Meliá Hotels International, S.A.

Financial Statements for the year ended 31 December 2022 and Directors' Report, together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Shareholders of Meliá Hotels International, S.A.,

Report on the Financial Statements

Opinion

We have audited the financial statements of Meliá Hotels International, S.A. ("the Company"), which comprise the balance sheet as at 31 December 2022, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2022, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.1 to the accompanying financial statements for 2022) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

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

Key Audit Matters

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

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Impairment test on assets associated with the hotel activity

Description

As described in Note 1 to the accompanying financial statements, the Company engages in the management and operation of hotels (owned, leased, managed and franchised) in Spain, and has assets associated with the hotel activity, including property, plant and equipment, intangible assets and investment property with an aggregate carrying amount of EUR 377 million at 31 December 2022, in relation to which it had recognised a provision for onerous hotel leases amounting EUR 12 million at the same date.

At least at each year-end management performs an impairment test in order to determine the recoverable amount of these assets.

The Company used third parties independent of it as experts to determine the fair value its owned hotel assets, to which end it employed valuation methodologies and standards widely used in the market.

For each leased cash-generating unit ("CGU"), Company management calculated its value in use based on a future cash flow generation estimate, whilst continuing to take into consideration the uncertainty that still exists with regard to full recovery of activity following the pandemic, together with other geopolitical and economic aspects, and applying growth and discount rates appropriate for Spain.

As a result of the test performed, a net revaluation surplus was recognised under "Impairment and Gains or Losses on Disposals of Non-Current Assets" in the accompanying statement of profit or loss for 2022, totalling EUR 0.1 million, and the balance of the provision for onerous hotel leases was reduced by EUR 12 million.

In this context, the circumstance described represents a key audit matter, given the significance of the carrying amount of the assets associated with the hotel activity in the balance sheet, and given that the valuation methods used require the use of significant estimates involving a significant degree of uncertainty, such as certain operating assumptions, including the recovery of occupancy rates and the containment of both costs and investments, and financial assumptions such as the discount rate, the long-term growth rate and the exit yield.

Procedures applied in the audit

Our audit procedures included, among others, evaluating the accounting policies for determining the recoverable amount of the assets associated with the hotel activity described in Notes 2.4, 4.4 and 4.10 to the accompanying financial statements for 2022, in order to evaluate their consistency with the applicable regulatory financial reporting framework.

Also, in order to identify possible bias in management's assumptions, we retrospectively reviewed the estimates made in the previous year, evaluating the degree to which they were realised, as well as those made in prior years, checking them against historical information.

We obtained the valuation reports of the experts engaged by the Company to value its owned assets and evaluated the competence, capability and objectivity of the experts and the adequacy of their work for use as audit evidence. We also obtained the calculation of the value in use of the leased asset CGUs made by Company management. In both cases, we verified their clerical accuracy and the appropriateness of the valuation methodology used in each case, with the assistance of our internal valuation specialists.

For a sample of assets, we evaluated the consistency of its main operating assumptions with the most recent budgets approved by the Company's directors, adjusted on the basis of the current circumstances of the markets in which the Company operates, and their reasonableness based on historical data of the hotels and macroeconomic and industry forecast, taking into account the existing uncertainty regarding the complete recovery of pre-pandemic levels of activity. Additionally, we analysed the reasonableness of the discount rates, the long-term growth rates applied and, for the owned assets, the exit yields applied, also with the assistance of our valuation specialists, and we reviewed the sensitivity analyses performed in relation to these assumptions , after having performed our own independent sensitivity analysis to evaluate other less favourable potential scenarios.

Lastly, we evaluated whether the disclosures made by the Company in relation to these matters, which are included in Notes 7, 8 and 12.1 to the accompanying financial statements, contained the information required by the applicable accounting regulations.

Measurement of the net investment in Group companies, associates and joint ventures

Description

The Company has ownership interests in the share capital of various companies that form the Group of which it is the parent, which engage mainly in the operation of hotels, owned both by it and by third parties, operated under a lease, management or franchise arrangement, and with which it also has receivables and payables with varying maturity dates. At 31 December 2022, the carrying amount of the Company's net investment in these companies, recognised mainly under "Non-Current Investments in Group Companies and Associates", "Current Investments in Group Companies and Associates", "Non-Current Payables to Group Companies and Associates", "Current Payables to Group Companies and Associates" and Long-Term Provisions" in the accompanying balance sheet, amounted to EUR 1,468 million. In accordance with the applicable regulatory framework, at year-end the directors performed an impairment test on the aforementioned investment, determining its recoverable amount as the equity of the investees adjusted by unrealised gains, especially the difference between the present value of the future cash flows of the investees, estimated taking into account the existing uncertainty regarding the complete recovery of pre-pandemic levels of activity and, in the case of companies owning hotel assets, the valuations conducted by third parties unrelated to the Company, and the carrying amount of their net assets. As a result of the test performed, the Company recognised net reversals of impairment losses on the investments in Group companies and associates and provisions for investees' equity deficits for a net amount of EUR 21.5 million.

This was a key matter in our audit due to the significance of the investment with respect to the total volume of the Company's assets and liabilities, and because the calculation of the recoverable amount is complex and depends on significant estimates involving a significant degree of uncertainty, such as certain operating and financial assumptions.

Procedures applied in the audit

Our audit procedures included, among others, the review of the accounting policies relating to the measurement of investments in Group companies, associates and joint ventures disclosed in Notes 2.4 and 4.5 to the accompanying financial statements for 2022, in order to evaluate their consistency with the applicable regulatory financial reporting framework.

Also, with a view to identifying possible bias in management's assumptions, we conducted a retrospective review of the cash flow estimates of the investees for 2022, and we obtained the impairment test performed by Company management on the net investment in Group companies and associates, verifying its clerical accuracy and the appropriateness of the valuation method used in relation to the investment held, as well as the consistency of the equity of the investees with their accounting records.

In addition, in relation to the unrealised gains considered in the test, we checked the consistency of the carrying amounts of the net assets of the investees with their accounting records, and obtained the valuations conducted by third parties unrelated to the investees and the cash flow estimates of the hotels under lease operated by investees prepared by management. In this regard, we reviewed the key assumptions of the estimates on a sample basis, and considered the consistency thereof with those used in other areas of estimation, such as the recoverability of the assets associated with the hotel activity and the liquidity situation. Furthermore, we involved our valuation experts in order to analyse the methodology and certain financial assumptions (mainly discount rates, long-term growth rates adjusted for each country and exit yields). Also, we reviewed the sensitivity analysis performed by management on the key financial assumptions identified and performed our own sensitivity analysis considering other scenarios.

Lastly, we evaluated whether the disclosures included in Notes 9.1, 12.1 and 17 and Appendix I to the accompanying financial statements for 2022 in connection with this matter were in conformity with those required by the applicable accounting regulations.

Liquidity situation

Description	Procedures applied in the audit
At 31 December 2022, the Company's bank borrowings, debt instruments and other marketable securities and other financial liabilities amounted to EUR 1,103 million, while the net financial position with its investees was an account receivable of EUR 490 million. As indicated in Notes 5.4 and 9.1 to the accompanying financial statements for 2022, in 2021 and 2020 the Company entered into asset rotation and financing arrangements to cover its working capital needs and to adapt the maturity of its debt to its projected cash generation capacity. In 2022 the gradual recovery of the Company's business volume to the levels existing prior to the covid-19 crisis continued, enabling it to repay borrowings in accordance with financing agreements in force, despite the geopolitical tensions and the macroeconomic problems arising from these circumstances. In this regard, the Company's directors prepared the cash budget for the Group, considering the obligations assumed at the end of the reporting period, the undrawn credit facilities and available funding and the cash flows expected to be generated in at least the next 12 months. In the preparation of the aforementioned cash budget, as described in Notes 4.4 and 5.4 to the accompanying financial statements, the Company's directors had to apply a high level of judgement and make significant estimates, taking into account the Group business plan, which contains relevant operating and financial assumptions and factors in the uncertainty that still exists in respect of the full recovery of the activity levels and the probability that, if necessary, potential liquidity improvement measures could be taken, in order to assess the Company's ability to meet the liquidity needs and, therefore, the situation described was considered to be a key matter in our audit.	Our audit procedures included, among others, the evaluation of the overall reasonableness of the estimates made by the Company's directors in relation to the approved business plan and cash budget, including the evaluation of the degree to which the previous year's predictions were realised, and the sufficiency of the net inflows of funds envisaged in the aforementioned estimates to cover the financial needs and obligations of the Company and of its Group. Also, we obtained confirmations from banks regarding both the cash balances and bank borrowings and the undrawn credit facilities held at 31 December 2022, and checked the financing agreements entered into in 2022 and subsequent to year-end, in order to gain an adequate understanding of the milestones and repayment obligations assumed by the Company and to check their consistency with the projections of debt maturities and liquidity needs included in the cash budget. In addition, we analysed the Company's ability to meet its obligations in the event of variances from its projections with its undrawn credit facilities at 31 December 2022 and through liquidity improvement measures, evaluating the reasonableness of these projections and the probability of their materialising for the amounts and in the time periods envisaged, by, inter alia, checking the minutes of the meetings of the managing bodies held up to the date of this report, reviewing the appraisals obtained during the year and comparing the findings thereof with the related asset carrying amounts in order to determine any unrealised gains, and checking them with senior executives of the Company through meetings with them. Lastly, we checked that the disclosures included in Note 5.4 to the accompanying financial statements in connection with this matter were in conformity with those required by the applicable accounting regulations.

Other Information: Directors' Report

The other information comprises only the directors' report for 2022, the preparation of which is the responsibility of the Company's directors and which does not form part of the financial statements.

Our audit opinion on the financial statements does not cover the directors' report. Our responsibility relating to the directors' report, in accordance with the audit regulations in force, consists of:

a) Solely checking that the non-financial information statement, certain information included in the annual corporate governance report and the annual directors' remuneration report, to which the Spanish Audit Law refers, have been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) Evaluating and reporting on whether the other information included in the directors' report is consistent with the financial statements, based on the knowledge of the entity obtained in the audit of those financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above was furnished as provided for in the applicable legislation and that the other information in the directors' report was consistent with that contained in the financial statements for 2022 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and of the Audit and Compliance Committee for the Financial Statements

The directors are responsible for preparing the accompanying financial statements so that they present fairly the Company's equity, financial position and results in accordance with the regulatory financial reporting framework applicable to the Company in Spain, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

The audit and compliance committee is responsible for overseeing the process involved in the preparation and presentation of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 the audit regulations in force 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditor's report. This description, which is on the following pages, forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital file in European Single Electronic Format (ESEF) of Meliá Hotels International, S.A. for 2022, which comprises an XHTML file including the financial statements for 2022, which will form part of the annual financial report.

The directors of Meliá Hotels International, S.A. are responsible for presenting the annual financial report for 2022 in accordance with the format requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation"). In this regard, the annual corporate governance report and the annual directors' remuneration report were included by reference in the directors' report.

Our responsibility is to examine the digital file prepared by the Company's directors, in accordance with the audit regulations in force in Spain. Those regulations require that we plan and perform our audit procedures in order to ascertain whether the content of the financial statements included in the aforementioned file corresponds in full to that of the financial statements that we have audited, and whether those financial statements were formatted, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital file examined corresponds in full to the audited financial statements, and these are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Additional Report to the Audit and Compliance Committee

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit and compliance committee dated 24 February 2023.

Engagement Period

The Annual General Meeting held on 16 June 2022 appointed us as auditors for a period of one year from the year ended 31 December 2021, i.e., for 2022.

Previously, we were designated pursuant to a resolution of the General Meeting for a period of three years and have been auditing the financial statements uninterruptedly since the year ended 31 December 2019.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Pablo Hurtado March
Registered in ROAC under no. 20408

27 February 2023

Appendix to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with the audit regulations in force 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 financial statements, 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 entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the use by the directors 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 Company'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 financial statements 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 Company to cease to continue as a going concern.

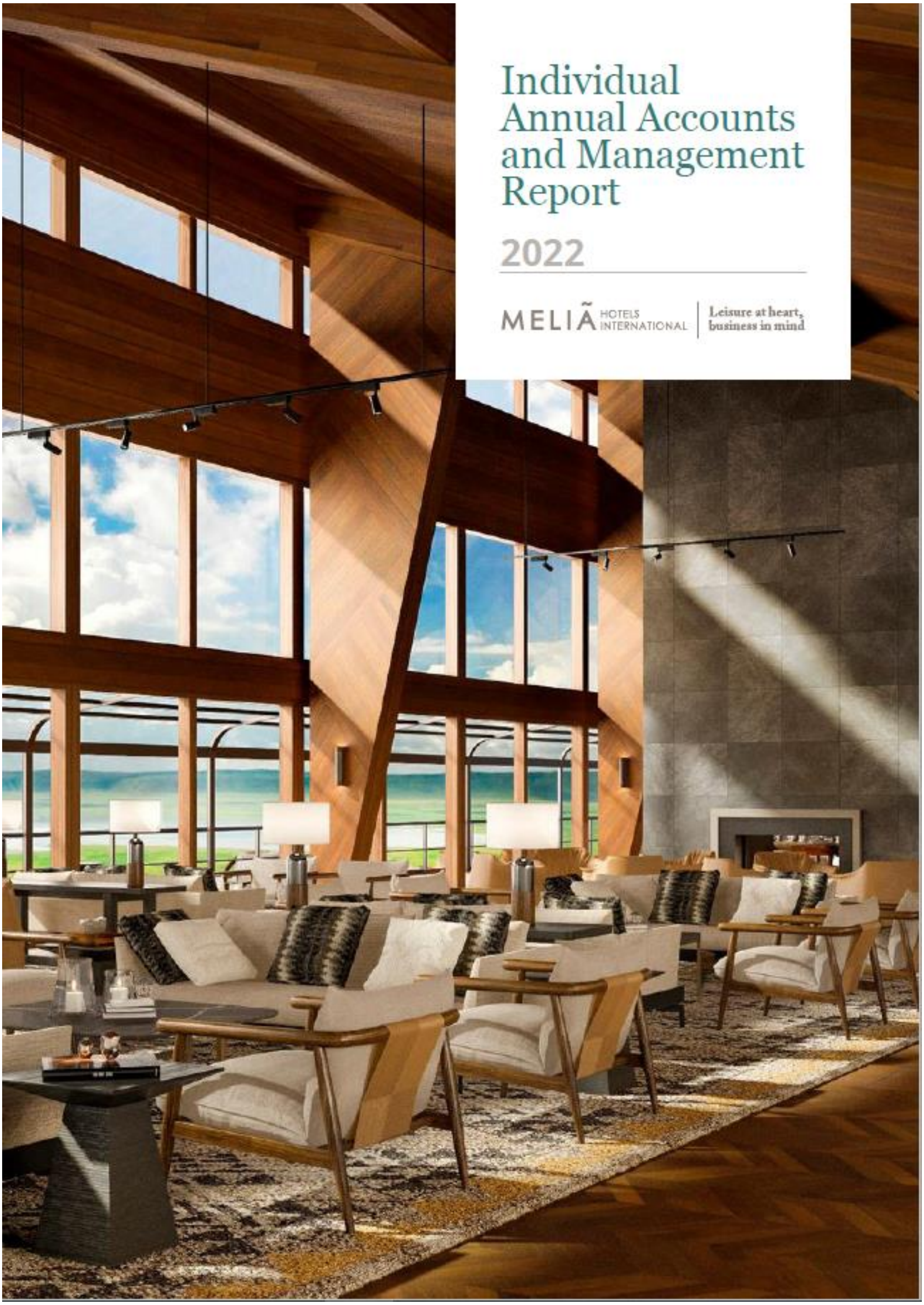
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the entity's audit and compliance committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the entity's audit and compliance committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

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



Individual Annual Accounts and Management Report

2022

MELIÃ HOTELS INTERNATIONAL

Leisure at heart, business in mind

Notes to the Annual Accounts

Notes to the Annual Accounts

Balance Sheet as at 31 December 2022

(thousand €)		ASSETS	Notes	31/12/2022	31/12/2021
A		NON-CURRENT ASSETS		2.055.551	2.029.671
I		**Intangible Assets**	6	**47.130**	**41.315**
	1	Patents, licences, trademarks and similar rights		26	33
	2	Software		36.026	27.789
	3	Other intangible assets		11.078	13.493
II		**Property, plant and equipment**	7	**313.145**	**320.695**
	1	Land and buildings		273.692	275.985
	2	Plant and other fixed assets		39.242	44.510
	3	Fixed assets under construction and advances		211	200
III		**Investment property**	8	**16.920**	**18.052**
	1	Land		1.630	1.803
	2	Buildings		15.290	16.249
IV		**Long-term investments in group companies and associates**	9.1	**1.563.959**	**1.540.947**
	1	Equity instruments		1.075.403	1.053.492
	2	Loans to companies	17	488.556	487.455
V		**Long-term financial investments**	9.1	**48.252**	**44.644**
	1	Equity instruments		19.847	19.543
	2	Loans to companies		15.685	15.384
	3	Derivatives	9.3	3.240	40
	4	Other financial assets		9.480	9.677
VI		**Deferred tax assets**	14.4	**66.145**	**64.018**
B		CURRENT ASSETS		533.938	503.381
I		**Inventories**	10.1	**3.696**	**3.474**
	1	Trade		117	129
	2	Raw materials and other supplies		3.405	3.129
	3	Advances to suppliers		174	216
II		**Trade and other receivables**	10.2	**110.036**	**79.422**
	1	Trade receivables for sales and services		31.942	26.182
	2	Trade receivables, group companies and associates	17.2	67.993	45.945
	3	Sundry debtors		1.534	1.112
	4	Staff		52	42
	5	Current tax assets	14.1	2.705	1.062
	6	Other receivables from Public Administrations	14.1	5.810	5.079
III		**Short-term investments in group companies and associates**	9.1, 17	**389.230**	**410.694**
	1	Loans to companies		26.230	21.717
	2	Other financial assets		363.000	388.977
IV		**Short-term financial investments**	9.1	**27.179**	**7.675**
	1	Equity instruments		1.479	82
	2	Loans to companies		2.408	2.433
	3	Derivatives	9.3	4.062	
	4	Other financial assets		19.230	5.160
V		**Short-term accruals and deferrals**		**477**	**460**
VI		**Cash and other cash equivalents**	10.3	**3.320**	**1.656**
	1	Cash		2.883	883
	2	Other cash equivalents		437	773
		TOTAL ASSETS		2.589.489	2.533.052

Notes 1 to 19 described in the attached notes to the annual accounts are an integral part of the balance sheet as at 31 December 2022.

Balance Sheet as at 31 December 2022

(thousand €)			EQUITY AND LIABILITIES	Notes	31/12/2022	31/12/2021
A			EQUITY		748.988	766.192
	I		**Equity**	11.1	**744.299**	**766.284**
		1	Capital		44.080	44.080
		2	Share premium		1.079.054	1.079.054
		3	Reserves		325.935	325.181
		4	Treasury stock and shares		(3.936)	(3.599)
		5	Prior-year results (profit/loss)		(678.432)	(597.674)
		6	Profit or loss for the period	3	(22.402)	(80.758)
	II		**Measurement adjustments**	11.2	**3.803**	**(1.023)**
		1	Hedging operations		3.803	(1.023)
	III		**Grants, donations and bequests received**	11.3	**886**	**931**
B			NON-CURRENT LIABILITIES		1.335.229	1.295.507
	I		**Long-term provisions**	12	**88.160**	**145.816**
		1	Long-term employee benefit liabilities		8.113	8.187
		2	Other provisions		80.047	137.629
	II		**Long-term payables**	9.2	**946.145**	**916.911**
		1	Bonds and other negotiable securities		52.026	51.971
		2	Bank loans		893.501	863.729
		3	Derivatives	9.3		648
		4	Other financial liabilities		618	563
	III		**Long-term payables to group companies and associates**	9.2, 17	**241.437**	**178.698**
	IV		**Deferred tax liabilities**	14.4	**53.988**	**49.622**
	V		**Long-term accruals and deferrals**		**5.499**	**4.460**
C			CURRENT LIABILITIES		505.272	471.353
	I		**Short-term payables**	9.2	**156.570**	**190.991**
		1	Bonds and other negotiable securities		23.963	77.565
		2	Bank loans		119.749	104.460
		3	Derivatives	9.3	25	1.656
		4	Other financial liabilities		12.833	7.310
	II		**Short-term payables to group companies and associates**	9.2, 17	**189.911**	**171.546**
	III		**Trade creditors and other payables**	13	**157.876**	**107.921**
		1	Suppliers		8.376	7.372
		2	Suppliers, group companies and associates	17.2	6.950	2.594
		3	Sundry creditors		80.660	50.917
		4	Accrued wages and salaries		36.707	27.620
		5	Other payables to Public Administrations	14.1	12.608	10.634
		6	Prepayments from customers		12.575	8.784
	IV		**Short-term accruals and deferrals**		**915**	**895**
			TOTAL EQUITY AND LIABILITIES		2.589.489	2.533.052

Notes 1 to 19 described in the attached notes to the annual accounts are an integral part of the balance sheet as at 31 December 2022.

Income Statement for the Year Ended 31 December 2022

(thousand €)		Notes	2022	2021
A	CONTINUING OPERATIONS			
1	**Net revenues**	16.1	**515.320**	**227.866**
a	Sales		441.353	191.391
b	Provision of services		73.967	36.475
2	**In-house work on assets**		**582**	**171**
3	**Supplies**	16.2	**(33.817)**	**(16.230)**
a	Consumption of goods		3.244	1.659
b	Consumption of raw materials and other consumables		(37.061)	(17.889)
4	**Other operating income**	16.1	**30.443**	**37.125**
a	Non-core and other current operating income		28.689	16.393
b	Operating grants included in profit/(loss) for the year		1.754	20.732
5	**Staff costs**	16.3	**(186.566)**	**(118.067)**
a	Wages, salaries and similar items		(144.093)	(86.619)
b	Social charges		(42.473)	(31.448)
6	**Other operating expenses**	16.4	**(329.950)**	**(213.473)**
a	External services		(306.344)	(197.553)
b	Tax		(7.895)	(12.556)
c	Losses on, impairment of and change in trade provisions		(629)	(2.898)
d	Other current operating expenses		(15.082)	(466)
7	**Depreciation**	6, 7, 8	**(43.781)**	**(44.334)**
8	**Allocation of grants for non-financial fixed assets and other grants**	11.3	**61**	**61**
9	**Impairment and profit/(loss) on disposal of fixed assets**		**103**	**5.455**
a	Impairment and losses	7,8	149	5.455
b	Profit/(loss) on disposals and other disposals		(46)	
A.1	OPERATING INCOME		(47.605)	(121.426)
10	**Financial income**	16.5	**38.852**	**19.819**
a	From equity interests		20.592	3.364
b	From negotiable securities and other financial instruments		18.260	16.455
11	**Financial expenses**	16.5	**(41.542)**	**(34.493)**
a	On payables to group companies and associates	17.2	(8.924)	(7.136)
b	On payables to third parties		(32.618)	(27.357)
12	**Change in fair value of financial instruments**		**3.763**	**(711)**
a	Trading portfolio and other financial instruments		3.763	(711)
13	**Exchange differences**	16.6	**(16.528)**	**8.665**
14	**Impairment and profit/(loss) on disposals of financial instruments**		**21.144**	**27.283**
a	Impairment and losses	9.1,12.1	20.393	(14.744)
b	Profit/(loss) on disposals and other disposals	9.1	751	42.027
A.2	NET FINANCIAL PROFIT (LOSS)		5.689	20.563
A.3	NET PROFIT (LOSS) BEFORE TAX		(41.916)	(100.863)
15	**Income tax**	14	**19.514**	**20.105**
A.4	PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		(22.402)	(80.758)
A.5	PROFIT/(LOSS) FOR THE YEAR	3	(22.402)	(80.758)

Notes 1 to 19 described in the attached notes to the accounts are an integral part of the income statement as at 31 December 2022.

Statement of Changes in Equity for the Year Ended 31 December 2022

a) Statement of recognised income and expenses

(thousand €)	Notes	2022	2021
A) Income statement results		(22.402)	(80.758)
Income and expenses directly attibuted to equity			
I On cash flow hedges	9.3	6.389	963
II Actuarial gains and losses and other adjustments	12.1	358	(536)
III Tax effect	14	(1.686)	(102)
B) Total income and expenses directly attributed to equity		5.061	325
Transfers to income statement			
IV On cash flow hedges	9.3	45	1.167
V Grants, donations and bequests received	11.3	(61)	(61)
VI Tax effect	14	4	(280)
C) Total transfers to income statement		(12)	826
Total recognised income and expenses		(17.353)	(79.607)

b) Statement of changes in equity

(thousand €)	Notes	Share capital	Share premium	Reserves	Treasury shares	Prior-year profit / (loss)	Profit / (loss) for the fiscal year	Measurement adjustments	Grants, donations and bequests received	Total
A) BALANCE AT THE END OF THE YEAR 2020		44.080	1.079.054	324.683	(3.382)	(583.546)	(14.127)	(2.620)	975	845.117
B) ADJUSTED BALANCE, BEGINNING OF THE YEAR 2021		44.080	1.079.054	324.683	(3.382)	(583.546)	(14.127)	(2.620)	975	845.117
I. Total recognised income and expenses				**(402)**			**(80.758)**	**1.597**	**(44)**	**(79.607)**
II. Operations with shareholders or owners				**1.143**	**(217)**					**926**
1. Operations with treasury shares					(217)					(217)
2. Increase (decrease) in equity resulting from a business				1.143						1.143
III. Other changes in equity				**(243)**		**(14.127)**	**14.127**			**(243)**
C) BALANCE AT THE END OF YEAR 2021		44.080	1.079.054	325.181	(3.599)	(597.674)	(80.758)	(1.023)	931	766.192
D) ADJUSTED BALANCE, BEGINNING OF THE YEAR 2022		44.080	1.079.054	325.181	(3.599)	(597.674)	(80.758)	(1.023)	931	766.192
I. Total recognised income and expenses				**268**			**(22.402)**	**4.826**	**(46)**	**(17.353)**
II. Operations with shareholders or owners					**(337)**					**(337)**
1. Operations with treasury shares	11.1				(337)					(337)
III. Other changes in equity				**486**		**(80.758)**	**80.758**			**486**
E) BALANCE AT THE END OF YEAR 2022		44.080	1.079.054	325.935	(3.936)	(678.432)	(22.402)	3.803	886	748.988

Notes 1 to 19 described in the attached notes to the annual accounts are an integral part of the statement of changes in equity as at 31 December 2022.

Cash Flow Statement for the Year Ended 31 December 2022

(thousand €)	Notes	2022	2021
A) OPERATING ACTIVIES CASH FLOW			
1. Result (profit/loss) for the fiscal year before taxes		(41.916)	(100.863)
2. Result adjustments		33.355	17.811
a) Depreciation	6, 7, 8	43.781	44.334
b) Value adjustments for impairment	9.1,10.2	(19.912)	12.186
c) Change in provisions		(7.315)	438
d) Allocation of grants	11.3	(61)	(61)
e) Profit/loss on disposal of fixed assets		46	
f) Profit/loss on disposal of financial instruments	9	(751)	(42.027)
g) Financial income	16.5	(38.852)	(19.819)
h) Financial expenses	16.5	41.543	34.493
i) Exchange rate differences		16.528	(8.665)
j) Change in fair value of financial instruments	9	(3.763)	711
k) Other income and expenses		2.486	(3.780)
l) Profit/loss on asset management	17.1	(375)	
3. Changes in working capital		23.009	28.201
a) Inventories	10.1	(264)	144
b) Trade and other receivables	10.2	(28.187)	14.812
c) Other current assets	10.3	760	1.006
d) Creditors and other payables	13	49.642	8.465
e) Other non-current assets and liabilities		1.058	3.775
4. Other cash flows from operating activities		(28.926)	(6.186)
a) Interest paid		(29.948)	(28.430)
b) Dividends received		644	6.145
c) Interest received		374	43
d) Collections (payments) on income tax		5	16.056
5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)		(14.478)	(61.038)
B) CASH FLOWS FROM INVESTMENT			
6. Payments on investments		(70.143)	(104.708)
a) Group companies and associates	9.1	(27.367)	(64.211)
b) Intangible assets	6	(20.068)	(15.946)
c) Property, plant and equipment	7	(20.785)	(14.042)
d) Investment property	8	(817)	(239)
e) Other financial assets	9	(900)	(10.270)
f) Other assets		(207)	
7. Collections on divestments		3.663	189.068
a) Group companies and associates	9.1		188.558
b) Property, plant and equipment	7	150	
c) Investment property		2.300	
d) Other financial assets	9	1.213	510
8. Cash flows from investment (7-6)		(66.480)	84.361
C) CASH FLOWS FROM FINANCING			
9. Collections and payments on equity instruments		(337)	(217)
a) Acquisition of own equity instruments	11.1,9.1	(337)	(217)
10. Collections and payments on financial liability instruments		82.474	(23.391)
a) Issuance		**407.244**	**387.509**
1. Bonds and other negotiable securities	9.2	166.435	171.670
2. Bank loans	9.2	137.295	209.979
3. Debts with group companies and associates	9.2	102.231	
4. Other debts		1.283	5.860
b) Redemption and repayment of		**(324.770)**	**(410.900)**
1. Bonds and other negotiable securities	9.2	(219.805)	(71.600)
2. Bank loans	9.2	(103.831)	(304.738)
3. Debts with group companies and associates	9.2		(34.562)
4. Other debts		(1.134)	
11. Cash flows from financing (+/-9+/-10)		82.137	(23.608)
D) EFFECT OF CHANGES IN EXCHANGE RATES		486	(243)
E) NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS (+/-5+/-8+/-11+/-D)		1.665	(529)
F) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1.656	2.184
G) CASH AND CASH EQUIVALENTS AT THE YEAR-END	10	3.320	1.656

Notes 1 to 19 described in the attached notes to the annual accounts are an integral part of the cash flow statement as at 31 December 2022.

Notes to the Annual Accounts for the Year Ended 31 December 2022

Note 1. Company's Activity

Meliá Hotels International, S.A. (hereinafter, the "Company") is a public limited company that was legally incorporated in Madrid on 24 June 1986, under the registered name of Investman, S.A. The change to its current name, Meliá Hotels International, S.A., was approved on 1 June 2011 and it remains unchanged since then. In 1998, the Company moved its registered address to Calle Gremio de Toneleros, 24, Palma de Mallorca [Spain].

Meliá Hotels International, S.A. is the parent company of Meliá Hotels International Group (hereinafter, the "Group"). On 27 February 2023, as required by the Commercial Code, the Group's consolidated annual accounts as at 31 December 2022 are prepared, pursuant to the International Financial Reporting Standards (IFRS) published by the International Accounting Standard Board (IASB) and adopted by the European Union, which show a consolidated profit attributable to the parent company for the amount of EUR 110.7 million and a consolidated equity attributed to the parent company for the amount of EUR 413.2 million.

The Company's business activity, which was incorporated for an indefinite period according to its bylaws, is as follows:

- The acquisition, holding, operation, promotion, marketing, development, management and assignment under any title of hotel and tourism establishments, and of any other establishments intended for tourism, leisure, entertainment or recreation-related activities, in any way authorised by Law.
- The acquisition, subscription, ownership and transfer of all kinds of transferable securities, both public and private, national and foreign, representing the share capital of companies with the corporate purpose of owning and operating the business or activities mentioned above.
- The acquisition, ownership, operation, management, marketing and assignment under any title of all kinds of goods and services intended for tourism and hotel establishments and facilities, as well as for any leisure and entertainment or recreation-related activities.
- The acquisition, development, marketing and assignment under any title of know-how or technology in the tourism, hotel, leisure, entertainment or recreation sectors.
- The promotion of all kinds of businesses related to tourism and hotel sectors and to leisure, entertainment or recreation activities, as well as the participation in the creation, development and operation of new businesses, establishments or entities in the hotel and tourism sectors, and of any leisure, entertainment or recreations activities.

The activities comprising the corporate purpose may be developed by the Company, either totally or partially, directly or indirectly, through shareholdings or equity interests in companies having the same or similar corporate purpose.

In any event, all those activities that special laws reserve for companies which meet certain requirements that are not met by the Company, are expressly excluded from the corporate purpose; in particular, the activities that the law restricts to Collective Investment Institutions or to Stock Market intermediary firms are excluded.

With over 60 years of history, the Group has consolidated its international presence with 346 hotels in 37 countries, mainly Spain, Latin America, Europe and Asia. With a solid experience in nine brands to attend the different demands of its customers, which asserts its leadership in vacation hotel and bleisure sectors, the Group aims to position itself amongst the world's leading hotel groups in the upper-medium segment, as well as to be recognised as a world leader in terms of excellence, responsibility and sustainability.

Merger by absorption of wholly-owned companies

On 10 June 2021, the Board of Directors of Meliá Hotels International, S.A., as absorbing company, and the Boards of Directors of the companies Expamihso Spain, S.A.U., and Impulse Hotel Development, S.L.U., as absorbed companies, entered into a common merger by absorption project, with the contents and requirements as provided for in Article 30 et seq. of Law 3/2009, of 3rd April, on structural modifications of commercial companies, with such transaction being registered on 3 November 2021 with the Commercial Registry of Palma de Mallorca.

As a result, Meliá Hotels International, S.A., took over with effect on 1 January 2021, the equity of the said companies according to their merger balance sheets closed at 31 December 2020, which were transferred as a block to the absorbing company, with the latter being subrogated to all the rights and obligations of the absorbed companies as from 1 January 2021 and with the absorbed companies being extinguished.

Since the merger was made between companies that belong to the same group before 31 December 2020, subject to Standard 21st of the Spanish National Chart of Accounts in terms of accounting, all the transactions carried out by these companies were deemed as made, for accounting purposes, as from 1 January 2021 by the absorbing company Meliá Hotels International, S.A. In this sense, all the equity elements acquired were valued at the amount recorded in the annual accounts of the absorbed companies at that date. The difference generated was recognised in reserves of the Company for the amount of EUR 1,143 thousand.

The annual accounts for 2021 includes the information required by the current legislation in relation to this merger.

Note 2. Basis of Presentation of the Annual Accounts

2.1 Regulatory Framework for Financial Reporting Applicable to the Company

These annual accounts have been prepared by the Board of Directors according to the regulatory framework for financial reporting as applicable to the Company, which is that established in:

- The Spanish National Chart of Accounts approved by Royal Decree 1514/2007, which has been amended by Royal Decree 602/2016 and Royal Decree 1/2021, and its sectoral adaptations.
- The mandatory regulations approved by the Instituto de Contabilidad y Auditoría de Cuentas [Spanish Accounting and Auditing Institute] in developing the National Chart of Accounts and its complementary standards.
- Code of Commerce and other corporate legislation.
- The applicable standards and circulars of the Comisión Nacional del Mercado de Valores [Spanish National Stock Market Commission] (CNMV).
- All other Spanish accounting regulations as applicable.

The annual accounts have been prepared in accordance with the generally accepted accounting principles and measurement standards as described in Note 4. All mandatory accounting principles having a significant effect on the preparation of these annual accounts have been applied.

The figures on the balance sheet, income statement, statement of changes in equity, cash flow statement, and the accompanying notes to the annual accounts, are stated in Euro, which is the functional currency of the Company, rounded to thousands, except where otherwise indicated.

The notes to the annual accounts include also quantitative information for the preceding year, except where an accounting standard specifically states that this is not necessary.

2.2 True Image

The annual accounts have been prepared on the basis of the accounting records of the Company and are presented in conformity with the regulatory framework for financial reporting as applicable to it and, in particular, the accounting principles and criteria included therein, so that they fairly present the equity, financial position and results of operations of the Company, as well as the truthfulness of the flows included in the cash flow statement.

2.3 Comparability

For comparison purposes, the annual accounts include the figures of each of the items in the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes to the annual accounts for year 2022 and for the previous year, which were part of the notes to the annual accounts for 2021.

2.4 Critical Issues on Measurement and Estimate of Uncertainty

Directors have prepared the Company's annual accounts using judgements, estimates and assumptions which have an effect on the application of the accounting policies as well as on the balances of assets, liabilities, income and expenses and the breakdown of contingent assets and liabilities at the issuance date of these annual accounts.

Such estimates and assumptions are based on historical experience and other factors considered reasonable under the circumstances. The carrying amount of assets and liabilities, which is not readily apparent from other sources, has been established based on these estimates. These estimates and assumptions are periodically reviewed, while the effects of the reviews on the accounting estimates are recognised whether in the year in which they are realised, if they have an effect solely on such period, or in the period under review and future periods, if the review affects both periods. However, the uncertainty inherent in the estimates and assumptions could lead to results that may require an adjustment to the carrying amounts of assets and liabilities affected in future periods.

The estimates made are detailed, where appropriate, in each of the explanatory notes of the balance sheet captions. The estimates and judgement that have a significant impact and may involve adjustments in future years are set out below:

Provision for income tax

The calculation of income tax requires the interpretation of the tax legislation applicable to the Company. There are also several factors related mainly, but not exclusively, to changes and interpretations of tax laws in force that require the use of estimates by the Company's Management. Such calculation is detailed in **¡Error! No se encuentra el origen de la referencia.**

Deferred tax assets are recognised for all deductible temporary differences, tax loss carry forwards and unused tax credits, for which the Company probably will have future taxable profits which allow the application of these assets. Directors must carry out significant estimates to determine the amount of the deferred tax assets that can be recognised, by considering the amounts and the dates on which future taxable profits will be obtained and the reversal period of the taxable temporary differences.

Fair value of derivatives

The fair value of financial instruments that are not traded in an active market is determined using measurement techniques, as specified in Note 4.5.3. The Company uses a variety of methods and makes assumptions that are based mainly on market conditions at the closing date of each balance sheet. Most of these measurements are obtained from the financial institutions with which the instruments were contracted.

Estimated impairment loss on non-financial assets

The Company verifies annually whether there is an impairment loss in respect of fixed assets, in accordance with Notes 4.4, 6, 7 and 8. The estimate of the recoverable amount of the asset is based on the valuations made by independent experts, which mainly use the discounted cash flow as a valuation criterion.

Post-employment benefits

The cost of defined benefit pension plans is calculated using actuarial valuations. Actuarial valuations require the use of assumptions on discount rates, asset yields, salary increases, mortality tables and rotation, as well as the retirement age of employees with right to these benefits. These estimates are subject to significant uncertainties due to the long-term settlement of these plans.

The valuation of these commitments has been made by reputable independent experts using actuarial valuation techniques. Note 12.1 gives details of the assumptions used to calculate these commitments.

Provision for onerous contracts

The Company must use its judgement significantly for the estimate of the amount of the provision for onerous contracts, since it depends on the projected cash flows deriving from those contracts, which mainly relate to lease contracts for hotel establishments.

The estimate of these future cash flows requires the application of assumptions on the percentage of occupancy, the average room rate (ARR) and the evolution of the costs associated with the hotel operation, as well as the discount rate applied to update such flows.

The Company uses its expertise in operating and managing hotels to determine such assumptions and to make the relevant calculations, as described in Note 12.1.

Recoverable amount of equity investments in Group companies and associates

The Company recognises a provision for accumulated losses in group companies, when the interest in such controlled entities is fully impaired. The measurement of this provision is calculated similarly to that of the impairment of equity instruments in Group companies, value adjustments which are made based on the difference between their carrying amount and their recoverable amount, which is understood, unless there is better evidence, as the equity of the investee, adjusted by the amount of the unrealised capital gains at the measurement date (including the goodwill, if any) (see Note 4.5.1).

If the recoverable amount of the investment is restored, then the Company reverses the provision.

2.5 Cash Flow Statement

The expressions used in the cash flow statement have the following meanings:

- Cash flows: Inflows and outflows of cash or other cash equivalents, these being understood to be short-term investments with high liquidity and low risk of changes in value.
- Operating activities: Common operating activities, as well as other activities that cannot be classified as investment or financing.
- Investment activities: The acquisition, sale or other disposal of non-current assets and other investments not included in cash and cash equivalents.
- Financing activities: Activities that result in changes in the size and composition of the equity and liabilities which are not part of the operating activities.

For the purposes of preparation of the cash flow statement, cash in hand and demand bank deposits, as well as short-term investments with high liquidity, which are easily convertible into determined amounts of cash, are considered as “Cash and other cash equivalents”, which are subject to a low risk of changes in value.

2.6 Statement of Changes in Equity

The statement of changes in equity included in these annual accounts shows the total changes in equity during the year. This information is in turn included in the statement of recognised income and expenses and in the statement of changes in equity.

Note 3. Allocation of Results

The Board of Directors will propose to the General Shareholders’ Meeting the approval of the allocation of results as follows:

(thousand €)	2022
Basis of distribution	
Gains and losses (year's losses)	(22.402)
Allocation	
To prior years' losses	(22.402)

The Board of Directors, in order to strengthen the solvency and liquidity of the Company, will propose to the General Shareholders’ Meeting not to distribute dividends. During the previous year, given the continuation of the Covid-19 impacts, dividends were also not distributed.

Note 4. Recognition and Measurement Standards

The accounting principles applied in relation to the different items are as follows:

4.1 Intangible Assets

Intangible assets relate to various software applications, as well as transfer rights, patents and licenses.

Software applications are valued at cost price and depreciated using the straight-line method over their estimated useful life of 5 years. Software maintenance-related expenses are recognised as an expense when incurred.

The investments in technological innovation incurred by the Company in producing identifiable and unique software programmes controlled by the Company are included under this heading. In addition, these comply with the following conditions:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The Company intends to use or sell the intangible asset.
- The Company can use or sell the intangible asset.
- It can be demonstrated how the intangible asset will generate probable future financial benefits.
- Adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset.
- The expenditure attributable to the intangible asset during its development can be reliably measured.

The directly attributable costs that are capitalised as part of the software programmes include the labour cost of the staff developing the programmes and a suitable percentage of general costs.

Transfer rights relate mainly to the acquisition costs of operating and management rights for various hotels and are amortised using the straight-line method over the term of the agreements related to these rights.

Patents, licences, brands and similar items include the amounts paid to acquire from third parties the ownership of, or the right to use, trademarks and patents. The depreciation of these items will depend on the expiration of the related agreements.

4.2 Property, Plant and Equipment

Property, plant and equipment is stated at cost, including additional expenses incurred to bring the assets into operating conditions, increasing their value according to legal revaluations and restatements (see Note 8), less recognised accumulated depreciation and impairment losses, according to the criterion described in Note 4.4.

The repairs which do not extend the useful life of the assets and the maintenance expenses are charged directly to the profit and loss account. Costs that extend or improve the capacity, productivity or useful life of the assets, are capitalised as an increase in their value.

Works performed by the Company for its fixed assets are stated at the cost of the necessary goods and required services or at the cost of production of the goods produced by the Company and of the necessary staff time.

Within property, plant and equipment under Other fixed assets, the amount of replacements (crockery, furnishings, cutlery, linen, etc.) is included, which is stated at average cost as per the stocktaking carried out in the different hotel centres at the year end. Breakages and losses are recorded as Disposals.

Property, plant and equipment items are depreciated using the straight-line method over their estimated useful life, which is as follows:

	Years
Buildings	50
Plant	18
Machinery	18
Furniture	15
Fixtures	8
Software	6
Vehicles	5
Other fixed assets	8

Such depreciation, however, is adjusted by the Company for the assets linked to lease contracts, which are depreciated over the shorter of the assets' useful life and the lease term.

The useful life and residual value of property, plant and equipment are reviewed at each balance sheet date. Land is not subject to systematic depreciation since it is considered to have indefinite useful life, however it is subject to impairment tests.

4.3 Investment Property

The investments made by the Company to obtain rental income or capital gains, and which generate cash flows independently of the other assets held by the Company, are recorded under this caption.

Property, plant and equipment criteria are used for the measurement and depreciation of investment properties, as described in Note 8. Unbuilt land is measured at acquisition cost plus fitting-out costs. Buildings are measured at acquisition or production cost, including the additional expenses incurred until initial operation.

4.4 Impairment of Property, Plant and Equipment, Intangible Assets and Investment Property

At each year end, the Company assesses whether there is an indication that an asset may be impaired. If such indication exists, the Company estimates the asset’s recoverable amount. Periodically, the Company obtains valuations made by independent experts of its owned hotel assets, which are operated by the Company or leased to third parties. Such valuations are completed with the valuations made internally.

When determining the value of the assets, the valuation criterion most used by the experts is the discounted cash flow, since hotel investments are generally valued according to the potential future income. In certain cases, other valuation methods were used, such as the comparables method or the residual value method. The latter method was mainly used to value plots and land.

At the end of the years in which such valuations are not obtained, and for assets or cash-generating units for which such valuation is not available, the Company assesses whether there is an indication that its tangible assets may be impaired. For owned hotels, the Company considers whether there is any indication that they have suffered an impairment loss mainly based on the operating result of the various cash-generating units, as well as observable external sources of information revealing that the value of the asset during the period has decreased more than expected as a consequence of the passage of time or its normal use, due to changes that may have occurred in the environment in which the hotel operates. In addition, other factors such as geopolitical circumstances, economic situation or natural disasters that may affect the recoverable amount of such assets are taken into account.

If such indication exists, or when annual impairment test for an asset is required, the Company estimates the asset’s recoverable amount on the basis of the methodology used in the last valuation carried out by the independent expert for the relevant asset or cash-generating unit. An asset’s recoverable amount is the higher of an asset’s fair value less costs to sell or cash-generating unit and value in use, and is determined individually for each asset, unless the asset does not generate cash inflows that are independent of those from other assets or groups of assets.

In assessing value in use, the Company projects future cash flows by considering the budget approved by its governing bodies for 2023, and applying growth assumptions that are consistent with the market in which the asset operates and its historical performance for a period of 5 years and estimating a residual value according to a long-term growth rate not higher than the expected growth of the economy and the sector in which the asset operates. Estimated future cash flows are discounted using a discount rate before taxes which reflects changes in the value of money over time in the current market and the specific risks of the asset which have not been adjusted in the estimated future cash flows, mainly the risks of the business and the country in which the asset is located, as well as the significant climate risks that may affect it.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and its carrying value is reduced to its recoverable amount. Losses due to impairment of ongoing activities are recognised in the income statement in the expense category in accordance with the function of the impaired asset.

An assessment is made each year end as to whether there is any indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in previous years. This reversal is recognised in the income statement for the year. After such reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

4.5 Financial Instruments

4.5.1 Financial Assets

Financial assets may be classified as: financial assets at fair value through profit or loss, financial assets at amortised cost, financial assets at fair value through equity and financial assets at cost.

a) *Financial assets at cost*

This heading includes equity investments in group companies and associates. Upon initial recognition, they are recognised at fair value which, unless there is evidence to the contrary, is the transaction price, which is equal to the fair value of the consideration given plus directly attributable transaction costs. After initial recognition, they are measured at cost less, where appropriate, the accumulated amount of the measurement adjustments for impairment which is recognised in the income statement in the year in which it occurs.

b) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include held-for-trading financial assets acquired for the purposes of selling them mainly in the short term, as well as unlisted equity instruments of companies over which no control or significant influence is exercised.

Short-term trading portfolio includes equity instruments listed in official markets; their market prices are used to determine the fair value of these investments.

The changes in their fair value are recorded in the income statement for the year.

c) *Financial assets at amortised cost*

Financial assets included in this category are initially measured at fair value and subsequently at amortised cost. Accrued interest is recognised in the income statement, using the effective interest method.

Nevertheless, credits from commercial operations with a due date not exceeding one year and which do not have a contractual interest rate, as well as advances to staff, dividends receivable and capital calls on equity instruments expected to be received at short term, are measured at face value, both at the initial and later measurement, when the effect of not adjusting the cash flows is not material.

Loans and receivables with a maturity of less than 12 months as of the balance sheet date are classified as current, and those with a maturity greater than 12 months are classified as non-current.

Non-current guarantees and deposits are measured at amortised cost using the effective interest method. Current guarantees and deposits are not discounted.

Trade receivables are shown at their face value in the balance sheet, by carrying out the corresponding measurement adjustments and providing, where appropriate, the relevant provisions based on the risk of insolvency, which are applied where the debt is deemed to be uncollectible.

d) *Derecognition of financial assets*

The Company derecognises a transferred financial asset when it assigns all contractual rights to receive the cash flows generated by the asset or, even when retaining such rights, it assumes a contractual obligation to pay them to the assignees and the risks and rewards related to the ownership of the asset are substantially transferred.

Where the Company has transferred assets in which the risks and rewards related to the ownership of the financial asset are substantially retained, the transferred financial asset is not derecognised in the balance sheet and is recognised as a related financial liability for an amount equal to the consideration received, which is subsequently measured at amortised cost. The transferred financial asset continues to be measured according to the same criteria applied prior to the transfer. Both income from the transferred asset and the expenses of the related financial liability are recognised, without netting, in the income statement.

e) *Impairment of financial assets*

Investments in group companies, jointly controlled entities, and associates are measured at cost less, where appropriate, the accumulated amount of the measurement adjustments for impairment. Such adjustments are calculated as the difference between the carrying amount and the recoverable amount, the latter being the higher amount between the fair value less costs to sell and the present value of the future cash flows arising from the investment. Unless there is better evidence, the recoverable amount is based on the value of the equity of the investee, adjusted by the amount of the unrealised capital gains at the measurement date (including the goodwill, if any). Measurement adjustments for impairment and, where appropriate, their reversal, are recognised as income or expense, respectively, in the income statement.

The Company applies a simplified approach when calculating the expected credit losses of financial assets at amortised cost and, where appropriate, a value adjustment for the expected credit losses over the entire life of the asset is recognised at each closing date. To do that, the Group has established a matrix of provisions based on its history of credit losses, adjusted by the prospective factors specific for such assets.

Due to the characteristics of the main sector in which the Company operates, the customers of the hotel segment have minimal risk of insolvency.

4.5.2 Financial Liabilities

Financial liabilities are classified in the following measurement categories: financial liabilities measured at amortised cost and financial liabilities measured at fair value through profit or loss. In both cases, financial liabilities are initially recognised at fair value. Financial liabilities measured at amortised cost are adjusted for directly attributable transaction costs. All non-derivative financial liabilities of the Company are included within the category financial liabilities at amortised cost.

a) *Issuance of debentures and other marketable securities*

Debt issues are initially recognised at the fair value of the consideration received, less directly attributable transaction costs. They are subsequently measured at amortised cost applying the effective interest method. Bonds with a maturity exceeding 12 months are classified as non-current liabilities, while those with shorter maturity than that are included under current liabilities.

b) *Bank loans*

They are initially recorded at the amount received, net of transaction costs. After initial measurement, they are carried at amortised cost using the effective interest method.

This heading includes debts originated by the acquisition of assets financed by leasing contracts.

c) *Debts with group companies and associates*

Financial liabilities included in this category are measured at amortised cost. Accrued interest is recognised in the income statement, using the effective interest method.

d) *Derecognition of financial liabilities*

Financial liabilities are derecognised when all the risks are substantially transferred, and the liability that resulted in their recognition on the balance sheet is extinguished.

4.5.3 Hedge Activities and Derivatives

Derivative financial instruments are classified as financial assets or liabilities at fair value through profit or loss or as accounting hedges. In both cases, derivative financial instruments are initially recognised at fair value on the date on which they are arranged, and this fair value is regularly adjusted. Derivatives are carried as assets when the fair value is positive, and as liabilities when the fair value is negative.

a) *Accounting Hedges*

The Company applies hedge accounting to those operations in which the hedge is expected to be highly effective; that is, when the changes in the fair value or in the cash flows of the items covered by the hedge are offset by the changes in the fair value or cash flows of the hedging instruments with an effectiveness comprised between 80% and 125%. In addition, at the inception of the hedge, the relationship between the hedged item and the derivative financial instrument designated for that purpose is formally documented.

The Company has various interest rate swaps classified as cash flow hedges. The fair value of interest rate swaps is determined through the discounted cash flow measurement technique according to the characteristics of each contract, such as the face amount and the collection and payment schedule. The discount factors used to obtain said value are calculated based on the curve of the zero-coupon rates obtained from the deposits and rates listed in the market on the date of measurement. The resulting fair value is adjusted for the own credit risk if significant. These values are obtained from studies carried out by the financial institutions with which the Company has contracted these instruments.

Changes in the fair value of these derivative financial instruments are reflected in equity, under the heading Other measurement adjustments, being allocated by the part considered an effective hedge to the income statement insofar as the item being hedged is also settled. The fair value is entered in the accounts according to the date of trade.

b) *Derivatives not qualifying for hedge accounting*

Any profit or loss arising from changes in the fair value of derivatives which do not qualify to be classified as hedging instruments are directly recognised in the net profit or loss for the year. The fair value of these derivative financial instruments is obtained from studies carried out by financial institutions.

4.6 Inventories

Inventories are measured at cost, whether acquisition price or production cost. Trade discounts, rebates, other similar items and interest included in the face value of the related payables are deducted in determining the acquisition price.

The Company recognises the appropriate value adjustments as an expense in the income statement when the net realisable value of the inventories is lower than acquisition price.

4.7 Cash and Other Cash Equivalents

Cash and other cash equivalents include cash in hand and at bank, as well as short-term deposits in banks and other financial institutions with an original maturity of less than three months from the date of subscription.

4.8 Treasury Shares

Treasury shares are recognised as a decrease in the Company's equity, and are stated at acquisition cost, without valuation adjustments.

The gains and losses obtained on disposals of treasury shares are recorded directly against equity.

4.9 Grants, Donations and Bequests Received

For the accounting of grants, donations and bequests received from third parties other than the owners, the following criteria are used by the Company:

- Non-refundable grants, donations and bequests related to assets: These are measured at the fair value of the amount, or the asset received, based on whether or not they are monetary grants, and they are taken to income in proportion to the period depreciation taken on the assets for which the grants were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss.
- Refundable grants: While they are refundable, they are recognised as a liability.
- Operating grants: These are recognised in the income statement at the time they are granted, unless they are intended to be allocated to the financing of the operating deficit for future years, in which case they will be recognised in those years. If they are granted to finance specific expenses, they will be recognised as the financed expenses accrue.

In addition, grants, donations and bequests received from shareholders or owners are not revenue and must be recognised directly in equity, regardless of the type of grant, provided that they are non-refundable.

4.10 Provisions and Contingencies

Provisions are recognised when the Company:

- Has a present obligation, legal or implicit, because of a past event.
- It is probable that an outflow of funds including economic benefits will be required to settle the obligation.
- A reliable estimate can be made of the amount of the obligation.

Provisions are carried at the present value of the best possible estimate of the amount needed to settle or transfer to a third party the obligation. Adjustments due to updating the provision are recognised as a financial expense as they accrue. Provisions maturing in one year or less with a non-significant financial effect are not discounted. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate of the liability at any time.

On the other hand, contingent liabilities are the possible obligations, arising from past events, the materialisation of which is subject to the occurrence of future events which are not entirely under the Company's control, and those present obligations, arising as a result of past events, which are not likely to give rise to an outflow of resources for their settlement or which cannot be measured with sufficient reliability. These liabilities are not recognised in the accounts, but are disclosed in the notes to the annual accounts.

Onerous contracts

A contract is onerous when the unavoidable costs of meeting the contractual obligations exceed the expected economic benefits.

In the case of hotel lease contracts, the estimate of future results from these agreements is reviewed annually, based on the expected flows from the relevant cash-generating units, applying an appropriate discount rate. If the costs exceed the benefits, the Company records a provision for such difference, including the net assets related to the cash-generating unit. Details of the analysis performed by the Company are included in Note 12.1.

Post-employment benefits

Post-employment benefits are classified as defined benefit plans. In general, these type of provisions fix the amount of the benefit that the employee will receive on retirement, usually based on one or more factors such as age, number of years of service and remuneration.

The Company recognises in the balance sheet a provision for long-term defined benefit obligations in an amount corresponding to the difference between the present value of the committed benefits and the fair value of any assets linked to the benefit commitments which will be used to settle the obligations, less any past service costs still not recognised, if any.

If an asset results from the above-mentioned difference, its valuation may not exceed the current value of the benefits that may be returned to the Company in the form of direct reimbursements or lower future contributions, plus, where appropriate, the part not yet recognised in the income statement for past service costs.

Past service costs are recognised immediately in the income statement unless they involve non-vested rights, in which case they are taken to the income statement on a straight-line basis over the period remaining to the vesting of the past service rights.

The current value of the obligation is determined using actuarial calculation methods and unbiased financial and actuarial assumptions that are mutually compatible. The Company recognises, directly in the statement of recognised income and expense, the profits and losses arising from the change in the current value and, where applicable, the plan assets, as a result of the changes in actuarial assumptions or adjustments made on the basis of experience.

Certain collective bargaining agreements in force and applicable to the Company establish that permanent staff for a specified number of years employed by the Company who opt to terminate their employment contract will be entitled to a cash award equal to a number of monthly salary payments which is proportional to the number of years of service. During the fiscal year, an assessment of these commitments has been performed in accordance with the actuarial assumptions contained in Meliá Hotels International, S.A.'s own rotation model, by applying the calculation method known as the Projected Unit Credit Method and the population assumptions corresponding to the PER2020 tables.

The balance of provisions, as well as the capitalisation of payments for future services, cover these acquired commitments, based on an actuarial analysis prepared by an independent expert.

The Company has duly externalised the pension commitments and obligations stipulated in collective bargaining agreements subject to the Ministerial Order of 2 November 2006.

4.11 Leases

Finance Leases

The leases in which all the risks and rewards inherent in the ownership of the leased asset are substantially transferred, are classed as finance leases.

At lease inception, the lessee recognises in the balance sheet an asset and a liability in the same amount, which is equal to the fair value of the leased asset, or the present value of minimum future lease payments, if lower.

Lease instalments are divided into two parts: the financial cost and the principal payment. The financial cost is taken directly to the income statement.

Assets being recognised under finance leases are depreciated using the straight-line method over the asset's estimated useful life.

Operating leases

Leases where the lessor substantially maintains all the risks and economic benefits of ownership of the leased asset are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor) are charged to the income statement on a straight-line basis over the lease term.

The assets recognised by the Company in hotels operated under operating leases are depreciated over the shorter of their useful lives and the lease term.

4.12 Trade Creditors and Other Payables

Trade payables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

However, trade payables with a maturity not exceeding one year and which have no contractual interest rate, as well as payments required by third parties for shares, the amount of which is expected to be paid in the short-term, are measured at their face value provided the effect of not adjusting the cash flows is not material.

4.13 Corporate Income Tax

The Company files corporate income tax returns under the Consolidated Tax Regime, within the Tax Group 70/98, as the parent company thereof, so the tax expense and the current and deferred tax assets and liabilities are determined according to this tax regime.

The corporate income tax expense for the year is calculated as the sum of the current tax that results from the application of the corresponding tax rate to the tax base for the year, determined according to the consolidated tax regime, following the application of existing tax credits and deductions, and the change in the deferred tax assets and liabilities accounted for. The corresponding tax expense is recognised in the income statement, unless the tax relates to items recognised directly in equity, in which case the corresponding tax expense is also recognised in equity.

Deferred tax liabilities are recognised for all taxable temporary differences existing at the balance sheet date between the carrying amounts of the assets and liabilities and their tax bases.

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that there will be taxable profits of the Company and the Tax Group allowing the application of such assets, except in the case of deductible temporary differences 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 the accounting nor the taxable profit or loss.

The recovery of a deferred tax asset is reviewed at each balance sheet date and adjusted to the amount which is expected to be recovered based on the taxable profit available.

Deferred tax assets and liabilities are measured based on their expected materialisation and on the tax legislation and tax rates approved, or are about to be approved, on the balance sheet date.

4.14 Current and Non-Current Items

The assets linked to the normal operating cycle, which in general is one year, the assets expected to mature, be sold or be realised in the short term following the end of the fiscal year, the financial assets held for trading, except for financial derivatives expected to be settled within more than twelve months, and cash and other cash equivalents are considered to be current assets. Assets which do not meet these requirements are classified as non-current assets.

Likewise, liabilities linked to the normal operating cycle, the financial liabilities held for trading, except for financial derivatives expected to be settled within more than twelve months and, in general, all the obligations the maturity or cancellation of which will occur in the short term are considered to be current liabilities. They are otherwise classified as non-current.

4.15 Transactions in Foreign Currency

Assets and liabilities denominated in foreign currency are recorded at the exchange rate prevailing on the corresponding transaction date, and are restated at the year end at the exchange rate then in effect. The exchange differences, both positive and negative, originated during this process, are recognised in the income statement in the year in which they arise.

Non-monetary items valued at their historical cost are translated at the exchange rate prevailing on the transaction date.

4.16 Assets of an Environmental Nature

Assets that are used on a lasting basis in the Company's operations which main purpose is to minimise the impact on the environment as well as to protect and enhance the environment, including the reduction or elimination of future pollution, are considered to be environmental assets.

The Company’s activities, by definition, have no significant impact on the environment.

4.17 Income and Expenses

Income and expenses are recognised on an accrual basis regardless of when the resulting monetary or financial flow arises.

The operating revenues arising from contracts with customers are recognised as the control of goods and services is transferred to such customers. Control of goods or services can be defined as having full autonomy over the use of the asset and obtaining substantially all of its remaining benefits.

In order to apply this criterion, a process is followed, which consists of the following successive stages:

- Identification of the contract with the customer.
- Identification of the contract performance obligation.
- Determination of the transaction price.
- Allocation of the transaction price to the obligations to be met, depending on sales prices of each good or service, or by estimating the sales price when it is not independently observable.
- Recognition of the revenues from ordinary activities as the company fulfils an undertaken obligation.

Income 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 face amount of the consideration, are recognised as a reduction therein. However, the Company includes interest added to trade receivables with a maturity not exceeding one year and which have no contractual interest rate, provided the effect of not adjusting the cash flows is not material.

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment has been established. In any event, interest and dividends from financial assets accrued after the date of acquisition are recognised as income in the income statement.

Sale of rooms and other related services

Income deriving from the sale of rooms and other related services is recognised daily based on the services provided by each hotel establishment and including "in-house" customers, i.e. those that are still lodged at the hotel at the time daily production is closed. For this type of contracts, the only execution obligation identified is that of the own hotel service, which includes making available the hotel rooms to the customers.

Where the hotel rate includes services such as food and beverage (breakfast, half board or full board), an additional execution obligation is identified, to which a differentiated price is allocated on the basis of the expected cost plus a margin approach.

Likewise, the consideration received for banquets, events, space rental, etc., is divided among the contracted services.

Provision of hotel management services

The Company recognises income from its hotel management contracts at the end of each period, based on the evolution of the variables that determine that income, primarily consisting of total income and the Gross Operating Profit (GOP) for each of the hotel establishments managed by the Group.

Another performance obligation defined in the hotel management contracts relates to services linked to such activity, such as transfer of trademark use.

Sale of fixed assets

The Company actively manages its real estate assets portfolio. In general, the net capital gains on sales for asset rotation are recognised in the income statement once the carrying value of the relevant assets has been discounted from the selling price. The Company recognises the proceeds from the sale as operating income.

Lease income

Income deriving from operating leases in investment properties is recognised on a straight-line basis over the term of the lease and is included as operating income.

Interest income

Interest income is recognised using the effective interest method for all the financial instruments measured at amortised cost. The effective interest rate is the rate that exactly discounts payments made and received in cash estimated over the expected life of the financial instrument. Interest income is recognised as financial income in the Company's income statement.

Dividends

Income from dividends is recognised in the income statement when the right of the Company to receive the corresponding payment is established. If dividends unequivocally derive from earnings generated before the acquisition date, they will not be recognised as income and will reduce the carrying amount of the investment.

4.18 Transactions with Related Parties

In general, transactions between related companies are recognised initially at fair value. If the agreed price differs from its fair value, the difference is recognised on the basis of the economic reality of the transaction. Subsequent recognition is made in accordance with the provisions of the applicable rules.

Notwithstanding the foregoing, in mergers, demergers and non-monetary contributions of a business, the components of the acquired business are recognised for the amount that would correspond to them, upon completion of the transaction, in the Group's consolidated annual accounts, in case they are prepared under Regulations governing the Preparation of Consolidated Annual Accounts, or for the carrying amount of the absorbed company, if the Group's Consolidated Annual Accounts are prepared under International Financial Reporting Standards, as it is the case here.

In such cases, any differences that may arise between the net amount of the assets and liabilities of the acquired company, adjusted by the balance of grants, donations and bequests received and adjustments for changes in value, and any capital amount and share premium, if any, issued by the absorbing company, are recognised in reserves.

4.19 Termination Benefits

According to the existing labour legislation, the Company is required to pay termination benefits to employees terminated under certain conditions. Termination benefits that may be reasonably quantified are recognised as expenses in the year in which there is valid expectation created by the Company in the affected third parties.

4.20 Business Combinations

Mergers, demergers and non-monetary contributions of a business between group companies are recognised in accordance with the provisions for transactions with related parties (Note 4.18).

Mergers and demergers other than the above and business combinations arising from the acquisition of all the equity of a company or of a part comprising one or more businesses, are recognised in accordance with the acquisition method.

In the case of business combinations arising from the acquisition of shares or participations in the capital of a company, the Company recognises the investment in accordance with the requirements for equity investments in Group companies, jointly controlled entities and associates (Note 4.5.1 a)).

Note 5. Financial Risk Management Policy

The General Policy for Risk Control, Analysis and Management of Meliá Group establishes the core principles and guidelines that govern the activities for control and management of risks, both financial and non-financial, faced by the Company. This policy establishes a reduced tolerance for financial risks; therefore, mitigation of risks is a priority in the management of this type of risks in order to minimise the potential adverse effects of these risks on the annual accounts. The actions planned in such management are reviewed and updated periodically.

The Company's activities are mainly exposed to several risks: market risk (interest rate risk, foreign exchange risk and price risk), liquidity risk, credit risk, environmental risks and geopolitical risks. The Company, through the management it conducts, tries to minimise the potential adverse effects of these risks on the annual accounts.

Additional information on these risks is provided below:

5.1 Interest Rate Risk

Meliá Hotels International, S.A.'s financial statements include certain items subject to fixed and variable interest.

The Company maintains a policy of partially hedging against changes in interest rates by obtaining different financial derivatives that allow it to contract a fixed rate for a specified period of time that it applies to financing transactions with variable rates. In some cases, and due to the early cancellation of some of these financing transactions, the Company has proceeded to restructure the financial derivatives associated with this financing to apply them to other new financing transactions at a variable rate, adapting the repayment schedules to create an effective interest rate hedge. In some of these restructurings of hedging derivatives and to avoid incurring unnecessary payments, it has not been possible to continue applying hedge accounting (see Note 9.3).

The structure of the debt with third parties as at 31 December 2022 and 2021, without considering the heading of Other financial liabilities, is as follows (these face amounts do not include interest payable):

	31/12/2022			31/12/2021		
(thousand €)	Fixed interest	Variable interest	Total	Fixed interest	Variable interest	Total
Bank loans	353.327	523.376	876.703	483.452	428.817	912.269
Mortgage loans	27.571	4.942	32.513	37.633		37.633
Credit facilities		103.077	103.077		20.349	20.349
Leasing		7	7		335	335
ECP	24.200		24.200		77.570	77.570
Simple bonds	52.500		52.500	52.500		52.500
Total	457.598	631.402	1.089.000	573.585	527.070	1.100.656

The variable interest rate debt is basically tied to Euribor.

As at 31 December 2022, the Company has various interest rate swaps contracted, with a notional value of EUR 125.8 million, considered as cash flow hedging instruments, as stated in Note 9.3. At the 2021-year end, the notional value of the swaps contracted was EUR 143.1 million. The variable rate bank loans and mortgages hedged by these swaps are shown in the Fixed Interest column for the part of the capital hedged.

The sensitivity, in thousand euro, of 2022 and 2021 profit or loss to interest rate variations (in base points) is as follows:

Variation	2022	2021
+ 25	1.579	1.124
- 25	(1.579)	(1.124)

The above sensitivity analysis has been carried out considering an average increase/decrease throughout the year in the base points indicated in the table. The effect of the interest rate swaps has been considered in this calculation.

5.2 Foreign Exchange Risk

Fluctuations in items of the currencies in which the bank accounts and debts are denominated and the purchases/sales are carried out, vis-à-vis the accounting currency, may have an impact on the result (profit/loss) for the fiscal year.

The following items may be affected by foreign exchange risks:

- Debt and liquid assets denominated in currencies other than the Euro.
- Collections and payments for supplies, services or investments in currencies other than the Euro.
- Transactions in foreign currency arranged by group companies and associates (see Note 16.6).

Likewise, the recoverable value of shares in a functional currency other than the Euro changes due to movements in exchange rates. It is not the Company's policy to arrange derivatives for the hedge of net investments in businesses abroad.

5.3 Credit Risk

The credit risk arising from default of a counterparty (customer, supplier, or financial entity) is mitigated by the Company's policies regarding the diversification of customer portfolios, source markets, oversight of concentration and on-going in-depth debt control. In addition, in certain cases, the Company may carry out other financial operations which allow the reduction of credit risks, such as assignments of receivables.

The credit periods established by the Company range between 21 and 90 days. The average period of collection of the Company's receivables in 2022 was 35.62 days; 43.46 days in 2021.

The age of trade receivables at the year end is as follows:

(thousand €)	31/12/2022	%	31/12/2021	%
Less than 90 days	26.590	83%	23.446	90%
More than 90 and less than 180	3.025	10%	1.887	7%
More than 180 and less than 365	2.327	7%	848	3%
Total	31.942	100%	26.182	100%

5.4 Liquidity Risk

Exposure to adverse situations experienced by debt or capital markets may prevent or hinder the coverage of financing needs required for the appropriate development of the Company's activities.

In this sense, the operating cash flows from previous years were directly affected by the crisis caused by Covid-19, which obliged the Company to adopt in 2020 and 2021 several actions to increase liquidity and strengthen the financial position of the Company, including the asset rotation transaction described in Note 7 and financing transactions for a relevant amount without the need of increasing the number of mortgaged hotels, among other aspects.

Notwithstanding the above, the Directors and the Management of the Company continue to constantly monitor the evolution of the liquidity situation, as well as the impacts that it may have on the credit market and they consider, following a clear activity recovery trend from the second quarter of 2022 and based on their liquidity forecast for a period of at least 12 months from the date of preparation of these annual accounts, that, without prejudice to possible improvements and adaptations that may be applied, including possible asset rotation transactions, the liquid assets included in the Balance Sheet, as well as the availability of loan agreements and credit facilities, the applied borrowing policies and the amount of cash flows generated in the worst scenarios, ensure that the Company will meet the obligations included in the Balance Sheet as at 31 December 2022 with solvency, as well as continue its activities in the foreseeable future, and there is no significant uncertainty on the Company's ability to continue as a going concern. Consequently, the directors continue to apply the going concern basis in the preparation of these annual accounts of the Company for 2022.

The Group uses different management procedures, such as the maintenance of credit facilities committed for sufficient amount and flexibility, the diversification of the coverage of financing needs through the access to different markets and geographical areas, and the diversification of the maturities of the issued debt.

The following table contains a summary of the maturities of the Company's financial liabilities as at 31 December 2022, based on face amounts, excluding interest, by maturity:

(thousand €)	< 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Simple bonds				52.500	52.500
Loans	24.777	91.412	790.230	2.797	909.216
Credit facilities			103.077		103.077
ECP	13.300	10.900			24.200
Leasing		7			7
Total	38.077	102.319	893.307	55.297	1.089.000

The following table contains a summary of the maturities of the Company's financial liabilities as at 31 December 2021, based on face amounts, excluding interest, by maturity:

(thousand €)	< 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Simple bonds				52.500	52.500
Loans	16.783	80.572	847.246	5.301	949.902
Credit facilities			20.349		20.349
ECP	64.320	13.250			77.570
Leasing	180	148	7		335
Total	81.283	93.970	867.602	57.801	1.100.656

5.5 Capital Management Policy

The main objectives of the Company's capital management are to guarantee financial stability in the short and long term, to ensure the necessary liquidity for daily operations and investments, positive evolution of the share value and an appropriate remuneration to shareholders through the distribution of dividends.

The financial position is also backed by the strong support of the banks and the Company's asset base. The positive perception of, and support to, the Group by the banks was demonstrated during the serious economic crisis that began in 2020, during which the banks provided it with greater liquidity without requiring any mortgage securities on the assets that were not mortgaged at the beginning of the year. At present, 21.3% (21.9% at the 2021 year end) of the total debt is secured by the Group's assets.

5.6 Price Risk

Price risk of the Company's inventories mainly arises from the fluctuations in the price and the availability of food and beverages that the Company sells to its customers. However, the Directors consider that changes in prices are insignificant and are transferred to the selling price of food and beverages, therefore, the Company does not conduct price hedging transactions.

Likewise, the Company is exposed to equity price risks of financial investments in equity instruments. Investments in equity instruments in unlisted companies are broken down in Note 9 and are held for strategic purposes and not for the purposes of trading with them and they are mainly focused on entities owning hotel assets. Given the reduced percentage of equity interest in these companies, in case of variations not exceeding 10% of the fair value of the assets of the entities in which the Company holds equity instruments without exercising significant influence, these would not significantly affect the carrying amount of these investments in the balance sheet. On the other hand, the Company has no relevant investments in equity instruments of listed companies.

5.7 Environmental Risks

The fight against climate change and the environment and biodiversity protection are one of the priority strategic lines of the commitment of the Company with sustainability and the protection of tourist destinations. For this reason, the Company continues to promote an efficient and responsible hotel management model, both in the consumption of resources and the minimisation of the impact of its activity.

The Company's commitment, therefore, takes on a special significance given the nature of the activity developed and the importance of tourism in the global economy, as well as its high level of dependence on social and environmental factors, such as climate and natural resources.

Likewise, technology and sustainability are key to advance towards the decarbonisation of the Company's business model and achieve the public commitments acquired for reduction of the carbon footprint.

Progress made in the incorporation of sustainability in the entire value chain has allowed to enrich and improve the hotel renovation and building processes, designing a differential value proposal which promotes a new hotel experience that is more attractive, more responsible and more sustainable for customers, hotel owners and the various existing partners. As a result of these progresses, the renovation projects carried out in several hotels operated by the Company in the Balearic Islands and the Canary Islands, were granted the Rethink Hotel award, as these projects are noteworthy in sustainability and hotel renovation since they include sustainable criteria such as energy efficiency, production of renewable energy, waste management and usage of water cycle.

In this sense, in July 2022, the Company opened the first carbon footprint-neutral hotel, based on the efficient energy management and which establishes the path for the new hotel management concepts.

In addition, in terms of management of water resources, the Company uses the tool Aqueduct Water Risk Atlas, which allows to identify areas with higher risk of hydric stress globally, monitor our portfolio located in such areas and adopt the necessary preventive measures. Additionally, for the third consecutive year, the Group has voluntarily participated in the CDP Water Security, an internationally renowned ranking which measures water security and quality.

Likewise, and in line with the acquired commitments in terms of the environment and working towards the achievement of the goals set, the Company continues to promote improvement measures focused on prioritising renewable energy acquisition, promoting investments aimed at reducing emissions, and permanently monitoring energy and water consumptions in order to identify deviations, improvements and corrective actions.

5.8 Geopolitical Risks

Geopolitical Risks include the conflict between Russia and Ukraine initiated in 2022 and which is causing, among other effects, an increase in the price of certain raw materials and the cost of energy, as well as the activation of sanctions, embargoes and restrictions towards Russia, which affect the economy in general and companies operating with and in Russia in particular. The Company has no direct exposures in the countries involved in the armed conflict, therefore, this has not significantly affected the hotel bookings, however, the issues slowed down in certain destinations at the beginning of the conflict, but these recovered a few days after.

Likewise, the armed conflict has caused high inflation rates, unknown in the last years, which were accompanied by increases in interest rates which reflect the perception by the lenders of a higher credit risk and the intervention of central banks in order to control the inflation. Notes 5.1 and 5.6 detail the exposure of the Company to interest rate risks and price risks, including the existing specific or natural hedging.

The impact that this war will have on the Company's business will depend on the development of future events that cannot be reliably forecasted at the date of preparation of these annual accounts.

5.9 Estimate of Fair Value

Fair value of financial assets and liabilities is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

- Hedging and other derivatives: As referred to in Note 4.5.3, hedging and other derivatives are calculated using discounted net flow techniques, calculated by the difference between variable interest payments and fixed interest payments.
- Financial assets at fair value through profit or loss: At the year end, the amounts posted, net of impairment losses, are not substantially different from their fair values.
- Assets and liabilities at amortised cost: Their fair value is mainly estimated on the basis of parameters such as interest rates and market risk, and by using discounted cash flow techniques.

As referred to in Note 4.5, there are no differences between fair values calculated for financial instruments recorded in the Company's annual accounts and their corresponding accounting values.

Note 6. Intangible Assets

The breakdown of the cost and accumulated depreciation of intangible assets for 2022 is as follows:

(thousand €)	31/12/2021	Additions	31/12/2022
Gross value			
Patents, licences, trademarks and similar rights	4.408		4.408
Transfer rights	20.619		20.619
Software	80.946	20.068	101.014
Total	105.973	20.068	126.041
Accumulated depreciation			
Patents, licences, trademarks and similar rights	(4.375)	(7)	(4.382)
Transfer rights	(7.126)	(2.415)	(9.541)
Software	(53.157)	(11.831)	(64.988)
Total	(64.658)	(14.253)	(78.911)
Net carrying value	41.315		47.130

The amount of EUR 17.5 million included in section Additions of Software relates to the technological innovation project carried out by the Company for the creation of a new framework for hotel management, by means of which the Company seeks to improve the technological services provided to its customers.

For comparison purposes, the situation as at 31 December 2021 was as follows:

(thousand €)	31/12/2020	Additions	Disposals	31/12/2021
Gross value				
Patents, licences, trademarks and similar rights	4.408			4.408
Transfer rights	16.369	4.250		20.619
Software	69.050	11.910	(14)	80.946
Advances on intangible assets	200		(200)	
Total	90.027	16.160	(214)	105.973
Accumulated amortisation				
Patents, licences, trademarks and similar rights	(4.368)	(7)		(4.375)
Transfer rights	(5.061)	(2.065)		(7.126)
Software	(42.788)	(10.371)	2	(53.157)
Total	(52.217)	(12.443)	2	(64.658)
Net carrying value	37.809			41.315

The amount included in additions of transfer rights related to disbursements carried out under the management contracts of two hotels.

The amount of EUR 11 million included in section Additions of Software related to the technological innovation project carried out by the Company for the creation of a new framework for hotel management, by means of which the Company seeks to improve the technological services provided to its customers.

The breakdown of intangible assets fully depreciated for years 2022 and 2021 is as follows:

(thousand €)	31/12/2022	31/12/2021
Patents, licences, trademarks and similar rights	4.338	4.338
Software	37.449	26.672
Total	41.787	31.009

Note 7. Property, Plant and Equipment

The breakdown of the cost and accumulated depreciation of property, plant and equipment for 2022 is as follows:

(thousand €)	31/12/2021	Additions	Disposals	Transfers	31/12/2022
Gross value					
Land	116.705	336			117.041
Buildings	313.989	9.692	(793)	52	322.940
Plant and machinery	207.727	8.526	(2.936)		213.317
Furniture and other fixed assets	187.132	5.891	(6.815)		186.208
Fixed assets under construction and advances	200	64	(1)	(52)	211
Total	825.753	24.509	(10.545)		839.717
Accumulated depreciation					
Buildings	(154.710)	(12.112)	534		(166.288)
Plant and machinery	(164.330)	(9.878)	2.638		(171.570)
Furniture and other fixed assets	(150.245)	(6.933)	2.995		(154.183)
Total	(469.285)	(28.923)	6.167		(492.041)
Impairment					
Plant and machinery	(34.419)	(13.021)	14.234		(33.206)
Furniture and other fixed assets	(1.355)		31		(1.324)
Total	(35.774)	(13.021)	14.265		(34.530)
Net carrying amount	320.695				313.145

The additions of property, plant and equipment recorded in 2022 for the amount of EUR 24.5 million mainly relate to renovations performed in several hotels operated by the Company, mainly located in the Balearic Islands, Madrid and Barcelona.

Disposals during the year include the derecognition of 3 hotels under lease.

Impairment heading includes basically the provision and reversal of impairment relating to fixed assets associated with hotels under lease contracts, as well as the reversal of impairment relating to lease contracts cancelled during the year.

For comparison purposes, the situation as at 31 December 2021 was as follows:

(thousand €)	31/12/2020	Additions	Disposals	31/12/2021
Gross value				
Land	142.319		(25.614)	116.705
Buildings	394.030	4.725	(84.766)	313.989
Plant and machinery	242.093	3.015	(37.381)	207.727
Furniture and other fixed assets	221.919	2.282	(37.069)	187.132
Fixed assets under construction and advances	299	51	(150)	200
Total	1.000.660	10.073	(184.980)	825.753
Accumulated depreciation				
Buildings	(188.136)	(12.262)	45.688	(154.710)
Plant and machinery	(186.528)	(10.244)	32.442	(164.330)
Furniture and other fixed assets	(170.134)	(8.757)	28.646	(150.245)
Total	(544.798)	(31.263)	106.776	(469.285)
Impairment				
Plant and machinery	(41.383)	(7.989)	14.953	(34.419)
Furniture and other fixed assets	(1.372)		17	(1.355)
Total	(42.755)	(7.989)	14.970	(35.774)
Net carrying amount	413.107			320.695

The additions of property, plant and equipment recorded in 2021 for the amount of EUR 10 million mainly related to renovations performed in several hotels operated by the Company, mainly located in the Balearic Islands and Madrid.

Disposals for the period include those deriving from the derecognition of 4 hotels under ownership, for the net amount of EUR 58.5 million, a transaction that was included in the Group's asset rotation strategy, thus meeting the commitment of increasing liquidity after the crisis caused by Covid-19.

Impairment heading included basically the provision and reversal of impairment relating to fixed assets associated with hotels under lease contracts, as well as the reversal of impairment relating to lease contracts cancelled during the year.

Other considerations

The net carrying value of the assets of the Company that are financed through finance lease contracts amounts to EUR 0.07 million at 2022 year end, and to EUR 2.6 million in 2021. These finance leases relate mainly to buildings, facilities and furniture.

There are 2 owned properties that have been mortgaged to secure several loans at the year end, as in the previous fiscal year, and their net carrying value amounts to EUR 102.1 million; EUR 104 million in 2021.

As at 31 December 2022 and 2021 the Directors consider that there is sufficient insurance coverage for the Company's assets.

The breakdown of property, plant and equipment fully depreciated for years 2022 and 2021 is as follows:

(thousand €)	31/12/2022	31/12/2021
Buildings	17.355	17.355
Plant and machinery	94.868	93.766
Furniture and other fixed assets	108.285	99.963
Total	220.508	211.084

At the end of 2022 and 2021, the Company did not have firm commitments for the purchase of property, plant and equipment.

Revaluation of assets

The Company, in different processes, has merged several companies owning hotels, with the revaluation of land and properties being carried out. As at 31 December 2022 and 2021 the difference between the carrying value and the tax value of the revalued elements is as follows:

(thousand €)	Land	Buildings
Revalued net carrying value at 31/12/2020	113.280	7.804
Depreciation		(260)
Disposals	(21.962)	
Revalued net carrying value at 31/12/2021	91.318	7.544
Depreciation		(260)
Revalued net carrying value at 31/12/2022	91.318	7.284

The capital gains derived from the revaluation of assets carried out by the Company, based on various legal regulations and voluntary restatements prior to 1997, in order to correct the effects of inflation, were as follows:

(thousand €)	Amount
Restatement of budgets for 1979	24.848
Restatement of budgets for 1980	28.852
Restatement of budgets for 1981	1.197
Restatement of budgets for 1982	26.480
Voluntary restatement before 1990	3.146
Restatement under R.D.L. 7/96	53.213
Total	137.736

The net carrying value of the assets subject to the revaluation according to the balance sheet restatement approved by Royal Decree 7/96 amounts to EUR 0.6 million at the end of 2022 and 2021, with the value of the fully depreciated assets being EUR 5.4 million at the end of 2022, and EUR 7.4 million in 2021. The impact of this restatement on the provision for depreciation amounts to EUR 25 thousand (EUR 26 thousand in 2021).

Asset valuation

Meliá Hotels International, S.A. in 2022 has entrusted the valuation of the assets owned by its Group. These assets have been valued by the worldwide firm specialised in hotel investment and consultancy services CBRE Valuation Advisory, S.A. according to the RICS (Royal Institution of Chartered Surveyors) global standards in force at the date of valuation. This resulted in a gross value of EUR 4,041 million, relating to the owned assets fully consolidated, with a net carrying amount at the time of the appraisal of EUR 1,778 million. The Company's asset valuation resulted in a gross value of EUR 749.3 million, with a net carrying amount at the time of the appraisal of EUR 408.3 million, EUR 279 million relates to property, plant and equipment for owned hotels.

The valuation, dated 31 July 2022, included 54 assets owned by the Group, including 8 properties classified as Investment Property in the consolidated balance sheet, and 12 assets owned by the Company.

In addition, the appraisal also included 30 assets owned by associates and joint ventures.

When determining the value of the assets, the valuation criterion most used by CBRE has been the discounted cash flow, since hotel investments are generally valued according to the potential future income. In certain cases, other valuation methods have been used, such as the comparables method or the residual value method. The latter method has been mainly used to value plots and land. Regardless of the valuation criterion, the result thereof has been checked by comparing it with other parameters such as stabilised returns, price per room or leveraged IRR.

Discounted cash flow method: Financial projections have been prepared for a 5-year period; the flows for year 5 have been used to project the next 5 years and the cash flows for fiscal year 11 have been discounted at an exit multiple, dependent upon historical transactions, expected profitability and other factors such as age, location, maintenance conditions of the property, etc. Financial projections have been estimated by considering the operating revenues and income that a reasonably efficient operator could achieve, including the investments necessary to attain such level based on the property condition.

The discount rates used by CBRE in the valuation, depending on the geographic region in which the assets are located, are shown in the following table:

	Discount Rates	Exit Yield
Spain	7,50% - 10,25%	5,50%-7,50%
Rest of Europe	2,12% - 7,75%	4,00%-6,25%
Latin America	11,25% - 12,50%	8,25%-9,50%

Comparables method: This valuation criterion takes into account the balance between the supply and demand at the time of the valuation. This means an evaluation of the property based on an analysis of the latest market transactions and a comparison of these with the average price per room.

Residual value method: This is the method generally used to value urban land, whether or not it has buildings on it. This involves determining the price that could be paid for the property, given the gross value of the development and the total cost of the project, taking into account the margins applied in the market once the characteristics of the property and the risks inherent in the project have been factored in.

Note 8. Investment Property

The balance of investment property includes the net carrying value of investments made by the Company to obtain rental income or capital gains, such as interest in four apartment owners' associations and other properties. Said apartments relate to establishments which are managed by the Company.

The breakdown of the gross value and accumulated depreciation of investment property for 2022 is as follows:

(thousand €)	31/12/2021	Additions	Disposals	31/12/2022
Gross value	34.764	817	(3.419)	32.162
Accumulated depreciation	(15.876)	(605)	1.403	(15.078)
Impairment	(836)		672	(164)
Net carrying value	18.052			16.920

The additions during 2022 mainly relate to the purchase of 7 apartments in 2 apartment owners' associations.

Disposals in 2022 mainly relate to the sale of certain offices located in Madrid, operated under lease, and which generated lease income until their sale for the amount of EUR 69 thousand in 2022, EUR 199 thousand in 2021.

The amount of the buildings fully depreciated in 2022 and 2021 was EUR 1.5 million.

In 2022, dividends generated by apartments in apartment owners' associations have been recognised for the amount of EUR 78 thousand. In 2021 no dividends were recognised under this heading.

For comparison purposes, the breakdown of these movements in 2021 was as follows:

(thousand €)	31/12/2020	Additions	31/12/2021
Gross value	34.525	239	34.764
Accumulated depreciation	(15.248)	(628)	(15.876)
Impairment	(500)	(336)	(836)
Net carrying value	18.777		18.052

The additions during 2021 mainly related to the purchase of 4 apartments in 3 apartment owners' associations.

Note 9. Financial Instruments

9.1 Financial Assets

The following table shows the breakdown by categories of non-current and current assets for 2022 and 2021:

	31/12/2022			31/12/2021		
(thousand €)	Long term	Short term	Total	Long term	Short term	Total
1. Financial assets at cost:						
- Equity instruments	1.075.403		1.075.403	1.053.492		1.053.492
2. Financial instruments at fair value through profit or loss:						
- Equity instruments	19.847	1.479	21.326	19.543	82	19.625
3. Financial assets at amortised cost:						
- Loans and other financial assets to group companies and associates	488.556	389.230	877.786	487.455	410.694	898.149
- Loans to third parties	15.685	2.408	18.093	15.384	2.433	17.817
- Other financial assets to third parties	9.480	19.230	28.710	9.677	5.160	14.837
4. Derivatives and hedges:						
- Financial derivative assets	3.240	4.062	7.302	40		40
Total	1.612.211	416.409	2.028.620	1.585.591	418.369	2.003.960

The table does not include the headings Trade and other receivables and Cash and other cash equivalents, which also relate to financial assets. Additional breakdowns are included in Note 10.

a) *Financial assets at cost*

Equity instruments:

Annex I attached to these annual accounts includes the information about the equity situation of group companies and associates as at 31 December 2022 and 2021, which is obtained from the financial statements provided by the respective companies, indicating direct and indirect shareholding, activity and country in which this is exercised. Such annex also provides information broken down by company on the net carrying value and provisions made for each investment.

The activity carried out by most of these companies relates to the hotel and restaurant business. These companies' shares are not listed in a regulated market.

During 2022, the Company has recognised dividends from group companies and associates for the amount of EUR 20.4 million; EUR 3.4 million in 2021.

The breakdown of gross value and accumulated impairment of equity instruments in 2022 is as follows:

(thousand €)	31/12/2021	Additions	Disposals	31/12/2022
Equity instruments in group companies (gross value)	994.947	3.077	(1.529)	996.496
Outstanding payments on shares		(17)		(17)
Impairment	(124.684)	(6.495)	9.635	(121.545)
Equity instruments in associates and joint ventures (gross value)	212.094	3.713	(36)	215.772
Impairment	(28.865)	(1.833)	15.394	(15.304)
Total	1.053.492	(1.554)	23.465	1.075.403

The most relevant additions in equity instruments for 2022 relate to the acquisition of 15% of the shares in Mosaico Hoteles, S.A. for the amount of EUR 2 million, and the capital increase in the company Sol Meliá Hotel Management (Shanghai) Company, for the amount of EUR 1.9 million. As regards disposals, EUR 1.5 million relates to the liquidation of the company Markserv, B.V.

Regarding provisions for impairment, the release of the provision recognised in this year for the amount of EUR 25 million mainly derives from the restatement of the underlying book value of the investees.

For comparison purposes, the breakdown of these movements in 2021 was as follows:

(thousand €)	31/12/2020	Additions	Disposals	Merger Additions/Disposals	31/12/2021
Equity instruments in group companies (gross value)	993.333	1.821	(24)	(182)	994.947
Impairment	(135.521)	(3.782)	14.619		(124.684)
Equity instruments in associates and joint ventures (gross value)	215.602	2.923	(8.067)	1.637	212.094
Impairment	(35.296)		8.067	(1.637)	(28.865)
Total	1.038.118	962	14.594	(182)	1.053.492

The disposals under Equity instruments in associates and joint ventures, as well as under impairment, for the amount of EUR 8.1 million, related to the company Melia Zaragoza, S.L. The Company completed in the first half of 2021 a transaction framed within the Group's asset rotation strategy whereby 4 hotel assets were contributed to the said company, in addition to other monetary contributions, and subsequently, 92.5 % of the share capital in this company was sold.

As a result of this transaction, the Company received EUR 188.6 million, as reflected under Collections on divestments in Group companies and associates in the Cash Flow Statement, thus meeting its commitment to increase liquidity after the crisis caused by Covid 19. Likewise, a net capital gain for the amount of EUR 42 million under heading Impairment and profit/(loss) on disposals of financial instruments in the income statement was recognised.

The company holds a 7.5% shareholding without significant influence in the resulting company Victoria Hotels & Resorts, S.L., formerly named Melia Zaragoza, S.L. All the hotels involved in this transaction continue to be operated by Meliá Hotels International, S.A., through long-term hotel management contracts.

Regarding provisions for impairment, the release of the provision recognised in 2021 for the amount of EUR 14.6 million derived from the restatement of the underlying book value of the investees.

b) *Financial assets at fair value through profit or loss*

Long-term equity instruments:

Movements in 2022 were as follows:

(thousand €)	31/12/2021	Additions	31/12/2022
Equity instruments (gross value)	19.622	304	19.926
Provisions	(79)		(79)
Total	19.543	304	19.847

The equity situation as at 31 December 2022, obtained from the annual accounts provided by the corresponding companies, is as follows:

(thousand €)	% Sharehol.	Accounting figures			Underlying carrying amount	Investment value
		Capital	Reserves	Result		
Hotelera Sancti Petri, S.A.	19,50%	11.900	3.174	2.850	3.495	2.634
Inveragua RD, S.A.S. (*)	14,24%	864	(158)	(5)	100	131
Port Cambrils Inversions, S.A.	10,00%	6.000	813	187	700	980
Valle Yamuri, S.A. (*)	8,00%	4.970	(1.814)	245	272	279
Victoria Hotels & Resorts, S.L. (**)	7,50%	15.340	192.109	3.183	15.797	15.821
Other companies (*)		3			3	3
Total		39.077	194.124	6.460	20.367	19.847

(*) Balance sheets as at 31 December 2022 for these companies are not available.

(**) Victoria Group is made up of the companies Victoria Hotels & Resorts, S.L., Crisalian, S.L.U., and Lierinto, S.L.U.

These companies are not listed in the stock market.

Information concerning interest in securities portfolio, indicating address, activity and country in which it is exercised is included below:

COMPANIES	ADDRESS	COUNTRY	ACTIVITY
Hotelera Sancti Petri, S.A.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	Hotel owner and operator
Inveragua RD, S.A.S.	Avda. Lope de Vega, 4 (Santo Domingo)	Dominican Rep.	Holding
Port Cambrils Inversions, S.A.	Rambla Regueral, 11 (Tarragona)	Spain	Hotel owner and operator
Valle Yamuri, S.A.	Velázquez, 106 (Madrid)	Spain	Holding and owner
Victoria Hotels & Resorts, S.L.	Paseo del Club Deportivo, 1 (Madrid)	Spain	Hotel owner and operator

For comparison purposes, movements for year 2021 were as follows:

(thousand €)	31/12/2020	Additions	31/12/2021
Equity instruments (gross value)	4.106	15.516	19.622
Provisions	(79)		(79)
Total	4.027	15.516	19.543

Additions related to the 7.5% shareholding in the company Victoria Hotels & Resorts, S.L. (see Note 9.1 a)).

Likewise, the equity situation as at 31 December 2021, obtained from the annual accounts provided by the corresponding companies, was as follows:

(thousand €)	% Sharehol.	Accounting figures			Underlying carrying amount	Investment value
		Capital	Reserves	Result		
Hotelera Sancti Petri, S.A.	19,50%	11.900	1.050	2.120	2.939	2.634
Inveragua RD, S.A.S. (*)	14,24%	819	(149)	(4)	95	131
Port Cambrils Inversions, S.A.	10,00%	6.000	669	190	686	980
Valle Yamuri, S.A. (*)	8,00%	4.970	(1.439)	(375)	252	279
Victoria Hotels & Resorts, S.L.	7,50%	15.340	186.673	1.790	15.285	15.516
Other companies		3				3
Total		39.032	186.802	3.721	19.257	19.543

(*) Balance sheets as at 31 December 2021 for these companies were not available.

(**) Victoria Group is made up of the companies Victoria Hotels & Resorts, S.L., Crisalian, S.L.U., and Lierinto, S.L.U.

c) *Financial assets at amortised cost*

Set out below is a breakdown by nature of financial assets included in this item as at 31 December 2022 and 2021:

(thousand €)	31/12/2022			31/12/2021		
	Long term	Short term	Total	Long term	Short term	Total
Loans to group companies	450.641	329.112	779.753	403.701	370.217	773.918
Loans to associates and joint ventures	37.915	60.118	98.033	83.753	40.478	124.231
Other loans	15.685	2.408	18.093	15.384	2.433	17.817
Created deposits and guarantees	9.480	754	10.233	9.677	654	10.331
Other loans and receivables		18.477	18.477		4.506	4.506
Total	513.720	410.868	924.589	512.516	418.287	930.803

Note 17 includes a breakdown of the balances recorded as loans to group companies, associates and joint ventures.

Current and non-current assets in group companies and associates that are recognised in item Long-term and short-term investments in group companies and associates, mainly relate to loans granted for the financing of activities within the hotel business, including the hotel acquisition and reform. Likewise, the Company performs a centralised management of collections and payments between group companies through a current account which bears interest at a market rate which is accrued annually depending on the daily balance of the account.

Loans granted to several companies with which the Company does business in various operating segments are included under the heading Other loans; the most significant amounts are as follows:

- ✓ Loans granted to various unrelated companies with which the Company maintains commercial relationships for the amount of EUR 15 million.
- ✓ Loans to owners of several hotels operated by the Company under lease and management, for the amount of EUR 3 million.

The guarantees arranged by the Company relate basically to the rent for hotels leased by it. Since such guarantees are granted to ensure compliance with an obligation associated with such agreements, they are not recognised at their current value but at face value.

Heading Other loans and receivables mainly includes the dividends receivable as at 31 December 2022 for the amount of EUR 17.3 million, and at the end of 2021, these amounted to EUR 4.5 million.

d) *Derivative assets*

The balances under this heading are broken down in Note 9.3. Cash flow hedge activities relate to interest rate swaps.

9.2 Financial Liabilities

The following table shows the breakdown by categories of the financial liabilities, for 2022 and 2021:

(thousand €)	31/12/2022			31/12/2021		
	Long term	Short term	Total	Long term	Short term	Total
1. Financial liabilities at amortised cost:						
- Bonds and other negotiable securities	52.026	23.963	75.989	51.971	77.565	129.536
- Bank loans	893.501	119.749	1.013.250	863.729	104.460	968.189
- Other financial liabilities	618	12.833	13.451	563	7.310	7.873
- Payables to group companies and associates	241.437	189.911	431.348	178.698	171.546	350.244
2. . Derivatives and hedges:						
- Derivative liabilities		25	25	648	1.656	2.304
Total	1.187.582	346.481	1.534.063	1.095.609	362.537	1.458.146

Balances under heading Trade creditors and other payables which are also considered as financial liabilities, are not included. Additional breakdowns of these balances are included in Note 13.

Below, each of the items included in the table of financial liabilities are detailed:

a) *Bonds and other negotiable securities*

At the end of 2022 and 2021, the breakdown of Bonds and other negotiable securities is as follows:

(thousand €)	31/12/2022			31/12/2021		
	Long term	Short term	Total	Long term	Short term	Total
Non-convertible bonds	52.026		52.026	51.971		51.971
Other marketable debt securities (ECP)		23.759	23.759		77.358	77.358
Interests, bonds and other marketable securities		204	204		206	206
Total	52.026	23.963	75.989	51.971	77.565	129.536

On 19 November 2018, the Company issued simple bonds for the final amount of EUR 30 million with the following characteristics:

Issue price:	30.000.000,00 €
Face amount:	100.000,00 €
Maturity:	12 years
Debt rank:	Senior unsecured
Issue price:	100%
ISIN code:	ES0276252014
Issue date:	19 November 2018
Maturity date:	19 November 2030
Coupon:	Fixed 3.30%
Repayment price:	100%

On 25 May 2021, an increase in the face amount of the bond was carried out. Such increase was for the amount of EUR 22.5 million and the issue was at a price equal to 98.395% of the face amount.

Euro-Commercial Paper Programme (ECP)

In June 2022, the commercial paper programme ("Euro-Commercial Paper Programme" or ECP) was renewed, with maturity date on 2 June 2023, subject to English law, for the maximum amount of EUR 300 million, whereby debt instrument issues can be made in Europe with a maturity of less than 364 days, up to the said amount.

In 2022, issues were made for a total amount of EUR 166.4 million, and there were outstanding issues for the amount of EUR 24.2 million at year end (see Note 5.4).

b) *Bank loans*

The breakdown of the Company's bank borrowings analysed by nature and maturity at year-end 2022 and 2021 is as follows:

(thousand €)	31/12/2022			31/12/2021		
	Long term	Short term	Total	Long term	Short term	Total
Bank loans	765.030	108.514	873.543	810.968	96.305	907.273
Mortgage loans	25.395	7.020	32.414	32.404	5.074	37.478
Credit facilities	103.077		103.077	20.349		20.349
Leasing		7	7	7	328	335
Interest		4.209	4.209		2.754	2.754
Total	893.501	119.749	1.013.250	863.728	104.461	968.189

At year end, the maximum limit of credit facilities is EUR 333.5 million. In 2021, the maximum limit was EUR 326.5 million. The total amount of credit facilities drawn down was EUR 103.1 million; EUR 20.3 million in 2021; and at the end of 2022 an additional balance of EUR 230.4 million was available; EUR 306.2 million in 2021.

Average interest rate accrued in 2022 on previous loans, credit facilities and leasing is 2.82%. Average interest rate accrued in 2021 was 2.51%.

The detail of the maturities at year-end 2022 and 2021 is as follows:

(thousand €)	31/12/2022
2023	119.749
2024	290.000
2025	171.833
2026	216.144
2027	199.925
2028 and subsequent years	15.599
Total	1.013.250

(thousand €)	31/12/2021
2022	104.461
2023	201.570
2024	285.722
2025	145.468
2026	159.703
2027 and subsequent years	71.265
Total	968.189

c) *Other financial liabilities*

At the end of 2022 and 2021, the breakdown of Other financial liabilities is as follows:

(thousand €)	31/12/2022			31/12/2021		
	Long term	Short term	Total	Long term	Short term	Total
Trade bills payable	11	3.550	3.561	11	1.186	1.197
Other payables		3.020	3.020		1.070	1.070
Guarantees and deposits received	607	8	615	553	25	577
Other current accounts		6.255	6.255		5.029	5.029
Total	618	12.833	13.451	563	7.310	7.873

Trade bills payable mainly include suppliers of fixed assets relating to renovations performed in various hotels operated by the Company.

The detail of maturities at the end of 2022 and 2021 is as follows:

(thousand €)	31/12/2022
2023	12.833
2028 and subsequent years	618
Total	13.451

(thousand €)	31/12/2021
2022	7.310
2023	11
2027 and subsequent years	553
Total	7.873

d) *Debts with group companies and associates*

The balances included under this item which mainly relate to amounts due for the centralised cash management of the Group, are broken down in Note 17.

e) *Derivative liabilities*

The balances under this heading are broken down in Note 9.3. Cash flow hedge activities relate to interest rate swap contracts.

9.3 Hedge Activities and Derivatives

The fair values of the Company's derivative financial instruments at the end of 2022 and 2021 are analysed below by maturity:

(thousand €)	31/12/2022			31/12/2021		
	Long term	Short term	Total	Long term	Short term	Total
Hedging derivative assets	2.534	2.961	5.495	40		40
Other derivative assets	705	1.101	1.807			
Total	3.240	4.062	7.302	40		40
Hedging derivative liabilities				95	711	806
Other derivative liabilities		25	25	553	945	1.498
Total		25	25	648	1.656	2.304

Maturity by year is as follows:

(thousand €)	31/12/2022	
	Hedge	Others
2023	2.961	1.076
2024	2.178	635
2025	340	71
2026	14	
Total	5.495	1.782

(thousand €)	31/12/2021	
	Hedge	Others
2022	711	945
2023	298	423
2024	(171)	118
2025	(70)	12
2026	(1)	
Total	766	1.498

a) *Accounting Hedges*

As part of its interest rate risk management policies (see Note 5.1), the Company, at the end of the fiscal year, has several interest rate swaps that qualify as cash flow hedging instruments, based on the contractual terms; therefore, changes in their fair value are taken directly to the Company's equity.

The items hedged by these operations mainly relate to a part of the variable interest rate financing in euro and dollar. These financial instruments are used to exchange interest rates, so that the Company receives variable interest from the bank in exchange for a fixed interest payment on the same face amount. The variable interest received from the derivative offsets interest payments on the financing hedged. The final result is a fixed interest payment on the financing hedged.

At the end of 2022, these derivative financial instruments have been measured and recorded in assets for the amount of EUR 5.5 million (EUR 40 thousand in assets and EUR 0.8 million in liabilities, in 2021). To determine these fair values, discounted cash flow techniques have been used based on the embedded amounts determined by the interest rate curve in accordance with the market conditions at the measurement date. The measurements of these swaps have also been carried out by the financial institutions from which these products are obtained, as independent experts in the measurement of financial instruments.

The Company has transferred to the income statement of the year an amount of EUR 45 thousand because of interest rate hedging; EUR 0.9 million in 2021. These amounts have been recorded in the financial expenses item, as well as the hedged item.

Likewise, as at 31 December 2022, the notional value of the interest rate swaps that qualify as hedges amounts to EUR 125.8 million, and as at 31 December 2021 such value amounted to EUR 143.1 million (see Note 5.1).

b) *Other derivatives*

Other derivative assets and liabilities recognised at the end of 2022 relate to interest rate swaps contracted in the framework of the interest rate risk management performed by the Company (see Note 5.1). Interest rate swaps are not deemed to be accounting hedges, since they were contracted in the framework of a debt restructuring and thus, they do not meet the requirements for the application of hedge accounting according to the Chart of Accounts.

The measurements of these swaps have also been carried out by the financial institutions from which these products are obtained, as independent experts in the measurement of financial instruments.

The Company has recognised in the year's income statement EUR 2.5 million of income due to the change in fair value of such interest rate swaps, EUR 966 thousand of expenses in 2021. These amounts are recognised under the heading Change in fair value of financial instruments.

As at 31 December 2022, the notional value of these financial instruments amounts to EUR 51.9 million, and as at 31 December 2021 such value amounted to EUR 72.9 million.

Note 10. Current Assets

10.1 Inventories

The breakdown is as follows:

(thousand €)	31/12/2022	31/12/2021
Goods	117	129
Others	3.405	3.129
Advances to suppliers	174	216
Total	3.696	3.474

The Company does not have firm purchase or sale commitments and there are no limitations on availability of inventories.

10.2 Trade and Other Receivables

The breakdown of this heading is as follows:

(thousand €)	31/12/2022	31/12/2021
Customers	38.080	32.079
Trade bill receivable	2.088	1.946
Doubtful trade receivables	12.544	12.508
Impairment for trade operations	(20.770)	(20.350)
Total trade receivables	31.942	26.182
Trade receivables, group companies and associates	67.993	45.945
Sundry debtors	1.534	1.112
Staff	52	42
Current tax assets	2.705	1.062
Public Administrations	5.810	5.079
Total other receivables	78.094	53.240
Total	110.036	79.422

At the end of 2022 and 2021, the receivable balances arising from the sale of rooms and other services provided, associated with the hotel business, are included under the heading Customer receivables for sales and services.

Trade receivables, group companies and associates heading mainly relates to commercial transactions for the provision of services and management at market prices. Breakdown by companies is shown in Note 17.

The breakdown of trade receivables by age is included in Note 5.3, and the breakdown of current tax assets and Public Administrations in included in Note 14.

10.3 Cash and Other Cash Equivalents

Cash and bank balances include cash in hand and demand accounts in credit institutions. The heading Other cash equivalents includes short-term deposits, which periods range between one day and three months since inception, so there are no significant risks of change in value, and they are part of the normal cash management policy of the Company.

The breakdown of the balances under this heading for 2022 and 2021 is as follows:

(thousand €)	31/12/2022	31/12/2021
Cash	2.883	882
Other cash equivalents	437	774
Total	3.320	1.656

This heading includes balances in currencies other than the Euro, in particular, the US dollar and the British pound (see Note 16.3).

Note 11. Equity

11.1 Equity

a) *Share capital*

The Company's share capital as at 31 December 2022 and 2021 stipulated in the Bylaws is EUR 44,080,000 corresponding to 220,400,000 shares with a par value of Euro 0.20 each. The shares are fully subscribed and paid-up, and constitute a single class and series.

All shares carry the same rights and are listed on the stock exchange (Continuous Market - Spain), except for treasury shares.

The Ordinary and Extraordinary General Shareholders' Meeting held on 10 July 2020, renewed the authority of the Company's Board of Directors to agree the share capital increase, without having to consult the General Shareholders' Meeting beforehand, up to 50% of the share capital. Consequently, the Board of Directors can exercise this right, in one or more times, deciding in each case, not only the timing or appropriateness, but also the amount and conditions which it considers should apply within a maximum period of five years, starting from the date of said Meeting. If the capital increase is made excluding the shareholders' pre-emptive subscription rights, such authority of the Board of Directors is limited to 20% of the share capital.

The voting rights held by the main shareholders with direct and indirect stake in the Company as at 31 December 2022 and 2021, are as follows:

Shareholders	31/12/2022	31/12/2021
	% Shareholding	% Shareholding
Hoteles Mallorquines Consolidados, S.L.	24,37	24,37
Hoteles Mallorquines Asociados, S.L.	13,76	13,76
Hoteles Mallorquines Agrupados, S.L.	11,29	10,83
Tulipa Inversiones 2018, S.A.	5,39	5,39
Global Alpha Capital Management Ltd	9,17	5,12
Rest of shareholders (less than 3% individual)	36,03	40,54
Total	100,00	100,00

In October 2018, Mr. Gabriel Escarrer Juliá (Founder and Non-Executive Chairman of the Board of Directors) ceased to exercise control over the Group, although he currently still owns 5.388% of the shares in Meliá Hotels International, S.A., indirectly, through the company Tulipa Inversiones 2018, S.A.

Notwithstanding the foregoing, the Escarrer family (namely, Mr. Escarrer Juliá, his spouse and their 6 children) hold 100% of the shares in the companies Hoteles Mallorquines Consolidados, S.L., Hoteles Mallorquines Agrupados, S.L. and Hoteles Mallorquines Asociados, S.L., although no controlling shareholder exists in any of them.

b) *Share premium*

The share premium has the same restrictions and can be used for the same purposes as the Company's voluntary reserves.

c) *Reserves*

The following table shows the breakdown of the Reserves heading at the end of 2022 and 2021:

(thousand €)	31/12/2022	31/12/2021
Legal reserve	8.816	8.816
Revaluation reserves Royal Decree-Law 7/1996, of 7th June	1.190	1.190
Reserves for actuarial gains and losses	(5.035)	(5.303)
Voluntary reserves	308.608	308.608
Translation reserves	12.356	11.870
Total	325.935	325.181

Legal reserve

The Company is obliged to transfer 10% of the profits of each year to a reserve fund until this fund reaches at least 20% of the share capital. This reserve is not available for distribution to the shareholders and, provided that other reserves are not available, may only be used to offset losses.

At the end of 2022 and 2021 this reserve is fully constituted.

Revaluation reserves, Royal Decree-Law 7/1996, of 7th June

This reserve will be available to eliminate recognised losses and to increase the share capital of the Company and as of 31 December 2006 (10 years following the date of the balance sheet in which the restatement operations were reflected) it may be taken to unrestricted reserves, as the revalued assets are fully depreciated or are disposed of by other means. The balance of the reserve shall not be distributed, directly or indirectly, unless the related capital gain has been realised through the sale or total depreciation of the revalued assets.

Reserves for actuarial gains and losses

The amount recognised in this reserve is derived from actuarial gains and losses recognised in equity. Such reserve relates to changes undergone in the calculation percentages and actuarial assumptions of remunerations and retirement bonuses undertaken by the Company (see Note 12). This reserve is not available for distribution.

Voluntary reserves

These reserves are unrestricted, after offsetting losses.

Translation reserves

These reserves relate to the incorporation of the balance sheet of the permanent establishment Sol Meliá Túnez.

d) *Treasury stock and shares*

Breakdown and movements of treasury shares under liquidity contract are as follows:

(thousand €)	No. Shares	Average price (euros	Balance
Balance as at 31/12/2021	277.014	12,99	3.599
Liquidity contract acquisitions	12.556.461	6,02	75.581
Liquidity contract disposals	(12.499.461)	6,02	(75.244)
Balance as at 31/12/2022	334.014	11,78	3.936

At the end of 2022 and 2021, the Company does not have securities loan agreements.

As at 31 December 2022, the total number of treasury shares held by the Company is 334,014, which represents 0.152% of the share capital; 0.126% in 2021. In any case, the treasury shares do not exceed the 10% limit established by the revised text of the Spanish Corporate Enterprises Act.

The price of the Company's shares at the 2022 year end was EUR 4,578. At the 2021 year end the share price amounted to EUR 6.002.

For comparison purposes, movements for year 2021 were as follows:

(thousand €)	No. Shares	Average price (euros)	Balance
Balance as at 31/12/2020	234.014	14,45	3.382
Liquidity contract acquisitions	11.667.219	6,33	73.857
Liquidity contract disposals	(11.624.219)	6,34	(73.640)
Balance as at 31/12/2021	277.014	12,99	3.599

11.2 Measurement Adjustments

Details and movements of the measurement adjustments in 2022 and 2021 are as follows:

(thousand €)	2022	2021
Hedging operations:		
Opening balance	(1.022)	(2.620)
Results attributed to equity	6.389	963
Transfers to results	45	1.167
Tax effect	(1.609)	(532)
Closing balance	3.803	(1.022)

11.3 Grants, Donations and Bequests Received

Capital grants mainly relate to grants to finance property, plant and equipment purchases, which will be progressively transferred to the income statement depending on the useful life of such property, plant and equipment. In 2022, the total amount recorded in the income statement for this item is EUR 61 thousand; the same amount in 2021.

Movements in 2022 and 2021 are as follows:

(thousand €)	2022	2021
Opening balance	931	975
Transfers to results	(61)	(61)
Tax effect	16	16
Closing balance	886	931

At the end of 2022 and 2021, the Company meets the conditions laid down in the grant awards.

Note 12. Provisions and Contingencies

12.1 Provisions

The balance sheet includes a balance for the amount of EUR 88.2 million in respect of provisions, EUR 145.8 million in the previous year. As indicated in Note 4.10, this heading includes the Company's commitments with staff, as well as the provisions recorded to cover the various risks and contingencies arising from transactions carried out, commitments acquired and guarantees to group companies and third parties, risks for legal claims and lawsuits, as well as potential liabilities deriving from the possible different interpretations to which the applicable legislation is open.

Movements of the fiscal year in the provisions for risks and expenses are as follows:

(thousand €)	31/12/2021	Additions	Disposals	31/12/2022
Provision for retirement, seniority bonus and personnel obligations	8.187	747	(821)	8.113
Provision for onerous contracts	24.205		(12.009)	12.196
Provision for negative own funds	102.638	8.215	(57.436)	53.417
Provision for liabilities	10.786	3.648		14.434
Total	145.816	12.610	(70.266)	88.160

In respect of commitments established in supra-enterprise collective agreements, in 2022 an actuarial study has been performed to assess the past services, as defined in Note 4.10, which have been estimated at EUR 8.3 million; EUR 8.4 million in 2021. The value of assets associated with outsourced commitments in compliance with the legislation in force amounts to EUR 0.2 million; the same amount in 2021.

The assessment of these commitments undertaken by the Company has been conducted in accordance with the actuarial assumptions of the model which pertains to it, using the calculation method known as the Projected Unit Credit and the demographic assumptions established by the PER2020 tables, using a capitalisation rate of 3.23%, and a salary increase assumption of 2.82%. In addition, the probability of tenure of employees until retirement has also been applied, based on the Company's experience in respect of employees leaving the Company, giving rise to the following rotation ratios according to the employee's current age:

Rotation	
Age range	%
<45	9,03
45-55	3,73
>55	2,97

Changes during the fiscal year include an impact recognised in equity for the amount of EUR 0.3 million; EUR 0.4 million in 2021 (see Note 11.1 c), due to some changes occurred in the actuarial assumptions used during the calculations made.

The balance of the provision for onerous contracts at the end of 2022 amounts to EUR 12.2 million; EUR 24.2 million at the end of 2021. This provision was calculated for the hotels that in 2022 presented negative net cash flows, after discounting the relevant lease instalments. To calculate this provision, it is considered that the costs of compliance with the agreements correspond to the present value of the projected cash flows, including lease commitments, and they are compared with the costs of non-compliance with the various agreements, the lower of both amounts being allocated to the provision.

The estimate of the cash flows expected for these hotels has been carried out internally by the Company, on the basis of the operating budget for 2023 and projecting the results until the termination of the contract (without considering any extensions that have not yet been signed), based on increases in the average price of rooms according to the business plan established for 2023. The discount rate used in Spain has been 9.3%.

In the provisions for negative equity section, the additions in the fiscal year mainly relate to Sol Group Exhol, S.L., for the amount of EUR 5.8 million, and disposals relate to Markserv B.V. for the amount of EUR 32.1 million (see Annex I). In 2021, additions mainly related to Sol Group Exhol, S.L. and Bedbank Trading, S.A., for the amount of EUR 20.9 million and EUR 2.2 million, respectively.

Movements in 2021 were as follows:

(thousand €)	31/12/2020	Additions	Disposals	31/12/2021
Provision for retirement, seniority bonus and personnel obligations	9.146	1.119	(2.078)	8.187
Provision for onerous contracts	31.117	4.104	(11.016)	24.205
Provision for negative own funds	79.557	23.081		102.638
Provision for liabilities	10.872		(86)	10.786
Total	130.692	28.304	(13.180)	145.816

12.2 Guarantee Commitments to Third Parties and Other Contingent Liabilities

Contingent liabilities relating to guarantees and deposits held for guarantees provided to third parties by the Company, as well as other contingent liabilities are detailed below. Through various contracts, the Company:

- Secures lease payments in favour of several hotel owners through bank guarantees for the total amount of EUR 79.42 million and through corporate guarantee for the amount of EUR 23.2 million.
- Acts as joint and several guarantor of EUR 61.65 million for several bank loans to one group company.
- Secures several operations on behalf of its subsidiary companies and associates through bank guarantees, amounting to EUR 38.10 million.
- Secures several operations through bank guarantees and for various items, for the total amount of EUR 8.61 million.

12.3 Operating Leases

As at 31 December 2022, the Company operates under operating lease a total of 47 hotels; 50 hotels in 2021.

The average term of these operating lease contracts is 4.1 years. These lease contracts have a contingent component relating to the consumer price index (CPI) and, certain agreements, other contingent component relating to the evolution of the result obtained by each hotel establishment, which is not considered in the calculation of minimum lease payments, which are broken down in the table included in this Note. The contingent instalment in 2022 amounted to EUR 2.6 million due to the evolution of the CPI; EUR 0.2 million negative in 2021, since many hotels were applied a negative CPI during that year.

The following table shows a distribution by maturity of the minimum payments of such leases:

(thousand €)	31/12/2022	31/12/2021
Less than 1 year	55.422	90.993
Between 1 and 5 years	154.921	171.628
More than 5 years	114.711	112.282
Total	325.054	374.903

Note 13. Trade Creditors and Other Payables

The breakdown of this heading at the end of 2022 and 2021 is as follows:

(thousand €)	31/12/2022	31/12/2021
Suppliers	8.376	7.372
Suppliers, group companies and associates	6.950	2.594
Sundry creditors	80.660	50.917
Accrued wages and salaries	36.707	27.620
Public Administrations	12.608	10.634
Prepayments from customers	12.575	8.784
Total	157.876	107.921

The balance of suppliers and trade creditors includes any payables to suppliers of goods, supplies and other services or for which the invoices have not yet been received.

The balance of Suppliers, group companies and associates is detailed in Note 17.2, and that of Public Administrations in Note 14.1.

There follows the information required by Third Additional Provision of Law 18/2022, of 28th of September, on the creation and growth of enterprises, and Law 15/2010 of 5th July (amended by Second Final Provision of Law 31/2014, of 3rd of December) prepared according to the Resolution of the ICAC (Accounting and Auditing Institute) of 29 January 2016, on information to be included in the notes to the annual accounts in relation to the average period of payment to suppliers in commercial transactions:

No. of days	2022	2021
Average period of payment to suppliers	57,10	64,94
Ratio of operations paid	47,68	65,46
Ratio of outstanding operations	129,00	59,14
(thousand € €)	2022	2021
Total payments made	295.343	256.858
Total outstanding payments	38.731	23.029

According to the ICAC Resolution, for the calculation of the average period of payment to suppliers, the commercial transactions relating to the delivery of goods or provision of services accrued up to the date of entry into force of Law 31/2014 of 3rd December, have been considered.

For the purposes of providing the information set forth in this Resolution only, trade creditors for the supply of goods or services, included in items Sundry Suppliers and Creditors in current liabilities in the balance sheet are deemed to be suppliers.

“Average period of payment to suppliers” means the period that elapses between the supply of goods or the provision of the services by the supplier and the effective payment of the transaction.

There follows a breakdown of the monetary volume and number of invoices paid within the legal deadline established:

(thousand €)	2022
Monetary volume	52.618,73
Percentage of total payments made	17,82%
Number of invoices	14.336,00
Percentage of total invoices	6,72%

Note 14. Tax Situation

In terms of taxation and income tax, the Company is subject to the Spanish tax legislation.

In 2022 and 2021, the Company has filed consolidated tax returns pursuant to Law 27/2014, of 27th November, on Corporate Income Tax (hereinafter, "LIS" according to its acronym in Spanish), under the Group number 70/98 of which Meliá Hotels International, S.A is the Parent Company ("Tax Group").

The Tax Group comprises 39 companies which fulfil the requirements laid down for that purpose in the regulations governing taxation on consolidated profits of Groups of companies. These companies jointly determine the group's tax result, which is distributed among them, according to the criterion established by the Instituto de Contabilidad y Auditoría de Cuentas as for recognition and determination of individual tax liability.

Likewise, the Company is taxed under the Special Group of Entities Regime for the purposes of Value Added Tax (VAT) under VAT number 40/17. The number of companies comprising this group is 13. Every month, the Company submits the periodic tax returns-assessments in an aggregate form, by integrating the results of the individual self-assessment tax returns of the companies belonging to that Group of Companies.

14.1 Current Balances Receivable from and Payable to Public Administrations

As at 31 December 2022, the Company's main balances receivable from Public Administrations are: EUR 5.8 million relating to value added tax (VAT); and EUR 2.7 million relating to Corporate Income Tax, of which EUR 873 thousand relates to the Corporate Income Tax for 2022.

Current balances receivable from and payable to Public Administrations are as follows:

(thousand €)	31/12/2022	31/12/2021
Income tax		
Current tax assets	2.705	1.062
Total	2.705	1.062
Other taxes / rates		
Tax Authorities, IGIC (General Indirect Canary Islands) Tax receivable		112
Tax Authorities, VAT receivable	5.810	4.897
Other receivables from Public Administrations		69
Total	5.810	5.079
Total assets	8.515	6.141
Other taxes / rates		
Tax Authorities, IGIC Tax payable	271	183
Tax Authorities, IRPF (Income Tax) payable	2.696	1.602
Tax Authorties, payables	3.070	3.687
Payables to Social Security bodies	6.571	5.162
Total	12.608	10.634
Total liabilities	12.608	10.634

14.2 Years Open to Tax Inspections and Audits

According to the legislation in force, taxes cannot be deemed definitively settled until the returns submitted are audited by the tax authorities or the four-year statute of limitations has lapsed. As at 31 December 2022, the years open to review by the tax authorities for the main applicable taxes to which the Company is subject are as follows:

	Years
Corporate Income Tax	2017-2021
I.G.I.C (General Indirect Canary Islands Tax)	2019-2022
VAT	2017-2022
I.R.P.F. (Income Tax)	2017-2022

As at the date of preparation of these annual accounts, the Tax Administration had already commenced a tax audit and inspection regarding the Corporate Income Tax from 2017 to 2019 and the Value Added Tax and Withholdings and Income on Account for the period between November 2017 and December 2019. Such tax audit and inspection is also carried out on other three companies belonging to the Tax Group.

As a result, among others, of the different interpretations of the current tax legislation or the assessment criteria applied in transactions with related parties, additional liabilities may arise from the said inspection. The Tax Group assesses the uncertain tax treatments and reflects the effect of the uncertainty on the taxable profit (tax loss), tax bases, unused tax losses or unused tax credits. On this account, the Tax Group has recognised an amount of EUR 15 million under “Other deferred tax liabilities”, of which EUR 13 million relates to the Company, which appropriately covers the possible obligations derived from the said inspection.

14.3 Corporate Income Tax

Benefits, determined in accordance with the tax legislation, are subject to taxation at the rate of 25% on the tax base. With effect from 1 January 2022, according to Article 30a of LIS, it is established a minimum tax rate of 15% of the tax base adjusted, where appropriate, by certain items. In 2022, the Company generated tax losses and, therefore, no current tax expense has been recognised.

The reconciliation of the net amount of income and expenses of the fiscal year and the tax base (tax result) of the corporate income tax is as follows:

(thousand €)	Income Statement		Income and expenses recognised directly in equity		Total
Balance of income and expenses of the fiscal year					
Continuing operations		**(22.402)**		**5.050**	**(17.352)**
	Increases (I)	Decreases (D)	(A)	(D)	
Income tax		(19.514)	1.682		**(17.832)**
Permanent differences	11.184	(16.427)			**(5.243)**
Temporary differences:					**0**
Arising in the fiscal year	20.684				**20.684**
Arising in previous fiscal years	1.396	(36.609)		(6.731)	**(41.944)**
Tax base (tax result)					(61.687)

Decreases in permanent differences mainly relate to reversal of value adjustments of shareholdings in companies of the Tax Group for the amount of EUR 15 million.

Increases in permanent differences mainly relate to the application of market value to related transactions.

Temporary differences relate to non-deductible provisions during the year, which are tax deductible at the time of payment or when the liability is generated, and to non-deductible financial expenses.

For comparison purposes, the reconciliation of the net amount of income and expenses of the fiscal year 2021 and the tax base (tax result) of the corporate income tax was as follows:

(thousand €)	Income Statement		Income and expenses recognised directly in equity		Total
Balance of income and expenses of the fiscal year					
Continuing operations		**(80.758)**		**1.151**	**(79.607)**
	Increases (I)	Decreases (D)	(I)	(D)	
Income tax		(20.105)	382		**(19.723)**
Permanent differences	29.742	(14.222)			**15.520**
Temporary differences:					**0**
Arising in the fiscal year	49.406				**49.406**
Arising in previous fiscal years	7.761	(37.992)		(1.533)	**(31.764)**
Tax base (tax result)					(66.168)

The information shown in the changes in equity relates to income and expenses directly recognised in equity. In 2022 and 2021, none of these amounts affect the tax base of the Company.

There follows the reconciliation of the income tax expense that would result from applying the general tax rate in force to the total of recognised income and expenses, differentiating the income statement balance:

(thousand €)	2022		2021	
	Income statment	Income and expenses recognised in equity	Income statment	Income and expenses recognised in equity
Accounting profit/(loss) before tax	**(41.916)**	**6.732**	**(100.863)**	**1.533**
Theoretical tax burden (25% rate)	(10.479)	1.682	(25.216)	383
Permanent differences	(1.311)		3.880	116
Temporary differences	(3.074)		2.387	
Tax loss and tax credits				
Non-capitalised tax losses for the year	15.422		16.542	
Income tax from previous years	(1.004)		(83)	
Foreign withholding tax	148		278	
Offset of tax liabilities of the tax group	(19.216)		(17.893)	
Effective tax expense/income	(19.514)	1.682	(20.105)	499

The breakdown of expenses/income for income tax in the fiscal year is as follows:

(thousand €)	2022		2021	
	Allocation to income statement	Allocation to equity	Allocation to income statement	Allocation to equity
Current tax	(20.071)		(17.698)	
Deferred tax	557	1.682	(2.407)	382
Total corporate income tax expense / (income)	(19.514)	1.682	(20.105)	382

During the year, the Tax Group has been subject to withholdings for the amount of EUR 872 thousand, resulting in a tax refund for the said amount.

14.4 Deferred Tax Assets and Liabilities

The breakdown of deferred tax assets and liabilities is as follows:

(thousand €)	31/12/2022	31/12/2021
Deferred tax assets		
Credits for tax losses available for carry forward	4.618	11.493
Tax credit carryforwards	9.791	4.887
Tax value of goodwill	762	4.570
Financial instruments	26	261
Amortisation costs pending deduction	969	1.452
Adjustments for the limitation on deductibility of financial expenses	23.645	16.176
Provisions that are tax-deductible at the time of payment or when the liability arises	26.334	25.179
Total	66.145	64.018
Deferred tax liabilities		
Finance lease operations	10.488	10.701
Land restatement and revaluation	24.650	24.715
Sales under reinvestment deferral	3.445	3.581
Non-refundable grants	214	229
Financial instruments	1.373	
Other deferred tax liabilities	13.818	10.396
Total	53.988	49.622

The movements of the different items making up the deferred tax assets and liabilities are as follows:

(thousand €)	2022		2021	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Opening balance	64.018	49.622	70.053	57.525
Variations reflected in Income Statement:				
Credits for tax losses available for carry forward	(6.875)		5.551	
Tax credit carryforwards	4.904			
Provisions that are tax-deductible at the time of payment or when th	8.534		(4.685)	
Tax value of goodwill	(3.808)		(3.808)	
Finance lease operations		(213)		(1.804)
Land restatement and revaluation		(65)		(5.556)
Amortisation costs pending deduction	(483)		(483)	
Sales under reinvestment deferral		(136)		(136)
Adjustments for the limitation on deductibility of financial expenses			(2.056)	
Other deferred tax liabilities		3.422		(391)
Variations reflected in equity:				
Financial instruments	(234)	1.373	(688)	
Non-refundable grants		(15)		-16
Provisions that are tax-deductible at the time of payment or when the liability arises- Actuarial gains and losses	89		134	
Closing balance	66.145	53.988	64.018	49.622

The Company has established a business plan covering 10 years for the purposes of determining the recoverable value of tax credits, according to the deadlines set by tax legislation, and consequently, has determined the existence of deferred tax assets that will be applied within this period. Based on this criterion, the Company considers that it is probable that future taxable profit may lead to the recovery of all deferred tax assets, within a reasonable period and never exceeding the periods allowed by the current legislation.

14.5 Tax Group's Tax Loss

At the year end, the Tax Group has tax losses subject to compensation in future years, with the compensation not being limited in time, for the amount of EUR 300 million, of which EUR 1.2 million was generated during this year.

In particular, the Company has recognised deferred tax assets under such heading amounting to EUR 4.6 million.

14.6 Tax Group's Deductions and Rebates

Tax Group's deductions and rebates pending application as at 31 December 2022 amount to EUR 14 million. Type, breakdown and maximum application periods are as follows:

Type (thousand €)	Year of generation	Deductions pending application	Deduction period
Deduction for double taxation	2019	965	2029
	2020	347	2030
	2021	310	2031
	2022	685	2032
Deduction for donations to non-profit organisations	2019	110	2029
	2020	37	2030
	2021	30	2031
	2022	45	2032
Deduction for employment creation for disabled people	2019	51	2034
	2020	58	2035
	2021	58	2036
	2022	13	2037
Credits for reinvestment	2013	1.076	2028
Credits for investments in new fixed assets in the Canary Islands	2019	279	2034
	2020	629	2035
	2021	171	2036
	2022	898	2037
Credits for technological innovation activities	2010	39	2028
	2011	181	2029
	2012	230	2030
	2013	250	2031
	2014	321	2032
	2015	767	2033
	2016	998	2034
	2017	1.252	2035
	2018	1.836	2036
	2020	743	2038
Credits for reversal of temporary measures (3)	2020	132	
	2021	132	
	2022	132	
Total		**12.776**	

Credits for reinvestment

Tax benefits deriving from the sale of assets and other assets allocated to reinvestment, as well as the amounts to be reinvested, is as follows:

(thousand €)	Year	Sale amount to reinv.	Reinvest. Year	Reinvest. made	Reinv. mat.	Reinvest. Deduc	Pending application	Deductions mat.
	2013	50.000	2012-13	14.793	2016	1.076	1.076	2.028
Total		**50.000**		**14.793**		**1.076**	**1.076**	

The reinvestment of such sales has been made by Meliá Hotels International, S.A., on new elements of property, plant and equipment and intangible assets, included in the renovation and improvements to its hotel establishments, and on investment property and securities representing holdings in companies of at least 5% in the share capital thereof.

The amount that has not yet been added to the tax base is EUR 13.7 million, which will be added on a straight-line basis until year 2048.

14.7 Corporate Restructuring Operations Under the Special Regime of Title VII, Chapter VII of Law 27/2014 of 27th November, on Corporate Income Tax

The information set out in Article 86 of the Law on Corporate Income Tax applicable to mergers and spin-offs of business lines carried out in previous years, is included in the first notes to the annual accounts approved following each of these operations and is summarised as follows:

Company	Years
Inmotel Inversiones, S.A.	1993, 1996, 1997 and 1998
Meliá Hotels International, S.A.	1999, 2001, 2005, 2009, 2012 and 2021

Note 15. Segment Reporting

Business segments identified depending on the nature of the risks and profitability of the Company, and which constitute the organisational structure, are as follows:

- Hotel business: This segment includes the results obtained by means of the operation of hotel units that are owned or leased by the Company.
- Asset management: This segment includes the capital gains on asset rotation, as well as real estate development and operations.
- Management and structure: This relates to fees received for the operation of hotels under management and franchise agreements and other leisure-related operating activities.

The segmentation of net revenues in the income statement for 2022 and 2021 is detailed in the following table:

(thousand €)	2022	2021
Hotel business	437.926	191.671
Asset management	375	
Management and structure	77.019	36.195
Total	515.320	227.866

Note 16. Income and Expenses

16.1 Revenue by Items

The Company's income allocated according to the diverse types of services provided for years 2022 and 2021 is the following:

(thousand €)	2022	2021
Room revenue	340.111	143.389
Food and beverage revenue	83.878	38.052
Management fees	41.255	17.003
Fees for transfer of brand use to subsidiaries	13.422	3.018
Fixed asset capital gains	379	
Other revenue	36.377	26.433
Sales rebates	(103)	(30)
Net revenues	515.320	227.866
(thousand €)	2022	2021
Sundry revenue	28.131	12.480
Operating grants	1.754	20.732
One-off revenue	559	3.914
Operating revenues	30.443	37.125

Contract balances

Closing and opening balances of the contract assets deriving from agreements with customers for services actually rendered and invoiced during the year or years are recognised in the balance sheet under heading Trade and Other Receivables and are broken down in Notes 5.3 and 10.2. The contract assets become payable as the invoices are sent to the customer.

The closing and opening balances of contract liabilities include the advances received from customers which are recognised in the balance sheet under heading Trade Creditors and Other Payables, for accommodation bookings for the next year, which are broken down in Note 13.

Regarding its allocation by geographical markets, almost the entire income has been generated in national territory.

In 2021, the discount in the payment of Social Security contributions of employees under Temporary Lay-Off Regime (ERTE) due to force majeure, was recognised as an operating grant.

16.2 Supplies

The breakdown of the balance of this caption in the income statement for 2022 and 2021 is as follows:

(thousand €)	2022	2021
Food and beverage consumptions	24.529	10.315
Changes in inventories	(264)	829
Ancillary materials and sundry purchases	9.552	5.086
Total	33.817	16.230

Regarding its allocation by geographical markets, almost the entire income has been generated in national territory.

16.3 Staff Costs

Staff costs for 2022 and 2021 are broken down as follows:

(thousand €)	2022	2021
Wages and salaries	143.975	85.819
Termination benefits	118	800
Social Security	37.279	28.618
Contribution to complementary schemes	1.097	438
Other amounts	4.097	2.392
Total	186.566	118.067

The average number of employees in 2022 and 2021 is broken down by job category in the table below:

Category	No. Employees 2022	No. Employees 2021
Management	161	139
Middle management	696	505
Basic staff	3.657	1.853
Total	4.514	2.497

The table above, in relation to fiscal year 2021, includes the average number of employees weighted by the period of reduction in the number of working hours of those employees under Temporary Lay-Off Regime (ERTE) or similar situations.

The distribution by gender categories at the end of 2022 and 2021 is as follows:

Category	2022			2021		
	Men	Women	Total	Men	Women	Total
Management	97	57	155	87	49	136
Middle management	316	340	656	237	229	467
Basic staff	1.422	1.786	3.208	632	713	1.345
Total	1.835	2.183	4.019	956	992	1.948

According to the amendments to Article 260 of the Corporate Enterprises Act, it is hereby informed that the average number of employed persons for years 2022 and 2021 with disabilities greater than or equal to 33% is as follows:

Category	No. Employees 2022	No. Employees 2021
Management	2	
Middle management	1	1
Basic staff	29	8
Total	32	9

16.4 Other Operating Expenses

The breakdown of the balance of this caption in the income statement for 2022 and 2021 is as follows:

(thousand €)	2022	2021
Hotel rental	90.938	70.925
Sundry rentals	8.643	7.056
Maintenance and repairs	20.095	16.420
External services	67.822	37.969
Transport and insurance	4.049	3.832
Banking expenses	5.256	2.832
Advertising and promotions	29.540	11.659
Supplies	50.288	28.441
Travel and ticketing expenses	3.654	1.439
Other expenses	26.059	16.981
Tax	7.895	12.556
Losses, impairment and change of provisions	629	2.898
Other current operating expenses	15.082	466
Total	329.950	213.473

16.5 Financial Income and Expenses

The breakdown of financial income and expenses of the Company reflected in the income statement for 2022 and 2021 is as follows:

(thousand €)	2022	2021
Dividends shar. in equity instr. group companies and associates	20.447	3.342
Dividends shar. in equity instr. third parties	145	22
Interest on group companies and associates	17.312	16.089
Interest on third parties and bank accounts	530	342
Other financial income relating to third parties	418	24
Total financial income	38.852	19.819
Interest on payables to group companies and associates	8.924	7.136
Interest on obligations and bonds	2.383	2.141
Interest on bank loans	29.905	24.983
Interest on bank leasing	1	9
Other financial expenses relating to third parties	329	224
Total financial expenses	41.542	34.493

Financial income in equity instruments in group companies and associates relates to received dividends on which the right to receive them as shareholders was recognised (see Notes 9.1 and 17.2).

Interest income and expenses with group companies and associates mainly relate to loans and interest on current accounts with other group companies and associates (see Note 17.2).

Financial expenses on debts to third parties relate to interest on bank loans. Likewise, interest arising from bond issues is also included (see Note 9.2).

16.6 Foreign Currency

The exchange differences recognised in the income statement amount to EUR 16.5 million of losses; EUR 8.7 million of profits in 2021, which mainly arise from accounts payable and receivable to/from group companies, associates and third parties, as well as short-term cash and other cash equivalents in a currency other than Euro, mainly including US dollars and British pounds.

The most important assets and liabilities in foreign currency are as follows:

(thousand €)	31/12/2022	Currency	31/12/2021	Currency
Assets				
Loans to group companies and third parties l/t	115.488	Usd	110.263	Usd
	53.349	Gbp	41.909	Gbp
	1.803	Other		Other
Loans and other financial assets to group companies and third parties s/t	114.153	Usd	70.544	Usd
	147.403	Gbp	151.100	Gbp
	1.478	Other	3.082	Other
Cash and cash equivalents s/t	(2.128)	Usd	250	Usd
	27	Gbp	81	Gbp
Total assets	227.513	Usd	181.057	Usd
	200.779	Gbp	193.091	Gbp
	3.281	Other currencies	3.082	Other currencies
Liabilities				
Bank loans l/t	110.490	Usd	119.900	Usd
Payables to group companies l/t	66.190	Usd	5.919	Usd
Other liabilities l/t	105	Usd		Usd
Bank loans s/t	49.000	Usd	44.526	Usd
Other liabilities s/t	31.869	Usd	84.110	Usd
	141	Gbp	442	Gbp
	964	Other	1.044	Other
Total liabilities	257.653	Usd	254.456	Usd
	141	Gbp	442	Gbp
	964	Other currencies	1.044	Other currencies

Note 17. Transactions with Related Parties

17.1 Identification of Related Parties

The Company's annual accounts include transactions with the following related parties:

- Group companies.
- Associates and Joint Ventures.
- Significant shareholders of the Company.
- Executives and members of the Board of Directors.

All transactions with related parties are carried out under market conditions.

17.2 Transactions with Group Companies, Associates and Joint Ventures

Commercial transactions

The attached tables show, for years 2022 and 2021, the amount recognised in the operating results in the income statement, and the balances outstanding at the year end:

	2022		31/12/2022	
(thousand €)	Revenues	Expenses	Assets	Liabilities
Group companies				
Aparthotel Bosque, S.A.		(5)	3	
Apartotel, S.A.	4.081	(1)	231	
Colón Verona, S. A.	768	(23)	234	10
Comunidad de Prop. Hotel Melia Sol y Nieve	422	(11)	217	
Comp. Tunis. Gest. Hot.			1.970	
Corporación Hotelera Hispano Mexicana	851	(14)	227	2
Dorpan, S.L.	11	(578)		
Gesmesol, S.A.	68	(89)		
Ilha Bela - Gestão e Turismo, Unipessoal, Lda	1.725		1.725	
Inversiones Hoteleras La Jaquita, S.A.	3.296	(59)	1.089	10
Inversiones y Explot. Turísticas, S.A.	3.658	(250)	2.125	114
Lomondo, LTD	3.478	(65)	2.419	11
London XXI Limited	1.238	(58)	4.640	19
Melia Brasil Administraçao Hoteleira	2.510	(1)	9.869	
Meliá Vietnam CO.LTD	795	(1.234)		819
MHI UK, L.T.D.			12.228	
New Continent Ventures, Inc.	463		463	
Operadora Mesol	5.871		5.800	
Prodigios Interactivos, S.A.	1.271	(50.549)	306	
Prodisotel, S.A.	806	(4)	2	4
Securisol, S.A.	13	(452)		
Sol Melia Balkans EAD	1.178		1.178	
Sol Melia Deutschland, GMBH	6.325	(136)	8.834	8
Sol Melia France S.A.S.	1.950		1.863	
Sol Melia Italia, S.R.L.	2.070	(169)	504	4
Sol Melia Hotel Management (Shanghai) CO. LTD	1.153	(177)	2.097	
Sol Melia Perú, S.A.C.	(279)		1.240	
The Sol Group Corporation	430	(3.909)	915	957
Tryp Mediterranee			2.409	
Other group companies	7.313	4.386	2.752	15
Impairment losses			(4.429)	
Total group companies	51.465	(53.399)	60.912	1.972
	2022		31/12/2022	
(thousand €)	Revenues	Expenses	Assets	Liabilities
Associates				
Altavista Hotelera, S. L. (J.V.)	33	(5.150)	172	
Detur Panamá, S.A,	1		3.667	
Grupo Evertmel (J.V.)	2.823	(255)	1.175	134
Grupo Melcom (J.V.)	45	(14.623)	703	4.465
Grupo Producciones de Parques (J.V.)	1.486	(4)	819	12
Grupo Renasala (J.V.)	3.870	(276)	1.694	225
Nexprom, S.A.	1.319	(3)	944	
S'Argamassa Hotelera, S.L.	1.256	(30)	681	5
Turismo de Invierno, S.A.	353	(1)	444	
Other associates	129	(200)	270	137
Impairment losses			(3.489)	
Total associates	11.316	(20.542)	7.081	4.978
Total	62.781	(73.941)	67.993	6.950

(J.V.) Joint Ventures.

(thousand €)	2021		31/12/2021	
	Revenues	Expenses	Assets	Liabilities
Group companies				
Aparthotel Bosque, S.A.	31	(3)	6	
Apartotel, S.A.	1.861		153	
Colón Verona, S. A.	148	(19)		5
Comunidad de Prop. Hotel Melia Sol y Nieve	130	(8)	79	5
Corporación Hotelera Hispano Mexicana	860	(38)	248	24
Dorpan, S.L.	11		14	19
Gesmesol, S.A.	67		1.736	
Inversiones Hoteleras La Jaquita, S.A.	1.693	(47)	465	13
Inversiones y Explot. Turísticas, S.A.	1.921	(45)	2.475	88
Lomondo, LTD	843	(365)	767	9
London XXI Limited	675	(5)	4.277	1
Melia Brasil Administraçao Hoteleira	12		7.438	
Meliá Vietnam CO.LTD		(1.143)		838
MHI UK, L.T.D.			9.639	
Operadora Mesol	2.356		1.709	
Prodigios Interactivos, S.A.	411	(31.471)	231	19
Prodisotel, S.A.	285	(1)	21	1
Securisol, S.A.	13	(378)	21	399
Sol Melia Deutschland, GMBH	2.980	(78)	2.467	0
Sol Melia France S.A.S.	150	(99)	688	13
Sol Melia Italia, S.R.L.	879	(68)	884	
Sol Melia Hotel Management (Shanghai) CO. LTD	(63)		941	
Sol Melia Perú, S.A.C.	101		945	
The Sol Group Corporation	158	(3.721)	444	851
Tryp Mediterranee			2.480	
Other group companies	4.551	(3.969)	2.501	3
Impairment losses				
Total group companies	20.075	(41.459)	40.630	2.290

(thousand €)	2021		31/12/2021	
	Revenues	Expenses	Assets	Liabilities
Associates				
Altavista Hotelera, S. L. (J.V.)	34	(4.827)	466	
Detur Panamá, S.A,	1		3.486	
Grupo Evertmel (J.V.)	864	(103)	1.658	93
Grupo Melcom (J.V.)	45	(14.042)	14	
Grupo Producciones de Parques (J.V.)	449	(2)	662	119
Nexprom, S.A.	427		305	
Renasala, S.L.	158		2.003	
S'Argamassa Hotelera, S.L.	500	(56)	642	60
Starmel Hotels OP, S.L. (J.V.)	598	(14)	712	5
Starmel Hotels OP 2, S.L.U. (J.V.)	580	(17)	633	19
Turismo de Invierno, S.A.	145		300	
Other associates	225	(69)	275	7
Impairment losses			(5.840)	
Total associates	4.026	(19.131)	5.315	304
Total	24.101	(60.589)	45.945	2.594

(J.V.) Joint Ventures.

Commercial transactions carried out with group companies, associates and joint ventures mainly relate to hotel management activities and other related services.

Such transactions correspond to normal business transactions of the Company and are carried out at market prices, which are similar to those applied to non-related companies.

Financial transactions

There follows a breakdown of the financing or the centralised management of treasury or dividends maintained by the group with group companies and associates at year-end 2022 and 2021:

	2022		31/12/2022	
(thousand €)	Revenues	Expenses	Assets	Liabilities
Group companies				
Adprotel Strand, S.L. (J.V.)	1.587		59.701	
Aparthotel Bosque, S.A.		(445)	116	20.298
Apartotel, S.A.		(35)	325	2.841
Bisol Vallarta, S.A.				31
Cala Formentor, S.A.		(407)		35.901
Casino Tamarindos, S.A.		(116)	135	5.801
Colón Verona, S.A.	632		26.694	
Comunidad de Prop. Hotel Melia Sol y Nieve	489		31.427	18
Corp. Hot. Hispano Mexicana, S.A. de C.V.				2.315
Desarrolladora del Norte, S.A.		(817)		35.845
Gesmesol, S.A.	17.296			
Hogares Batle, S.A.	81		3.192	
Hotel Alexander, SAS				890
Hoteles Sol Meliá, S.L.	397		12.184	
Hotelpoint, S.L.		(903)	8.465	34.169
Inversiones Hoteleras La Jaquita, S.A.	1.377	(82)	59.165	
Inversiones Inmobiliarias, IAR			1.039	
Inversiones y Explotaciones Turísticas, S.A.	3			212
Inversiones Agara, S.A.S.			26.520	
Inversiones Areito, S.A.S.			5.226	
Lomondo, LTD			36.904	
London XXI LTD	1.693		44.823	
Meliá Europe & Middle East			1.058	
Meliá Brasil Administraçao H.E.C.LTDA.	2.039		109.518	
Meliá Vietnam CO.LTD	16		840	
MHI UK LTD	3.175		132.114	
MIA Exhol, S.A.	170	(37)	4.903	123
Neale Expa Spain, S.A.U.	377		15.137	
Network Investments Spain, S.A.		(46)	21.705	
New Continent Ventures	1.261		38.646	
Operadora Mesol, S.A.				7
Prodigios Interactivos, S.A.		(760)	6.258	79.792
Prodisotel, S.A.	17	(323)		11.009
Punta Cana Reservations, S.L.	33		1.698	
Realizaciones Turisticas, S.A.	31	(3.938)	963	155.223
Sol Maninvest B.V.	28		6	89
Sol Melia Deutschland, GMBH	978	(123)		11.005
Sol Melia Europe, B.V.		(847)		196
Sol Melia France	473		37.073	
Sol Melia Funding			37.243	
Sol M. Greece H. And T. Enterprises, S.A.				2.534
Sol Melia Italia, S.R.L.	253		10.253	1.978
Sol Melia Luxembourg, SARL			2.087	
Sol Melia V.C. Dominicana, S.A.			13.186	
Sol Melia V.C. España, S.L.	241			9.059
Sol Meliá VC México, S. A. de C. V.			1.678	
Sol Melia V.C. Panamá, S.A.			1.737	
Sol Melia V.C. Puerto Rico				4.544
Sol Melia Perú, S.A.			8.670	
Tenerife Sol, S.A.	156		9.348	60
The Sol Group Corporation	51		2.210	
Vacation Club Services, Inc.				550
Willet Reservations, S.L.U.				4.213
Other group companies	609	(43)	7.504	9.363
Impairment losses			(49.630)	
Total group companies	33.465	(8.922)	730.124	428.067
	2022		31/12/2022	
(thousand €)	Revenues	Expenses	Assets	Liabilities
Associates				
Altavista Hotelera, S.L. (J.V.)	200		10.029	
Detur Panamá, S.A. (J.V.)	373		19.301	
Grupo Evertmel (J.V.)	1.426		59.447	
Grupo Melcom (J.V.)	842		36.556	1.052
Grupo Producciones de Parques (J.V.)	2	(2)		712
Grupo Renasala (J.V.)	1.000		22.679	531
Grupo Starmel (J.V.)	415		6.966	259
S'Argamassa Hotelera, S.L.			80	
Sierra Parima, S.A.			7.991	
Other associates	36		9	728
Impairment losses			(15.396)	
Total associates	4.294	(2)	147.662	3.281
Total	37.759	(8.924)	877.786	431.348

(J.V.) Joint Ventures.

Revenues column includes revenue from dividends.

(thousand €)	2021 Revenues	2021 Expenses	31/12/2021 Assets	31/12/2021 Liabilities
Group companies				
Adprotel Strand, S.L. (J.V.)	1.729		71.696	
Aparthotel Bosque, S.A.	87	(141)	3.837	24.057
Apartotel, S.A.		(35)	175	1.883
Bisol Vallarta, S.A.		(222)		704
Cala Formentor, S.A.		(83)		7.339
Casino Tamarindos, S.A.		(76)	988	6.065
Colón Verona, S.A.	581		24.239	12
Comunidad de Prop. Hotel Melia Sol y Nieve	507		33.908	19
Corp. Hot. Hispano Mexicana, S.A. de C.V.	25			5.554
Desarrolladora del Norte, S.A.		(660)		32.894
Hogares Batle, S.A.	88	(5)	3.206	
Hotel Alexander, SAS			13.219	
Hoteles Sol Meliá, S.L.	407		16.278	
Hotelpoint, S.L.		(209)	3.166	21.459
Inversiones Hoteleras La Jaquita, S.A.	1.467		67.919	78
Inversiones Inmobiliarias, IAR			1.024	
Inversiones y Explotaciones Turísticas, S.A.				3.362
Lomondo, LTD			28.180	
London XXI LTD	1.079		30.895	29
Meliá Europe & Middle East	16		1.134	
Meliá Brasil Administraçao H.E.C.LTDA.	1.811		103.287	
Meliá Vietnam CO.LTD	15		781	
MHI UK LTD	3.233		139.685	
MIA Exhol, S.A.	769	(219)	8.807	583
Neale Expa Spain, S.A.U.	289		13.223	
Network Investments Spain, S.A.	11		851	711
New Continent Ventures	830		29.536	
Operadora Mesol, S.A.			594	
Prodigios Interactivos, S.A.		(775)		44.623
Prodisotel, S.A.	40	(157)		12.756
Punta Cana Reservations, S.L.	23		1.665	
Realizaciones Turisticas, S.A.		(3.643)	3.834	155.362
Sol Maninvest B.V.			2.003	
Sol Melia Deutschland, GMBH	854	(105)	48.612	5.401
Sol Melia Europe, B.V.		(761)	115	4.975
Sol Melia France			26.712	
Sol Melia Funding			35.345	
Sol M. Greece H. And T. Enterprises, S.A.				2.534
Sol Melia Italia, S.R.L.	57		10.578	
Sol Melia Luxembourg, SARL			2.340	
Sol Melia V.C. Dominicana, S.A.			9.103	
Sol Melia V.C. España, S.L.	217	(4)	11.400	52
Sol Melia V.C. Panamá, S.A.			1.617	
Sol Melia V.C. Puerto Rico				4.324
Sol Melia Perú, S.A.			5.036	
Tenerife Sol, S.A.	83		6.278	
The Sol Group Corporation	43		1.908	16
Other group companies	526	(41)	10.747	6.200
Total group companies	14.786	(7.136)	773.918	340.992
(thousand €)	2021 Revenues	2021 Expenses	31/12/2021 Assets	31/12/2021 Liabilities
Associates				
Altavista Hotelera, S.L. (J.V.)	200		9.972	
Detur Panamá, S.A. (J.V.)	105		17.429	
Grupo Evertmel (J.V.)	1.558		47.912	
Grupo Melcom (J.V.)	861		36.926	1.052
Grupo Producciones de Parques (J.V.)				2.021
Grupo Renasala (J.V.)	1.000		20.226	2.609
Grupo Starmel (J.V.)	686		6.629	1.917
S'Argamassa Hotelera, S.L.				1.068
Other associates	237		148	584
Impairment losses			(15.011)	
Total associates	4.645		124.231	9.252
Total	19.431	(7.136)	898.149	350.244

(J.V.) Joint Ventures.

Revenues column includes revenue from dividends.

The breakdown by currency of assets and liabilities in group companies and associates for years 2022 and 2021 is as follows:

	31/12/2022		31/12/2021	
(thousand €)	Assets	Liabilities	Assets	Liabilities
Eur	506.231	307.535	536.890	237.997
Gbp	187.301		181.993	296
Usd	226.845	123.565	177.905	111.698
Other currencies	1.436	248	1.361	254
Total	921.813	431.348	898.149	350.244

There follows a breakdown of the maturity dates of assets and liabilities in group companies and associates at year-end 2022 and 2021:

	31/12/2022	
(thousand €)	Assets	Liabilities
2023	389.230	189.911
2024	143.078	
2025	185.127	188.503
2026	2.308	
2027	63.150	20.057
2028 and subsequent years	138.920	32.877
Total	921.813	431.348

	31/12/2021	
(thousand €)	Assets	Liabilities
2022	410.694	171.546
2023	164.130	10.607
2024	115.856	
2025	158.240	155.343
2026	1.906	
2027 and subsequent years	47.322	12.748
Total	898.149	350.244

For the purposes of optimising the financial resources generated, the Company performs centralised management of collections and payments between Group companies through current account, including debit or credit balances, depending on the circumstances of each subsidiary, and the return thereof is made according to the needs. These balances accrue interest at market rates, which is settled annually based on the daily balance of the account, so such collections and payments are deemed to be financing flows in the cash flow statement. The interest rate applied in 2022 and 2021 is 2%.

Likewise, the Company has granted loans to certain subsidiaries which are intended to finance the activities pertaining to Group companies. On the other hand, it has been granted loans by some of its subsidiaries with excess funds or which main activity is to obtain financial resources for the Group.

17.3 Transactions with Significant Shareholders

Balances by type of transaction effected with significant shareholders are as follows:

Name or corporate name of significant shareholder	Type of transaction	(thousand €)	
		2022	2021
Tulipa Inversiones 2018, S.A.	Receipt of services	318	25
Total		318	25

17.4 Transactions with Executives and Members of the Board of Directors

Remuneration and other benefits of directors and members of the senior management are as follows:

Attendance fees for meetings of the Board and delegated committees are as follows:

(thousand €)	2022	2021
External independent directors	514	419
Mr. Fco Javier Campo García	126	119
Mr. Fernando D´Ornellas Silva	126	111
Ms. Carina Szpilka Lazaro	102	95
Ms. Mª Cristina Henriquez de Luna	78	78
Ms. Cristina Aldamiz-Echevarría de Dura	54	16
Ms. Montserrat Trape Viladomat	27	
Proprietary directors	272	323
Mr. Luis María Díaz de Bustamante y Terminel	114	107
Mr. Gabriel Escarrer Julia	38	43
Ms. María Antonia Escarrer Jaume	11	37
Holeles Mallorquines Consolidados S.L.		28
Holeles Mallorquines Asociados S.L.	54	54
Holeles Mallorquines Agrupados S.L.	54	54
Other external directors		38
Mr. Juan Arena de la Mora		38
Executive director	54	54
Mr. Gabriel Escarrer Jaume	54	54
Total	839	834

In 2022, Mr. Luis María Díaz de Bustamante y Terminel has been appointed as External Proprietary Director, and Ms Montserrat Trape Viladomat has been appointed as External Independent Director in his place. Likewise, Ms María Antonia Escarrer resigned from her position in the Board and in the Appointments, Remuneration and Sustainability Committee on 28 February 2022.

In 2021, Mr. Juan Arena de la Mora resigned from his position as external Director and the company Hoteles Mallorquines Consolidados, S.L. was replaced in its position as external proprietary director by Ms Mª Antonia Escarrer Jaume as natural person.

Remuneration of executive directors and members of the senior management in 2022 and 2021, considering accrued amounts, was as follows:

	2022		2021	
(thousand €)	Fixed remuneration	Variable remuneration	Fixed remuneration	Variable remuneration
Executive director	869	457	694	457
Mr. Gabriel Escarrer Jaume	869	457	694	457
Senior management	2.004	869	1.759	837
Total	2.874	1.326	2.453	1.294

The Company has not assumed any obligation and has not granted any advance payment or loans to directors. There are no share-based payments.

On the other hand, the Company has arranged a civil liability policy (D&O) for the Group's directors and executives, under the terms and conditions that are common in insurance policies of this nature, with a premium for 2022 for the amount of EUR 297,275.02; EUR 282,359 in 2021.

Note 18. Other Information

18.1 Audit Fees

For the years ended 31 December 2022 and 2021, the fees charged in relation to audit services and other services provided by Deloitte, S.L., the Company’s auditor, or by any company linked to the auditor by means of common ownership, control or management, have been the following (fees for the audit of the consolidated annual accounts are not included):

(thousand €)	2022	2021
Individual audit	167	142
Other services	287	221
Total	455	363

18.2 Environmental Risks

The fight against climate change and the environment and biodiversity protection are one of the priority strategic lines of the commitment of the Company with sustainability and the protection of tourist destinations. For this reason, the Company continues to promote an efficient and responsible hotel management model, both in the consumption of resources and the minimisation of the impact of its activity.

The Company’s commitment, therefore, takes on a special significance given the nature of the activity developed and the importance of tourism in the global economy, as well as its high level of dependence on social and environmental factors, such as climate and natural resources.

Likewise, technology and sustainability are key to advance towards the decarbonisation of the Group’s business model and achieve the public commitments acquired for reduction of the carbon footprint.

Progress made in the incorporation of sustainability in the entire value chain has allowed to enrich and improve the hotel renovation and building processes, designing a differential value proposal which promotes a new hotel experience that is more attractive, more responsible and more sustainable for customers, hotel owners and the various existing partners. As a result of these progresses, the renovation projects carried out in several hotels operated by the Group in the Balearic Islands and the Canary Islands, were granted the Rethink Hotel award, as these projects are noteworthy in sustainability and hotel renovation since they include sustainable criteria such as energy efficiency, production of renewable energy, waste management and usage of water cycle.

In this sense, in July 2022, the Group opened the first carbon footprint-neutral hotel, based on the efficient energy management and which establishes the path for the new hotel management concepts.

In addition, in terms of management of water resources, the Group uses the tool Aqueduct Water Risk Atlas, which allows to identify areas with higher risk of hydric stress globally, monitor our portfolio located in such areas and adopt the necessary preventive measures. Additionally, for the third consecutive year, the Group has voluntarily participated in the CDP Water Security, an internationally renowned ranking which measures water security and quality.

Likewise, and in line with the acquired commitments in terms of the environment and working towards the achievement of the goals set, the Company continues to promote improvement measures focused on prioritising renewable energy acquisition, promoting investments aimed at reducing emissions, and permanently monitoring energy and water consumptions in order to identify deviations, improvements and corrective actions.

18.3 Situations of conflicts of interest in which directors are involved:

According to the requirements of Articles 229 and 230 of the Revised Text of the Spanish Corporate Enterprises Act, the members of the Board of Directors of Meliá Hotels International, S.A., confirmed that neither they, nor any persons with whom they have ties, as referred to in Article 231 of the aforesaid Law, carry out any activities on their own account or for third parties which may involve any effective competition, present or future, with the Company or which, in any way whatsoever, would place them in a position of permanent conflict with the interests thereof, except for that mentioned below. The Vice Chairman and CEO has refrained himself from participating in the discussions and voting of the matters considered at the meetings of the Board of Directors in relation to decisions in which he himself or a person linked to him, had a potential conflict of interest, direct or indirect, with the Company.

Direct or indirect shareholdings controlled by members of the Board of Directors of the Company are as follows:

Shareholder / Director	No. of direct or indirect voting rights	% of total voting rights	Position on the Board
Mr. Gabriel Escarrer Juliá	11.874.749	5,3878%	Chairman
Mr. Gabriel Escarrer Jaume	166.666	0,0756%	Vice-Chairman and Chief Executive Officer
Hoteles Mallorquines Agrupados, S.L.	24.882.289	11,2896%	Director
Hoteles Mallorquines Asociados, S.L.	30.333.066	13,7627%	Director
Mr. Jose María Vázquez Pena	72.500	0,0329%	Director (Representative)
Mr. Luis Mª Díaz de Bustamante y Terminel	300	0,0001%	Secretary and Director
Mr. Alfredo Pastor Bodmer	6.000	0,0026%	Director (Representative)
Ms. Montserrat Trapé Viladomat	14.500	0,0066%	Director

Note 19. Events After the Reporting Date

There have been no events between the end of the reporting period and the preparation of these annual accounts which may involve any adjustments to evidence conditions that existed at the year end, and no events have taken place after the year end which could affect the capacity of the users of the annual accounts to make proper evaluations and economic decisions.

Annex I. Equity Situation of Group Companies and Associates

The equity situation as at 31 December 2022, obtained from the annual accounts provided by the relevant companies, is as follows:

(thousand €)	Shareholding	Accounting Figures			Underlying Carrying Amount	Investment Value	Impairment	Net Value
		Capital	Reserves	Result				
Group companies								
Adprotel Strand, S. L. (J.V.)	50,00%	67.005	12.796	202	40.002	76.068	(27.788)	48.280
Aparthotel Bosque, S.A.	100,00%	1.659	18.301	363	20.323	9.497		9.497
Apartotel, S.A.	99,79%	962	4.264	997	6.209	4.150		4.150
Bedbank Trading, S.A.	100,00%	74	4.598	(311)	4.362	65	(65)	
Casino Tamarindos, S.A.U.	100,00%	3.005	2.062	427	5.494	13.532	(4.545)	8.987
Colón Verona, S.A.	100,00%	15.000	4.868	(967)	18.902	43.075	(9.323)	33.752
Credit Control Corporation	100,00%	47	635	(17)	665	41		41
Dorpan, S.L.U.	100,00%	1.202	54	32	1.288	1.623		1.623
Gesmesol, S.A.	100,00%	47	82.400	12.147	94.593	1.803		1.803
Gestión Hotelera Turística Mesol, S.A.	100,00%	60	17	1	78	61		61
Gonpons Inversiones, S.L.U.	100,00%	3	(1)	25.297	25.298	3		3
Guarajuba Empreendimientos	100,00%	2.475	(591)	99	1.984	8.755	(3.873)	4.882
Hogares Batle, S.A.	51,49%	1.482	122	(149)	749	2.036	(868)	1.168
Hoteles Sol Meliá, S.L.	100,00%	676	94.907	3.608	99.191	88.176		88.176
Hoteles Sol, S.L.	100,00%	3	1	(18.780)	(18.776)	11		11
Hotelpoint, S.L.	100,00%	3	9.969	(990)	8.982	1.003	(3)	1.000
Ilha Bela Gestao e Turismo, LTD.	100,00%	51	3.377	1.391	4.819	3.698		3.698
Infinity Vacations Dominicana	0,03%	87.192	32.678	(333)	36			
Inversiones Areito, S.A.S. (*)	64,54%	11.971	(64.468)	52	(33.848)	25.513		25.513
Inversiones Hoteleras la Jaquita, S.A.	70,80%	51.767	17.031	(1.571)	47.596	52.547		52.547
Inversiones Invermont, S.A.	100,00%		(0)			23		23
Inversiones y Explotaciones Turísticas, S.A.	54,93%	8.937	62.148	7.714	43.284	12.742		12.742
Melia Europe & Middle East	100,00%	3		874	877	5.219	(4.082)	1.137
Melia Management, S.A.S.	99,99%		659	(3.364)	(2.704)	17		17
Meliá Vietnam CO	100,00%	782	146	(3.105)	(2.178)	777		777
MHI UK LTD.	100,00%	0	24.665	(1.810)	22.855	40.321		40.321
MIA Exhol, S.A.	82,26%	26.673	635.338	(3.112)	542.010	186.120		186.120
Naolinco Hoteles, S.L.	100,00%	3		1.751	1.753	1.355	(1.338)	17
Operadora Mesol S.A. de C.V.	100,00%	8.600	(1.208)		7.392	6.095		6.095
P.T. Sol Melia Indonesia	95,00%	59	38	16.083	15.371	896	(896)	
Prodigios Interactivos, S.A.	100,00%	42.216	22.604		64.821	65.355		65.355
Proyectos Financieros Hayman, S.A.	100,00%	3	5.226	(1.300)	3.929	6.349		6.349
Punta Cana Reservations, S.L.	100,00%	5	4.734	25	4.765	8.277		8.277
Realizaciones Turísticas, S.A.	95,97%	7.210	174.522	2.637	176.940	42.236		42.236
René Egli, S.L.U.	100,00%	4	1.657	811	2.471	3.832	(1.232)	2.600
S.M. Hotel Management (Shanghai) Co. Ltd	100,00%	7.335	(4.651)	(688)	1.996	7.158	(5.124)	2.034
Securisol, S.A.	100,00%	66	148	98	312	66		66
Sol Group Exhol, S.L.	100,00%	1.540	(499)	(28)	1.013	1.529	(1.529)	
Sol M. Greece H. And T. Enterprises, S.A.	100,00%	5.586	(3.893)	(181)	1.511	5.586	(3.969)	1.617
Sol Maninvest B.V.	100,00%	19	9.435	(188)	9.265	19	(19)	
Sol Melia Balkans E.A.D.	100,00%	51	644	1.702	2.398	51		51
Sol Melia Deutschland, GMBH	100,00%	1.023	(9.429)	18.994	10.587	5.216		5.216
Sol Melia Europe, B.V.	100,00%	1.500	390	(5.818)	(3.928)	1.500		1.500
Sol Melia France S.A.S.	100,00%	49.800	(32.473)	(643)	16.685	49.801		49.801
Sol Melia Investment, N.V.	100,00%	23.795	23.512	2.762	50.069	58.183		58.183
Sol Melia Italia S.R.L.	100,00%	100	78.765	(2.009)	76.856	93.185		93.185
Sol Melia Jamaica Ltd	100,00%	3			3			
Sol Melia Luxembourg, SARL	100,00%	200	(398)	(89)	(287)	206		206
Sol Melia Marroc S.A.R.L.	100,00%	9	(826)		(817)	9		9
Sol Meliá Perú, S.A.	99,90%	1	586	(951)	(364)			
Sol Melia VC Puerto Rico Corp.	100,00%	69.311	(65.138)	(2.905)	1.268	60.921	(56.484)	4.437
Tenerife Sol. S.A.	50,00%	2.765	14.419	(2.033)	7.575	1.386		1.386
Third Project 2012, S.L.	100,00%	3	2	850	856	3		3
Tryp Mediterranee, S.A.	85,40%					407	(407)	
Outstanding payments on shares						(17)		
Total group companies		502.284	1.164.142	47.576	1.384.531	996.479	(121.544)	874.935

(thousand €)	Shareholding	Accounting Figures			Underlying Carrying Amount	Investment Value	Impairment	Net Value
		Capital	Reserves	Result				
Associates								
Altavista Hotelera, S.L.	7,55%	47.252	23.840	(314)	5.344	14.420	(6.365)	8.055
Detur Panamá, S.A. (J.V.)	49,93%	13.052	(35.727)	118	(11.263)	6.043	(6.043)	
Evertmel, S.L. (J.V.)	49,00%	35.157	9.851	19.369	31.545	38.126		38.126
Hellenic Hotel Management, S.A.	40,00%	587	(776)		(76)	245	(245)	
Holazel, S.L.	50,00%	1.000	1.000		1.000	1.000		1.000
Homasi, S.A.	35,00%	18.220	83.307	6.853	37.933	48.953		48.953
Jamaica Devco, S.L.	49,00%	1.003	(2.384)	177	(590)	1.471	(496)	975
Melcom Joint Venture, S.L. (J.V.)	50,00%	8.130	57.548	3.264	34.471	47.401	(818)	46.583
Mosaico, B.V.	35,00%	2.000	4.207	139	2.221	3.458	(1.337)	2.121
Nexprom, S.A.	17,50%	4.591	22.530	5.186	5.654	1.081		1.081
Plaza Puerta del Mar, S.A.	12,60%	9.000	12.183		2.669	1.904		1.904
Producciones de Parques, S.L. (J.V.)	50,00%	39.884	(15.426)	733	12.596	27.680		27.680
Promedro, S.A.	20,00%	1.635	53		338	292		292
Renasala, S.L.	30,00%	4	40.292	(323)	11.992	14.176		14.176
Sierra Parima, S.A.S.	50,00%	6.565	209	81	3.428	5.394		5.394
Starmel Hotels JV, S.L. (J.V.)	20,00%	739	6.755	2.481	1.995	2.772		2.772
Turismo de Invierno, S.A.	21,42%	670	6.142	1.175	1.711	1.355		1.355
Total associates		189.490	213.605	38.939	140.968	215.772	(15.304)	200.468
Total group companies and associates		691.774	1.377.747	86.515	1.525.499	1.212.251	(136.848)	1.075.403

(*) The studies to determine the impairment losses of the shareholding in these group companies and associates are conducted taking into consideration the valuation of the trader companies of the hotels owned by these group companies and associates. (J.V.) Joint Ventures.

The equity situation as at 31 December 2021, obtained from the annual accounts provided by the relevant companies, was as follows:

(thousand €)	Shareholding	Accounting Figures			Underlying Carrying Amount	Investment Value	Impairment	Net Value
		Capital	Reserves	Result				
Group companies								
Adprotel Strand, S. L. (J.V.)	50,00%	70.845	5.405	7.604	41.927	76.068	(27.788)	48.280
Apartotel, S.A.	99,79%	962	3.912	352	5.214	4.150		4.150
Aparthotel Bosque, S.A.	100,00%	1.659	7.258	11.043	19.960	9.497		9.497
Bedbank Trading, S.A.	100,00%	71	4.385	(27)	4.428	65	(65)	
Casino Tamarindos, S.A.U.	100,00%	3.005	(949)	3.033	5.089	13.532	(960)	12.572
Credit Control Corporation	100,00%	44	657	(55)	646	41		41
Colón Verona, S.A.	100,00%	15.000	6.743	(1.853)	19.891	43.075	(14.153)	28.922
Dorpan, S.L.U.	100,00%	1.202	289	(138)	1.353	1.623		1.623
Gesmesol, S.A.	100,00%	44	78.390	(300)	78.134	1.803		1.803
Gestión Hotelera Turística Mesol, S.A.	100,00%	60	16	1	77	61		61
Guarajuba Empreendimientos	100,00%	2.226	(1.149)	(92)	985	8.755	(3.873)	4.882
Gonpons Inversiones, S.L.U.	100,00%	3	(1)		2	3		3
Hogares Batle, S.A.	51,49%	1.482	103	19	826	2.036	(868)	1.168
Hotelpoint, S.L.	100,00%	3	(531)	9.977	9.449	1.003	(3)	1.000
Hoteles Sol Meliá, S.L.	100,00%	676	95.155	(248)	95.583	88.176		88.176
Hoteles Sol, S.L.	100,00%	3	1		4	11		11
Ilha Bela Gestao e Turismo, LTD.	100,00%	48	3.216	(16)	3.248	3.698		3.698
Infinity Vacations Dominicana	0,03%	81.246	24.703	7.938	34			
Infinity Vacations, S.A.	0,01%		(13)	(2)				
Inversiones Areito, S.A.S. (*)	64,54%	11.154	(48.728)	(11.344)	(31.571)	25.513		25.513
Inversiones Hoteleras la Jaquita, S.A.	70,80%	51.767	21.741	(4.632)	48.764	52.547		52.547
Inversiones Turísticas del Caribe, S.A.	100,00%	70	(70)			6		6
Inversiones y Explotaciones Turísticas, S.A.	54,93%	8.937	61.536	267	38.857	12.742		12.742
Inversiones Invermont, S.A.	100,00%		(0)			23		23
Markserv, B.V.	51,00%	36	4.524	(1.317)	1.654	1.503	(1.503)	
Melia Europe & Middle East	100,00%	3	(232)	(934)	(1.163)	4.082	(4.082)	
Meliá Vietnam CO	100,00%	769	34	97	900	777		777
MIA Exhol, S.A.	82,26%	26.673	632.070	3.268	544.570	186.120		186.120
MHI UK LTD.	100,00%		29.408	(3.330)	26.078	40.321		40.321
Naolinco Hoteles, S.L.	100,00%	3	(2)	1	3	1.355	(1.338)	17
Operadora Costarisol, S.A.	100,00%		(1)	1		19		19
Operadora Mesol S.A. de C.V.	100,00%	7.761	1.401	(2.500)	6.662	6.095	(2.542)	3.552
Prodigios Interactivos, S.A.	53,98%	42.216	33.395	(11.074)	34.837	65.354		65.354
Proyectos Financieros Hayman, S.A.	100,00%	3	5.336	(110)	5.229	6.350		6.350
P.T. Sol Melia Indonesia	95,00%	61	334	(262)	126	896		896
Punta Cana Reservations, S.L.	100,00%	5	4.800	(66)	4.739	8.277		8.277
Realizaciones Turísticas, S.A.	95,97%	7.210	162.786	11.736	174.408	42.236		42.236
René Egli, S.L.U.	100,00%	4	1.386	271	1.661	3.832	(1.232)	2.600
Securisol, S.A.	100,00%	66	51	87	205	66		66
Sol Group B.V.	100,00%					1.529	(1.529)	
Sol Maninvest B.V.	100,00%	19	11.456	(2.021)	9.453	19	(19)	
Sol Melia Balkans E.A.D.	100,00%	51	498	641	1.190	51		51
Sol Melia Deutschland, GMBH	100,00%	1.023	(26.009)	(13.903)	(38.889)	5.216		5.216
Sol Melia Europe, B.V.	100,00%	1.500	345	45	1.890	1.500		1.500
Sol Melia France S.A.S.	100,00%	49.800	(24.273)	(167)	25.360	49.801		49.801
Sol M. Greece H. And T. Enterprises, S.A.	100,00%	5.586	(3.796)	(96)	1.695	5.586	(3.655)	1.931
Sol Melia Italia S.R.L.	100,00%	100	83.533	(4.768)	78.865	93.185		93.185
S.M. Hotel Manag. Shanghai S.M.	100,00%	5.630	(3.615)	(1.073)	942	5.243	(3.424)	1.819
Sol Melia Investment, N.V.	100,00%	23.795	23.519	(6)	47.307	58.183		
Sol Melia Luxembourg, SARL	100,00%	200	129	(529)	(200)	206		
Sol Meliá Perú, S.A.	99,90%	1	977	(447)	530			
Sol Melia VC Puerto Rico Corp.	100,00%	65.685	(61.696)	(35)	3.955	60.921	(57.244)	3.677
Tenerife Sol. S.A.	50,00%	2.765	17.703	(3.289)	8.589	1.386		
Third Project 2012, S.L.	100,00%	3	(8)	96	90	3		3
Tryp Mediterranee, S.A.	85,40%					407	(407)	
Total group companies		491.472	1.156.121	(8.156)	1.283.586	994.947	(124.684)	870.262

(thousand €)	Shareholding	Accounting Figures Capital	Reserves	Result	Underlying Carrying Amount	Investment Value	Impairment	Net Value
Associates								
Altavista Hotelera, S.L.	7,55%	47.252	20.993	2.848	5.368	14.420	(7.935)	6.485
Detur Panamá, S.A. (J.V.)	49,93%	12.369	(32.601)	(1.257)	(10.729)	6.043	(6.043)	
Evertmel, S.L. (J.V.)	49,00%	35.157	11.376	(1.525)	22.054	38.126		38.126
Hellenic Hotel Management, S.A.	40,00%	587	(776)		(76)	245	(245)	
Homasi, S.A.	35,00%	18.220	83.158	149	35.535	48.953		48.953
Jamaica Devco, S.L.	49,00%	1.003	(720)	(1.669)	(679)	1.471		1.471
Melcom Joint Venture, S.L. (J.V.)	50,00%	8.130	58.211	(1.078)	32.632	47.401	(14.642)	32.759
Mosaico, B.V.	20,00%	2.000	4.403	(195)	1.242	1.495		1.495
Nexprom, S.A.	17,50%	4.591	22.143	(464)	4.597	1.081		1.081
Plaza Puerta del Mar, S.A.	12,60%	9.000	10.562	1.816	2.694	1.904		1.904
Producciones de Parques, S.L. (J.V.)	50,00%	39.884	(12.731)	(2.907)	12.123	27.680		27.680
Promedro, S.A.	20,00%	1.635	58	(5)	338	328		328
Renasala, S.L.	30,00%	4	40.800	(3.007)	11.339	13.426		13.426
Sierra Parima, S.A.S.	50,00%	6.271	1.331	(1.136)	3.233	5.394		
Starmel Hotels JV, S.L. (J.V.)	20,00%	739	12.435	(5.681)	1.499	2.772		2.772
Turismo de Invierno, S.A.	21,42%	670	6.764	(591)	1.466	1.355		1.355
Total associates		187.513	225.406	(14.701)	122.636	212.094	(28.865)	183.230
Total group companies and associates		678.985	1.381.527	(22.857)	1.406.222	1.207.041	(153.549)	1.053.492

(*) The studies to determine the impairment losses of the shareholding in these group companies and associates are conducted taking into consideration the valuation of the trader companies of the hotels owned by these group companies and associates. (J.V.) Joint Ventures.

Annex II. Subsidiaries, Associates and Joint Ventures of the Group

There follows the list of Subsidiaries, Associates and joint ventures of the Group as at 31 December 2022:

Subsidiaries

		HOTEL OPERATING COMPANIES	ADDRESS	COUNTRY	DIR S.	IND S.	TOTAL
	(F1)	APARTHOTEL BOSQUE, S. A.	Camilo José Cela, 5 (Palma de Mallorca)	Spain	100,00%		100,00%
(A)		ARESOL CABOS S.A. de C.V.	Km 19,5 Ctra. Cabo San Lucas (S.Jose del Cabo)	Mexico		99,69%	99,69%
(A)		AYOSA HOTELES, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		49,00%	49,00%
(A)		BISOL VALLARTA, S. A. de C. V.	Paseo de la Marina Sur (Puerto Vallarta)	Mexico		99,68%	
						0,01%	99,69%
(A)		CALA FORMENTOR, S. A. de C. V.	Boulevard Kukulkan (Cancún)	Mexico		92,40%	
						7,29%	99,69%
(A)		CARIBOTELS DE MEXICO, S. A. de C. V.	Playa Santa Pilar, Aptdo 9 (Cozumel)	Mexico		16,41%	
						29,63%	
						53,70%	99,74%
(A)		CIBANCO SA IBM FIDEICOMISO EL MEDANO	Playa El Medano s/n, (Cabo San Lucas)	Mexico		100,00%	100,00%
	(F1)	COLÓN VERONA,S.A.	Canalejas, 1 (Sevilla)	Spain	100,00%		100,00%
		COM.PROP. SOL Y NIEVE (*)	Plaza del Prado Llano (Sierra Nevada)	Spain	93,27%		93,27%
(A)		CORP.HOT.HISP.MEX., S. A. de C. V.	Boulevard Kukulkan km.12,5 (Cancún)	Mexico		9,22%	
						90,47%	99,69%
(A)		CORP.HOTELERA METOR, S. A.	Faustino Sánchez Carrión s/n (Lima)	Peru		75,87%	75,87%
(A)		DESARROLLOS SOL, S.A.S.	Lope de Vega, 4 (Santo Domingo)	Dom. Rep.		61,79%	
						37,91%	99,69%
(A)	(F2)	HOTEL ALEXANDER, S. A. S.	20, Rue du sentier 75002 (Paris)	France		100,00%	100,00%
(A)	(F2)	HOTEL COLBERT S.A.S.	20, Rue du sentier 75002 (Paris)	France		100,00%	100,00%
(A)	(F2)	HOTEL FRANCOIS S.A.S.	20, Rue du sentier 75002 (Paris)	France		100,00%	100,00%
(A)	(F2)	HOTEL MADELEINE PALACE, S.A.S.	8, Rue Cambon 75001 (Paris)	France		100,00%	100,00%
(A)	(F2)	HOTEL ROYAL ALMA S.A.S.	20, Rue du sentier 75002 (Paris)	France		100,00%	100,00%
(A)		INFINITY VACATIONS DOMINICANA	Instal.Hotel Circle,Avda.Barceló,Bávaro (P.Cana)	Dom. Rep.		100,00%	100,00%
		INNSIDE VENTURES, LLC	1029, Orange St. Wilmington (Delaware)	USA		100,00%	100,00%
(A)	(F7)	INVERS. EXP. TURISTICAS, S. A.	Mauricio Legendre, 16 (Madrid)	Spain	54,93%		54,93%
(A)		INVERS. INMOB. IAR 1997, C. A.	Avenida Casanova con C/ El Recreo (Caracas)	Venezuela		99,69%	99,69%
(A)		INVERSIONES AGARA, S.A.	Lope de Vega, 4 (Santo Domingo)	Dom. Rep.		99,69%	99,69%
(A)		INVERSIONES AREITO, S.A.	Avda. Barceló, s/n (Bávaro)	Dom. Rep.	64,54%	35,46%	100,00%
(A)	(F1)	INV. HOTELERAS LA JAQUITA, S.A.	Avda. de los Océanos, s/n (Tenerife)	Spain	70,80%	28,64%	99,44%
(A)		LOMONDO Limited	Albany Street-Regents Park (Londres)	Gran Bretaña		100,00%	100,00%
(A)		LONDON XXI Limited	336-337 The Strand (Londres)	Gran Bretaña		100,00%	100,00%
(A)	(F1)	MELIÁ HOTELS INTERNATIONAL, S.A.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain			100,00%
		MELIA HOTELS ORLANDO, LLC.	Brickell Avenue Suite 1000, 800	USA		50,00%	50,00%
(A)	(F1)	PRODISOTEL, S.A.	Mauricio Legendre, 16 (Madrid)	Spain		100,00%	100,00%
	(F1)	REALIZACIONES TURÍSTICAS, S.A.	Mauricio Legendre, 16 (Madrid)	Spain	95,97%	0,30%	96,27%
(A)		S' ARGAMASSA HOTELERA S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		50,00%	50,00%
(A)		SOL MELIÁ DEUTSCHLAND, gmbh	Am Schimmersfeld 5 (Ratingen)	Germany	100,00%		100,00%
(A)		SOL MELIÁ ITALIA S.R.L.	Via Masaccio 19 (Milán)	Italy	100,00%		100,00%
(A)		SOL MELIÁ LUXEMBOURG, S.A.R.L.	1 Park Drai Eechelen, L1499	Luxembourg	100,00%		100,00%
(A)	(F1)	TENERIFE SOL, S. A.	Playa de las Américas (Tenerife)	Spain	50,00%	48,13%	98,13%

		MANAGEMENT COMPANIES	ADDRESS	COUNTRY	DIR S.	IND S.	TOTAL
	(F1)	APARTOTEL, S. A.	Mauricio Legendre, 16 (Madrid)	Spain	99,79%		99,79%
		GESMESOL, S. A.	Elvira Méndez, 10 - Edif. Bco do Brasil	Panama	100,00%		100,00%
		ILHA BELA GESTAO E TURISMO, Ltd.	31 de Janeiro, 81 (Funchal - Madeira)	Portugal	100,00%		100,00%
		MELIÁ BRASIL ADMINISTRACAO	Avenida Cidade Jardim, 1030 (Sao Paulo)	Brazil		99,69%	99,69%
(A)		MELIÁ MANAGEMENT, S.A.	Lope de Vega, 4 (Santo Domingo)	Dom. Rep.	99,99%	0,01%	100,00%
(A)		MELIA VIETNAM COMPANY LIMITED	13th Floor, Plaza Saigon Building, 39 Le Duan Street, Ben	Vietnam	100,00%		100,00%
		NEW CONTINENT VENTURES, Inc.	800 Brickell Avenue Suite 1000 (Miami)	USA		100,00%	100,00%
(A)		OPERADORA MESOL, S. A. de C. V.	Blvd. Kukulkan Km 16.5 No 1 T.5. Zona Hot (Cancún)	Mexico	100,00%		100,00%
		PT SOL MELIÁ INDONESIA	Ed.Plaza Bapindo-Menara Mandiri Lt.16	Indonesia	95,00%	5,00%	100,00%
	(F1)	SOL MANINVEST, B. V.	Strawinskylaan 915 WTC, Toren A,1077 XX (Amsterdam)	Netherlands	100,00%		100,00%
(A)		SOL MELIÁ BALKANS EAD	Región de Primorski,Golden-Sands-Varna	Bulgaria	100,00%		100,00%
(A)		SOL MELIÁ HOTEL MANAG. SHANGHAI CO, LTD.	Suite 13-1A1,13th Floor,Hang Seng Bank Tower,1000	China	100,00%		100,00%
		SOL MELIÁ GREECE, HOTEL & TOURISTIC	14th Chalkokondili Str & 28th October str (Atenas)	Greece	100,00%		100,00%
		SOL MELIÁ PERÚ, S. A.	Av. Salaberri, 2599 (San Isidro - Lima)	Peru	99,90%	0,10%	100,00%
		COMPANIES OF DIFFERENT ACTIVITIES	ADDRESS	COUNTRY	DIR S.	IND S.	TOTAL
(A)	(F1)	ADPROTEL STRAND, S.L.	Mauricio Legendre, 16 (Madrid)	Spain	50,00%	25,00%	75,00%
		BAJA SERVICIOS ADMINISTRATIVOS S.A	Ctra Transpeninsular, km 19,5 (Los Cabos)	Mexico	100,00%		100,00%
	(F1)	CASINO TAMARINDOS, S. A.	Retama, 3 (Las Palmas)	Spain	100,00%		100,00%
		CREDIT CONTROL CORPORATION	Brickell Avenue, 800 (Miami)	USA	100,00%		100,00%
	(F1)	DORPAN, S. L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
		GUARAJUBA EMPREENDIMENTOS, S.A.	Avda. Jorge Amado s/n, Bahía	Brazil	100,00%		100,00%
	(F1)	HOGARES BATLE, S.A.	Gremio Toneleros, 42 (Palma de Mca.)	Spain	51,49%	46,70%	98,19%
(A)	(F2)	HOTEL METROPOLITAN, S.A.S.	20, Rue du sentier 75002 (Paris)	France		100,00%	100,00%
(A)	(F1)	HOTELPOINT, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
		IMPACT HOSPITALITY V3NTURES, LLC	Celebration Place, 225 (Miami)	USA		100,00%	100,00%
(A)		INMOBILIARIA DISTRITO CIAL., C. A.	Avda. venezuela con Casanova (Caracas)	Venezuela		89,26%	89,26%
	(F1)	MELIA EUROPE & MIDDLE EAST, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
	(F1)	NAOLINCO AVIATION,S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
	(F1)	NETWORK INVESTMENTS SPAIN, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		100,00%	100,00%
(A)	(F1)	PRODIGIOS INTERACTIVOS, S.A.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
	(F1)	PROYECTOS FINANCIEROS HAYMAN, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
	(F1)	RENÉ EGLI, S.L.U.	Playa La Barca, Pájara (Las Palmas de G.Canaria)	Spain	100,00%		100,00%
	(F1)	SECURISOL, S. A.	Avda.Notario Alemany s/n Hotel Barbados (Calviá)	Spain	100,00%		100,00%
(A)		SEGUNDA FASE CORP.	Carretera 3, Intersecc. 955 (Rio Grande)	Puerto Rico		100,00%	100,00%
		SERVICIOS ARTEMISA, S.A.de C.V.	Boulevard Kukulkan Km 12 (Cancún)	Mexico	100,00%		100,00%
		SERVICIOS INTEGRALES DE PERSONAL IRIS, S.A.de C.V.	Paseo de la Marina Sur (Puerto Vallarta)	Mexico	100,00%		100,00%
		SERVICIOS PERSONALES ORFEO, S.A.de C.V.	Boulevard Kukulkan Km 16,5 (Cancún)	Mexico	100,00%		100,00%
		SERVICIOS PITEO, S.A.de C.V.	Avda Tulum 200, Sm 4 (B.Juarez)	Mexico	100,00%		100,00%
		SOL CARIBE TOURS, S. A.	Vía Grecia - Edif. Alamanda 6B (Panamá)	Panama		100,00%	100,00%
		SOL GROUP CORPORATION	800 Brickell Avenue, Suite 1000, FL, 33131 (Miami)	USA		100,00%	100,00%
	(F1)	SOL MELIÁ EUROPE, B. V.	Eduard Van Beinumstraat, 40 1077 CZ (Amsterdam)	Netherlands	100,00%		100,00%
		SOL MELIÁ FUNDING	Regatta Office Park West Bay Road P.O.Box 31106	Cayman Islands		100,00%	100,00%
(A)		SMVC DOMINICANA, S.A.	Lope de Vega, 4 (Santo Domingo)	Dom. Rep.		100,00%	100,00%
	(F1)	SMVC ESPAÑA S.L.	Mauricio Legendre,16 (Madrid)	Spain		100,00%	100,00%
(A)		SMVC MÉXICO, S.A de C.V.	Boluevard Kukulkan (Cancún)	Mexico		100,00%	100,00%
		SMVC PANAMÁ S.A.	Antigua escuela las Américas, Lago Gatún	Panama		100,00%	100,00%
		VACATION CLUB SERVICES INC.	Bickell Avenue, 800 (Miami)	USA		100,00%	100,00%
		WILLET RESERVATIONS	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		100,00%	100,00%

		HOLDING COMPANIES	ADDRESS	COUNTRY	DIR S.	IND S.	TOTAL
(A)	(F2)	CADSTAR FRANCE, S.A.S.	12, Rue du Mont Thabor (Paris)	France		100,00%	100,00%
	(F1)	DESARROLLOS HOTELEROS SAN JUAN EXHOLD, S. L.	Sarria, 50, 08029 Barcelona	Spain		99,69%	99,69%
	(F1)	DOMINICAN INVESTMENTS, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		99,69%	99,69%
	(F1)	FARANDOLE, B. V.	Eduard Van Beinumstraat, 40 1077 CZ (Amsterdam)	Netherlands		99,69%	99,69%
	(F1)	HOTELES SOL MELIÁ, S. L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
	(F1)	INVERS. HOTELERAS LOS CABOS, S.A.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		99,69%	99,69%
(A)		MELIÁ HOTELS INTERNAT. UK LIMITED	Albany Street , Regents Park, London NW1 3UP	Great Britain	100,00%		100,00%
	(F1)	MIA EXHOL, S. A.	Sarria, 50, 08029 Barcelona	Spain	82,26%	17,43%	99,69%
	(F1)	NEALE EXPA SPAIN, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		99,69%	99,69%
	(F1)	PUNTA CANA RESERVATIONS, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
	(F1)	SAN JUAN INVESTMENTS EXHOLD, S. L.	Sarria, 50, 08029 Barcelona	Spain		99,69%	99,69%
	(F1)	SOL GROUP, EXHOL, SL.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
(A)	(F2)	SOL MELIÁ FRANCE, S.A.S.	20 Rue du Sentier (Paris)	France	100,00%		100,00%
	(F1)	SM INVESTMENT EXHOL, S. L.	Sarria, 50, 08029 Barcelona	Spain	100,00%		100,00%
		SOL MELIA VACATION CLUB LLC.	Bickell Avenue, 800 (Miami)	USA		100,00%	100,00%
		COMPANIES WITH NO ACTIVITY	ADDRESS	COUNTRY	DIR S.	IND S.	TOTAL
		BEDBANK TRADING, S.A.	Rue St.Pierre, 6A (Fribourg)	Switzerland	100,00%		100,00%
		COMP. TUNISIENNE GEST. HOTELIÉRE	18 Boulevard Khézama n° 44, 4051 Sousse (Túnez)	Tunisia		100,00%	100,00%
(A)		DESARROLLADORA DEL NORTE, S. en C.	PMB 223, PO Box 43006, (Rio Grande)	Puerto Rico		49,85%	
						49,85%	99,69%
	(F1)	GEST.HOT.TURISTICA MESOL	Gremio Toneleros, 42 (Palma de Mallorca)	Spain	100,00%		100,00%
	(F1)	GONPONS INVERSIONES, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
	(F1)	HOTELES SOL, S. L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
		INVERSIONES INVERMONT, S. A.	Av. Venezuela, Edif. T. América (Caracas)	Venezuela	100,00%		100,00%
(A)		SMVC PUERTO RICO	Sector Coco Beach, 200 Carretera 968 (Río Grande)	P.Rico	100,00%		100,00%
		SOL MELIA JAMAICA, LTD.	21, East Street (Kingston CSO)	Jamaica	100,00%		100,00%
		SOL MELIÁ MARROC, S.A.R.L.	Rue Idriss Al-Abkar, 4 - 1° Etage	Morocco	100,00%		100,00%
		SOL MELIÁ SERVICES, S. A.	Rue de Chantemerle (Friburgo)	Switzerland		100,00%	100,00%
	(F1)	THIRD PROJECT 2012, S. L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%

(A) Audited companies

(F1) Companies which comprise the consolidated tax group with Meliá Hotels International, S.A.

(F2) Companies which comprise the consolidated tax group with Sol Meliá France, S.A.S.

(F7) Companies which comprise the consolidated tax group with Inversiones y Explotaciones Turísticas, S.A.

(*) Shareholding in this company is through the ownership of apartments representing 93.27%.

Associates and Joint Ventures

		HOTEL OPERATING COMPANIES	ADDRESS	COUNTRY	DIR S.	IND S.	TOTAL
		C.P.APARTOTEL M.CASTILLA (*)	Capitán Haya, 43 (M adrid)	Spain	32,14%	0,09%	32,23%
		C.P.APARTOTEL M.COSTA DEL SOL (*)	Paseo Marítimo 11 (Torremolinos)	Spain	4,50%	18,75%	23,25%
		DETUR PANAMÁ S. A.	Antigua Escuela Las Américas (Colón)	Panama	49,93%		49,93%
		HOLAZEL, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	50,00%		50,00%
		NEXPROM, S. A. (JV)	Avda. del Lido s/n (Torremolinos)	Spain	17,50%	2,50%	20,00%
		PLAZA PUERTA DEL MAR, S.A.	Plaza Puerta del Mar, 3 (Alicante)	Spain	12,60%	7,81%	20,41%
(A)	(F5)	PRODUCCIONES DE PARQUES, S.L. (JV)	Avda. P.Vaquer Ramis , s/n (Calviá)	Spain	50,00%		50,00%
(A)	(F3)	STARMEL HOTELS OP, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		30,00%	30,00%
(A)	(F4)	STARMEL HOTELS OP 2, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		20,00%	20,00%
(A)	(F5)	TERTIAN XXI, S.L.U. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		50,00%	50,00%
		TURISMO DE INVIERNO, S.A.	Plaza Pradollano, s/n Sierra Nevada (Granada)	Spain	21,42%		21,42%
		COMPANIES OWNING HOTELS	**ADDRESS**	**COUNTRY**	**DIR S.**	**IND S.**	**TOTAL**
(A)	(F7)	ALTAVISTA HOTELERA, S.L.	Avda. Pere IV, 272 (Barcelona)	Spain	7,55%	41,19%	48,74%
(A)	(F8)	BELLVER PROPERTY, S.L.U. (JV)	C/ Recoletos 3, 1° (Madrid)	Spain		50,00%	50,00%
		EL RECREO PLAZA & CIA., C.A. (JV)	Avda.Fco.de Miranda Torre Oeste,15 Of.15(Carac as)	Venezuela		1,00%	
						18,94%	19,94%
(A)	(F6)	EVERTMEL, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	49,00%		49,00%
(A)		FOURTH PROJECT 2012, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		50,00%	50,00%
(A)	(F4)	FUERTEVENTURA BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		20,00%	20,00%
		MELIA HOTELS FLORIDA, LLC. (JV)	Brickell Avenue Suite 1000, 800	USA		50,00%	50,00%
	(F6)	MONGAMENDA, S.L. (JV)	Alexandre Rosselló, 15 (Palma de Mallorca)	Spain		49,00%	49,00%
(A)	(F3)	PALMANOVA BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		30,00%	30,00%
(A)	(F8)	PELÍCANOS PROPERTY, S.L.U. (JV)	C/ Recoletos 3, 1° (Madrid)	Spain		50,00%	50,00%
(A)	(F3)	PUERTO DELCARMEN BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		30,00%	30,00%
(A)	(F3)	SAN ANTONIO BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		30,00%	30,00%
(A)	(F4)	SANTA EULALIA BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		20,00%	20,00%
(A)	(F3)	TORREMOLINOS BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		30,00%	30,00%
		COMPANIES OF DIFFERENT ACTIVITIES	**ADDRESS**	**COUNTRY**	**DIR S.**	**IND S.**	**TOTAL**
	(F5)	GOLF KATMANDU, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		50,00%	50,00%
(A)		INVERSIONES GUIZA, S. A.	Avda. Lope de Vega, 4 (Sto. Domingo)	Dom. Rep.		49,84%	49,84%
(A)		JAMAICA DEVCO S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	49,00%		49,00%
	(F6)	KIMEL MCA, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		49,00%	49,00%
(A)		SIERRA PARIMA, S.A.	Avda. Barceló, s/n (Bávaro)	Dom. Rep.	50,00%		50,00%
		COMPANIES WITH NO ACTIVITY	**ADDRESS**	**COUNTRY**	**DIR S.**	**IND S.**	**TOTAL**
		HELLENIC HOTEL MANAGEMENT	Panepistimiou, 40 (Atenas)	Greece	40,00%		40,00%
		YAGODA INVERSIONES, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		50,00%	50,00%
		HOLDING COMPANIES	**ADDRESS**	**COUNTRY**	**DIR S.**	**IND S.**	**TOTAL**
		EL RECREO PLAZA, C.A. (JV)	Avda.Fco.de Miranda Torre Oeste,15 Of.15(Caracas)	Venezuela		19,94%	19,94%
		HOMASI, S.A.	C/ Cavanilles 15,Pl.baja (Madrid)	Spain	34,99%		34,99%
	(F8)	MELCOM JOINT VENTURE (JV)	C/ Recoletos 3, 1° (Madrid)	Spain	50,00%		50,00%
		MELIA HOTELS USA, LLC. (JV)	Brickell Avenue Suite 1000, 800	USA		50,00%	50,00%
		MOSAICO HOTELES, S. A.	C/ cavanilles, 15 - Bajo Madrid 28000	Spain	35,00%		35,00%
		PROMEDRO, S. A. (JV)	Avda. del Lido s/n (Torremolinos)	Spain	20,00%		20,00%
(A)	(F3)	RENASALA, S.L. (JV)	Zurbarán, 9 (Mad rid)	Spain	30,00%		30,00%
(A)	(F4)	STARMEL HOTELS JV, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	20,00%		20,00%

(A) Audited companies

(JV) Joint Ventures

(F3) Companies which comprise the consolidated tax group with Renasala, S.L.

(F4) Companies which comprise the consolidated tax group with Starmel Hotel JV, S.L.

(F5) Companies which comprise the consolidated tax group with Producciones de Parques, S.L.

(F6) Companies which comprise the consolidated tax group with Evertmel, S.L.

(F7) Companies which comprise the consolidated tax group with Inversiones y Explotaciones Turísticas, S.A.

(F8) Companies which comprise the consolidated tax group with Melcom Joint Venture, S.L.

(*) Shareholding in these companies is through the ownership of apartments representing 32.2% and 22.04%, respectively.

Management Report for the Year Ended 31 December 2022

This report was prepared taking into account the "Guide of recommendations for the preparation of management reports of listed companies" published by the CNMV in July 2013.

According to the provisions of Law 11/2018 of 28th December, and pursuant to the new wording of Article 49 of the Code of Commerce, section 5, and of Article 262.5 of the Corporate Enterprises Act, the Company is exempted from the obligation to present the Non-Financial Information Statement since this information is included in the Consolidated Management Report of Meliá Hotels International Group, which parent company is Meliá Hotels International, S.A., and which will be registered, together with the Consolidated Annual Accounts, with the Commercial Registry of Palma de Mallorca.

1. Situation of the Company

1.1 Organisational Structure

Meliá Hotels International, S.A. (hereinafter, "the Company") is the parent company of the Meliá Hotels International Group (hereinafter, "the Group"), which comprises companies that are mainly engaged in tourism activities in general, and more specifically, in the management and operation of hotels under ownership, lease, management or franchise arrangements, as well as in asset management.

In any event, those activities that special laws reserve for companies which meet certain requirements that are not met by the Group, are expressly excluded from the corporate purpose. In particular, the activities that the law restricts to Collective Investment Institutions or to Stock Market intermediary firms are excluded.

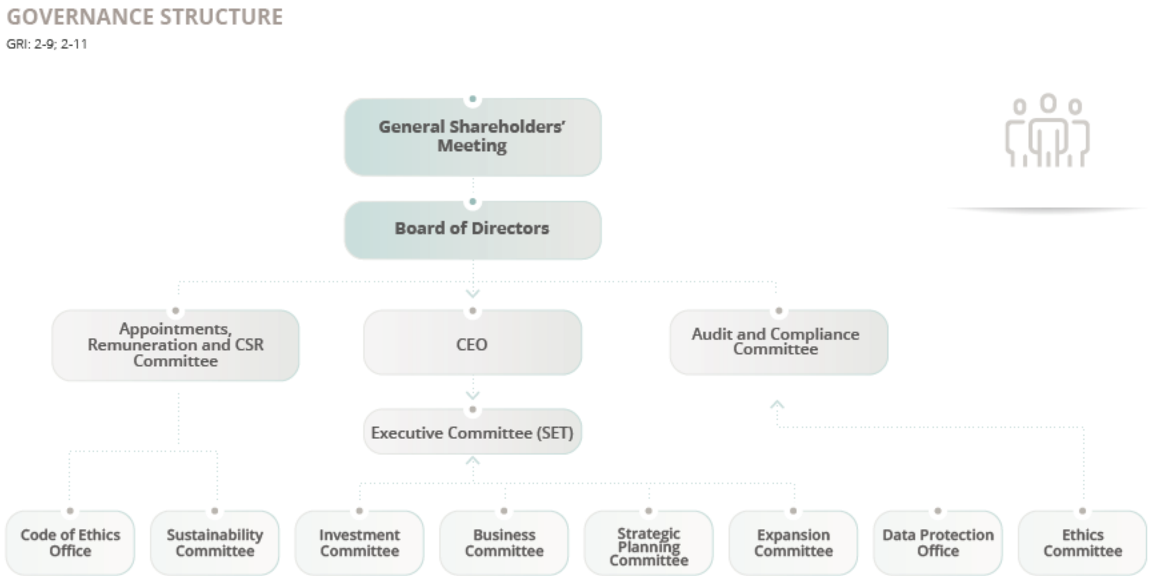
The operating segments that make up the Group's organisational structure and which results are reviewed by the key decision-makers of the Company are described below:

✓ *Hotel management*: This relates to the fees received for operating hotels under management and franchise agreements. It also includes the intra-group charges to the Group's hotels that are under ownership or under lease.
✓ *Hotel business*: The results obtained from the operation of hotel units owned or leased by the Group are included in this segment. Likewise, income generated by the food & beverage business is also included since this activity is considered to be fully integrated into the hotel business due to the majority sale of packages which price includes room and board, and therefore, a real segmentation of the associated assets and liabilities would be unfeasible.
✓ *Other business linked to hotel management*: This segment includes additional income from the hotel business, such as casinos and tour-operator activities.
✓ *Asset management*: This segment includes the capital gains on asset rotation, and real estate development and operation activities.
✓ *Vacation club*: It includes the results deriving from the sale of shared rights of use of specific vacation complex units.
✓ *Corporate segments*: These relate to structural costs, results linked to the intermediation and marketing of room and tourist service reservations, as well as corporate costs of the Group which cannot be assigned to any of the abovementioned three business divisions.

Governance Model

Our governance model consists of, and is implemented through, a set of regulations, rules, policies, protocols, processes and procedures based on the principles of transparency and corporate governance best practices. This system regulates and develops aspects relating to the structure, composition and functioning of the governance model, as well as the principles and commitments of the Code of Ethics and the policies approved by the Board of Directors.

The Group's corporate governance structure is detailed below:



The governance bodies are governed by several regulations (Company Bylaws, Regulations of the General Shareholders' Meeting, Regulations of the Board of Directors, Code of Ethics and the Internal Code of Conduct in the Securities Market) which underpin their functioning and serve as a basis for the application of the model principles.

BOARD OF DIRECTORS

Functions of the Board of Directors

Following the amendment of Article 5 of the Regulations of the Board regarding its functions, in 2022, the Board of Directors exercised functions concerning:

1. The General Shareholders' Meeting and the participation of shareholders: To call the General Shareholders' Meeting, to set the agenda, to prepare the proposals that are submitted for approval, to implement the resolutions approved by the Meeting, etc.
2. Policies and strategies of the Company and the Group: To follow up the Group's strategic plan, to define the Group's tax strategy, to establish the shareholders' remuneration policy, etc.
3. The organisation of the Board of Directors: To update and amend the Regulations of the Board, to monitor the effective functioning of the specialised committees, to assess the functioning of the Board, etc.
4. The information to be provided by the Company: To prepare the annual accounts and the non-financial information statement, to approve the annual corporate governance report and the report on the remuneration of directors, etc.
5. Remuneration of directors and executives: To propose to the General Shareholders' Meeting the appointment or ratification of directors, to follow-up the succession plan of the Chairperson of the Board of Directors, etc.

Diversity

Within the framework of the new Director Selection and Diversity Policy and recommendation number 15 of the Good Governance Code of listed companies of the CNMV, since 2021, the Board of Directors of Meliá Hotels International consists of four female directors, out of a total of eleven members, which results in 36.36% of women in the Board.

Thanks to this promotion of diversity, we are part of the IBEX Gender Equality Index, the first ranking that measures the female presence in executive positions of Spanish companies and which is made up of 30 listed companies with, at least, 25% of women in their boards.

Our ambition is focused on the future, and we work to continue implementing measures that promote and ensure diversity within the entire organisation. For this reason, we have set the objective of reaching 40% of female directors in 2023, and thus complying with recommendation number 15 of the Good Governance Code of listed companies of the CNMV.

Assessment of the Board of Directors

Annually, the Board of Directors assesses the functioning and composition of the Board itself and the Committees, as well as the performance of the Top Executive of the Group. The Appointments, Remuneration and Sustainability Committee is responsible for approving and initiating this process. The report that includes the results of the assessment for 2022 is submitted to the Board of Directors during the first quarter of the following year.

Regarding compliance with recommendation number 36 of the Good Governance Code of Listed Companies, which relates to the help of an external advisor in the process for assessment of the Board, in 2022, the Appointments, Remuneration and Sustainability Committee has been assisted by the consulting firm PricewaterhouseCoopers for the review of the assessment questionnaires of the Board of Directors and the Top Executive.

As a result of the self-assessment process in 2021, during 2022, a training plan in sustainability, non-financial risks and cyber security has been made available to the Board.

SPECIALISED COMMITTEES

Following the changes made to the Regulations of the Board (amendment of articles 14 and 15) and to the Company Bylaws, in 2022 the functioning and functions of our specialised committees have been consolidated, by aligning them with the recommendations on good governance.

Appointments, Remuneration and Sustainability Committee

Functions:

- To prepare the proposals for appointment and re-election of directors and senior executives, as well as their remuneration.
- To report on any transactions that imply or may imply conflict of interest.
- To lead the regular evaluation on the structure, size, composition and performance of the Board of Directors and specialised Committees, making recommendations as deemed necessary and appropriate in each case.
- To ensure that the knowledge and expertise of the directors in terms of ESG are adapted to the new trends and best practices in sustainability.
- To follow-up the strategy and practices in sustainability and assess their level of achievement in cooperation with the Sustainability Committee.
- To propose to the Board of Directors the criteria and conditions of the Remuneration Policy and ensure their transparency.

In 2022, it is worth mentioning the Committee's focus on appointments and re-elections, because during this year several changes in the composition of the Board occurred. And also the Committee's focus on remuneration stands out, since it has continuously monitored the measures adopted in terms of remuneration of the Executive Vice Chairman and Chief Executive Officer, as well as the preparation of the proposal for long-term variable remuneration linked to the stock quotes, which was submitted to the 2022 General Shareholders' Meeting for approval.

Auditing & Compliance Committee

Functions:

- To support the Board in monitoring the effectiveness of the internal control and risk management systems of the Group, serving as a communication channel with the internal and external auditors.
- To monitor the process for preparation and submission of financial and non-financial information to the Board.
- Compliance with the legal provisions and internal regulations.
- Monitoring of the internal audit function.
- Monitoring of the Risk Control & Compliance function.
- Relationship with the external auditor of the Group (Deloitte).

In 2022, the Committee has continued to be focused on following up the transformation of the Group's internal audit function.

Senior Executive Team (SET)

The Senior Executive Team or SET is the collegiate body that drives the Meliá Hotels International's management, as well as the critical and continuous review of the business. Thus, it ensures fulfilment of the objectives set by the Board of Directors and supports the Executive Vice Chairman and CEO in his management.

In addition, the SET ensures the sustainable growth of the activity and the creation of value for shareholders, promoting the projects to be undertaken by the Group and attributed to it. It also defines priorities, allocates the required resources and ensures the achievement of the objectives set.

The SET is also responsible for providing the Board of Directors with updated, objective and sufficient information to allow the latter to carry out its supervisory functions.

1.2 Strategic Priorities

The uncertainty and the rapid change that marked the evolution of the world during the last years have been also a constant during 2022, which review for Meliá Hotels International is presented in this report. 2022 can be considered a positive year for the sector thanks to the pandemic recovery and the remarkable resilience shown by the tourism demand.

Despite the combination of factors driven in some cases by the war in Ukraine, such as problems in the energy market, international trade and inflation, along with other crises such as the climate and talent crisis, 2022 has turned out to be excellent for tourism, allowing us to practically recover pre-pandemic levels. A year that has gone from bad to better: The first quarter of the year was strongly affected by the last big wave of COVID-19, the omicron variant, but the recovery during the third quarter came at cruising speed, offering results that confirm tourism as an essential activity for citizens around the world and as a 'refuge' sector for investors.

Strategy and transformation

Given the complexity of the above situation, the behaviour and speed of recovery of companies are directly related to their ability to efficiently manage their transformation towards new social and technological realities and trends. And especially with regard to digitalisation, sustainability, innovation and repositioning of products and experiences, as well as the increased operating efficiency demanded by the competitive economic environment.

The Company has been able to manage this turbulent and volatile year, thanks to the strengths it has built up and a sound strategy that has enabled it to anticipate and capitalise on emerging trends.

Among the aforementioned strengths, our digital capabilities, consolidated over the last few years and with new developments in the area of distribution, such as the launch in 2022 of a new website and the melia.com app, which is more experiential, user-friendly and personalised; or the introduction of a new travel and experience product such as Meliá Escapes, have also helped us to capitalise on the growing trend towards digital shopping and personalisation. Meanwhile, the collaboration with agents and tour operators continues to be strengthened, which have also returned strongly to normal.

With regard to the Company's comprehensive digital transformation, which began before the pandemic was declared with the launch of the Be Digital 360 programme, major advances have been made, such as a new, more digital and efficient operating model and a digitalisation of the most transactional and lower value-added functions, together with the optimisation of the customer experience through the so-called digital stay, which, in addition to minimising friction moments such as check-in and check-out, has managed to maximise the customer's experience and comfort throughout their stay.

In a year of strong inflationary pressures, the product and brand strategy, the distribution capacity, as well as the greater efficiency obtained through the digitalisation of processes and the collaboration with some of our large suppliers, such as energy companies, have enabled us to contain and cushion, to a large extent, the impact of the generalised increase in costs on results.

Uncertainty and opportunities

Today, all analyses call for cautious and moderate optimism, for despite the strength of travel demand, which seems immune to fears of a turn in the economic cycle, uncertainty, fuelled by the risk of a chronification of the war in Ukraine and other geopolitical tensions, as well as energy and inflationary problems, remains the only certainty today.

But in the face of all these geopolitical and macroeconomic conditions, there are also great opportunities for a diversified, digital and responsible company: on the one hand, the reactivation of international travel allows us to take advantage of the different levels of recovery of our major source markets. On the other hand, the digitalisation achieved will allow the Company to continue to improve efficiency in the final stretch of the inflationary crisis and to continue to benefit from the new trends in online consumption and distribution, which allow us to manage the current volatility with greater agility and flexibility.

Thirdly, but no less important, the complexity of the environment and greater awareness of sustainability offer tourism companies a great opportunity to show our social and environmental commitment, driving responsible digitalisation and promoting diversity, inclusion and the training and development of people, generating quality employment and contributing to leaving a positive impact on destinations, in compliance with the commitments made when we joined the United Nations Global Compact.

Strategy - Roadto2024

In a such a dynamic and changing context, we have adapted our global strategy by launching our new strategic road map, Roadto2024, in 2022, with the aim of providing us with a guide, very necessary in these times, to continue growing in the vacation and bleisure markets based on the principles of simplicity, transversality, governance, flexibility and agility, and always in accordance with the foundations of our culture and values as a family business.

To this effect, the road map establishes four main strategic priorities which are based on the following pillars:

- ✓ More profitable
- ✓ More efficient
- ✓ More managerial
- ✓ More sustainable

This ambition to be more profitable, more managerial, more sustainable and more efficient is associated with an ambitious cultural transformation plan, which ensures the commitment of our people, giving continuity to programmes already in place such as *The Day After* (our resilience programme during COVID-19), *Be Digital 360* or *Leading a New Future*, striking the foundations for a major digital transformation as well as a new way of operating through a model adapted to the new existing reality. In the same way, this plan is called to promote new lines of action to generate a purposeful culture together with a value proposition for people.

Innovation is inherent in our strategic vision and an increasingly necessary lever in environments, such as the current one, where differentiation is key to success. Our strategic commitment includes a commitment to innovation, always open to analysing best practices in other sectors and applying them to our own.

A set of strategic projects, grouped into three programmes, are responsible for giving shape and content to our road map, where we set priorities to build on our strengths and lessons learned.

Sustainability strategy

Following the pandemic, intangible assets have become particularly relevant. Among them, sustainability stands out as one of the most transversal values. In this demanding environment, there are three major trends. The first of these is linked to regulatory changes: 2022 was the year in which the regulator focused on mitigating the risk of greenwashing.

The second trend relates to an increasingly demanding consumer. In our case, the hotel customer expects to find sustainable products, attributes and services in the hotel establishments they visit.

Finally, the third major trend has an eminently social focus. The pandemic has also reshaped consumer expectations, which are now more concerned with sustainability, health and wellbeing. From a hotel perspective, we have seen this in 2022 in the rise of bleisure travel, increased demand for accommodation with a holistic value proposition related to health and wellness, increasing digitalisation and personalisation of the customer experience.

In response to this, we have redoubled our commitment to care for our employees, focusing on their stability, training and talent development, advancing equality and diversity, and ensuring safe working environments.

We want to be a benchmark in the transformation towards a new tourism model in which sustainability is a strategic management criterion and which allows us to contribute to minimising our impact on the planet, as well as to economic and social development. This approach is materialised around a programme that we have called Responsible Business, which takes as a reference our Vision 2030 to be recognised as a world benchmark in excellence, responsibility and sustainability.

Our development on this matter has allowed us to recover the highest position, Top 1% of the sector, in the CSA of S&P Global in 2022.

In 2022, given the current complex regulatory context, the carbon footprint reduction targets have been updated with targets for 2025 and 2035, taking 2018 as the base year.

In order to lay the foundations for the consolidation of our model in 2023, we will work along different lines, among which the following stand out:

- To accelerate our ability to adapt to regulatory requirements, extending them to all affected management areas.
- To continue to work on data and information capture processes to respond to environmental taxonomy.
- To prepare to be in the best position to apply the new European sustainability reporting standards in line with the new requirements of the Corporate Sustainability Reporting Directive.
- To review and adapt our human rights due diligence model to ensure alignment with the new European human rights directive.
- We will continue to promote the ESG risk management culture.
- To progress in the consolidation of our sustainability governance model with the aim of permeating the entire organisation in the assumption of commitments, the definition of objectives and the promotion of the different lines of management.
- To strengthen the data culture with the aim of putting sustainability information on an equal footing with financial information at all levels.
- To continue our commitment to reduce our carbon footprint in line with the targets we have set ourselves, and to make progress in reducing our water footprint.
- To explore new opportunities for further work on circular economy initiatives.
- To put our customers - internal and external, individual or corporate - at the centre of our awareness-raising and sensitisation efforts so that they become an active part of the transformation.

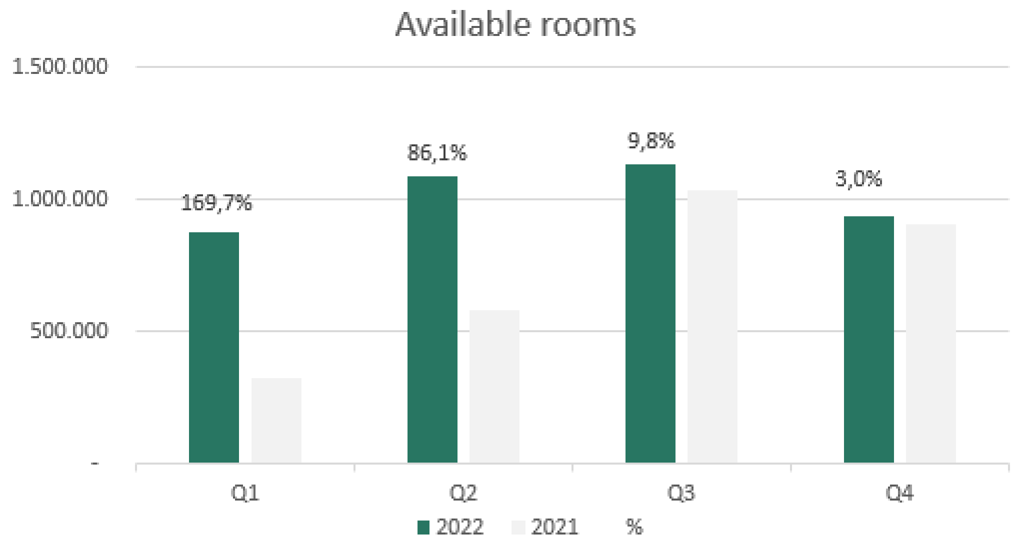
2. Business Evolution and Performance

The evolution of occupancy, average room rate (ARR) and revenues per available room (RevPAR) in 2022 compared to that in 2021 for the Company's hotels is included below:

HOTELS	OCCUPANCY		ARR		RevPAR	
	%	Δ (pp)	€	Δ%	€	Δ%
Urban	65,2%	17,7	132,0 €	37,4%	86,1 €	88,4%
Holiday	69,1%	21,4	117,2 €	-5,1%	80,9 €	37,6%
TOTAL HOTELS SPAIN	66,6%	19,0	126,7 €	19,9%	84,3 €	67,6%

BRANDS	OCCUPANCY		ARR		RevPAR	
	%	Δ (pp)	€	Δ%	€	Δ%
Me by Melia	50,8%	16,7	264,2 €	60,0%	134,1 €	138,1%
Gran Meliá	56,6%	1,3	371,4 €	6,4%	210,1 €	9,0%
Meliá	66,4%	19,5	143,2 €	19,1%	95,2 €	68,5%
Innside	73,9%	26,2	139,1 €	18,3%	102,9 €	83,2%
Sol	68,9%	22,9	88,0 €	-1,6%	60,6 €	47,4%
Affiliated by Meliá	66,3%	16,0	107,3 €	31,6%	71,1 €	73,5%
TOTAL	66,6%	19,0	126,7 €	19,9%	84,3 €	67,6%

The evolution of rooms available in 2022 compared to 2021 was as follows:



Performance

The evolution of year 2022 has been positive in general in most destinations. After a first quarter negatively impacted by the Omicron variant with a high volume of cancellations and low bookings, the second quarter of the year managed to initiate a turnaround which subsequently culminated in a third quarter that exceeded pre-pandemic revenues for the first time. The closing of the year has maintained the positive trend, confirming the general trend of the year with higher average rates and occupancies below 2019 levels, while maintaining higher RevPar. This year stands out for lastminute bookings, flexible rates and the return of the international client. This last factor is very positive, and marks the consolidation of the recovery of the business, with prospects for growth and access to new markets.

In Spain, in relation to urban hotels, the first months of the year were very difficult due to the impact of the Omicron variant. In this environment, it was the secondary destinations that performed the best, due to proximity tourism and a bleisure approach. The main destinations began to see an improvement in operations in the second quarter, where the rapid improvement in the epidemiological situation boosted the pace of bookings. The third quarter allowed us to return to 2019 figures, mainly thanks to the increase in the average rate and the return of international customers. By segment, direct customers and OTAs showed a better performance from the outset, also supported by the gradual recovery of air connectivity, which has shown a positive evolution both in the number of flights and occupancy rates. The Corporate and MICE segments showed a slower progression, with a lower number of congresses and events on an annual basis. However, those events that did take place showed a positive evolution, which, without reaching pre-pandemic volumes, indicate a clear change in trend. The end of the year has maintained the same trend, being for the second consecutive quarter higher in terms of RevPar than in 2019.

With respect to vacation hotels, the first part of the year was largely affected by the re-imposition of travel restrictions in Europe and the UK, which remained in place until mid-February. However, once the threat of the Omicron variant was overcome, the pace of sales picked up immediately. This allowed us to focus on a strategy of enhancing the value of our luxury hotels and superior rooms, which facilitated an average price increase. If the second quarter indicated the turnaround, the third quarter undoubtedly marked the materialisation of the recovery after a very positive summer in which we managed to exceed pre-pandemic revenues for the first time and where RevPar stood at +17.2% compared to the third quarter of 2019.

In achieving these results, the recovery of our international clientele was very important. In this regard, we not only saw a recovery of our traditional markets, but also the recovery of markets such as North America and the United Arab Emirates, where our luxury hotels have shown the highest increase in revenues and rates compared to previous years. By segments, both direct clients and OTAs and Tour Operators maintained a positive dynamic with a high trend towards lastminute bookings and flexible rates.

Outlook for 2023

Even with limited visibility, bookings show a positive trend and are higher than those recorded at the same date for the fiscal years 2019 and 2022. This is in addition to the prospects of air traffic recovery and the good performance of bookings by the Tour Operator. The MICE and Corporate segments, which have been lagging behind, also show recovery indicators in several regions, which is indicative of solid demand despite fears of a possible economic downturn in 2023. The current outlook for the start of the year therefore invites cautious optimism.

In Spain, in urban hotels the forecasts are positive, maintaining the trend of double-digit price increases and occupancy levels slightly lower than in 2019. The MICE differential vs 2019 continues to narrow, although Corporate continues with a slower recovery trend. Vacation Hotels, on the other hand, present very positive results for the first quarter, given the last minute pick-up that has been maintained at the beginning of the year. This has allowed us to exceed our forecasts, thanks to the focus, already started in 2022, on improving the average price of hotels. In the last few weeks we have seen an increase in bookings mainly in the UK, German and local markets, which in part are starting to anticipate bookings for the summer. The Canary Islands continue to be the area with the best expectations at a national level, where projects that will allow the arrival of the Paradisus brand in Europe have been initiated.

3. Risk Management

In Meliá Hotels International we have implemented a Risk Management and Control System since 2009, which is considered as a Best Practice in the industry in the Corporate Sustainability Assessment of S&P Global ESG 2022, thus allowing us to progress in the importance of establishing a risk management and control culture that provides confidence and transparency.

This model, as well as its governance, is based on three key pillars:

- The existence of a Risk Control Policy and an internal rule, which establish the general framework for action, as well as the basic principles, guidelines or criteria that the Group's Risk Control and Management System follows to ensure complete alignment with its strategy. Both documents were updated and approved by the Auditing and Compliance Committee in 2020.
- A structure of governance bodies with specific roles and responsibilities for risk management.
- A system of segregation and independence of functions, which follows the model of the three lines of defence and ensures complete and integrated management of an area that cuts across the entire Group and for which the Board of Directors is ultimately responsible.

Note 5 to the annual accounts includes additional information on the management of the different financial risks to which the Company’s activities are exposed: market risk (foreign exchange risk, interest rate risk, price risk), credit risk, liquidity risk, environmental risks and several geopolitical risks.

In addition, the Annual Corporate Governance Report and the Consolidated Annual Accounts explain in detail the management carried out by the Group.

4. Acquisition and Disposal of Treasury Shares

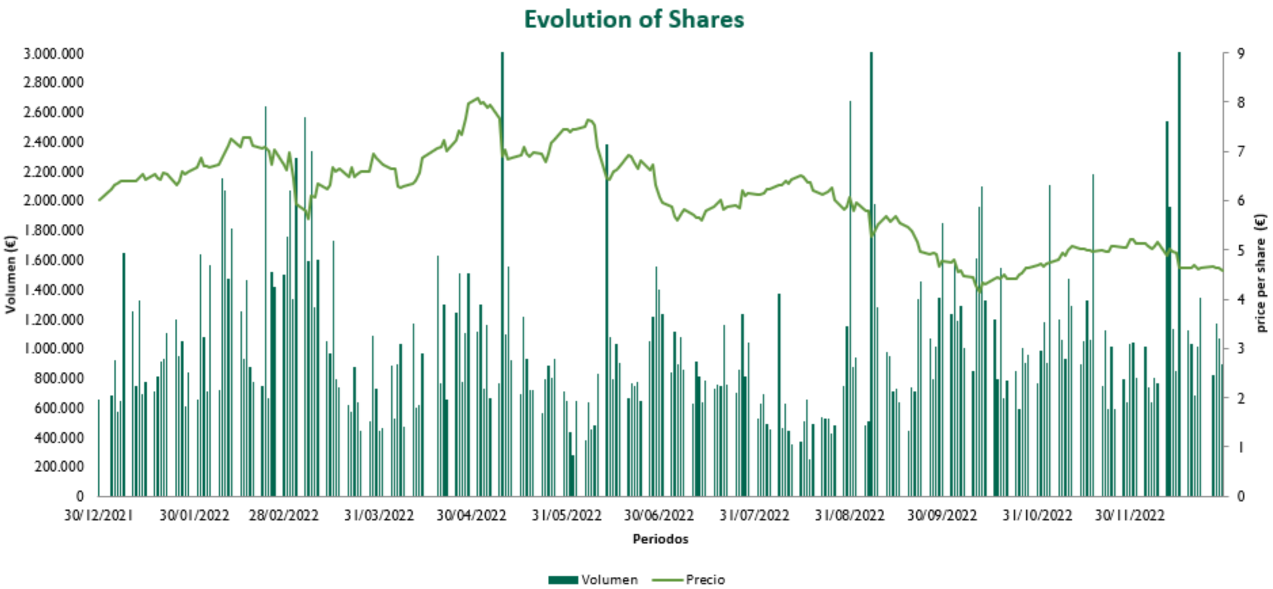
As at 31 December 2022, the number of treasury shares held by the Company is 334,014, which represents 0.152% of the share capital. As at 31 December 2021, the number was 277,014, which represented 0.126% of the share capital.

The price of Meliá Hotels International, S.A.'s shares at year end was EUR 4.578. At the 2021 year end the share price amounted to EUR 6.002.

5. Other Information

5.1 Meliá's Shares

So far this year, our shares fell by 23.73%, while IBEX fell by 5.56%.



Source: Bloomerg.
Note: The Company's shares are listed on the Ibex 35 and on the index FTSE4Good Ibex.

	Dec-22	Dec-21
Number of shares (*million*)	220,4	220,4
Daily average volume (thousands of shares)	1.038,6	1.018,9
Maximum price (*euro*)	8,1	7,3
Minimum price (*euro*)	4,1	5,3
Last price (*euro*)	4,6	6,0
Dividend (*euro*)	-	-

5.2 Dividend Policy

The shareholder remuneration policy aims at offering an attractive dividend, which is predictable and sustainable in time. This policy is consistent with the maximum priority given to the maintenance of a level of own resources that ensures investments for the future growth of the Company and guarantees value creation.

The Board of Directors, in order to strengthen the solvency and liquidity of the Company, will propose to the General Shareholders' Meeting not to distribute dividends.

The previous year, no dividends were distributed given the continuation of the Covid-19 impacts during that year.

5.3 Environmental Risks

These annual accounts do not include items relating to environmental information that should be included in the specific document of environmental information pursuant to Order of the Ministry of Justice dated 8 October 2001.

5.4 Average Payment Period to Suppliers

As set forth in the relevant note to the annual accounts, the average period of payment to suppliers of Meliá Hotels International, S.A. was 57.1 days in 2022; 64.94 days in 2021.

5.5 Headcount Evolution

This is detailed in Note 16.3 to the annual accounts.

5.6 Events After the Reporting Date

There have been no events between the end of the reporting period and the preparation of these annual accounts which may involve any adjustments to evidence conditions that existed at the year end, and no events have taken place after the year end which could affect the capacity of the users of the Financial Statements to make proper evaluations and economic decisions.

6. Annual Corporate Governance Report

The Company's Consolidated Management Report includes the Annual Corporate Governance Report of the Company for 2022, according to Article 49.4 of the Code of Commerce. Likewise, such report will be available from the date of publication of these annual accounts on the corporate website (www.melia.com) and on the website of the CNMV (www.cnmv.es).

7. Annual Report on the Remuneration of Directors

The Company's Consolidated Management Report includes the Annual Report on the Remuneration of Directors of the Company for 2022, according to Article 538 of the Corporate Enterprises Act. Likewise, such report will be available from the date of publication of these annual accounts on the corporate website (www.melia.com) and on the website of the CNMV (www.cnmv.es).

Preparation of the Annual Accounts and Management Report for 2022

At the meeting of the Board of Directors of Meliá Hotels International, S.A. held on 27 February 2023 (Monday) at E-07009-Palma (Mallorca) and at the registered address, Calle de Gremio Toneleros nº 24; previously called timely and in due form and according to the provisions of Article 35 and related articles of the Company Bylaws and Article 17 and related articles of the Regulations of the Board of Directors, the Annual Accounts and Management Report have been prepared and approved, which incorporates by reference to a separate document the Annual Corporate Governance Report and the Annual Report on Remuneration of Directors of Meliá Hotels International, S.A. for 2022, following the format and labelling requirements laid down by Delegated Regulation EU 2019/815 of the European Commission, unanimously by all the members of the Board of Directors, except for Mr. Gabriel Escarrer Juliá, Chairman of the Board of Directors of Meliá Hotels International, S.A., who did not attend the mentioned meeting following medical instructions, which prevented him from signing the mentioned annual accounts and management report in a handwritten or digital form.

By means of this Statement, all the members comprising the Board of Directors attending the meeting hereby prepare and unanimously approve the mentioned Annual Accounts and Management Report for 2022, for verification by the auditors and subsequent approval by the General Shareholders' Meeting.

Signed Mr. Gabriel Escarrer Juliá
Vice-Chairman and Chief Executive Officer

Signed Mr. Fernando d'Ornellas Silva
Director

Signed Hoteles Mallorquines Asociados, S.L.
(Represented by Mr. Alfredo Pastor Bodmer) Director

Signed Ms. Carina Szpilka Lázaro
Director

Signed Mr. Francisco Javier Campo García
Director

Signed Ms. Cristina Henríquez de Luna Basagoiti
Director

Signed Mr. Luis Mª Díaz de Bustamante y Terminel
Secretary and Director

Signed Hoteles Mallorquines Agrupados, S.L.
(Represented by Mr. Jose María Vázquez-Pena Pérez)

Signed Ms. Montserrat Trapé Viladomat
Director

Signed Ms. Cristina Aldámiz-Echevarría González de Durana
Director

MELIÁ HOTELS INTERNATIONAL, S.A.

STATEMENT OF RESPONSIBILITY

The undersigned members of the Board of Directors state, to the best of their knowledge, that the individual annual accounts of Meliá Hotels International, S.A. for 2022, prepared unanimously at the meeting held on 27 February 2023 and drafted pursuant to the applicable accounting principles, provide a true image of the equity, the financial situation and the profit and loss of the Company, and that the Management Report approved unanimously together with the mentioned annual accounts, which includes by reference to a separate document the Annual Corporate Governance Report and the Annual Report on the Remuneration of Directors, include a true analysis of the evolution, the business results and the situation of Meliá Hotels International, S.A., including the main risks and uncertainties faced by the Company.

Mr. Gabriel Escarrer Juliá, Chairman of the Board of Directors of Meliá Hotels International, S.A., could not attend the mentioned meeting following medical instructions, which prevented him from signing the mentioned annual accounts and management report in a handwritten or digital form.

Palma (Mallorca), on 27 February 2023.

Mr. Gabriel ESCARRER JAUME, Vice Chairman and
Chief Executive Officer ______________________

HOTELES MALLORQUINES ASOCIADOS, S.L.,
Represented by Mr. Alfredo PASTOR BODMER ______________________

HOTELES MALLORQUINES AGRUPADOS, S.L.,
Represented by Mr. Jose María Vázquez-Pena Pérez ______________________

Mr. Francisco Javier CAMPO GARCÍA ______________________

Mr. Fernando d´ORNELLAS SILVA ______________________

Ms Cristina ALDÁMIZ ECHEVARRÍA GONZÁLEZ DE DURANA ______________________

Ms Cristina HENRÍQUEZ DE LUNA BASAGOITI ______________________

Ms Carina SZPILKA LÁZARO ______________________

Ms Montserrat TRAPÉ VILADOMAT ______________________

Mr. Luis Mª DÍAZ DE BUSTAMANTE Y TERMINEL, Secretary ______________________