearic Islands, the Canary Islands, Madrid, Barcelona, Malaga, Galicia and Valencia where Air Europa carries out its aircraft maintenance activities.

Infringements, penalties and complaints of an environmental nature

At the date of this report, no penalty proceedings had been initiated in this regard against Air Europa.

3.2.9. Suppliers and subcontractors

Environmental criteria on selecting suppliers

Air Europa is acutely aware of the important role played by suppliers and contractors within the context of the organisation, and has therefore put a system in place to report, monitor and assess environmental specifications to ensure efficient and sustainable management of its activities. (AEA-PE0-032 - Control of Aspects Concerning Contractors and Suppliers)

Air Europa's supplier management enables it to verify their compliance with legal requirements and with its environmental management system, as well as with the airline's environmental goals.

Air Europa ensures that all suppliers adhere to the same environmental standards through the inclusion of special environmental clauses in all contracts and agreements entered into. (AEA-PG-004.- Procurement and Assessment of Suppliers).

All environmental aspects derived from the activities and services of Air Europa's suppliers with a major impact on the environment are assessed using objective criteria to determine their significance for the management system. (AEA-PG-007.- Identification and Assessment of Environmental Aspects).

Air Europa carries out audits to assess the performance of its suppliers and the associated environmental risks. The audits and inspections planned for 2020 were cancelled because Air Europa's entire audit team was furloughed.

3.3. Description of the Management System in place at Be Live Hotels

We will now describe the actions taken, mainly over the past year, and the planning to be undertaken by our hotels in Spain as regards issues concerning the environment, quality, the economic development of local communities, social activities, and the care of our employees and customers.

The environmental commitment undertaken by Be Live Hotels has led us to adopt measures that enable balanced growth that is respectful to the local communities where our hotels are located. To that end, we have sought to expand the action plan, not only in terms of the environment, but also on a social, economic and cultural level and with the utmost respect for human rights.

In addition to the sustainable actions, this report will also present the full-year results of the implementation and review of the Integrated Management System to ensure adaptation to and compliance with the requirements of the UNE-EN ISO 14001:2015 and UNE-EN ISO 9001:2015 standards, as well as the Travelife seal.

The management, collaborators and workers of Be Live Hotels have set out a series of undertakings:

- Offer a warm welcome to our customers.
- Guarantee the very highest quality in the services and products offered, integrating this aspect within the planning and decision-making processes.
- Adopt measures enabling us to prevent pollution, minimising consumption and the waste, discharges and emissions generated by our activities, promoting the conservation of natural resources and improving energy efficiency.
- Meet the statutory and regulatory requirements, as well as the UNE-EN ISO standards 14001 and 9001 and the Travelife sustainability criteria.
- Monitor and follow up on any complaints and suggestions made by customers and adopt the necessary measures.
- Effectively and efficiently manage hazardous waste by training personnel.
- Inform stakeholders of all of the sustainability policies with a view to seeking their support and raising awareness.
- In line with the process of ongoing improvement, define, set in place and periodically review compliance with the sustainability policies and our Sustainable Management Programme to meet the targets set.
- Require suppliers and subcontracted companies to operate in line with environmental and quality criteria similar to the principles described in this document.
- Maintain specific areas with recycling points in common areas for urban waste and an internal disposal site for separating special and hazardous waste.
- Motivate hotel personnel by publishing their initiatives in Be News, the magazine for agencies and tour operators, on our website, on the employee portal and in the in-house magazine Fórum.

The Integrated Management System Manual was also introduced in 2018. The Integrated Management System Manual is the core document of the Quality and Environmental Management System in place at the Be Live Hotels chain. It details the structure of the system set in place in relation to each of the sections of the *standards UNE-EN ISO 14001:2015 "Environmental management systems. Requirements with user guidelines"* and UNE-EN ISO 9001:2015 *"Quality management systems. Requirements*". The Integrated Management System covers all areas at the Organisation's centres (HQ and hotels), all of the activities and the services rendered and must be observed by all personnel at the Organisation involved in the relevant areas.

3.3.1. Integrated Management Policy

The management of the Organisation has designed the Integrated Management Policy, alongside the other sustainability policies approved, and all Be Live personnel undertake to abide by it.

It is available to the general public on the website, within the section on each hotel, in a link at the bottom of the page to "Sustainability":

www.belivehotels.com

All of the members of the chain can access the policy at a range of sites, such as notice boards or the employee portal. It is available to customers and the general public at hotel receptions, not only on the notice board, but also on tablet devices.

3.3.2. Actions for dealing with risks and opportunities. Goals

Once a year, the director of the hotel establishment conducts a risk assessment in the form of a series of established procedures. Specifically in this case, *IT DIR 07 Identification and assessment of risks and opportunities*.

The Working Instruction *IT.DIR 01 "Identification and assessment of environmental risks"* details the system to be used by the hotels in order to identify and assess any **environmental aspects** of their activities and services that may have a significant impact on the environment.

Every year, each hotel must perform an assessment of its risks and opportunities with a view to preventing and mitigating any impact that carrying out its activity might cause, with regard to the environment and the quality of service offered.

The risks and opportunities are usually very varied depending on the characteristics of the location, category, type and nationality of the customers, the hotel infrastructure and personnel.

Nevertheless, due to the COVID-19 pandemic the greatest risk that our hotels ran throughout all of 2020 has been the risk of having insufficient customers and being forced to close their doors.

In March 2020 all of our hotels closed their doors. The first establishment to open was the *Be Smart Terrace* apartments in Portugal on 31 May 2020. Some were able to open on 1 July 2020, the *Be Live Adults Only Marivent* (which was forced to close on 9 November 2020); the *Be Live Experience Orotava* (forced to close again on 27 September), the *Be Live Collection Palace de Muro* (which closed on 7 September), the *Be Live Family Palmeiras Village* (which closed on 2 November).

The *Be Live Experience La Niña*, risked opening on 15 July and is still open at the date this report was prepared; and the *Be Live Experience Lanzarote Beach*, which has closed twice since opening, once on 14 September, opening again on 31 October; and a second time on 6 January 2021 until the date of preparation of this report.

Lastly, the *Be Live City Center Talavera* opened its doors on 5 September, closing again on 27 September until the present date.

The common risks of this very unusual 2020, apart from the loss of customers, has been the rise in debt as a result of the low revenues. Also the loss of perishable food goods, due to the sudden closure, without any leeway to sell these goods and not purchase supplies days before closing, as well as when hotels have remained open, the uncertainty of when guests would arrive, has led to food still being wasted due to last minute cancellations.

All essential and food safety services have continued to be contracted. A contract is in force with Biolinea, so that we thus minimise the risk of illnesses arising from the water or the handling of food.

To mitigate the risk of equipment breakdowns at Be Live Hotels, preventative maintenance agreements have been arranged with external companies, which regularly ensure equipment is functioning in accordance with legal standards. Our own personnel in charge of Technical Services are responsible for periodically ensuring the proper functioning of equipment and, should a fault be detected, advise the maintenance companies to effect repairs.

3.3.3. Competition and decision-making

In 2020, our competitors have been severely affected by the worldwide situation triggered by COVID-19 as much as we have. The pandemic has affected various economic sectors, one of which has been and continues to be the Tourism sector.

The consumption of energy and water resources are the most significant internal weaknesses. All machinery such as boilers, water pressure, osmosis and water softening equipment, have been kept in operation in the majority of our hotels, despite low occupancies. Attempts have been made to minimise consumption as much as possible. However the following for example have had to be left in operation: some lifts, lighting in certain communal areas, the fire alarm system, cooling systems, etc.

With regard to external risks, the incipient instability of receiving tourists can be highlighted. As well as the constant regulatory changes and discord between the origin and destination countries, which went hand in hand with the infection curves. One of the most significant external threats has been the possibility of infection in a hotel. Despite this all the measures recommended by the WHO were taken and action protocols were implemented on reopening post lockdown and during the rest of the year.

Furthermore, the commitment of our hotels' management to offer the best possible service to our guests in spite of the adversities faced throughout 2020 is a strength to be highlighted. The need to improve service quality, introducing a management system and seeking constant improvement. The rapid response in implementing the safety measures recommended by the WHO and the central and regional governments in our hotels to offer our customers a safe environment.

Lastly, as an opportunity we can point to the emergence of new technologies created to ensure our customers' and employees' safety, which help us to improve the service offered and make employees' work easier. As well as the need to create new registers to document the actions that were hitherto carried out automatically and now have to be recorded in computerised form or, in the absence thereof, on paper.

3.3.4. Communication

We are aware that good communication has a direct impact on final quality and, therefore, provides added value for our customers. We use the

following communication channels:

- **Internal communication** via daily or weekly briefings of the different department heads and hotel management, department heads and their staff, always maintaining a safe distance and wearing masks. Also, regular training sessions given by various outside contributors and companies hired for such purposes.
  Employees have access to a corporate Intranet, called the Employee Portal, which contains up-to-date information.
- **External communication** with stakeholders via the various means we have available.
  This communication can be via the press, for example, to convey our achievements following an external audit. Via our website or tablets in the hotel reception areas where we explain our policies. Through emails to public bodies, such as local councils, regional departments or island authorities, etc. We also inform our suppliers and creditors about the policies and commitments of the Be Live Hotel chain.

• **Direct communication** with guests on receiving and responding to complaints or suggestions once the guests are in the hotel.

3.3.5. Planning and operational control

Thanks to the working instructions and our standardised registers for the entire chain, based on the Integrated Quality and Sustainability Management System (ISO 14001, ISO 9001 and Travelife), we carry out operational control. Consequently, it is very easy for us to analyse the points that may present impacts on the quality of the service and the environment.

With regard to the environment, despite the pandemic, we have continued recording the waste generated in the hotels that are open, the energy and water data, the atmospheric emissions from our boilers (those functioning), water quality (with the external company Biolinea in Spain and Portugal; and Cristal in the Dominican Republic), noise and vibrations (once every five years), the maintenance of facilities and equipment, storage, the use and handling of fuel and products presenting an environmental risk, as well as the management of purchases, supplies and subcontracting.

3.3.6. Preparation and response in the event of emergency

We have working instructions that are explained to and known by the personnel of each hotel, which include indications on fire prevention and how to act should a fire break out. These can be seen in IT.SSTT 04 Fire Prevention.

A COVID-19 action protocol and a contingency plan have been created, which have been implemented in the hotels that have been open at any time since the pandemic. In addition a Health and Safety Committee has been formed or, in its absence, a COVID-19 Management Committee, to ensure compliance with the requirements of the protocol.

As soon as our hotels in Mallorca open, CO2 meters will be installed in order to comply with the Spanish government's council of ministers' agreement dated 27 November 2020, which established the levels of the healthcare emergency and approved the new plan of exceptional prevention, containment and coordination measures to address the health crisis triggered by COVID-19, published in the Official Gazette of the Balearic Islands (BOIB) on 28 November 2020.

Training courses have been ongoing, whether external or in 2020 internal courses, provided by management or any certified member, which have been recorded in the Training Plan register.

Attendance is strictly controlled as all the establishment's personnel must receive training on prevention measures, the environment, quality, etc.

Every year two drills are performed: a fire drill carried out by Globalia Prevention and an environmental emergency drill. The latter is carried out to minimise the possible environmental impacts that could be caused by an environmental emergency.

3.3.7. Monitoring, measurement, analysis and evaluation

Various measurement and monitoring documents are prepared for periodic review.

The environmental aspects and assessment of regulatory compliance are reviewed annually. Also the Sustainable Management Programme, which is also known as the Programme of Goals and Targets, in which we have included an environmental part and a quality part.

In R.SSTT 07 01-07 we analyse the generation of waste; urban waste, hazardous and special waste.

Details are provided below of the energy consumption that we control on a daily basis in each hotel in the R.SSTT 07 08-09, in this case controlled generically for all the Be Live hotels located in Spain.

It should be mentioned that the ratios are not the expected ones, they are even worse than in other years, due to the COVID-19 pandemic. This situation has forced us to keep most of the hotels closed or semi-closed. With few or no stays in 2020, but having to maintain temperatures in the different communal areas, the restaurant area, leisure areas, etc. with the ensuing rise in consumption, while constantly trying to minimise this, to avoid the least rise in consumption, and thus obtain the consequent economic saving.

Figure 27. Comparison of energy consumption owned and rented Be Live hotels 2020-2019 water, electricity, gas and diesel

WATER (m^3)	WATER M^3/STAY RATIO	ELECTRICITY kWh	ELECTRICITY kWh/STAY RATIO	GAS L	GAS kWh	GAS kWh/STAY RATIO	DIESEL L
1,685,774.00	0.64	65,786,089.19	24.99	1,598,319.11	11,348,065.68	4.31	1,061,137.51
1,435,713.00	2.25	16,023,978.95	25.13	574,860.71	4,081,511.03	6.40	234,700.53

As indicated previously, stays in 2020 have amounted to 25.8% of total stays in 2019, therefore other consumptions have declined significantly for this reason. Nevertheless, as also mentioned previously, the ratios have increased due to the low level of stays and the minimum operating of the necessary machinery to provide the service to customers, for example, lighting in communal areas, the temperature control systems, cooling systems, certain lifts, etc.

In 2019 we recorded a total of 2,632,220 stays in owned and rented hotels. In the whole of 2020 we had 637,547. In total, revenues were down 75.78%.

We can see that the total consumption of electricity by owned and rented Be Live Hotels in 2020 represents 75.64% of the total electricity consumption invoiced in 2020, followed by gas at 64.03%, water at 14.83% and lastly diesel at 77.88%.

Motion sensors were installed in communal areas and more than 95% of the traditional lightbulbs were replaced with low consumption lights or LEDs in all the hotels as measures to reduce electricity consumption. Furthermore all non-essential machinery was switched off, new lower power levels were contracted from the energy supplier, among other measures to minimise consumption, while respecting the minimum requirements of hotel personnel and guests.

3.3.8. Evaluation of compliance

As regards the monitoring, measurement, analysis and assessment of the actions carried out in our hotels, the following points of the customer complaints and suggestions are reviewed, as they provide us with feedback on the quality of the service that we offer and how we can improve:

Handling of complaints

All complaints are immediately reported to hotel management to try and resolve them as quickly as possible. Two records have been created: one in reception R.REC 15 Complaints, Suggestions and Compensation; and another for the restaurant R.RST 09 Customer Complaints and Suggestions. They enable us to analyse the level of complaints received directly by the hotel over the short/medium term.

Despite this, when guests are not satisfied with the solution offered by the hotel or they have not directly reported their complaint to the hotel, we have a Customer Relations department, which handles all complaints made after leaving the hotel, aimed at offering some form of economic compensation, such as a refund, a free stay in the future, etc.

The ratio of complaints per 1000 reservations in recent years in the area of Spain and the Dominican Republic, which are the chain's owned and rented hotels, can be seen below. Every year that has gone by we have managed to reduce the number of complaints and we firmly believe that this is due to the standardisation of the services through set guidelines such as ISO 9001 and ISO 14001 and the Travelife seal, as well as the ongoing training of our personnel, which means that potential complaints are efficiently handled.

Figure 28. Ratio of complaints per 1,000 reservations in recent years, from 2017 until 2020

Ratio (claims per 1000 reservations)	SPAIN	DOMINICAN REPUBLIC
2017	6.61	8.13
2018	6.06	7.54
2019	5.93	7.04
2020	2.20	3.72
Difference	-3.73	-3.32

Figure **29. Comparison of complaints received per reservations made in 2020**

	SPAIN	DOMINICAN REPUBLIC	AVERAGE
Claims RECEIVED	193	559	752
Reservations	87,750	150,204	237.95
Ratio (claims per 1000 reservations)	2.20	3.72	3.16

The data has been taken from the Customer Relationship Management (CRM) program, which is used by the Customer Relations Department for all hotels in the Be Live chain.

In addition, we have also stipulated that internal audits must be carried out annually. Due to the current situation, the 2020 audits have been postponed until 2021, provided that normal activity is resumed, because we have encountered travel restrictions as well as the fact that most hotels have been closed and those that were open had minimum staffing levels.

Internal audits are carried out annually, in which the people in charge of management systems at various establishments, together with the Central Sustainable Management team, visit other hotels in the chain to verify their compliance.

We use the Review Pro programme, which gives us an overall view of all comments posted on the various online platforms, such as Booking, TripAdvisor and Google, coupled with internal questionnaires sent to customers that have provided us with their email address. This tool enables us to take a more analytical approach and detect changes with respect to the previous year.

Each hotel has its own register known as R. DIR 10 Non-Conformities in which all deviations detected internally are recorded, whether as a result of follow-up by the hotel manager or the head of Quality and Sustainability, or through internal audits. The register is also used to record deviations found externally, through external audits by tour operators or authorised bodies, health inspections, etc.

Most of the non-conformities in this last year are related to ISO 9001, from the laboratory reports of the monthly audits, as well as the collection of water for consumption and food samples (Biolinea), as well as compliance with the rules for the prevention of COVID-19 in our establishments, also managed by Biolinea. All deviations in compliance are recorded and followed up to ensure they do not reoccur.

The external consultancy firm ASECORP compiles the environmental and industrial safety legislation applicable to the organisation's activities in the form of the "My legislation" and "Evaluation of compliance" databases, which will serve as an uncoded internal record, kept up to date with such sources of legislative information as:

- Official Gazettes
- Official central government and autonomous community bodies with competences in industrial, environmental, health and tourism legislation.
- Municipal councils (municipal ordinances)
- Hotel associations

3.3.9. Audits

To ensure that the system complies with the requirements under ISO Standards 9001:2015 and 14001:2015 and that it is duly implemented and is efficient, internal audits are conducted in line with Working Instruction IT.DIR 11 “Internal Audits”. External audits have been carried out on an annual basis since 2014.

In 2014, we started to create new registers and give training sessions to hotel personnel, firstly to the directors and those in charge of environmental management, who, in turn, trained all hotel staff in order to obtain **ISO 14001:2004** Environmental Management System certification. In addition to making our practices and facilities environmentally friendly, the certification also helped us gain knowledge of the energy consumption of each hotel and the measures to be taken to reduce it. We have always worked with SGS España as regards obtaining the certification.

In 2016, during the follow-up audit for ISO 14001, we adhered to the new 2015 Standard, which is much more exhaustive and features new registers. Since then, all of the aforementioned hotels have **ISO 14001:2015** Environmental Certification.

From 2016 onwards, we upped the focus on sustainability, which also encompasses animal welfare, the economic development of the local community, and taking care of our employees and customers. As a result, we obtained **Travelife** certification on an individual basis.

In 2018, we implemented a documentation system (manuals, registers, working instructions, procedures, etc.) to draw up quality standards that would be reflected on a daily basis in our customer service in order to obtain ISO 9001: 2015, certification, which we satisfactorily received in October 2019.

In 2019 it was decided that the Dominican Republic hotels should be prepared to obtain ISO 9001:2015 certification, consequently the directors and those responsible for quality took the course and on 1 February 2021 all the standardised documents will be put into place in the four hotels. We hope that in 2021 they will be able to obtain SGS certification.

In 2020 no audits were carried out, having agreed with the awarding entities that these will be postponed until our hotels resume a minimum level of normal activity.

3.3.10. Improvements

The implementation of ISO 14001:2004 in 2014, the adaptation of the registers and procedures to obtain the new ISO 14001:2015 Standard in 2016; the Travelife certification and the ISO 9001:2015 quality certification in 2018, involved making major changes across the organisation for continuous improvement.

The following steps have been taken:

- Installation of a final disposal site where all waste is separated, both non-hazardous waste as well as special and hazardous waste. Also the hiring of an authorised waste management company, from which we request the waste treatment agreements to ensure that our waste is actually conveyed to an authorised recycling plant.
- Installation of recycling points around the hotel so that employees and customers can separate urban waste correctly.
- We are currently working with a company to eliminate the generation of single-use plastics at our hotels. Our goal is to eliminate single-use plastic packaging entirely in 2021. So far, we have removed the majority of the amenities that we previously supplied to guest bedrooms, leaving only three: shower gel, hand gel and shoe shiner.
- The handling of light packaging waste, glass, paper and cardboard has improved, as has the management of hazardous waste (HW) and other special waste (vegetable oils, WEEE, etc.)
- New innovative measures are constantly being studied to manage electric power and gradually eliminate the use of fossil fuels.

As indicated in the *Energy consumption* section, measures have been taken to reduce the water consumption/customer stay ratio, as well as to reduce noise emissions, minimise the risk of spills and leakages, reduce the risk of fire and improve the management of atmospheric emissions.

We also promote the recycling of resources rather than discarding them as a first option. We have requested more environmentally-friendly products from our suppliers and encouraged our employees to reduce the use of chemical products in swimming pools.

We have also improved the internal and external communication of our environmental management.

3.3.11. Certification

ISO 14001 is an environmentally-oriented management system. This certification helps to optimise the treatment of resources and waste and reduce adverse environmental impacts deriving from activities, while also motivating personnel by providing them with clear working procedures, records and instructions. The use of recyclable products is encouraged, while also seeking alternatives to single-use waste, which will be legally mandatory as from 2021.

2015 was the first year audits were conducted at the Spanish hotels. As things stand, the ISO 14001 certificate was issued in December 2017, and is valid from 8 February 2018 to 29 December 2020.

ISO 9001 seeks to ensure customer satisfaction over their entire relationship with the hotel chain. From their hotel reservation at the point of origin until they return home and take a few minutes to give their opinion on their experience in the hotel, including their stay in the hotel. The documentation implemented seeks to facilitate ongoing improvement by making efficient working methods available to personnel.

2018 was the first year the audits for this certification were conducted at the Spanish hotels in the chain. This certificate is currently pending receipt.

The process for renewing both ISO certificates can be divided into two:

- Internally, in the month of October, inspections are carried out at each hotel by either the relevant directors or the Sustainability Department of Be Live in order to verify compliance with all aspects of the above standards. An internal audit report is drawn up, detailing any “failures to comply” detected, which must be remedied prior to the external audit.
- Externally, the certification company SGS audits Globalia’s hotels in the months of November and December each year. Various on-site inspections are generally carried out at the establishments, and the rest of the audit is conducted in writing at the Llucmajor head office. All of the multi-site hotels must be audited on-site every 3 years. The renewal process is carried out via the audits performed by SGS, checking to ensure that all of the records have been correctly filled in, and that the hotel personnel is effectively trained, informed and engaged and performs the functions detailed in the working procedures and instructions.

The **Travelife** certification, valid between 2018 and 2020, as well as being highly valued by leading tour operators worldwide, helps enhance the resources in place at each hotel, by taking on more local staff, using regional products and efficiently managing food-related processes (preventing waste), among other initiatives already in place thanks to the ISO certificates.

Travelife conducts an on-site audit of the hotels in Spain (except for the Florida Plaza apartment) and Portugal (only the Be Live Palmeiras) every two years. The next audits are scheduled for May 2020.

While the three international certificates initially call for some effort on the part of all of the hotel personnel, they soon recognise the added value and ease, since day-to-day functions are clearly defined.

Reports such as the "**Environmental Management Certification (ISO 14001): Effects on Hotel Guest Review**", prepared by Cornell University, have revealed that hotels in possession of an environmental certificate receive better customer reviews.

According to **ABTA (Association of British Travel Agents)**, demand for sustainable accommodation is on the rise. “*Customers believe their travel company should ensure that they are helping the local people and economy*”.

According to **TripAdvisor**, 71% of the customers surveyed will reserve more sustainable travel options over the coming 12 months. According to the **Los Angeles Times**, “*Holidaymakers feel better for choosing environmentally and socially aware hotels*”.

From the customer’s standpoint, these certificates guarantee guests certain minimum quality standards as opposed to other uncertified hotels. It is worth noting that the three certificates complement one another, adding up to more than the sum of their parts.

3.4. Description of the Management System in place at Groundforce

3.4.1. Description of the Management System

Geographical scope

Activity: Aircraft, passenger, cargo and mail ground handling services.

These encompass the following activities:

Passenger services	- Ticket sales and collection of the specific extras of each airline - Passenger and baggage check-in - Passenger information - Assistance to passengers with specific needs (unaccompanied minors, VIPs, Groups, etc.) - Passenger assistance during the boarding process - Baggage search services (Lost & Found)
Ramp services	- Loading and unloading of luggage and cargo - Management, storage and transport of luggage and cargo - Passenger and crew transports - Aircraft cleaning services - Towing and push-back of aircraft - Auxiliary, electrical and air conditioning equipment - Aircraft de-icing services
Operations and load control	- Crew assistance - Supervision of fuel supply - Ground-to-air communications - Coordination of catering and cleaning services - Control of ULDs - Centralised load planning and load sheets (CLC) - Assistance during engine start-up
Additional services	- Baggage delivery service - Technical, administrative and financial management of the airport network from central services

Basic data on activity for the breakdown of indicators

	FLIGHTS HANDLED			PASSENGERS HANDLED			CARGO HANDLED (kg)		
BASE	2019	2020	DIFFERENCE	2019	2020	DIFFERENCE (%)	2019	2020	DIFFERENCE (%)
AGP	23,733	8,980	-62.16	3,253,299	943,465	-71.0	1,040,098	431,532	-58.51
ALC	11,504	3,972	-65.47	1,359,599	367,460	-73.0	166413	25599	-84.62
BCN	51,219	19,564	-61.80	8,039,247	2,053,557	-74.5	55,156,649	32,642,064	-40.82
BIO	14,837	4,303	-71.00	1,650,105	360,236	-78.2	66,188	21,980	-66.79
FUE	15,933	5,850	-63.28	2,609,424	830,874	-68.2	165,195	41,687	-74.76
IBZ	17,249	4,803	-72.15	2,274,286	377,235	-83.4	83,371	42,894	-48.55
LPA	35,735	12,329	-65.50	5,415,523	1,808,019	-66.6	5,159,639	3032,532	-41.23
MAD	96,122	35,098	-63.49	14,390,230	4,280,623	-70.3	113,404,717	50,424,809	-55.54
PMI	44,043	15,757	-64.22	5,837,556	1,510,384	-74.1	1,544,838	665,745	-56.91
TFN	11,478	2,131	-81.44	1,189,381	310,303	-73.9	3756.782	1,619,907	-56.88
VLC	31,735	10,344	-67.41	3,024,122	680,212	-77.5	4,207,972	3,241,219	-22.97
ZAZ	2,081	1,487	-28.54	N/A	N/A	N/A	80,975,497	45,107,496	-44.29
Total	355,669	124,618	-64.96	49,042,772	13,522,368	-72.43	26,5727.359	731,297,464	-48.33

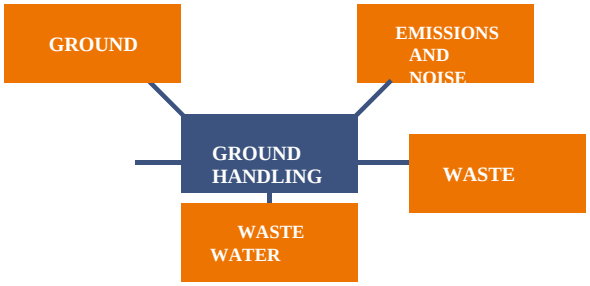
Most of the above indicators are broken down by total actual flights handled, i.e., both the arrival and the departure. The data for 2020 reflect a decline of more than half of the activity compared to the prior year's figures, caused by the COVID-19 pandemic. The aviation sector has been one of the most affected around the world.

Key points of the Management System not explained in other sections of this report

OPERATIONAL ENVIRONMENTAL CONTROL

Within the Environmental Management System, an Operational Environmental Control has been drawn up with the aim of ensuring that all ground handling services are carried out under controlled conditions.

For each of the environmental aspects identified and assessed, the Operational Environmental Control meets the applicable legal requirements.



MONTHLY FOLLOW-UP MEETINGS

Monthly follow-up meetings enable information on the environmental indicators to be studied in order to make decisions aimed at focusing efforts on aspects that lead to an improvement in the environmental performance.

ENVIRONMENTAL AWARENESS RAISING

With a view to disseminating and raising awareness among all personnel of the potential environmental impact of their activity inside and outside the Company, a Good Environmental Practices Manual, visible at all facilities, is at the disposal of all company staff. The data for 2020 reflect a decline of more than half of the activity compared to the prior year's figures, caused by the COVID-19 pandemic. The aviation sector has been one of the most affected around the world.

ASSESSMENT OF ENVIRONMENTAL ASPECTS

The environmental aspects stemming from the activities performed are assessed at least once a year or, more importantly, whenever changes are made to processes or working conditions. This is carried out to identify those aspects that generate a significant environmental impact.

The criteria followed are as follows:

	C1	C2	C3	C4
Direct environmental aspects	Toxicity	Influence on the environment	Amount	Frequency

Once identified and assessed, the environmental aspects are ordered hierarchically in order to ascertain which are significant and to take priority action in such connection. Based on this inventory, Management Programmes are drawn up, setting out environmental goals and objectives, with the aim of eliminating or reducing the potential environmental impact of such aspects in the form of the environmental targets set annually.

ENVIRONMENTAL RISK MANAGEMENT

Risk assessment is a process enabling operational risks to be categorised, analysing their frequency and severity in order to quantify them, then studying how to monitor them and set priorities to eliminate or minimise them. This assessment is carried out at least once a year and has always given rise to significant operational changes. A 5x5 matrix is used to assess the risks, whereby the likelihood of the risk occurring is measured against the severity of the consequences.

The assessment of environmental aspects measures the current possible impact from activities, whereas the risk assessment measures the consequences either potentially or in the event of an accident.

3.4.2. Environmental policy

The environmental policy is integrated with the organisation's quality and safety principles, as all of these are closely related to each other:

Globalia Handling S.A.U. (trading as **Groundforce**) carries out the airport **ground handling services** of the aircraft, passengers and luggage.

Our **main objective** is to achieve **high quality services that are environmentally committed and operationally safe**. **All employees are responsible** for achieving this objective, starting from General Management who, to implement this policy, provides a **balanced allocation of resources.**

Within the framework of a **social commitment** to its workers, client companies, suppliers and subcontractors, as well as the users of air transport services, Globalia Handling's **Integrated Quality, Environmental and Security Management System** (certified in line with **ISO Standards 9001**, **ISO 14001 and ISAGO**) provides for a guarantee that it will follow through on the above commitment.

FOUNDATIONS

- **Quality and safety:** priority objectives of our management.
- **Customer-oriented:** we think of our customers when we operate.
- **Continuous improvement**: constant reference.
- **People:** our main asset.
- **Environmental protection:** sustainable use of resources and the prevention of pollution.

COMMITMENTS

- To **ensure** that **reliability, environmental and safety criteria** are considered in the **acquisition and maintenance of equipment** in order to improve performance in our operations.
- **To comply with** and ensure the externally-supplied services also comply with **corporate policies** and our **customers' requirements**, applicable regulations and any other commitments to which we have **voluntarily** signed up.

- To use **reactive, proactive and predictive methods to identify hazards and manage risks** that may be caused by our activities and processes, with a view to **eliminating or mitigating** them to the extent reasonably possible, at all times, wherever feasible, using the best available techniques.
- To foster **our personnel's participation and** their sense of responsibility when **reporting** any **situation** that may entail an operational **risk** via the defined reporting channels.

- To work within a **culture of fairness** in which **no punitive action** will be taken against any personnel reporting defects in the quality of the service, environmental performance or safety, **at least** where such reporting **indicates**, beyond any reasonable doubt, an **unlawful act, serious negligence or a deliberate failure to abide by regulations or procedures**.
- To ensure that the **disciplinary regime of the collective bargaining agreement is applied to personnel who carry out their duties under the influence of psychotropic substances.**

MISSION

A consolidated company in the ground handling sector thanks to the experience and knowledge gained as a result of our origin as a ground-handling company for the airline of the main Spanish tourism group, Globalia. Our track record positions us as a sector benchmark, with a **clear customer-oriented approach**, ensuring an **excellent service** and the ability to respond to any company's requirements, offering our customers **tailored solutions, adapted** to their characteristics.

VISION

Groundforce's vision is based on **its business expansion** at national level, consolidating and increasing our **presence in Spain** and enlarging our field of action at **international level.** All of the above under the following premises: clear **differentiation** in respect of the standards of **quality** perceived by our customers and positioning as an ideal company for **people's professional development**.

VALUES

FLEXIBILITY: Globalia Handling is able to adapt to the requirements and characteristics of any company to offer a tailored service.

INTEGRITY: the organisation and all of its human resources base their daily work on defending the organisation's values, respecting its ethical and moral principles as the cornerstone of any decision.

CREATIVITY: creative thinking is the only way to obtain optimum results, our organisation therefore encourages innovation in all of its activities.

DEMAND: our desire for constant advancement makes us improve on a daily basis and continuously raise our level of demand.

ACCESIBILITY: our organisation is always ready to communicate and collaborate with all of our customers and any stakeholder.

COMMITMENT: each member of our organisation has a strong commitment to their work, the organisation's mission and vision and with each one of its customers.

3.4.3. Environmental certifications

The Environmental Management System of Globalia Handling, which operates under the Groundforce brand, has been certified in line with ISO standard 14001:2015 since 2007, under certification number GA-2007/0598. This certification is applicable to all work centres and handling activities, whereas activities carried out at the Groundforce Cargo terminals are not covered by this certification.

3.4.4. Environmental management

3.4.4.1. Materials

Materials consumed in the rendering of services

There are indicators in place for the most representative types of consumption (fuel, water and paper) in order to measure any variations and promote targets for reducing such consumption.

In order to convert such consumption-related information into comparable data, gross consumption is broken down by volume of activity analysed in the form of indicators. This guarantees a real, comparable analysis of the relevant variations, ensuring that they are not distorted by any increases or decreases in activity.

A reduction target has been set for each of these indicators.

Environmental performance is assessed by monitoring and analysing such indicators and corrective measures are established in the event of any deviations with respect to the relevant targets.

Analyses of the indicators associated with the consumption of fuel and water are included in the energy and water sections of this report, respectively.

Paper consumption. Ratio

Paper consumption is tied to the technical-administrative activity at the offices.

According to the information provided by the manufacturer, the paper consumed by the Organisation does not originate from recycled fibres.

- A4 paper: the paper fibres are from suppliers with either FSC® or PEFC accreditation, which certifies that the paper is sourced from responsibly managed forests (https://inapa.es/sostentabilidad).
- A3 paper: the whitening process during manufacturing is elemental chlorine free (ECF): https://www.torrasdistribucion.com/Fichas%20Tecnicas/Paperbox_tpd.pdf

Although paper is gradually being replaced by electronic devices, certain documents must be printed out and signed manually during the provision of ground handling services.

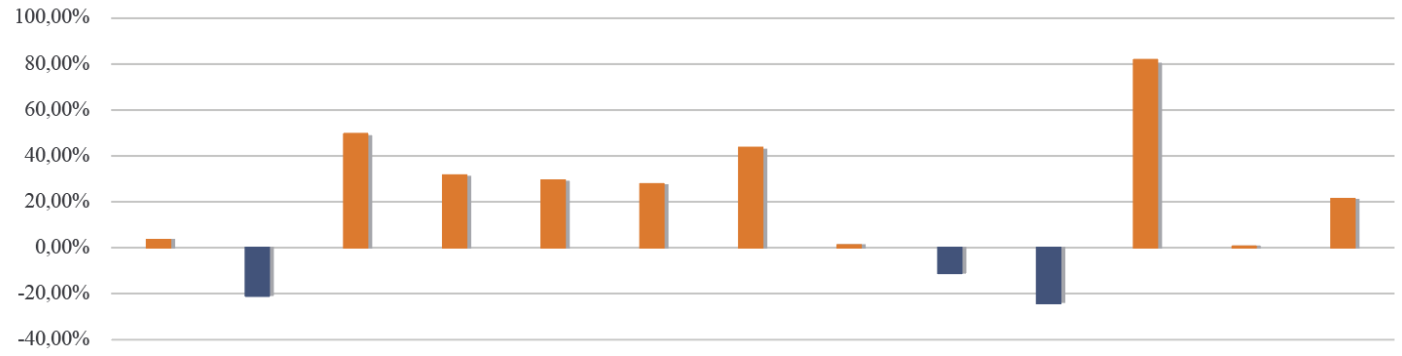
In order to measure the variations in consumption of paper, the data is broken down by the number of flights handled.

The difference in the kg/flight ratio between this year and the previous year was used to compare consumption from one year to the next.

Positive figures represent an increase in the consumption ratio, whereas negative figures represent a reduction.

	TONNES OF PAPER		NUMBER OF FLIGHTS		RATIO Tn. PAPER PER 10,000 FLIGHTS HANDLED		% DIFFERENCE VERSUS PRIOR YEAR (2020 VS 2019)
	2019	2020	2019	2020	2019	2020	
AGP	4.51	1.34	23,733	8,980	1.90	1.49	-21.64%
ALC	1.26	0.65	11,504	3,972	1.09	1.64	50.36%
BCN	6.56	3.34	51,219	19,654	2.18	1.71	33.39%
BIO	1.73	0.66	14,837	4,303	1.17	1.54	31.59%
FUE	2.46	1.17	15,933	5,850	1.54	1.99	29.40%
IBZ	1.80	0.72	17,249	4,803	1.04	1.50	43.62%
LPA	5.02	1.78	35,735	12,329	1.40	1.45	2.99%
MAD	10.60	3.48	96,123	35,098	1.10	0.99	-10.03%
PMI	6.61	1.78	44,043	15,757	1.50	1.13	-24.55%
TFN	1.78	0.61	11,479	2,131	1.55	2.84	83.08%
VLC	3.85	1.28	31,736	10,344	1.21	1.24	2.32%
ZAZ	0.42	0.36	2,081	1.487	2.00	2.44	21.86%
Total	46.58	17.18	355,672	124,618	1.31	1.38	5.25%
							-20.14% (2019 vs. 2018)

% difference versus prior year, 2020 vs 2019, ratio of tonnes of paper per 10,000 flights handled



	TOTAL 2020	AGP	ALC	BCN	BIO	FUE	IBZ	LP	MAD	PMI	TFN	VLC	ZAZ
Total	5.25%	-21.64%	50.36%	33.39%	31.59%	29.40%	43.62%	2.99%	-10.03%	-24.55%	83.08%	2.32%	21.86%

In 2020 the ratio has increased in almost all of the airports in the network. The main cause has been the rise in administrative documents printed, which was not proportional to the activity. Basically, these administrative activities have been:

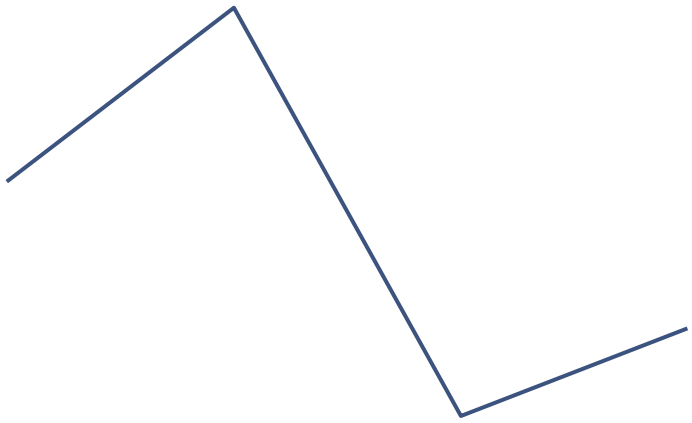
- Forms related to restrictions on travel due to the pandemic. A vast number of forms have had to be printed for completion by passengers, which differ depending on the destination country.
- Printing of documents required by airlines in the event of flight cancellations or changes to flights.

In the case of the bases in Palma de Mallorca and Las Palmas, as occurred in Madrid in the previous period, cabin crew signature activity has been assumed by the airline. In the case of Palma de Mallorca airport the change has been significant, therefore it should be clarified that if the prior year's data without this activity is used the result would be as follows:

BASE	MONTH	Tn. PAPER	NUMBER OF FLIGHTS	RATIO Tn. PAPER PER 10,000 FLIGHTS HANDLED	% DIFFERENCE VERSUS PRIOR YEAR (2019 VS 2018)
PMI	Total 2020	1.78414	15,757	1.13	11.01%
PMI	Total 2019	4.49226	44,043	1.02	-

As the campaigns for a reduction in paper consumption and the ongoing digitisation of processes are still in place, despite the increases the ratios are below those for 2017 and 2018:

Trend 2017 – 2020



	2017	2018	2019	2020
Tn. Paper per 10,000 flights handled	1.50	1.64	1.31	1.38

Reduction in paper consumption

Groundforce has launched the following environmental awareness-raising initiatives and campaigns to reduce paper consumption:

- Gradual replacement of paper by tablets for:
  - Cross-checking of services provided via the i-auditor platform.
  - Baggage reconciliation (BRS - Baggage Reconciliation System).
  - Supervising the stopover (GHR - Ground Handling Report).
  - Change of shift pattern can be signed digitally.
- Replacement of paper manuals by electronic ones. The paper versions of the IATA manuals are no longer purchased, rather a floating licence for the online version is acquired each year.
- Screens to display notices and other explanatory information rather than paper bulletins.
- E-system for acknowledgement of documentation receipt instead of paper (Read Me).
- Roll-out of the real time task assignment system.
- Progressive introduction of online training to reduce the amount of materials that need to be printed,
- Double-sided printing of flight plans for airlines authorising this practice.
- Reuse of notepaper in offices.
- Update of the message “BEFORE PRINTING, THINK WHETHER IT IS REALLY NECESSARY” at the foot of all Integrated Management System documentation, in order to discourage printing.
- Monthly follow-up of the amount of paper printed using the counter mechanisms on the printers themselves (e.g. Las Palmas).
- Unifying archived ramp and coordination documents (e.g.: PMI).

3.4.4.2. Energy

Energy consumption: fuel and electricity. Ratio (energy intensity)

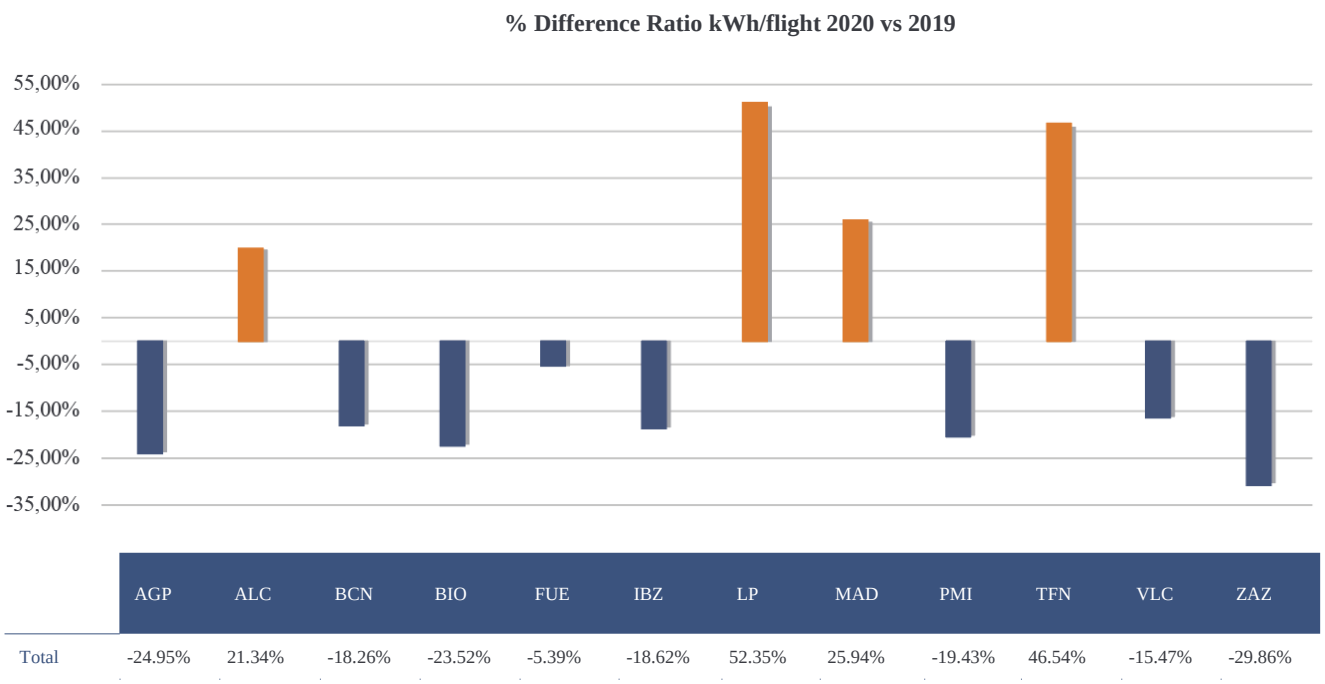
Electricity consumption

It is the airport operator that arranges the electricity supply contract for the entire airport complex, including the ground support equipment (GSE) charging points. There are no individual electricity meters. As a result, there is no information as to whether the electric power contracted for each airport is from renewable sources.

The electricity consumption data for the electric GSE is an estimate, obtained from multiplying their hours in operation by their engine power:

	ELECTRICITY		RATIO (kWh/NO. OPERATIONS)		% DIFFERENCE. RATIO
BASE	2019	2020	2019	2020	
AGP	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ALC	181,734	76,138	15.80	19.17	21.34%
BCN	772,698	241,256	15.09	12.33	-18.26%
BIO	172,738	38,316	11.64	8.90	-23.52%
FUE	249,802	86,777	15.68	14.83	-5.39%
IBZ	92,480	20,955	5.36	4.36	-18.62%
LPA	507,467	266,737	14.20	21.63	52.35%
MAD	1,749,440	804,515	18.20	22.92	25.94%
PMI	349,774	100,822	7.94	6.40	-19.43%
TFN	157,950	42,970	13.76	20.16	46.54%
VLC	336,812	92,797	0.61	8.97	-15.47%
ZAZ	74,908	37,546	36.00	25.25	-29.86%
Total	4,972,670	1,901,650	13.98	15.26	9.15%

An unequal performance can be seen with regard to the electricity consumption ratio. On average a 9% increase can be seen due to the gradual addition of electrical equipment to the equipment fleet and its preferential use over equipment using fuel whenever possible.

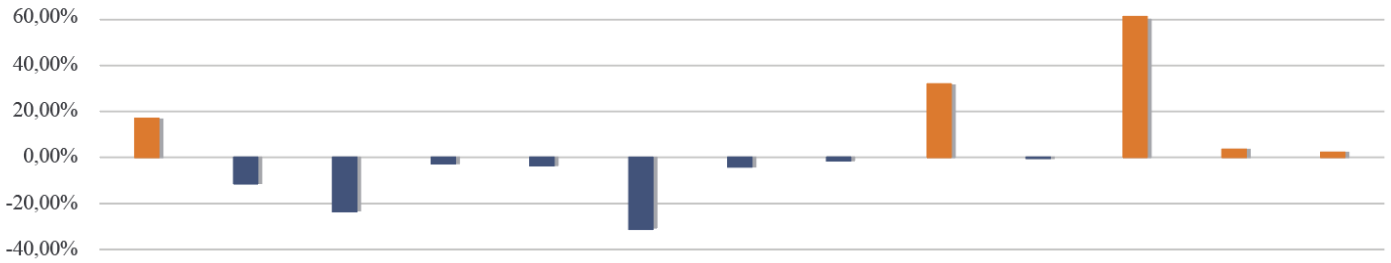


Fuel consumption

Fuel consumption corresponds to the supply of fuel to run the ground support equipment (GSE). In order to measure the consumption of fuel, the data is broken down by flights handled.

The difference in the kg/flight ratio between this and the previous year was used to compare consumption from one year to the next. Positive figures represent an increase in the consumption ratio, whereas negative figures represent a reduction.

% Difference 2020 vs 2019 in ratio of litres of fuel/flight



	TOTAL	AGP	ALC	BCN	BIO	FUE	IBZ	LP	MAD	PMI	TFN	VLC	ZAZ
Total	17.71%	-11.19%	-24.65%	-3.82%	-5.80%	-29.95%	-6.65%	-2.65%	32.99%	-0.63%	60.85%	5.56%	3.82%

The values of the fuel consumption ratio reflect non-standard operation due to each airport's characteristics and the adaptation of the activity during this year that was completely conditioned by the pandemic.

In the airports of Madrid, Tenerife North, and Valencia, the data reflect a greater use of equipment and therefore consumption in relation to the flights handled, which have decreased.

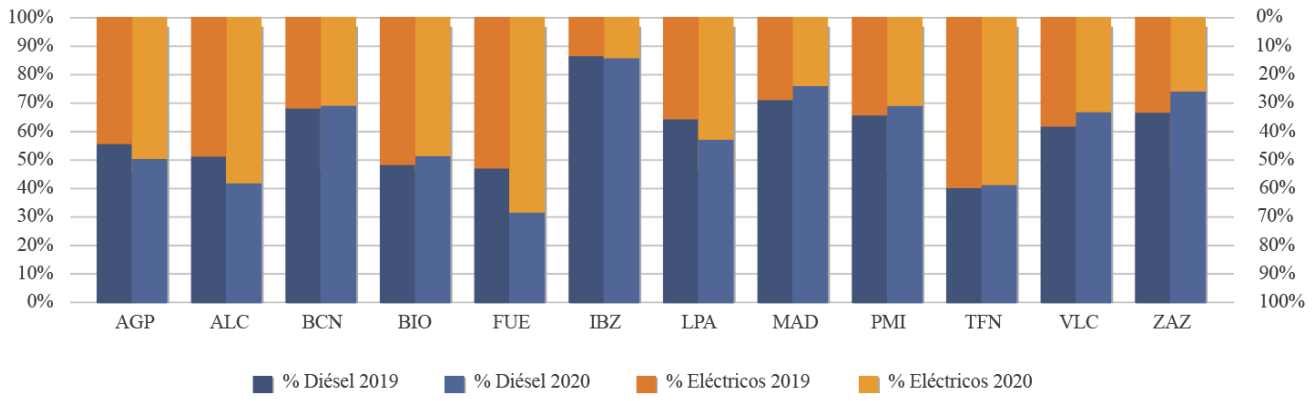
Of particular note is the rise in the number of airside transfer buses to reduce the number of passengers in these and increase the safety distance and the use of air conditioning units to facilitate ventilation during stops.

Equipment has been used in the bases of Madrid and Tenerife North for AEA maintenance operations and a higher-than-average use of pushback tractors to move aircraft that were stationary on the ground and thus avoid the deterioration of their wheels.

In the Madrid base (MAD) operations in T4 from the start of the pandemic have led to higher fuel consumption not proportional to the operations. The maintenance operations while aircraft were grounded have also had a very significant effect on the rise in consumption.

The hours of operation of the diesel GSEs versus their electric counterparts are reflected below (as a %). *Please note that the ground access vehicles (GAVs), (standard cars and vans, are not included as their consumption is measured in kilometres rather than hours of operation).*

Hours of use of diesel GSEs versus electric GSEs (%)



The data show a greater use of equipment and therefore consumption in relation to the flights handled, which have decreased. Of particular note is the rise in the number of airside transfer buses to reduce the number of passengers in these and the use of air conditioning units to facilitate ventilation during stops.

In the Madrid base (MAD) operations in T4 from the start of the pandemic have led to higher fuel consumption not proportional to the operations. The maintenance operations while aircraft were grounded have also had a very significant effect on the rise in consumption.

Reduction in energy consumption. Reduction in energy requirements of products and services

Details of the specific initiatives set in place to reduce greenhouse gas emissions are as follows:

- Renewal of the equipment fleet, giving priority to the introduction of electrical technology with a view to reducing the greenhouse gas emissions related to the activity.
- Constant search for new technological solutions aimed at enhancing operating procedures and worker ergonomics and helping to cut emissions.

On an organisational level, it is important to highlight that the reduction in the energy requirements of services is centred around the use of increasingly more efficient ground support equipment.

The energy requirements of ground handling activities depend on the type of aircraft being handled. For example, the new Boeing 787 aircraft require an additional generator set, which leads to an increase in the energy consumption per aircraft handled.

3.4.4.3. Water and effluents

Water sources significantly affected by withdrawal of water

The fresh water network is owned by the airport operator and, consequently, information is not available on the water sources that could be significantly affected by the withdrawal of water.

However, to determine the impact that water consumption has on any given airport, the Organisation also looks at the amount of rainfall recorded at each base (as per data from Spain's National Statistics Institute (INE)).

ANNUAL RAINFALL	AFFECT OF WATER CONSUMPTION ON THE ENVIRONMENT
> 800 mm	Low
400-800 mm	Average
< 400 mm	High

Bilbao (BIO)	Low influence
Malaga (AGP)	Average influence
Barcelona (BCN)	
Valencia (VLC)	High influence
Palma de Mallorca (PMI)/ Ibiza (IBZ)	
Madrid (MAD)	
Zaragoza (ZAZ)	
Alicante (ALC)	
Santa Cruz de Tenerife (TFN)	
Las Palmas de Gran Canaria (LPA)	
Fuerteventura (FUE)	

Effluent

Waste water effluent generated by the activity may be:

TYPE	DESCRIPTION
Waste water from the cleaning of GSE	Water used to clean ground handling support equipment. Channelled through a treatment system and subsequently discharged into the airport sewer network.
Waste water from hygiene-sanitary facilities	Originating from the use of hygiene-sanitary facilities, specifically lavatories and changing rooms. Non-contaminating.
Aircraft waste water	Originating from the emptying of aircraft waste water tanks

All of the effluent generated by Groundforce flows into the sewer network controlled and managed by the airport operator, AENA. Effluent authorisation is granted by the competent authority to airport operator AENA, which, in turn, may impose similar or more stringent effluent limits.

Water consumption. Ratio

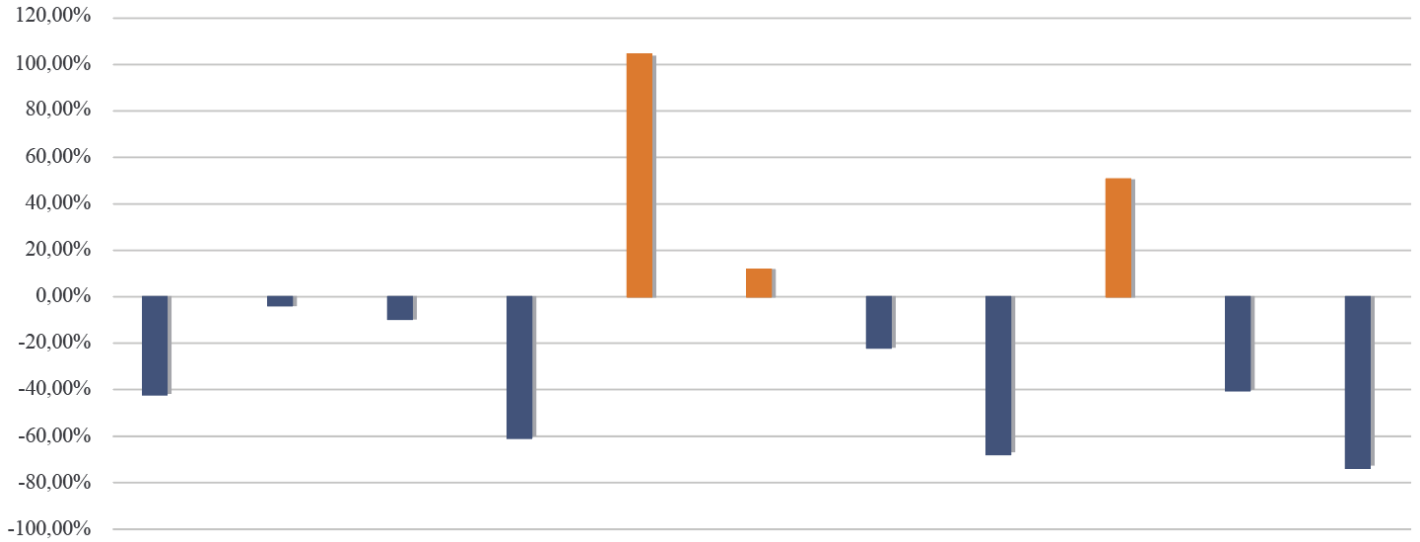
The water consumption data laid out below is related to the cleaning of ground handling equipment.

The drinking water network is owned by the airport operator. Given that there are no individual water meters, information is not available on the amount of water consumed in lavatories or changing rooms.

In order to measure the trend in water consumption, the data is broken down by the number of times the ground handling equipment is cleaned. The difference in the kg/flight ratio between the previous year and the current year was used to compare consumption from one year to the next. Positive figures represent an increase in the consumption ratio, whereas negative figures represent a reduction.

BASE	NUMBER OF LITRES		NUMBER OF CLEANING OPERATIONS		WATER (L)/NO. OF CLEANING OPS RATIO		% DIFFERENCE VERSUS PRIOR YEAR (2020 VS 2019)
	2019	2020	2019	2020	2019	2020	
AGP	14,018	1,854	258	36	54.33	51.5	-5.21%
ALC	7,298	14,199	144	312	50.68	45.51	-10.20%
BCN	13,232	1,909	690	253	19.18	7.55	-60.65%
BIO	200	408	2	2	100.00	204	104.00%
FUE	93,543	44,803	1,104	466	84.73	96.14	13.47%
IBZ	0	0	0	0	-	0	-
LPA	16,509	6,943	707	377	23.35	18.42	-21.13%
MAD	291,185	60,349	1,093	688	266.41	87.72	-67.07%
PMI	17,587	7,646	285	81	61.71	94.38	52.95%
TFN	10,713	2,808	134	59	79.95	47.59	-40.48%
VLC	2,571	1,378	47	97	54.70	14.21	-74.03%
ZAZ	0	0	0	0	-	0	-
Total	466,855	142,296	4,464	2,371	104.58	60.02	-42.61%
							-15.26% (2019 vs. 2018)

% difference vs. prior year, 2020 vs. 2019, ratio of water (L) to no. of cleaning operations



	TOTAL 2020	AGP	ALC	BCN	BIO	FUE	LPA	MAD	PMI	TFN	VLC
Total	-42.61%	-5.21%	-10.20%	-60.65%	104.00%	13.47%	-21.13%	-67.07%	52.95%	-40.48%	-74.03%

It can be seen that the consumption of this resource fell considerably in 2020 at seven of the ten airports, reflecting an overall reduction in the ratio of more than 40% versus the previous year. Water consumption was very different between airports this year; in some airports more cleaning operations were carried out taking advantage of personnel's time, but in general exterior cleaning was reduced and replaced by the disinfection of aircraft interiors that requires a much lower consumption of water.

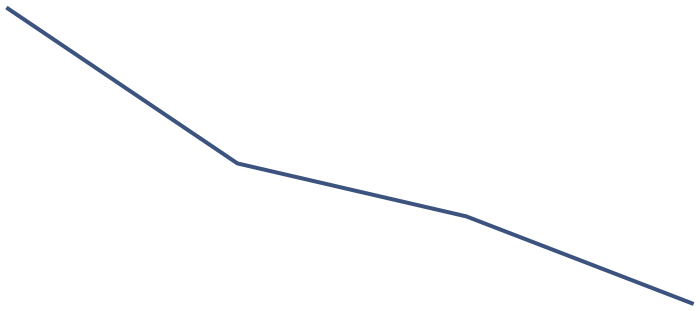
The purchase of a digital flowmeter at Tenerife North (TFN) airport has led to more accurate readings at that base and the reduction has been consolidated, reaching 40%, in line with that of the previous year. The case of Palma de Mallorca is noteworthy. After the internal audit it was detected that the cleaning subcontractor was recording consumption using estimates. The quantity of litres of a credit for a cleaning process was requested from AENA and since March 2020 actual data is now available. We will have to wait until next year for consolidated data. In the case of Bilbao (BIO), the data corresponds to two cleaning operations, therefore the increase is not significant.

Although the data for this year have been very much affected by the lower activity as a result of the pandemic; in general a gradual decrease can be seen in recent years, reflecting the containment measures implemented and explained in the following section.

Reduction in water consumption

The measures adopted at the various sites to reduce water consumption are as follows:

Trend 2017 – 2020



	2017	2018	2019	2020
Ratio Litres water/cleaning ops	255.95	123.41	104.58	60.02

• Campaigns to reduce water consumption and raise the awareness of employees to avoid wasting water.
• Water pressure devices to reduce the amount of water used in the cleaning of ground handling equipment.
• Spray hoses that enable the water use to be optimised and the water supply to be turned off without the operators having to go and close the main water valve, which avoids litres of water being wasted when the hoses are idle.

3.4.4.4. Biodiversity

Biodiversity management

Globalia Handling/Groundforce does not own any of the sites where it carries out its activity. The offices and floor areas at the airports where it renders its services are owned by the Spanish State and managed through airport operator AENA.

As the airport operator, AENA has the following documentation available on its websitehttp://www.aena.es/es/corporativa/medio-ambiente.html: Environmental Reports, Environmental Impact Assessments and their related Environmental Resolutions which encompass the possible impacts on the environment and the measures to be taken to mitigate them.

Protection of biodiversity is managed indirectly via the tools forming part of the Environmental Management System: the assessment of environmental aspects, the management of environmental risks and the monitoring of consumption, emissions, effluent and waste generated by the services provided at airports. These tools are described in section
1.1.1. Brief description of the Management System.

3.4.4.5. Emissions

Management of emissions. Scope 1/2/3

Scope 1: emissions stemming from the consumption of fuel by handling equipment.

Scope 2: Actual information not available. It is the airport operator that arranges the electricity supply contract for the entire airport complex. There are no individual meters.

AENA discloses total emissions from the consumption of electricity at the airport in question, including those associated with handling agents which operate under scope 3. Please find details on the AENA website (http://www.aena.es/es/corporativa/medio-ambiente.html).

As regards the electric GSEs, an estimate is available based on multiplying their hours of operations by their engine power. Estimated data is available in the section *Energy consumption*.

Scope 3: Not considered.

Methodology to calculate emissions

The methodology employed to calculate emissions is included in the EMEP/EEA CORINAIR 2016 Guidebook, which is what AENA, as the airport operator in Spain, uses to calculate the emissions arising from ground handling equipment.

OFF-ROAD VEHICLES/EQUIPMENT (GSE)		GROUND ACCESS VEHICLES (GAV)	
EMEP/EEA 2016. 1.A.4 Non-road mobile sources and machinery		EMEP/EEA 2016. 1.A.3.b.i-iv Passenger cars, light commercial trucks, heavy-duty vehicles including buses and motorcycles	
Tier 2	NOx, CO, HC (NMVOC, CH_4), PM (TSP) y CO_2 Figure 3.2 NFR Sector: 1.A.2.g.vii and 1.A.4.a.ii	Tier 2	NOx, CO, HC (NMVOC) and PM (PM2.5) Emissions are calculated by taking the kilometres travelled by each vehicle and multiplying the result by the corresponding emission factor (g/km) Figures 3.17 to 3.27
		Tier 1	CO_2 Calculation based on fuel consumption Figure 3.12

Reduction of GHG emissions

The results obtained from the CO_2 emissions from the fuel consumed by ground handling equipment are as follows:

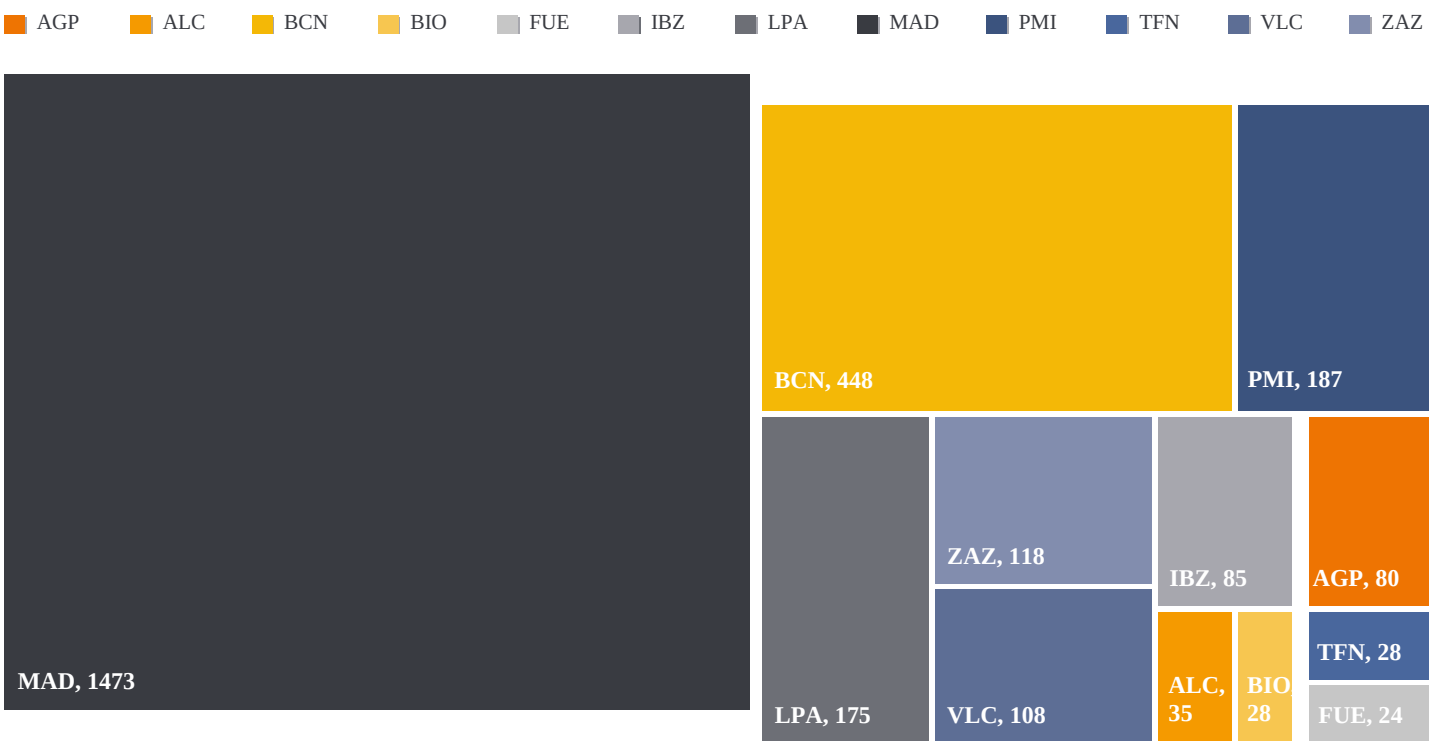
	EMISSIONS OF CO_2 (Tn.)		NUMBER OF FLIGHTS		RATIO Tn. CO_2 PER 10,000 FLIGHTS HANDLED		
	2019	2020	2019	2020	2019	2020	
AGP	239	80	23,733	8,980	100.62	89.9	-11.46%
ALC	134	35	11,504	3,972	116.67	88.12	-24.47%
BCN	1,219	448	51,219	19,564	238.06	228.99	-3.81%
BIO	103	28	14,837	4,303	69.68	65.07	-6.61%
FUE	94	24	15,933	5,850	59.28	41.03	-30.79%
IBZ	328	85	17,249	4,803	190.18	176.97	-6.95%
LPA	521	175	35,735	12,329	145.66	141.94	-2.55%
MAD	3,033	1,473	96,123	35,098	315.56	419.68	33.00%
PMI	527	187	44,043	15,757	119.60	118.68	-0.77%
TFN	93	28	11,479	2,131	81.19	131.39	61.84%
VLC	313	108	31,736	10,344	98.55	104.41	5.94%
	160	118	2,081	1,487	767.45	793.54	3.40%
Total	6,764	2,789	355,672	124,618	190.19	223.80	17.68%

In accordance with the foregoing methodology to calculate emissions, the indices used to calculate CO_2 emissions are as follows:

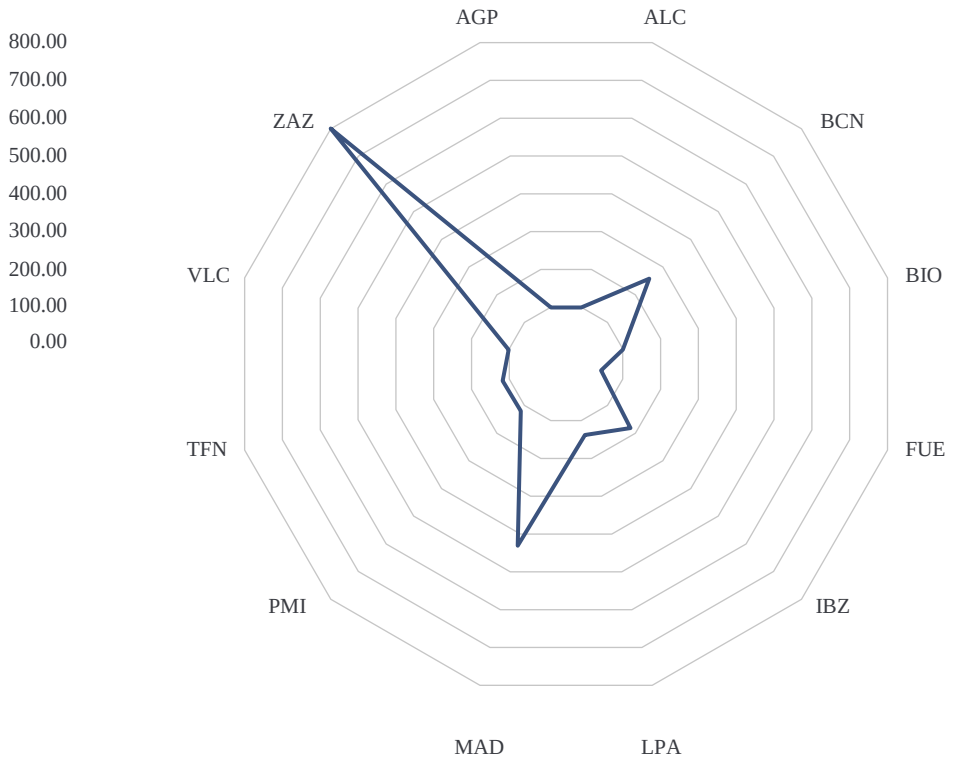
Diesel fuel density (kg/m^3) 832.5 **Petrol fuel density (kg/m^3)** 747.5

Emission factor CO_2 (kg/t) GSE 3,160 **e.f. CO_2 (kg/t) GAV** 3,140

Emissions (Tn.) CO_2 per base in 2019



Tn. CO_2/10,000 flights



To assess the results obtained in terms of fuel consumption and CO_2 emissions, it must be borne in mind that there are factors that are beyond the control of Groundforce as handling agent, such as remote changes to flights and aircraft by third parties and fleets with heavier energy requirements as regards their ground handling services.

The measures to reduce emissions are laid out in section *1.2.2. Energy management.*

In accordance with legislation in force, all ground handling equipment meet the requirements of the ITA (Technical Airport Inspection) for unregistered equipment/vehicles or those of the ITV (Technical Vehicle Inspection) with an additional ITA, for registered vehicles. All handling equipment is subject to preventative and corrective maintenance to ensure it is in an optimal state of repair at all times.

3.4.4.6. Waste

Types of waste. Quantities generated

All waste is separated by type into specific containers, with the relevant labelling:

- URBAN WASTE: Urban waste is managed using the containers in place and managed by AENA in the airport. Paper is collected at regular intervals by the cleaning staff, then taken to the selective collection point.

- NON-HAZARDOUS WASTE, HAZARDOUS WASTE OR GOVERNED BY SPECIFIC LEGISLATION: This waste is managed by authorised waste management companies for each particular type.

In the case of electrical and electronic waste/batteries and accumulators: This waste can be managed by authorised waste management companies or returned to the supplier as stipulated in the recently approved Royal Decree 27/2021, amending Royal Decree 110/2015 on waste electrical and electronic equipment (WEEE) and Royal Decree 710/2015 on batteries and accumulators.

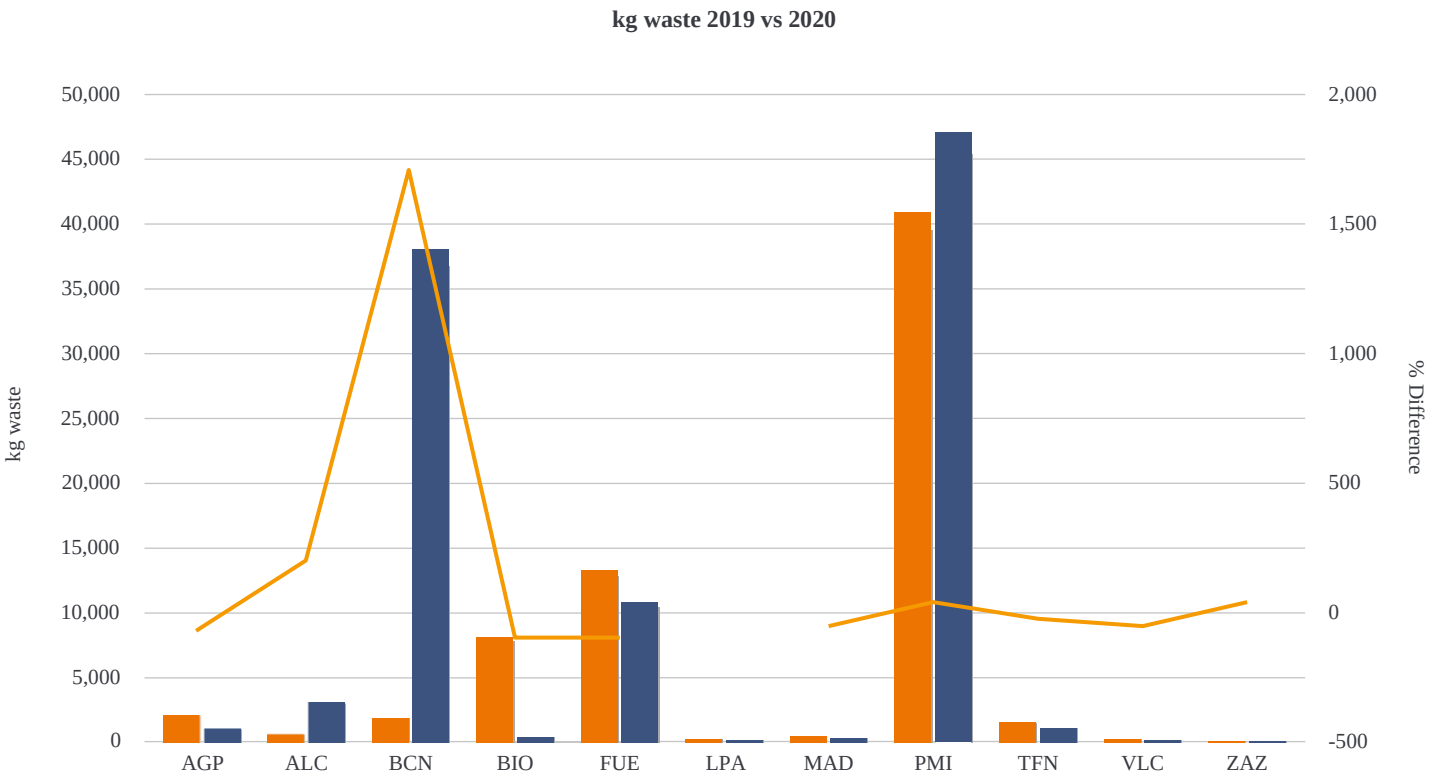
Below is a summary of the waste managed in the airport network in 2020 and 2019:

BASE	WASTE 2019 (kg)	WASTE 2020 (kg)	% 2019 VS 2020 DIFFERENCE(%) IN AMOUNT
AGP	2,365	1,605	-32.16%
ALC	883	2,902	228.65%
BCN	2,058	37,670	1,730.58%
BIO	7,880	640	-91.88%
FUE	13,546	1,155	-91.47%
LPA	271	0	-
MAD	862	295	-65.78%
PMI	41,085	47,000	14.40%
TFN	1,785	1,593	-10.74%
VLC	26	19	-28.85%
ZAZ	3	4	28.57%
Total	70,764	92,882	31.25%

A reduction in the waste produced can be seen across the board, basically as a result of the drop in activity due to the pandemic. As a result of the decline in ground handling activity maintenance operations have been reduced to the legal minimum, hence waste has also fallen.

WASTE	AGP	ALC	BCN	BIO	FUE	MAD	PMI	TFN	VLC	ZAZ	TOTAL
Ordinary	-	-	31	-	-	-	-	-	-	-	31
Nickel-cadmium batteries or similar	-	-	-	-	1	-	-	-	7	-	8
Scrap metal	-	-	127	-	-	-	-	-	-	-	127
Fluorescent lamps	-	-	-	-	-	50	-	-	-	-	50
Sludge	165	26	-	-	-	25	-	-	-	-	216
Wood	-	-	-	-	-	-	2,000	-	-	-	2,000
Suitcases containing perishable goods	-	-	33	-	-	-	-	-	-	-	33
Used tyres	-	-	-	-	-	-	-	13	-	-	13
Confidential paper documents	1,440	820	-	640	1,140	120	-	-	-	-	4,160
Paper and cardboard	-	-	4	-	-	-	-	1,580	-	-	1,584
WEEE (office equipment)	-	-	10	-	-	-	-	-	-	-	10
Bulky waste	-	-	-	-	-	-	45,000	-	-	-	45,000
Toners	-	26	13	-	14	100	-	-	12	4	169
ELV (end-of-life vehicles)	-	2,030	37,450	-	-	-	-	-	-	-	39,480
Total	1,605	2,902	37,670	640	1,155	295	47,000	1.5933	19	4	92,882

It can be seen that vehicle/ equipment waste, as well as bulky waste and scrap metal have risen as a result of the reorganisation and cleaning tasks carried out taking advantage of the periods of low activity.

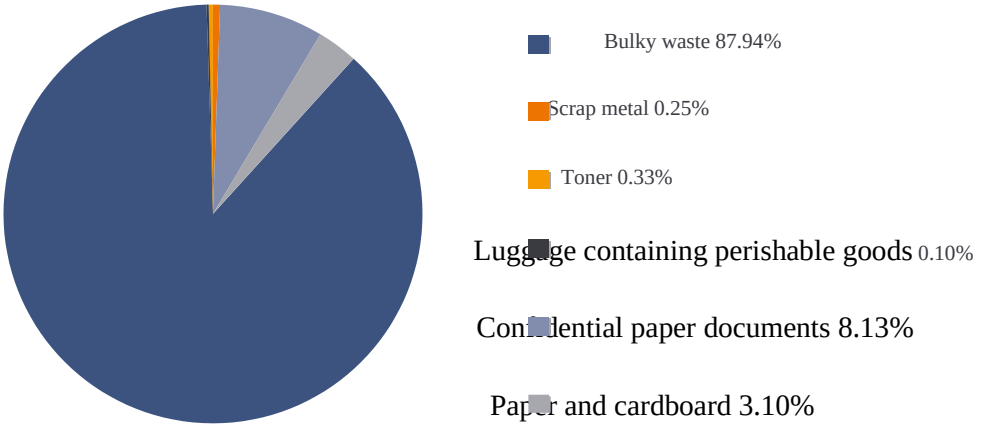


2019 - Sum of AMOUNT

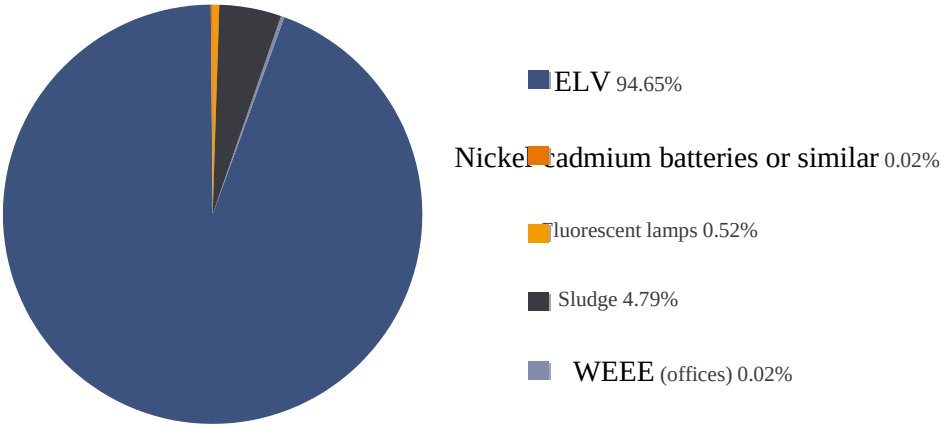
2020 - Sum of AMOUNT

2020 - Diff. AMOUNT

Breakdown (kg) of non-hazardous waste (NHW) 2020



Breakdown (kg) of hazardous waste (HZ) in 2020



WASTE	RECOVERY	ELIMINATION
Non-hazardous waste	54.98%	0.11%
Ordinary	0.00%	0.03%
Scrap metal	0.14%	0.00%
Luggage containing perishable goods	0.00%	0.05%
Wood	0.04%	0.00%
Used tyres	0.00%	0.01%
Confidential paper documents	4.48%	0.00%
Paper and cardboard	1.71%	0.00%
Bulky waste	48.45%	0.00%
Toners	0.17%	0.01%
Hazardous waste	42.76%	2.15%
Nickel-cadmium batteries or similar	0.01%	0.00%
Fluorescent lamps	0.23%	0.00%
Sludge	0.00%	2.15%
WEEE (offices)	0.01%	0.00%
Total	97.74%	2.26%

It can be seen that almost all of the waste undergoes recovery procedures. Nevertheless, at present the waste management companies do not provide details of the final operations that are carried out on this waste.

Application of the new Royal Decree 553/2020 on the transfer of waste and its adaption by the autonomous regions is expected to improve traceability of the operations carried out by intermediary and final waste management companies and thus more information on the final treatment thereof.

The breakdown of non-hazardous waste is as follows:

Waste reduction

It can be concluded that in this period no specific measures were carried out to reduce waste as such, but that they were affected by the decrease in activity for the aforementioned reasons.

Spills

Accidental spillage can occur during ground handling activity:

- Chemical products:
  - Hydraulic oil: breakdown of ground handling equipment.
  - Fuel: improper refuelling of ground handling equipment.
  - Water with traces of disinfectant. Breakdown in aircraft waste water systems.
- Drinking water: Breakdown in aircraft drinking water systems.

With a view to preventing ground contamination, the following measures are taken:

- Use of drip collection trays.
- Substances may not be stored on bare ground or near water channels.
- Tanks are used to store hazardous substances and waste.
- Use of absorbents to collect spillage.
- Proper handling of substances to prevent spillage.
- Vehicles must at all times be parked in paved areas set aside by AENA.
- GSEs that have reached the end of their useful life are managed as waste for decontamination via authorised treatment centres.
- Checks will be carried out to ensure that any vehicles to be decommissioned have no leaks.

3.4.5. Environmental compliance

Mechanisms to evaluate legal compliance

Through the service provided by www.salem.novotec.es, a monthly bulletin is received by email on legislative developments, the latest environmental news and information on aid and subsidies available to improve Environmental Management.

Based on the information provided, new environmental requirements are identified or existing applicable requirements are updated, with this information then being relayed to the divisions/departments for implementation. If this needs to be detailed in a procedure, the Integrated Management System documentation must be updated.

The evaluation of environmental requirements stemming from contracts/agreements and commitments to improve environmental performance are included in the process.

To support evaluation of legal compliance, environmental check-lists are drawn up at least every six months. In the event there is detection of a failure to comply with one of the parameters of a legal requirement, an action plan is put together to correct the situation.

Traceability: All environmental aspects are traced using the following system:

Environmental **Legal** **Operational Environmental** **Environmental**

In other words, for all environmental aspects identified, the following is verified:

- Whether there are legal requirements attached, to what extent they are applicable and an evaluation of compliance.
- Whether there is a specific operational environmental control.

Infringements, penalties and complaints of an environmental nature

No infringements, penalties or complaints of an environmental nature have been initiated during the period under analysis.

3.4.6. Suppliers and subcontractors

Environmental criteria on selecting suppliers

All suppliers with which there is a contractual relationship are subject to environmental compliance clauses.

Moreover, subcontractors, i.e. companies that carry out a ground handling activity that has been outsourced, such as workshop and cleaning services, are subject to specific controls:

a) Assessment of environmental aspects

	C1	C2	C3	C4
Subcontracted environmental aspects	Toxicity	Frequency	Environmental performance (*)	Managemen

(*) Environmental performance: this reflects whether there have been any environmental deviations during the year.
(**) Management: this considers whether the supplier has any environmental certification or applies minimisation measures.

b) Environmental verification lists
Given that the level of compliance demanded of subcontractors with regard to environmental requirements is the same as that set in Groundforce, the same environmental verification list is used to evaluate their performance.

Negative environmental impacts in the supply chain and actions taken

CERTIFICATION		ACTIVITY	CENTRES
Gestión Ambiental	Environmental management system ISO 14001:2015	Cleaning of facilities and aircraft	AGP/BIO/FUE/LPA/TFN/ZAZ
		Maintenance of ground handling support equipment	MAD
AENOR Medio Ambiente CO_2 verificado	Carbon footprint (verified)	Cleaning of facilities and aircraft	AGP/BIO/FUE/LPA/TFN/ZAZ

Negative environmental impacts in the supply chain and actions taken

No negative environmental impacts were detected in the supply chain in 2020. Cleaning and maintenance subcontractors adopted some environmental improvement measures in 2020:

- Cleaning of facilities and aircraft:
  - Replacement of paper with digital media (via QR codes) for quality, environmental and occupational health & safety inspections carried out by cleaning supervisors (ALC/BCN/IBZ/PMI/VLC).
  - Gradual replacement of traditional products by ECO products in the cleaning of offices and premises (FUE/LPA/TFN).
  - Use of 100% sustainable refuse bags (AGP/FUE/LPA/TFN).
  - Purchase of a refuse collector with a specific compartment to improve the separation of packaging from other waste (AGP).
  - Replacement of fluorescent lamps with LEDs (LPA/FUE/TFN).
  - Purchase of nebulisers for the cleaning and disinfection of aircraft and the buses used airside for embarking passengers (MAD).

- Maintenance of ground support equipment:
  - Professional cleaning by a specialist company of the parking area of the former workshop area (BCN).
  - Assessment of an engineering company to study the improvement in the operation of the hydrocarbon decanter (LPA).

3.5. Description of the Management System in place at Groundforce Cargo

3.5.1. Management System

Its activity consists of the management of the cargo area, as well as its reception, handling, control and delivery. We are in the following airports: Bilbao, Zaragoza, Valencia, Palma de Mallorca, Ibiza, Alicante, Malaga and Seville.

In Groundforce Cargo we have developed an Integrated Quality and Security Management System, based on the ISO 9001 Quality Management System and ISO 14001, on traceability, with the requirements of our OHSAS 18000 Certification. Furthermore, the Authorised Economic Operator Procedures [Certification no. OEA ESAEOC17000035AE] comply with the customs authorities' requirements.

In accordance with the International Civil Aviation Organization's (ICAO's) requirements [ref. doc. 9859] and the Spanish State Air Safety Agency's regulations [ref. AESA, ITC 105], and IATA's recommendations [ref. AHM 610] applicable to cargo terminal activities, in 2020 we developed a Safety Management System or 'SMS' as a standardised, technical and operational tool, the objective of which is to ensure that adequate levels of operational and occupational safety are achieved and maintained, as defined in Groundforce Cargo's Safety Policies.

3.5.2. Environmental policy

Given that we do not hold ISO 14001 certification, we abide by Globalia's environmental policy. However, we should clarify that we comply with AENA's requirements at the cargo terminals, where we treat our waste correctly and identify all aspects with a significant impact on the environment, pursuant to the provisions on hazardous waste, as well as non-hazardous waste and urban waste. Last year we developed an 'Environmental Control and Monitoring Plan', in line with our commitment to comply with AENA's environmental requirements, placing particular emphasis on the following environmental requirements:

- Identification and assessment of environmental aspects
- Identification of external regulation
- Operational control of environmental aspects
- Environmental emergencies

3.5.3. Environmental certifications

Our commitment to quality, safety and the environment involves the implementation of and compliance with requirements based on ISO 9001 and ISO 14001 and, in turn, their compatibility with our OHSAS 18001:2007 certification. The awarding entity of OHSAS 18001:2007 is NQA.

3.5.4. Environmental management

3.5.4.1. Materials

• We currently maintain the target of 98% of our vehicles being electric vehicles.
• The GFC offices have a policy in place to reduce the consumption of paper and all communications carry reminders of the importance of avoiding unnecessary printing. The offices generally employ used paper (provided it does not contravene the Spanish Data Protection Act) and the monthly purchase of paper is also controlled.
• In 2020 we promoted a plan to save on paper consumption, encouraging the use of the Sharepoint program to see and save the manuals and technical operating instructions, as well as the registers and supporting documentation.
• The specific IATA manuals for the air cargo area (Live Animals Regulations, Perishable Cargo Regulations, Dangerous Goods Regulation and the ULD Regulations) are consulted online using a shared licence.

3.5.4.2. Energy

• We are installing low consumption lights to reduce energy consumption in the offices and warehouses.
• In 2020 we replaced four old fork lift trucks with new generation ones that use less electricity.
• We enhanced the control and maintenance of facilities, machinery and vehicles, as well as best practices to achieve efficient use thereof.

3.5.4.3. Water and effluents

All the air cargo terminals are located within airport compounds owned by AENA and are leased. AENA is also responsible for ensuring the water supply, as well as control of the related costs.

Water consumption is minimised through awareness-raising campaigns and proper signage. The activity does not, however, require water on an industrial scale and therefore it is used solely for the hygiene purposes of personnel employed in the facilities.

AENA conducts mandatory half-yearly and yearly environmental audits of its warehouse facilities, waste and water effluent inspections, as well as recycling inspections. GFC is obliged to provide evidence at each audit.

3.5.4.4. Biodiversity

Our activity does not take place on the aircraft apron, but rather in warehouses at the cargo terminals, with respect to which standards to protect the environment are observed. Work is carried out in conjunction with AENA as regards pest control within the established environmental parameters.

3.5.4.5. Emissions

Management of emissions. Scope 1/2/3. Reduction of GHG emissions. Emissions of ozone-depleting substances (air conditioning/fire extinction equipment). Other significant atmospheric emissions: NOx/CO/HC/PM. GFC generates two types of emissions:

- That produced by cold stores and refrigeration equipment.
- That produced by air-conditioning systems.

In both cases a certificate of tightness is required, as well as an official report from the maintenance providers. These reports are submitted to AENA during the various inspections and audits carried out at our warehouses.

3.5.4.6. Waste

The Environmental Control and Monitoring Plan was established based on a diagnosis of the initial environmental situation, including an assessment of the legal and regulatory requirements, including legislative requirements and those of airlines and AENA, through the technical specification clauses. In addition, the Environmental Control and Monitoring Plan emphasises the detection and execution of preventative actions aimed at minimising environmental impacts.

The waste generated by GFC is as follows:

- Plastics and cardboard: originating from the de-palletisation of air cargo pallets: we have automatic packaging machines to make plastic bales which are then collected by a certified waste disposal company.
- Paper: clearly visible paper recycling bins are located at all company facilities.
- Toner: the authorised service provider empties the toner containers when full, providing collection notes as evidence of their recycling.
- Oils: originating from vehicle maintenance. The maintenance providers are exclusively responsible for the recycling of spent oils. These entities provide us with documentation certifying the recycling of oils and any other material used, such as tyres and batteries.

3.5.4.7. Environmental compliance

Our Integrated Quality, Security and Environmental Management System includes a procedure to define, implement and follow up on corrective measures. These actions plans are based on an analysis of the following sources of data:

- Internal audits and inspections.
- External audits.
- Internal failures to comply.
- Claims.
- Environmental incidents.

As regards infringements, penalties or complaints of an environmental nature, the division complies with all requirements stipulated by the respective autonomous regional governments.

3.5.4.8. Suppliers and subcontractors

All suppliers must hold waste disposal certificates. The activity of third-party companies subcontracted by Groundforce Cargo that carry out their work in the airside/landside areas of the airport could affect safety and therefore, this activity is regulated by a Coordination of Business Activities Procedure, as well as another Internal and External Communication Procedure.

3.6. Description of the Management System in place in the Retail division

Our commitment to a quality service and respect for the environment means that the company must integrate sustainable development criteria, ensuring the proper management of resources and safeguarding the environment, while responding to the demands of society. To this end, an Environmental Management System has been designed and implemented in line with the requirements under UNE EN ISO Standard 14001:2015.

This certification (ISO 14001:2015) is currently valid for three companies in the Retail division:

- Viajes Halcón, S.A.U. for corporate travel agency services; incentive trips; conventions and events; and the management of reservations as a travel agency for public or private invitations to tender. Original approval: 02/11/2010. Expiry of the certificate: 19/03/2022.
- Viajes Ecuador, S.A.U. for reservation management services as a travel agency for public or private invitations to tender. Original approval: 05/11/2010. Expiry of the certificate: 15/11/2022.
- Globalia Corporate Travel, S.L.U. for corporate travel agency services; incentive trips; conventions and events; and the management of reservations as a travel agency for public or private invitations to tender. Original approval: 09/10/2018. Expiry of the certificate: 02/11/2022.

There are three key processes covered by the certification, which determine their scope:

- Travel agency services for companies and other entities (business or corporate processes).
- Organisation of events, conventions, incentives, etc. (also aimed at businesses and other organisations).
- Public invitations to tender (preparation and presentation).

3.6.1. Negative environmental impacts in the supply chain and actions taken

The environmental aspects with an impact caused by our activity are reviewed annually and assessed (whenever possible) to establish their significance.

Monitoring the consumption of paper and printer toner is among the environmental impacts from our activity included in the Management System.

3.6.2. Reduction of GHG emissions

The activity does not directly generate greenhouse gas emissions. Nevertheless, all activity requires energy, such as that used for the air conditioning in the work areas, the energy used by the IT equipment or the fuel consumed by employees as they travel as part of their job.

In all cases, policies of best practice are in place, as are initiatives to raise awareness among the personnel included in the scope of the system.

3.6.3. Sources of water significantly affected by water withdrawal, water recycling and reuse

All water consumed in the certified departments is drawn from the public mains supply or is bottled water. There is no water collection system.

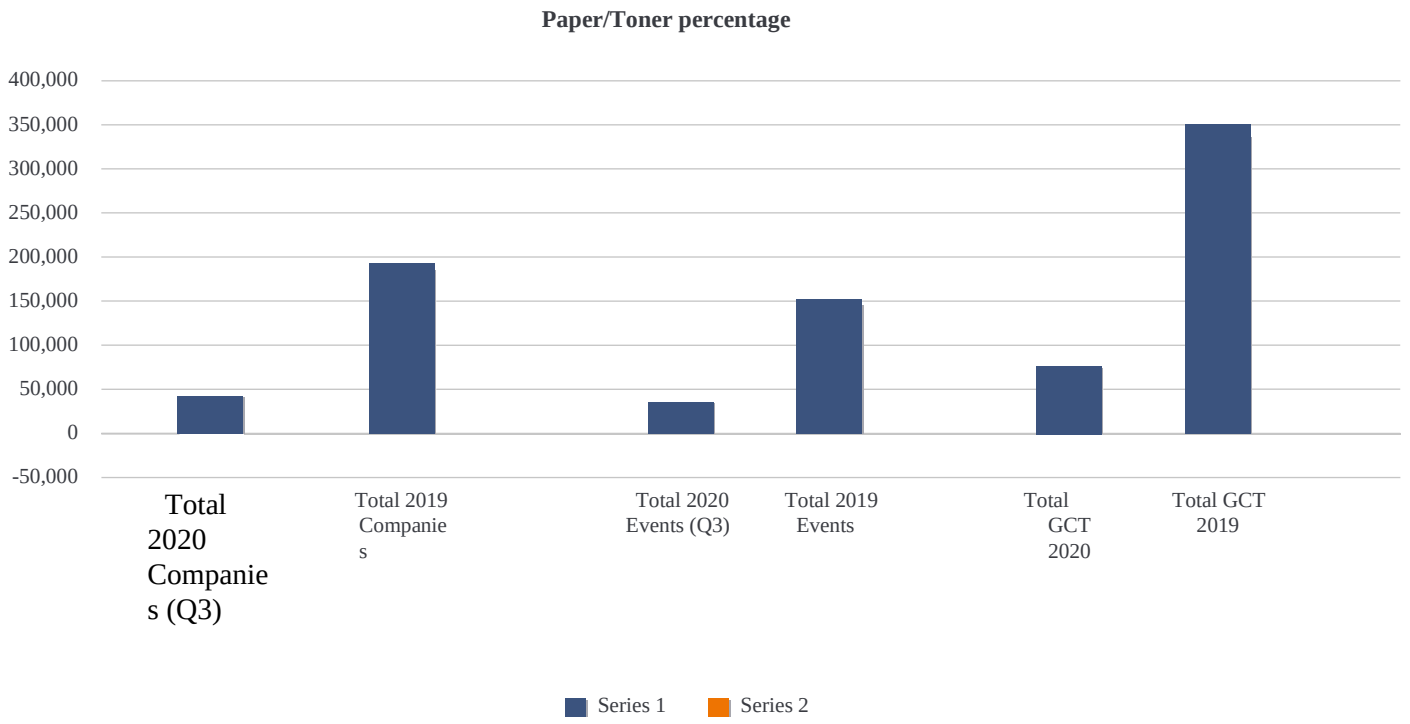
3.6.4. Reduction in energy requirements of products and services

The Environmental system identifies the environmental aspects that affect our activity or that may be directly controlled by Globalia Corporate Travel. The environmental aspects identified are assessed annually, taking into consideration the results from the prior year. The following significant environmental aspects were identified as a result of the foregoing assessment:

- Toner and ink cartridge waste.
- Paper consumption.
- Consumption of printer toner and ink cartridges.

Relative indicators on the consumption of paper and toner have been established (data provided by the supplier of photocopiers). The result for the third quarter of 2020 versus 2019 reflects a saving of 76.49%.

Such a significant saving is the result of the Company's "Paperless" policy, the business' current situation and the implementation of 100% of remote working.



3.7. Description of the Management System in place in the Road transport division

GLOBALIA's road transport division was forced to suspend its services for a large part of 2020; the companies of this division have had hardly any activity.

3.7.1. Globalia Autocares Levante

Globalia Autocares has targeted two areas in its Environmental Management:

1. Management Systems Certification.
2. Ongoing monitoring of consumption and emissions.

3.7.1.1. Certification

Globalia Autocares Levante has been certified since 2018 for the VAC-related activities, under the following environmental standards:

3.7.1.1.1. Environmental Management: ISO Standard 14001:2015

Certifying, with respect to all of the activities pursued by Globalia Autocares Levante, that:

- They are in line with the environmental legislative framework.
- There are environmental control systems in place.
- There are systems in place to prevent accidents that may affect the environment.
- All personnel have received environmental training and awareness-raising.
- Annual environmental improvement targets have been identified.
- Annual environmental indicators are monitored.

3.7.1.1.2. Energy Management in accordance with Standard: UNE-EN ISO 50001:2011

This Standard certifies our commitment to managing the energy efficiency of our activities, teams and facilities and to improving energy efficiency. Certification under this Standard means that:

1. Comparative baselines are available in terms of consumption, temperature, mileage and passengers.
2. Consumption is monitored continuously.
3. Energy efficiency improvements and annual improvement targets are set.

4. All personnel undergo training and awareness-raising.
5. An energy efficiency policy has been set in place.

3.7.1.1.3. Commission Regulation (EU) 2018/2026 of 19 December 2018 on Community eco-management and audit schemes (EMAS)

The Environmental Statement has been prepared in line with the EMAS Regulation, without having certified the statement, pending the requirements of the Ministry of Transport.

The Environmental Statement is a document that:

1. Ensures the information is available to all interested parties. Is a public document.
2. Includes all of the requirements of Standard ISO 14001-2005.
3. Is verified independently by third parties. This means that the relevant data is verified annually in order to ensure accuracy.

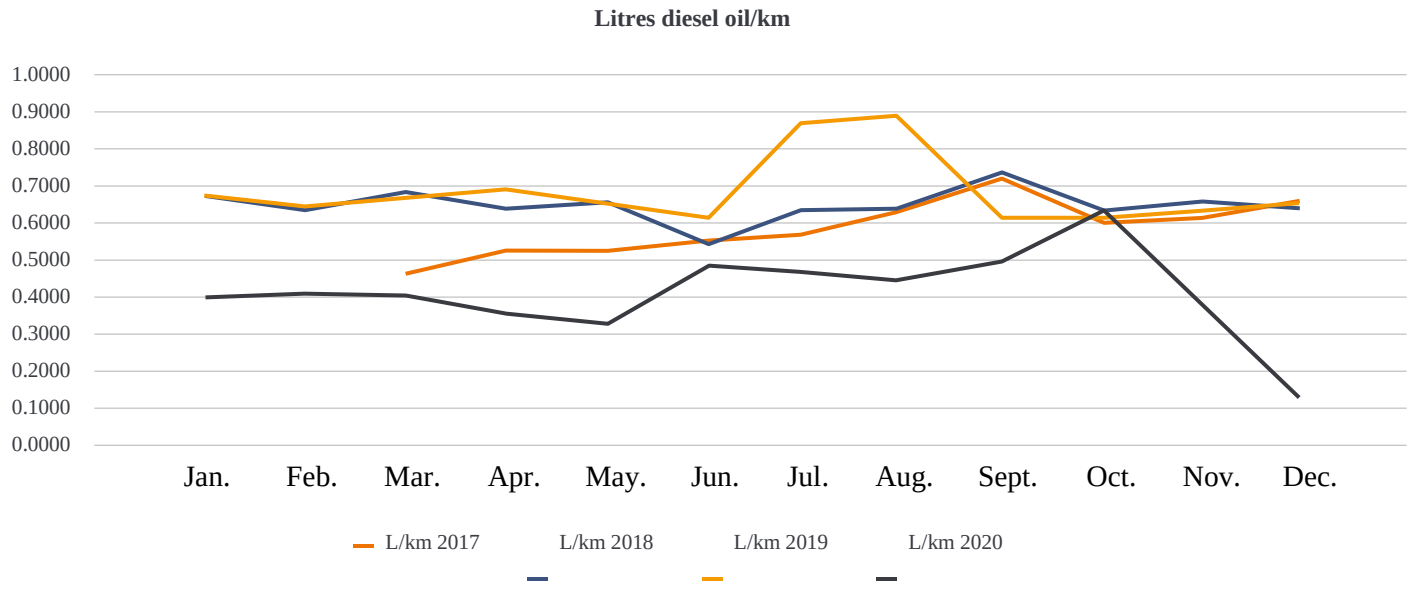
Some of the environmental management and energy efficiency indicators are as follows.

3.7.1.1.4. Environmental Management. Monitoring of consumption

Monthly fuel and urea consumption is monitored.

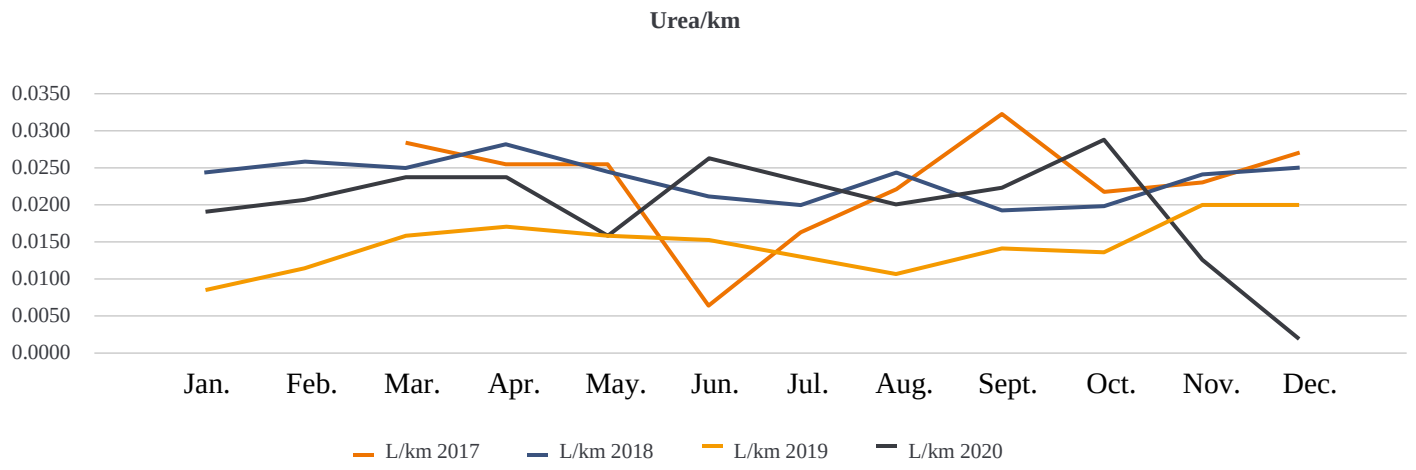
Monitoring diesel oil

Tables detailing diesel oil per kilometre are available as an indicator. A graph is as follows:



Monitoring Urea

Graphs on the control of urea per kilometre are available as an indicator. A control graph is provided.



3.7.1.1.5. Environmental Management. Carbon footprint

Scope

Greenhouse gas emissions are consolidated in line with the Organisation's approach to financial control.

Operational limit

- Scope 1: Direct greenhouse gas emissions controlled by the company: fuel emissions associated with the scheduled transportation of passengers by road and emissions deriving from leaks of refrigerating gases from bus air-conditioning systems.

Within the operational limits and in line with the requirements under Standard ISO 14064:1, the following direct emissions will be accounted for separately:

- Fuel consumption (direct emission).
- Emissions generated by leaks of refrigerating gases.

The Organisation is essentially engaged in scheduled transportation. It does not have its own facilities at any of the bus stations at which it makes stops.

Globalia Autocares Levante	FLEET - Fuel. GHG emissions - Refrigerant gas leaks

2018 (base year)

SCOPE 1	Fixed installations	0 T CO_2
	Travel by vehicles	1,481.5645 T CO_2e
	Air conditioning/heating	0 T CO_2
TOTAL SCOPE 1		**1,481.5645 T CO_2e**

2019

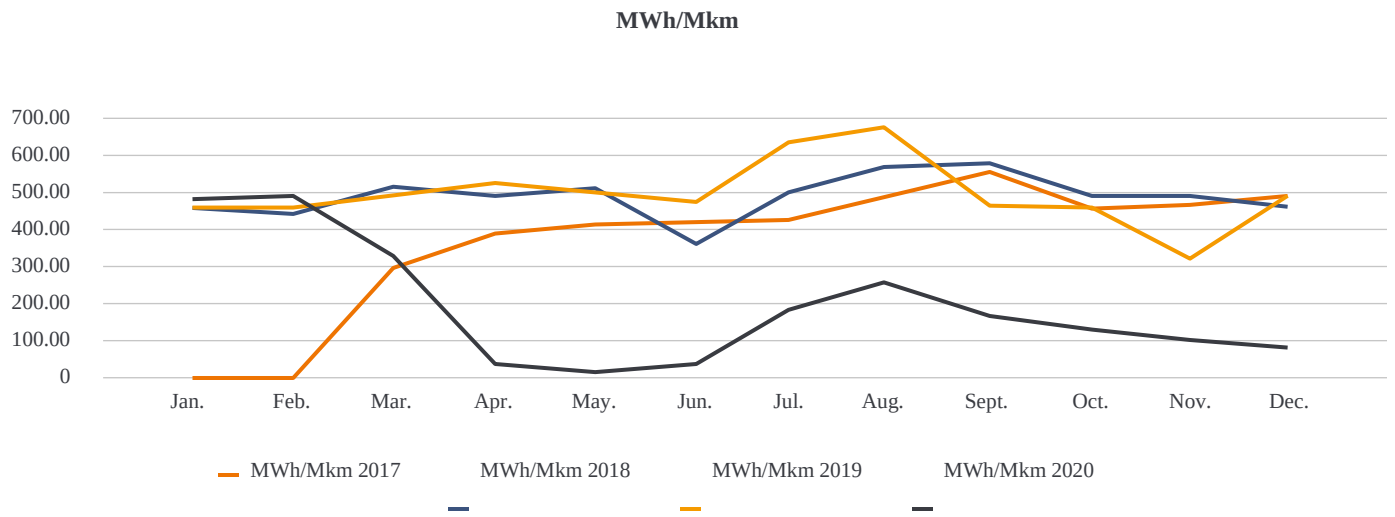
SCOPE 1	Fixed installations	0 T CO_2
	Travel by vehicles	1,535.8002 T CO_2e
	Air conditioning/heating	0 T CO_2
TOTAL SCOPE 1		**1,535.8002 T CO_2e**

2020

SCOPE 1	Fixed installations	0 T CO_2
	Travel by vehicles	916.01 T CO_2e
	Air conditioning/heating	0 T CO_2
TOTAL SCOPE 1		**492.48 T CO_2e**

3.7.1.1.6. Energy efficiency management

With respect to the Energy Efficiency System, historical records are kept of consumption in MW. Variations in MW in relation to the base line are analysed in line with km.



A clear reduction can be seen in the consumption of MWh due to the pandemic and the reduction in Km travelled.

3.7.2. Globalia Autocares

Globalia Autocares is tasked with managing occasional lines, Imserso and Mundosenior.

3.7.2.1. Certifications

Globalia Autocares has been certified since 2015 for the VAC-related activities, under the following environmental standards:

3.7.2.1.1. Environmental Management: ISO Standard 14001:2015

Certifying, with respect to all of the activities pursued by Globalia Autocares, that:

1. They are in line with the environmental legislative framework.
2. There are environmental control systems in place.
3. There are also systems in place to prevent emergencies that may affect the environment.
4. All personnel have received environmental training and awareness-raising.
5. Annual environmental improvement targets have been identified.
6. Annual environmental indicators are monitored.

This certification is monitored annually and is valid for three years, whereupon it will be renewed. Given the conditions as a result of COVID-19 and the pandemic, a request was made to the certifying entity to postpone the monitoring procedures until 2021 and maintain the certification. The monitoring audit is expected to take place in the first half of 2021.

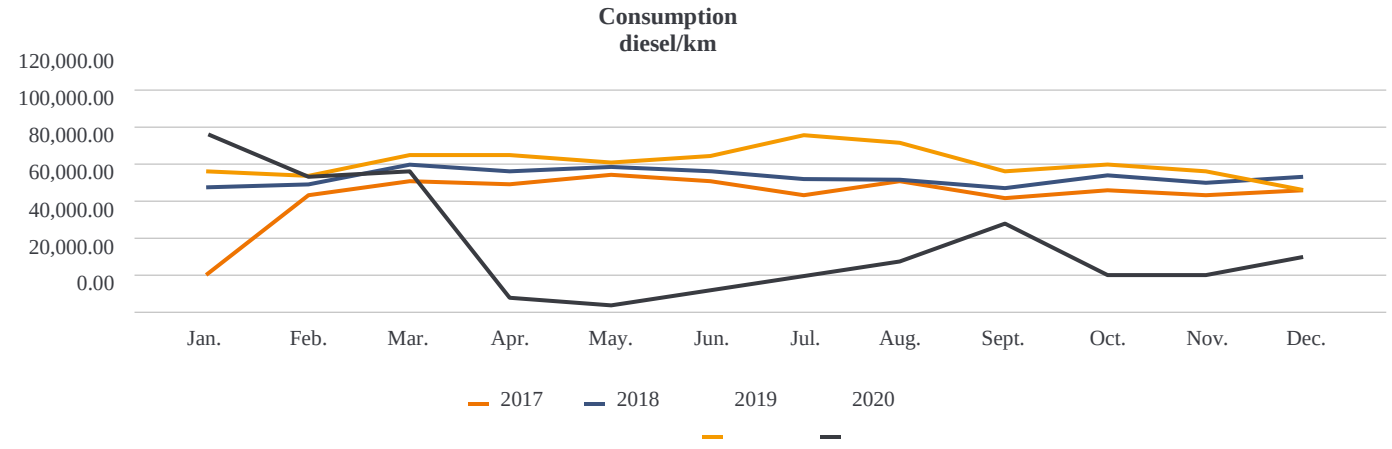
3.7.2.2. Indicators

Some of the environmental management and energy efficiency indicators are shown below

3.7.2.2.1. Environmental Management. Monitoring of consumption

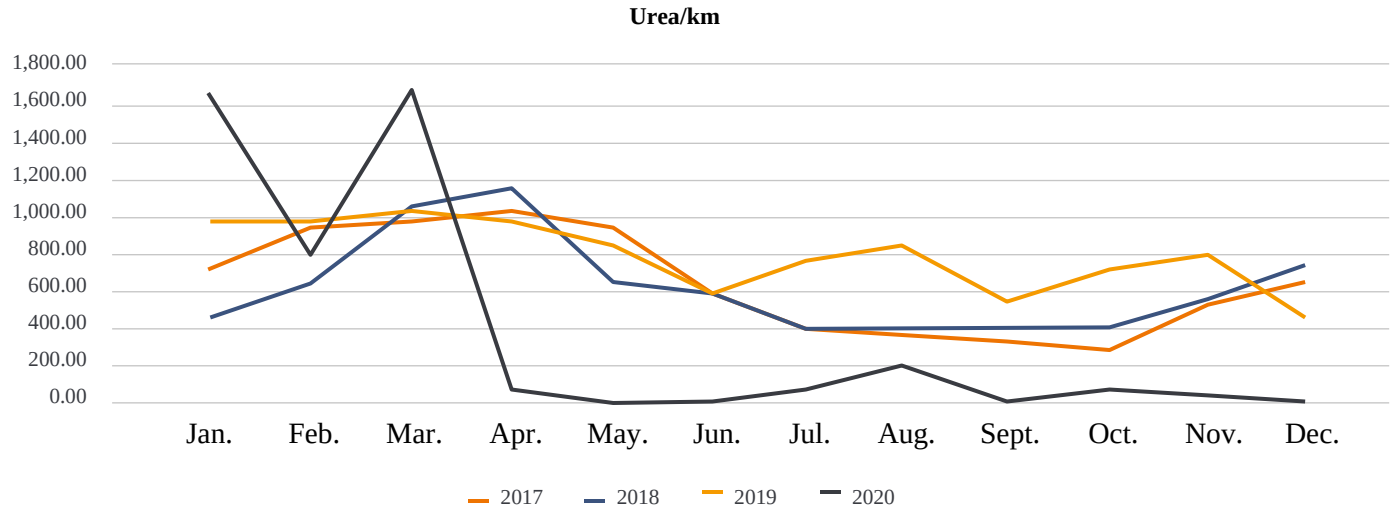
Fuel and urea consumption is monitored monthly.

Monitoring diesel



Consumption per km has remained unchanged but the total consumption per month has fallen due to COVID-19.

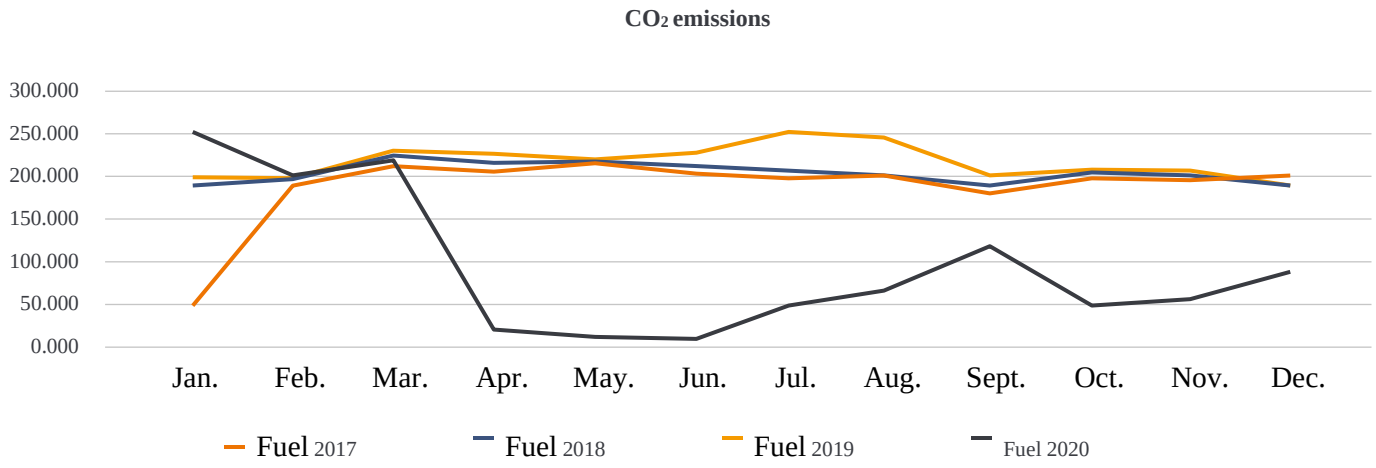
Monitoring Urea



The ratios of consumption per km have remained relatively stable since 2017, whereas those of total consumption have decreased due to the pandemic.

3.7.2.2.2. Environmental Management. CO_2 emissions

Carbon emissions are monitored annually even in the absence of an annual verification by a third party in respect of ISO 14064.



A decrease in CO2 emissions can be seen in 2020 due to the pandemic and the drop in transport and km.

3.8. Others

3.8.1. Golf Maioris

In addition to the treatment of the various water sources mentioned in the preceding sections, reference must be made to the treatment of such sources by the Globalia member company Golf Maioris, and it is worth noting the following:

Golf Maioris currently draws on two sources of water: recycled water in the main, and a second source provided by the general supply network. Water from the general network is for use at the club house, e.g., showers, services or restaurants, and is treated with a small osmosis plant in order to enhance the water quality for customers.

Most of the consumption is due to watering the golf course, especially in the dry season and when it seldom rains. 1,800 cubic metres a day are used. This water is provided by the waste water plant (purifier). The water is pumped across the entire golf course by four pumps, alongside a Jockey pump that ensures that the right pressure in the pipes is maintained at all times.

3.8.2. Waste at the Globalia aircraft maintenance hangar

A breakdown of the kg of waste generated by the Palma de Mallorca airport hangar is as follows: This waste is collected by a management entity authorised for such purpose. In 2020, work is underway on an improvement plan for this area of the Group's activity.

WASTE	TOTAL 2019	TOTAL 2020
Absorbents, filter equipment, contaminated cloths	11,882	6,538
Contaminated empty containers	2,668	2,305
Waste containing hydrocarbons	1,827	195
Mineral oil	1,770	500
Paints past their sell-by date	1,369	573
Other fuels (including mixes)	756	1,164
Fluorescent tubes and waste containing mercury	304	100
Laboratory reagents	207	108
Oil filters	180	151
Non-halogenated solvents	161	196
Electrical and electronic waste	66	-
Paint booth filters	58	50
Toner waste	57	86
Alkaline and salt water batteries	57	-
Gases in pressurised containers (including halons)	8	38
Other acids	2	-
Grand total	21,372	12,004

Compared to 2019 less waste was generated on account of the drop in production.

4. SOCIAL AND EMPLOYEE-RELATED MATTERS

Introduction

As a result of the declaration of a health crisis caused by COVID-19 and the declaration of the state of emergency, in March 2020, Globalia submitted 48 applications for furlough schemes (ERTEs) involving the suspension of work contracts and reduction of working hours due to force majeure with the different labour authorities (there are currently around 90 applications accepted for the different types of furlough schemes (ERTEs) due to force majeure approved by the successive Royal Decree-Laws enacted, based on the forecast reduction in global activity in the different business units in line with the initial trend since March and the resulting projected duration). These emergency organisational measures were reinforced with the implementation of "COVID-19 teleworking" for all employees whose functions and tasks could be carried out from home.

Where this was not possible, the appropriate individualised documentation was provided to employees at each work centre to avoid them facing problems with the State security forces.

The aforementioned furlough schemes (ERTEs) due to force majeure, which were extended to 31 December 2020 (and have currently been extended to 31 May 2021), have affected, on average, 83.14% of the workforce. The workforce included in these furlough schemes (ERTEs) has experienced an average reduction of 57.89%. This data is periodically shared with the workers' legal representatives of the different companies through the creation of the corresponding monitoring committees in order to ensure that they are managed fairly at all times and with respect for the individual personal circumstances of each of the group's employees.

Furthermore, the Occupational Health and Safety department drew up all the necessary anti-COVID-19 protocols required for the professional activity of each business and support unit, with the clear objective of training, informing and establishing specific procedures in the event of possible detection of and exposure to the SARS-CoV-2 coronavirus.

Given the duration of the current health crisis, which has so adversely affected our sector and therefore Globalia, the Training and Development department launched initiatives to, on the one hand, transform most of the in-person content into online content in record time and, on the other hand, to support this e-learning initiative, which is highly necessary to avoid the risk of contagion, by creating a specific programme "The Hero's Journey" which was made available to all employees with the aim of accompanying, training and helping all those who were affected by furlough schemes (ERTEs) to minimise the impact of the abrupt disconnection from physical ties.

The content and management of all the "COVID-19 organisational measures" required the adaptation of the employee portal (Intranet) to ensure that all the information, training and documentation necessary to keep activity going was easily accessible, as well as reinforcement of the employee service system to make it faster and more efficient.

4.1. Globalia Group Equality Plan

In accordance with Spanish Organic Law 3/2007 of 22 March 2007 on Effective Gender Equality and following the pertinent diagnoses at each of its business Divisions, the Globalia Group has in recent years been promoting equality plans at its various companies, having regard to the specific characteristics of each business and as provided for in the above Law.

Following the entry into force of RD Law 901/2020 and RD Law 902/2020, lines of action are being developed in respect of obligations pertaining to equality and the diagnosis of salary and pay transparency in response to the doubts that are of most concern, on the one hand from a legal point of view to comply with regulations, addressing questions referring to technical aspects associated with HR management processes and, on the other hand, to implications from the point of view of the effective application of the plans and their review and adaptation within the appropriate legal deadlines, as well as the systems for their evaluation and monitoring, following consultation with the workers' legal representatives.

Best practices within the different business units seek, inter alia, to share initiatives to eliminate differences between men and women in access to and participation in decision-making positions ; to ensure that human resources management processes (access, selection, classification of personnel, promotion and training, working conditions, including remuneration) follow the principle of equal treatment and opportunities, as well as to favour joint responsibility in work, personal and family life.

The aim is to attract people for whom equality policies are a fundamental aspect in their choice of workplace.

The relevant diagnosis reports were prepared by gathering and analysing information from the different Group companies, which, viewed together, give an initial idea of the existing level of gender equality, according to the nature of each business.

While not included among the areas analysed in the various diagnoses performed, the policies for the prevention of sexual and gender-based

harassment already in place at the Group are noteworthy. There is a clear commitment on the part of Management to prevent and resolve any potential situations of harassment. To this end, a protocol and procedure for action have been included within the Prevention Plan and have been published on the corporate intranet.

Based on the diagnoses performed, a series of measures have been defined along with the workers' representatives with a view to furthering the Group's commitment to equal rights among all of its workers.

The most relevant measures adopted as part of the Group's different equality plans are:

- **Corporate culture:** Communicate Management's commitment to equal treatment of employees. Provide training to Management and the workforce in equality. Include gender equality principles and values in the occupational health and safety (OHS) system.
- **Access to jobs:** Guarantee equal opportunities for women and men in the processes of attracting talent, selection, hiring, training and professional promotion. Review and/or publicise selection and promotion processes, ensuring transparency, including equality across the board, as well as fostering and communicating training opportunities for employees.
- **Communicate promotion processes and encourage internal promotion.**
- **Training:** facilitate equal access to training sessions for both men and women.
- **Remuneration:** Supervise correct implementation of the remuneration policy and adopt the measures necessary to correct any cases of discrimination in the shortest possible timeframe.
- **Time management:** promote a culture that permits an appropriate work-life balance, and fosters an equal distribution of responsibilities between men and women.
- **Occupational health:** Guarantee a suitable level of health protection for all members of the Organisation.
- **Gender-based violence.**
- **Professional classification, remuneration and remuneration audits:** Remuneration analysis (audit and correction plan) with the aim of eliminating any differences detected that cannot be explained on the basis of objective, logical and reasonable criteria.
- **Working conditions:** (including the audit of the salaries of women and men in accordance with the provisions of Royal Decree 902/2020 of 13 October 2020 on equal pay for women and men)
- **Equal responsibility in exercising rights pertaining to a balance between personal, family and working life.** Foster actions and policies to improve working hours and shift timetables in order to adapt and balance work, personal and family life while taking into consideration the company's operations and work schedule.
- **Under-representation of women:** Take positive measures to eliminate the workplace horizontal and vertical segregation of women, thus fulfilling the equality objective of Organic Law 3/2007 of 22 March 2007, in accordance with the provisions of its article 11 and with article 17.4 of the Workers' Statute. There are areas that are to some extent male or female dominated in which processes are being undertaken to achieve a representation of 40-60%, whenever possible, as a positive measure, whereby, in the case of equal merit and ability, the candidature of the under-represented gender is chosen.
- **Prevention of sexual and gender-based harassment.** Inform the entire workforce of the content of the prevention policy and protocol through training and awareness-raising actions.
- Ensure **physical spaces are respectful of all people**, and that criteria uphold the values of equality.
- Adopt **criteria and review periods that guarantee the effectiveness and suitability of** equality plans.
- **Non-sexist language.** We actively work on the communication of equality, with emphasis on the use of non-sexist language.

The Group takes responsibility for monitoring effective implementation of the measures adopted as part of the various equality plans, according to the agreements reached in each Division with the different steering committees.

Some of the key indicators for monitoring the measures adopted are:

- Average headcount by sex and type of contract during the year (see changes since the diagnosis began).
- Number of people hired in the Group (changes since diagnosis began).
- Number of people ceasing to work for the Group (dismissals) (changes since diagnosis began).
- Hours of training.
- Gross annual salaries by contract type, collective bargaining agreement and professional category (collective bargaining agreement level).

As regards diversity, the data regarding the Globalia Group workforce, by territory in which the various equality plans apply, are as follows:

Average contract type in 2020 by country, gender and professional category

	SPAIN				DOMINICAN REPUBLIC				REST OF WORLD MALE				GLOBALIA GROUP MALE			
	MALE		FEMALE		MALE		FEMALE		MALE		FEMALE		MALE		FEMALE	
	Permanent	Temporary	Perm.	Temp.	Perm.	Temp.	Perm.	Temp.	Perm.	Temp.	Perm.	Temp.	Perm.	Temp.	Perm.	Temp.
Management	80	0	24	0	6	0	0	0	14	1	5	1	100	1	29	1
Administration	57	0	128	3	11	0	12	1	0	0	0	0	69	0	140	4
Flight attendants	230	0	669	0	0	0	0	0	0	0	0	0	230	0	669	0
Drivers	46	10	8	2	0	0	0	0	0	0	0	0	46	10	8	2
Middle management	87	0	59	1	0	0	0	0	18	4	10	1	105	4	69	2
Mechanics	303	57	5	1	0	0	0	0	0	0	0	0	303	57	5	1
Other administrative staff	320	15	456	24	13	0	22	0	44	3	67	10	376	19	545	35
Other	43	1	6	1	16	0	3	0	10	0	15	0	69	1	24	1
Travel agency staff	120	9	531	45	0	0	0	0	0	0	0	0	120	9	531	45
Handling staff	967	231	513	87	0	0	0	0	0	0	0	0	967	231	513	87
Hotel staff	96	41	59	30	242	0	70	0	4	0	1	0	341	41	130	30
Pilots	362	0	16	0	0	0	0	0	0	0	0	0	362	0	16	0
Computer programmers	81	1	15	0	0	0	0	0	0	0	0	0	81	1	15	0
Telephone operators	92	64	249	122	12	0	17	0	42	4	79	8	146	68	346	130
	2,883	**429**	**2,738**	**316**	**299**	**0**	**124**	**1**	**155**	**18**	**198**	**21**	**3,338**	**448**	**3,060**	**338**

A workforce comprised of different ages is balanced out by the need for experienced staff and a succession plan through the hiring of new talent.

Average workforce by age and gender

	OLD		30-50 YEARS OLD		OVER 50 YEARS OLD		TOTAL
	EMALE		MALE	FEMALE	MALE	FEMALE	
Total Globalia	452.53	312.39	2,325.13	2,444.15	1,007.46	641.47	7,183.12
	59.16%	40.84%	48.75%	51.25%	61.10%	38.90%	

The average equivalent workforce in 2019 was 14,144 FTEs, with a reduction of 49.22% in 2020. The main cause of this decrease is the implementation of the furlough schemes (ERTEs) due to force majeure in the different companies of the group, as indicated in the introduction to the report, and the sharp fall in temporary employees taken on.

The average equivalent workforce reflects the average occupation of each employee during the year, which has fallen by 57.89% since the implementation of the furlough schemes (ERTEs) which began to take effect in the group in mid-March 2020.

Men and women at the end of the period

	31/12/2020	31/12/2019	VARIATION
Male	6,488	8,005	-1,518
Female	6,725	7,255	-531
Total	13,212	15,260	-2,048

Shows the active employees at the end of the period, regardless of the extent to which they were affected by the furlough schemes ERTEs. The difference with respect to the previous year is the result of not hiring employees, mainly temporary, due to the drop in activity caused by the pandemic.

Dismissals by age, gender and professional category

	0						2019					
	DER 30 YEARS		30-50		OVER 50		UNDER 30 YEARS		30-50		OVER 50	
	D FEMALE		YEARS	FEMALE	YEARS	FEMALE	OLD MALE		YEARS	FEMALE	YEARS	FEMALE
							FEMALE		OLD		OLD MALE	
									MALE			
Management	0	0	1	0	1	0	0	0	3	1	2	0
Middle management	0	0	0	0	0	1	0	0	1	2	2	0
Administration	2	1	0	0	0	0	0	1	1	3	2	1
Flight attendants	0	1	0	0	0	0	5	4	5	4	0	1
Drivers	0	0	0	0	1	0	0	0	3	0	1	0
Mechanics	0	0	0	0	1	0	0	0	1	0	0	0
Other administrative staff	1	1	1	2	2	1	1	1	9	15	2	3
Other	1	2	2	2	0	0	0	0	4	0	1	0
Travel agency staff	0	0	2	6	0	1	1	0	5	11	1	1
Handling staff	6	1	6	5	4	0	24	4	17	4	36	7
Hotel staff	3	1	7	2	1	0	18	4	22	8	2	2
Pilots	0	0	4	0	3	0	0	0	6	0	8	0
Computer programmers	3	1	1	1	0	0	0	0	1	0	0	0
Telephone operators	1	2	0	0	0	0	1	2	2	5	0	2
TOTAL	**17**	**10**	**24**	**18**	**13**	**3**	**50**	**16**	**80**	**53**	**57**	**17**

62.96%	**37.04%**	**57.14%**	**42.86%**	**81.25%**	**18.75%**	**75.76%**	**24.24%**	**60.15%**	**39.85%**	**77.03%**	**22.97%**

Information on dismissals in Spain and the Dominican Republic, which represents 97% of the Globalia Group's workforce.

Since most of the equality plans have been recently implemented, and although the results of the diagnosis are generally fairly acceptable, the Globalia Group is committed to working and focusing on all of the areas with room for improvement.

Inclusion

Another of the Globalia Group's tools within the framework of our commitment to society and in compliance with legislation governing the rights of people with disabilities, are our agreements with special employment centres and our contribution to indirect workplace integration.

The Group has signed various agreements with different special employment centres for those divisions which, due to the nature of their business, do not enable us to directly hire people with disabilities. However, the Group prioritises this matter in those businesses that allow hiring of people with disabilities.

Average personnel with disabilities in the Globalia Group during 2019, detailed by professional category and gender:

Personnel with disabilities 2020

	MALE	FEMALE	TOTAL
Management	1.25	1.00	2.25
Middle management	1.97	0.00	1.97
Administration	0.73	3.38	4.11
Flight attendants	0.00	0.21	0.21
Drivers	0.25	0.20	0.45
Mechanics	0.87	0.00	0.87
Other administration staff	8.94	10.99	19.93
Other	2.10	0.00	2.10
Travel agency staff	3.30	4.80	8.10
Handling staff	23.96	9.08	33.04
Hotel staff	1.97	1.36	3.34
Computer programmers	2.10	0.00	2.10
Telephone operators	2.98	3.81	6.29
TOTAL	49.93	34.94	84.86

Following the resolution of the statement of exceptional circumstances approved by the Directorate General of the State Employment Service on 9 July 2019, Doc. 2019/147, and in accordance with the provisions of articles 5 and 9 of the Order of 24 July 2000 (Spanish Official State Gazette of 9 August) which regulates the administrative procedure relating to alternative measures for compliance with the reserve quota and, also, in relation to the provisions of art. 2 of Royal Decree 364/2005 of 8 April 2005, the alternative measures proposed and the justification of the alternative measures applied during the 3 years of validity of the certificate of exceptional circumstances, in compliance with the reserve quota of 2% of the workforce in favour of workers with disabilities, have been complied with.

4.2. Pay gap

In line with the principles set out in the equality plans, the Group considers equal pay to be a fundamental right of its employees. With this in mind, the Globalia Group seeks to ensure that its remuneration policy is equal for both men and women, applying the salaries defined in the salary tables existing in the collective bargaining agreements of the different companies forming the Group.

Data presented on average salaries for each category refers to all employees included in this category, exclusively taking into account the fixed portion of their annual remuneration.

Average fixed annual salaries by category

	EUROS		EXCHANGE RATE (0.014)		EUROS		EXCHANGE RATE (0.016)	
	2020 SPAIN		2020 DOMINICAN REPUBLIC		2019 SPAIN		2019 DOMINICAN REPUBLIC	
	AVERAGE FIXED ANNUAL SALARY		AVERAGE FIXED ANNUAL SALARY		AVERAGE FIXED ANNUAL SALARY		AVERAGE FIXED ANNUAL SALARY	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Management	100,426	88,029	58,945	0	107,149	89,873	59,288	0
Middle management	50,316	46,127	0	0	49,391	44,977	0	0
Administration	30,343	24,028	12,370	18,312	29,881	23,739	14,249	14,787
Flight attendants	18,858	20,089	0	0	18,925	20,210	0	0
Drivers	24,437	25,623	0	0	23,695	24,115	0	0
Mechanics	39,076	33,828	0	0	36,745	33,080	0	0
Other administrative staff	27,841	24,723	14,394	7,842	26,988	24,161	13,254	9,638
Other	22,728	20,779	4,504	4,288	22,747	20,178	3,958	3,578
Travel agency staff	27,147	23,817	0	0	26,360	23,452	0	0
Handling staff	22,106	22,647	0	0	20,225	20,999	0	0
Hotel staff	21,930	20,478	3,106	2,883	20,978	19,919	3,522	3,269
Pilots	76,035	57,679	0	0	74,807	56,153	0	0
Computer programmers	34,266	29,209	0	0	33,307	28,836	0	0
Telephone operators	15,926	16,381	4,615	4,215	15,956	16,418	5,271	5,036
TOTAL	**33,049**	**22,985**	**4,615**	**4,215**	**30,101**	**22,433**	**4,128**	**4,333**

	GENDER PAY GAP		DOMINICAN	
	201	201	201	201
Management	19.22%	33.56%	0.00%	0.00%
Middle management	4.07%	7.41%	0.00%	0.00%
Administration	-0.75%	0.24%	14.78%	4.75%
Flight attendants	1.21%	1.03%	0.00%	0.00%
Drivers	7.25%	2.63%	0.00%	0.00%
Mechanics	1.08%	-1.19%	0.00%	0.00%
Other administrative staff	1.38%	0.50%	-5.05%	0.00%
Other	2.40%	-0.50%	7.80%	12.72%
Travel agency staff	2.35%	1.24%	0.00%	0.00%
Handling staff	1.81%	1.42%	0.00%	0.00%
Hotel staff	0.17%	3.16%	2.67%	2.90%
Pilots	-0.09%	0.48%	0.00%	0.00%
Computer programmers	1.54%	3.14%	0.00%	0.00%
Telephone operators	0.28%	0.50%	6.43%	25.77%
	1.52%	**1.64%**	**3.04%**	**3.77%**

Average salaries and gender pay gap calculated based on 97% of the Globalia Group workforce.

In relation to calculating the gender pay gap, we should point out that we have a workforce from more than 46 companies, engaged in very diverse businesses which are regulated by more than 25 collective bargaining agreements. Therefore, the gender pay gap is the result of applying a weighted average by category, of the average salary differences between workers of different gender, who belong to the same collective bargaining agreement and are of the same professional category.

Note 29 to the Globalia Group's consolidated annual accounts discloses the global remuneration received by the directors and senior management.

4.3. Occupational health and safety

The Globalia Group Health and Safety Policy provides for continuous application of the strictest criteria as regards health and safety and risk prevention at its various workplaces. It systematically and regularly carries out the occupational health and safety activities envisaged in the Occupational Risk Prevention Plan published on the Group's corporate intranet (Employee Portal): https://intranet. globalia-corp.com

This policy also guarantees that all Group companies and collaborating companies carry out their activity in accordance with the rules, regulations and provisions applicable in each country according to the domestic legislation in force and having regard to the Globalia Group's own safety standards.

As part of the Globalia Group's health and safety activities, the Company continually monitors accidents at its workplaces. It also has an Occupational Risk Prevention Department, which renders its services to the entire Group.

The accident rate, which is very low, has remained constant with respect to previous years, despite the increase in the Group's average headcount, and it is worth noting that there have been no fatal or serious accidents during the year.

Labour contingency

	2020	2019	2018	2017
TAI	0.43%	0.51%	0.50%	0.45%
TGA	1.57	1.87	1.8	1.6

TAI - Lost workdays as % of total days TGA - Lost workdays per average employee

Occupational accidents

	2020		2019	
	MALE	FEMAL	MALE	FEMAL
Accidents requiring sick leave	313	98	795	303
Accidents not requiring sick leave	42	25	244	108
	355	**123**	**1,039**	**411**

Frequency and severity indexes by company

	2020		2019	
	FREQUENCY INDEX	SEVERITY	FREQUENCY INDEX	SEVERITY
Air Europa Holding	0.000	0.000	NP	NP
Gestión de viajes Deneb	0.000	0.000	NP	NP
Air Europa L.A., S.A.U.	6.860	0.310	12.250	0.330
Air Europa Suma Miles, S.L.U.	0.000	0.000	0.000	0.000
Aeronova, S.L.U.	12.610	0.380	20.290	0.540
Globalia Hotel Palace de Muro S	0.000	0.000	0.000	0.000
Globalia Activos Inmob.	0.000	0.000	0.000	0.000
Groundforce Cargo S.L.U.	11.950	0.240	0.000	0.000
Globalia Call Center SAU	0.000	0.000	0.000	0.000
Globalia Corp. Empresarial	0.000	0.000	0.000	0.000
Globalia Formación, S.L.U	0.000	0.000	0.000	0.000
Globalia Broker Servicios, SAU	0.000	0.000	0.000	0.000
Globalia Sist. y Comunica.	0.000	0.000	0.000	0.000
Globalia Corporate Travel, S.L.U.	0.000	0.000	1.050	0.100
Be Live Hotels, S.L.U.	10.760	0.250	43.320	1.650
Globalia Gestión Seguros	0.000	0.000	0.000	0.000
Globalia Hotel Orotava, S.L.U.	0.000	0.000	0.000	0.000
Geomoon S.L.	0.000	0.000	0.000	0.000
Globalia Serv. Corp. S.L.U	0.000	0.000	0.000	0.000
Globalia Handling, S.A.U	0.000	0.000	0.000	0.000
Iberotours	0.000	0.000	0.000	0.000
Welcome incoming Service	10.440	2.100	0.000	0.000
Halcón Online Services, S.A.U.	0.000	0.000	0.000	0.000
Groundforce AGP 2015 UTE	37.350	1.540	86.020	1.860
Groundforce ALC 2015 UTE	17.46	0.170	129.590	3.470
Groundforce BCN 2015 UTE	29.780	0.760	62.990	1.340
Groundforce BIO 2015 UTE	27.250	5.310	41.180	0.530
Groundforce FUE 2015 UTE	43.190	1.800	100.850	4.080
Groundforce IBZ 2015 UTE	62.650	1.310	80.960	2.190
Groundforce LPA 2015 UTE	86.230	2.650	110.330	2.420
Groundforce MAD 2015 UTE	28.660	0.600	71.710	1.780
Groundforce PMI 2015 UTE	36.600	1.270	74.000	1.930
Groundforce TFN 2015 UTE	11.830	2.120	39.130	1.410
Groundforce VLC 2015 UTE	43.720	0.330	74.680	2.010
Groundforce ZAZ 2015 UTE	78.130	1.240	127.720	2.140

	202		201	
	FREQUENCY INDEX	SEVERITY	FREQUENCY INDEX	SEVERITY
Globalia Mmt. Aeronáutico	40.130	1.130	81.590	1.410
Glob. Trading Serv. S.L.U.	0.000	0.000	0.000	0.000
Glob. Business Travel S.A	0.000	0.000	6.460	0.100
Viajes Halcón, S.A.U.	0.000	0.000	1.650	0.050
Golf Maioris, S.A.	31.670	2.570	0.000	0.000
Globalia Ser. Corp. Domic.	0.000	0.000	0.000	0.000
Hotel Canoa, S.A.	27.984	0.248	27.984	0.248
Inversiones Bávaro, S.A.S.	30.017	0.536	30.017	0.536
Golf Maioris, S.A.	0.000	0.000	0.000	0.000
Halcón Monfobu. Fist. UTE	0.000	0.000	0.000	0.000
Globalia Artes Gráficas	20.830	0.810	0.000	0.000
Globalia Autocares Levante, S.L.	0.000	0.000	0.000	0.000
Globalia Autocares, S.A.U.	0.000	0.000	0.000	0.000
Viajes Ecuador, S.A.U.	0.000	0.000	0.000	0.000
Globalia Hotel La Niña S.L.	0.000	0.000	0.000	0.000
Globalia Hotel Talavera S.A.U.	0.000	0.000	0.000	0.000
Globalia Incoming Services Dom.	0.000	0.000	0.000	0.000
Globalia Servicios Corp. Dom.	0.000	0.000	0.000	0.000
Hotel Canoa, S.A.	16.370	0.420	27.984	0.248
Inversiones Bávaro, S.A.S.	16.350	0.660	30.017	0.536

Information on Spain and the Dominican Republic, which represents 97% of the workforce.

This is mainly due to the risk mitigation policies, which are essentially based on measures such as:

- Assessment of the risks inherent in the different positions and regular update thereof.
- Constant provision of information to workers via the various channels available, on any risks to their health and safety and the preventative measures to be observed in the event of emergency.
- Prevention training for all Group workers.
- Initial and periodic surveillance of workers' state of health, bearing in mind the risks inherent in their work.
- Monitoring of and compliance with statutory health and safety provisions by subcontracted companies.
- Incorporation of risk prevention at each Group company.

The 2020 pandemic (COVID -19)

Globalia's Joint Prevention Service has published various protocols for a return to work under the safest conditions to prevent possible exposure to SARS CoV-2.

The purpose of these protocols is to inform and establish a procedure for action in the event of possible detection and exposure to the SARS-CoV-2 coronavirus. They have been drawn up in accordance with the recommendations established by the Spanish Government, which are constantly being revised by the Ministry of Health, and specifically in accordance with the Guide to Good Practice in the Workplace. Measures for the prevention of COVID-19 infection, drawn up by the Ministry of Health, in which the Ministry recommends strict compliance with the provisions of this guide, and which contains a reminder of the main obligations set out in the regulations in force, together with suggestions that are equally important for preventing infections and thus combating COVID-19.

A COVID-19 action protocol has also been developed for external companies in order to ensure proper compliance when coordinating business activities.

We are also carrying out epidemiological studies to trace and identify possible close contacts in the workplace as soon as possible.

At-risk workers have been particularly taken into account in this process, and there is a procedure exclusively in this area.

All the actions and protocols we are carrying out are being audited, favourably to date, by duly accredited external companies.

4.4. Healthy company

One of the key objectives within the Globalia Group's prevention policy, is that of a healthy company, understood as ensuring wellbeing in the workplace, by reinforcing our commitment towards the health, safety and wellbeing of our employees.

A health and safety in the workplace policy has been published and various workshops have been held in 2019 relating to the safety and wellbeing of our employees.

This programme has been directly affected by the situation caused by the pandemic in 2020 with a reduction in the number of workshops and changes in the manner they are conducted. A specific workshop was given to help workers deal with the various emotional impacts of COVID-19.

	ATTENDEES 2020	ATTENDEES 2019	
WORKS HOPS	ONLINE COURSE	MADRID	PALMA DE MALLORCA
Clean Eating		40	55
Choking		40	55
Physical Activity		40	55
Preventing Strokes		40	55
How to safeguard your emotional wellbeing	65		

4.5. Training

Undoubtedly, this has been an extraordinarily different year for all of us and the Training area did not go unaffected. The different circumstances in which we have had to operate have conditioned the way we relate to each other. Teleworking, having the whole family at home, which has forced us to share the technological resources available, the terrible employment situation affecting our sector and, in some cases, even living with COVID-19 in our own personal environment. All of this has put HR structures and their ability to adapt to the test.

Fortunately, this situation did not catch us unaware, on the contrary. It merely forced us to accelerate the processes we were already working on while developing initiatives in response to the new needs.

Throughout this year, the implementation of the strategic programme known as Project Elcano (2018-2020) has been consolidated, adapting it to the new reality imposed by the pandemic. The content creation area, the language school and the internship programme for young talent continued during the first quarter of 2020.

Online language school

Continuing with the Globalia online language school project launched in 2019 and in collaboration with the language platform Busuu, we made more than 800 training licences available to crews in English, French, German and Portuguese, in addition to the existing and universally accessible courses.

COVID-19 protection training

Thanks to the implementation of the Content Creation Area in 2019 we were able to build our own training courses in collaboration with the Occupational Risk Prevention Department, to ensure that the workplaces remained safe environments, while providing employees with up-to-date information on self-protection.

The Hero's Journey

Following the declaration of the state of emergency in March 2020, we launched an ambitious programme called the Hero's Journey with the aim of accompanying, training and helping all those who were subjected to ERTEs to minimise the impact of the abrupt disconnection from physical ties. For 14 weeks, a weekly newsletter provided digital content through both the company's own digital content platform and that of third parties. This content was related to different subjects such as: Tourism and hospitality, destinations, occupational health, digital tools and wellbeing, among others. At the same time, it provided a meeting place for all employees through dozens of live webinars.

Teams

In 2020 we have trained a group of 120 "super users" in this collaborative tool who will become the go-to people for their colleagues when the definitive implementation take places in 2021.

In short, during 2020 we have continued to maintain our commitment to providing all our employees with the necessary means to perform their day-to-day work, rapidly adapting to the circumstances, while guaranteeing the quality standards of our operations and regulations.

Hours of training by category and gender

	MALE			FEMALE			TOTAL		
	2019	2018	VAR	2019	2018	VAR	2019	2018	VAR
Management	2,182	3,678	-40.67%	1,051	1,230	-14.55%	3,233	4,908	-34.13%
Middle management	5,533	2,883	91.92%	2,552	1,691	50.92%	8,085	4,574	76.76%
Administration	28,617	16,723	71.12%	29,476	20,640	42.81%	58,093	37,363	55.48%
Flight attendants	14,126	9,788	44.32%	41,278	30,673	34.57%	55,404	40,461	36.93%
Drivers	1,473	4	100.00%	175	0		1,648	4	100.00%
Mechanics	71,197	86,906	-18.08%	964	1,052	-8.37%	72,161	87,958	-17.96%
Other administrative personnel	289	370	-21.89%	186	48	287.50%	475	418	13.64%
Other	289	370	-21.89%	186	48	287.50%	475	418	13.64%
Travel agency staff	2,581	2,843	-9.22%	13,820	17,045	-18.92%	16,401	19,888	-17.53%
Handling staff	107,254	168,481	-36.34%	91,348	106,061	-13.87%	198,602	274,542	-27.66%
Hotel staff	694	905	-23.31%	87	839	-89.63%	781	1,744	-55.22%
Pilots	2,179	6,686	-67.41%	86	290	-70.34%	2,265	6,976	-67.53%
Computer programmers	3,543	4,076	-13.08%	658	418	57.42%	4,201	4,494	-6.52%
Telephone operators	5,074	3,004	68.91%	10,222	11,111	-8.00%	15,296	14,115	8.37%
	244,742	**306,347**	**-20.11%**	**191,903**	**191,098**	**0.42%**	**436,645**	**497,445**	**-12.22%**

4.6. Employment

During 2020, the Globalia Group's average headcount stood at 7,183 employees, located in 21 countries,
47.3% of whom are female and 52.95% male. The average age of the workforce is 42.9. The average seniority in the Organisation is 11.1 years, with voluntary employee turnover of 5.83% during the year.

The average equivalent workforce in 2020 has fallen significantly compared to 2019 as a result of the implementation of furlough schemes (ERTEs) at the various companies in response to the pandemic.

The table below shows data on the average types of contract, by gender and age during 2020. 89% of total contracts in all of the Group's divisions are permanent contracts, and it should be highlighted that the percentage of permanent contracts in the air division stands at 98%.

CONTRACT		MALE	FEMALE	UNDER 30 YEARS OLD	30-50 YEARS OLD	OVER 50 YEARS OLD
Permanent	6,397.85	52.17%	47.83%	7.35%	68.08%	24.57%
Temporary	785.27	57.00%	43.00%	37.52%	52.64%	9.84%
TOTAL	7,183.12					

Details (%) of the part-time contracts existing in the Group are as follows:

	%	MALE	FEMALE	UNDER 30 YEARS OLD	30-50 YEARS OLD	OVER 50 YEARS OLD
Part-time	**16.32%**	53.63%	46.37%	14.82%	69.37%	15.81%

The Group's average headcount with a disability rating of more than or equal to 33% is 84.86. This ratio meets that stipulated by the Spanish General Law on Persons with Disabilities.

4.7. Organisation of work

The conciliation and organisation of working time is a matter of utmost importance to the Globalia Group. The enthusiasm and commitment of our employees is key to achieving our mission and their occupational health and safety and personal welfare are therefore important to us.

The work-life balance of employees and its alignment with the organisation and production needs of the company is one of the main challenges being faced by Group management.

Achieving a work-life balance is a major challenge given the demands of the current climate. It is against this backdrop that measures applicable to all Group employees are being taken to improve this balance. For employees with children, these measures are specifically aimed at facilitating conciliation on the part of both parents, where applicable.

Flexible working hour arrangements started to be introduced in 2018 in areas where there was formerly no such tradition. This model continued to be worked on in 2019 and extended to other groups of Globalia workers, always ensuring that service is not affected and encouraging conciliation and productivity.

Globalia Group employees have the right to request changes in the length and distribution of their working day, in the scheduling of working time and in the way the work is performed, in order to effectively enforce their right to balancing family and work life.

The change of context in recent years, which has been accelerated by the COVID-19 crisis, has highlighted the ethical aspects surrounding any business decision. Good governance and ethics therefore play a crucial role at the crossroads of the digital transformation of the GLOBALIA Group.

4.8. Social relations

Social dialogue exists at various levels at the Globalia Group companies, largely depending on the collective bargaining agreement regulations applicable and the trade union structure established when creating representative bodies.

With this in mind, one level of social dialogue is based on dealings with the works council and/or personnel delegates of the different workplaces/companies, notwithstanding a like level of dialogue with the workplace labour union branches. This dialogue is multi-layered as the representative bodies are made up of representatives of all of the workers of the company or workplace, as the case may be. At this level, social dialogue is for both information and negotiation purposes.

Another level of social dialogue is that within a company, essentially with labour union branches of the different groups of workers that work there, having regard to the fact that regulations at the company are structured via different collective bargaining agreement bands. Consequently, all negotiations, interpretation of collective bargaining agreements and/or discussions of matters to be addressed with the workers' representatives are carried out with such representatives, maintaining a predominantly informative relationship with works councils/trade union delegates.

% of workforce regulated by collective bargaining agreements

	SPAIN	DOMINICAN REPUBLIC	REST OF WORLD	GLOBALIA
Not subject to collective bargaining agreement	1.27%	10.59%	100.00%	**5.00%**
Subject to collective bargaining agreement	98.73	89.41%	0.00%	**95.00%**

4.9. Disconnection from work

Transposition of Regulation (EU) 2016/679 of 27 April 2016 on data protection, with effect as of 6 December 2018, to Spanish legislation, i.e. the Spanish Organic Law 3/2018 of 5 December 2018 on the protection of personal data and guarantee of digital rights (LOPDGDD), has brought in measures to reinforce the privacy of workers with regard to audiovisual systems or geolocation in the workplace and to guarantee the right to digital disconnection outside working hours, and includes the obligation to establish an internal policy aimed at workers, preserving their right to digital disconnection.

Employees have the right to privacy in the use of digital devices made available by the employer, to digital disconnection and privacy vis-a-vis the use of video surveillance and geolocation devices in the terms established in the prevailing legislation on personal data protection and the guarantee of digital rights.

At Globalia we are progressing with the development of a policy that makes the right to digital disconnection and privacy vis-a-vis video surveillance and geolocation devices compatible with the favourable development and positive future outlook for the group.

With the commitment to address the need to defining working time and rest time for employees, the company promotes measures to improve rest time after the end of the working day, recognising the right to digital disconnection as a fundamental aspect of achieving a better organisation of working time in order to respect private and family life, improve the balance of personal, family and working life and contributing to the optimisation of the occupational health of all employees.

The Group will also look further into training initiatives and awareness campaigns regarding the proper use of technological tools or the rational use of communications with the aim of meeting the commitment to provide an adequate response to defining working hours and the right to rest.

5. RESPECT FOR HUMAN RIGHTS

5.1. Risks

The risks specified in this section refer to inherent risk, and do not take into account the controls and measures implemented by Globalia.

Human rights-related risks affect several groups: workers of Globalia, workers of Globalia's providers or subcontractors and persons related to Globalia (customers, external providers etc.).

- Generic risks:
  - Breach of the national laws of the territories in which it operates and, specifically, labour laws.
- Specific risks:
  - Discrimination on grounds of sex, race, religion, origin, beliefs, political opinion or any other circumstance.
  - Unlawful processing of personal data infringing the personal or family privacy of the data subject.
  - Human trafficking (this may give rise to criminal liability for Globalia).
  - Prostitution, sexual exploitation and corruption of minors (this may give rise to criminal liability for Globalia).
  - Hatred and incitement to hatred (this may give rise to criminal liability for Globalia).

5.2. Risk management

5.2.1. Prevention

At organisational level

Globalia Servicios Corporativos, S.L.U. provides the entire Globalia Group with support for internal processes, boasting particular technical expertise in labour and human resources matters. Its extensive knowledge of the applicable legislation is its first line of defence, enabling it to prevent the materialisation of risks associated with breaches of the legislation in force to ensure respect for human rights.

Moreover, Globalia has set up a specific Compliance area, led by a Compliance Committee and managed by an independent technical unit, which is responsible for preventing, detecting and reacting to the risks associated with crimes that may give rise to criminal liability for Globalia, and indeed for all aspects set out in the Code of Ethics.

At regulatory level

Code of Ethics

Section *4.2.2* of the Globalia Code of Ethics, approved by its Board of Directors, dedicates a specific section to Human Rights in which it undertakes to respect the provisions of:

- The laws and regulations applicable in the territory in which it operates.
- The Universal Declaration of Human Rights
- The Principles of the United Nations Global Compact.
- The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
- The OECD Guidelines for Multinational Enterprises.

Sections *4.2.3 and 4.2.4* of the Code of Ethics guarantee equal opportunities and non-discrimination and prevention of workplace harassment in Globalia's activities.

Section *4.3* guarantees that information will be processed confidentially, without invading personal privacy.

5.3. Criminal risk analysis

As part of the criminal risk analysis carried out by Globalia across all of its divisions it has analysed the risk of perpetration of the crimes of human trafficking, prostitution, sexual exploitation and corruption of minors, as well as the crimes of hate and incitement to hatred.

5.4. Training

Training activities continue to be held for all Group employees to raise awareness of the Code of Ethics and Policies in place at Globalia. However, such activities, mainly in-person training, had to be postponed in 2020 since on-site activity in the offices and workstations was substantially reduced after the state of emergency was declared as a result of the pandemic. Consequently, the scheduled training has been put on hold until the necessary level of in-person activity has resumed. That said, specialised training has been carried out in 2020 tailored to the division in question and the risks that could arise from performing the pertinent duties. This year we commenced in-person/online training in the air division bases in Brazil, whereby all Company employees participated in online courses and attended forums via Teams. In doing so we have provided in-depth and comprehensive training on how to proceed as regards day-to-day risk prevention and management.

5.5. Lines of action

Globalia has a Compliance and Good Practices Channel, accessible via its corporate website and intranet, via which both personnel and persons related to Globalia can anonymously report any breach or irregularity detected in the pursuit of the Company's activities.

Communication methods:

- By email: cumplimos@globalia.com
- By completing the following form: https://www.globalia.com/es/compliance

These complaints are managed by an independent unit forming part of the "Compliance" area, by means of a pre-established procedure which is described in the *Policies* section.

Globalia has a specific Internal Audit department.

Globalia carries out regular audits to verify compliance with the personal data protection legislation.

5.6. Key indicators

The following aspects are monitored regularly:

- Number of complaints received via the Compliance and Good Practices Channel.
- Number of complaints not accepted on grounds of inconsistency or incongruity (lack of evidence, inconsistent account of events, incongruity of the data provided, non-existence of an offence or irregularity, possibility of being directly dealt with by department management, etc.).
- Number of complaints accepted and investigated by the Compliance Unit.
- Number of accesses to the Employee Portal to consult the Code of Ethics and Policies.
- Number of employees from each division who have completed the online Compliance training.
- Number of employees who have completed the in-person Compliance training.
- Number of employee consultations submitted to the Compliance Channel regarding implementation of the Compliance Policies.
- Number of times the Compliance Committee meets each year and evidence that such meetings have been held.
- Inclusion in contracts with customers, suppliers and third parties of the Code of Ethics for Suppliers clause (according to internal procedures, this is to be included in ALL contracts).
- Control of contributions to foundations and non-profit entities.

5.7. Policies

Compliance with the provisions of the Code of Ethics calls for the creation of a range of policies, the specific content of which as regards the protection of human rights is detailed below.

The policies developed by the Compliance Department as regards respect for and protection of human rights are as follows:

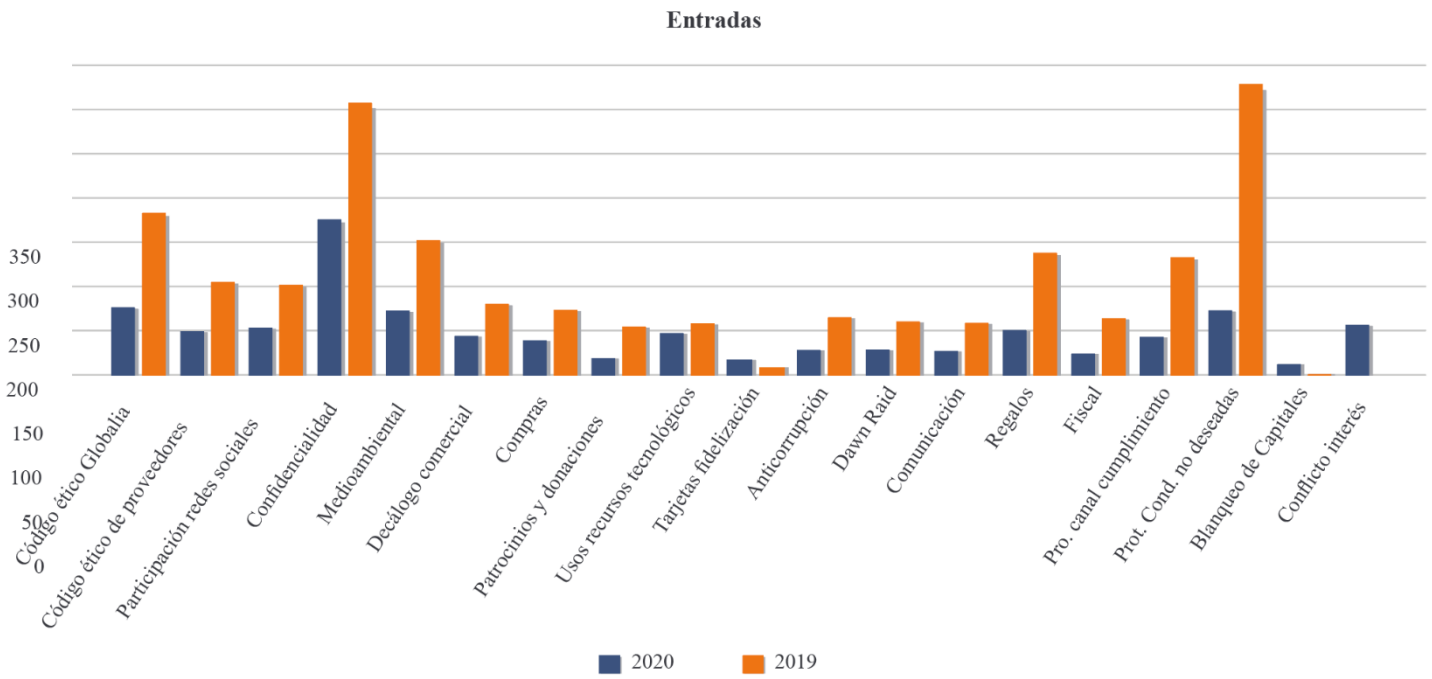
- Code of Ethics.
- Code of Ethics for Suppliers.
- Protocol for action in the event of undesired conduct.
- Procedure for the Compliance and Good Practices Channel.
- Investigation procedure for the Compliance and Good Practices Channel.

5.8. Results

Results are assessed by quantifying the above indicators having regard to the 2020 annual period:

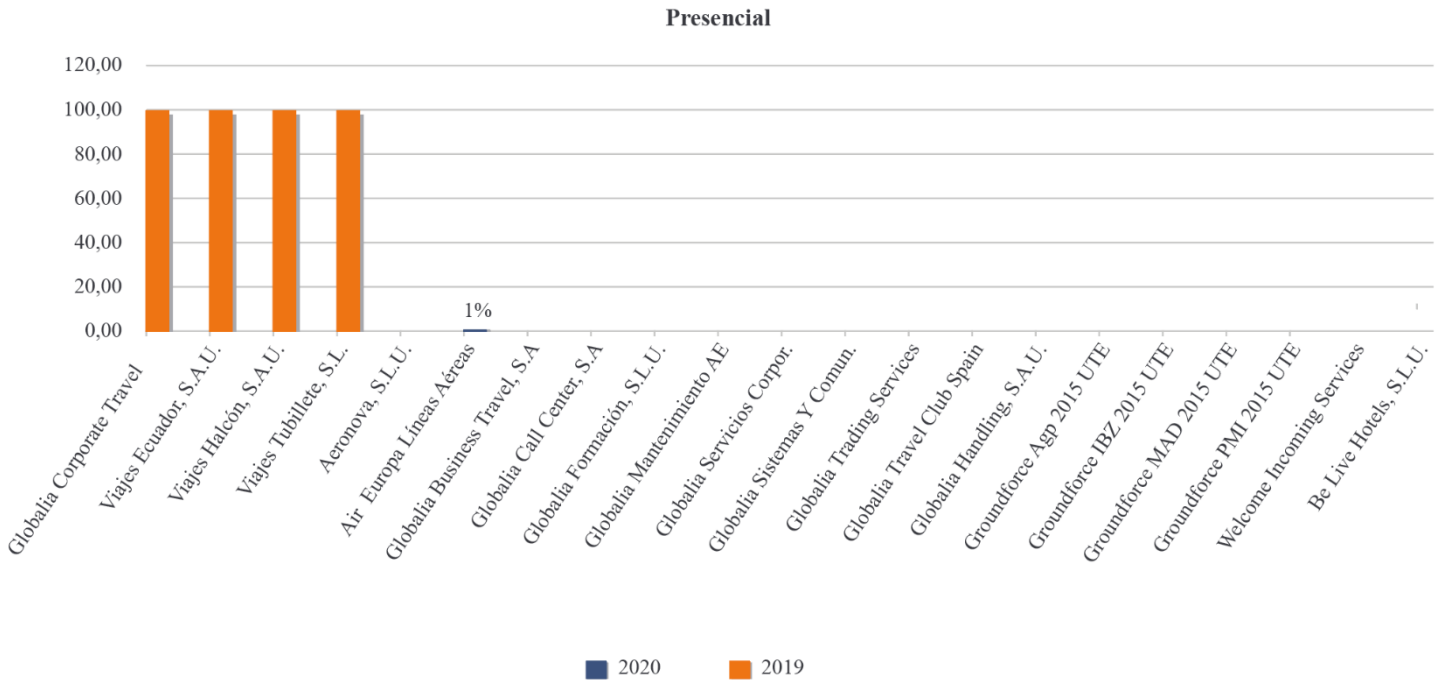
Complaints via the Compliance Channel	8
Number of complaints not accepted on grounds of inconsistency or incongruity, lack of evidence, inconsistent account of events, incongruity of the data provided, non-existence of an offence or irregularity, possibility of being directly dealt with by the relevant department management, etc.)	0
Complaints accepted and investigated by the Compliance Unit.	8
Accesses to the Employee Portal.	See figure 1
Employees who have received in-person Compliance training.	See figure 2
Employees in each division who have received online Compliance training.	See figure 3
Number of times the Compliance Committee meets each year.	This year it was agreed with the Committee that the meetings would be suspended and any specific situations would be dealt with when they arose. It was determined that responses would be given to all complaints received via the channel following the protocols in place.
Inclusion in the contracts with customers, suppliers and third parties of the Code of Ethics for Suppliers clause.	Included in all
Monitoring of contributions to foundations and non-profit entities	Receipt by the Compliance Department of due diligences on each one

FIGURE 1



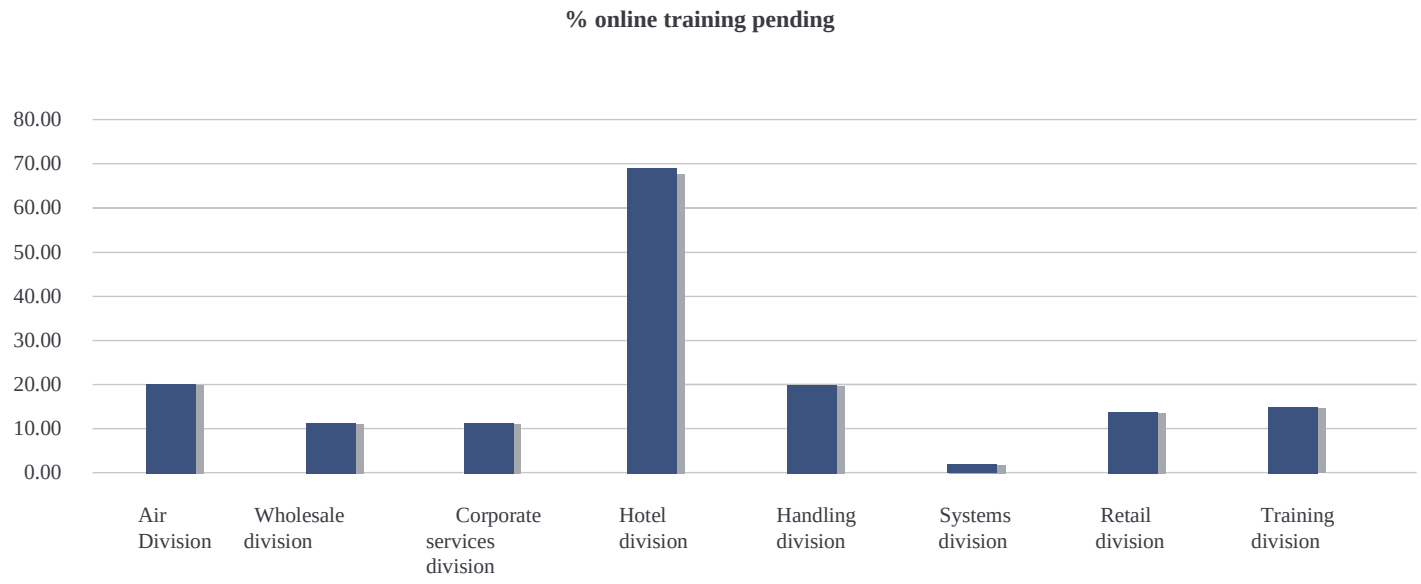
The two least-consulted policies and procedures (Loyalty Cards and Conflicts of Interest) were only published following their approval at the last Compliance Committee meeting, added to which the Loyalty Cards Policy is only aimed at the Group's Retail division and the Conflicts of Interest Policy only at directors with powers to enter into contracts with customers, suppliers and third parties. In 2020 our employees continued to consult the policies and procedures of the compliance plan despite the work situation caused by the pandemic, although the number of accesses is down in all cases.

FIGURE 2



In light of the state of emergency declared, the in-person compliance training foreseen in the last Compliance Committee meeting, setting out the conditions and divisions, was put on hold in 2020. Training has only been provided in the air division bases in Brazil, where all employees took courses via Teams. As such, compliance training expanded beyond domestic borders into the international realm.

FIGURE 3



The figure reflects all the employees who have yet to start online training due to work scheduling issues. This has been exacerbated by the high percentage of staff on furlough (ERTEs) across all the Group's divisions. We have been able to expand online courses internationally in our air division, training all employees at the different bases in Brazil.

5.9. Specific content

Violations of human rights are managed and reported via the Compliance and Good Practices Channel.

Promotion of and compliance with the ILO Conventions are aligned with the Universal Declaration of Human Rights, and are included in the commitment contained in our Code of Ethics and policies.

Likewise, ensuring non-discrimination at work, occupation, and rejection of forced or compulsory labour and child labour are included in the commitments set out in our Code of Ethics.

5.10. Incidents of discrimination and corrective actions taken

As per the protocol, Globalia has handled each and every complaint received via the whistleblowing channel in place. Given the exceptional circumstances in 2020, where the lion's share of the Group's divisions have been able to work remotely, the number of complaints filed was considerably lower. Five of the eight complaints filed via the channel were resolved by the Compliance Unit, whereas the remaining three could not be addressed due to a lack of information necessary to process the complaint per the protocol, despite such information having been requested by the Compliance Unit in accordance with the procedure.

6. ANTI-CORRUPTION AND BRIBERY

6.1. Risks

Risks

The risks specified in this section refer to inherent risk, and do not take into account the controls and measures implemented by Globalia. The

following risks have been identified in relation to anti-corruption and bribery:

- Engaging in criminal conduct classed as bribery (arts. 419 to 427 bis of the Criminal Code, hereinafter, the “CC”).
- Engaging in criminal conduct classed as money laundering (arts. 298 to 304 of the CC).
- Engaging in criminal conduct classed as fraud (arts. 248 to 251 bis CC).
- Engaging in criminal conduct classed as corruption in business (art. 286 bis, 286 ter and 286 quarter of the CC).
- Engaging in criminal conduct classed as illegal financing of political parties (art. 304 bis and 304 ter of the CC).
- Engaging in criminal conduct classed as influence peddling (arts. 428 to 431 of the CC).
- Engaging in conduct not classed as a crime but which breaches the provisions of our Code of Ethics (section *4.1*).

6.2. Risk management

6.2.1. Prevention

At organisational level

Globalia has in place a specific Compliance area, led by a Compliance Committee and managed by an independent technical unit, which is responsible for preventing, detecting and reacting to the risks associated with crimes that may give rise to criminal liability at Globalia, and for ensuring compliance within the Organisation of all of the principles established in the Code of Ethics. In the case at hand, conduct related to corruption and bribery is punishable as a crime and subject to the Crime Prevention System.

At regulatory level

Code of Ethics
Section *4.1* of the Globalia Code of Ethics approved by its Board of Directors deals with the *Prevention of Fraud, Bribery and Corruption.*

6.3. Criminal risk analysis

The criminal risk analysis performed across all of Globalia’s divisions has analysed the risk of perpetration of the crimes specified above in the *Risks* section.

6.4. Training

In 2020 refresher training pills continued to be provided via the employee portal to remind our employees of the principles and values established in our Code of Ethics. We also expanded our training internationally and provided the pertinent compliance courses to all Air Europa employees in Brazil, tailored to their duties and the country's legislation and regulation. Moreover, further strides have been made in giving online training to all the Group's divisions, providing courses on regulatory compliance.

6.5. Lines of action

Globalia has a Compliance and Good Practices Channel, accessible via its corporate website and intranet, where all personnel and persons related to Globalia can report, anonymously or otherwise, any breach or irregularity detected in the pursuit of the Company's activities. These complaints are managed by a compliance unit, which, as explained previously is an independent body forming part of the "Compliance" area, in line with internal procedures which we describe in the *Policies* section below.

Globalia has a specific Internal Audit department.

6.6. Key indicators

See the indicators and results referred to in point *5.5*.

6.7. Policies

Globalia has in place a series of policies to implement and supplement the rules of conduct under our Code of Ethics, aimed at ensuring the consistency and value of all compliance programmes. All of these can be found on the Employee Portal along with any updates to each one.

- Code of Ethics.
- Code of Ethics for Suppliers.
- Procurement policy.
- Anti-corruption policy.
- Gift and invitations policy.
- Sponsorships and donations policy.
- Tax policy.
- Procedure for the Compliance and Good Practices Channel.
- Investigation procedure for the Compliance and Good Practices Channel.

6.8. Results

The results are assessed by quantifying the indicators already referred to in point 5.8.

6.9. Specific content

Specific content can be found in the Globalia Crime Prevention system, in which the specific crimes associated with bribery and corruption are particularly prominent.

6.10. Confirmed incidents of corruption and actions taken

No complaints have been received via the Compliance and Good Practices Channel in relation to the offences of corruption specified in the Criminal Code so that, with the exception of the preventive measures already in place at Globalia, thanks to the compliance programme, it has not been necessary to set in place any other measures to control these types of irregularities.

6.11. Communication and training about anti-corruption policies and procedures

Throughout 2020, Globalia continued the initiative to divulge and communicate more directly the principles and values established as guidelines in its Code of Ethics. This takes the form of small impacts in the employee portal, with a view to instilling a daily work ethic based on each of these values.

This forms part of the training on the importance of work based on values, on the development of policies to implement such values and on a culture of ethics and compliance.

As regards the establishment of anti-corruption procedures and as part of the compliance framework, Globalia has implemented the following measures following the approval of each one of them by the Compliance Committee:

Implementation of control measures established in the Loyalty Card Usage Policy for Retailers.

Implementation of the Protocol for Managing Conflicts of Interests for Globalia executives.

The intention is to establish prevention measures including the necessary monitoring to prevent the perpetration of irregularities relating to corruption between individuals, inter alia.

7. SOCIETY

7.1. Corporate Social Responsibility Report

Community initiatives

Globalia's 2020 Corporate Social Responsibility Report bears witness to our CSR and community outreach-related initiatives and achievements and the results of our corporate activities.

The Globalia Group's plans to push forward with and solidify its array of CSR measures, in order to reaffirm its unwavering commitment to sustainability and best business practice, were dealt a blow by the Coronavirus pandemic in 2020.

While the tourist sector in general, and our Group in particular, saw activity plummet, it also demonstrated its strength, resilience and drive, showing solidarity with numerous initiatives to help mitigate the harsh effects of the pandemic. On this front, Air Europa transported over 460 tonnes of healthcare material on almost 30 flights and operated over 35 special flights to bring more than 6,300 people home to their country. The Group operated its longest ever commercial flight as part of a repatriation and cargo operation, flying over the Pacific ocean from Los Angeles to Bali.

The air division also collaborated with the Madrid field hospital, delivering more than 4,000 quilts, 1,000 pillows, 1,800 pillow cases and 2,000 toiletry bags for patients admitted with COVID-19. Its support and commitment to combat the pandemic, particularly in helping those most vulnerable, was on top of a host of other actions undertaken in 2020 which demonstrate the airline's sustainability and social responsibility. In this respect, this year Air Europa has maintained its collaborations with Spanish and international entities and organisations, which included working with AEA Solidaria one year more.

This association, which has also been affected by the Coronavirus crisis and had to temporarily close "La Matica", its centre in Santo Domingo to combat social exclusion, distributed food to the families of children who until then attended La Matica and started the formalities to be declared a Public Utility. La Matica gradually reopened its doors in order to welcome children most in need, applying the strictest cleaning and safety protocols at all times. At year end 60 children had attended classes.

This year AEA Solidaria received the *Premio Onda Cero de Solidaridad* award in recognition of a decade of selflessly helping the most vulnerable people in the Dominican Republic and Bolivia.

The Company's international cooperation and open lines of collaboration with those most in need in society have seen it enter into or renew collaboration and support agreements with, inter alia, the following foundations in 2020: Fundación Boa Mistura, Fundación Scholas, Fundación Cirujanos Plástikos Mundi, Fundación Palma 365, Fundación Ángel Nieto, Fundación Bertin Osborne, Fundación Mensajeros de la Paz, Fundación Codespa, Gavi (Fundación La Caixa) and AECC Marbella.

Air Europa also took part in events such as International Day against Breast Cancer, giving every passenger a pink bottle of water, and World Dyslexia Day, turning the cabin lights turquoise to represent this condition during a flight to Santo Domingo.

Globalia's airline, which also received the *Premio Chicote 2020* Social Work award for its support to "brand Spain" and its efforts during the Coronavirus pandemic, transported 4,000 kilos of humanitarian aid from *Cruz Roja Española* (Spanish Red Cross) for people affected by hurricanes Eta and Iota in Honduras at the end of the year.

Globalia's hotel division, Be Live Hotels, also carried out an array of charitable and environmental sustainability-related initiatives.

In light of the pandemic that swept the country, Be Live made facilities available to the health authorities to help combat the Coronavirus. These included Be Live City Center Talavera, which offered its 181 beds.

During the first three months of the pandemic Be Live Collection Punta Cana coordinated with other hotels in the Cabeza de Toro tourist area to give out baskets of food to families whose jobs had been directly affected by the closure of hotels.

Despite the circumstances, Be Live Hotels has continued to offer its help to institutions with which it has been collaborating for years. For example, Be Live Collection Canoa has maintained its monthly food donations to the Dominican *Corazón a Corazón* foundation and the *Niños de Cristo* orphanage.

7.2. Partner organisations

International cooperation and a firm commitment to the needs of today's society are the basis for our partnerships with associations and NGOs, ensuring our intentions have a tangible outcome in the various areas of action in which such associations and NGOs focus their efforts. In 2020 this saw us provide blankets and toiletry bags to the IFEMA field hospital in Madrid during the months of lockdown.

The Company collaborated with a plethora of foundations in 2020, including:

Fundación Boa Mistura
Fundación Scholas
Fundación Cirujanos Plástikos Mundi
Fundación Palma 365
Fundación Ángel Nieto
Fundación Bertin Osborne
Fundación Mensajeros de la Paz
Fundación Codespa
Gavi (Fundación La Caixa)
AECC Marbella

7.3. Subcontractors and suppliers

7.3.1. Prevention

Code of Ethics
The penultimate paragraph of section 2 of the Code of Ethics ("Purpose and Scope of Application") notes that, to the extent possible, its provisions will be extended to include Globalia's suppliers, collaborators, contractors and customers.

Procurement Policy
The Procurement Policy sets out the following guiding principles:

- Integrity and transparency.
- Diversity and equal opportunities.
- Proximity.

Supplier Code of Ethics
The Supplier Code of Ethics is attached as a clause in all of Globalia's contracts. The rules of conduct imposed on suppliers under this Code are as follows:

- Prevention of fraud, bribery and corruption.
- Acting in line with the applicable occupational health and safety standards.
- Prevention of workplace harassment.
- Handling information transparently and in an environment of confidentiality.
- Observing fair competition and the rights of consumers and users.

7.3.2. Lines of action

The Ethics Channel, on compliance and good practices, is available to suppliers on Globalia's website https://www.globalia.com/informacion-corporativa/#buenas-practicas for the reporting of any failures to comply or irregularities detected. These reports are managed by an independent unit falling under the "Compliance" area, in line with the following internal procedures:

7.4. Compliance and Good Practices Procedure.
7.5. Compliance and Good Practices Investigation Procedure.

All contracts managed by the Globalia Procurement Department with suppliers of Air Europa or Groundforce operating or providing a service in the air include a clause on service quality and environmental protection:

Clause in contracts with suppliers: "SERVICE QUALITY AND ENVIRONMENTAL PROTECTION"

The Service Provider must undertake to observe the following requirements:

1. To familiarise itself with the applicable environmental legislation in force (licences, authorisations, requirements, etc.) and to seek to ensure compliance with such legislation. In the event of a breach of the applicable statutory provisions or the environmental requirements, it shall take the steps required to remedy such breach.

2. To familiarise itself with all of the documentation and procedures furnished for the provision of the service, seeking to ensure compliance with such documentation and procedures.
3. To notify any incidents that may impact on the quality of the service or on environmental matters deriving from the provision of the service.
4. To collaborate with the persons designated by Groundforce in any controls or inspections deemed appropriate, with respect to environmental conduct during the provision of the service.
5. To assume liability for any such direct or indirect environmental damage as may arise during the pursuit of its activities.
6. To take responsibility for the withdrawal and subsequent management of any waste generated during the services, as well as the associated costs where the materials generating such waste have been provided by the above company.
   a) It must ensure that the facilities used in the pursuit of its activities are tidy and free of refuse.
   b) The service shall be provided in the places set aside for such purpose, avoiding, to the extent possible, the generation of waste, emissions or effluents.
   c) Waste may not be abandoned or discharged in places not equipped for such purpose.
7. To minimise any inconvenience that may derive from the pursuit of its activities in the surroundings (noise, odours, etc.).
8. To ensure that any vehicles or equipment used are periodically inspected and fully serviced and that the applicable MOTs (ITVs/ITAs) are successfully passed.
9. In the event of the leak or accidental spillage of products classed as hazardous waste or contaminating liquids, it must notify Groundforce immediately of such circumstance and take the relevant corrective decontamination action.
10. In the event of a serious, repeated breach of the environmental legislation on the part of the service provider, Groundforce may pass on the costs borne when remedying the service quality or environmental deviations caused by the service provider.
11. To ensure that all of the personnel providing the service to Groundforce are suitably trained and duly informed of the work to be performed, including the steps to be taken in the event of environmental incidents and/or accidents.
12. Where services are subcontracted, the Service Provider shall be responsible for ensuring that the above requirements are met by each subcontracted company.

With respect to the Supplier Code of Ethics, the Compliance Department has given instructions to include a clause such as the following in all of the contracts signed, or, in the case of services already underway or not provided under contract, to serve duly authenticated notice of the following clause on the provider:

"Supplier Code of Ethics. *By signing this document, the provider accepts, understands and undertakes to abide by the Supplier Code of Ethics attached as* ***Appendix****..."*

7.4. Consumers

Globalia has claims systems in place at all of its business units. The most relevant are those concerning the Air, Retail, Wholesale and Hotel divisions.

7.5. Complaints

7.5.1. Air division

Passengers have various methods at their disposal, such as the claims form on the website www.aireuropa.com, the claims forms at the airport sales offices and the arrivals offices, as well as the in-flight comment forms or by contacting customer services.

Addresses and contact details:

Customer Relations Department:
Fax: +34 971178439.
Website: www.aireuropa.com > Information > Customer service > Claims. Air Europa. Dpto. Relaciones con los Clientes. Apartado de Correos 132. 07620 Llucmajor (Illes Balears) España.

Baggage (delay, loss or damage):
Tel: 911 360 190 (Monday to Sunday, 08:00 to 24:00). International tel. (34) 911 360 190. Air Europa. Servicio de Equipajes. Apdo. Correos 430. 07080 – Palma de Mallorca (Baleares) España.

Pursuant to Law 7/2017 of 2 November 2017 on alternative consumer dispute resolution, the traveller is informed that, where a claim submitted directly to the trader has not been resolved, he/she may seek redress from an accredited alternative consumer dispute resolution body, filing a claim at any of the following instances: The Municipal Consumer Information Offices of the relevant municipal councils or the Directorate Generals of Consumer Affairs in the Autonomous Regions, depending on the autonomous region in which the agreement has been formalised (Spanish Consumer Agency: AECOSAN) with the trader taking part in the proceedings conducted before the relevant body, save in the case of Consumer Arbitration Panels. The body tasked with overseeing compliance with the passenger rights envisaged in Regulation 261 depends on the country from which the flight departs.

In Spain, this is the State Air Safety Agency (AESA)www.seguridadaerea.gob.es Paseo de la Castella, 112, 28046 Madrid. Tel: +34 913 968 210. Consult the organisations from other EU countries: http://ec.europa.eu/transport/sites/transport/files/themes/passengers/air/doc/2004_261_national_enforcement_bodies.pdf

Breakdown of Air division claims

Measured in number of passenger and baggage claims for every 100,000 passengers:

TOTAL CLAIMS	2020	2019	DIFFERENCE
Ratio passenger claims per 100,000 passengers	2591.53	740.43	1851.1
Ratio baggage claims per 100,000 passengers	338	331	7

The COVID-19 pandemic led to a significant increase in the ratio of passenger claims in 2020 because the number of complaints received rose while the number of passengers carried plummeted as a result of the need to cancel a large portion of flights. Baggage claims were less affected as they are directly related to the flights operated.

7.5.2. Wholesale and Retail divisions

Package travel agreements provide as follows:

CLAIMS: Travellers are advised of the need to notify any complaints, breaches or deficiencies in the provision of a travel service included in a travel contract either to the provider of the service in question (hotelier, haulier, local agent, etc.) at the time these occur or to the Company first above written. The Traveller must notify such complaint to the organiser or, as the case may be, the retailer, without undue delay, in writing or any other method, with a view to filing a claim for any complaint arising during the provision of the travel service. Any action deriving from the rights recognised in Book Four of Royal Legislative Decree 1/2007 of 16 November 2007, on package travel, will become statute-barred in two years. Pursuant to Law 7/2017 of 2 November 2017 on alternative consumer dispute resolution, the Traveller is informed that, where a claim submitted directly to the trader has not been resolved, he/she may seek redress from an accredited alternative consumer dispute resolution body, filing a claim at any of the following instances: The Municipal Consumer Information Offices of the relevant municipal councils or the Directorate Generals of Consumer Affairs in the Autonomous Regions, depending on the autonomous region in which the agreement has been formalised (Spanish Consumer Agency: AECOSAN) with the trader taking part in the proceedings conducted before the relevant body. Moreover, the Traveller is informed that the Company has not signed up, nor is it subject to, any Consumer Arbitration Panels.

Breakdown of Retail and Wholesale division claims

The Wholesale division (for both the bed bank and the tour operator) measures claims for every 100 reservations and 1,000 passengers.

WELCOMEBEDS	2020	2019	DIFFERENCE
Ratio claims per 100 reservations	109.23	1.56	107.67
Ratio claims per 1,000 passengers	437.83	6.83	431.00

The COVID-19 pandemic led to a significant increase in the ratio of claims in 2020 because the number of customers plummeted as a result of the need to cancel a large portion of stays and, in turn, considerably reduce reservations.

TRAVELPLAN - IBEROTOURS	2020	2019	DIFFERENCE
Ratio claims per 100 reservations	6.54	3.51	3.03
Ratio claims per 1,000 passengers	22.99	11	11.99

Tour operator claims include those related to services rendered at the destination. The COVID-19 pandemic led to a significant increase in the ratio of claims in 2020 because the number of passengers plummeted as a result of the need to cancel a large portion of trips and, in turn, considerably reduce reservations.

In the case of the Retail division, by number of claims per orders processed:

Halcón and Ecuador

ANNUAL SUMMARY HALCÓN V + V ECUADOR	2020	2019	DIFFERENCE
Ratio claims per orders (%)	6.45%	0.61%	0.08%
Ratio claims per 1,000 orders	64.47	6.11	0.76

The COVID-19 pandemic led to a significant increase in the ratio of claims in 2020 because the number of customers plummeted as a result of the need to cancel a large portion of trips and, in turn, considerably reduce reservations

7.5.3. Hotel division

The Customer Relations Department is tasked with standardising and streamlining the claims handling process and recording any claims received, as well as keeping track of any compensation granted (using the Customer Relationship Management (CRM) database).

This department provides an official, written response (in Spanish and English) to any post-vacation claims received from customers staying at any of the hotels (claim being understood to mean any expression of dissatisfaction conveyed by any written means by customers regarding any aspect of the services offered in the hotels). Thus, there is one single intermediary between the wholesale and/or retailer, the customer and the hotel. Nonetheless, it is the hotel management that then follows up on the claims (investigation, supporting documentation, arguments, resolution), analyses the grounds, authorises any compensation and seeks to enhance guest loyalty (drawing on a procedure and manual for the CRM, the database used by the Customer Relations Department to record claims, prepare monthly reports and send out payment orders to the Administration Department, so that it may process payments to tour operators/travel agencies).

Email contact addresses are published in the "contact" section of the Be Live Hotels website: https://www.belivehotels.com/ hotel/ES/contacto.jsp

Customer service:
Customer Relations: relacionesconclienteshoteles@belivehotels.com
Dominican Republic Customer Relations: rrcc.hotelesdom@belivehotels.com

	MEXICO	COLOMBIA	SPAIN	MOROCCO	PORTUGAL	DOMINICAN REPUBLIC
Claims received	6.61	8.13	0	2.88	4.58	0
Reservations	6.06	7.54	0.63	3.84	3.08	0
Ratio (claims per 1,000 reservations)	5.86	7.04	4.53	1.66	3.27	0.23

Breakdown of Hotel division claims

Measured in number of claims for every 1,000 reservations

RATIO (CLAIMS PER 1,000 RESERVATIONS)	SPAIN	DOMINICAN REPUBLIC	MEXICO	MOROCCO	PORTUGAL	COLOMBIA	TOTAL AVERAGE
2017	6.61	8.13	0	2.88	4.58	0	7.35
2018	6.06	7.54	0.63	3.84	3.08	0	6.53
2019	5.93	7.04	4.53	1.66	3.27	0.23	5.89
2020	2.20	3.72	0.87	0.68	1.70	0.14	2.71
Difference	-3.73	-3.32	-3.66	-0.98	-1.57	-0.09	-3.19

8. TAX INFORMATION

As part of the Criminal Risk Prevention Plan, the policies designed by the Compliance Committee include the “Corporate Tax Policy”. This document was approved in January 2018.

8.1. Content, oversight and control

Globalia’s conduct as regards its tax obligations and its dealings with the various tax authorities is governed by compliance with the tax legislation in force in the various countries and regions in which the Group operates, settling the mandatory taxes in line with the prevailing statutory provisions.

The General Economic and Finance Department is tasked with issuing the necessary guidelines concerning the taxes payable by the Group, at all times in line with a prudent application of the pertinent tax legislation.

While such guidelines are set by the Finance Department, the effective application of the relevant tax criteria lies with the various functional areas of the Group. To this end, such areas must work in partnership with the General Economic and Finance Department, raising any doubts that may come about in their remit as to due compliance with the tax legislation.

As part of its business management, Globalia will set in place the oversight measures required to ensure compliance with the tax legislation and the above principles on the part of all of the Group companies. To such end, it will also deploy the relevant, suitably qualified human and material resources.

The General Economic and Finance Department can count on the assistance of external tax advisers in order to regularly monitor the ordinary aspects of the above area, and, in any event, to discuss the most relevant issues arising, offering advice and issuing second opinions.

Moreover, the General Economic and Finance Department will furnish the Board of Directors with information on the tax-related policies and criteria observed by the company during the year and, in particular, on the degree to which the Corporate Tax Policy has been observed and, where applicable, the key tax risks/incidents identified and the corrective measures implemented. In the case of transactions or matters that must be submitted to the Board of Directors for approval, the General Economic and Finance Department will inform of the relevant tax consequences where they constitute a relevant factor to be taken into account.

8.2. Profits earned and taxes paid by country

Our financial and social contribution can be quantified not only in terms of the corporate income tax paid, but also in the form of other specific contributions in the various countries in which we operate. Notable examples of such contributions include the taxes settled by the permanent establishments of the Air division, which are not covered by any double taxation treaties.

COUNTRY	2020 PROFIT/LOSS BEFORE TAX	2020 CONSOLIDATED TAX CHARGE (***)	2019 PROFIT/LOSS BEFORE TAX	2019 CONSOLIDATED TAX CHARGE (***)
Brazil	- 16,205.40	-	-18,949.37	-
Cuba	*	102,369.40	*	209,703.36
Spain	-458,254,572.96	10,675,895.36	46,039,610.76	5,347,326.03
United States	4,838.95	-	-241,616.71	-
Guatemala	-	17,380.75	**	41,574.67
Honduras	*	259,899.60	*	240,650.55
Morocco	-32,094.75	109,728.86	-710,829.81	11,979.52
Mexico	-1,983,893.62	-	-8,771,870.13	-
Paraguay	*	148,075.84	*	736,331.25
Peru	*	2,030.18	-	-
Portugal	-1,014,448.68	-	-744,589.71	-
United Kingdom	-38,741.08	-	-145,736.75	-
Dominican Republic	*	202,547.33	**	569,659.14
Dominican Republic	-21,786,425.61	17,080.96	-2,838,516.29	1,425,172.83
Venezuela	*	78,024.33	*	247,457.26
Total	-483,121,543.15	11,359,412.97	32,567,501.99	8,829,854.61

2020

(*) The pre-tax result is not detailed as it corresponds to payments made on the amount of sales. In this regard, the total tax charge breaks down as 111,109,465.62 in income tax and 810,327.43 in sales tax. The pre-tax accounting result in Spain includes consolidation adjustments affecting the Group.

(**) Amounts in absolute figures.

2019

(*) The pre-tax result is not detailed as it corresponds to payments made on the amount of sales. In this regard, the total tax charge breaks down as 6,784,478.38 in income tax and 2,045,376.23 in sales tax. The pre-tax accounting result in Spain includes consolidation adjustments affecting the Group.

(**) Amounts in absolute figures.

For the purposes of comparing the tax charge in Spain in 2019 and 2020, this takes into consideration the transaction carried out on 18 December 2020, whereby Globalia Corporación Empresarial SA contributed 100% of the shares in Gestión de Viajes Deneb SL to Avoris Corporación Empresarial SL., receiving a 49.45% stake in return. Following this transaction, the percentage ownership of Globalia Corporación Empresarial SA, the parent of the tax group, in its investee Gestión de Viajes Deneb, S.L. and all subsidiaries thereof is less than the percentage required in article 58 of the Corporate Income Tax Law. Consequently, effective as from the first day of the tax period commencing on 1 January 2020, Gestion de Viajes Deneb, S.L. meets all the criteria to be considered as the parent and representative of a newly created corporate income tax consolidation group and its 2020 profits and taxes are therefore not included in the figure below.

8.3. Financial aid received

8.3.1. Aid received through furlough schemes (ERTEs)

Note 32 to the consolidated annual accounts of the Globalia Group includes details of the aid received via furlough schemes (ERTE).

The Company continues to apply the furlough scheme (ERTE) based on force majeure. This type of furlough scheme (ERTE) was initially regulated in Royal Decree-Law 8/2020 of 17 March 2020 on extraordinary urgent measures to address the economic and social impact of COVID-19, specifically article 22 relating to suspensions and reductions in working hours as a result of force majeure linked to COVID-19.

At the moment, the application of the furlough scheme (ERTE) due to force majeure has been extended to 31 May by Royal Decree-Law 2/2021 of 26 January to reinforce and consolidate social measures to protect employment. The exonerated social security expense recorded under other operating expenses amounts to Euros 14,562 thousand.

As a result of the application of the aforementioned furlough scheme (ERTE) the Group has to assume the obligations included in the successive regulations enacted on this matter, including that of the commitment to maintain employment.

8.3.2. Financial aid received

Note 24 to the annual accounts of the Globalia Group includes:

The amount recognised under Non-current payables - Loans and borrowings mainly reflects an ICO-secured syndicated loan of Euros 141,000 thousand requested by Air Europa Líneas Aéreas, S.A.U. This loan, the characteristics of which are detailed in Appendix XI, falls due in 2025.

The amount recognised under Non-current payables - Other financial liabilities mainly corresponds to temporary public financial aid that Air Europa Holding, S.L.U. has received from Sociedad Estatal de Participaciones Industriales (SEPI). This aid amounts to Euros 475,000 thousand, of which Euros 240,000 thousand has been drawn down at 31 December 2020 for the purpose of financing the working capital and liquidity needs of the Group companies as a result of COVID-19. This payable falls due in 2026 and accrues ordinary interest at a variable rate.

This non-financial information statement, which does not form part of the Globalia Group's Consolidated Directors' Report, has been prepared in line with the requirements provided for in Law 11/2018 of 28 December 2018, amending the Commercial Code, the Revised Spanish Companies Act approved by Royal Legislative Decree 1/2010 of 2 July 2010 and Spanish Audit Law 22/2015 of 20 July 2015, on non-financial and diversity information.

At the ordinary general meeting on 30 June 2021, Globalia Corporación Empresarial, S.A.'s shareholders approved the following Non-Financial Information Statement in line with Law 11/2018, modifying the Spanish Commercial Code, the revised Spanish Companies Act and the Spanish Audit Law, with respect to non-financial and diversity information.

Signatories:

JJH CAPITAL & ASSET MANAGEMENT Representada por D. Juan José Hidalgo Acera	CRISDAGO INVERSIONES S.L.U. Representada por Dña. Cristina Hidalgo Gutiérrez	ELEMAR INVERSIONES S.L.U. Representada por Dña. María José Hidalgo Gutiérrez

GLOBALIA CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES

At their meeting held on 30 June 2021, pursuant to the requirements of article 253.2 of the Revised Spanish Companies Act and article 37 of the Spanish Code of Commerce, the Directors of Globalia Corporación Empresarial, S.A. and Subsidiaries authorised for issue the consolidated annual accounts and consolidated directors' report for the period from 1 January 2020 to 31 December 2020. The consolidated annual accounts comprise the documents that precede this certification.

Signed:

JJH CAPITAL & ASSET MANAGEMENT S.L.U.
represented by MR. JUAN JOSÉ HIDALGO ACERA

CRISDAGO INVERSIONES S.L.U. represented by MS.
CRISTINA HIDALGO GUTIERREZ

ELEMAR INVERSIONES S.L. represented by MS. Mª
JOSÉ HIDALGO GUTIERREZ