Meliá Hotels International, S.A. and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2023 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.

Deloitte.

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INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Meliá Hotels International, S.A. ("the Parent") and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2023, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

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 Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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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Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Impairment test on assets associated with the hotel activity

Description

As described in Note 1 to the accompanying consolidated financial statements, the Group engages in the management and operation of 350 hotels (owned, leased, managed and franchised) in 38 countries, and had assets associated with the hotel activity with an aggregate carrying amount of EUR 3,178 million at 31 December 2023, with this amount including goodwill, property, plant and equipment, intangible assets, right-of-use assets and investment property.

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

For each cash-generating unit ("CGU"), the Group's Management has calculated the value in use of each of them based on the estimate of future cash flow generation, taking into account economic and geopolitical aspects, and applying specific growth and discount rates for the CGUs in each country where the Group operates, also adjusting discount rates to be consistent with the underlying cash flows.

As a result of the test carried out, an expense has been recognised under the headings "Depreciation and impairment Property, Plant and Equipment and Other intangible assets", "Depreciation and impairment Right of use" and "Results from assets sale" of the accompanying consolidated profit and loss account for the year 2023, for a total amount of €5.5 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 consolidated 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, such as occupancy rate and revenue per room, and financial assumptions such as the discount rate, the long-term growth rate and, in the case of owned assets, 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 and 3 to the accompanying consolidated financial statements for 2023, 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.

On the other hand, we have obtained the impairment tests of the Group's hotel assets carried out by the Management of the Parent Company, verifying their arithmetic correctness and the adequacy of the valuation methodology used in each case, with the involvement of our internal valuation specialists. In addition, we have obtained the latest budgets approved by the directors of the Parent Company adapted to the current circumstances of the markets in which the Group operates, and evaluated the reasonableness of its main operating assumptions against macroeconomic and sector forecasts, taking into account economic, geopolitical and climatic aspects, as well as long-term projections compared to historical hotel data prior to the pandemic. We have also analysed the reasonableness of the long-term discount rates and growth rates and, for owned assets, the exit yields applied, with the assistance of our valuation specialists, and reviewed the sensitivity analyses carried out by management with respect to these assumptions.

Lastly, we evaluated whether the disclosures made by the Group in relation to these matters, which are included in Notes 7.1, 7.5, 10, 11, and 17 to the accompanying consolidated financial statements, contained the information required by the applicable accounting regulations.

Recognition of vacation club revenue

Description	Procedures applied in the audit
The Group sells timeshare rights for specific holiday complex units. The revenue recognised in the accompanying consolidated statement of profit or loss for 2023 arising from this vacation club activity amounted to EUR 69 million, and the amounts contracted, net of related expenses but not yet recognised in profit or loss, which are recognised under "Capital grants and other deferred income" in the accompanying consolidated balance sheet as at 31 December 2023, total EUR 264 million. The recognition of revenue from the exercise of the rights of use by the customers, as well as for cancellations of the package of rights contracted, although not complex, involves a specific casuistry associated with the different conditions signed with the customers and contains a manual registration component. In addition, the Group recognises club revenue from unexercised customer rights in proportion to the customer's usage pattern, and provided that the likelihood of the customer exercising its remaining rights becomes remote, requiring the use of relevant estimates and judgments by management. Accordingly, this matter was a key audit matter in our audit.	Our audit procedures included, among others, the review of the accounting policies for the recognition of revenue from the Group's vacation club, which are described in Note 3.11 to the accompanying consolidated financial statements for 2023, in order to evaluate whether they were in conformity with the applicable regulatory financial reporting framework, as well as checking the design and implementation and the operating effectiveness of the relevant controls identified in the process of recognising revenue from the vacation club. We have also carried out substantive procedures consisting of verifying, for a randomly selected sample of sharing rights exercised during the year, as well as cancellations, the consistency of the accounting record with the associated contractual documentation and its adequacy to the terms and obligations of the program contracted by the club's client. In addition, we have obtained the calculation made by the Management of the income recognized by unexercised customer rights, evaluating its arithmetic correctness, as well as the most relevant hypotheses, particularly the percentage of unused rights, based on historical information. Lastly, we evaluated the reasonableness of the disclosures contained in Notes 7.1 and 16.1 to the accompanying consolidated financial statements on the revenue from the Group's vacation club.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2023, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

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

a) Solely checking that the consolidated 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 consolidated directors' report is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated 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 had been furnished as provided for in the applicable legislation and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2023 and its content and presentation were in conformity with the applicable regulations.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated 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 files in European Single Electronic Format (ESEF) of Meliá Hotels International, S.A. and its subsidiaries for 2023, which comprise the XHTML file including the consolidated financial statements for 2023 and the XBRL files with the tagging performed by the Group, 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 2023 in accordance with the format and markup 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 consolidated directors' report.

Our responsibility is to examine the digital files prepared by the Parent'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 consolidated financial statements included in the aforementioned digital files corresponds in full to that of the consolidated financial statements that we have audited, and whether those consolidated financial statements and the aforementioned files were formatted and marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined correspond in full to the audited consolidated financial statements, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Additional Report to the Parent's Audit and Compliance Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit and compliance committee dated 27 February 2024.

Engagement Period

The Annual General Meeting held on 22 June 2023 appointed us as the Group's auditors for a period of one year from the year ended 31 December 2022, i.e., for 2023.

Previously, we were designated pursuant to a resolution of the General Meeting for a period of 1 year 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

29 February 2024

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 consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 Group's internal control.

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

- Conclude on the appropriateness of the use by the Parent's 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.

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

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

We communicate with the Parent'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 Parent'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 Parent's audit and compliance committee, we determine those matters that were of most significance in the audit of the consolidated 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.

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2023 Management Report

Letter from the Chairman and CEO

Dear shareholders, team members, customers and partners,

For the first time as Chairman of Meliá Hotels International, I present the 2023 Annual Report; a year of normality and growth after the disruption caused by the COVID pandemic. As you know, global tourism demand has resurged and continues to show "extraordinary resilience" in the words of the Secretary-General of the World Tourism Organization (UNWTO), which, like the sector's other institutions and experts, has just once again revised upwards its forecasts for the closing of this year. This is despite the complex context that has conditioned the exit from the crisis, marked by geopolitical insecurity, the inflation crisis, the climate emergency and the shortage of talent in the industry.

In the case of Meliá Hotels International, 2023 will be remembered as the year in which we consolidated the recovery curve that began in 2022, capitalising on the positive situation to grow and get stronger by following our strategic roadmap, while also mitigating the worst impacts of inflation and the polycrisis. We are continuing to keep more alive than ever the commitments made in our *Roadto2024*, with the ambition of being "more profitable, better managers, more sustainable and more efficient", commitments on which we have been underpinning our progress and building our achievements.

Growth and transformation

The tailwinds of international tourism demand have undoubtedly helped our Company meet targets such as exceeding 2019's revenues by 7.8%, and achieving EBITDA excluding capital gains of 486.5 million, above the commitment made at our last Annual General Shareholders Meeting. But along with the current situation, our strategy has also been fundamental for consolidating our portfolio's growth and promoting greater efficiency in our management. This has contributed to maintaining our margins despite the inflationary context, while giving us a leading competitive factor for expansion through less capital-intensive formulas, including management and franchising, under which we have already incorporated more than 65 hotels in the last 6 years.

Our Roadmap has helped us to continue progressing in areas such as technology, and we now have a top-rate suite of solutions to manage our hotels and third-party hotels more efficiently, while we keep on evolving our distribution platform's digital assets. While last year we updated our B2C melia.com website, this year the investment has been focused on the B2B Meliá PRO platform, laying the foundations for significant growth in demand from this very important segment which, following a strong recovery after the pandemic, now accounts for 5.3% of our global turnover.

Technology with a global approach that follows the customer throughout their 'journey' by means of a more efficient and digital relationship model, wherever the customer needs it and during their stay, putting at their fingertips our hotels' entire offer in a user-friendly way, to make their stay a true experience.

In the area of innovation, we have continued committing to knowledge and personalisation of the offer to our customers with the aid of our loyalty programme, *MeliáRewards*. Turning 30 in 2024, this programme welcomes new members every day and, like the other parts of the Company, is essential on the path of growth and expansion.

On the subject of expansion, together with our management and distribution capacity as competitive levers, Meliá's growth is strongly linked to our brand strategy. Significant advances include the consolidation of our unique luxury hotel brand Meliá Collection, which already has 8 hotels in operation and 8 to be opened in the future, the debut of the ZEL brand, created in collaboration with Rafael Nadal, with an increasing pipeline of openings for the coming years, and the launch in Europe of the Paradisus by Meliá “Destination Inclusive” resorts brand, specifically in the Canary Islands with Paradisus Salinas Lanzarote and Paradisus Gran Canaria. 2024 will be a pivotal year for the ME brand, with the planned openings of ME Malta, ME Sayulita, ME Guadalajara in Mexico and ME Lisbon (Portugal).

In 2023, our Company signed a total of 26 new hotels and 12 new openings, some as major as the Gran Meliá Palazzo Cordusio (Milan), the ZEL Mallorca hotel, our first Gran Meliá in Southeast Asia, Gran Meliá Nha Trang (Vietnam) or the Innside Bangkok in the capital of Thailand. I would also highlight our return to growth in countries like Mexico and our consolidation in holiday destinations with significant potential for growth, such as Albania and Malta.

Our portfolio’s current evolution already reflects the positive tendency created by our luxury strategy, a segment which accounts for 13% of the portfolio and to which one in three of the group’s new openings belong. As the segment with the highest demand and the most resilient to cycles and crises, the growing focus on luxury hotels and rooms has given us a clear competitive strength over the years. It is also helping to consolidate an increasingly qualitative RevPAR, prioritising quality over quantity and at the same time minimising risks and negative impacts on resources and communities in the destinations where we operate.

A responsible business

Our sustainability strategy, or responsible business, as we designed it in *Roadto2024*, encompasses the three dimensions of the ESG acronym (environmental, social and governance), and I am pleased to report that *S&P Global ESG* has recognised us in its *Sustainability Yearbook 2024* as Europe’s most sustainable company in the *Hotels, Resorts & Cruises Lines* sector. However, this milestone should not cause us to overlook the countless challenges posed by the climate situation and social demands, both nationally and internationally, all under a regulatory environment of governance and regulation promoted by the European Economic Community with the ambition of making progress in the face of the challenges set out in the *New Green Deal*.

The 2023 Climate Change Conference (COP28) held in Dubai concluded with a hopeful agreement to boost the energy transition, with an express call to abandon fossil fuels, with the mission of achieving net zero emissions by 2050.

Under these premises, Meliá continues to work on reducing its carbon footprint and promoting the use of renewable energies, as well as ensuring an efficient environmental management system that contributes to meeting the targets set to reduce our emissions by 71.4% by 2035 (vs 2018).

During the year, we resumed environmental certifications with the aim of completing this process in 2024 for our entire portfolio of owned, leased and managed properties. On the other hand, given the situation of water stress that many hotels are experiencing, mainly in Spain and other countries in the Mediterranean basin, last year we launched the Magnum project, an initiative in partnership with two other business entities to measure the water footprint, applying *Building Information Modelling (BIM)* technology and the creation of a platform that integrates current and future data in a structured way. This project is scheduled for completion during 2025 and will give the Company a level of detail on the hotel’s water performance and conclusions to be incorporated into new hotel constructions.

Regarding the social dimension, Meliá is meeting its target of recovering its pre-pandemic workforce levels and achieving *TOP Employer* recognition in eight countries (Spain, Dominican Republic, Mexico, Italy, France, United Kingdom and Germany), which together represent no less than 96% of the Company’s total workforce. Together, this certification, the new vision of its *Very Inspiring People* employer brand, presented this year, and the extraordinary results of the Culture and Engagement Study, with an average rating of engagement and sense of belonging of over 87%, ratify Meliá’s internal and external reputation as an employer and support our competitiveness in an environment of increasing shortage of and competition for talent.

Thirdly, in terms of governance, Meliá continues to get stronger with a more independent (54.54%) and more diverse Board, maintaining its 36.36% percentage of women. In 2023, the most significant milestone was undoubtedly the culmination of the succession process for the Executive Chairmanship, planned since 2016 following the resignation of our founder and current Honorary Chairman.

Strength and trust

Global tourism demand's shining moment, which according to estimates and booking indicators will continue in 2024, should not obscure the significant challenges that our industry continues to face. After providing an example of resilience and commitment in the face of disruption, the current transition period requires us to continue to strengthen our balance sheet to restore the healthy debt levels and value generation prior to the pandemic, and to capitalise on our strengths and leadership as our industry continues to grow in the coming years.

To achieve this, along with cash generation, the growth and improvement of our portfolio and efficiency improvements, we are continuing to promote other levers such as the turnover of certain non-strategic assets and the consolidation of corporate alliances with leading entities in the market, such as the agreement signed with Banca March for three hotels located in Ibiza and Fuerteventura, and the two operations linked to the *Abu Dhabi Investment Authority* (ADIA).

I would like to conclude by reiterating that without trust there is no growth, no investment and no future. For this reason, Meliá Hotels International would like to thank you for the privilege of having kept the trust of our shareholders, partners and collaborators during such difficult times. Safeguarding this trust and continuing to contribute to the generation of shared value with our stakeholders is, and will assuredly be, our priority in the new era of growth and consolidation that we now begin, guided by our Roadmap 2030.

Gabriel Escarrer Jaume
Chairman and CEO

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About this report

Basis for the report

GRI: 2-1; 2-2; 2-3; 2-4

This Non-Financial Information Statement for Meliá Hotels International, S.A. is prepared in line with the provisions of the current mercantile regulations (Act 11/2018 of 28 December on diversity and non-financial reporting) and following the criteria of the selected Global Reporting Initiative standards, as well as those described in accordance with the aforementioned in the Non-Financial Reporting and Diversity Requirements annex (Act 11/2018).

In addition to the information required under current regulations and the developments related to the recently published Corporate Sustainability Reporting Directive, this report includes the following:

- Annual Corporate Governance Report (ACGR): In accordance with the provisions of Article 538 of the Spanish Companies Act, the Annual Corporate Governance Report for 2023 forms part of the Consolidated Management Report and is published on the Comisión Nacional del Mercado de Valores website (www.cnmv.es) and on the company's corporate website (www.meliahotelsinternational.com).
- Annual Directors' Remuneration Report (ADRR): In accordance with the provisions of Article 538 of the Spanish Companies Act, the Annual Directors' Remuneration Report for 2023 forms part of the Consolidated Management Report and is published on the Comisión Nacional del Mercado de Valores website (www.cnmv.es) and on the company's corporate website (www.meliahotelsinternational.com).

Group information

The parent company, Meliá Hotels International, S.A., hereinafter, the "Company" or the "Parent Company", is a Spanish limited company that was incorporated in Madrid (Spain) on 24 June 1986 under the company name Investman S.A. On 1 June 2011, the Annual General Shareholders Meeting approved the change of name to Meliá Hotels International, S.A. The Company moved its registered office to 24 Calle Gremio Toneleros, Palma de Mallorca in 1998.

Meliá Hotels International, S.A. and its subsidiaries and associates (hereinafter, the "Group" or the "Company") form an integrated group of companies engaged mainly in tourism activities in general and, more specifically, in the management and operation of owned, leased, managed or franchised hotels, as well as vacation club operations. The Group is also engaged in the promotion of all kinds of businesses related to the tourism industry and the hotel sector and to leisure, entertainment and recreational activities, as well as participating in the creation, development and operation of new businesses, establishments and entities in the tourism industry and hotel sector and any leisure, entertainment and recreational activities.

With more than 65 years of history behind it, Meliá Hotels International has consolidated its international presence with 350 hotels in 38 countries, mainly in Spain, Latin America, the rest of Europe and Asia.

Scope of the report

The period covered by the report corresponds to the financial year beginning on 1 January 2023 and ending on 31 December 2023.

The information reported is aligned with the consolidation perimeter used in the Group's Consolidated Financial Statements (full consolidation method). Consequently, this report includes information on all entities over which the Group exercises effective control, which is generally accompanied by a shareholding of more than half of the voting rights.

Details of the companies included in the consolidation perimeter as at 31 December 2023 are provided in Annex 1 and Annex 2 of the 2023 Consolidated Financial Statements, classified into subsidiaries, joint ventures and associates.

The changes in the presentation of the current report are due, on the one hand, to the recent publication of the Corporate Sustainability Reporting Directive, or CSRD, which governs the European Sustainability Reporting Standards, or ESRS, to be transposed during 2024 and, therefore, applicable for next year's reporting. On the other hand, said changes are also due to our ambition to be a benchmark in the transformation towards a new tourism model in which sustainability takes precedence as a strategic criterion in management. In this way, we have taken the first steps towards adapting the structure and content required under the new Directive, while still meeting the requirements of current mercantile legislation (Act 11/2018 of 28 December on diversity and non-financial reporting).

As at the date when this report was prepared, no errors have been detected that would entail the rectification of previous publications.

External verification

In order to ensure the transparency and reliability of the information, Meliá Hotels International has submitted its non-financial reporting to verification by an independent external auditor since 2010. The 2023 non-financial information has been verified by the firm Deloitte with a limited level of assurance, obtaining an independent review report, based on the essential GRI standards, including the process scope and objectives, as well as the verification procedures used and their conclusions.

Disclosures in relation to specific circumstances

Time horizons

In the specific case of the assessment carried out in 2021 in which we identified climate change risks and opportunities, in line with the *Task Force on Climate-Related Financial Disclosure (TCFD)* recommendations, time horizons were used that deviate from those defined by the regulations to come into force in 2024.

The following time horizons were used in this case:

- Short term: 0 to 5 years.
- Medium term: 6 to 15 years.
- Long term: 16 to 30 years.

Sources of uncertainty in estimation and results

Waste generation

We consider it relevant to mention that, given the scaling of our reporting system for waste generated (37% of the active portfolio) as well as the limited knowledge of its treatment by the managers of the same in the different destinations where the company operates, the information reported in this area includes a significant degree of estimation.

In this regard, the calculation of waste generated by business units that do not report data is carried out by multiplying each of these business units' number of stays each month by the ratio of kilograms of waste generated per stay and type of waste of the business units that do report data.

On the other hand, concerning the treatment of the waste generated, our calculation assumes that the treatment of the company's waste behaves in the same way as the statistical information reported by each country annually for each type of waste. Consequently, the treatment will depend on the location of the business unit and the type of waste generated.

We plan to further consolidate our waste management system in the coming years so we can identify both the waste generation and the waste treatment at the business unit level and thus eliminate any uncertainty in this regard.

Queries

Should you have any queries or suggestions relating to this report, please contact us directly at:

- FINANCIAL INFORMATION: Investor Relations Department (investors.relations@melia.com)
- NON-FINANCIAL INFORMATION: Sustainability Department (sustainability@melia.com)

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Meliá in 2023

MAIN MILESTONES

MAIN FIGURES

AWARDS AND RECOGNITIONS

Main milestones

2023

JANUARY

Gran Meliá arrives in Barcelona

We announce the signing of **Gran Meliá's Torre Melina** hotel, a renovated luxury urban resort that represents the conversion of one of Barcelona's most iconic hotels, which we will manage together with the Palau de Congressos de Catalunya.

FEBRUARY

We continue on the road to sustainability

For yet another year, we have consolidated our leadership in sustainability by once again being recognised as the World's Most Sustainable Hotel Company.

MARCH

Paradisus and its *Destination Inclusive* arrive in the Canary Islands

The luxury resorts brand Paradisus by Meliá arrived in Europe, specifically in the Canary Islands, with the opening of **Paradisus Gran Canaria**, which was joined in May by **Paradisus Salinas Lanzarote**, two stunning hotels that redefine the all-inclusive approach with the brand's *Destination Inclusive*, concept.

We commit to strengthening our luxury hotel portfolio

We are driving the growth of our luxury brands with the signing of a **ME by Meliá** hotel in the heart of Malaga, which will boost the quality of the destination and provide a unique luxury proposal.

We continue to expand worldwide

We continue to add hotels around the world with the opening of the **INNSiDE Kuala Lumpur Cheras** in Malaysia and the signings of the **ME Lisboa** hotel in Portugal and **Meliá Bečići Budva** on the coast of Montenegro, with which we will reach even more destinations in the Mediterranean.

APRIL

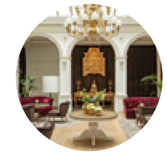
***"Personality of the Year"* in Spain's Sustainable Media Awards**

Organised by Turespaña through its Tourism Council in London, they have recognised, in their first edition, the leadership of **Gabriel Escarrer Jaume** in the field of sustainability.

MAY

Albania, the next pearl of the Mediterranean

We arrived in Albania, one of the most promising tourist destinations, and became the leading hotel developer in the country with the opening of the **Meliá Durrës** and **SolTropikal Durrës** hotels.



Palacio de los Duques Gran Meliá chosen as the best luxury hotel in Madrid according to TripAdvisor

From a selection of the 500 best hotels in the city, the **Palacio de los Duques** hotel has been ranked number one thanks to the exceptional experience it offers.

JUNE

The generational handover is completed

During our General Shareholders' meeting, we announced the appointment of our founder, **Gabriel Escarrer Juliá**, as Honorary Chairman and **Gabriel Escarrer Jaume** as Chairman, in addition to maintaining his position as CEO.

23

JULY

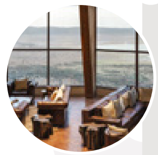
The first Zel hotel is now a reality

We officially opened the first **Zel** hotel in Mallorca. The first hotel of the brand, in collaboration with the tennis player Rafa Nadal, faced the season with great expectation and new experiences.

We landed in one of Asia's most important capitals

We continued our journey to new destinations and opened our first **INNSiDE** hotel in **Bangkok**.

AUGUST



Outstanding places for unique experiences

We consolidate our hotel portfolio in the world's most exceptional locations and our exclusive offer in Tanzania with the addition of the **Ngorongoro Lodge Meliá Collection** in the Ngorongoro Conservation Area.

SEPTEMBER

We continue to work to boost destinations

We continue the actions to consolidate the 'new' Magaluf, a destination conversion project we have led with the third edition of the **Expanded Literature Festival** in collaboration with the **INNSiDE by Meliá** brand and various local agents.

We were named best luxury hotel group

We triumphed in the readers' awards of *Global Traveler*, one of the world's leading luxury travel magazines. We have been named **best luxury leisure hotel group in the world**.

OCTOBER

Our luxury brands continue to expand

With the signing of the stunning **Gran Meliá Dubai Jumeirah**, located in Port de la Mer, the new leisure and business destination in Dubai, we continue to add new luxury hotels around the world and demonstrate our commitment to this segment.

ME by Meliá, coming soon to China

The **ME by Meliá** brand signed its first hotel in China, specifically in the city of **Guangzhou**, bringing the most avant-garde luxury experience to the destination.

NOVEMBER

Committed to equality

We signed the third Equality Plan in Spain and promoted awareness as the main basis for the entire *employee journey*, demonstrating our commitment to the well-being of all company employees

Our company, a reflection of our ethical values

We were recognised for Transparency and Compliance among the leading Ibex35 companies.

DECEMBER

We launched *Road to Net Zero Events*

A programme to measure, reduce and offset the carbon footprint of major events held at our hotels.

We ended the year with luxury in the spotlight

The opening of the spectacular **Palazzo Cordusio Gran Meliá**, a luxury hotel located in an ancient palace in the centre of Milan represented the perfect end to a year marked by expansion. This demonstrates the consolidation of the company's luxury offer, which is growing rapidly, with one out of every three openings related to this segment.

2024

Main figures

FINANCIAL	BUSINESS	GOVERNANCE	PEOPLE	ENVIRONMENT	VALUE CHAIN
Total revenue (consolidated) € 1,932.2 million **(+14.2%)**	melia.com revenue (aggregate) €678.3M **(+11.1%)**	Board Members 11	Total Workforce FTEs 18,279.9 **(+8.7%)**	Energy consumption per stay 31.25 **kwh/stay** **(-9.5%)**	External Services Staff FTEs 27,063.8 **(+20.7%)**
EBITDA (excluding capital gains) €486.5M **(+16.2%)**	NPS Customers (aggregate) 53.1% **(+6.9pp)**	Independent Outside Directors 54.5%	Women in executive positions 30.4% **(+1.2pp)**	SBTi Carbon Footprint Reduction (scope 1 and 2) 19.6% **Target 21%**	Total Suppliers 6,548 **(-1.3%)**
Net debt € 2,613.1 million **(-2.2%)**	Portfolio 350 **hotels** **(+0.8%)**	Women on the Board 36.4%	Staff with permanent contract 87.7% **(+4.3pp)**	Recycling rate 50.4% **(-4.1pp)**	Suppliers with signed Code of Ethics 38.1% **(+9.7pp)**
RevPAR (consolidated) €107.4 **(+17.3%)**	Rooms 92,057 **(+1.2%)**	Attendance at the Board (in person and by proxy) 91.0%	Turnover rate 25.4% **(-5.9pp)**	Water consumption per stay 0.655 **m3/stay** **(+0.6%)**	Critical suppliers 18 **(-10.0%)**
ARR (consolidated) €158.6 **(+6.8%)**	Openings 12 **(-21)**	Average tenure on the Board 11.1 **years** **(+0.2)**	Hours of training per employee 12.7 **Hours pax** **(+50.3%)**	Portfolio located in water-stressed areas 52 **hotels** **(+4%)**	Local suppliers 5,720 **(-3.4%)**
Occupancy 67.7% **(+6.1pp)**	Countries 38 **(+1)**	Meetings of the Sustainability Committee 9 **(+1)**	Employee Engagement Ratio 87% **(+4pp)**	Portfolio located in protected areas 35 **hotels** **(-8%)**	Purchases from local suppliers 84.55% **(-4.0pp)**

Awards and recognitions

ESG analyst ratings

At Meliá Hotels International, we listen to our stakeholders and act accordingly with the highest standards. In response to the growing demand for ESG information from investors, regulators and other stakeholders, we are responding to specific requests and participating in specialised rankings to understand the robustness of our performance in the three areas: environmental, social and governance.

By listening, measuring and assessing, we identify areas for improvement in our Company with the aim of implementing measures to improve our performance and meet our stakeholders' expectations.

For more than 10 years, we have been participating in some of the most prestigious indices and frameworks internationally with the goal of endorsing our progress and ensuring that the roadmap we have designed is aligned with expectations.

The S&P Global Sustainability Yearbook 2023 has once again recognised us as the most sustainable hotel company worldwide in the Hotels, Resorts & Cruise Lines segment, regaining the leadership awarded for the first time in 2020.

Meliá received the highest rating in the industry in governance and finance, standing out in the areas of risk management, in terms of the environment in the areas of climate change and environmental indicators and, finally, in the social field in the areas of human rights, human capital development, team management indicators and, lastly, management with our customers.

Being recognised, once again, as a market leader in terms of sustainability requires us to continue promoting our firm commitment to the integration of ESG criteria in our business model, and is an additional incentive to consolidate a more sustainable and responsible tourism model.

ESG MONITORS 2023

ENTITY	RATING		ASSESSMENT CRITERIA	FROM
	2023	2022		
S&P Global ESG	3rd position	1st position	0-100 points	2018
ISS ESG	B- Prime	B- (Prime)	D- a A+	2022
ISS Quality Score	E:1 / S:1 / G:6	E: 1 / S: 1 / G: 3	1-10 (lower to higher risk)	2018
Sustainalytics	25.7 (Medium Risk)	23.6 (Medium Risk)	0-40 points (higher score, higher risk)	2018
MSCI ESG	A	A	CCC - AAA	2018
FTSE 4 Good	ESG Score: 3.7	ESG Rating: 3.6 (E: 3.3 / S: 3 / G: 5)	0-5 (the higher the score, the better the rating)	2009
EcoVadis	Bronze (60 points)	Gold (64 points)	0-100 points	2020
CDP Climate	B	B	D - A	2015

Rankings and other monitors

Inspired by our vocation for continuous improvement, we also participate in benchmark rankings and monitors in areas aligned with the company's needs, material issues and strategic priorities. The aim in this case is twofold: to strengthen our reputation in intangible issues and to identify good management practices in these areas.

The more knowledge we gather, the better we manage the issues considered material by both the company and our stakeholders.

Merco (Corporate Reputation Business Monitor) is the benchmark corporate monitor that has been assessing the reputation of companies since 2000, based on a *multi-stakeholder* methodology comprising six assessments and more than twenty sources of information.

It is the first audited monitor in the world since the monitoring and verification of its development process and results is subject to independent review by an internationally recognised audit firm, in accordance with the ISAE 3000 standard, which publishes its opinion for each edition. All the weighting criteria are public, as are the results of each edition.

For many years now, the Company has placed first in the sectoral ranking of companies.

REPUTATION MONITORS 2023

DESCRIPTION	MONITOR	2023	2022	FROM
Top 100 companies with the best corporate reputation in Spain	MERCO COMPANIES	21	25	2001
Top 100 business leaders with the best reputation in Spain	MERCO LEADERS	28	27	2002
Top 100 companies with the best talent management in Spain	MERCO TALENT	32	38	2012
Top 100 companies with the best capacity to attract university talent in Spain	MERCO UNIVERSITY TALENT	39	41	2017
Top 100 companies with the best ESG corporate reputation in Spain	MERCO ESG RESPONSABILITY	25	28	2012
	Environment	33	-	
	Internal Sphere, Customers & Society	28	-	
	Ethics & Governance	18	-	

The Company has also revalidated its Socially Responsible Company (SRC) award for all of its hotels in Mexico in 2023, based on self-testing, this recognition is verified by the Mexican Centre for Philanthropy (CEMEFI). It is awarded to companies that exceed 75% on the CSR index. All the hotels in Mexico have participated from 2022.

Awards and recognitions

The awards we have received in 2023 make us stand out in areas as relevant for any company as executive leadership, reputation, brand strength, staff management, talent management model and sustainability. We are also particularly proud of the recognitions awarded to different hotels in our portfolio by leading national and international entities, some specialised in the tourism industry. They encourage us to continue working to make each establishment synonymous with a unique experience for the traveller.

Internationally, our performance in integrating sustainability across the value chain was recognised in 2023 by the following awards:

INTEGRATING SUSTAINABILITY

ESG AWARDS	RECOGNITION	ORGANISER
The Most Eco-Friendly	The Most Eco-Friendly	Grupo Piñero
Spain's Sustainable Media Awards	Sustainability Personality of the Year	Spain's Sustainable Media Awards
Ibex35 Leading Companies in Transparency and Compliance	Ibex35 Leading Companies in Transparency and Compliance	Fundación Haz & Cumplen

The following awards stand out in the area of reputation and brand strength:

BRAND STRENGTH AND REPUTATION

LEADERSHIP AWARDS	AWARDS	RECOGNITION	ORGANISER
Gabriel Escarrer Jaume	Top 100 Best CEOs in Spain	#32 Best CEO in Spain	Forbes Spain
Gabriel Escarrer Jaume	Top Spanish CEOs on LinkedIn 2023	Top 4	Epsilon Tecnhologies
Gabriel Escarrer Jaume	Beyond Luxury Awards	Best Hotelier	Beyond Luxury Awards
Meliá Hotels International	Traveller Review Awards	Traveller Review Awards	Booking
Meliá Hotels International	Spain's Strongest Brand	Spain's Strongest Brand	Brand Finance
Meliá Hotels International	Prevue Visionary Awards	Best All Inclusive Group	Prevue Meetings
Meliá Hotels International	Ranking Universum	Top 10 Most Attractive Companies for Business Students	Universum
Meliá Hotels International	Leisure Lifestyle Awards	Best Luxury Hotel Group in the World	Global Traveler
Meliá Hotels International	Leisure Lifestyle Awards	Best Hotel Chain in the Caribbean	Global Traveler
Meliá Hotels International	Iberian Lawyer Gold Awards	Best In-House Team of the Year Travel & Tourism	Iberian Lawyer

In addition, one of our brands, Paradisus by Meliá, was recognised as Best All-Inclusive Resort at the Leisure Lifestyle Awards, and Meliá Hotels & Resorts was awarded Bronze Destination Weddings & Honeymoons by the Reader's Choice Awards.

We received the following recognition in 2023 in the area of people and talent:

PEOPLE AND TALENT

TALENT AND PEOPLE AWARDS	RECOGNITION	AREA	ORGANISER
Best Companies to Work For	Best Companies to Work For	Employer Brand	Forbes Spain
MERCO University Talent	Best Tourism Company to Work For according to University Students	Employer Brand	MERCO

02

Business Model

International context and the impact on the tourism industry

GRI: 2-6

After global growth of 3.5% in 2022, growth in 2023 closes at around 3%, with the prospect of remaining at these levels in 2024. The forecast for 2024-2025 is lower than the historical average of 3.8% (2000-2019) in the face of monetary policies of high interest rates to combat inflation, the withdrawal of fiscal support, in an environment of heavy indebtedness that is dampening economic activity and low underlying growth in productivity.

Despite a complex global context in 2023, marked by the acceleration of technological change, the vulnerability of cyberspace, economic uncertainty, extreme weather events and armed conflicts between states, international tourism made headway to reach nearly 90% of pre-pandemic levels, almost 38% more than what was observed between January and September 2022, according to the World Tourism Organization (UNWTO). This thus confirms the sector's resilience, with a return to pre-pandemic levels in terms of employment, high occupancy and adaptation to the new requirements and expectations of visitors.

According to data from Amadeus, a leader in travel technology, global hotel occupancy levels up to the end of August 2023 showed 10% growth compared to 2022. It estimated that for the fourth quarter 2023, booking growth would remain at similar growth rates to those mentioned. International tourism is expected to fully recover to pre-pandemic levels in 2024, with initial estimates pointing to growth of 2% compared to levels achieved in 2019. These figures are a source of optimism for the global hotel sector for the coming year.

With regard to our main market, Spain consolidated its recovery in 2023 after a successful last quarter, which raised tourism's contribution to the Spanish economy to 12.8%, a record high. An industry that stands as the main driver of real economic growth, according to Exceltur's tourism assessment. This evolution is mainly based on the strength of demand, in a context of improving salaries, consumers' preference for travel experiences and the return of the meetings and conferences segment, as well as an increase in prices that reduced the impact of the increase in energy, supplies (9.6%), financial (+18.9%) and wage (7.3%) costs. This situation has reduced the capacity of companies in the sector to increase their financial results.

According to the World Bank, the global economy is in better condition than a year ago: the risk of a global recession has reduced, but rising geopolitical tensions could create new dangers in the short term. The World Tourism Organization (UNWTO) is optimistic and indicates that it is on track to fully recover to pre-pandemic levels in 2024, despite economic challenges such as high inflation and weak global production, as well as significant geopolitical tensions and conflicts.

According to the International Monetary Fund, global headline inflation is projected to fall to 5.8% in 2024 and 4.4% in 2025. In the face of this disinflation and firm growth, the likelihood of a hard landing has receded, and risks to global growth are broadly balanced. On the positive side, faster disinflation could lead to a further easing of financial conditions and looser fiscal policies, bringing with it a temporary increase in growth and a boost to productivity. On the other hand, more spikes in commodity prices as a result of geopolitical upheavals (such as the ongoing attacks in the Red Sea) and supply disruptions, or further persistence of core inflation, could prolong tight monetary conditions.

Meliá is facing these forecasts with optimism, focused on moving forward our *Roadto2024* strategy, with the ambition of meeting all the targets set in this final year of our 2022-2024 strategic plan. We ended 2023 by being recognised as the most sustainable European hotel company according to *S&P Global ESG*.

Business model

GRI: 2-6

Our Essence: *Leisure at heart, business in mind*

Hospitality is more than a business, it is an attitude to life, something you carry in your heart. That's why we care just as much about our customers' experience as we do about our management excellence. Heart and mind united to earn our customers' trust and our success.

Our values

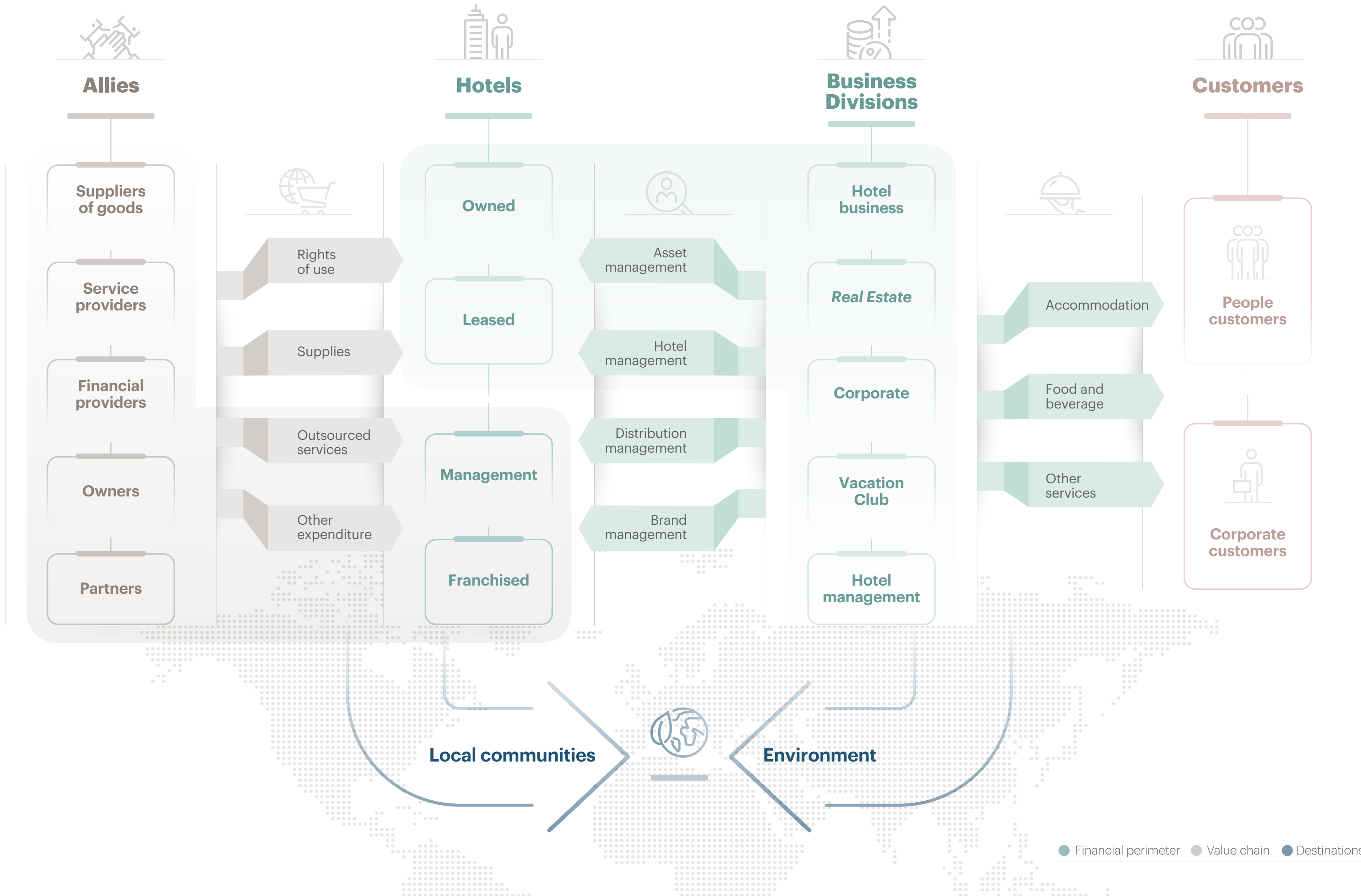
Our corporate slogan is a reflection of our values, expressing the perfect harmony between our heart and mind, between the exceptional hospitality we offer and our excellence and precision when it comes to management.

They all come to life through the behaviours we promote being part of this great family.

OUR VALUES

Our Business Model

BUSINESS MODEL



Meliá Hotels International, S.A. and its subsidiaries and associates form an integrated group of companies engaged mainly in tourism activities in general and, more specifically, in the management and operation of owned, leased, managed or franchised hotels, as well as vacation club operations.

- **Owned**: the hotel is owned and managed by Meliá.
- **Leased**: Meliá is the hotel's leaseholder and the owner of the operation.
- **Managed**: Meliá operates a third party's property under one of its brands.
- **Franchised**: a hotel owner operates under one of the Company's brands and contracts our marketing and distribution system.

As indicated in the basis of presentation of the information disclosed in this report, our financial perimeter includes all entities over which the Group exercises effective control.

Our aim is to provide differential value to our stakeholders by becoming a global leader in the *Leisure* and *Bleisure* hotel sector under a profitable, agile and excellence-focused business model based on sustainability.

Business divisions

The segments mentioned below constitute the company's organisational structure:

- **Hotel business:** operating the Group's owned and leased hotels. This also includes activities supplementary to the hotel business, such as casinos and tour operators.
- **Real Estate:** real estate development and operation.
- **Corporate**: structural costs, results linked to the broking and marketing of room bookings and tourist services, as well as the Group's corporate costs that cannot be allocated to any of the other business divisions.
- **Vacation club:** refers to the sale of shared use rights to specific resort units.
- **Hotel management:** operating hotels that are managed or franchised.

Value chain

Our value chain is comprised of two main groups: (1) The supply chain (various kinds of suppliers) and (2) Owners, partners and associates. The company aims to build long-term relationships based on a model of trust, respect and mutual benefit, anchored in a strong ethical and responsible commitment and its essence as a family business. Our value chain is an essential part of our success. Collaboration with all our members and working together mean we can secure the Company's present and its future.

Products and services offered

To our partners

- **Asset management:** conservation, maintenance, development and operation of real estate.
- **Hotel management:** operation of hotels that are owned, leased or managed.
- **Brand management**: franchising of our brand architecture and standards.
- **Distribution management:** we offer our partners our multiple booking and training channels for their users.

To our customers

- **Accommodation:** our hotel room offer, with a presence in 38 countries.
- **Food and drink:** An innovative and quality gastronomic offer, as well as restaurants run by nationally and internationally renowned chefs.
- **Other services:** this refers to services provided directly by the hotels, such as meeting room hire, events, rental of commercial premises to third parties etc. To meet the needs of our customers and enhance the *B2B* and *MICE* segments.

Destinations

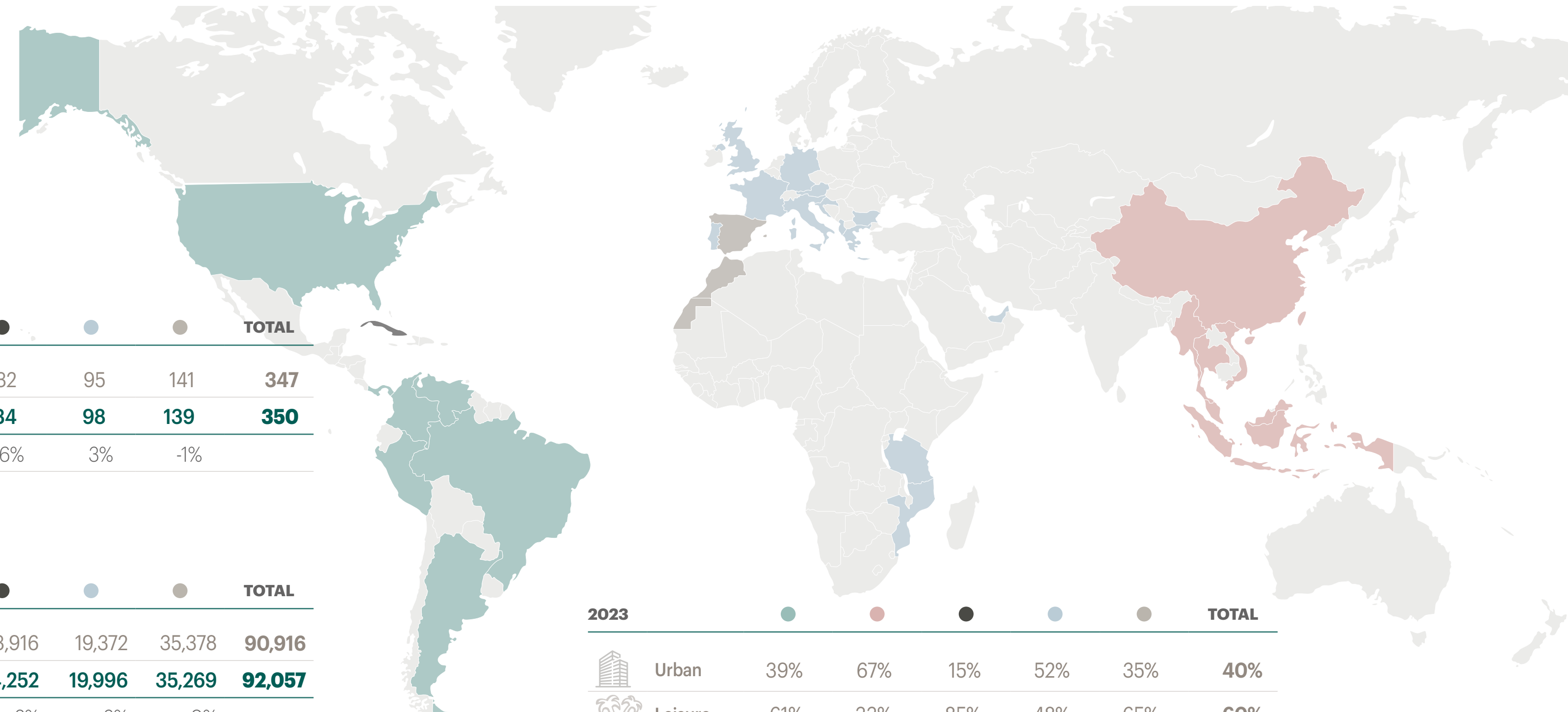
At Meliá, we are very much aware of the transcendental role that the destinations play in our business model. The tourism industry, and especially leisure tourism, in which we are leaders, is on the one hand particularly sensitive to environmental and social issues. On the other hand, our industry plays an essential role in the fight against climate change and its contribution to promoting the conversion of some mature destinations, established at the beginning of the holiday tourism boom.

Our passion for hospitality drives us to respond to our world's global challenges, approaching sustainability as a fundamental lever to transform the tourism model and ensure a positive legacy for our society and our planet.

We have a far-reaching potential to influence people. On the one hand, through the training and engagement of our employees and partners (true ambassadors for sustainability). On the other hand, by raising awareness among the millions of customers we welcome each year of the importance of taking care of our environment.

Gran Meliá Palacio de Sancti Petri, Spain

Presence map

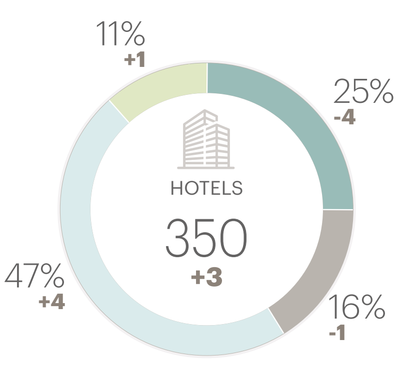


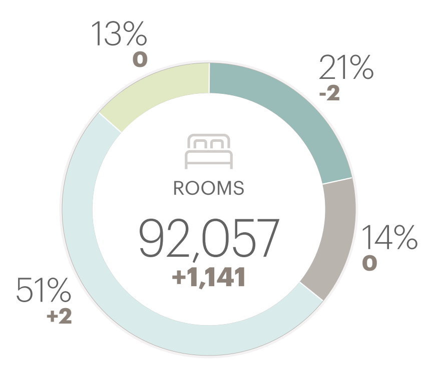
HOTELS						TOTAL
2022	38	41	32	95	141	347
2023	**37**	**42**	**34**	**98**	**139**	**350**
VAR.% 23-22	-3%	2%	6%	3%	-1%	

ROOMS						TOTAL
2022	11,512	10,738	13,916	19,372	35,378	90,916
2023	**11,294**	**11,246**	**14,252**	**19,996**	**35,269**	**92,057**
VAR.% 23-22	-2%	5%	2%	3%	0%	

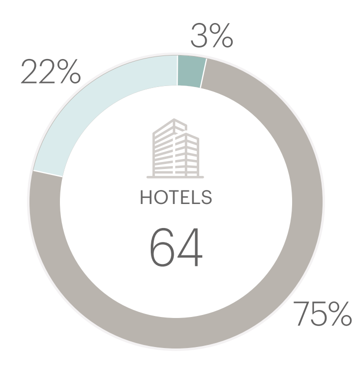
2023						TOTAL
Urban	39%	67%	15%	52%	35%	**40%**
Leisure	61%	33%	85%	48%	65%	**60%**

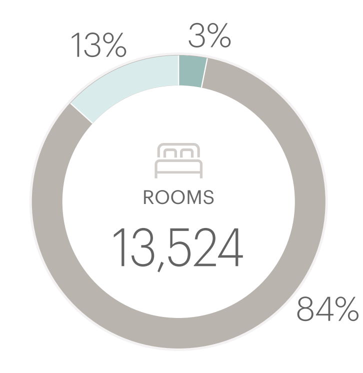
ACTIVE PORTFOLIO: HOTELS AND ROOMS





PORTFOLIO PIPELINE: HOTELS AND ROOMS





Continued expansion in the year that consolidated the recovery

Despite being a year marked by an international context of uncertainty and intensifying geopolitical tensions, an inflationary crisis, the climate emergency and a shortage of talent in the industry, 2023 will be remembered as the year that consolidated the recovery. Today, it is safe to say that the trend observed in 2022 has continued, and 2023's evolution has been "from good to better", with global tourism demand continuing to grow despite constraints, and closing at close to 90% of pre-pandemic levels.

In contrast to this trend, hotel investments showed a significant decrease (30%) worldwide, according to *JLL Research's 2023 Global Hotel Investment Outlook*. An environment laden with high interest rates resulted in historically low portfolio transaction results, as well as a reduction in transaction size. However, in the case of Spain, investments in the hotel sector led the way in 2023 with close to € 4.1 billion, accounting for 36% of the total amount transacted, according to CBRE. 2023 was thus the year with the second highest transacted volume of hotels, behind only 2018. It was the only real estate sector to grow (+31%) compared to 2022. Investors continue to favour high-end hotels due to their more resilient and inelastic nature, accounting for 85% of the total amount transacted.

In this environment, we experienced significant growth, setting major milestones in various regions worldwide. We continued to grow by opening 12 hotels and 2,000 rooms, a key step in our global expansion and further consolidating our position as leaders in the hospitality industry. Our objective is to continue to strengthen our balance sheet and hotel value proposition through less capital-intensive formulas and by enhancing luxury brand penetration. And, in terms of our geographic strategy, we have focused on holiday destinations in South East Asia, the Mediterranean and the Caribbean.

In line with our targets, 92% of our openings in 2023 followed the asset light model, driving new contracts under the management modality, and in geographic terms were evenly distributed across the EMEA, CUBA and APAC regions. Our focus on continuing to grow qualitatively also stands out with significant milestones in the expansion of our luxury brands including Gran Meliá and *The Meliá Collection*, and our premium brands INNSIDE and Meliá.

On the other hand, it is important to highlight the following openings in the expansion of our brands:

- **Gran Meliá Palazzo Cordusio:** Milestone for the Gran Meliá brand as it is the first in Milan.
- **ZEL Mallorca:** This is the first hotel under our Mediterranean essence brand promoted together with Rafael Nadal.
- **Paradisus Gran Canaria and Paradisus Salinas Lanzarote**: The first hotels in Europe under the Paradisus by Meliá brand, our Destination Inclusive Luxury Resorts brand.

Future evolution

Our Company will continue to advance on the Roadmap we adopted on leaving the pandemic that runs to 2024. It sets out 4 major priorities: to be bigger and better managed, more profitable and resilient, more efficient and digital, and more sustainable. This strategy has helped us keep on growing (with 25 new hotels signed in 2023). As for our outlook for 2024, we are approaching it with caution, as is always advisable.

Of particular importance is the momentum we will give to the expansion of our luxury brands, which will account for one out of every three planned openings between 2024 and 2027. We expect to open the following facilities in 2024:

- **Gran Meliá Torre Melina:** This urban resort located in Barcelona will see the light of day after the complete renovation of the former Hotel Rey Juan Carlos I.
- **ME Lisbon:** This will raise the luxury lifestyle proposal in Lisbon to a new level, following the brand's success in other major cities, including London, Milan and Dubai.
- **ME Malta:** This will be the city's new social and cultural epicentre, located in Saint Julians on the east coast of the island, it will offer an exclusive, personalised and immersive experience.

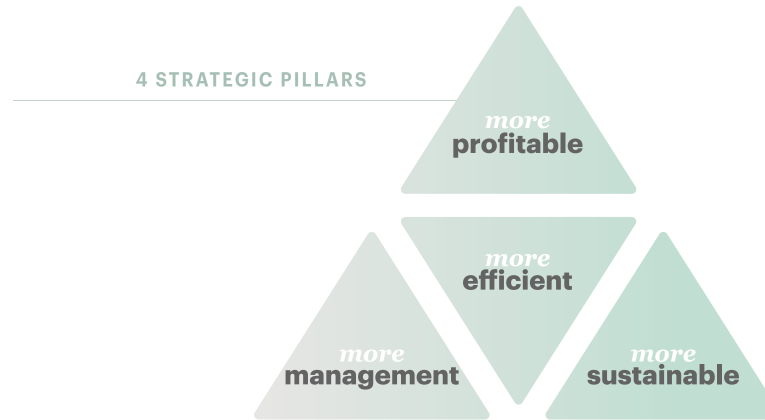
In this regard, our *pipeline* at year-end 2023 totals 64 hotels, mainly comprising hotels under *asset light* management models (97%), with a commitment to our brands' *luxury* (33%) and *premium* (53%) segments. We are continuing to strengthen our international vocation, with 90% of our future incorporations being outside Spain.

Roadto2024

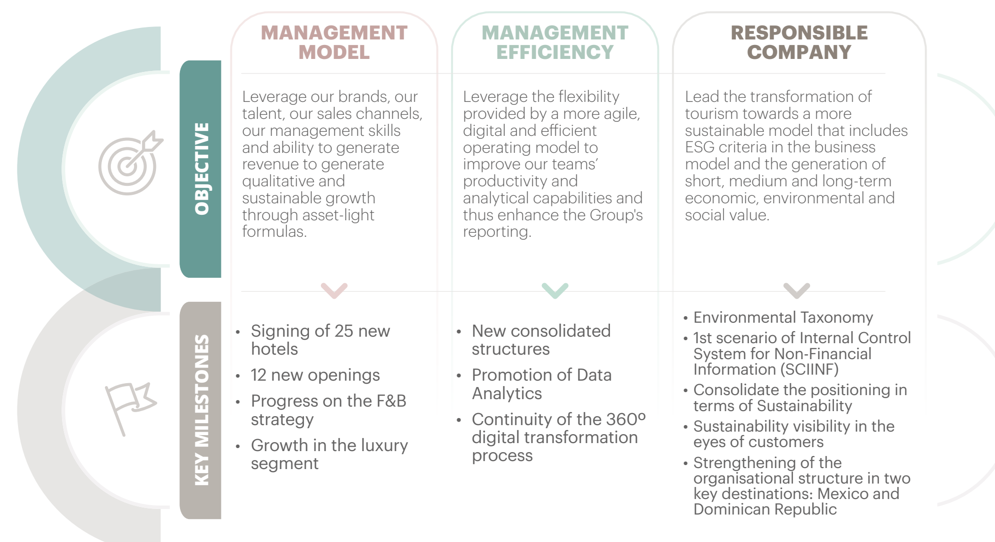
It has been two years since the launch of our *Roadto2024* Strategic Plan. 2023 was the year of the tourism industry's recovery after the COVID-19 crisis, with a return to pre-pandemic results and figures in some cases even higher than in 2019.

Our strategic vision is based on four strategic pillars, shown in the chart below, and a firm commitment to advancing the principles that underpin the *Roadto2024* strategic vision: economic excellence, operational efficiency, and economic, social and environmental sustainability, as essential precepts for consolidating our position in the market and meeting present and future challenges.

This strategic vision required supporting this transformation with a cultural and organisational transformation plan to strengthen the commitment and engagement of all our teams, with a new structure conceptualised under the premises of consolidating a more efficient and responsible management model, including digital transformation with a 360º vision.



This report reflects all the progress made and achievements realised, as well as detailed information on the initiatives launched in 2023 and their impact. We are aware that in this last year, 2024, of the *Roadto2024*, we need to work to achieve the targets set and ensure the key principles that the strategic vision set out: being more profitable, better managers, more efficient and more sustainable.



Responsible business

GRI: 2-9; 2-10; 2-11; 2-14; 2-22

This year we are celebrating our 15th anniversary, integrating sustainability criteria into our strategic vision with the mission to continue advancing towards a responsible and sustainable business model.

These principles have matured over the years, with the aim of reinforcing an integrated approach in our management and operational system, and the need to ensure that ESG criteria are taken into consideration in our decisions and actions.

Sustainability means taking a long-term view, balancing financial profitability with the environmental and social impact of our activities.

Today, we are faced with a scenario that has changed significantly, with the regulator, mainly the European Union, requiring that listed companies initially make progress in the area of sustainability and implement control and oversight mechanisms in their governing bodies with the aim of putting non-financial and sustainability information on the same level as financial information.

We continue to advance in our commitment and to build a strong narrative that appeals to all our stakeholders, avoiding any hint of *greenwashing* and participating in sustainability indices that verify our sustainability model and progress.

In recent years, it has become increasingly important to promote a risk culture that goes beyond a purely financial vision in areas as relevant to the tourism industry as climate risk, and to adopt measures in our management to mitigate its impact in the short, medium and long term.

This year we have seen an increase, mainly from corporate clients wanting to know our level of commitment to sustainability, in some cases not very noticeable when they stay at our hotels. Consequently, we have promoted the certification of our portfolio by *GSTC-endorsed* bodies to ensure that our establishments meet the required standards.

We recognise that corporate sustainability is not only an ethical responsibility, but also a competitive advantage, as companies that demonstrate a commitment to sustainability tend to gain the trust and loyalty of consumers, employees and investors.

During 2024, the last year of our Responsible Business strategic pillar, we will undertake various actions to reinforce our model under the three areas of sustainability, also keeping economic sustainability very much in mind.

Environmental sustainability

- Continuing to adopt measures to reduce the negative impact on the planet, advancing in the fulfilment of our public commitments aligned to the SBTi criteria and reducing waste generation with the operation as the key player. We will also undertake a climate risk analysis to identify each hotel's vulnerability, and we will conclude with the requirements of Environmental Taxonomy.

Social sustainability

- Strengthening our commitment to promoting diversity, equality and inclusion, and reinforcing our positioning regarding impact on local communities.
- In addition, we will update two topics of relevance to the Company, namely the Human Rights CSA (*Control Self Assessment*) and the double materiality assessment, an initial exercise from a financial perspective.

Governance sustainability

- We will adapt our management report and reporting model to the new sustainability regulations, aligned with the *CSRD (Corporate Sustainability Reporting Directive)*. On the other hand, we will strengthen our reporting system by making progress in identifying new targets for the main sustainability-related indicators.

Raising awareness in our value chain

Our growth strategy is based on the incorporation of hotels under management and franchise contracts. This model requires us to raise awareness among the owners of these new properties to be managed by the Company. Providing a vision of the importance of sustainability in the model requires us to develop an attractive and profitable value proposition, and to showcase our best practices in our own assets to demonstrate the economic, social and environmental impact generated.

Strategic vision

Given the current context, the promotion of our responsible management model with a long-term vision takes on special relevance as we aspire to consolidate ethical, transparent and responsible management in our business model.

We want to be a benchmark in the transformation towards a new tourism model in which sustainability takes precedence as a strategic management criterion, enabling us to contribute minimising our impact on the planet, as well as promoting economic and social development at all the destinations where we have an active presence. This approach is embodied in a programme we have called Responsible Business.

It is the result of a process of learning and maturity that we began more than a decade ago. A process that has led us to promote the integration of sustainability as a key lever for value creation in our *core business*. Only from this understanding of sustainability will we be in a position to advance in our sustainable strategy, which takes as a reference our Vision 2030, to position ourselves among the world's leading hotel groups in the medium and high end, urban and leisure segments, consolidating our leadership in leisure and *bleisure* hotels, and being recognised as a global benchmark for excellence, responsibility and sustainability.

Transition to sustainability

Being aware that the drive for sustainability must be understood as a balanced advance across all its areas, the current reality sets us a priority challenge: to advance in the decarbonisation of our business and evolve towards a more efficient, responsible and sustainable tourism model. We have taken on this commitment throughout our value chain with the ambition of allocating the necessary financial resources to meet the targets set.

Given the current complex regulatory context, in 2022 we updated our carbon footprint reduction objectives with targets for 2025 and 2035, taking 2018 as the base year.

With the aim of progressing towards the decarbonisation of a business that we operate in more than 38 countries based on a third-party asset management model, we have considered it appropriate to focus our efforts on a financial, rather than operational, perimeter, to be validated under the criteria of the *Science Based Targets initiative* (SBTi) in 2023.

Along these lines, in 2022 we decided to align the public commitments to our global integration perimeter and adjust our decarbonisation ambition under the financial control model. This change in no way conditions our determination to work resolutely and continuously towards the longed-for decarbonisation of our business model, which has to involve our entire value chain.

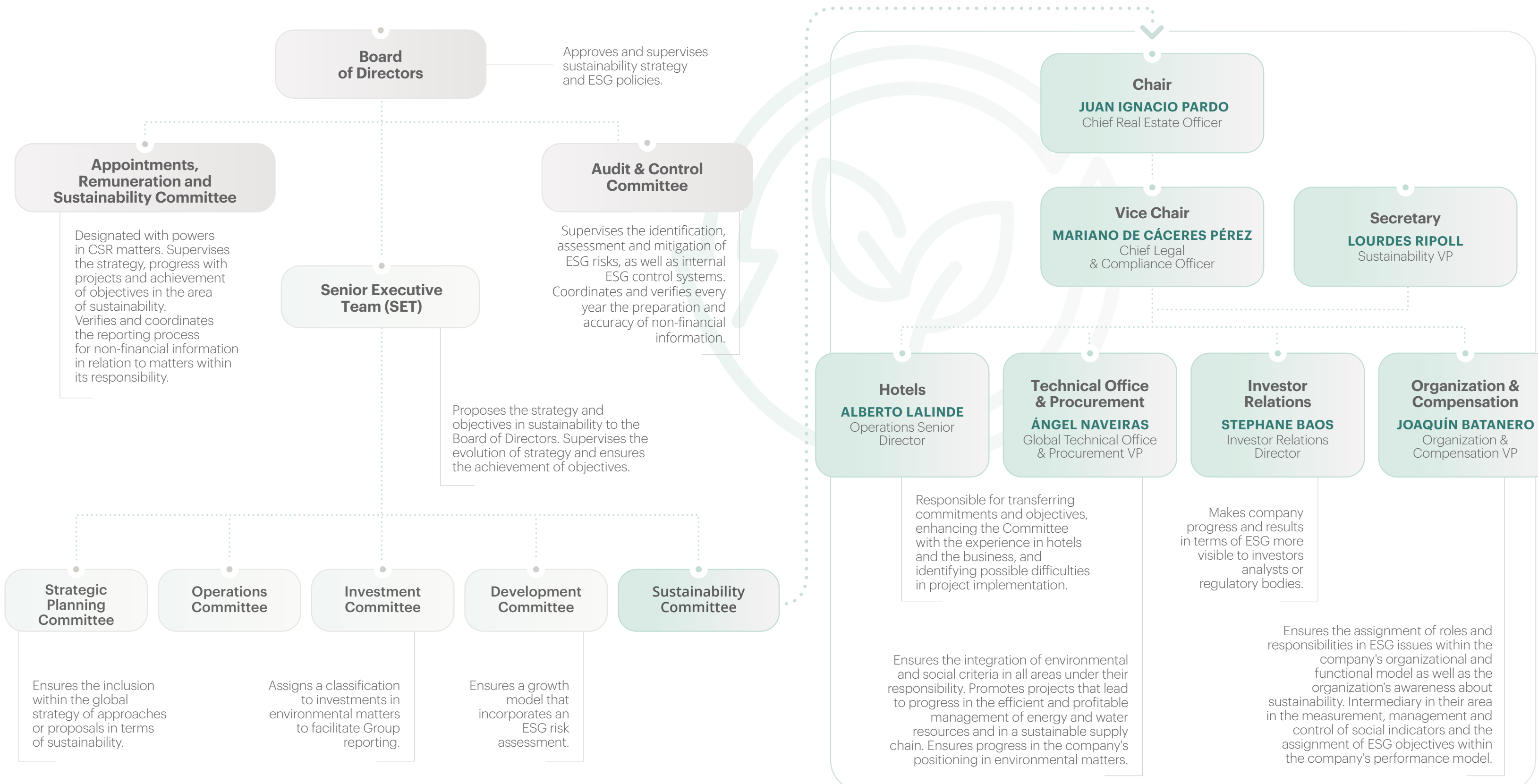
We have also continued with projects and initiatives focused on reducing emissions from our activity. On the one hand, our efficiency in terms of natural resource consumption is increasing as a result of investment and efficiency and innovation measures that leverage technology. Moreover, our business is less intensive in terms of the consumption of energy and water resources. We are also identifying opportunities to promote circular economy and food waste reduction initiatives, as well as initiatives in other areas.

In addition, we have renewed our commitment to transparency in environmental matters with our eleventh consecutive participation in *CDP Climate Change*, the international benchmark ranking on climate change and environmental management, and have maintained a B rating. We have also renewed our participation in the *CDP Water* ranking, which measures companies' water management, likewise maintaining the B rating we achieved in 2021.

Sustainability governance

The Meliá Hotels International Sustainability Committee, formalised in 2020, has new leaders this year, 2023, as a result of the changes made to the Company's Executive Committee (SET). It keeps the same structure of responsibilities, with roles being assumed by the current representatives of Real Estate and Legal & Compliance, two critical areas due to the relevance of the regulatory framework currently required and demanded by both Europe and

SUSTAINABILITY GOVERNANCE ORGANISATION CHART



Spain. While the Real Estate area brings together under its responsibility very significant areas in terms of sustainability, primarily: works & maintenance, procurement and energy and water consumption management.

In 2023, this governing body set the objective of holding monthly meetings to ensure the transformation and adaptation of our business model to sustainability standards, in an increasingly demanding regulatory context which requires more agile and effective decision-making and implementation.

This Committee also reports to the Company's Senior Executive Team (SET) and maintains a close link with our Board of Directors through direct reporting to the Appointments, Remuneration and Sustainability Committee and the Audit & Control Committee on non-financial *reporting*.

Governing bodies

The Company has developed an organisational and governance structure that assigns and allocates specific responsibilities in terms of sustainability to the different executive bodies and committees of our Board of Directors. The Board of Directors approves and oversees the sustainability strategy, including that related to climate change, and delegates different sustainability roles to its two committees.

The **Remuneration, Appointments and Sustainability Committee** is the governing body that has been delegated the roles in this area and is responsible for the application of the policy and its public commitments, for ensuring progress in sustainability and for monitoring the strategy and practices concerning sustainability and the environment, as well as the progress that the Company is making in its hotel portfolio in terms of climate risks.

Likewise, to reinforce the Company's commitment to sustainability and climate change, a **Sustainability Committee** was set up in June 2020, chaired and vice-chaired by two members of the Company's senior management and made up of different corporate and operational departments that are key to driving progress in this area. This Committee assumes a key essential role: to ensure the integration of sustainability at all levels of the organisation and make sure that our roadmap contributes to fulfilling the public commitments assumed in terms of ESG from a global, integrated perspective, and to address the main challenges of Agenda 2030.

Nine sessions were held in 2023, all incorporating information related to climate change, the environment or climate risk management, a topic that has been very much present at all the Committee's meetings.

On the other hand, the Company has strengthened its organisational structure in terms of sustainability, particularly in the fight against climate change, giving the Sustainability Department roles and responsibilities in relation to all (1) public commitments associated with the carbon footprint, (2) the promotion of the conclusions identified in our analysis of climate-related risks and improving our management by applying the recommendations of the *Task Force on Climate-related Financial Disclosures* (TCFD), and (3) waste management and the drive towards a circular economy.

Finally, the Sustainability Department has expanded its structure in two of the Company's key destinations, Mexico and the Dominican Republic, with the aim of becoming a benchmark in environmental and biodiversity issues.

SUSTAINABILITY TRAINING (HOURS PAX)

1.3

(2022: 1.2)

SUSTAINABILITY COMMITTEE SESSIONS

9

Integrating sustainability into remuneration models

Our short- and medium-term variable remuneration model includes a set of non-financial targets, including one related to sustainability. Meeting this target depends on the Company's position in the various internationally-recognised ESG indices. These indices assess environmental, social and governance areas, and each of these categories has sub-indicators and parameters used to evaluate a company's performance.

At Meliá, we recognise that our participation and performance in the different rankings are a catalyst for continuous improvement, fostering a culture of sustainability and promoting responsible business practices that have a positive impact on the company and the destinations where we operate.

In terms of scope, the remuneration model is applicable both to the Company's senior management and to executives with corporate or business responsibilities and key profiles.

On the other hand, there are areas within the business units that are working on reducing energy and water consumption, setting targets to enhance their management and control, and ensuring the promotion of initiatives to reduce the carbon footprint and improve hotel facilities.

Gran Meliá Nha Trang, Vietnam

Economic - Financial Report

Financial and business results

Global hotel business

OWNED & LEASED (millions of €)	2023	2022	Δ%
Owned & Leased Hotels revenues	**1,671.1**	**1,500.8**	**11.3%**
Owned	782.9	692.2	13.1%
Leased	888.2	808.6	9.8%
Of which Rooms Revenues	**1,124.0**	**969.3**	**16.0%**
Owned	454.5	396.6	14.6%
Leased	669.4	572.7	16.9%
EBITDAR	**451.2**	**420.3**	**7.4%**
Owned	190.7	172.5	10.6%
Leased	260.5	247.8	5.1%
EBITDA	**408.8**	**401.9**	**1.7%**
Owned	190.7	172.5	10.6%
Leased	218.1	229.4	-4.9%
EBIT	**169.3**	**208.3**	**-18.7%**
Owned	111.6	135.3	-17.5%
Leased	57.7	73.0	-21.0%

MANAGEMENT MODEL (millions of €)	2023	2022	Δ%
Revenues	**336.3**	**291.0**	**15.6%**
Third-party fees	65.2	53.9	21.0%
Owned & leased hotels fees	88.8	84.2	5.5%
Other revenues	182.3	152.9	19.2%
EBITDA	**110.2**	**81.4**	**35.3%**
EBIT	**107.5**	**76.4**	**40.8%**

OTHER HOTEL REVENUE (millions of €)	2023	2022	Δ%
Revenues	**104.2**	**54.6**	**90.8%**
EBITDA	**6.5**	**4.2**	**55.3%**
EBIT	**5.8**	**2.7**	**109.8%**

BUSINESS RESULTS: KEY STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	OCCUPANCY		ARR		REVPAR		OCCUPANCY		ARR		REVPAR	
	%	Δ (PP)	€	Δ%	€	Δ%	%	Δ (PP)	€	Δ%	€	Δ%
Total Hotels	**67.7%**	**6.09**	**158.6**	**6.8%**	**107.4**	**17.3%**	**58.7%**	**5.3**	**130.7**	**0.0%**	**76.8**	**10.0%**
SPAIN	73.1%	7.0	150.7	7.9%	110.1	19.4%	70.7%	6.5	137.8	7.4%	97.4	18.2%
EMEA	65.7%	9.9	175.5	4.9%	115.3	23.5%	64.4%	8.9	177.2	2.8%	114.1	19.3%
AMERICA	59.2%	0.1	155.5	4.9%	92.0	5.1%	57.7%	0.6	145.9	10.1%	84.2	11.3%
ASIA	-	-	-	-	-	-	46.4%	10.4	83.2	1.5%	38.6	30.7%
CUBA	-	-	-	-	-	-	40.6%	5.5	76.9	-37.2%	31.2	-27.3%

BUSINESS RESULTS: OPERATIONAL PORTFOLIO AND PIPELINE

	OPERATIONAL PORTFOLIO				PIPELINE							
	2023		2022		2024		2025		>2025		TOTAL	
	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS
Owned	40	12,195	37	11,923	-	-	-	-	-	-	-	-
Leased	87	19,675	100	21,176	1	271	-	-	1	149	2	420
Management	166	47,036	151	44,456	17	3,649	14	3,426	17	4,247	48	11,322
Franchised	57	13,151	59	13,361	5	306	4	446	5	1,030	14	1,782
Total	**350**	**92,057**	**347**	**90,916**	**23**	**4,226**	**18**	**3,872**	**23**	**5,426**	**64**	**13,524**

BUSINESS RESULTS: PORTFOLIO CHANGES

OPENINGS					DISAFFILIATIONS				
HOTEL	COUNTRY/CITY	MANAGEMENT	ROOMS	REGION	HOTEL	COUNTRY/CITY	MANAGEMENT	ROOMS	REGION
INNSIDE KUALA LUMPUR CHERAS	Malasia / Kuala Lumpur	Management	238	Asia	**AMENA RESIDENCES AND SUITES MANAGED BY MELIÁ**	Vietnam / Ho Chi Minh	Management	146	Asia
MELIÁ DURRES ALBANIA	Albania / Durres	Management	471	EMEA	**INNSIDE SAIGON CENTRAL**	Vietnam / Ho Chi Minh	Management	69	Asia
SOL TROPIKAL DURRES	Albania / Durres	Management	168	EMEA	**GRAN HOTEL AFFILIATED BY MELIÁ**	Cuba / Camagüey	Management	72	Cuba
HOTEL MISTRAL ST. JULIAN'S AFFILIATED BY MELIÁ	Malta / Saint Julians	Management	51	EMEA	**HOTEL CAMAGÜEY COLÓN AFFILIATED BY MELIÁ**	Cuba / Camagüey	Management	58	Cuba
INNSIDE HABANA CATEDRAL	Cuba / Havana	Management	50	Cuba	**DORTMUND AFFILIATED BY MELIÁ**	Germany / Dortmund	Franchised	90	EMEA
NGORONGORO LODGE MELIÁ COLLECTION	Tanzania / Ngorongoro	Management	56	EMEA	**MELIÁ ROYAL TANAU**	Spain / Baqueira · Lleida	Management	41	Spain
INNSIDE BANGKOK SUKHUMVIT	Thailand / Bangkok	Management	208	Asia	**MELIÁ BUENOS AIRES**	Argentina / Buenos Aires	Management	209	North & South America
GRAN MELIÁ NHA TRANG	Vietnam / Nha Trang	Management	272	Asia	**HOTEL BONAVIA PLAVA LAGUNA AFFILIATED BY MELIÁ**	Croatia / Rijeka	Franchised	120	EMEA
HOTEL SEVILLA HABANA AFFILIATED BY MELIÁ	Cuba / Havana	Management	60	Cuba					
MELIÁ TRINIDAD PENINSULA	Cuba / Trinidad	Management	200	Cuba					
SOL TURQUESA BEACH	Cuba / Holguín	Management	156	Cuba					
PALAZZO CORDUSIO GRAN MELIÁ	Italy / Milan	Leased	84	EMEA					

Performance

2023 was the first year of complete normality and the recovery of tourism, a year that went from good to better. The trend seen throughout the year in our hotels stands out for the gradual recovery of occupancy rates. Our leisure hotels are closer to pre-pandemic occupancy figures, with a higher margin in our urban hotels. Both rates, although still below the pre-Covid period year on year, show an upward trend in the main key destinations. This strong demand, together with the company's work to position itself increasingly towards the luxury sector, enabled a positive contribution of the qualitative RevPar. In general terms, customer demand shows increased lead time accompanied by cancellation figures that are already at pre-pandemic levels. In terms of outbound markets, we are pleased to note that our customers' mix of nationalities during the year was similar to the Company's historical records, indicative of our brands' value, our positioning in a global market and the good health of tourism.

In terms of segments, we would highlight the performance of our direct channel, Melia.com, which accounted for 46% of centralised sales during the year. The company's commitment to strengthening the direct channel and our digital tools has become key in the current environment, marked by constant transformation and evolution. In this regard, our *MeliáRewards* loyalty programme now has more than 15 million registered members and is celebrating its 30th anniversary in 2024. We are pleased to see that our direct channel's positive performance is accompanied by the excellent performance of our partners, such as the tour operators that are so important to the industry and to a global company as is Meliá Hotels International.

Prospects at the beginning of 2024

The start of 2024 looks positive, with demand continuing to show signs of strength and no sign of slowing down. Despite the increased anticipation of demand, the *last minute* component remains significant, therefore entailing current visibility focused on the short/medium term. It is noteworthy that *On the Books* bookings are continuing the positive trend, surpassing by double digits the figures for the same dates recorded in the previous year.

In short, the coming months will see a solid leisure and bleisure segment, accompanied by MICE and a calendar that promises good performance from major events, with an undoubted highlight being the Paris 2024 Olympics.

However, the environment is not immune to the geopolitical and macroeconomic tensions. Recent conflicts around the world have not adversely affected our bookings, although a possible spread of hostilities to other countries could threaten the global supply chain, potentially leading to an increase in inflation and a possible extension of high interest rate monetary policies. These factors could affect demand, although for the time being the current strength encourages cautious optimism for the coming year.

Hotel Business by region

SPAIN Region

OWNED & LEASED (millions of €)	2023	2022	Δ%
Owned & Leased Hotels revenues	**755.5**	**670.1**	**12.8%**
Owned	252.5	222.6	13.4%
Leased	503.0	447.5	12.4%
Of which Rooms Revenues	**551.3**	**486.2**	**13.4%**
Owned	178.2	157.3	13.3%
Leased	373.1	328.9	13.4%
EBITDAR	**219.7**	**176.8**	**24.3%**
Owned	70.4	58.4	20.6%
Leased	149.3	118.4	26.1%
EBITDA	**183.7**	**164.1**	**12.0%**
Owned	70.4	58.4	20.6%
Leased	113.3	105.7	7.2%
EBIT	**88.8**	**55.8**	**59.1%**
Owned	51.6	41.2	25.2%
Leased	37.2	14.6	154.7%

MANAGEMENT MODEL (millions of €)	2023	2022	Δ%
Revenues	**79.6**	**61.5**	**29.4%**
Third-party fees	32.1	22.5	43.1%
Owned & leased hotels fees	42.7	37.0	15.5%
Other revenues	4.7	2.0	133.1%

BUSINESS RESULTS: KEY STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	OCCUPANCY		ARR		REVPAR		OCCUPANCY		ARR		REVPAR	
	%	Δ (PP)	€	Δ%	€	Δ%	%	Δ (PP)	€	Δ%	€	Δ%
Total Hotels SPAIN	**73.1%**	**7.0**	**150.7**	**7.9%**	**110.1**	**19.4%**	**70.7%**	**6.5**	**137.8**	**7.4%**	**97.4**	**18.2%**
Urban	71.2%	7.4	156.4	12.5%	111.3	25.7%	70.6%	7.2	150.9	11.9%	106.5	24.6%
Leisure	75.2%	6.3	144.7	3.0%	108.8	12.5%	70.7%	6.0	128.9	4.1%	91.1	13.7%

BUSINESS RESULTS: OPERATIONAL PORTFOLIO AND PIPELINE

	OPERATIONAL PORTFOLIO				PIPELINE							
	2023		2022		2024		2025		>2025		TOTAL	
	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS
Owned	16	4,030	14	3,957	-	-	-	-	-	-	-	-
Leased	46	12,042	60	13,619	1	271	-	-	-	-	1	271
Management	60	16,085	50	14,690	2	591	-	-	5	1,475	7	2,066
Franchised	17	3,112	17	3,112	3	126	-	-	-	-	3	126
Total SPAIN	**139**	**35,269**	**141**	**35,378**	**6**	**988**	**-**	**-**	**5**	**1,475**	**11**	**2,463**

Performance

In Spain, tourism has consolidated its recovery with leading institutions in the industry estimating tourism's contribution to the Spanish economy at close to 12.8% of GDP, a record high. These good figures are accompanied by a record number of tourist arrivals in our country, standing at more than 84 million, with an increase in average expenditure per stay.

In relation to urban hotels, the start of the year was positive, recording a significant growth in revenues. This trend has continued throughout the year, with rates increasing and volumes gradually recovering. During the year as a whole, there was a balanced distribution by segment; tour operators, MICE and *Corporate* showed clear signs of recovery and strength. Major conferences that were held during the year in cities such as Madrid, Barcelona, Valencia, Seville and Palma de Mallorca contributed to this segment's good performance.

2023 saw positive results in our leisure hotels, mainly driven by the recovery in the first quarter after the negative impact of the Omicron variant in the first months of 2022. In general terms, the mix of nationalities has returned to historical figures, with British and Spanish customer numbers being the fastest growing at our hotels. On the other hand, the increased booking lead time and lower cancellation rate, close to pre-pandemic figures, are also noteworthy. By segment, direct customer and tour operators account for the largest increases, while at the MICE and groups level we are already exceeding the figures for 2019, especially with the attraction of many groups at the beginning and end of the season. The summer season was particularly positive, with our Coastal and Balearic destinations performing the best. The good pace of demand and pleasant weather also made it possible to extend the season. Year-end was led by the positive performance of our hotels in the Canary Islands, which materialised the good prospects that were forecast. Special mention should be made for 2023 in terms of our products, with the launch of the ZEL brand developed together with tennis player Rafa Nadal, and the opening of Paradisus Salinas, which will become the second Paradisus hotel in Europe.

Outlook for the start of 2024

In Spain, forecasts for urban hotels are positive. We estimate growth in both rates and volumes right from the beginning of the year. By destination, Barcelona and Madrid are the cities with the highest growth, combining the good year-end for corporate customers and a significant MICE events calendar. In the case of Barcelona, the Gran Meliá Torre Melina will open in January, which together with the Palacio de Congresos will undoubtedly contribute a positive combination of bleisure, Corporate and MICE segments. Meliá Hotels International's commitment to innovation and positioning of its urban products will undoubtedly be significant in 2024 and the coming years.

In terms of our leisure hotels, for the first quarter the Canary Islands show an improvement in both rates and occupancy compared to 2023, highlightin*glast minute* demand for superior rooms. In other regions such as our Coastal hotels, groups confirmed for the start of the season allow for positive occupancy and rate forecasts. By segment, it is our Direct Channel that shows the strongest growth in revenues, and also contributes the largest increase in rates. It is worth highlighting the fact that some hotels that have historically closed in winter have not done so this year, a factor that adds to the plan to bring forward the opening of hotels in the Balearic Islands to the end of March for the second year in a row.

Innside Hamburg Hafen, Germany

EMEA Region

OWNED & LEASED (millions of €)	2023	2022	Δ%
Owned & Leased Hotels revenues	**458.3**	**422.9**	**8.4%**
Owned	111.8	96.8	15.5%
Leased	346.5	326.1	6.3%
Of which Rooms Revenues	**348.6**	**281.4**	**23.9%**
Owned	85.3	68.3	24.9%
Leased	263.3	213.1	23.5%
EBITDAR	**126.6**	**137.3**	**-7.7%**
Owned	31.8	21.9	45.3%
Leased	94.8	115.4	-17.8%
EBITDA	**123.3**	**134.6**	**-8.4%**
Owned	31.8	21.9	45.3%
Leased	91.5	112.7	-18.8%
EBIT	**30.4**	**64.3**	**-52.8%**
Owned	14.3	18.2	-21.9%
Leased	16.1	46.0	-65.0%

MANAGEMENT MODEL (millions of €)	2023	2022	Δ%
Revenues	**32.1**	**33.0**	**-2.7%**
Third-party fees	3.4	2.9	17.0%
Owned & leased hotels fees	22.0	20.9	5.3%
Other revenues	6.7	9.2	-27.1%

BUSINESS RESULTS: KEY STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	OCCUPANCY		ARR		REVPAR		OCCUPANCY		ARR		REVPAR	
	%	Δ (PP)	€	Δ%	€	Δ%	%	Δ (PP)	€	Δ%	€	Δ%
EMEA hotels overall	**65.7%**	**9.9**	**175.5**	**4.9%**	**115.3**	**23.5%**	**64.4%**	**8.9**	**177.2**	**2.8%**	**114.1**	**19.3%**
Germany	62.7%	9.1	135.1	4.6%	84.7	22.3%	62.7%	9.1	135.1	4.6%	84.7	22.3%
France	69.3%	11.0	218.7	4.4%	151.6	24.1%	69.3%	11.0	218.7	4.4%	151.6	24.1%
Italy	66.7%	6.9	291.9	9.7%	194.6	22.3%	65.7%	8.0	288.5	10.8%	189.5	26.2%
United Kingdom	69.6%	11.4	190.9	2.2%	132.9	22.3%	68.7%	11.1	193.6	2.0%	133.1	21.6%
Other EMEA	69.1%	12.6	181.3	6.9%	125.3	30.6%	64.9%	9.8	207.2	3.0%	134.5	21.2%

BUSINESS RESULTS: OPERATIONAL PORTFOLIO AND PIPELINE

	OPERATIONAL PORTFOLIO				PIPELINE							
	2023		2022		2024		2025		>2025		TOTAL	
	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS
Owned	7	1,396	7	1,396	-	-	-	-	-	-	-	-
Leased	39	7,044	38	6,960	-	-	-	-	1	149	1	149
Management	13	1,663	9	913	8	1,195	7	1,541	8	1,836	23	4,572
Franchised	39	9,893	41	10,103	2	180	4	446	5	1,030	11	1,656
Total EMEA	**98**	**19,996**	**95**	**19,372**	**10**	**1,375**	**11**	**1,987**	**14**	**3,015**	**35**	**6,377**

Performance

The region has shown a positive performance in general, with some differences among some cities in Germany. Overall, the main bleisure destinations have had very good traction across all segments. In addition, on the dates of major events such as Wimbledon, the Rugby World Cup and top level concerts, the number of visitors has been very positive, generating demand in our hotels. The MICE segment has also performed well, with significant visitor numbers. Although some events were not held in 2023, mainly in Germany, overall the evolution is positive. One of the levers that maintains growth potential is the purely *Corporate* segment which, despite maintaining a positive evolution throughout the year, has not recovered its pre-pandemic volumes year on year. By area, performance by country year on year is as follows:

In Germany, the start of the year was marked by the different performance of cities in the north of the country more linked to the business customer and cities with a more bleisure component. In the first case, the lack of *Corporate* customers meant a lower base occupancy in hotels in the north, while cities with a bleisure component saw a better evolution in destinations such as Berlin and Hamburg. However, all segments show marked growth compared to 2022. The positive note is presented by the MICE events held, which led to an improvement in average prices on the days of the events, although a lower number of stays was noted.

In the United Kingdom, 2023 recorded a positive balance sheet, thanks to an improvement mainly in occupancy compared to 2022, accompanied by an increase in rates. The beginning of the year was marked by strikes and the macroeconomic situation, which affected demand in the domestic and European market. However, the positive note at the start of the year was the *Corporate* segment, showing resilience and sustaining demand. Our hotels in London saw positive year-on-year evolution thanks to a balanced contribution from all segments, with traction from international customers, benefiting from special events such as the Coronation of Charles III. Concerning our hotels in the north of the country, the MICE and *Corporate* segments had the best performance, along with the celebration of concerts and events such as Eurovision, with a large number of visitors.

In France, a positive year, with a remarkable increase in Revpar that exceeds figures for 2022 by double digits. Despite some negative events during the year, such as strikes and riots in the capital, almost all months saw improved figures compared to the previous year. By segment, tour operators performed well, mainly thanks to US customers, which have become the main nationality for our hotels in the centre. Regarding major events and the MICE segment, the evolution is positive, with Roland Garros and the Rugby World Cup generating additional demand. It is important to highlight the performance of the hotels converted to the Meliá Collection brand, which provides access to a premium customer and allows us to focus on the generation of qualitative RevPar.

Our hotels in Italy experienced significant increases in rates and occupancy compared to 2022. Especially in the summer season, the country, and in particular Rome, saw a significant increase in visitor numbers, mainly from the United States. As respects Milan, domestic, US and British customers allowed for an increase in rates, with the end of the year marked by the gradual return of Asian customers. As is recurrent in the city, events enabled the recovery of revenues following the renovation of the Meliá Milano, which was finished in June. Special mention should be made of the opening of a new property in the city at the end of the year, the Gran Meliá Milano Palazzo di Cordusio, an iconic hotel located on Piazza Cordusio, demonstrating the company's commitment to the luxury sector in major European cities.

2023 in the region marks the continuation of our expansion in Albania. This year we opened two new hotels, with a further 13 to be opened, totalling more than 3,000 rooms together with the hotels already in operation. This expansion demonstrates the company's commitment to opening up new markets; it is already the leading hotel operator in the country.

Outlook for the start of 2024

In EMEA, Germany expects to record year-on-year growth thanks to the strong performance of the *Corporate* and MICE segments, which at the start of 2023 still showed room for improvement. With a much more solid base in these segments and significant growth in direct customers, the outlook is positive. In addition, some major sports events and concerts will generate demand which will be capitalised on through specific commercial strategies.

In the UK, trends are positive, although the start of the year is proving to be softer than expected, mainly in London hotels. This is mainly due to reduced demand from the *Corporate* segment and the slowdown in tour operators. Hotels in the north of the country are operating at a higher rate than in the same period in 2023, with a considerable drop in MICE but that is more than recovered with increases in the other segments.

In Italy, the good trend is expected to continue, with demand particularly strong in Milan. Thanks to a solid MICE events base, complemented by direct customer and tour operators, revenue is expected to increase compared to 2023. Regarding Rome, the start of the year is in line with the city's low season. In 2023 it was supported by some events that generated additional demand, which is not expected to be repeated in 2024.

France maintains a good *On the Books* position with increases in RevPar across all hotels. In general, 2024 aims to begin with a less tense social climate than that experienced in 2023, without threats of new strikes or protests for the time being. Special mention should be made of the upcoming Paris 2024 Olympic Games, which will start in June. At the moment, bookings are limited, pending full control over the inventory of current bookings that the organisation and delegations are making. Overall, all segments are performing well, with increases in both volume and rates.

AMERICAS Region

OWNED & LEASED (millions of €)	2023	2022	Δ%
Owned & Leased Hotels revenues	**457.3**	**407.9**	**12.1%**
Owned	418.6	372.9	12.3%
Leased	38.7	35.1	10.3%
Of which Rooms Revenues	**224.1**	**201.7**	**11.1%**
Owned	191.0	171.0	11.7%
Leased	33.1	30.7	7.8%
EBITDAR	**104.9**	**106.2**	**-1.2%**
Owned	88.5	92.2	-4.0%
Leased	16.4	14.0	17.0%
EBITDA	**101.8**	**103.2**	**-1.4%**
Owned	88.5	92.2	-4.0%
Leased	13.3	11.0	20.4%
EBIT	**50.2**	**88.3**	**-43.2%**
Owned	45.8	75.9	-39.7%
Leased	4.4	12.4	-64.4%

MANAGEMENT MODEL (millions of €)	2023	2022	Δ%
Revenues	**42.7**	**63.6**	**-32.9%**
Third-party fees	5.6	5.3	6.3%
Owned & leased hotels fees	24.1	26.2	-8.3%
Other revenues	13.0	32.1	-59.5%

BUSINESS RESULTS: KEY STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	OCCUPANCY		ARR		REVPAR		OCCUPANCY		ARR		REVPAR	
	%	Δ (PP)	€	Δ%	€	Δ%	%	Δ (PP)	€	Δ%	€	Δ%
Total Hotels THE AMERICAS	**59.2%**	**0.1**	**155.5**	**4.9%**	**92.0**	**5.1%**	**57.7%**	**0.6**	**145.9**	**10.1%**	**84.2**	**11.3%**
Brazil	-	-	-	-	-	-	53.3%	-0.7	104.1	31.0%	55.5	29.4%
Mexico	59.6%	0.6	175.2	2.7%	104.4	3.8%	59.6%	0.6	175.2	2.7%	104.4	3.8%
Dominican Republic	64.8%	-3.2	131.9	12.0%	85.5	6.7%	64.8%	-3.2	131.9	12.0%	85.5	6.7%
Other THE AMERICAS	48.6%	2.6	162.5	2.8%	79.0	8.6%	52.5%	5.0	180.4	4.5%	94.7	15.5%

BUSINESS RESULTS: OPERATIONAL PORTFOLIO AND PIPELINE

	OPERATIONAL PORTFOLIO				PIPELINE							
	2023		2022		2024		2025		>2025		TOTAL	
	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS
Owned	17	6,769	16	6,570							-	-
Leased	2	589	2	597							-	-
Management	17	3,790	19	4,195	5	1,396	2	285	1	180	8	1,861
Franchised	1	146	1	146							-	-
Total THE AMERICAS	**37**	**11,294**	**38**	**11,508**	**5**	**1,396**	**2**	**285**	**1**	**180**	**8**	**1,861**

Performance

In Mexico, the evolution is positive in annual terms, showing growth in both occupancy and rates. However, during the third quarter, the country felt a slowdown in US demand for the destination. This demand shifted to European destinations, which is why this quarter recorded worse performance compared to 2022. In the fourth quarter, the pace of demand for the country recovered its good prospects, demonstrating that this occurrence is circumstantial, rather than structural. Indicative of this is the significant increase in air traffic, which has grown considerably compared to 2022. By segment, there is positive evolution across the board, with the MICE segment standing out as having the highest growth during the year.

The Dominican Republic as a destination has finished a good year in terms of tourist arrivals, surpassing the target of 10 million tourists per year, with the region's air connectivity standing out. In particular, the Canadian market has seen a 20% increase in air capacity over the previous year. In terms of segments, UK, Canadian and US customer tour operators led the year, with increases in rates. On the other hand, Direct Customer has played an important role in the rate increases, with demand for superior rooms also increasing. Finally, the MICE segment has performed well during the year, especially at Paradisus Palma Real, which has hosted major medical conferences.

With respect to the United States, the year, although positive overall, showed different evolution in the two cities in which we are present. On the one hand, in New York, 2023 presents the highest production to date since opening, demonstrating a solid post-pandemic recovery in both *Corporate* and Leisure customers, with room for leeway in prices compared to other establishments in the area, with this being one of the levers that show potential. In the case of Orlando, after a strong start to the year, the city has seen a final quarter with softer domestic demand following 2022, a year that benefited greatly from ramp-up demand.

Outlook for the start of 2024

North & South America: In Mexico, the strategy for the beginning of the year is to maintain a good base occupancy, allowing for an increase in rates for *last minute* bookings, which prevail among local customers. Regarding the segments, all show a good evolution in terms of occupancy and rate maintenance. In the case of MICE, the year will be challenging as 2023 was particularly positive, with many companies holding large and small events for their employees and customers.

In the Dominican Republic, this first quarter is presented with an *On the Books* position for all our hotels higher than 2023. The start of the year stands out for the high degree of air connectivity, which allows us to forecast a strong start to the year in terms of occupancy and also allows for an increase in rates. The country continues to be one of the main destinations in the Caribbean for the Canadian market, and thanks to the collaboration with our main partners, it allows us to lay the foundations in occupancy required to improve rates at the destination. Regarding the European market, the presence of German, Spanish and French customers also supplements the demand. By segment, direct customers and tour operators show increases in volumes and rates. With regard to the MICE segment, good prospects were recorded in all hotels, with Paradisus Palma Real once again accounting for the majority of revenues from this segment.

The United States shows good prospects in New York, where leisure customers continue to show month-on-month increases, coupled with large group bookings for January and February. For the time being, demand in the city is expected to be strong and allow for growth in RevPar. In the case of Orlando, January and February show a drop in rates due to the strategy taken to recover occupancy, which is below expectations. March is traditionally a month of high demand in the city, so it is expected that the rate of bookings will recover from then.

Ratxó Retreat Hotel Melia Collection, Spain

APAC Region

OWNED & LEASED (millions of €)	2023	2022	Δ%
Owned & Leased Hotels revenues	**N.A.**	**N.A.**	**N.A.**
Owned			
Leased			
Of which Rooms Revenues	**N.A.**	**N.A.**	**N.A.**
Owned			
Leased			

MANAGEMENT MODEL (millions of €)	2023	2022	Δ%
Revenues	**9.3**	**5.7**	**61.7%**
Third-party fees	8.7	5.0	75.5%
Owned & leased hotels fees	0.0	0.0	0.0%
Other revenues	0.6	0.8	-24.8%

BUSINESS RESULTS: KEY STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	OCCUPANCY		ARR		REVPAR		OCCUPANCY		ARR		REVPAR	
	%	Δ (PP)	€	Δ%	€	Δ%	%	Δ (PP)	€	Δ%	€	Δ%
Total Hotels ASIA	-	-	-	-	-	-	**46.4%**	**10.4**	**83.2**	**1.5%**	**38.6**	**30.7%**
China	-	-	-	-	-	-	61.0%	22.2	87.3	5.9	53.3	66.5
Southeast Asia	-	-	-	-	-	-	44.0%	8.5	82.2	0.4%	36.1	24.5%

BUSINESS RESULTS: OPERATIONAL PORTFOLIO AND PIPELINE

	OPERATIONAL PORTFOLIO				PIPELINE							
	2023		2022		2024		2025		>2025		TOTAL	
	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS
Owned			-	-							-	-
Leased			-	-							-	-
Management	42	11,246	41	10,738			4	1,498	3	756	7	2,254
Franchised			-	-							-	-
Total ASIA	**42**	**11,246**	**41**	**10,738**	**-**	**-**	**4**	**1,498**	**3**	**756**	**7**	**2,254**

Performance

The Asia region was the straggler in terms of recovery from the pandemic, failing to follow the trends of high demand in the rest of the world. In 2023, the region's recovery was notable and although it has not recovered pre-pandemic metrics, it is laying a solid foundation on which to build growth. By country, China started to recover from the beginning of the year, with the turnaround starting with the Chinese New Year. Year on year, an increase in Revpar was recorded thanks to the recovery of part of the lost occupancy, but more significantly, due to the increase in rates. By segment, all segments show solid recovery, combining leisure demand, city events and *Corporate* customers. It should be noted that for the moment the demand is mainly local and from neighbouring countries. International air connectivity figures remain well below 2019, both in terms of inbound tourists and outbound nationals. In 2024, the major airline associations plan to increase air capacity gradually throughout the year.

With respect to Southeast Asia, in general, the easing of entry conditions to some destinations has favoured regional demand. Destinations such as Bali have recorded a year of growth in volume and increased rates, in which air connectivity has been key. The return of direct flights to major destinations generates additional demand. In the case of Thailand, tourists are primarily Asian and local, with other nationalities being less relevant at the moment. In terms of segments, the participation of tour operators stands out, increasing revenues while creating brand presence among local and international customers. In destinations such as Koh Samui, the performance of groups and events was also positive. In the case of our hotels operated in Vietnam, demand has mainly been focused on the domestic and nearby international markets (Korea and Australia). Chinese travellers have not recovered their pre-pandemic volumes year on year due to competition from other destinations and the easing of entry conditions through visa waivers. In terms of segments, performance varies from city to city. Hanoi, for example, has performed well in MICE and Corporate, while other destinations are more dependent on tour operators.

Outlook for the start of 2024

In the Asia region, following the clear turnaround after the pandemic, 2024 should be a year of consolidation and growth in the region. One of the main levers with growth potential lies in international air connectivity, which remains below pre-pandemic capacity, especially in the case of China. The expected gradual increase in international air capacity should be a catalyst for demand in the region from tourist arrivals, as local travellers go abroad, feeding back into demand in other regions. In the case of China, the outlook indicates growth in revenues due to tour operators and the MICE segment, with both showing double-digit growth compared to 2023. In the case of Southeast Asia, demand is generally solid. In destinations such as Bali, the strategy is focused on growth via rates, as there is more readiness for experiences. In Thailand, the region expects to benefit from the growth in Chinese demand, generating a higher volume of *last minute* demand. The segments benefiting the most are direct customers and tour operators, controlling the volume of inventory for tour operators. In the case of Vietnam, the start of the year shows On the Books bookings higher than in 2023; in destinations such as Phu Quoc, the contribution of customers from the Czech Republic stands out. Regarding destinations with a higher number of events such as Hanoi, MICE demand remains solid.

CUBA Region

OWNED & LEASED (millions of €)	2023	2022	Δ%
Owned & Leased Hotels revenues	**N.A.**	**N.A.**	**N.A.**
Owned			
Leased			
Of which Rooms Revenues	**N.A.**	**N.A.**	**N.A.**
Owned			
Leased			

MANAGEMENT MODEL (millions of €)	2023	2022	Δ%
Revenues	**15.5**	**20.2**	**-23.2%**
Third-party fees	15.4	18.3	-16.0%
Owned & leased hotels fees	0.0	0.0	
Other revenues	0.1	1.9	-93.1%

BUSINESS RESULTS: KEY STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	OCCUPANCY		ARR		REVPAR		OCCUPANCY		ARR		REVPAR	
	%	Δ (PP)	€	Δ%	€	Δ%	%	Δ (PP)	€	Δ%	€	Δ%
Total Hotels CUBA	-	-	-	-	-	-	**40.6%**	**5.5**	**76.9**	**-37.2%**	**31.2**	**-27.3%**

BUSINESS RESULTS: OPERATIONAL PORTFOLIO AND PIPELINE

	OPERATIONAL PORTFOLIO				PIPELINE							
	2023		2022		2024		2025		>2025		TOTAL	
	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS
Owned			-	-	-	-	-	-	-	-	-	-
Leased			-	-	-	-	-	-	-	-	-	-
Management	34	14,252	32	13,920	2	467	1	102	-	-	3	569
Franchised			-	-	-	-	-	-	-	-	-	-
Total CUBA	**34**	**14,252**	**32**	**13,920**	**2**	**467**	**1**	**102**	**-**	**-**	**3**	**569**

Performance

Although below expectations, 2023 was a positive year for operations. In general, visitor arrivals from the major foreign outbound markets grew, with diversification and growth in air capacity contributing positively. The Canadian market continues to lead the region, with more than 50% increase over 2022. By segment, tour operators remain the main source of stays generation. The negative note this year was the domestic market, which saw a large reduction in stays in the region. The main reason is the country's economic situation and the consequent devaluation of the Cuban peso.

Outlook for the start of 2024

In Cuba, the beginning of the year shows good prospects thanks to increased booking lead time, resulting in a better *On the Books* position. The international market continues to lead the way, with major markets such as Russia, Germany, Argentina and France having a good rate of bookings. With respect to the Canadian market, it continues to lead the destination despite a slight decline in On the Books bookings compared to the previous year, which is compensated by a higher average rate. The opening of the Meliá Trinidad Península, the first 5-star hotel at the destination, stands out in this period. Another highlight is the opening of the Sol Turquesa Beach, located in Holguín.

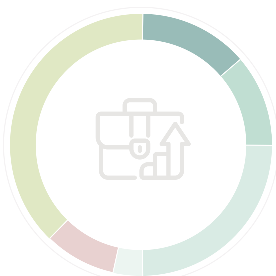
Paradisus Princesa del Mar, Cuba

Value for our shareholders

Shareholding Distribution

As at 31 December 2023, our shareholding is structured as follows:

SHAREHOLDING STRUCTURE



		NO. OF DIRECT/INDIRECT VOTING RIGHTS
Hoteles Mallorquines Asociados SL	13.76%	30,333,066
Hoteles Mallorquines Agrupados SL	11.29%	24,882,289
Hoteles Mallorquines Consolidados SL	24.36%	53,700,867
Tulipa Inversiones 2018, SA	5.39%	11,874,749
Global Alpha Capital Management LTD	13.22%	29,148,623
Treasury stock	0.11%	248,014
Rest (floating capital)	31.74%	69,952,696

Shareholder remuneration

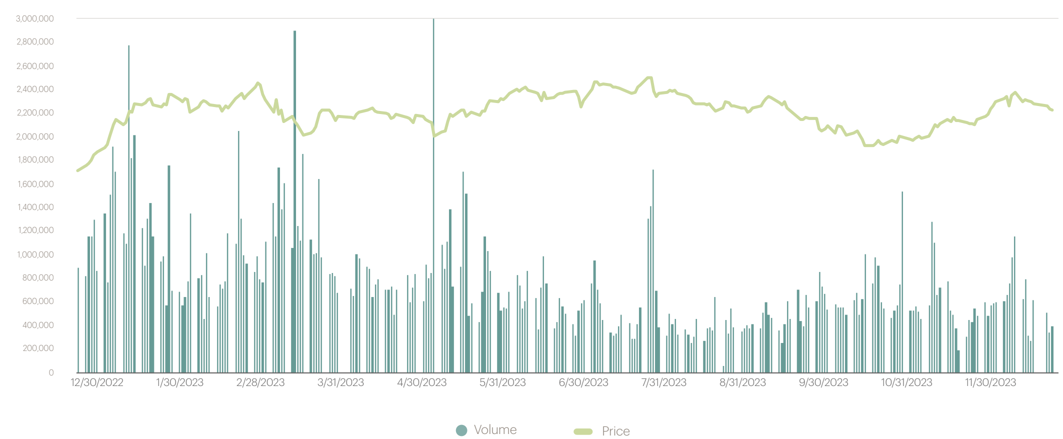
The company aims to offer an attractive, predictable and sustainable dividend. This policy is compatible with the top priority given to maintaining a level of equity that guarantees investments for the Company's future growth and ensures value creation.

After 2023, a year of normal operations throughout the year and following the suspension of dividend distributions in recent years to strengthen the balance sheet, the Board of Directors resolved on 29 February 2024 to propose to the Annual General Shareholders Meeting a resumption of dividend distributions against FY 2023.

Stock Market Evolution

During 2023, Meliá Hotels International shares have recorded a 30.2% increase in value, while the IBEX-35 has appreciated by 22.8%. The stock's performance was particularly positive in the first half of the year, after fears of the onset of a recession at the beginning of 2023 dissipated. The strength of demand and the good prospects for the different seasons that have materialised throughout the year have met market expectations. On the other hand, to contain the increase in inflation, the European Central Bank and the FED in the United States have raised interest rates throughout the year. In the final stretch of the year, however, stock markets in general rose across the board, partly on the back of expectations of the end of the restrictive cycle and the rising interest rates.

STOCK MARKET EVOLUTION

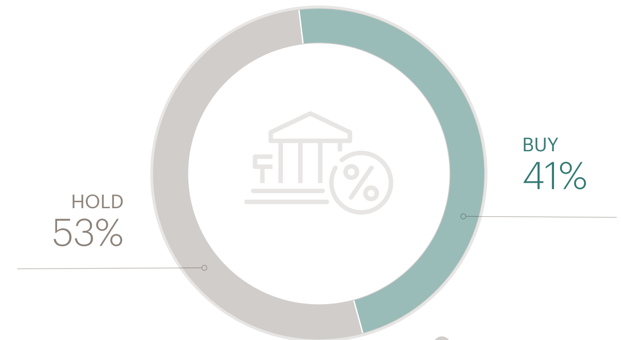


LEADING STOCK MARKET INDICATORS

	1Q 2023	2Q 2023	3Q 2023	4Q 2023	2023
Average daily volume (thousands of shares)	1,178.23	814.52	494.90	630.27	780.24
Meliá (% change)	29.97%	6.72%	-9.37%	3.56%	30.19%
Ibex 35 (% change)	12.19%	3.90%	-1.72%	7.15%	22.76%

	DEC 23	DEC 22
Number of shares (millions)	220.4	220.4
Average daily volume (thousands of shares)	780.2	1,038.6
Maximum price (euros)	6.68	8.09
Minimum price (euros)	4.71	4.13
Latest price (euros)	5.96	4.58
Market capitalisation (million euros)	1,313.6	1,009.0
Dividend (euros)	-	-

ANALYST RECOMMENDATION



TARGET PRICE
7.14
PER SHARE

WE ARE COVERED BY
17
ANALYSTS

03

Good governance, ethics and integrity

Corporate governance

Governance model

Our governance model is developed and put together through a series of regulations, rules, policies, protocols, processes and procedures based on the principles of transparency and best corporate governance practices. This system regulates and develops areas related to the structure, composition and functioning of our governance model, as well as the principles and commitments contained in the Code of Ethics and the policies approved by the Board of Directors.

Governance structure

GRI: 2-9; 2-11

These governing bodies are regulated by the various rules (Articles of Association, Regulations of the Annual General Meeting, Regulations of the Board of Directors, Regulations governing the Functioning of the Governing Bodies, Code of Ethics and Internal Code of Conduct concerning the Stock Market) which are the backbone for their operation and serve as the basis and pillar for the application of the model's principles.

Board of Directors

GRI: 2-9; 2-10; 2-11: 405-1

In accordance with the provisions of the Articles of Association, the Board of Directors of Meliá Hotels International, S.A. is the body responsible for the Company's governance, management and administration.

It is governed by the provisions of Article 31 et seq. of the Articles of Association and by the Regulations of the Board of Directors, which set out its structure, composition, powers and functioning.

The Board of Directors of Meliá Hotels International is comprised of a total of 11 members, of which six (6) are independent, one (1) is executive and four (4) represent major shareholders.

Taking into account the appointment of Mr. Gabriel Escarrer Jaume as Executive Chairman, and in compliance with recommendation number 34 of the Good Governance Code of Listed Companies, in 2023, the position and roles of Mr. Fernando d'Ornellas as Independent Coordinating Director have taken on more relevance.

During 2023, there were some absences of the Honorary Chairman, Mr Gabriel Escarrer Juliá, who was unable to attend some meetings under medical advice.

Roles of the Board of Directors

The Board of Directors exercised various roles in 2023 associated with:

- The Annual General Meeting and shareholder involvement: convening the AGM, setting the agenda, drawing up the proposals to be submitted for approval, implementing the resolutions passed by the AGM etc.
- Company and Group policies and strategies: monitoring the company's strategic plan, determining the Group's fiscal strategy, establishing the shareholder remuneration policy etc.
- The organisation of the Board of Directors: overseeing the functioning of the specialised committees, evaluating the functioning of the Board etc.
- The information to be provided or supplied by the Company: formulating the financial statements and the statement of non-financial information, approving the annual corporate governance report and the directors' remuneration report etc.
- Remuneration of directors and executives: proposing to the AGM the appointment or ratification of directors, monitoring the succession plan for the Chairman of the Board etc.

Composition

During 2023, the following changes have taken place in the composition of the Board of Directors and its specialised committees:

- Resignation of Mr. Gabriel Escarrer Juliá as Chairman of the Board of Directors and subsequent appointment as Honorary Chairman.
- Re-election as External Director Representing Major Shareholders of Mr. Gabriel Escarrer Juliá, who in addition to being Honorary Chairman is also a member of the Board.
- Appointment of Mr. Gabriel Escarrer Jaume as Chairman of the Board, continuing in his position as CEO. The appointment of Mr. Gabriel Escarrer Jaume as the new Chairman of the Board has been carried out under the Succession Plan unanimously approved in December 2016 by the Board of Directors.

ATTENDANCE	AVERAGE SENIORITY	AVERAGE AGE	WOMEN	INDEPENDENCE
91%	11.1 Years	66.1 Years	36.4%	54.5%

CURRENT COMPOSITION OF THE BOARD

DIRECTOR	POSITION	TYPE	END OF TERM OF OFFICE	MEMBERSHIP OF SPECIALISED COMMITTEES
Mr. Gabriel Escarrer Juliá	Honorary Chairman	Representing Major Shareholders	22 June 2027	-
Mr. Gabriel Escarrer Jaume	Chairman and CEO	Executive	10 June 2025	-
Hoteles Mallorquines Agrupados, S.L. (Rep. Mr. Jose María Vázquez-Pena)	Member	Representing Major Shareholders	10 July 2024	-
Mr. Alfredo Pastor Bodmer	Member	Representing Major Shareholders	22 June 2027	-
Mr. Fernando D'Ornellas Silva	Coordinating Director and Chairman AR&SC	Independent	10 June 2025	A&CC / AR&SC
Ms. Carina Szpilka Lázaro	Member	Independent	10 July 2024	A&CC / AR&SC
Mr. Francisco Javier Campo García	Chairman A&CC	Independent	10 June 2025	A&CC / AR&SC
Mr. Luis María Díaz de Bustamante y Terminel	Secretary	Representing Major Shareholders	16 June 2026	AR&SC
Ms. Cristina Henríquez de Luna Basagoiti	Member	Independent	22 June 2027	A&CC
Ms. Cristina Aldámiz-Echevarría González de Durana	Member	Independent	16 June 2026	A&CC
Ms. Montserrat Trapé Viladomat	Member	Independent	16 June 2026	AR&SC

- Appointment as External Director Representing Major Shareholders of Mr. Alfredo Pastor Bodmer, representing the major shareholder, Hoteles Mallorquines Asociados, S.L.
- Re-election as Independent External Director of Ms. María Cristina Henríquez de Luna Basagoiti.

The following changes have taken place in the Board's specialised committees:

- Appointment of Ms. Montserrat Trapé Viladomat (Independent External) as a member of the Appointments, Remuneration and Sustainability Committee.
- Appointment of Ms. Cristina Aldamiz-Echevarría González de Durana (Independent External) as member of the Audit and Compliance Committee.

Diversity

Both the Appointments, Remuneration and Sustainability Committee and the Board are aware of the 40% target established in the CNMV's Good Governance Code of Listed Companies and the Diversity Directive. Consequently, they underscore their determination to include more women on the Board in future selection processes.

In this regard, since 2021 the Board of Directors of Meliá Hotels International has comprised four (4) female directors, out of a total of eleven (11) members, representing 36.36% women on the Board. Moreover, the specialised Board Committees have a composition of more than 40% women (the Audit and Compliance Committee is made up of 60% women and the Appointments, Remuneration and Sustainability Committee, 40%).

Furthermore, in June, the Board of Directors approved a **new** *Diversity Policy*, setting new and more ambitious targets in this area. The Policy establishes the principles, guidelines and main lines of action on diversity and inclusion that will govern the Company's strategy, ensuring equal opportunities and non-discrimination on grounds of race, colour, sexual orientation, age, gender, culture, work, disability, ideology, religion, or any other characteristics, with diversity and inclusion defended as values to be protected and consolidated in the workplace. In addition, the *Director Selection Policy* was amended in June 2023, updating the Board's gender diversity target: **40% women by 2024.**

Evaluation of the Board of Directors

GRI: 2-18

The Board of Directors annually evaluates the functioning and composition of the Board itself and its committees, as well as the Company's chief executive. The Appointments, Remuneration and Sustainability Committee is responsible for approving and initiating this process. The report with the results of the 2023 evaluation will be presented to the Board of Directors in the first quarter of the following financial year (2024), when the corresponding action plan, if any, will be discussed and approved.

In connection with Recommendation 36 of the Good Governance Code of Listed Companies, which refers to the assistance of an external consultant in the Board evaluation process, the Appointments, Remuneration and Sustainability Committee was advised in 2022 by the consultancy firm PriceWaterhouseCoopers in the review of the assessment questionnaires for the Board of Directors and the chief executive.

As a result of the 2022 self-assessment process, during 2023 the Board has had a training plan in place for new technologies (artificial intelligence), strategy and cybersecurity. The selection of the training provider was led by the Appointments, Remuneration and Sustainability Committee as part of the process to monitor the Board evaluation.

Competency matrix

Competency Matrix

GRI: 2-17

During 2023, the competency matrix has continued to be used as a tool for the selection and re-election, where applicable, of Directors, as set out in the *Director Selection Policy*, as well as in the preparation of the Board's training plan.

Conflicts of interest

GRI: 2-15

The Honorary Chairman of the Board (Gabriel Escarrer Juliá), the Chairman and CEO (Gabriel Escarrer Jaume), as well as the Directors whose re-election or appointment has been submitted for approval by the AGM, have abstained from participating in the deliberation and voting on matters considered at meetings of the Board of Directors relating to decisions in which they, or a person related to them, presented a potential direct or indirect conflict of interest with the Company.

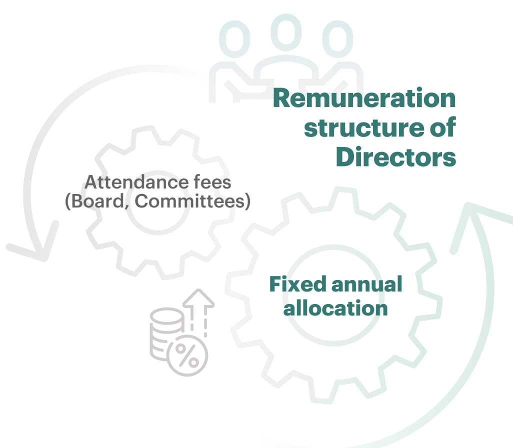
Remuneration of the Board of Directors

GRI: 2-19; 2-20; 2-21; 405-2

The remuneration of the Board of Directors is based on our *Remuneration Policy*, best market practices, as well as applicable regulations and recommendations. We also follow the remuneration studies prepared by external consultants.

In 2021, the *Board Remuneration Policy* for 2022 to 2024 was approved to incorporate the latest recommendations of the Good Governance Code of Listed Companies and the new requirements resulting from the latest reform to the Spanish Companies Act regarding long-term shareholder involvement.

DIRECTOR REMUNERATION SYSTEM



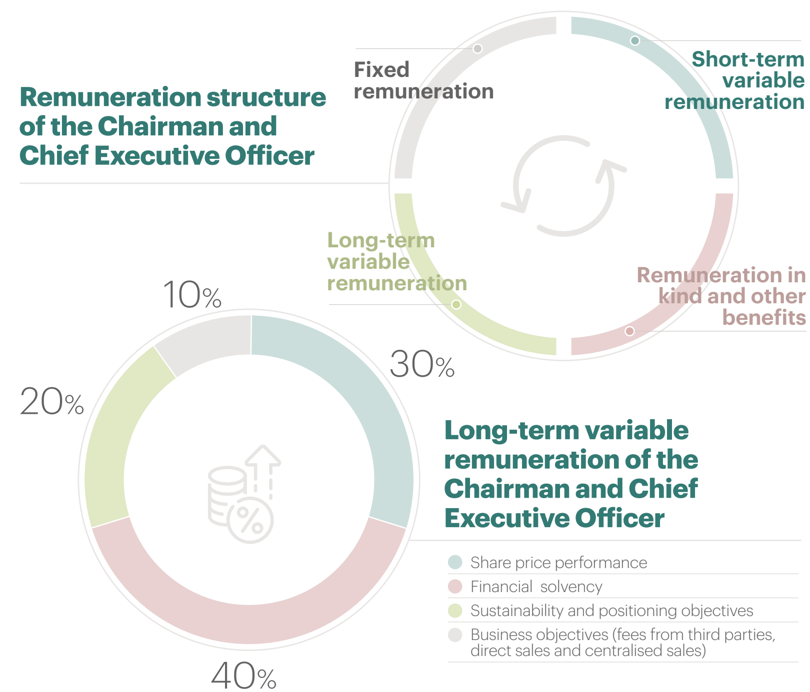
The remuneration of the Directors in their capacity as such consists of:

- **Fixed annual allowance** for carrying out their supervisory and joint decision-making roles.
- **Per diems** for attendance at meetings of the Board of Directors and Committees of which they are members.

In addition to the above, the Chairman of the Board and the CEO's remuneration package includes:

- Fixed annual remuneration.
- Short-term variable remuneration.
- Long-term variable remuneration.
- Remuneration in kind and other benefits.

REMUNERATION STRUCTURE OF THE CHAIRMAN AND CEO



As part of this remuneration structure and in compliance with the Spanish Companies Act, the Board of Directors submitted for approval by the 2022 Annual General Meeting the long-term remuneration system, partially indexed to the Company's share price, for the Executive Director, leadership and other professionals of the Group.

When drawing up the 2023 Annual Remuneration Report, we have taken into account the recommendations received from the proxy advisors in the run-up to the AGM (Glass Lewis and ISS). In relation to the approval by the 2023 AGM of the 2022 Annual Remuneration Report, and with regard to the declining shareholder support for this Report, the Appointments, Remuneration and Sustainability Committee analysed in detail the possible causes of such votes, promoting improved transparency and detail for the next Board Remuneration Report, which will be submitted for approval by the 2024 AGM.

APPROVAL OF THE ANNUAL REMUNERATION REPORT

	2017	2018	2019	2020	2021	2022	2023
AGM Approval Annual Remuneration Report	71.0%	94.9%	97.3%	99.8%	99.5%	97.6%	84.6%
Increase vs 2017		24.9 pp	27.3 pp	29.9 pp	29.5 pp	27.6 pp	

The remuneration model of the Board of Directors for 2024, as set out in the Remuneration Policy, is structured as follows:

DETAIL OF BOARD AND SENIOR MANAGEMENT REMUNERATION

(In thousands of €)	2022						2023					
	SALARY	FIXED REMUNERATION	PER DIEMS	SHORT T. VARIABLE REMUNERATION	LONG T. VARIABLE REMUNERATION	TOTAL	SALARY	FIXED REMUNERATION	PER DIEMS	SHORT T. VARIABLE REMUNERATION	LONG T. VARIABLE REMUNERATION	TOTAL
CEO	869	22	35	533		**1,459**	865	22	38	533		**1,458**
Non-Executive Directors		206	580			**786**		216	638			**854**
Senior Management		2,004		869		**2,873**		2,192		911		**3,103**
Total	**869**	**2,232**	**615**	**1,402**	**-**	**5,118**	**865**	**2,430**	**676**	**1,444**	**-**	**5,415**

Notes:
- In 2023, the gap between the annual remuneration of the Executive Deputy-Chairman & CEO and the median average remuneration of the entire workforce (consolidated perimeter) was 64 times difference.
- The average remuneration of Directors and Senior Management (including Internal Auditor) is €95,716 for women and €158,206 for men.
- The average fixed and variable remuneration of Directors and Senior Management is €105,702 for women and €211,372 for men.

Specialised committees

In 2023, the operation and roles of the two specialised Board Committees have been consolidated and aligned with recommendations on good governance.

Appointments, Remuneration and Sustainability Committee

The main functions of this committee are detailed below:

- Drawing up proposals for the appointment and re-election of directors and senior executives, as well as proposing their remuneration.
- Reporting on transactions that involve or may involve conflicts of interest.
- Leading the periodic evaluation of the structure, size, composition and actions of both the Board of Directors and the specialised committees, with the appropriate recommendations made in each case.
- Ensuring that the knowledge and experience that directors have in terms of ESG is aligned with emerging trends and best practices.
- Monitoring the sustainability strategy and practices and assessing their degree of compliance in coordination with the Sustainability Committee.
- Proposing to the Board of Directors the criteria and conditions of the Remuneration Policy and ensuring transparency.

It is worth highlighting the Committee's focus on appointments and re-elections in 2023; during the year there were significant changes in the composition of the Board and, in particular, in the succession plan for the Chairman of the Board.

The main activities carried out by the Committee during 2023 are summarised below:

COMPOSITION AND RATIOS OF THE SPECIALISED COMMITTEES

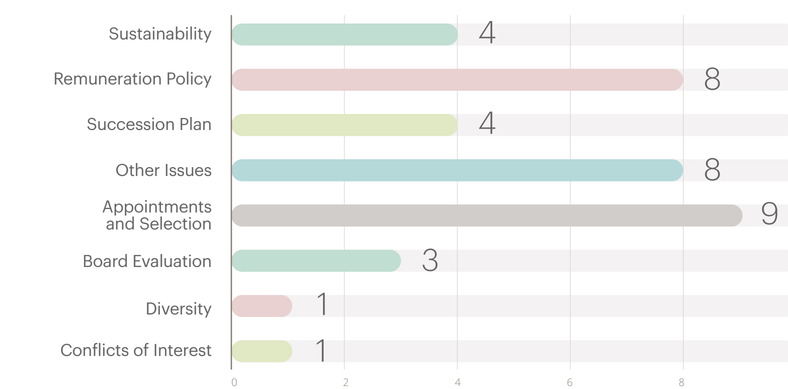
AUDIT AND COMPLIANCE COMMITTEE

MEMBERS	WOMEN	DIRECTORS REPRESENTING MAJOR SHAREHOLDERS	INDEPENDENT EXTERNAL DIRECTORS	MEETINGS 2023	CHAIRMAN	ATTENDANCE
5	3 (60%)	0 (0%)	5 (100%)	8	Independent Director	97.5%

APPOINTMENTS, REMUNERATION AND SUSTAINABILITY COMMITTEE

MEMBERS	WOMEN	DIRECTORS REPRESENTING MAJOR SHAREHOLDERS	INDEPENDENT EXTERNAL DIRECTORS	MEETINGS 2023	CHAIRMAN	ATTENDANCE
5	2 (40%)	1 (20%)	4 (80%)	7	Independent Director	100%

ACTIVITIES OF THE COMMITTEE



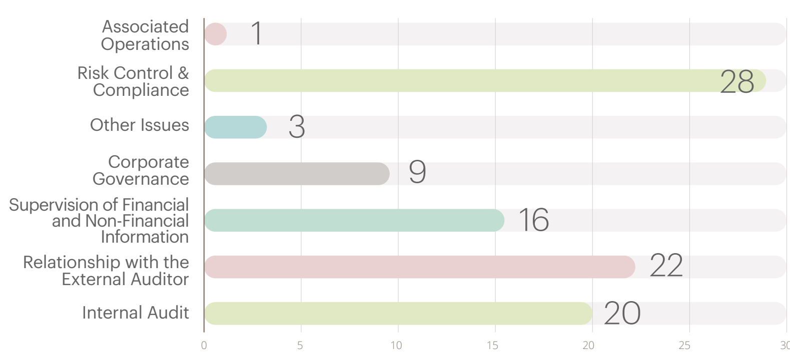
Audit and Compliance Committee

The main functions of this committee are detailed below:

- Supporting the Board in overseeing the effectiveness of the Company's internal control and risk management systems, acting as a channel of communication with internal and external auditors.
- Monitoring the process of preparing and presenting financial and non-financial information to the Board.
- Compliance with legal provisions and internal regulations.
- Overseeing internal audit.
- Overseeing *Risk Control & Compliance*.
- Relations with the Group's external auditor (Deloitte).

During 2023, the Committee focused in particular on the selection process for the external auditor and on the Non-Financial Reporting Internal Control System (SCIINF). The main activities carried out are also summarised:

ACTIVITIES OF THE COMMITTEE



Executive Committee

The Executive Committee or SET (*Senior Executive Team*) is the collegiate body that drives the management of Meliá Hotels International, as well as the critical continuous review of the business. In this way, it works to ensure that the targets set by the Board of Directors are met and supports the Chairman and CEO in their management.

The Executive Committee also ensures the sustainable growth of the business and the contribution of value for shareholders, promoting the projects that the Company needs to undertake for which it is responsible. It also sets priorities, allocates the necessary resources and works to ensure that the targets set are achieved.

Another of its functions is to provide the Board of Directors up-to-date, objective and adequate information to enable the latter to carry out its oversight functions.

Between May and September 2023, the following changes occurred in the composition of the SET:

- Appointment of Mr. Ángel Luís Rodríguez Mendizábal as the Company's new Chief Financial Officer, replacing Ms. Pilar Dols Company, who has become head of the Escarrer Family Office.
- Appointment of Mr. Juan Ignacio Pardo García as the new *Chief Real Estate Officer*, replacing Mr Mark Hoddinott.
- Appointment of Mr. Mariano de Cáceres Pérez as the new *Chief Legal & Compliance* Officer, replacing Mr. Juan Ignacio Pardo García.
- Appointment of Mr. Carlos González Santolaya as the new *Chief Strategy Officer*.

With these changes, the SET is expanded (from 6 to 7 members), and its composition is as follows:

- **Mr. Gabriel Escarrer Jaume** – Chairman of the Board and CEO.
- **Mr. André P. Gerondeau** – *Chief Operating Officer* – responsible for the areas of hotel operations and the Group's Vacation Club.
- **Mr. Juan Ignacio Pardo García** - *Chief Real Estate Officer* – responsible for the areas of real estate portfolio, asset management, construction, maintenance and procurement.
- **Mr. Ángel Luís Rodríguez Mendizábal** - *Chief Financial Officer* – responsible for the areas of finance, tax, investor relations, management control and administration.
- **Mr. Gabriel Cánaves Picornell** – *Chief Human Resources Officer* – responsible for Human Resources and operations in Cuba.
- **Mr. Mariano de Cáceres Pérez** - *Chief Legal & Compliance Officer* – responsible for the areas of legal advice, internal audit, risk, compliance and corporate governance.
- **Mr. Carlos González Santolaya** - *Chief Strategy Officer* – responsible for strategy, IT and innovation.

In 2024, the SET has been particularly focused on the following:

- Monitoring the asset turnover roadmap (analysis and monitoring of all *Real Estate* operations).
- Analysis, study, review, selection and approval, where appropriate, of the Group's different financing operations.
- Monitoring the Strategic Plan roadmap.
- Monitoring the Cultural Transformation Plan, with a focus on the Company's culture and on attracting and retaining talent.
- Monitoring and analysing the Group's different significant lawsuits.
- At the operational level, continuous monitoring of the Company's operational and economic forecasts.
- Deep Dives (single-issue meetings) on specific areas and projects, including IT, Global Business Development and Human Resources.
- Approval, monitoring and re-planning of the Annual Investment Plan (AIP).
- Monitoring of the budget for 2023 and approval of the budget for 2024.

Annual General Meeting

GRI: 2-29

During the year, the quorum for the AGM has been increased from 77.31% (2022) to 78.10% of the share capital with voting rights.

With a view to strengthening the Company's solvency and liquidity, the Board of Directors decided not to propose a distribution of dividends to the AGM.

The AGM held on 22 June 2023 renewed the delegations to the Board regarding the capital increase (including the exclusion of pre-emptive rights) and the issuance of simple and convertible debt.

Meliá Punta Cana Beach, Dominican Republic

Human Rights Due Diligence

GRI: 2-23; 2-24; 2-25; 3-3; 407-1; 408-1; 409-1

The transversal management of intangibles is becoming increasingly important due to new regulatory environments and the interest of investors, customers and consumers etc., with an increased focus on transparency and rigour in non-financial reporting.

The European Commission presented on 23 February 2022 a proposal for a Directive on corporate sustainability due diligence. The proposal aims to promote sustainable and responsible business behaviour throughout the value chain. It requires companies to play a key role in building a sustainable economy and society, requiring them, where necessary, to prevent, contain or mitigate the adverse effects of their business activity on human rights and the environment. This issue is not only becoming increasingly important in the regulatory environment, but also in our stakeholder materiality matrix, the issue of labour and human rights protection is positioned in the TOP 5.

The new regulation sets new lines of work, consequently, we assume universal pillars, such as the Principles of the Global Compact - an entity of which we have been a member since 2009 - and United Nations Human Rights, and we apply international frameworks in the business sphere: the International Bill of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the Fundamental Principles of the ILO, the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, as well as other specific conventions concerning the tourism industry.

Using the documents available from the European Commission, the Global Compact good practices and the recently published CSRD, the Group is working to make our process for identifying, preventing, mitigating and taking accountability for actual and potential negative effects on people and the environment ever more robust. We are driving this commitment throughout our value chain, including all kinds of suppliers, who provide a service in line with our customers' expectations.

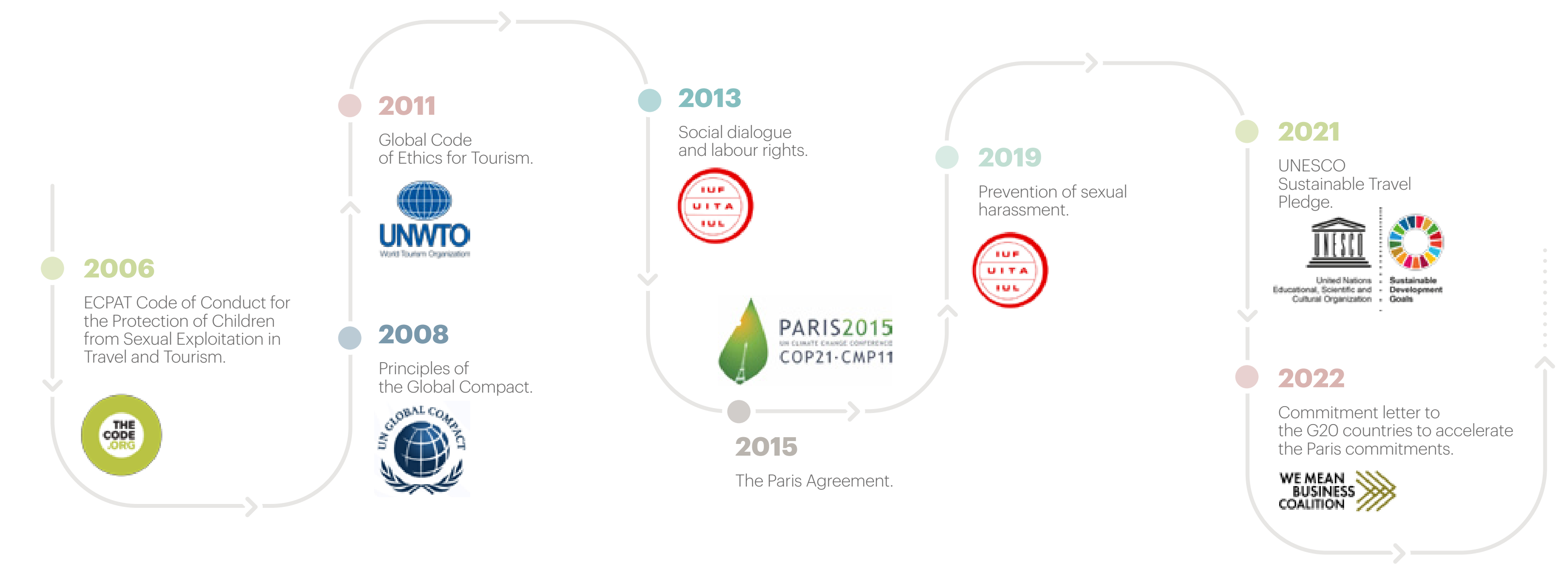
At Meliá Hotels International, we have been working for years to consolidate our human rights governance and management system, driven by the publication of the global *Human Rights Policy*, approved by the Board of Directors in July 2018.

It is also worth highlighting the launch of our first Human Rights **Self-Assessment** in 2019, which was updated in 2022. The due diligence process is aligned with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Human Rights control and management system

Respect for human rights, in line with international regulations, is inseparable from our way of understanding hotel management and our values as a family-founded company.

A LOOK BACK AT 17 YEARS OF PROGRESS



Given the Company's growth and the opening of new markets and countries, the Company has designed a risk assessment model by country under ESG criteria, where it may potentially be conducting negotiations but to date has no hotels operating under any management system. This assessment evaluates different dimensions, including areas related to the degree of defence or violation of human rights.

On the other hand, new hotel incorporations include in their contractual documentation a specific clause to ensure the integration of ESG criteria in the future of the relationship and compliance with Meliá Hotels International's ethical management system.

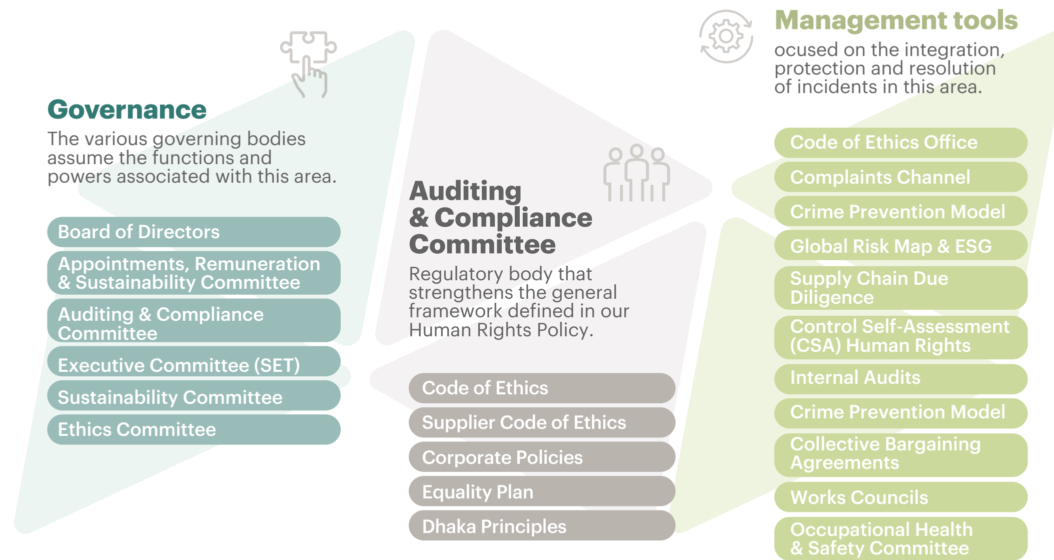
We translate our commitment to human rights into practice and are working to ensure their integration throughout the value chain. All our suppliers must sign our *Supplier Code of Ethics*, assuming our ethical commitments to respect their own people and to protect human rights. Likewise, they actively undertake to promote and respect the principles of the UN Global Compact on labour and human rights in their business. In this regard, we have the power to at any time verify that the obligations assumed in this clause are being met. While our contract with the supplier is in force, we may also request documentation to demonstrate that the supplier is complying with the commitments set out in the clause and, in the case of non-compliance, initiate termination of the contract, without prejudice to any other appropriate compensatory actions.

A robust governance model

The Universal Declaration of Human Rights, drafted by representatives with different legal and cultural backgrounds from all regions of the world, represents the first universal recognition of the basic rights and fundamental freedoms inherent to all human beings, inalienable and applicable in equal measure to all people, regardless of our nationality, place of residence, gender, national or ethnic origin, skin colour, religion, language or any other condition.

This key principle requires the business world to respect human rights in its activities and operations, avoiding negative impacts or violations and, at the same time, promoting actions that contribute positively to the targets set in the Sustainable Development Goals (SDGs).

The Company has different tools, channels and control systems in place, available to both its external stakeholders and its employees, to respond forcefully to any violation of human rights and minimize any impacts that may occur in any country in which it has presence and operates, whatever the nature may be: general, labour or linked to corruption.



Risks arising from our activity

Since 2021, our Global Risk Map has included **potential impacts on human rights protection** as a specific risk since we operate in 14 countries in which rights may not be fully guaranteed or there may be threats of systematic violations. This risk specifically analyses breach of labour rights, staff not covered by a Collective Agreement, human trafficking, respect for the environment, slavery, discrimination, harassment, bullying and mobbing, taking into account the level of probability and impact.

We monitor this model each year to compile all the behaviours that could threaten the dignity, equality, freedom, health or safety of people, as well as impacts on the environment and issues related to corruption. As part of our Crime Prevention and Detection Protocol, we have identified 23 criminal offenses, 8 of them associated with impacts on human rights, related to behaviours that could breach workers' rights, possible environmental impacts and behaviours linked to corruption.

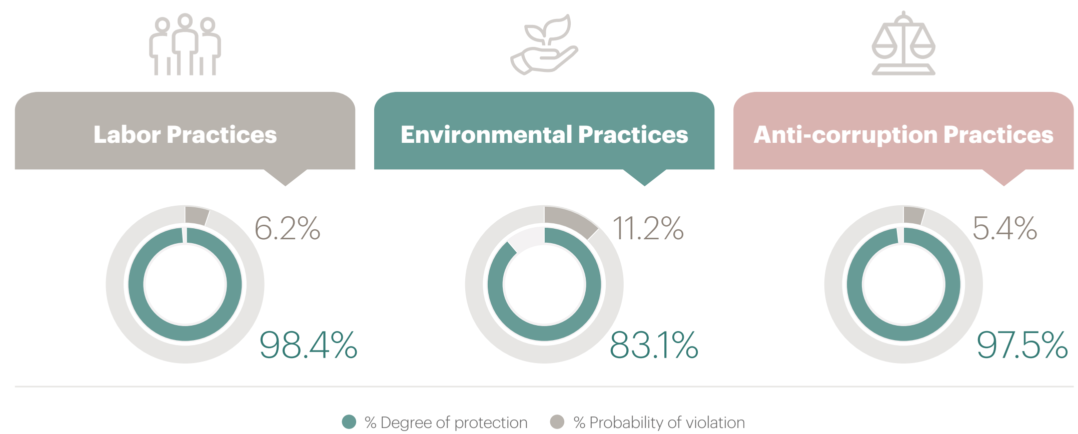
The analysis conducted with the participation of the 242 hotels involved, as well as the management of the 28 complaints received, leads us to confirm that our management system operates correctly, with no risk situations having been identified in any of the areas covered by the exercise, and concluding that there is a high level of protection and low probability of situations involving a breach of human rights.

Since 2020, we have identified groups whose rights, mainly labour related, are not guaranteed or are systematically violated in countries in which we operate and where there could be a risk, taking as a reference the Global Labour Rights Index of the International Trade Union Confederation (ITUC) and Human Rights Watch.

In addition to the efforts made to identify risks, work was also done to verify the people management control systems. Each year our Internal Audit and Occupational Health teams check the correct implementation of these systems and occupational health and safety protocols.

On our path of continuous improvement and anticipation of potential risks, we periodically verify our internal control systems. Lessons learned and opportunities for improvement are integrated into the Company's management so our performance can be seen by our stakeholders in a transparent, rigorous manner.

LEVEL OF PROTECTION AND PROBABILITY OF BREACH



Human rights self-assessment

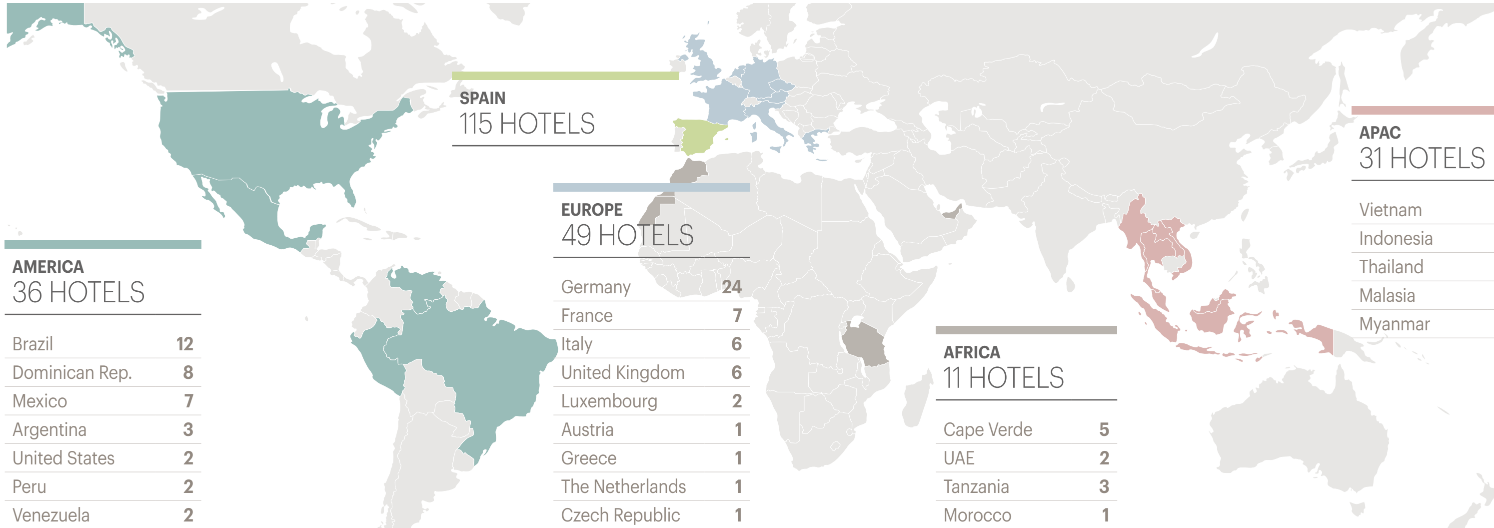
Three years after our first self-assessment, in 2022 we reviewed and updated our Control Self-Assessment (CSA) to identify new risks and criteria in this area in our operations. This new document incorporated the highest standards and added the Dhaka Principles of Responsible Recruitment and the Modern Slavery Act (UK) guidelines to the approaches already covered in our first self-assessment, mentioned above. With the aim of going further in our requirements, when updating the self-assessment we also incorporated new vulnerable groups, such as migrant workers, women discriminated against on the basis of gender, women who are victims of violence, children, indigenous communities, the unemployed, refugees and LGTBIQ+ groups.

With this update, we covered different areas relating to labour rights, such as staff selection, remuneration and recruitment, occupational health and the working environment, social dialogue, the supply chain, the environment, recognised as a commitment in our policy, and anti-corruption. In each of them, we measured the perception of protection and the probability of breach of these rights in the business units, as well as management's management capacity, aware of the potential negative impact of a possible breach on our business.

Given the importance of this issue and our international presence, 242 hotels were invited to participate in 2022 across 26 countries (84% of the active owned, leased and managed portfolio), with the exception of Cuba, China and other hotels that were not operational during the period). All the hotels responded to the questionnaire, giving us a global vision of the level of management, control and assurance that exists in our portfolio.

The exercise included one hundred questions and was conceptualised from an integrated view of our public commitments. It covered the Company's different policies in areas related to: human rights, anti-corruption, climate change and the environment, procurement and contracting of services, human resources, occupational health and safety, and sustainability. To supplement the process, we analysed other areas with additional specific questions related to harassment, impact on communities, discrimination, labour rights, free movement, ethics, right to privacy and the fight against child labour.

SELF-ASSESSMENT



AMERICA
36 HOTELS

Brazil	12
Dominican Rep.	8
Mexico	7
Argentina	3
United States	2
Peru	2
Venezuela	2

SPAIN
115 HOTELS

EUROPE
49 HOTELS

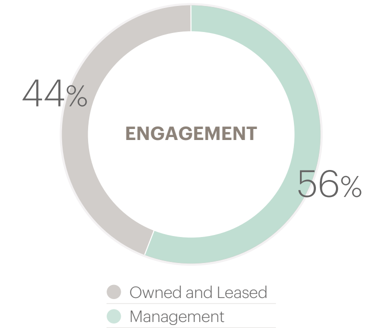
Germany	24
France	7
Italy	6
United Kingdom	6
Luxembourg	2
Austria	1
Greece	1
The Netherlands	1
Czech Republic	1

AFRICA
11 HOTELS

Cape Verde	5
UAE	2
Tanzania	3
Morocco	1

APAC
31 HOTELS

Vietnam	19
Indonesia	7
Thailand	3
Malasia	1
Myanmar	1



The Company plans to launch a new Control Self-Assessment (CSA) during the first half of 2024, taking into account the new requirements and the main elements of the European Directive on sustainability due diligence to protect the environment and human rights.

Complaint and grievance mechanisms

We make communication, evaluation and control channels available to our stakeholders, in which anyone who becomes aware of a breach or non-compliance of the Human Rights Policy can report it to us through the **Whistleblowing Channel**, which has a specific category for labour and human rights and is confidential. Of the 8 complaints received this year through this channel, all have been related to different areas relating to human rights at 7 hotels. None of the complaints received were linked to breaches of the rights of indigenous peoples or operations that involved child labour. 100% of complaints were analysed, investigated and closed during 2023.

2024 Challenges

The Company is committed to launching a new Control Self-Assessment (CSA) during the first half of 2024, taking into account all the aspects incorporated in the new corporate sustainability due diligence directive: to protect the environment and human rights.

We will strengthen our teams' knowledge in this area with specific training, and a particular focus on the highest risk destinations, as well as updating our internal website with specific content on human rights.

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5. SOCIAL VALUE GENERATION

6. ANNEXES

Listening to our stakeholders

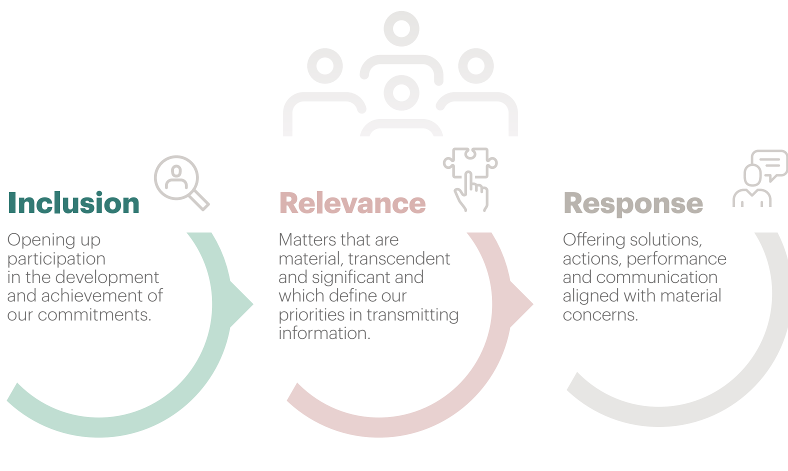
GRI: 2-29; 3-1; 3-2; 3-3; 207-3

Committed to listening

GRI: 2-29

At Meliá Hotels International, we encourage dialogue and active listening with our stakeholders. To this end, we have a *Relations Policy* based on the principles of Accountability (AA1000SES (2011)) approved by the Board of Directors in July 2018. This standard not only sets out the guidelines for communicating with the Company's stakeholders, but also shapes how we respond, in a comprehensive and balanced manner, to the relevant issues, opportunities and risks that may arise in our relationship with our stakeholders. The standard also determines the requirements necessary to integrate stakeholder needs into the business, based on the principles of inclusivity, relevance and responsiveness.

WE LISTEN TO OUR STAKEHOLDERS AND INCORPORATE THEIR NEEDS INTO THE COMPANY'S MANAGEMENT MODEL.



Beyond the common commitments assumed in the Policy, each stakeholder group has its own channels and spaces for dialogue with specific experience and knowledge to respond with greater precision to each group's concerns and needs, according to each particular relationship and requirement.

STAKEHOLDERS

GROUPS	SHAREHOLDERS AND INVESTORS	OWNERS AND PARTNERS	EMPLOYEES	SUPPLIERS	CUSTOMERS	PUBLIC AUTHORITIES	THE MEDIA	INDUSTRY AND COMPETITORS	SOCIETY AND COMMUNITY
Subgroups	• Institutional investors	• Partners • Joint Ventures	• Collaborators	• Product suppliers	• B2C (individuals)	• National, regional and local authorities	• The media	• Regulators	• Academic and educational environment
	• Minority shareholders	• Asset owners	• Trade union associations	• Service providers	• B2B (corporate)	• Public institutions		• Tourism industry (competitors)	• Neighbourhood associations
	• Voting advisors				• Travel agents • OTAs	• Public-private organisations		• Private professional or business associations and organisations.	• Social entities and NGOs
	• Financial institutions				• Tour operators			• Public-private organisations	• Society in general
	• Financial analysts							• Lobbies	
	• Rating agencies								
	• Sustainability analysts								
Communication channels/Frequency	• Institutional website • Newsletters • Proxy Advisors • Shareholder services (email) • Roadshows	• Owner portal and office • Press office • Joint ventures office • Bodies	• Meliá Home (internal portal) • eMeliá • Internal communications	• Supplier Code of Ethics Mailbox • Purchasing groups • Press releases • COUPA platform	• melia.com / APP / Customer Service & Contact Center • Melia PRO • MeliáRewards • Social Media & Public Relations • Campaigns • Quality mailbox / My Experience	• Communications Office • Regional Corporate Offices • Press Room • Secretary's office of the Chairman/ CEO • Social Media CEO & Meliá	• Press office • Press Room (Virtual) • Social Media	• Institutional communications • Communications Office • Social Media CEO & Meliá • Secretary's office of the Chairman & CEO • Regional Corporate Offices	• Press room • Social Media
Dialogue spaces	• Annual General Meeting • Investor Relations Office	• Governing bodies • Meetings with owners • Meetings with partners	• Performance management • Meeting with teams • Equality committee • Health and Safety Committees • Social Dialogue with Trade Unions • Surveys • Social Media (external talent) • Learning communities	• COUPA platform	• Webinars • Surveys • Workshop • TestLab	• Institutional relations • Institutional presence • Forums, events and meetings	• Institutional Relations • Forums and meetings • Press conferences	• Institutional relations • Institutional presence • Forums, events and meetings	• Forums and meetings

Internal External Direct External Indirect **Frequency:** Recurring Periodic Occasional

Materiality

GRI: 3-1; 3-2; 416-1

In the latest update of our materiality analysis, which the Company carries out twice a year, we involved stakeholders with whom we have a close relationship as a sign of our values of proximity and closeness. For this reason, we include all our relevant stakeholders as well as the subgroups identified in our mapping. It is important to highlight the increase in average participation we achieved in our last exercise, with a response rate of 27% compared to 25% in 2019.

WE INVOLVE ALL OUR STAKEHOLDERS IN THE MATERIALITY ANALYSIS: STAKEHOLDER GROUPS AND SUBGROUPS.

Another differentiating element of the exercise was the assessment under two perspectives: the importance of material issues from the impact point of view and stakeholder perception of our performance by issue. This approach has enabled us to identify where the main differences lie between our performance and our stakeholders' views, with the aim of using this learning, coming about from dialogue, and integrating it into our sustainability strategy.

STAKEHOLDER MAP

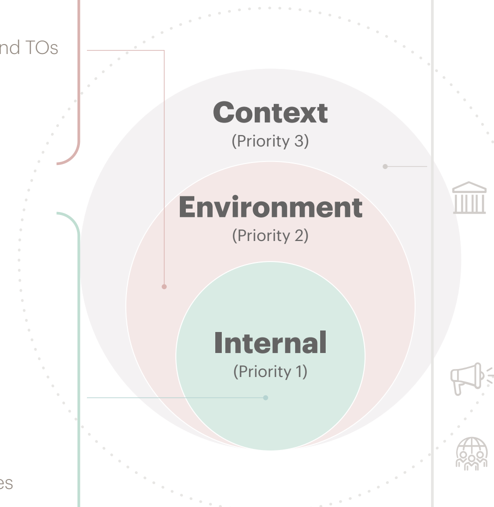
Customers
- B2C (individuals)
- B2B (corporate)
- Travel agents
- Intermediaries, OTAs and TOs

Suppliers
- Of products
- Of services

Shareholders & Investors
- Institutional investors
- Minority shareholders
- Vote advisers
- Financial entities
- Financial analysts
- Rating agencies
- Sustainability analysts

Owners & Partners
- Asset owners
- Partners - Joint Ventures

Employees
- Employees
- Trade unions



Industry & Competitors
- Regulatory bodies
- Tourism industry (competitors)
- Private business associations or organisations
- Public-private organisations
- Lobbies

Public Administration
- National, regional or local administrations
- Public entities
- Public-private organisations

The Media

Society
- Academic and educational environment
- Neighbourhood associations
- Social bodies and NGOs
- Society in general

Main stages of the process

Identification of the issues

All the relevant areas of the organisation participated in the process of identifying the material issues. They all have their own channels and spaces for dialogue, which enriches the discussion to ensure that the framework of material issues incorporated by the Group into its materiality analyses is complete, with the premise of incorporating the issues and concerns of the different stakeholders.

The external analysis also considered the standards and criteria established under international frameworks, such as the Global Reporting Initiative (GRI), the Sustainable Accounting Standards Board (SASB) and specific standards for the hotel sector, as well as the main global trends and regulations in the field of sustainability and the industry.

Evaluation of the issues identified

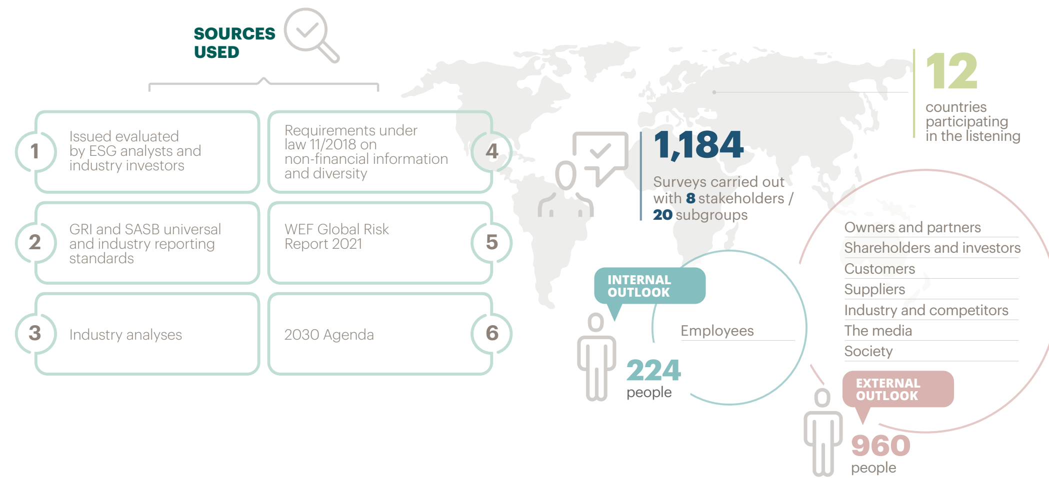
The materiality survey incorporated the 19 selected material issues and the different internal and external stakeholder groups and subgroups in order to obtain results from an internal perspective (employees, owners, partners, shareholders and investors) and an external perspective (customers, suppliers, industry and competitors, public authorities, media and society), which would enrich the information gathered.

Prioritisation of issues and validation

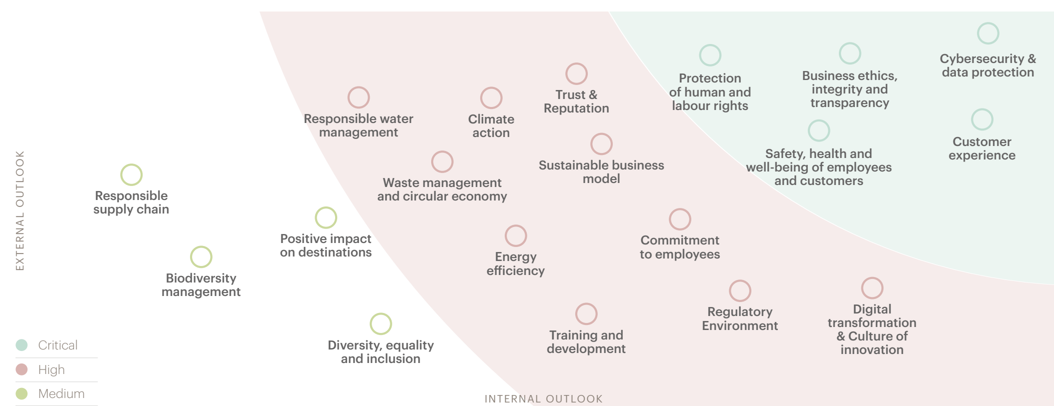
In line with the specific weight given to each stakeholder group, we prioritised the issues in order of relevance. This exercise was subsequently submitted to the Company's Executive Committee and the Appointments, Remuneration and Sustainability Committee, with delegated sustainability functions, for validation.

The results of the process help us obtain a matrix and catalogue the material issues according to their relevance, the results and importance of the issues, differentiating the issues under three scales, critical, high and medium.

MATERIALITY ANALYSIS PROCESS



MATERIALITY MATRIX



The chart shows that the most relevant area is governance, with cybersecurity, data protection, business ethics and labour and human rights protection identified as the most relevant areas. There is considerable consensus among external and internal stakeholders on the importance of these issues.

It is worth mentioning that in its first strategic sustainability plan, designed in 2008, the Company promoted the governance dimension as a fundamental pillar to ensure a solid governance model, integrated into the business model, so a culture of ESG risk management based on a long-term view prevails.

The issues associated with the social dimension are the next most important block, taking into account the impact on the different external and internal stakeholders of many of the issues assessed.

We are aware that the road is long and there is still a long way to go. That is why we have redoubled our efforts to close the gap on the issues that showed a lower level of perception.

2024 Commitment

During the first half of the year, we will update our materiality exercise, including the recommendations of the new European Corporate Sustainability Reporting Directive (CSRD), incorporating the double materiality perspective, as well as the materiality assessment guidelines set out by the European Financial Reporting Advisory Group (EFRAG) and the ESRS.

In this study, we will assess the impact of the company's business activities on stakeholders, society, human rights and the environment, as well as the impact on the company itself from the point of view of the financial impact of each of the risks and opportunities assessed.

Ethics and integrity

Meliá Hotels International continues with its firm commitment to promoting a more responsible, ethical and transparent tourism industry. Under these principles, we are committed to offering a value proposition that allows us to build long-term relationships of trust and mutual benefit with all our stakeholders and society as a whole, while ensuring the preservation of the environment for future generations.

Managing the business under the premise of ethics, integrity and transparency is a priority for all of us at Meliá Hotels International. We believe that ethical and responsible behaviour reinforces our value proposition in order to convey the trust that our stakeholders place in us.

Furthermore, working with conviction on these areas contributes to ensuring a responsible, solid and strong business model that we aspire to build day by day. We understand integrity as a guiding principle of our strategy and, therefore, of our operations. Consequently, we are committed to always meeting the highest and most demanding standards of business behaviour.

At Meliá, we live business ethics in our day-to-day work. This is expressed through our corporate values, principles of action, codes of conduct and whistleblowing and dialogue mechanisms which, taken as a whole, define our organisation’s operating culture. We are working to ensure that these approaches go beyond mere regulatory compliance, aspiring to promote a culture that encourages exemplary behaviour from all our collaborators and fostering a sense of shared responsibility among all of us at the Company.

From the highest levels of its leadership, Meliá promotes continuous work focused on encouraging and facilitating our teams’ ethical conduct and behaviour. This commitment is made possible by having a strong, consistent and comprehensive set of rules and regulations on the fight against corruption, fraud, money laundering and respect for human rights, as well as direct, transparent and honest dialogue with our stakeholders. Providing a common, coherent and consistent framework. We also have transparent, public and reliable whistleblowing mechanisms in place, which help to ensure that any possible cases of non-compliance with our ethical principles are dealt with appropriately.

Code of Ethics

The *Code of Ethics* is the cornerstone of our governance model and incorporates all the principles and public commitments that we assume as a Company, as well as a set of guidelines that organise and give meaning to our culture and values.

Our commitment is to consolidate a model of responsible hotel management committed to the common good. Consequently, the Code of Ethics includes the main standards and models of business behaviour and industry conduct of reference throughout the world.

Among our commitments, it is worth highlighting those that determine how we do business:

- To comply with applicable legislation and regulatory obligations in Spain and at an international level.
- To act rigorously and forcefully against any practice involving corruption, fraud or bribery.

The Code of Ethics guides the behaviour of all our executives, middle management, employees and suppliers, laying the foundations for ensuring alignment among all of the Company's internal policies, rules, processes and procedures. It is the compass that guides us in our relations with our stakeholders, based on ethics and compliance with the commitments we have assumed with them.

All our employees must accept and sign our Code of Ethics. On signing it, they accept responsible guidelines and management, as well as committing to ethical and honest behaviour. Knowing it, accepting it and complying with it is the best guarantee that our principles and values are transferred to our day-to-day business activities. This document is available both on the corporate website and on the intranet.

We also have an internal whistleblowing channel in place for all our employees through which they can report any complaints or allegations of breaches of the Code of Ethics.

ETHICAL CULTURE TRAINING (HOURS/PAX)

1.9

(2022: 3.1)

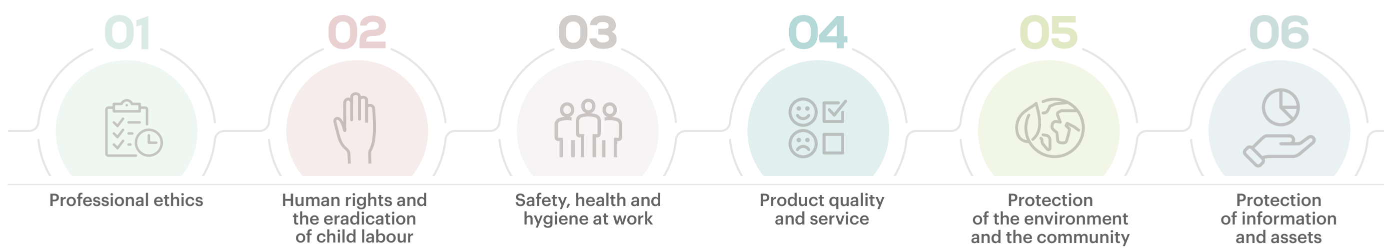
MELIÁ HOTELS INTERNATIONAL CODE OF ETHICS

Supplier Code of Ethics

The Supplier Code of Ethics, approved by the Board of Directors in June 2018, was established with the aim of building long-term relationships based on a model of trust, respect and mutual benefit, and with the purpose of progressing in the gradual, continuous implementation of criteria, practices and recommendations linked to good governance and a responsible and sustainable model. Its mission is to be an instrument of cohesion for the principles and values that the Company trusts are shared by all its suppliers, besides complying with applicable legislation, internalising and applying it with the conviction and peace of mind that comes from doing the right thing.

Our suppliers are any company, corporation, entity or individual, including their employees, subcontractors, agents and other third-party representatives, that enters into a business relationship for the sale of goods or provision of services with any Meliá Hotels International Group company. The Code provides a common, coherent and consistent framework for all our stakeholders.

SUPPLIER CODE OF ETHICS



In the supplier registration process, the contract includes a specific obligation to sign this Code or demonstrate the alignment of their Code, as well as a specific Sustainability Clause for the stakeholder group.

All our suppliers have available to them a specific whistleblowing channel through which they can report any conduct contrary to this Code. Its works following the same procedures and guidelines as the whistleblowing channel for our employees and is regulated by *specific Regulations*, approved by the Audit and Compliance Committee.

Governance mechanisms

GRI: 2-25; 2-26; 3-3; 406-1; 411-1

To guarantee the functioning of the Code of Ethics, Meliá Hotels International has a solid governance model in place through the following control and management bodies and tools:

Code of Ethics Office

Responsible for providing guidance in the interpretation and application of the Code of Ethics, this is an advisory body for resolving any issues, questions or concerns that may arise in the day-to-day business of the organisation. During 2023, several working meetings have been held between the executives that comprise it: Sustainability, Corporate Governance, Organisation & Compensation and Risk Control and Compliance, with the aim of promoting and ensuring awareness of this office and its roles and responsibilities within the organisation. It has also ensured a swift response to all questions and queries that are reported to an email address set up for this purpose.

During the coming year, 2024, it will continue to review the current Code of Ethics, as well as the Supplier Code of Ethics, to propose an update to the Company's governing bodies.

Whistleblowing Channels

The aim of the whistleblowing channels is to facilitate the reporting of any behaviour, action or event that could constitute a breach or violation of the Code of Ethics, the internal rules, laws or external regulations. It is a fundamental tool for ensuring compliance with the company's criminal compliance management system.

In order to comply with the provisions of European Directive 2019/1937 on the protection of persons who report breaches of EU law, as well as its transposition in Spain in Act 2/2023 regulating the protection of persons who report breaches of regulations and the fight against corruption, Meliá Hotels International has developed its *Whistleblowing Channel Policy*, approved by the Board of Directors in June 2023, in line with the provisions of our Code of Ethics and the Company's principles and commitments regarding the whistleblowing channels set up.

The management system at all times guarantees the confidentiality and impartiality of the process, as well as the absence of reprisals of any nature. Moreover, it reinforces the figure of a manager who carries out their work in an objective, independent and autonomous manner within the organisation, as well as establishing guarantees for the protection of informants or whistleblowers, guaranteeing confidentiality and expressly prohibiting reprisals, including threats and/or attempts at reprisals, and enabling anonymous complaints, where applicable.

The commitment is also assumed to periodically review the processes and systems associated with the whistleblowing channel and, if necessary, adapt them as required. On the other hand, it reinforces the need to provide clear and accessible information on how they work and to raise awareness of their use. To this end, the Company has established in its annual training plan the requirement to run a training course on the Code of Ethics & Compliance, including a specific part that incorporates information on the use of the channel, the nature or type of complaints, their processing and the process and follow-up of the same.

MECHANISMS OF THE GOVERNANCE MODEL

	Code of Ethics Office	Complaints Channel	Ethics Committee
MISSION	Acts as a coordinating committee for all activities that take place regarding the Code of Ethics. It is a channelling body which represents all the areas involved in the monitoring, implementation and operation of the Code.	Most important channel for issues and complaints related to compliance with the Code of Ethics, applicable law, issues related to regulatory non-compliance or situations or events that may require the attention of senior management.	An independent collegiate body entrusted with managing and resolving complaints.
DESCRIPTION	• Interprets and resolves doubts • Makes the required updates • Provides support to the areas • Provides permanent advice	• Guarantees objectivity and the confidentiality of complaints, which are received and stored by an independent third party • The complaints go directly to the Chair of the Audit and Compliance Committee and the Compliance Officer	• Ensures the correct implementation and operation of the Complaints Channel • Manages all complaints in line with the procedure defined, responding to all the parties involved and managing any corrective measures • Guarantees confidentiality • Analyses complaints, classifying them by relevance and type, and reporting periodically to the Audit and Compliance Committee

There is a *specific whistleblowing channel regulation* governing its operation, which has been updated and approved by the Audit and Compliance Committee. In addition to specifying the situations or irregularities that can be reported, this document also establishes the procedure for managing the complaints and the measures in place to protect whistleblowers, such as confidentiality and the prohibition of reprisals.

Ethics Committee

This is a collegiate and **independent** body whose main function is to ensure the proper management of the complaints reported. The *Compliance Officer* reports periodically to the Audit and Compliance Committee on areas relating to the whistleblowing channel, as they report directly to this Committee. In addition, the *Chief Legal & Compliance Officer*, head of the Legal & Compliance area and member of the Executive Committee, is also the Secretary of the Audit and Compliance Committee, and attends all the meetings held.

As indicated in the Whistleblowing Channel Policy, the *Compliance Officer* (head of the Risk Control & Compliance department) acts as Secretary of the Ethics Committee. This body has delegated to the *Compliance Officer* the powers to manage the channel and process the investigation files until they are resolved or closed. The average time between the investigation and the resolution of admissible communications was 35 days for communications sent by employees and 31 days for those sent by third parties.

The *Ethics Committee has its own Regulation* governing its operation, which was also reviewed, updated and approved by the Audit and Compliance Committee in June 2023. All information relating to these control and management bodies is available on the Company's intranet to ensure the greatest possible awareness and dissemination.

PROCESSING OF COMPLAINTS

01 The person submits the complaint.

02 The Ethics Committee decides whether to accept or reject the complaint.

03 The Committee appoints an investigator and the investigation process begins.

04 The investigator submits a report and proposes courses of action.

05 The Ethics Committee analyses and, where applicable, validates the proposal.

06 The Committee, if appropriate, informs the party concerned about the actions taken.

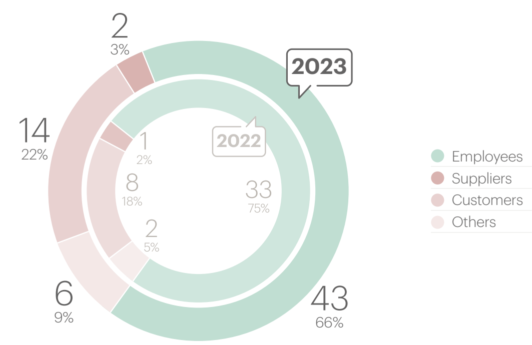
If the complaint is rejected

How?

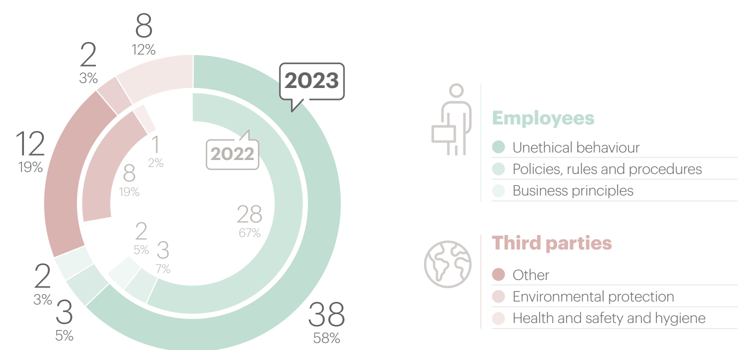
- **Through Meliá Home** (employee portal), in the "Code of Ethics" section, clicking on "Complaints Channel".
- **Through the Meliá corporate website** https://www.meliahotelsinternational.com/es/accionistas-e-inversores/gobierno-corporativo/canal-de-denuncias Clicking on the Complaints Channel.
- **Visiting the URL** http://melia.xperta.es/incidencias/crear
- **By courier or ordinary post**
  Note: Ethics Committee
  Meliá Hotels International, S.A.
  Gremio Toneleros, nº 24
  (Polígono de Son Castelló)
  07009 · Palma de Mallorca

In 2023, a total of 65 complaints were admitted through the internal and external whistleblowing channels. Of the total number of complaints admitted, 43 (66%) were from employees and the remaining 22 (34%) came from third parties, mostly customers. In 2022, a total of 44 complaints were admitted, of which 33 were from employees and the rest from third parties.

TOTAL COMPLAINTS



TYPE OF COMPLAINTS



There is an initial classification that incorporates several typologies, offering the whistleblower subtypes, including those relating to workplace harassment, sexual harassment, discrimination and conflict of interest etc. A total of 8 complaints were received in relation to harassment or discrimination, while only one complaint was received in relation to conflict of interest.

COMPLAINTS DUE TO HARASSMENT OR DISCRIMINATION

8

(2022:12)

All complaints received in 2023 have been analysed and reviewed by the Ethics Committee, and following the investigation process carried out, in cases where necessary the appropriate corrective measures were taken, mainly as follows:

- Disciplinary measures
- Improvements in processes or procedures
- Training actions

It should be noted that none of the communications investigated have had significant impacts for the Company, from a financial, criminal or reputational point of view.

Compliance and criminal risk prevention system

Compliance Model

The *Regulatory Compliance Policy*, approved by the Board of Directors in November 2021, sets out the Company's principles and commitments in this area, as well as providing a common framework for the control and management of compliance risks, especially risks that could involve criminal conduct.

The management model on this matter is based on the standard UNE 19601: Criminal Compliance Management System and the principle of due control, and has the aim of ensuring that the commitments set out in the policy are met. Responsibility for compliance falls on all employees within their area and level of action, and even more so still on the executive team, who should be a benchmark for Meliá's principles and values and always act ethically, with integrity and responsibility in their work.

The model's governance structure includes the following governance bodies, as well as the key elements to ensure its implementation and compliance:

- The Board of Directors, through the Audit and Compliance Committee, is the body that oversees the Risk and Compliance function.
- The *Risk Control & Compliance* department, headed by the Company's *Compliance Officer*, reporting directly to the Audit and Compliance Committee, is responsible for developing the internal Compliance Model and overseeing the validity of the controls with a particular focus on criminal compliance, as well as promoting a global and proactive view of compliance risks to thus ensure their management and control.
- The Code of Ethics of Meliá Hotels International and its rules and regulations, comprising the policies, rules and processes that develop it, including the Supplier Code of Ethics.
- The Ethics Committee, which ensures the proper management of incidents reported through the whistleblowing channels established by the Company.

The Company's executives, considered to be staff that are particularly exposed, twice a year sign the Executive Behaviour Regulation, aimed at establishing the criteria for behaviour in matters such as conflicts of interest, confidential information, use of resources, related-party transactions, family relationships and staff management. Through this document, executives also express and communicate their commitment to comply with and enforce the Code of Ethics, policies and rules.

Crime Prevention Protocol

The Crime Prevention Protocol is the establishment of a system comprising policies, regulations, procedures and controls, the aim of which is to reasonably ensure that the risks of commission of crimes to which the Company is exposed in the course of its business are adequately identified, documented, assessed, controlled and mitigated. This is undertaken in an environment of continuous review, updating and improvement, with the goal of preventing or reducing the risks of commission of crimes, especially those that entail the legal entity's criminal liability.

In accordance with legal requirements and the UNE 19601 standard, this document is available on the *Meliá Hotels International corporate website*.

The Protocol is made up of the different elements needed to guarantee an adequate organisational and management model for the prevention of criminal risks:

- The Group's **Overall Control Environment**.
- The **Criminal Risk Map**, which identifies and assesses the criminal offences to which the Company is exposed, as well as the associated behaviours. Meliá has currently identified 25 such risks, adding two new offences in 2023 (compared to the 23 in the previous year).
- The Company's **Set of Rules and Regulations** and the **General Measures and Controls** that help to prevent and detect the commission of crimes.
- The **Specific Controls** identified for each of the criminal risks concerned. At year-end 2023, there are a total of 377 identified controls, which are verified annually to ascertain their degree of adequacy and suitability, with the evidence of said controls being documented.

The Crime Prevention Protocol is reviewed annually. The review carried out in 2023 resulted in the elimination of 30 controls as well as the identification of 48 new controls, going from 359 in 2022 to 377 in the current year, as well as the inclusion in the Protocol of two new offences to which the Company is exposed.

The reporting model designed enables us to periodically communicate the reports and results of the analysis and review of the Crime Prevention and Detection Protocol to the Executive Committee, the Audit and Compliance Committee and the Board of Directors, as well as to all relevant managers.

During the 2023 financial year, internal and external audits were conducted to verify compliance with the UNE 19601:2017 standard on Criminal Compliance Management Systems. The external audit carried out by AENOR in April 2023 led to the renewal of the certification which accredits that our Criminal Compliance Management System meets the requirements established by said Standard, demonstrating our solid commitment to best practices in terms of ethics and compliance.

As has been mentioned, the Crime Prevention Protocol includes the applicable criminal risks in line with Article 31 bis of the Criminal Code. However, due to the importance of the fight against corruption, fraud and bribery, as well as the prevention of money laundering, more detail and information in this respect is provided below.

Prevention of corruption, fraud and bribery

GRI: 2-23; 2-24; 3-3; 205-1; 205-2; 205-3; 415-1

The aim of the *Anti-Corruption Policy*, approved by the Board of Directors in November 2021, is to prevent, detect, report and rectify the implementation of any actions that, in accordance with the applicable legislation, may be classified as corruption or bribery, both active and passive, in line with the principle of zero tolerance towards any of these practices.

This Policy enforces compliance with anti-corruption laws around the world, in particular laws prohibiting active or passive bribery and private-to-private corruption. It is part of, and approved in line with, the provisions of the Code of Ethics of Meliá Hotels International whereby the Company assumes the following commitments, as well as others:

- To comply with legislation and regulatory obligations in Spain and at an international level.
- To establish the mechanisms for the oversight and control of our principles, values and commitments, ensuring the condemnation of irregular conduct, and in particular taking action against any practice of corruption, fraud and bribery.
- To reject gifts and courtesies from third parties if they exceed the reasonable value of mere courtesy, nor accept any type of economic consideration, gift or invitation from our suppliers that, due to its value, may exceed the symbolic or mere courtesy.

The Board of Directors is the body responsible for approving all the Company's policies and working to ensure their application, periodically assessing their effectiveness and adopting the appropriate measures to remedy any possible shortcomings, making any changes it deems necessary.

Business corruption is one of the criminal offences included in our *Crime Prevention Protocol*. In order to mitigate this criminal risk, a total of 120 specific controls have been identified in the Protocol, which are assessed annually. Last year there were 102 identified controls linked to this crime.

The *Internal Hotel Control and Management Regulation*, integrated into the aforementioned Protocol and accessible to all employees through the intranet, has specific sections on accounts payable and treasury that set out clear guidelines to prevent corruption and fraud in some critical processes that occur in the business units, mainly in the areas of reception, validation and posting of invoices:

- Payments to third parties
- Cash flow and cash management
- Bank reconciliation
- Opening and managing bank accounts

We also have other internal policies and rules that establish guidelines to prevent corruption, including the *Philanthropy Policy*, which expressly prohibits contributions to political parties or their foundations, no matter what type (financial or in kind); this Policy extends to trade unions, individuals and private initiatives. In this regard, in compliance with this obligation, in 2023 no contributions were made on behalf of the Group to **political parties or their foundations**.

Prevention of money laundering

GRI: 2-26; 3-3

The Company has a Money Laundering Prevention Manual which establishes the work done to prevent this crime, as well as the due diligence measures that have to be applied in establishments that offer currency exchange.

As indicated in the Manual, there is a Collegiate Internal Control Body that oversees the application of internal control procedures aimed at preventing money laundering in currency exchanges, which is accessible to all the Company's employees through the intranet.

This offence, included in our Criminal Offences Prevention Protocol, has a total of 70 controls in place to prevent this criminal offence, compared to 61 in 2022.

In addition to the external audit conducted by AENOR based on the UNE 19601 certification, our Internal Audit Department, acting as a third line of defence, annually reviews the Crime Prevention Protocol with the aim of ensuring the appropriate and effective implementation of the controls established in the Protocol and linked to criminal offences.

It also reviews the Internal Control over Financial Reporting System (ICFR), as well as the appropriate implementation in the business and corporate units of the provisions of the internal policies, rules and processes, including those indicated.

Each year, the Internal Audit department prepares different reports on the audit processes carried out, which have a global scope and coverage in the Company's different regions, areas and businesses. A total of 199 reports were produced in 2023 (compared to 160 in the previous year).

As a result of these reviews, and based on the result of the internal audits conducted, no practices have been detected that could expose the Company to a crime of corruption, fraud or money laundering.

During this financial year, 2023, no cases of corruption, fraud or money laundering have been confirmed, received through the Whistleblowing Channel or by any other means, consequently, no remedial actions have been required in these areas.

AUDIT PROCESS REPORTS

199

(2022: 160)

Consolidating a culture of ethics and compliance

An online training course is available to employees, included as part of the twice-yearly mandatory training itinerary. In addition to doing the training, it is also necessary to pass the final test and achieve the results set.

This training is supported by videos and infographics to facilitate learning and, as well as a reference document, includes three modules focusing on:

- **Code of Ethics and Whistleblowing Channel:** Specific training on the Code, its content and objectives, as well as the operation of the Whistleblowing Channel.
- **Compliance:** Offering a concrete approach to compliance, the function and culture of compliance adapted to the reality of Meliá Hotels International, as well as the specific role and responsibilities of the *Compliance Officer*.
- **Main Offences:** Training module that covers some of the main criminal offences to which the Company is exposed, including corruption and money laundering, with more extensive content, as well as the behaviours and situations that could involve the commission of these offences and the mechanisms designed and implemented to prevent and report them.

This training course has a global reach and goes out to more than 23,000 people, including employees at managed and franchised operations. This total includes employees considered to be staff particularly exposed to criminal risks, including the Executive Committee, Senior Management, Corporate Executives and Hotel Managers and Assistant Managers. In terms of the consolidated scope, particularly exposed staff amounted to 932 Executives in 2023, of whom more than 73% have already completed the course or are in the process of doing so as at year-end (consolidated scope).

During the 2023 financial year, other compliance dissemination/training actions were carried out at a global level, including the following highlights:

- Participation in the podcast series *In Good Company*, in which *Risk Control & Compliance* explained in detail the main features and elements of the Crime Prevention Protocol and the operation of the Whistleblowing Channel. This podcast can be viewed by all employees on the intranet.
- Participation in *Onboarding Sessions*, meetings in which the main roles and responsibilities of the different departments are explained to employees. A session for the *Legal & Compliance area was held in April 2023.*

As a result of the Company's commitment to ethics and compliance and the good practices implemented in terms of ethics and compliance, Meliá Hotels International has achieved **second place in the Transparency and Good Governance Ranking** (tied with another company), developed by the Haz Foundation. This achievement demonstrates that our Company has implemented the highest standards in this area among IBEX 35 companies.

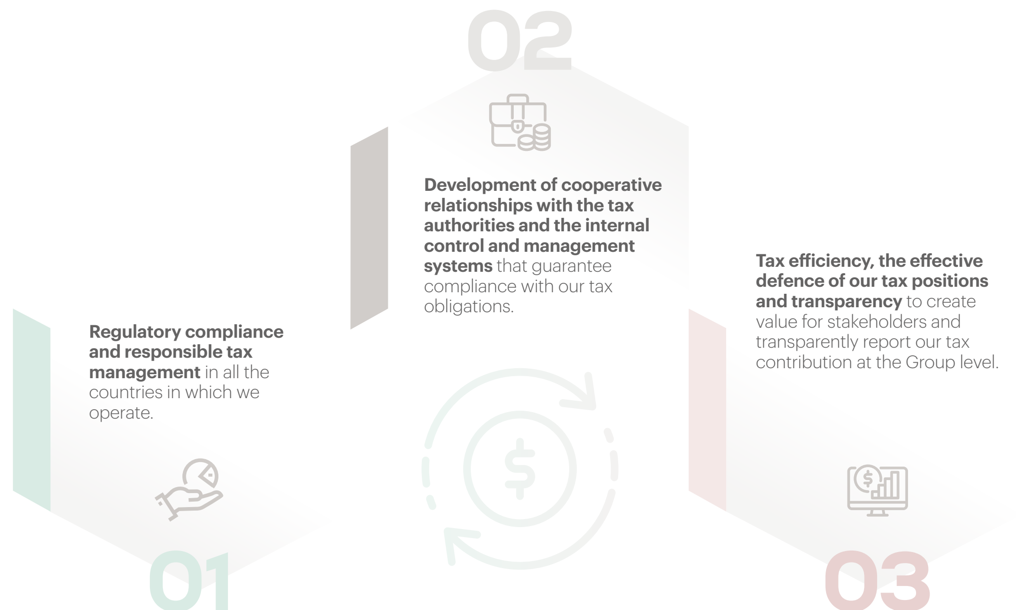
Fiscal transparency and responsibility

GRI: 2-23; 2-24; 2-25; 3-3; 207-1; 207-2; 207-4

A values-based tax strategy

The *Tax Strategy Policy* was approved by the Board of Directors in 2016 and updated in June 2018 in line with the provisions of Article 529 ter of the Spanish Companies Act and Article 5 of the Regulations of the Board of Directors. It aims to define our approach to taxation on the basis of three core values: transparency, rigour and good governance. Its scope of application includes all companies controlled by Meliá Hotels International, regardless of their geographical location, and is particularly important to the Board of Directors, the Audit and Compliance Committee, the Senior Executive Team (SET) and the Tax Department.

The Company develops this Tax Strategy on the basis of the following guiding principles:



Our *Tax Strategy* is actively disseminated to ensure awareness and effective compliance by all the Company's executives and employees, and is made available to stakeholders on our corporate website.

Meliá Hotels International has a Tax Risk Management and Control System in place to monitor risks relating to large investments and operations, the creation or acquisition of shareholdings in special purpose vehicles or entities domiciled in countries considered to be non-cooperative jurisdictions, and transactions with board members or shareholders.

This system is part of the function developed by the tax department and with the participation and commitment of all business units, rolled out under the premise of compliance with applicable tax legislation, internal policies and, clearly, the Tax Strategy.

Oversight over this system is the responsibility of the Audit and Compliance Committee, which works on all tax risks inherent in the business activities and processes of Meliá Hotels International. Our tax department reports directly to the Board of Directors through this committee on a recurrent basis (at least once a year) and whenever there is an issue considered to be of particular importance.

We also have a Whistleblowing Channel available to suppliers and the entire workforce, regardless of their hierarchical, functional or geographical position, to report any tax irregularities that run contrary to our Code of Ethics.

Something else that backs our alignment with best practices in this area is that our auditor, who is responsible for auditing the accounts, auditing the management system and verifying the statement of non-financial information (EINF) and other indicators, does not provide any tax advisory services to the Company.

Aligned with responsible taxation

As part of our commitment to responsible taxation and economic and social contribution in all countries where we are present, we maintain a structure aligned with the business and in line with legal requirements, within the framework of a transfer pricing policy that also focuses on value creation and the arm's length principle.

All financial and tax information can be consulted in the Group's Consolidated Financial Statements and the Individual Financial Statements of Meliá Hotels International S.A. and its subsidiaries. In particular, the tax note details the tax expense as well as the main tax disputes. On the other hand, the total amount of tax paid can be found in the cash flow statement of the Consolidated Financial Statements.

The following table shows the pre-tax results and tax on profits settled or paid in both 2022 and 2023, as well as their evolution.

The Group has recalculated the pre-tax results for 2022 in line with the Pillar 2 Preliminary Law. The tax on profits paid is calculated on the basis of the amounts effectively paid, without considering accruals.

RESULT AND TAX BY COUNTRY

	PRE-TAX RESULTS		TAX ON PROFITS PAID	
COUNTRY	2022	2023	2022	2023
Germany	(10,588)	**1,598**		**1,820**
Argentina	1,341	**2,965**	138	**99**
Austria	(462)	**1,011**		
Brazil	3,890	**631**		
Bulgaria	32	**316**	107	**(98)**
China	(2,006)	**242**		
Cuba	14,658	**9,913**	719	**604**
USA	11,801	**(1,957)**	22	**218**
Spain	26,106	**52,819**	6,062	**15,186**
France	8,510	**(1,838)**		
Greece	(89)	**(257)**		
Indonesia	(323)	**109**	(21)	
Cayman Islands	(185)	**(223)**		
Italy	5,417	**5,285**		
Luxembourg	449	**437**	(162)	**(276)**
Mexico	64,458	**40,674**	3,892	**9,271**
Netherlands	(5,427)	**548**	49	**(78)**
Panama	(2,354)	**(1,958)**		
Peru	(641)	**(818)**	45	**181**
Puerto Rico	1,352	**2,391**		
United Kingdom	(18,236)	**(17,040)**		
Dominican Republic	(4,771)	**(25,993)**	1,606	**1,958**
Switzerland	43	**(108)**	4	**3**
Morocco	0	**(8)**		
Venezuela	3,799	**3,631**	14	**104**
Vietnam	(355)	**(1,401)**	109	
TOTAL	**96,419**	**70,969**	**12,584**	**28,992**

Present in low tax territories

The creation or acquisition of shareholdings in special purpose vehicles, or entities domiciled in countries or territories that are considered to be non-cooperative jurisdictions must be reported to, and approved by, the Board of Directors. Such approval is a non-delegable power. Similarly, any presence in non-cooperative jurisdictions must be based on legitimate economic grounds.

Meliá Hotels International carries out hotel business activities in some countries which, without being considered non-cooperative jurisdictions under Spanish law, are considered by certain external observers to be jurisdictions that enjoy a more favourable tax system than Spain, such as Panama, the Netherlands and Luxembourg. In any case, our presence in these jurisdictions is in the development of genuine business activities and all these jurisdictions have signed a double taxation avoidance agreement with Spain, with an information exchange clause.

Meliá also has an entity, Sol Meliá Funding, domiciled in the Cayman Islands. Although this territory has not been on the EU's blacklist of non-cooperative jurisdictions since 2020, it is included in the list of countries and territories with non-cooperative jurisdictions. This company carries out residual business activity relating to the former vacation club and applies the general criteria and procedures of management control and administration set by the Group, cooperating with the authorities concerned to provide the information they deem necessary.

Meliá Paulista, Brazil

Risk management

GRI:-2-12; 2-13; 2-23; 2-24; 2-25; 3-1; 3-2; 3-3

Risk management is a transversal and global core concept in the Company's governance model. Our risk management culture comprises a set of values intrinsic to all our operations and business activities, which are shared and lived by all our employees.

We firmly believe that a strong risk management culture brings significant benefits to any business organisation, not only in financial terms but also in areas relating to the long-term sustainability of our business. Our risk management culture promotes accountability, helps prevent irregularities and contributes to strengthening the company's due diligence procedures, among other benefits.

Risk governance

Since 2009, the Company has fostered a risk management culture from both an external and internal perspective, associated with the hotel business model. This culture is promoted by the Risk Control & Compliance Department, which reports directly to the Audit and Compliance Committee, a delegated committee of the Board of Directors.

Meliá Hotels International's Risk Management and Control System is aimed at ensuring the Company's targets are achieved, identifying all possible risks that could threaten the Group's strategy and the achievement of the targets set. This management model, consolidated over a 15-year period, is based on different levers to mitigate or reduce the impact on the hotel business model:

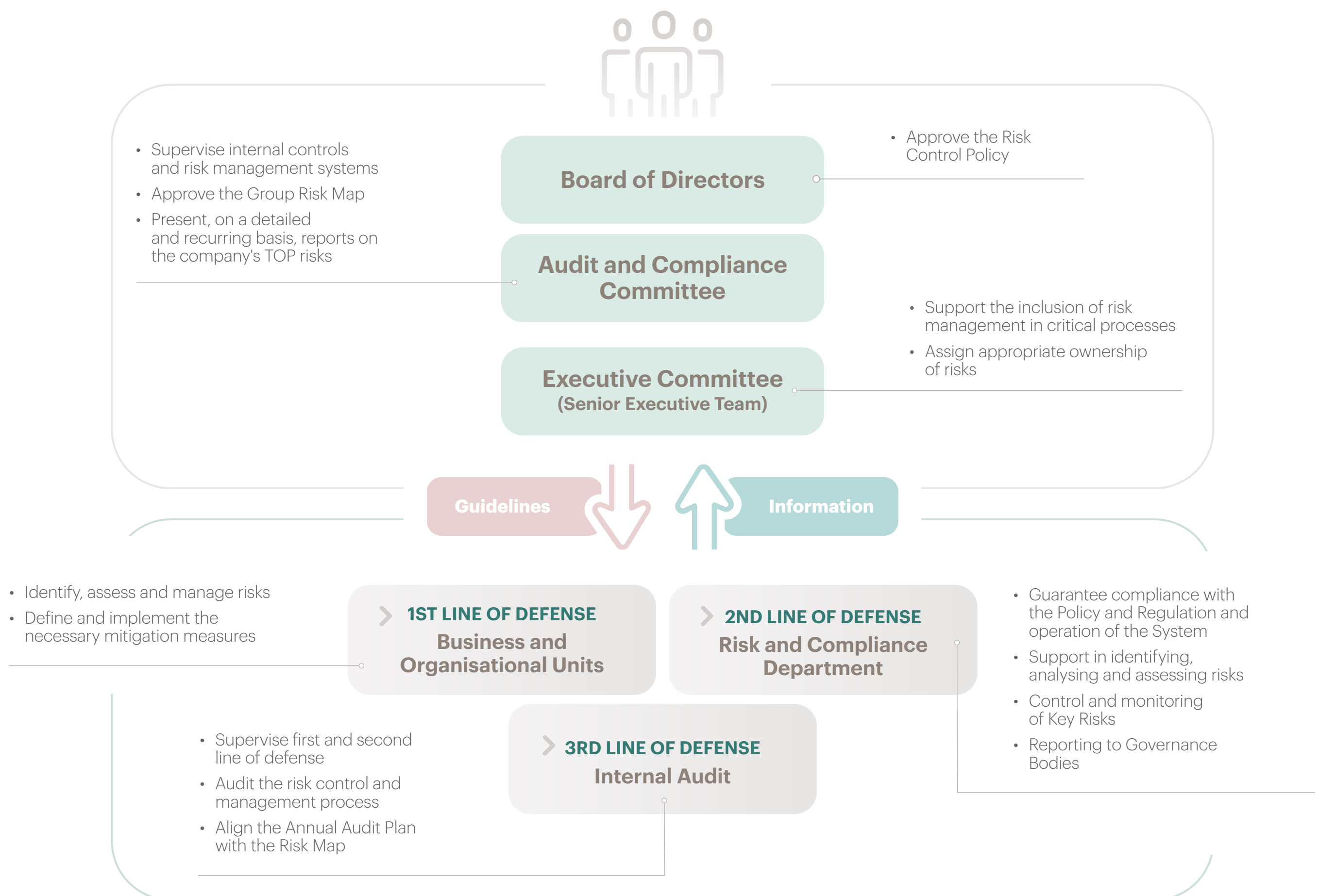
A *Risk Management and Control Policy*, approved by the Board of Directors in October 2020, which establishes the basic principles and general framework for action in terms of risk management. Article 5 of the Regulations of the Board of Directors assigns to the Board the general oversight function and, in particular, the identification of the Company's main risks, particularly tax risks. Article 14 of said regulations assigns to the Audit and Compliance Committee the functions of overseeing the effectiveness of the Company's internal control, internal audit services and risk management systems, including tax risks, as well as supervising and assessing non-financial risks: operational, technological, legal, social, environmental, political and reputational risks. This Policy is developed by an internal regulation that establishes the rules, guidelines and criteria to be followed by the risk management system for it to be fully aligned with the strategy.

- The segregation and independence of functions followed by the three lines of defence model enables us to provide comprehensive and integrated management to every division of the Company, with the Board of Directors holding ultimate responsibility.
  - **First line:** made up of various divisions and departments that are incorporated into the different areas of the organisational structure: (Corporate Services, Hotel Services and Operations). They are responsible for identifying, evaluating and managing risks.
  - **Second line:** Risk Control & Compliance Department, which is responsible for i) Guaranteeing compliance with the Risk Control Policy and Internal Regulation, ensuring that the Risk Management System is implemented and functioning correctly; ii) Supporting the identification, analysis and evaluation of risks; iii) Managing and monitoring key risks; iv) Reporting to the Company's Governing Bodies.
  - **Third line:** *Internal Audit Management, whose role is to oversee the Risk Control and Management model to ensure it functions correctly by supervising the first and second lines of defence.*

An organisational structure and governing bodies with specific functions and responsibilities assigned to ensure the Group's risk management model is as solid and rigorous as possible.

Both the second and third line of defence report directly to the Audit and Compliance Committee at Meliá Hotels International, which ensures and guarantees maximum independence in the management and empowerment of a risk culture.

RISK MANAGEMENT GOVERNANCE



Risk management model

Our Risk Management Model, based on the COSO framework, is applied at every level of the organisation: in 2023 it involved the participation of 66 executives from all the divisions and organisational structures mentioned above.

The identified risks are consolidated into six different categories, according to their nature. This risk inventory is reviewed and updated every year and serves as a basis for updating the Risk Map, where we analyse both external sources (reports and expert publications) and the internal vision of key areas of the organisation (SET, Strategic Planning, Sustainability, etc.).

After identifying external and internal factors throughout the year, we perform an annual review of the current map, which is evaluated to include any factors that are considered important to the Company.

Executives involved in the evaluation receive guidelines or instructions through training, to ensure that the process is as consistent as possible. The scale used to evaluate impact not only includes financial perspectives (revenue, costs, EBITDA), but also operational factors, such as impact on strategy, reputation, processes and human resources. This methodology enables us to subsequently produce a sensitivity analysis, as well as a risk profile.

We have seen a reduction in the average value of identified risks, bringing us back to pre-pandemic levels. If we look at categories, we see that, aside from financial risks, which are becoming more prominent in the Map, the other categories are falling slightly, particularly global risks, which are dropping significantly. This latter category includes the pandemic risk, which has become considerably less significant in comparison to previous years.

RISK IDENTIFICATION MODEL

35 operational risks
related to failures that may occur in internal processes and operations.

14 business risks
derived from variables intrinsic to the business such as strategy, competition, the market, etc.

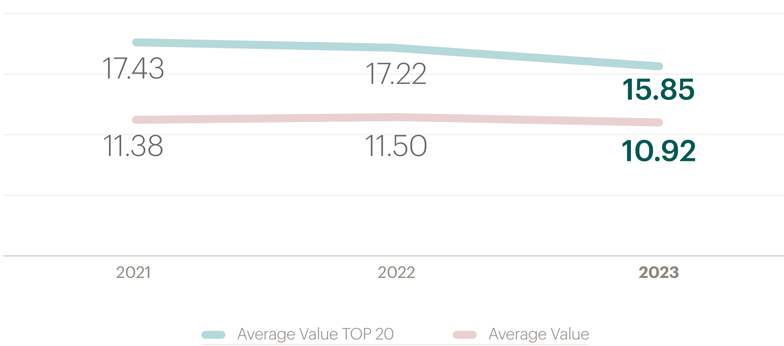
8 compliance risks
as a result of both internal and external regulatory changes and potential non-compliance.

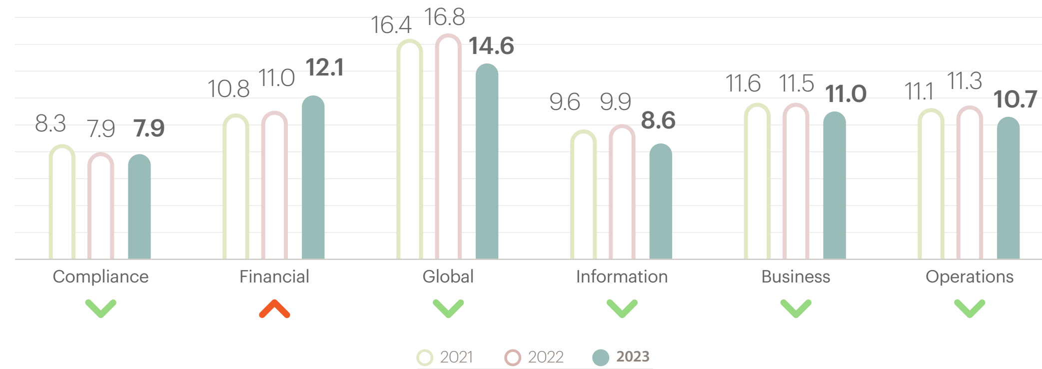
7 financial risks
that affect financial variables in the business: liquidity, credit, debt, interest rates, etc.

9 global risks
related to events beyond our control and for which management capacity is more limited (natural catastrophes, geopolitical risks, etc.).

5 information risks
related to events caused by the improper use, generation and communication of information.

EVOLUTION OF AVERAGE VALUE BY RISK CATEGORY





Primary risks

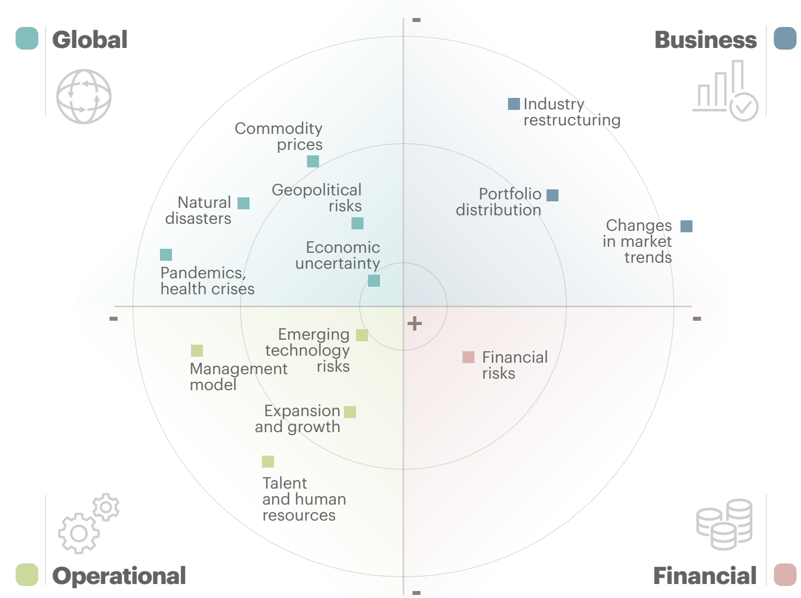
In addition to the Company's Global Risk Map, in 2023 we also produced 85 other maps, one for each of the participating divisions, according to the aforementioned organisational structure, plus individual maps for each participant.

Creating individual maps enables each management team to understand their own situation and their primary risks, helping them to establish initiatives to mitigate and reduce their exposure.

The results of the Group's Risk Map update are analysed by the Executive Committee (SET), the Audit and Compliance Committee and, finally, by the Board of Directors, with a particular focus on the TOP 20 risks.

The Risk Map is also used as one of the essential inputs, both for establishing our strategy and for setting variable compensation targets, ensuring that our strategy and the process for setting annual targets are designed to mitigate the Company's primary risks. To ensure this process runs smoothly, the Compensation & Benefits Department sends guidelines every year for setting targets that will reduce our exposure to the risks identified by each division.

RISK MAP 2023



Proximity to the centre indicates a higher degree of criticality.

RISKS BY CATEGORY: IMPLICATIONS AND STRATEGIC ROADMAP

CATEGORY	RISKS	ESG	POTENTIAL IMPLICATIONS	TREND
GLOBAL	Pandemics, health crises	✓	• Inability to adapt or respond to minimise the impact of this type of crisis at a local or global level, a crisis whose effects could even include interruptions or full halts to our business.	↓
	Economic uncertainty		• National or international economic crises or uncertainty	↓
	Geopolitical risks	✓	• Terrorism • Political crises or insecurity in countries where we operate • Wars and civil or military uprisings	→
	Price of commodities	✓	• Price increases or shortages of natural resources and raw materials, which could change market conditions or even interrupt our operations.	↓
	Natural catastrophes or disasters	✓	• Hurricanes, earthquakes or volcanoes	→
BUSINESS	Portfolio distribution			↓
	Competition		• Disruptive dynamics or operators in the market • Increased competition Commitment and positioning of large worldwide hotel chains in the leisure/resort segment • Lack or loss of leadership or competitiveness in certain areas	→
	Changes to market trends	✓	• Demographic changes • Changes in preferences, habits, values, purchasing systems, etc.	→
OPERATIONS	Talent and human resources	✓	• Talent leak or loss • Talent and people management • Organisational model • -Personnel management	↓
	Management model	✓	• Competitiveness of management model • Hotel management culture • Generation of new revenues • Profitability	→
	Expansion and growth	✓	• Lack of growth • Delays to planned openings • Resource requirements and capacity to adapt to the pace of business • Suitable choice of areas, countries and partners	↑
	Emerging technological risks	✓	• Vulnerability of IT system to cyberattacks • Risks related to the protection and security of information and intellectual property • Failure of systems to evolve or adapt in response to technological risks	→
FINANCIAL	Financial risks		• Liquidity • Debt • Exchange rate	↑

MANAGEMENT AND CONTROL MEASURES

STRATEGIC ROADMAP

Our Strategic Roadmap is still entirely focused on mitigating the primary risks that have been identified. This roadmap is structured around 4 major pillars or strategic programmes that are implemented through various projects involving a wide range of initiatives.

STRENGTHENING OUR BUSINESS

Financial and corporate strategy focused on optimising the balance sheet and maximising our competitiveness in an ever-changing environment.

MANAGEMENT MODEL

Quality Growth.- Selective and quality growth that highlights our management model and helps to consolidate our position as a leader in leisure and bleisure hospitality.

Total Revenue.- Generating additional revenue through the sale of experiences, with the support of our distribution channel and our loyalty programme.

F&B Performance Growth.- Transforming our F&B division into a Business Partner, with its contribution to total revenue and improvement of margins, making it a driving force behind our expansion.

MANAGEMENT EFFICIENCY

Digital Efficiency.- Maximising efficiency through current and future digitisation projects, to boost productivity by integrating people, processes and technology.

Smart Operating Model.- Ensuring that our new operating model helps to enhance our flexibility, make more agile decisions and improve the profitability of our operations.

Advanced Analytics.- Continuing to develop the group's analytics, providing the Company with a comprehensive and accessible reporting system concentrated on streamlining and improving decision-making, with a focus on non-financial information.

RESPONSIBLE BUSINESS

Solid Governance.- An agile and flexible governance model as an essential part of the Company's transformation and adaptation process.

Leading the Sustainable Transition.- Making advances in the decarbonisation of our business, activating levers that help our value chain to evolve towards a more efficient, responsible and sustainable tourism model.

ESG Business Management.- Consolidating the ESG model across our owned and rented hotels and offering an attractive and profitable proposal to owners and partners.

Stakeholder Impact.- Strengthening a transparent and measurable model and solidifying our principles that provide tangible and intangible value to our stakeholders through continuous improvement.

These priorities are associated with the following:

A **CULTURAL TRANSFORMATION PLAN**

Organisational and cultural transformation process to create an agile organisation that integrates digitisation, making us more competitive in a disruptive environment that is constantly evolving.

COMMITMENT TO INNOVATION

Through joint formulas where formulas from other sectors applicable to the hotel industry can also be explored. Provide and promote a space for innovation where our expertise within the company can be integrated with outside experience.

Periodically, the *Risk Control & Compliance* management team informs the Audit and Compliance Committee of the 20 primary risks identified through the production of deep-dive analysis documents. We presented three reports detailing risks related to business and operations, outlining the primary risks included in these categories. Many of these risks involved some aspect that was associated with sustainability. These deep-dive analysis reports included the following:

- A risk context and evolution analysis.
- Identification of indicators for managing, monitoring and measuring risks.
- Action plans for mitigating identified risks, all of which are integrated into the strategic pillars.

All the members of the Board of Directors, including the Non-Executive Directors, have training sessions in their annual agenda on matters that are relevant to their role as directors, including risk management, due to the wide range of risks involved (technological, climate, financial, etc.), among other reasons. This year, the training was largely focused on cybersecurity and artificial intelligence.

Financial risks are included in the agenda of every Audit and Compliance Committee session, where they are looked at in great detail. When it comes to technological risks, the head of the technology division reports to the Board of Directors on a constant basis regarding the current situation and any updates on this issue, with a particular focus on cybersecurity.

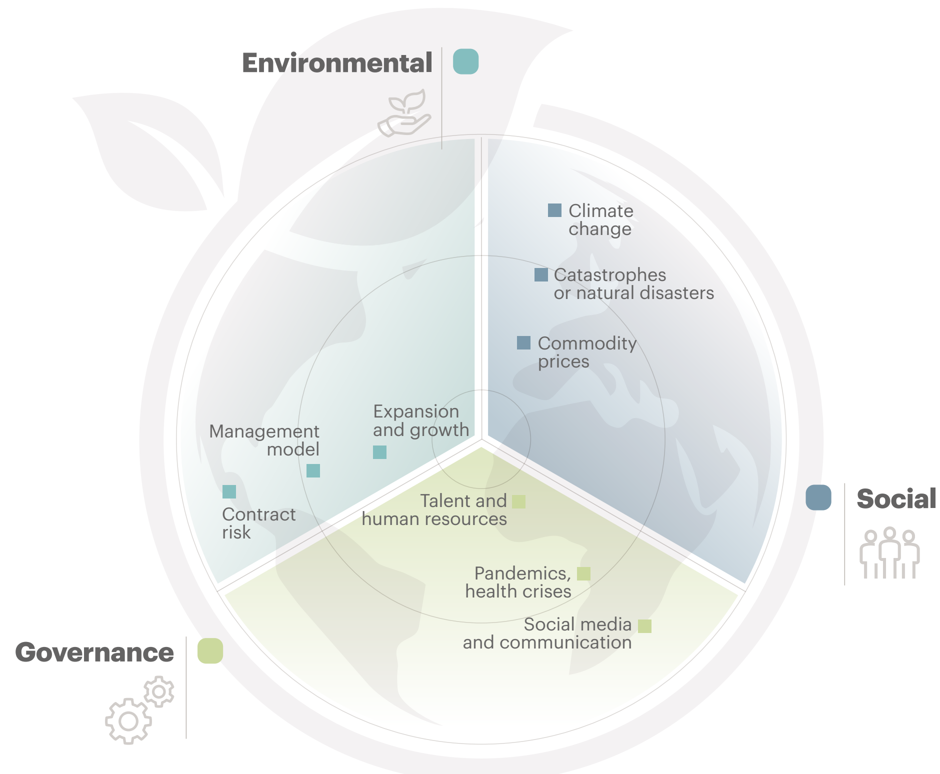
ESG risks (environmental, social and governance)

The Company's risk management model identifies all risks that are directly or indirectly related to sustainability or ESG criteria, in order to classify risks on the map that may impact the Company's sustainability strategy. Accordingly, of the Company's 78 global risks, a total of 37 are associated with ESG risk criteria.

Identifying and integrating the acronym into the risk management model enables us to obtain a second map specific to sustainability matters, which will be reported to the Sustainability Committee, which is responsible for monitoring and controlling the Group's sustainability strategy, and the Appointment, Compensation and Sustainability Committee, which has been delegated this responsibility by the Board of Directors.

Being part of the Group's Global Risk Map, the same management and control model also applies to these risks, as does the means of identifying measures to minimise said risks.

PRIMARY ESG RISKS



Emerging risks

In such a globalised, turbulent and ever-changing world, we need to take care when navigating a landscape of dynamic risk, which is evolving ever faster and often materialises in unexpected ways. These changes may modify existing risks, create new risks and open up new opportunities. The *Global Risk Report* published in 2024 by the World Economic Forum talks of a world "plagued by a duo of dangerous crises: climate and conflict". These threats also exist within a context of rapid technological change and economic uncertainty.

Our world today is less predictable, and more impulsive and chaotic. In addition to wars and armed conflicts, we are also exposed to influences, risks and threats of various kinds that will lead to a greater number of disputes, increased social polarisation, less consensus and more unilateral decisions than we have seen in previous decades.

Issues such as climate change, cyberattacks or major technological changes will take on greater significance in our day-to-day lives. Faced with this situation, Meliá Hotels International also has to monitor another kind of risk, generally instigated by external actors, with potential effects that could have a significant impact on our business.

Geopolitical Risks

Tourism companies are increasingly exposed to risks related to international transfer of supplies, currency exchange and movement and safety of employees and customers, as a result of the geographical environment they operate in and the increase in transnational business. As a result, it is a good idea to analyse how all these factors interact to develop a risk management plan that can mitigate any potential damages.

This interrelation between countries and destinations, at a global level, and situations and changes within a country may have a significant domino effect on travelling patterns, not only in that specific country but throughout the world. That is why it is important to quantitatively and qualitatively analyse contingencies, to subsequently study potential solutions in each case and also opportunities to take advantage of benefits in the long term.

Geopolitical tensions in different parts of the world create an ever-changing dynamic that may evolve quickly and will foreseeably continue to lead to sources of instability that will influence not only those countries directly affected, but also the rest of the world. As such, it is highly likely that the hotel sector will be one of the first to feel the impact of geopolitical changes.

The potential impacts of this kind of risk may affect various factors, with the most notable including drastic decreases or slowdowns in travel, which would have a direct effect on the flow of tourists and, consequently, revenues for tourism companies; changes to customer habits; raw material price increases; or other significant socioeconomic impacts.

Cybersecurity

Cyber insecurity remains towards the top of the list of primary global risks, both in the short- and medium-term. To reduce the risk and improve their resilience, companies are developing their own techniques for managing cybersecurity risk, assigning economic and human resources to respond to cyber threats.

This is why it is important to promote risk management and good governance throughout the organisation and within the Board of Directors, to ensure that resources and investments are applied to manage those cyber risks that are most significant due to their impact and financial, commercial and operational consequences.

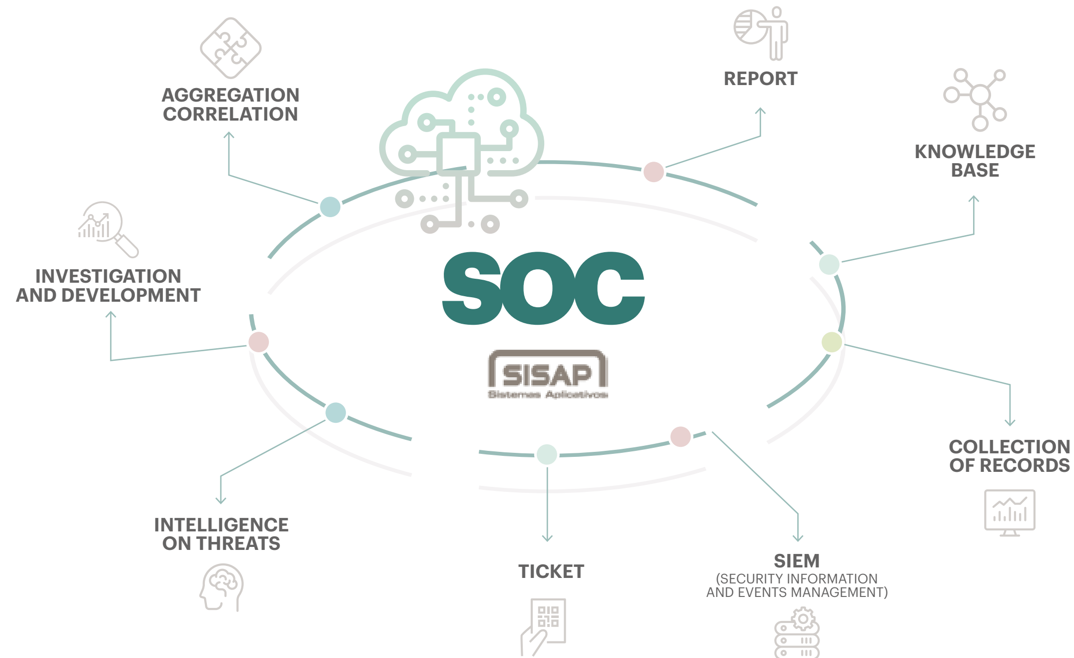
New technologies enable greater digital interaction with customers and add another level of complexity to the cyber vulnerability we may be exposed to. The potential impacts of this risk are related to loss or theft of sensitive or confidential information; identity theft; paralysis of sales; reputational damage; or loss of confidence among consumers.

The Group is constantly working to monitor emerging risks, analysing all available information with two goals in mind: on the one hand, identifying the cause-effect relationships with other types of risks, and on the other, determining the protocols and mechanisms necessary to mitigate negative impacts should they materialise in the future.

2024 Challenges

Climate-related threats predominate in the 10 primary risks faced by global populations, with substantial price increases being the reality for many due to extreme climates or climate-related disasters. Similarly, multinational companies will need to implement plans to mitigate and adapt to climate change and prevent or prepare for any adverse effects produced by the climate crisis.

With this in mind, next year the Company will perform an analysis of its portfolio, hotel by hotel, within the scope of its global integration process. The purpose of this is to understand the climate risks that each hotel asset is exposed to and to design an informed and robust transition plan that minimises the potential financial impacts. Along these same lines, the first double materiality assessment will be performed to determine the sustainability issues that will need to be faced over the coming years.



Information security

GRI: 2-25; 2-26; 3-3; 206-1; 416-2; 417-2; 417-3; 418-1

Working together towards a culture of cybersecurity

Cybersecurity is one of the most relevant and important issues on the agendas of governing bodies at companies all over the world right now. This is reflected in the *Global Risks Report 2023*, published by the *World Economic Forum*, which clearly highlighted cyberattacks as one of the emerging risks with the greatest short-term and medium-term impact. For managing directors in Spain, cyberattacks are second on their list of concerns, only surpassed by their worries regarding the ever-changing economic climate.

New regulatory frameworks require companies to develop cybersecurity prevention models, alongside specific training plans on these matters, to inform employees about the importance of using both systems and data in an appropriate manner.

The exponential and global growth of digitisation in companies and the transition towards a hybrid working model, driven by the pandemic, has significantly changed the landscape of cyber threats, as an increase in interconnectivity inevitably leads to greater vulnerability. This has triggered greater awareness among organisations regarding the risks of a potential cyber attack.

Meliá Hotels International prioritises cyber security in all its operations, as it does in its relationships with various stakeholders. Indeed, it is one of the top 5 risks on our 2023 Risk Map.

Robust governance for efficient and consolidated management

GRI: 2-23; 2-24; 3-3

At Meliá Hotels International we are firmly committed to tackling risks related to information security. It is for this reason that we have developed a series of regulations contained within the global *Information Security Policy*, which is based on the international **ISO 27001** standard and is implemented alongside the principles of the **Good Governance Code for Cybersecurity** from the CNMV. It was approved by the Board of Directors in 2017 and updated in October. The purpose of this Policy is to establish security objectives and critical areas, ensuring compliance with the necessary levels of protection and the principles of confidentiality, integrity, availability, authenticity and online traceability, in line with the Meliá strategy.

The Policy applies to the Company and to its Group, including all employees and partners who work with Meliá, regardless of their position or role they perform, and it may extend to any other natural or legal person related to the group in any way, such as suppliers, stakeholders or third parties who need to process information or use Meliá information systems. The Company is responsible for motivating and training all members of the organisation to ensure they are aware of and comply with this Policy, and it also makes said Policy available to interested parties through its website.

The Company has implemented a robust governance model regarding this matter, with the Board of Directors as the main body responsible for supervising the application of this Policy, periodically assessing its effectiveness, adopting suitable measures to resolve any shortcomings and making any changes it deems necessary.

The Board of Directors assigns the Audit and Compliance Committee with the responsibility of supervising and ensuring compliance with the principles and commitments established by this Policy, with support from the Cybersecurity Committee, as the body responsible for adopting any relevant resolution related to information security that may substantially affect the Company's activities, while continuously monitoring the commitments and principles established in this Policy. This Committee will report directly to senior management and the Board of Directors on matters of cybersecurity.

Furthermore, given the importance of this issue, the Board of Directors shall be updated annually on cybersecurity matters, with the support of expert advisers from this field, along with the *professional expertise of Carina Szpilka Lázaro*, an independent adviser who has worked with Meliá Hotels International since March 2016, offering extensive professional experience in the field of technology.

The organisational structure of this area has been enhanced by new profiles and teams, to minimise any negative impacts within this field. María Baeza, the *Head of Security*, is responsible for coordinating, monitoring and ensuring the implementation of and compliance with regulations, processes and procedures related to information system security, both in relation to company employees and any other actors within our value chain, such as suppliers, subcontractors and third parties.

INFORMATION SECURITY GOVERNANCE

Cybersecurity Committee

- Makes decisions on cybersecurity, follows up on established commitments and principles and reports to Senior Management.

Frequency: **monthly**

SET

- Makes decisions on cybersecurity that may materially affect the Company's activity.

Frequency: **quarterly**

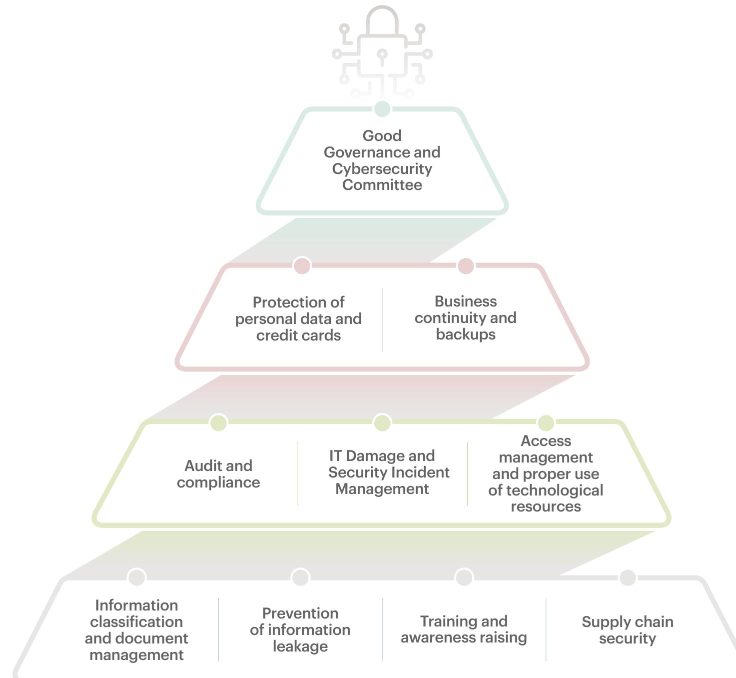
Board

- Annual report on the situation of cybersecurity and key cybersecurity metrics.

Frequency: **anual**

The guiding principles that shape our Information Security Policy are concentrated around the following matters:

GUIDING PRINCIPLES OF THE INFORMATION SECURITY POLICY



The Policy is also reinforced by the System Security Regulation, approved by the Executive Committee in September 2020. The purpose of this regulation is to establish the security criteria and principles that govern the protection of information at Meliá Hotels International and cover the following aspects:

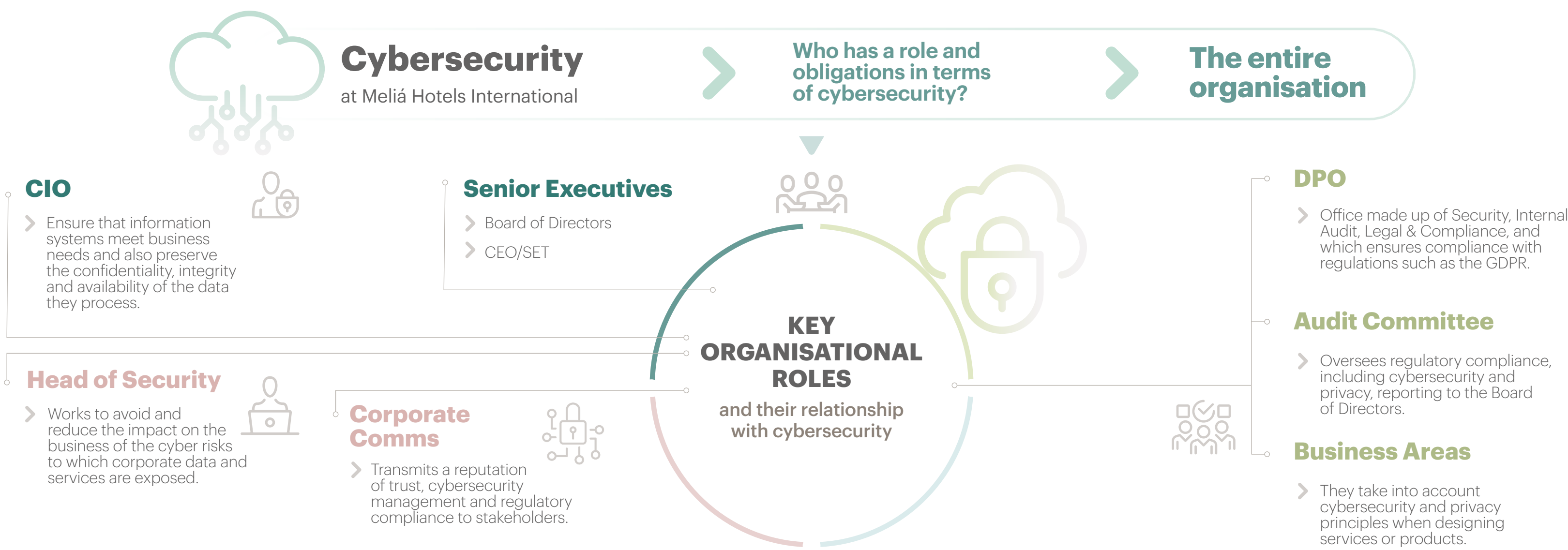
- Classification of information sensitivity by confidentiality levels
- Information classification process
- Information system security framework
- Related roles
- Compliance with the *Payment Card Industry Data Security Standard (PCI DSS)* and its external certification
- Security incidents and crisis management
- Collaboration with the authorities
- Monitoring and control
- Non-compliance regime

The Company also has a global Privacy Policy, approved by the Board of Directors in March 2018, which establishes the guidelines to follow when carrying out activities in relation to the generation, collection, processing, storage and/or erasure of information.

The contents of this Policy outline the key objectives set forth in the Information Security Policy, establishing the reference framework related to the protection of personal data. Its objective is to strengthen digital trust among our stakeholders, in particular our employees, customers and suppliers, establishing, among others, the following commitments set out in our Ethical Code:

- To comply with all legislation and regulatory obligations at a national and international level.
- To protect the personal data that our employees have entrusted to us and to respect their privacy.
- To protect the information and data our customers have entrusted to us.

CYBERSECURITY AT MHI



Protecting personal data and the information provided by our customers and other stakeholders for processing is a top priority for us. To manage and guarantee this protection, we have put in place all the structures, security plans and control mechanisms that are required in line with the current legislation and regulations of each country. This Policy is available to all interested parties on our company website.

Centralised management

GRI: 3-3

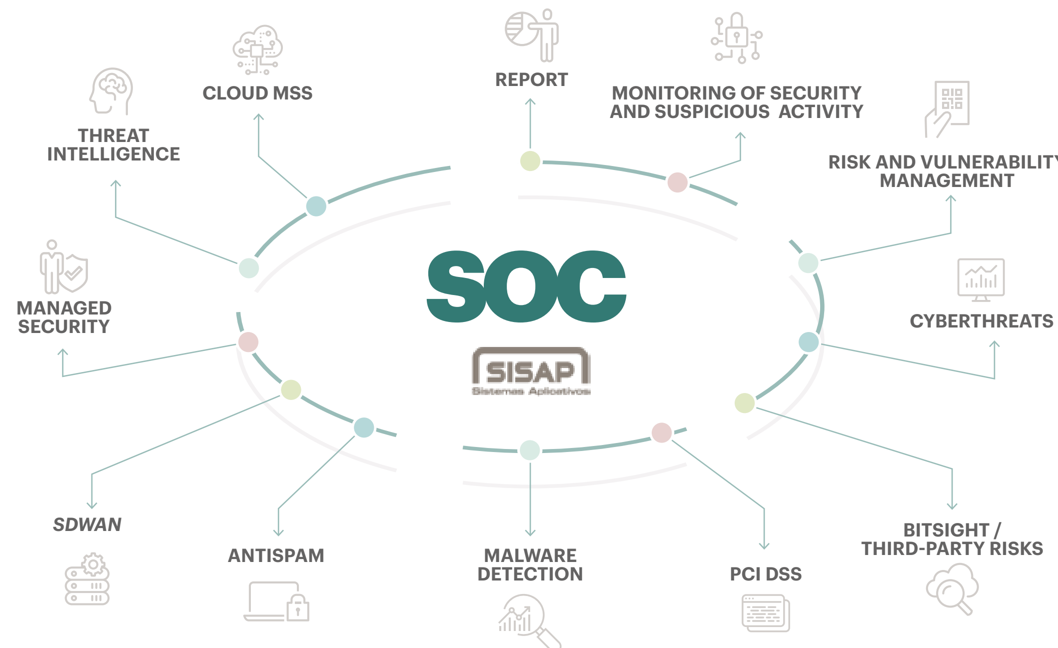
Thanks to the good practices implemented in relation to cybersecurity, we are able to respond quickly and safely to the demands and risks in our environment. The aim is for all stakeholders to be able to take advantage of the optimal security guarantees offered by our work centres.

Meliá Hotels International offers a Security Operations Centre (SOC), with support from our technology partner. The SOC supervises and manages cybersecurity at a global level, through security prevention, monitoring and control in all our various technological environments. The goal is to detect, analyse and resolve security incidents, and to do this we rely on specialised tools and services that enable us to monitor all the security incidents that have been reported.

From this centre we also analyse activity on networks, servers, databases, applications and websites in search of any anomalies that may indicate an incident or a threat to security. If an anomaly is identified, the SOC will help to provide a specific response based on our action plans, to ensure that any potential security incidents are identified, assessed, blocked and reported appropriately.

Below we have listed some of the specific capacities of our SOC and its scope of management/responsibility:

CAPACITIES OF OUR SECURITY OPERATIONS CENTRE (SOC)



Guaranteed cloud solutions (Cloud MSS)

Cloud solutions provide the necessary security measures to ensure technological alignment with data security, risk management and regulatory compliance. We perform regular security reviews on our various solutions across all divisions, starting with the most critical.

The objective of these reviews is to periodically and systematically ensure that all the security controls are aligned within each environment, measure any identified risks, and establish and implement specific action plans.

Maximum security in the supply chain (Bitsight/third-party risks)

After developing a new platform for suppliers, which the Company implemented in order to streamline the procurement process for products, goods and services throughout the supply chain, as part of our supplier contract management system we analyse security requirements in terms of access to data and/or technological environments.

The key objective of this analysis was to ensure compliance with the Company's regulatory framework. We also implemented a framework for managing technological risks with third parties, providing visibility and allowing us to verify information security indexes and technological environments throughout the entire supply chain.

Personal data protection in payment systems (PCI DSS)

In line with the organisation's commitment to protect and manage credit card information, in 2023, for the thirteenth year running, we renewed the Payment Card Industry Data Security Standard (PCI DSS) for booking environments.

We also applied best security practices to ensure that all the different payment methods offered to customers function correctly.

Contingency plans against cyberattacks

GRI: 418-1

In 2023 we did not detect nor were we informed of any cyberattack, but Meliá Hotels International does have a procedure in place that establishes the necessary steps and individuals responsible for communicating, managing and recording any security incidents. The primary objective of this procedure is to minimise the impact of any potential incidents and avoid loss of or damage to any data that has been entrusted to the Company.

This procedure must be followed by everyone within the Company, including any internal and external employees who may have access to data and information that is under our care at Meliá.

We did not receive any customer complaints this year related to privacy violations, nor did we receive any reports through our whistleblower channel or via any other means. Similarly, we did we identify any leaks, theft or loss of customer data.

Training and employee awareness of cybersecurity matters is one of our key defences against emerging risks and ongoing cyberattacks. This compulsory training is provided on a yearly basis and is a key lever within the scope of cybersecurity and PCI to minimise and contain risks.

INFORMATION SECURITY TRAINING (HOURS PER PERSON)
0.8
(2022: 0.9)

CYBERSECURITY TRAINING (EMPLOYEES)
4,934

PCI TRAINING (EMPLOYEES)
3,266

GDPR TRAINING (EMPLOYEES)
11,514

TRAINING SNIPPETS (USERS)
34,944

CYBERSECURITY TRAINING (HOURS PER PERSON)
0.7
(2022: 0.8)

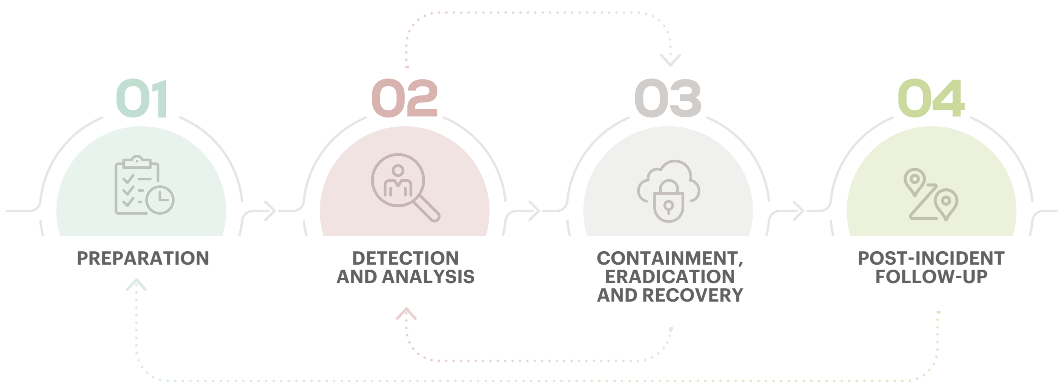
INCIDENTS REPORTED
0
(2022: 0)

TRAINING SNIPPETS (EVERYONE)
1
monthly

Both the specific cybersecurity course and the training snippets inform users about how to avoid and/or protect themselves from potential cyberattacks. Each of the snippets focuses on different topics related to cybersecurity, such as secure passwords, phishing, the use of corporate accounts and devices, public WiFi, protecting your devices and managing incidents, among others.

In line with the contingency plan against cyberattacks, audits are carried out every year to assess the security, effectiveness and good practices of the Company's computer systems, which are crucial for carrying out day-to-day tasks and operations within the organisation. Below you will find the life cycle implemented at Meliá Hotels International for managing and responding to security incidents, which we put into action with the help of our technological partner.

LIFE CYCLE FOR MANAGING INCIDENTS



Supplier relations

GRI: 2-6; 2-23; 2-24; 3-3

Throughout 2023, the Company continued responding to all the challenges that arose during the pandemic, some of which even intensified this year as a result of both global and local factors.

However, we have a long way to go before we can return to the normality we knew a few years ago. We are still suffering from product and raw material shortages, which is a constant challenge for numerous industries. Factors such as production interruptions, transport problems and demand fluctuations contribute towards the unavailability of certain goods, which has a direct impact on the supply chain of international hotel companies like ours.

Fuel price increases, port congestion, transport limitations and geopolitical challenges lead to incertitude in our value chain as they affect the margins of companies, producers, distributors and consumers, and have a significant impact on the hotel sector specifically. At a global level, this leads to higher financial and logistics costs, which, aggravated by increased inflation rates, triggers price increases and reduced operating margins.

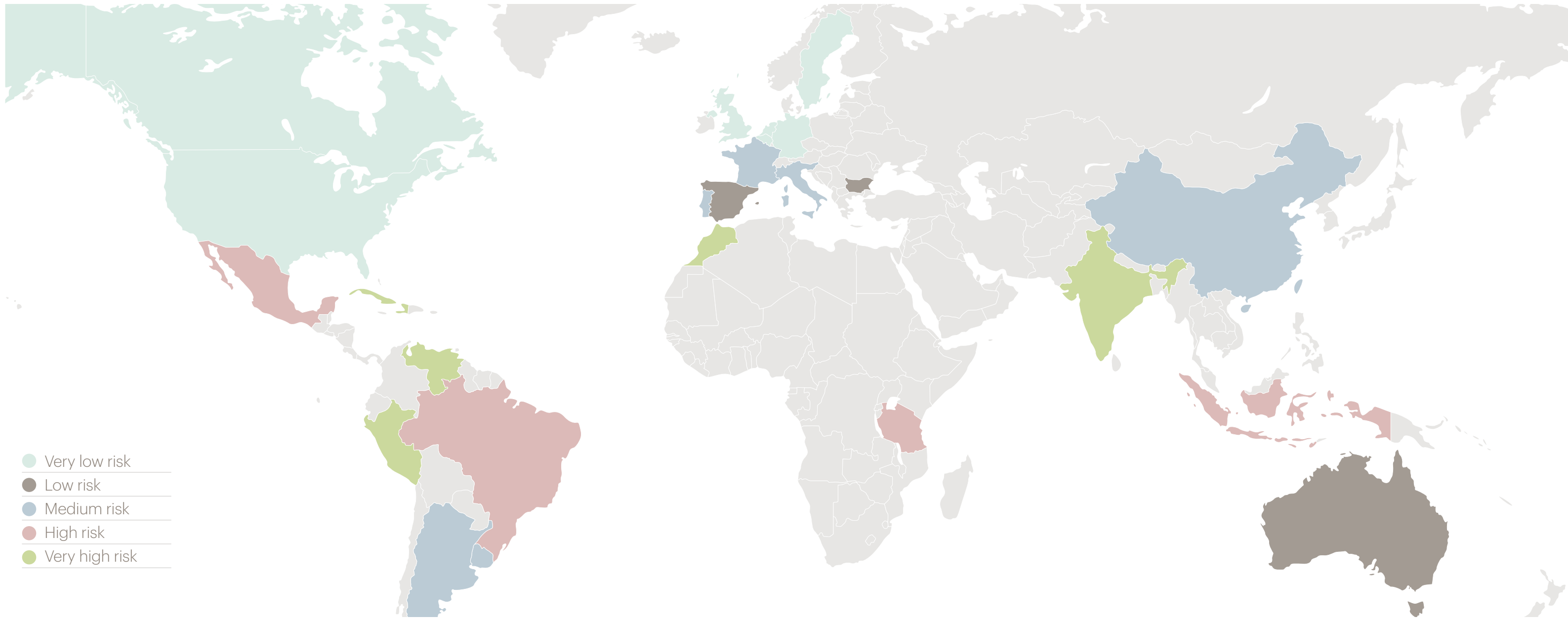
ESG risk management

GRI: 308-2; 407-1; 408-1; 409-1

At Meliá, we work continually to identify and monitor potential short-term and medium-term risks that we may be exposed to in the various geographical areas where we operate that require constant attention, such as the price of commodities, a direct risk that may considerably impact our supply chain.

In 2018, Meliá Hotels International performed an exhaustive analysis of the risks related to its supply chain, which has served as the basis for the unique monitoring and control process carried out on a regular basis in countries with a particularly high level of risk. The purpose of this analysis is to determine the risk level of our key suppliers according to ESG criteria (environmental, social and governmental), where we evaluate all issues related to human rights, occupational health and safety, talent, diversity, vulnerability, adaptive capacity to climate change, availability of natural resources, biodiversity, institutional relations and corruption. This analysis provides greater visibility on our level of exposure to ESG risks in the countries where we operate, enabling us to put in place the necessary measures to minimise their impact and occurrence.

ESG RISK MAP



TOTAL TIER 1 SUPPLIERS*

6,548

(2022: 6,633)

CRITICAL TIER 1 SUPPLIERS*

18

(2022: 20)

NON-CRITICAL TIER 1 SUPPLIERS*

54

(2022: 164)

For 2024, the Company has planned to launch a new risk assessment for all the countries identified as critical, to bring the 2018 exercise up to date.

We have also dedicated financial and human resources to consolidating our technological tool in Spain, preparing future facilities in our key markets (France, Italy, the UK, Germany, Mexico and the Dominican Republic) and designing an evaluation model that, with technological support, we hope to launch in Spain and the Dominican Republic during the first quarter of next year.

This tool will enable us to strengthen the due diligence that the company already adopts for governance, *compliance*, financial and operational matters when onboarding suppliers, to evaluate alignment levels and their commitment to environmental and social issues, thus enhancing supplier profiles.

Supply chain governance

GRI: 2-23; 2-24; 2-25; 3-3; 308-1; 414-1

The *Purchasing and Service Procurement Policy* is a regulatory framework that integrates our key commitments related to the procurement of goods and services and guides our commercial practices, guaranteeing not only operational efficiency, but also responsibility and sustainability throughout our entire supply chain.

This document applies to all the countries where we operate and must be followed by all centres, business units and stakeholders that are involved in any of our supplier evaluation, approval, hiring and onboarding processes, as well as our service standardisation procedures. This policy was approved by the Board of Directors in July 2020 and is available for all interested parties on the company website.

The company recognises the importance of promoting solid and ethical supplier relations based on trust, respect and mutual commitment, continuously meeting all obligations related to compliance with internal regulations at Meliá, particularly the standards established in the *Supplier Code of Ethics*.

We expect our suppliers to commit to actively promoting and respecting the principles of the United Nations Global Compact on human rights, labour and the fight against child labour, exploitation of labour and forced labour. In response to environmental pressures and the struggle against climate change, we expect our suppliers to procure clean products, equipment, services and technology, promote good practices that support the fight against climate change, and sign the mandatory sustainability clause.

AIMS OF THE SUPPLIER CODE OF ETHICS

The Company also provides a specific whistleblower channel for our value chain, which enables users to report any conduct that violates the terms of our *Supplier Code of Ethics*.

In 2023 we received just 2 complaints from suppliers, a figure that is of interest to the Company as it demonstrates our commitment to building relationships with our suppliers that are based on respect and mutual benefit.

SUPPLIER CODE OF ETHICS SIGNATURES/ ACCEPTANCES

2,493

(2022: 1,881)
2024 TARGET: 100%

SUSTAINABILITY CLAUSE SIGNATURES

2,105

(2022: 1,839)
2024 TARGET: 100%

SUPPLIER COMPLAINTS

2

(2022: 1)

Within the scope of this governance, management and control model, the Company has the right to verify compliance with these obligations at any time, so the supplier must accept the fact that Meliá may audit them whenever they deem it necessary. While our contract with the supplier is in force, we may also request documentation to demonstrate that the supplier is complying with the commitments they have accepted and, in the case of non-compliance, request termination of the contract, without prejudice to any other appropriate compensation.

As part of its desire to promote and reinforce supplier relationships based on dialogue and seamless communication, the Company has established direct and two-way communication channels at a frequency that it deems appropriate, according to the characteristics of the supplier.

It has also developed an incident-management model based on a ticketing system, for receiving notifications related to the provision of the contracted service. This channel is provided to users both to accommodate new requirements for the service and to report any incidents, recording all related information and response times, and assigning a responsible party to manage the incident until it is resolved. The entire process is logged on the platform. This channel is currently in the implementation phase and will be available at all hotels that have the appropriate tool.

Commitment to excellence and sustainability

GRI: 3-3; 308-2; 414-2

With the current global climate and the worldwide presence of Meliá Hotels International, it is more important than ever to not only have a supply chain that is resilient and efficient, but to consolidate a robust model, optimise all our processes and move towards a management system that is based on excellence, sustainability and digitisation.

The considerable advances we have made in supplier management not only reflect our commitment to quality and efficiency in the procurement of goods and services, but also highlight our responsibility towards sustainability, ethics and strong partnerships throughout our supply chain. These pillars are key to our success and help us to make a positive contribution both to the business community and to the global environment in which we operate. Our management model is based on the pillars shown in this graphic.

PURCHASING STRATEGY

This transformation of our purchasing management model has enabled us to move towards a vision based on an ordering process with a focus on supplier management, approval and contracting, with the aim of consolidating an efficient, robust, agile and digital model that integrates global management of products, goods and services.

We have also incorporated sustainability factors into the supplier profile, to ensure that they are in line with our expectations in this area. In addition, with the new model we have modified product and service sheets to include attributes related to ESG parameters, along with packaging information.

With the aim of furthering the commitment we made in 2020 to purchase free-range eggs, the Company now consumes only this type of product at all its hotels in Germany, Austria, Holland and the United Kingdom. To meet the target we set ourselves for 2025, we will focus our efforts on all our hotels located throughout Spain and the rest of Europe, within the scope of global integration.

Our management model also extends to all suppliers and actors in our value chain who work in or provide services to any of our business units, with the following obligations:

- All suppliers, contractors or other entities that provide services to our facilities must abide by our Occupational Health and Safety Policy.
- Preventive criteria must be incorporated into work, service and supply contracts, with the appropriate channels being provided for business co-ordination on this matter.
- Coordination measures must be followed to avoid any accidents at the Company's facilities.
- All third parties must be informed about risks and preventive measures.

With the implementation of our tool in Spain, we have significantly improved several elements of our management model:

- Data analysis is carried out with a comprehensive vision of expenses, deepening our awareness in various dimensions.
- Processes have now been automated, making them faster, more accessi-ble and more efficient for users.
- The interface improves hotel operations and supplier relations.
- We are able to expand the range of services available to all areas of the Company.

With its broad portfolio of suppliers, the Company can now offer a value proposition to our owners and partners at destinations such as Europe and the Caribbean, providing a comprehensive best-in-class service that is adapted to each hotel and destination's specific circumstances.

AVERAGE SUPPLIER PAYMENT PERIOD (IG)
53.64
(2022: 59.91)

COUPA SAP SCOPE (IG)
61
(48% of portfolio)

COUPA SAP SCOPE (HOTEL MANAGEMENT)
54
(33% of portfolio)

% LOCAL PURCHASES
84.6
(2022: 88.5)

COUPA SAP TRAINING (HOURS PER PERSON)
1.3
(2022: 2.4)

04

Commitment to the fight against climate change

Climate change and energy

The consumption of fossil fuels has led to an increase in the level of greenhouse gas emissions, contributing towards an acceleration in global warming, rising sea levels and ocean acidification, among other issues. This triggers more frequent extreme natural phenomena, which impact the sustainability of the planet and consequently society as a whole.

Climate change is one of the most significant challenges that humanity is facing in present times. It is important to act now and combine forces to reduce greenhouse gas emissions and meet the obligations undertaken by the states that signed the Paris Agreement. To do this we need to adopt policies and make investments that enable us to meet our targets over the next ten years and avoid passing the threshold of 1.5ºC, as proposed at the last Climate Change Conference in 2023 (COP28), where it was suggested that all parties progressively reduce their use of carbon-based energy, move towards energy systems with net-zero emissions, triple global capacity of renewable energy and eliminate inefficient fossil fuel subsidies, among other key points.

Along these lines, within its corporate strategy, Meliá has included a commitment to make further progress in the fight against climate change, minimising its environmental impact. This is in addition to the obligation it has undertaken to tackle the risks and opportunities resulting from climate change, strengthening its risk-based culture and long-term financial performance.

Governance of climate change and the environment

GRI: 2-23; 2-24; 2-25; 3-3

The aim of our Climate Change and Environment Policy, which was approved in 2017 and updated in 2021 by our Board of Directors, is to establish our action principles at Meliá Hotels International and the Group as a whole in relation to its commitment to combat climate change and protect the environment, promoting efficient, responsible and sustainable management throughout its value chain.

In terms of its scope, compliance is compulsory and it applies globally and directly to all corporate offices and business units managed by Meliá. The contents of the policy are established as a minimum requirement, without prejudice to any additional and specific regulations that may be approved related to this issue.

It was reviewed within the scope of our *Roadto2024* Strategic Plan, as part of a lever focused on the decarbonisation of our business model, in order to ourselves with the Paris Agreement. Along these lines, Meliá has incorporated into its strategy a commitment to move forward with this transition, with the conviction to integrate sustainability and climate change into our investment decisions and hotel assets, making them more sustainable and resilient.

Risks and opportunities resulting from climate change

GRI: 2-23; 2-24; 2-25; 3-3; 201-2; 203-1; 203-2

Our Global Risk Map identifies the primary risks that we face as a Company. The map is reviewed on an annual basis and the results are submitted to the Audit and Compliance Committee, whose responsibilities involve supervising the risk management systems, including those covered by the acronym ESG.

In the specific case of risks related to climate change, the "Natural catastrophes or disasters" risk, which refers to damage to physical assets or interruption of operations as a result of extreme climate events, is number 11 in the Company's list of top 20 risks. This risk has climbed to a higher position than in 2022, which demonstrates the Company's awareness of its exposure to climate events, as well as the conclusions reached in the study carried out by the TCFD.

Therefore, and in line with future regulations that will require sustainability reports to include an estimate of the financial impact of climate change-related risks, this vision has become even more relevant and encourages us to update and improve the analysis of climate risks associated with our property portfolio in 2024.

Climate scenarios and scope

The exhaustive analysis of the climate risks included in the Global Risk Map served as the starting point for identifying their impact on our activities in four main geographical areas, selected for their present and future strategic relevance: Spain, Mexico, the Dominican Republic and the United Kingdom.

Within this scope, in 2021 we identified risks and opportunities related to climate change in line with the guidelines issued by the *Task Force on Climate-Related Financial Disclosure (TCFD)*. This process involved studying various climate scenarios, taking into account different pathways, both physical and socioeconomic, as well as climate scenario models, primarily the following: *Representative Concentration Pathways (RCP), Shared Socioeconomic Pathways (SSP) or the International Energy Agency (IEA)*.

After combining the RCP and SSP pathways established by the IPCC, we took four specific climate scenarios and used them to perform a risk and opportunity analysis that met the TCFD technical criteria and was in line with our own commitments in this area.

Of the four scenarios, we prioritised the risk and opportunity analysis on the scenario involving a society with intermediate sustainable development that manages to prevent its temperature from increasing by over 2 ºC by the end of the century: scenario SSP2 – RCP 2.6. This scenario is in line with our emission reduction targets, which were approved by the *Science Based Target Initiative* (SBTi), and is also in tune with the objective to prevent the global temperature from increasing beyond 1.5 ºC.

Identifying and assessing risks and opportunities

Our process for identifying and assessing risks is structured around four clearly differentiated stages:

- Establishing and evaluating our value chain.
- Establishing and classifying our universe of risks and opportunities. During this stage, we also analysed current and future regulatory requirements for the four selected geographical areas.
- Selecting climate scenarios.
- Assessing climate risks and opportunities based on impact, probability of occurrence and time horizon.

The valuation scales and time horizons used have been established to adapt, on the one hand, to the terminology employed in the global risk assessment and, on the other hand, to the timescale of the expected impacts according to the selected scenario and the service life of our various infrastructures. The maximum time horizon we used for this analysis was 2050.

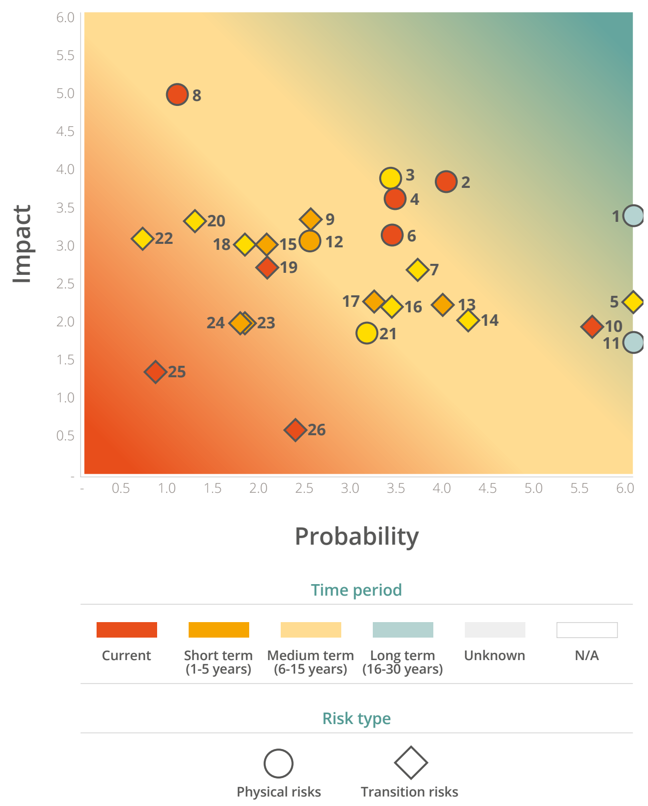
Climate risk matrix and ranking

Our map identifies 26 climate risks, divided into 9 physical risks and 17 transition risks. The most significant, according to their severity value (probability x impact), are those of a physical nature, both current and medium-term. Furthermore, 65% of the transition risks identified are likely to materialise in current times or in the near future. This initial step, carried out in 2021, will serve as the basis to reveal the climate risks that will affect each hotel asset, leading to a more sustainable and resilient portfolio.

CLIMATE RISK MATRIX AND RANKING

1	Rising sea levels	20.10	14	Change of insurance conditions	9.78
2	Extreme precipitations: torrential rain, hailstorms, snowfall, etc.	17.01	15	Changes in customer perception	8.94
3	Extreme weather events: cyclones, hurricanes, typhoons and tornadoes	15.32	16	Transition to low-emission technology	8.83
4	Imbalance in the living organisms in marine ecosystems	14.49	17	New legal requirements in energy efficiency matters	8.73
5	Changes in customer behaviour or preferences	13.22	18	Increased stakeholder concerns or negative feedback from stakeholders	8.39
6	Insect plagues	12.48	19	Failure to meet climate targets	8.20
7	Taxes related to GHG emissions	11.21	20	Geopolitical and social instability	8.00
8	Forest fires	11.21	21	Alteration of biodiversity	7.01
9	Variation in resource availability	11.14	22	Difficulties in obtaining financing	6.11
10	New reporting requirements	10.81	23	Damage to the image of the industry	5.52
11	Increased average temperature	10.74	24	Damage to the image due to the use of resources/services	5.52
12	Reduced availability of water	10.31	25	Increased exposure to environmental litigation/infractions	2.79
13	New legal requirements related to the reduction of GHG emissions and climate risk management	9.79	26	Vehicle-mobility restrictions	1.86

* Ranking based on the severity of the opportunities (probability x impact). Opportunities classified as priority 1 and 2 are included.

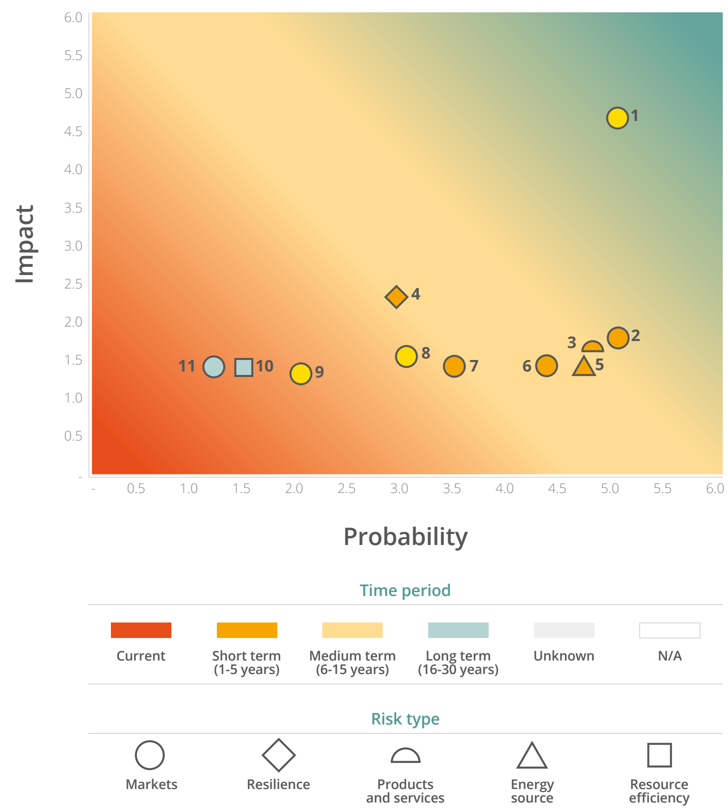


Climate opportunity matrix and ranking

As a result of the analysis, we also identified 11 climate opportunities. Of these eleven, seven corresponded to market opportunities and one from each remaining category related to products and services, resilience, energy sources and resource efficiency. The analysis highlights the significant difference in severity between the opportunity at first place in the ranking (23.06) and the opportunity at second place, with a score of 8.98.

CLIMATE OPPORTUNITY MATRIX AND RANKING

1	Opening of new markets	23.06
2	Differentiation from competitors	8.98
3	Changes in customer behaviour or preferences	7.91
4	Direct incentives from the authorities related to combatting climate change	6.68
5	Direct incentives from the authorities related to the decarbonisation of transport	6.63
6	Changes in customer perception	6.20
7	Obtaining financing	4.91
8	Improvement to the image of the industry	4.64
9	Change of insurance conditions	2.66
10	Indirect incentives from public authorities	2.05
11	Direct incentives from the authorities related to energy efficiency and use of resources	1.66



* Ranking based on the severity of the opportunities (probability x impact). Opportunities classified as priority 1 and 2 are included.

Plan to mitigate climate change

GRI: 2-23; 2-24; 2-25; 3-3; 305-5; 305-7

As a leader in sustainability within the hotel sector, we have made firm commitments to further adapt our business and mitigate the adverse effects of climate change. In 2021, we reaffirmed our emission-reduction targets, in line with the *Science Based Targets* initiative (SBTi), to prevent the global temperature from increasing beyond 1.5 ºC. We are establishing and implementing various initiatives to help us reach two different targets by certain dates: a reduction of 29.4% by 2025 and a reduction of 71.4% by 2035, with respect to the base year of 2018.

Within this context, as part of its Responsible Business Strategy, Meliá has made the following commitments:

- Adapt to climate change: Respond to the risks and opportunities resulting from climate change.
- Mitigate climate change: Combat climate change and minimise our environmental impact and footprint, recognising the potential impact on tourist destinations.

The European Climate Law, approved in June 2021, establishes Europe's target to become climate-neutral by 2050 and provides a framework that will further efforts to adapt to the impacts of climate change, requiring all member states to put in place strategies and plans to adapt and mitigate their carbon footprint.

In our sector, the greatest potential for carbon lock-in is concentrated in hotel infrastructure. The acquisition of fossil-fuel-intensive assets could slow down our progress towards a decarbonised business model. At Meliá we are aware of this situation and it is for this reason that the management team in our Real Estate Department has been set an objective to reduce our emissions and make progress on the commitment we have made.

In line with the Company's vision, the design and construction manuals for the various brands in the portfolio include the integration of sustainable criteria into any new construction projects, renovations or major refurbishments that we carry out each year, and we raise awareness among our partners on the importance of designing assets where sustainability is a standard. As such, we incorporate the following into our investments: efficient facilities, the use of renewable energies or the generation of green energies, and the use of materials that help to reduce consumption and protect the environment.

Our decarbonisation plan requires the management of two different scenarios in our portfolio. Firstly, there is the scenario mentioned above, with major construction and renovation projects, and then we have the other, involving hotels that are already in operation, with no investment planned in the near future.

Under these circumstances, the Company has identified three key levers that will enable us to move towards decarbonising our business model:

- **Optimising energy consumption**
  Energy efficiency plays a major role in reducing carbon emissions. These measures effectively contribute towards reducing emissions by limiting the amount of energy required for different activities, which makes us less reliant on fossil fuels and reduces overall carbon intensity.
- **Migration towards renewable energy sources**
  Renewable energy sources, such as solar, wind, hydraulic and geothermal, generate electricity without producing greenhouse gases. As opposed to fossil fuels, which emit CO_2 and other pollutants when they are burned to produce energy, renewable energy sources significantly reduce emissions.

2025 EMISSION-REDUCTION TARGET SCOPE 1 AND 2

29.4%

(versus base year of 2018)

2035 EMISSION-REDUCTION TARGET SCOPE 1 AND 2

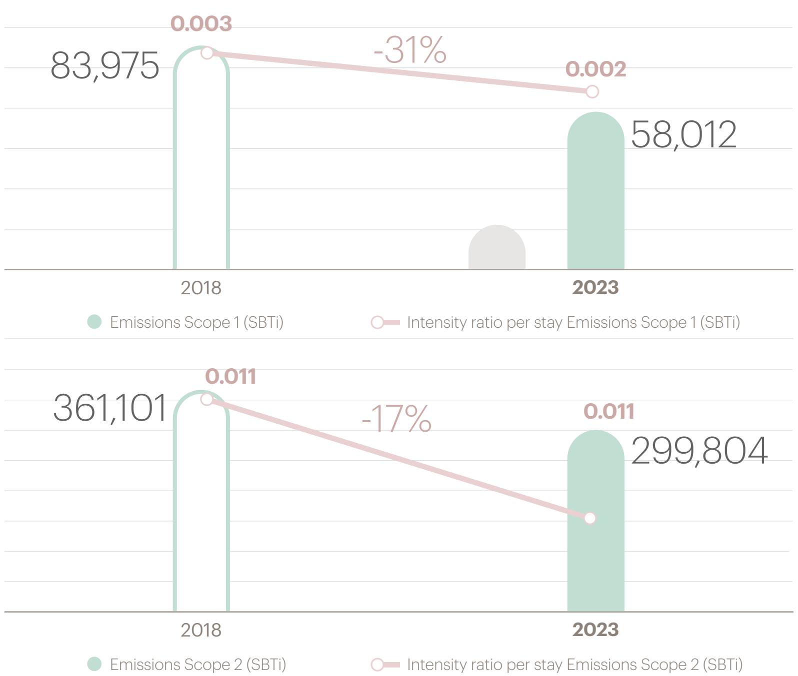
71.4%

(versus base year of 2018)

- **Raising awareness of our value chain**
  The objective to reduce scope-3 emissions is without a doubt one of our greatest challenges in the struggle against climate change. To achieve this, it is essential that we involve our customers and all the key actors in our value chain. We are convinced that the right path to meeting our commitments is by raising awareness through a range of products and services that offer sustainable options to our stakeholders.

For each of the decarbonisation levers mentioned above, we have launched a series of projects related to the objective and the identified risks.

SBTI A1 AND A2 CARBON FOOTPRINT (TCO$_2$)



*The company's entire portfolio of owned, leased and managed properties.

Optimising energy consumption

GRI: 302-1; 302-3; 302-4; 302-5

Environmental management system (SAVE)

Designed internally by our engineers in 2007, according to ISO 14001 Environmental Management criteria, and updated most recently in 2019, this management system integrates new requirements, ensures constant analysis of our management and that of our technical service teams, and reinforces the importance of measuring and managing environmental indicators related to energy and water consumption and waste production at a global level.

This system also enables us to analyse detailed information from various operational departments in our hotels and identify improvement opportunities, in addition to monitoring our progress towards meeting the annual targets we have set ourselves. Once the opportunities have been identified, we carry out technical and economic viability studies to prioritise those investments that have a greater impact at an environmental and economic level.

Sustainable tourism certifications

In 2023, we relaunched our hotel certification processes, focusing on those entities renowned throughout Spain and the rest of the world, and endorsed by the Global Sustainable Tourism Council (GSTC) or the World Travel & Tourism Council (WTTC). Each hotel receives its own individual certification, enabling us to identify improvement opportunities and establish an action plan to improve its positioning and reputation with respect to sustainability, an attribute that is of major importance to customers and tourism intermediaries these days.

Our choice of partner has helped to provide greater consistency to our model, providing both internal and external benchmarking, with other comparable hotels that offer similar products and services, and giving us the opportunity to promote improvements and opportunities for our business. We have certified 110 owned or leased hotels, plus 29 managed hotels.

EMISSIONS REDUCTION SCOPE 1 AND 2

19.6%

(Target 21%)

SUSTAINABLE CERTIFICATIONS

ENVIRONMENTAL CERTIFICATIONS	
AMERICA	8
EMEA	42
SPAIN	60
TOTAL	**110**

Building and running sustainable buildings continues to be a key element in the environmentally friendly management of our hotels. Consequently, this year our ME Barcelona hotel in Spain renewed its LEED certification (Leadership in Energy and Environmental Design), as did our INNSIDE Milano Torre Galfa hotel in Italy.

Our presence in Mexico and the Dominican Republic, countries that impose very strict environmental and biodiversity regulations, requires us to implement strict controls and strengthen our management and control model, to minimise any incidents during local and national audit processes that are carried out throughout the year. At these destinations, we also undergo annual audits to earn our beaches the Blue Flag certification, which we have obtained for a total of 7 hotels in these countries.

The international Blue Flag program for the recognition of beaches and marinas awards hotels that meet high quality standards, create the necessary conditions for sustainable and integrated management of beaches, and sets up environmental awareness initiatives to educate visitors and communities on the importance of preserving and conserving coastal and marine areas.

Energy certifications

The Company launched an energy efficiency certification process throughout all its hotels in Spain. This initiative was complemented by a report that detailed the Company's entire inventory of energy consuming equipment, with key technical properties such as power or year of manufacture, to monitor the life cycle of equipment and facilities.

Improvement opportunities and energy saving measures were also identified for each hotel. All of this information enables us to prioritise and plan investments, reduce our consumption in the short and medium term, and extend the service life of our facilities.

HOTELS WITH ENERGY CERTIFICATIONS (IN SPAIN)

93.5%

58 hotels

CO_2PERATE Project

Since its launch in 2019, the primary objective of this project has been to optimise energy consumption from air conditioning. By integrating artificial intelligence into cooling systems, this system allows the systems to adapt their consumption to operational and thermal needs on a given day, improving control and management of the main energy-consuming installations.

Due to its success, this initiative has now also been implemented in numerous hotels managed by Meliá, with a total of 16 hotels now using this technology.

GLOBAL INTEGRATION		2020	2021	2022	2023
Hotels	#	87	85	81	**69**
Savings	€M	0.5	1	1.9	**1.2**
Energy savings	kWh	5,085,267	9,505,337	12,626,675	**8,140,432**
Emissions avoided	$TnCO_2$	2,809	3,951	4,172	**2,791**

Migration towards renewable energy sources

GRI: 302-1

Renewable energy

The electrical energy used in a number of European destinations where we have critical mass now comes entirely from renewable sources: Spain, Italy, Germany, France, the Netherlands and the United Kingdom. This consumption represents 40.6% of the total energy consumed by the company.

This year we have acquired guarantees of origin at a number of hotels operated under a management model, such as in Brazil, for example.

Power Purchase Agreements (PPA)

The Company signed a clean energy purchase and sale agreement with the company Servicios Energéticos de la República Dominicana (CEPM) for the installation of a major photovoltaic plant, with 926 solar modules that, with their 500 kilowatts of power, will produce 936,000 kilowatts per year. This plant went into operation in early 2024. The energy that it is expected to generate will power our events and conventions facilities.

CEPM PROJECT - MAIN FIGURES

Installed power
500
Kwp

Estimated energy produced
791,850
Kwh/year

Net annual savings
87,024
USD

Raising awareness of our value chain

Efficient construction and renovations

Sustainability is a fundamental pillar of our Investment and Financing Policy, which was approved by the Board of Directors in April 2019. Over recent years we have made notable progress in its integration into our property management, which has enabled us to enhance our processes for design, renovation and the construction of new hotels. The end result is a differentiated and more sustainable value proposition that improves the efficiency of our hotels and minimises their impact on the environment.

Due to success of the Co2perate project, this technology has now also been implemented in numerous hotels managed by Meliá, with a total of 16 hotels now using this technology and improving their carbon footprint.

HOTELS WITH RENEWABLE ENERGY (IG)
82.6%

EMISSIONS AVOIDED ($TNCO_2$)
47,127.7

GLOBAL INTEGRATION		2020	2021	2022	2023
Hotels	#	11	11	10	**16**
Savings	€M	0.01	0.07	0.23	**0.37**
Energy savings	kWh	68,257	519,308	851,183	**1,962,631**
Emissions avoided	$TnCO_2$	40	173	292	**536**

Meliá Carpool

With the aim of providing sustainable transport and promoting the reduction of emissions in employee travels, in Palma de Mallorca (Spain) we now offer Hoop Carpool (Innovative Mobility SaaS), a mobile app we began using in 2022 to enable ride-sharing through technology, promoting communication and interaction between employees.

CO_2 emissions avoided 3,873Kg

Shared distance 27,663Km

Money saved by drivers 503€

Road to Net Zero Events

After a year of intense work, at the end of 2023 we launched the *ROAD TO NET ZERO EVENTS* project onto the market. This initiative uses technology to calculate the carbon footprint of our MICE segment (Meetings, Incentives, Conferences and Exhibitions), a niche market that is expected to close the year with a total turnover of around 12 billion euros.

Developed in partnership with the technology company Creast, which specialises in measuring, reducing and offsetting the environmental impact of events, the project calculates emissions at two crucial moments: the quoting stage and the end of the event. The tool is connected to and integrated into the hotel management systems and enables measurements to be made based on the specific details of each hotel, taking the consumption data and the hotel surface area (m^2) and then applying each country's emission factor to calculate the carbon footprint for scopes 1 and 2.

As a new addition, all menus have now been updated to include the footprint per product, giving us a view of a scope 3 category, providing detailed information of the carbon footprint behind each menu.

Our commitment is to offset the entire carbon footprint, whether that be directly through Meliá Hotels International or the customer, if they decide to offset in projects of their choice. The emissions generated in the 198 events measured during the development of the technological tool were offset at the beginning of 2024, to reach the figure of 372 TnCO2.

This initiative was developed to find improvement opportunities that would help us towards the goal of achieving carbon neutrality in events and to respond to increasing demand from professionals in the sector. We aim to implement this initiative in approximately 40 hotels over the next two years.

The Planet We Love

A project launched worldwide in June 2021 with the aim of involving customers in the fight against climate change. Developed in partnership with Climatrade, a leading Spanish fintech company in the management of carbon credits, this project enables members of our *MeliáRewards* loyalty program to redeem points for carbon credits certified by the United Nations, using blockchain technology to ensure the traceability of the process and the selection of projects from developing countries designed to reduce greenhouse gas emissions.

A more efficient, responsible and sustainable tourism model that is being extended throughout our value chain.

Investment in environmental efficiency measures

ENERGY	WATER	RENEWABLE ENERGY	WASTE MANAGEMENT
719,613€	130,771€	89,122€	34,135€

TOTAL: **973,641**€

CAPEX: **734,494**€

OPEX: **239,147**€

Adapting our economic activities to mitigate or adapt to climate change

The analysis carried out internally, following the recent publication of the activities associated with the last four environmental objectives included in the European Union's Environmental Taxonomy, which expressly include economic activity - 2.1 Hotels, resorts, campsites and similar accommodations - leads us to conclude that the alignment which may exist between our economic activities and the objectives to mitigate and adapt to climate change, which classifies the investments and economic activities resulting from our activity as sustainable, is neither significant nor material.

This review and classification process has been carried out over the past three years under the parameters of six objectives: mitigation of and adaptation to climate change; sustainable use and protection of water and marine resources; transition to a circular economy; prevention and control of pollution; and protection and restoration of biodiversity and ecosystems. The process determines that the most appropriate decision shall be to focus all of our efforts and economic and human resources on analysing our alignment with the objective related to biodiversity, its protection and its restoration, a decision that will be understood by analysts and investors, as well as by our customers and society as a whole.

OFFSET EMISSIONS ($TNCO_2$)

379

(2022: 441)

Our results

GRI: 302-1; 302-3; 302-4

ENERGY TABLE

GRI: 302-1; 302-3; 302-4 / SASB: SV-HL-130a.1

INDICATOR	UNIT	2020	2021	2022	2023
Non-renewable fuels (A+B+C)	GJ	292,024	329,889	480,190	**433,140**
	MWh	53,734	56,660	86,491	**78,622**
A. Natural gas	GJ	194,335	204,892	312,790	**232,606**
	m³	4,493,497	4,737,606	7,232,465	**6,573,030**
B. Propane	GJ	73,781	101,258	136,770	**170,610**
	Tn	1,622	2,225	3,006	**3,878**
C. Diesel	GJ	23,908	23,739	30,630	**29,924**
	m³	625	620	800	**846**
Non-renewable electricity	GJ	204,444	238,292	312,901	**369,696**
	MWh	56,790	66,192	86,917	**102,693**
Vapour / heating / refrigeration and other non-renewable energies	GJ	146,614	238,425	300,152	**222,597**
	MWh	40,726	66,229	83,376	**61,832**
Total consumption of non-renewable energy	GJ	**643,082**	**806,606**	**1,093,243**	**1,025,433**
	MWh	**151,250**	**189,081**	**256,783**	**243,148**
Renewable electricity (with green certification)	GJ	318,111	391,689	557,149	**597,935**
	MWh	88,364	108,803	154,764	**166,093**
Total energy consumption (non-renewable + renewable)	GJ	**961,193**	**1,198,296**	**1,650,392**	**1,623,368**
	MWh	**239,614**	**297,884**	**411,547**	**409,241**
Energy intensity ratio	GJ / stay	**0.251**	**0.188**	**0.138**	**0.124**
	MWh / stay	**0.063**	**0.047**	**0.035**	**0.031**
Total cost of energy consumption	€	24,593,193	37,757,845	70,834,468	**79,694,205**
Renewable energy percentage	Total consumption	36.9%	36.5%	37.6%	**40.6%**
Electricity percentage	Total consumption	60.6%	58.7%	58.7%	**65.7%**
Data coverage	Portfolio	100%	100%	100%	**100%**

CARBON FOOTPRINT TABLE

GRI: 305-1; 305-2; 305-3; 305-4; 305-5

INDICATOR	UNIT	2020	2021	2022	2023
Total emissions scope 1	TCO_2eq	18,404	20,645	29,525	**29,452**
Emission intensity ratio scope 1	TCO_2eq / stay	0.005	0.003	0.002	**0.002**
Total emissions scope 2	TCO_2eq	48,888	71,961	92,672	**110,057**
Emission intensity ratio scope 2	TCO_2eq / stay	0.013	0.011	0.008	**0.008**
Total emissions scope 3	TCO_2eq	191,575	238,849	461,463	**555,427**
Emission intensity ratio scope 3	TCO_2eq / stay	0.050	0.038	0.039	**0.042**
Total emissions	TCO_2eq	**258,867**	**331,455**	**583,660**	**694,936**
Emission intensity ratio	TCO_2eq / stay	0.068	0.052	0.049	**0.053**
Data coverage	% portfolio	100%	100%	100%	**100%**

SCOPE 3 (S3)		2022	2023
1	Purchase of Goods and Services	191,405	**265,827**
2	Purchase of Capital Goods	36,612	**26,167**
3	Activities related to energy and fuel	21,881	**24,507**
5	Waste management	3,960	**3,813**
6	Business trips	2,660	**2,469**
7	Employee commutes	23,991	**23,113**
11	Use of sold products (managed hotels)	180,955	**209,532**

Responsible water management

GRI: 2-23; 2-24; 2-25; 3-3

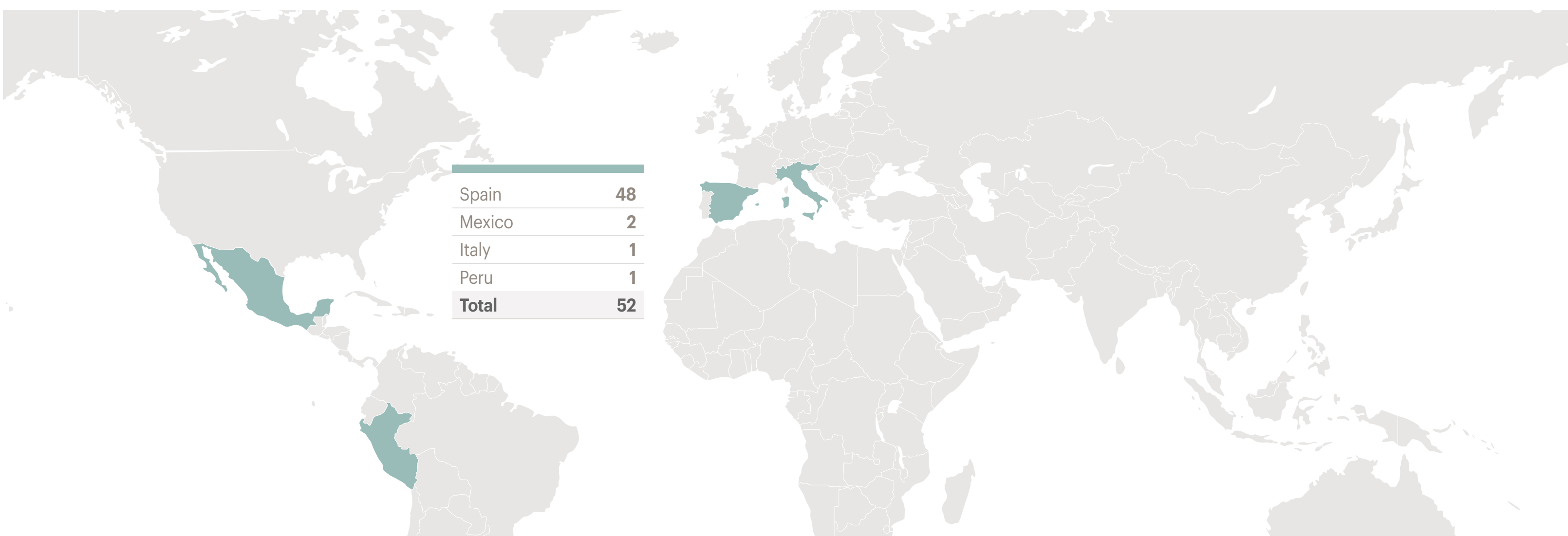
Water resources are essential to ensure quality tourism activities, and for certain holiday destinations, water forms an intrinsic part of their appeal. The sustainability of these destinations where we operate is affected by the availability and enjoyment of this element. At Meliá we are well aware of the importance of responsible water consumption.

That is why the first step in any management system always involves understanding the situation with this resource and its availability in our portfolio.

On an annual basis, we analyse the location of all the hotels we manage to determine whether they are located in areas suffering from water stress, using the Acueduct Water Risk Atlas tool.

This exercise provides us with greater visibility of our portfolio located in high-risk areas and enables us to establish strategies to promote a culture of risk management and develop action plans to mitigate this risk in the short term.

LOCATION OF HOTELS IN WATER-STRESSED AREAS (OWNED AND LEASED)



Spain	48
Mexico	2
Italy	1
Peru	1
Total	**52**

HOTELS IN WATER-STRESSED AREAS (IG)

52

(2022: 50)

HOTELS IN AREAS WITH RISK OF FLOODING (IG)

15

(2022: 18)

To evaluate the risk of water stress and determine whether it is significant or not, we analyse our portfolio with a focus on two key parameters: probability and magnitude of impact. By combining both factors, we are able to calculate the potential financial impact of the risk of water stress.

We perform the probability evaluation in accordance with the results of the analysis, which assigns a score of 3.5 to hotels in high-risk areas and 4.5 points to hotels in extreme-risk areas.

The magnitude of impact is determined by looking at each hotel located in a risk area and determining its importance to our business, based on business volume. If the financial impact is above the significance threshold (>3% of total annual turnover), it is determined that the hotel could have a significant impact on our performance.

Water management system

An essential part of our commitment to responsible consumption of water resources is the promotion of proactive water management and the implementation of measures to ensure efficient water consumption. The summer season sees the highest levels of water consumption, whether this be by residents or by visitors. This is also the period with the highest volumes of international tourism, with people visiting destinations that may be suffering from water scarcity or restrictions.

In 2023, certain regions suffered more intense levels of water stress than they had experienced in recent years. The Company is aware of its responsibility to further reduce its water footprint and implement measures to consume water more efficiently and responsibly in its hotels.

By continuously monitoring our consumption and controlling the operations at our facilities, we can reduce our water consumption and strengthen our commitment to guarantee responsible management of this resource. The investments we have made to improve our facilities and the good practices we share with our customers and partners are key pillars that contribute towards better water management.

At Meliá we also work with a tool that helps us to identify and analyse the primary operational risks associated with water extraction and spillages, which is a part of our Environmental Management System (SAVE). Aside from helping to ensure efficient water management, this tool is also able to anticipate potential risks and impacts, and ensure that our water is treated in accordance with existing regulations.

The majority of our business units have implemented various initiatives to mitigate water consumption, such as limiting water flow in taps and showers, which can reduce usage by up to 50%; installing dual-flush cisterns; informing customers about the frequency of washing towels and sheets; and replacing table cloths with disposable and recyclable alternatives.

Magnum Project: *platform for digital management of water footprint in tourism*

Next Generation is an initiative launched to provide financial support to EU member states through loans given out between 2021 and 2026. The goal is to support investment and achieve resilient and sustainable recovery.

At Meliá we are constantly looking for ways we can contribute towards meeting the European Union's objectives. This drive led us to respond to the RETOS Programme's call for initiatives involving public-private partnerships that promote advances in scientific knowledge, with an innovative project focused on measuring and optimising global management of water footprints.

The aim of the project is to integrate BIM technology *(Building Information Modeling)* and artificial intelligence to manage water footprints. Its purpose is to improve the management of water footprints from different perspectives, as well as the implementation of operational recommendations in real time, enriching our data with disaggregated information on consumption, implementation of control systems, occupation and use of services and optimisation of operational management, among others, to enhance our water management from a global strategic and operational management point of view.

The project has been designed with the support of a consortium of companies that specialise in the fields of management, water, data, technology and facilities, where every party takes on a specific role. Meliá acts as a promoter partner with a participation of 24%, and is supported by CETAQUA and IDP as technological partners (39% and 19% participation, respectively) and AQUATEC as a marketing partner (18% participation).

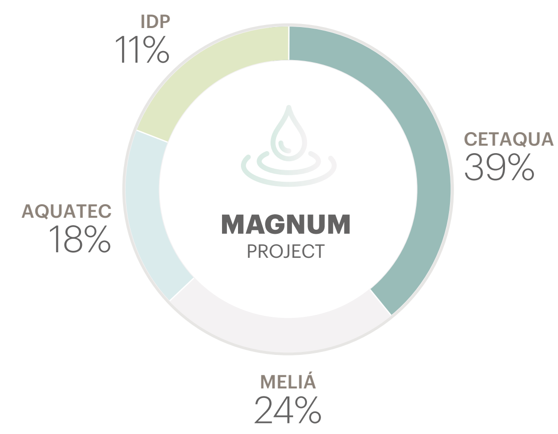
Three hotels in Spain may participate in the project: Gran Meliá Palacio de Isora (Santa Cruz de Tenerife), Meliá Palma Marina (Palma de Mallorca) and Gran Meliá Don Pepe (Marbella).

In 2023, all efforts were concentrated on producing the prototype, according to the unique characteristics of Gran Meliá Palacio de Isora, a hotel that serves as a particularly complex case study due to the variety of water sources it uses. This hotel has already been digitally redesigned and recreated, and over the next few months technological devices will be installed to measure consumption in certain rooms and points in the hotel that consume the most water.

Furthermore, as part of this project we have developed a tool that enables us to calculate the water footprint of materials purchased for carrying out our activities, enabling us to identify water-efficiency opportunities that we can incorporate into our purchasing processes. This also enables us to involve and inform our customers and partners of the importance of responsible water consumption.

Incorporating technology will improve data collection and improve awareness of water consumption from various perspectives, enabling the implementation of operational recommendations in real time and visibility of data with disaggregated information on consumption. This project is expected to be completed by the deadline agreed in the document presented to the Spanish authorities (end of 2025).

MAGNUM PROJECT: PARTICIPATION BY COMPANY



Water extraction, consumption and spillage

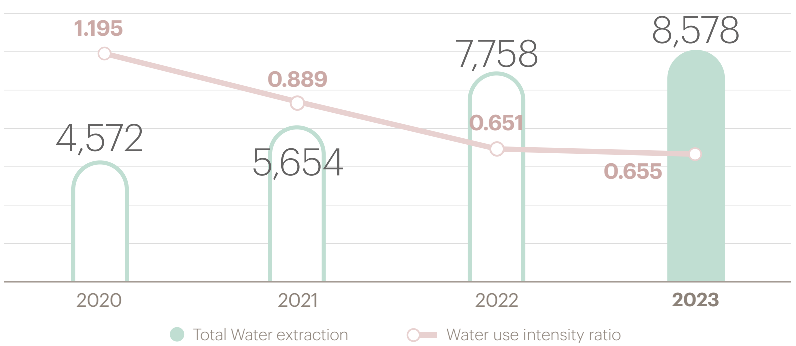
GRI: 303-1; 303-2; 303-3; 303-4; 303-5

Calculating our water footprint involves identifying consumption based on source and origin. In our case, considering our portfolio in global integration, our water mainly comes from public or private water suppliers (41%), fresh groundwater through wells (56%) and a very small amount of saltwater from desalination plants (3%). Well water is consumed primarily by our hotels in the Dominican Republic (51% of the total m³ consumed), as there is no other source of water available in this country.

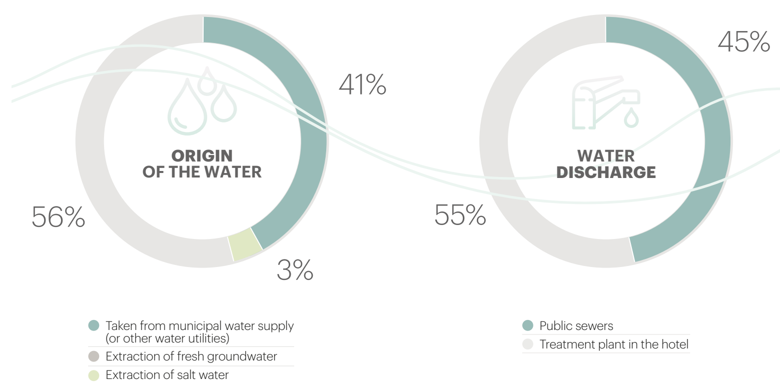
Wastewater is discharged into the public sewer system (45%) or wastewater treatment plants (55%).

It is important to point out that no significant water spillages were reported in 2023.

WATER CONSUMPTION (IN THOUSAND M³)



WATER CONSUMPTION BY SOURCE AND DISCHARGE BY DESTINATION



Management of biodiversity and ecosystems

GRI: 2-23; 2-24; 2-25; 3-3; 304-1; 304-2; 304-3

According to the World Economic Forum, loss of biodiversity is the third greatest risk to the global economy in the medium term. This risk has been climbing the ranking since 2019 and is now approaching the same risk level of climate change and extreme weather phenomena. Over the next years, it is predicted that loss of capital will accelerate, with social, regulatory and financial demands and monitoring metrics related to this issue also increasing at the same time.

In the report on Biodiversity and Ecosystem Services (IPBES), the United Nations highlighted the direct effects of human activities on the marine environment and the need to reduce our impact on endangered species. In relation to this, the Taskforce on Nature-related Financial Disclosures (TNFD) published guidelines to help companies identify three different categories of risks: physical, transition and systemic.

The need to protect natural capital is becoming a requirement for companies, either because of the impact they may have on ecosystems, or because certain activities, such as tourism, make many destinations more attractive, a positive effect that also improves economic, social and environmental wellbeing.

At Meliá Hotels International, we are aware of the important role we play in material matters for our various stakeholders. Although biodiversity is currently only at a medium level of criticality, it is also associated with other more critical issues that require special attention due to their impact on ecosystems. These issues include waste management and the circular economy, responsible water management, promotion of a sustainable supply chain and climate action related to our activities.

Our Commitment

Due to the unique location of some of our hotels, in 2017 the Board of Directors approved our Climate Change and Environment Policy, which established a series of principles to implement ethical, responsible and sustainable management, combat climate change by identifying opportunities to implement measures that help to protect biodiversity and habitats from the effects of climate change, and adopt measures to protect native fauna and flora by preserving biological diversity and the natural heritage of our tourist destinations.

One of our key focuses is to preserve ecosystems and protect native fauna and flora. We strive to mitigate the potential impact of our activities and to use natural resources in a responsible and efficient manner. As part of our commitment to biodiversity, we adopt measures that help in the struggle against climate change, minimise our impact and respond to the risks and opportunities resulting from said impact.

We look at biodiversity protection in a holistic manner, as a consequence of our Environmental Management System, which involves the design and construction of our hotels, the training of our teams and, finally, raising awareness among our customers.

We would like to move towards a hotel management model based on circularity, where we endeavour to reduce, recycle, reuse and/or progressively eliminate waste, while raising awareness and preserving our most valuable environments. Our current approach is mostly preventive, and we are well aware that in the near future we will need to take on a much more proactive role.

SCOPE	PREVENTATIVE MANAGEMENT
Compliance	• Compliance with applicable urban planning and environmental regulations
Infrastructure & equipment	• Design and construction under sustainable criteria • Efficient lighting systems with a low-energy and light impact • Design of gardens and wooded areas that respecting local diversity
Systems & Protocols	• Environmental Management System • Leak and spillage management protocols
Circular Economy & Waste	• Acquisition of products with a low environmental impact • Waste management and reduction • Circular economy projects
Training & Awareness	• Team training • Awareness among employees, customers, supply chain and hotel owners
Supply Chain	• Commitment to avoid deforestation through the acquisition of certified products (mainly cellulose-based furniture and other products) • Commitment to certified sustainable fishing and animal welfare products
Teamwork	• Collaboration with specialised local organisations
Flora & fauna	• Protection of local species, animals and plants • Elimination of protected species in culinary products • Preservation and cleaning of our environment

Protecting Biodiversity

We view biodiversity in terms of expansion and growth criteria. Our ESG Risk Map takes into consideration the protection of biodiversity and maritime and inland areas when incorporating new assets. Tourists are also becoming increasingly aware of environmental protection, preferring to stay in hotels that adopt sustainable practices, such as the use of renewable energies, the reduction of waste and the implementation of environmentally friendly practices.

Some tour operators, such as Booking or Expedia, ask us to update our offer in relation to sustainability, in order to enhance the profile of our business units and attract customers who are willing to choose hotels based on other criteria and even pay a higher price. That is why we participate in the Booking Sustainability Programme, which offers the following advantages:

- Strengthens the credibility of our message.
- Identifies areas of improvement in our sustainability plans.
- Provides greater certification for our portfolio.
- Involves our teams.

Some of our hotels are also located in areas of great natural wealth, whether it be because of their proximity to the sea, their nature reserves or their impressive landscapes.

Protection of biodiversity in Mexico and the Dominican Republic

The Company runs thirteen hotels in these two tourist destinations, and is committed to preserving the rich natural environments and protecting the animal and plant species that inhabit the surrounding areas, in line with specific regulations and strict controls, supervision and monitoring by government authorities, performing inspections to guarantee compliance with environmental legislation.

This involves consolidating a management model that complies with legislation in areas such as land use and construction, environmental impact measurement, atmospheric and noise emissions, water supply and wastewater discharge, and hazardous and solid waste management.

These hotels demonstrate their commitment to the environment and biodiversity through certifications that endorse their good business practices, such as Blue Flag, an international certification that is awarded to beaches and marinas that properly manage their resources and protect the environment. This certification integrates areas related to water quality, environmental information and education, safety, services and facilities, and environmental management, with the goal of keeping beaches and marine environments in optimal condition. In 2023, all our hotels in the Dominican Republic and two of our hotels in Mexico renewed their certifications.

The beaches are also cleaned every day to keep them in good condition and we continuously maintain our green areas and gardens, taking care of the habitats for the species that live there, carrying out inspections and environmental monitoring of the water, noise and atmospheric quality, informing the public about the year-long fishing ban, and demonstrating our commitment to preserving biodiversity through firm actions.

The beaches in the Dominican Republic are affected by large colonies of natural floating macroalgae (Sargassum) that are transported by ocean currents and wash up on the shores. As a result of this natural phenomenon, we need to clean the beaches on a daily basis at certain times of the year to help preserve the marine ecosystem. Once removed, this algae is used as an organic fertiliser in the hotel gardens as it is fantastic for promoting plant growth and stimulating germination, and it is also an effective acidity and mineral regulator.

INDICATOR	UNIT	2022	2023	DIFF.
Volume collected	m^3	1,541	**1,400**	-9.1%
Mass	Kg	690,369	**582,400**	-15.6%
Landscaping (refilling)	m^3	375	**468**	24.8%

Special Protection Areas

GRI: 304-1; 304-2; 304-3

Many of the primarily holiday-based destinations where we operate offer significant natural wealth. As such, we work particularly hard to care for and protect these environments. We also see it as our responsibility to inform our customers about this natural wealth, helping them to understand and respect it through specific initiatives. Our teams also of course receive training with assistance from expert organisations to ensure they respect the ecosystems we come into contact with on a daily basis.

We use Protected Planet, the world's most comprehensive source of information about protected areas, to annually update the analysis of our hotels located in special protection areas, or those located nearby (no more than 2 km for holiday resorts of 0.5 km for city hotels).

Although all special protection areas should be protected, the areas we focus the most on, whether it be through positive direct impacts or by minimising potential negative impacts, are our holiday resorts. These ecosystems are actually a key part of the appeal of these destinations and the direct area of influence of our hotels, which are particularly attractive due to their natural capital. A great example of this are the Balearic Islands, with their protected land and maritime areas that are home to invaluable biodiversity and a number of specially protected species of birds.

The Company focuses on 6 areas with particularly high levels of risk and impact: Tenerife, the island of La Palma, Fuerteventura, Ibiza, Mexico and the Dominican Republic. We operate 24 hotels across these destinations, which make up 18.9% of our owned and leased portfolio.

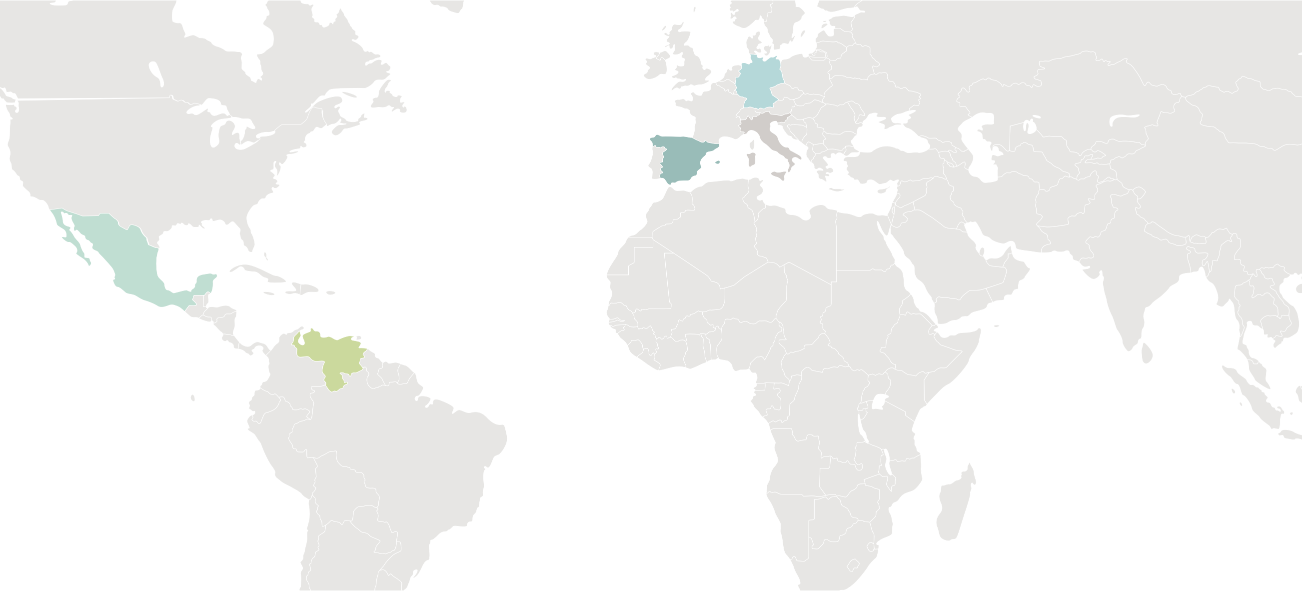
We see Mexico and the Dominican Republic as particularly important destinations, which is why we have installed specialist sustainability teams to guarantee the protection of native species and local biodiversity.

In 2023, our portfolio of owned and leased hotels occupied an estimated total surface area of 2,858,628 m^2, 25.3% of which are located in protected areas or near to special protection areas.

When providing our services, we always endeavour to use sustainable products and materials: cellulose and furniture made with certified and guaranteed wood, and environmentally friendly cleaning products.

HOTELS IN PROTECTED AREAS

	HOTELS	SURFACE AREA
Urban	**8**	**31,089**
Germany	4	5,154
Spain	1	1,822
Italy	1	1,100
Venezuela	2	23,013
Leisure	**27**	**691,600**
Spain	21	375,811
Mexico	6	315,789
Overall total	**35**	**722,689**



Protection programmes

The Company works hard to protect and preserve biodiversity, relying on the support of expert organisations in each field. In destinations where biodiversity is of particular importance, we form partnerships to ensure we meet our commitments. Below are two of our most notable initiatives:

Welcome to Life

Award-winning programme for the protection and conservation of endangered species in Mexico. Since 2017, our partners, guests and their families have actively participated in the programme to learn about and protect biodiversity. To make this possible, we work alongside the government, local NGOs, suppliers and specialists in the management and monitoring of plant and animal species.

We also count on the support and participation of the local community, with volunteering activities and special events. Some of the key elements of the programme include training our teams on biodiversity protection, monitoring beach environments, relocating nests in risk areas, caring for hatchlings during their first five hours of life and recording the release of hatchlings for the birth census.

In Mexico we promote the Sea Turtle Protection Programme, to protect, conserve and recover this endangered species by protecting nests, promoting environmental awareness among our guests and employees, managing lighting, establishing nocturnal patrols to safeguard the nests, and ensuring that we comply with all applicable environmental regulations. Our dedication and hard work makes a significant contribution towards the preservation of this species.

Our Paradisus Cancún and Meliá Cozumel hotels in the Mexican Caribbean actively participate in the conservation of sea turtles in the area and every year from May to November they launch an internal programme. In 2023, 160 guests, partners and local students volunteered to help us protect 250 nests and 26,973 eggs, and release 25,236 loggerhead sea turtle hatchlings (also known as Caretta caretta), figures that were confirmed by the local government and the Secretariat of Environment and Natural Resources.

Meliá Puerto Vallarta and Paradisus Los Cabos also work to conserve and protect sea turtles, ensuring appropriate lighting on the beach to avoid distracting the hatchlings. In 2023, a total of 235 nests were protected, 22,571 eggs were relocated and a total of 13,665 hatchlings were released.

At Meliá, we recognise the importance of preserving bees, particularly in parts of the world with high levels of biodiversity. That is why, as part of the Welcome to Life project, Meliá Cozumel has formed an alliance with the Bee Friendly Cozumel Foundation, which has been recognised by the Government of Quintana Roo and the Secretariat of Environment. This initiative has led to the rescue of two honey-producing Mayan bee honeycombs within the hotel facilities. Throughout the course of the year, the hotel has collected over 620 kg of honey for consumption or use in its spa and wellness treatments.

IMPACTS OF THE WELCOME TO LIFE PROJECT

PARADISUS CANCÚN RESORT

6,500
Turtles (White Loggerhead) protected

1,256
Volunteers (guests, staff and students)

PARADISUS LOS CABOS

13,000
Turtles released

180
Protected nests

19,067
Eggs relocated

ME CABO

11
Protected turtles (Lepidochelys olivacea)

2,855
Hatchlings released (+1,168 in situ)

37
Protected turtle nests (+13 nests in situ)

1,454
Eggs relocated

Environmental awareness

As part of our drive to excel, we wanted to raise awareness about the importance of biodiversity in our most vulnerable environments. At two hotels in Mexico, we launched initiatives to raise awareness about the environment, involving 70 children in deprived areas from pre-school age to year 6 of primary school.

An environmental awareness presentation was given at the Dar Community Centre for the Niños de la Sierra, teaching them about sea turtles, their characteristics and importance, and how to help protect them.

At the end of the presentation, the children were given stuffed whales made from reused textiles by hotel employees, along with letters containing information about the whales, to teach the children about environmental issues.

Our commitment for 2024 is to make further progress with biodiversity, aligning ourselves with the environmental taxonomy, whose objective is to increase the importance of biodiversity within the tourism sector.

Innside München Parkstadt Schwabing, Germany

Transition towards a circular economy

GRI: 2-23; 2-24; 2-25; 3-3; 301-2

In accordance with the Green Pact and the target to achieve net zero emissions by 2050, in March 2022 the European Commission proposed the first series of measures to accelerate the transition towards a circular economy, including promotion of sustainable products, consumer awareness initiatives, a review of regulations on construction products and a sustainable textile strategy.

Our *Climate Change and Environment Policy* sets out the following commitments to work towards a circular economy:

- Implement a strategy to optimise the management of product life cycles through the development of measurement processes and the promotion of programmes to identify new alternatives for reducing food waste and single-use products, working in collaboration with our partners.
- Optimise the life cycle of products, materials and resources, reducing the production of waste and its environmental impact, promoting a circular, sustainable and resource-efficient model, and fostering responsible management of waste generated through our hotel activities.

We are convinced that transitioning the hotel sector towards circularity is necessary to ensure a sustainable future for all our destinations. But we are also well aware of the challenges and opportunities involved in this area, both at an operational level and in terms of its impact on our business. Some of the main challenges we have faced so far are as a result of the highly fragmented nature of our company, involving various destinations and circumstances, along with the different ownership structures and the heterogeneity of actors.

If we want to respond to all the major challenges and make progress in terms of circularity and recycling, we need to identify the key actors in all the countries where we operate and coordinate efforts at every level, involving employees, customers and waste managers, to ensure that we identify opportunities and share the same objectives. It is undeniable that the transition towards a circular economy requires actors in the value chain to be committed and focused, offering the Company resources and solutions to promote a green economy.

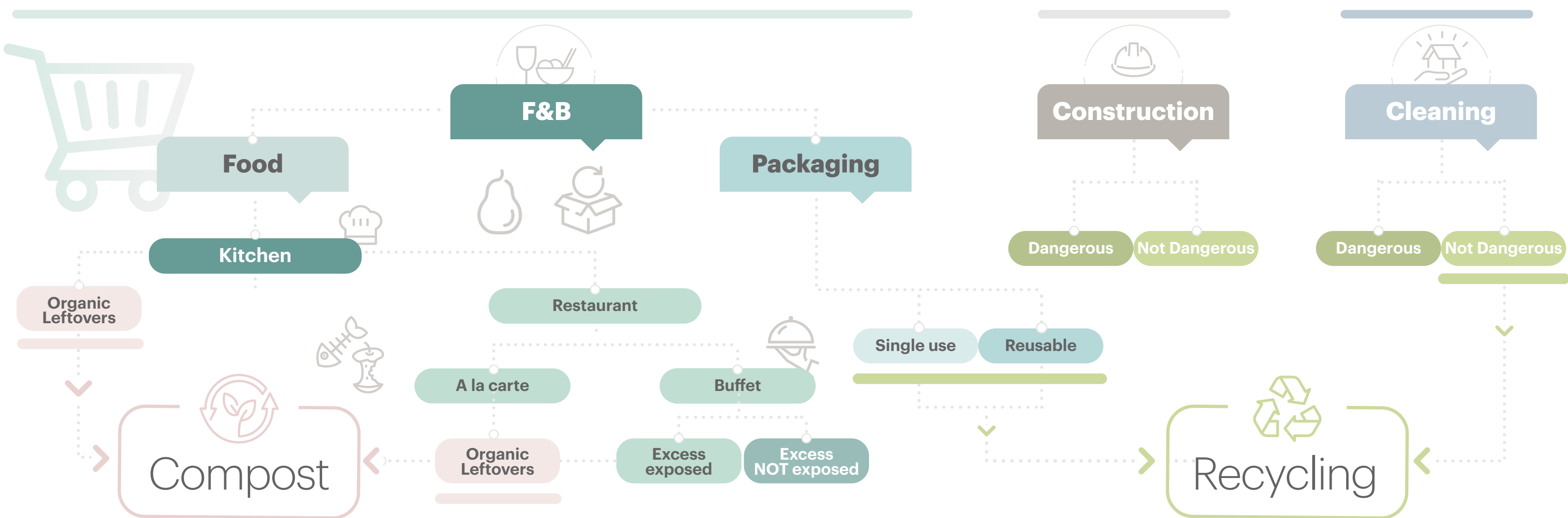
Our commitment is primarily focused on minimising waste generated through our activities, and identifying those activities that produce the most waste within the scope of hotel operations. Most improvements inevitably revolve around transforming the way we handle materials, from the purchase of goods to our construction processes and how we use materials in our activities.

We have implemented a reduction circular ecosystem, which is key to us transitioning towards a more sustainable business model, with the ability to generate economic and inclusive growth in the areas where we operate and to reduce our environmental footprint and impact, contributing towards the public commitments we have taken on.

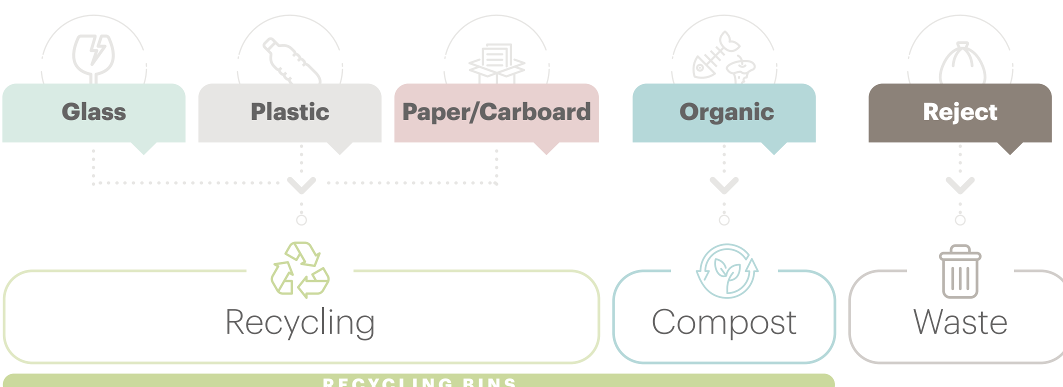
Hazardous waste is generally collected on a regular basis by the suppliers themselves, as they are responsible for managing and recycling it. This year we also launched a bidding process in Spain to not only manage and ensure the circularity of this kind of waste, but also to measure the volume generated. It is worth noting, however, that the volume of this type of waste is minimal when compared to the volume of non-hazardous waste produced.

In our case, the Group's hotels carry out a range of activities that can largely be grouped into the accommodation and *food & beverage (F&B)* categories, with the waste generated being managed in accordance with the laws in the countries where we operate.

ORIGIN OF MATERIALS AND PRODUCTION OF WASTE



DESTINATION OF WASTE



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Progress and opportunities

At Meliá, we are working to establish a strategy that will help us promote a circular model, aligning us with the European target to recycle 55% of all urban waste in 2025. We also assess opportunities to form partnerships that can support us through this transition process, one key example being our participation in the Circular Hotels initiative.

We view circularity as an essential part of our transition towards a more sustainable business model that generates economic growth at our destinations, making efficient use of resources and minimising the production of waste. Our strategy to achieve this is designed to promote the green economy at hotels located in unique destinations where waste can easily end up in nature. In short, we aim to continue growing in line with a business model that generates value in a sustainable manner, minimising our environmental footprint and impact in the environments where we operate.

As part of our responsible business strategy, our goal is to be even more transparent and reliable. Thanks to our new supply chain management platform, we now have a more detailed understanding of the specifications of each product, as well as the volume of packaging, and we intend to work together to minimise our carbon footprint. This involves having access to real data, which we can trace and measure with greater reliability and comparability. We are therefore enhancing our COUPA procurement process, enabling us to measure and categorise the products, materials and natural resources that we purchase.

Advances in the reduction of plastic use

In 2018, we made the commitment to move towards eliminating single-use plastics and continue to work with our supply chain to purchase recyclable plastic and search for cleaner alternatives.

Consequently, we have eliminated single-use plastic products from our hotel services, instead offering refillable and organic alternatives for amenities and utensils such as cutlery, straws, crockery, tablecloths, glasses, etc.

Opportunities in the circular economy

This year the Company promoted various **circular economy** initiatives that will help to minimise our environmental impact. We implemented a number of projects, along with controls to adapt food production to the specific circumstances of each hotel, brand and customer profile.

- Reusable glasses with a token system at our hotels in Spain, which encourages customers to reuse the same glass, thus extending its service life and moving us away from single-use products.
- Collecting, transporting, marketing and managing oil used in our hotels to recycle it for subsequent use as biodiesel. This oil recycling programme prevents water contamination and promotes the production of biofuels.

In 2024, we will continue identifying opportunities to promote different circularity initiatives, particularly at destinations that offer more opportunities.

Organic refuse and food waste

GRI: 301-2

The Food and Agriculture Organisation of the United Nations estimates that around one third of food produced for human consumption is lost or wasted worldwide, which is equivalent to approximately 1.3 billion tonnes per year. In recent years, our commitment in this area has evolved towards a much more global and strategic approach, adapted to the context in which we live.

Our organic waste is primarily generated during the production and preparation of our food products, consisting of leftovers of products that have been prepared and not consumed. Aside from being an ethical imperative, we must also tailor our offer and service to take into account the consumption habits of our customers.

Our goal is to manage a responsible and sustainable production chain, and to improve our production processes to **reduce waste**. In this respect, we are working on a number of initiatives aimed at balancing supply with demand and, consequently, minimising food waste.

As a result of the need to make progress in this area, Meliá has launched various initiatives designed to **reduce food waste** and has established a model of good practices to minimise the impact of our activities:

- Adjusting production to the number of guests and the service being offered.
- Reducing packaging by purchasing compostable coffee beans and coffee capsules.
- Developing training on food waste, with preventive plans and production control tools.
- Adapting and standardising products used to optimise stock and analyse production ratios for events and groups.
- Receiving feedback from customers about our culinary offer, to avoid wastage
- Putting up posters with messages to promote awareness.
- Managing and measuring our food services to customers who have paid for board.
- Establishing central kitchens to improve efficiency and consolidating critical processes.

28 TGTG HOTELS (KG)
13.5
(+42%)

CO2 AVOIDED (TN)
33.95
(+43%)

In addition, to reduce food waste we have partnered with Too Good to Go (TGTG), which provides us with a tool to sell any food leftovers that are not on display or consumed.

Circular hotels

At our hotels located in Mallorca (Spain), a project with the private company TIRME has been running now for 5 years after being awarded the contract for urban waste management with other hotel groups for the agricultural sector. This partnership offers a second life to organic waste, to be subsequently used as compost. We rely on blockchain technology to provide data and ensure the process is traceable and rigorous throughout. This initiative contributes to environmental sustainability through an economic and tourism model that operates with limited resources, being located on a Mediterranean island.

In 2024, we will continue to expand existing initiatives, identify new opportunities and implement solutions that help to optimise the use of natural resources and minimise the production of waste, with the help of technology and digital tools, as well as direct collaboration with partners to help us implement actions and measures to achieve our goals.

CIRCULAR HOTELS

HOTELS (IG)	3 (2022: 3)
ORGANIC MATTER RECOVERED (TN)	86 (2022: 142)
COMPOST PRODUCED (TN)	43 (2022: 27)
EMISSIONS AVOIDED (TNCO2)	9 (2022: 20)

05

Generation of social value

TALENT MANAGEMENT

OCCUPATIONAL HEALTH AND SAFETY

STRENGTHENING OUR COMMITMENT TO OUR CUSTOMERS

IMPACT ON COMMUNITIES

Talent management

By consolidating our globally recognised employer brand, we offer a more unique employee experience, seeking to provide a culture and values that set us apart from our competitors, and strengthening our team's connection with the Company's purpose.

In recent years, people management has undergone a real revolution; trends have changed and employees require greater flexibility, job satisfaction and training. Used to reactively managing business demands, human resources is regaining its position in the management structure and is making a major contribution to the company's results.

Within this new context, business growth, profitability and sustainability are closely linked to our ability to attract, retain and manage talent. With our management tools, we aim to provide a rapid, agile, effective and optimal response to our employees. We use technology to offer a service based on quality and agility standards for our employees. We use platforms that help us to simplify and streamline critical operational processes, we have designed a reporting system or dashboard with the main indicators that offer a range of possibilities for analysis, management and control, and most importantly a People Analytics tool that helps us to interpret such important indicators for human resources management as turnover and absenteeism. Social media and new platforms allow us to 'disintermediate' with the recruitment market and directly access the very best professionals.

Without a doubt, our greatest challenge and concern right now is the "war for talent", which involves every industry. This is exacerbated within tourism as the sector has become less appealing due to the considerable loss of talent during the pandemic. Against this backdrop, we also have housing shortages and the rising cost of living, especially in successful holiday destinations.

All these factors have increased the degree of exposure to risks related mainly to ensuring adequate global and comprehensive talent management, from attracting and retaining talent to minimising talent drain and consolidating an organisational structure that allows for development and growth.

Governance and organisational model

At Meliá Hotels International, we have implemented a global *Human Resources Policy*, which was approved by the Board of Directors in June 2019. It outlines the basic principles for respecting workers' rights, guaranteeing a suitable work environment, preventing occupational hazards and managing talent to enable employees to develop professionally.

It is framed and approved in accordance with the specific commitments the Company has made to its employees in the Code of Ethics. The Company must also comply with all regulations in force in each of the countries where it operates, striving to make constant improvements in this area, in line with our corporate values. This Policy is available to all interested parties on the company website.

We also have our own *Human Rights Policy*, which was approved by the Board of Directors in July 2018. It reinforces all of the Company's commitments contained within the Code of Ethics and other corporate policies that have a direct or indirect impact on human rights. Its approval and publication strengthen the Company's governance model, which it developed in 2008, integrating various essential principles established by different universal texts.

In June 2023, the Board of Directors approved the Diversity Policy, which establishes the principles, guidelines and main lines of action in matters of diversity and inclusion that should guide the governance of the Company, ensuring equal opportunities and non-discrimination on grounds of race, skin colour, sexual orientation, age, gender, culture, work, disability, ideology, religion, or any other characteristics, with diversity and inclusion declared as values to be protected and consolidated in the workplace.

A more business-focused organisation

In 2022, we launched an ambitious organisational and cultural transformation programme as part of our *Roadto2024* strategic roadmap to transform our work environment and job roles, and to make certain improvements that were needed, leading to a more inclusive, diverse and equitable society.

The programme groups the priority actions into three main pillars: Organisational Model, Culture with Purpose and Value Proposition. All three involve initiatives that aim to transform the organisation into a more agile, efficient and interconnected company, enhancing our value proposition to motivate and strengthen our teams.

A framework aimed at the Company's leaders that integrates a wide range of actions in the field of human resources management, to strengthen our employer brand, enhance our leadership in training and development, and empower our teams to improve agility, digitisation and operational efficiency.

Consolidating the Leading a New Future organisational model

This new structure will significantly change how we work, interact, behave and organise ourselves, enhancing our agility and boosting profitability in a world that is becoming increasingly competitive and demanding. It integrates our corporate vision into the hotel business under the same umbrella, with the goal of consolidating a service culture with a focus on our hotels, placing the customer and the hotel at the centre of our organisational model.

ORGANISATIONAL MODEL BASED ON 4 PILLARS

Hotel and Customer Centric	Agile and Profitable	Hotel Services Oriented	Digital and Analitycs
Hotels and customers at the heart of the organisation This focus on the business will determine the way the rest of the structure is organised.	An agile and profitable organisation in an industry that is increasingly competitive and always changing.	Corporate areas have been reorganised to provide a more agile and efficient service to the business.	A total transformation as part of a digitalisation process we have named Be Digital 360.

This new approach lays the foundations to consolidate a more efficient, digital and competitive organisation, preserving the immutable principle developed through our 65 years of history: vocation of service. This hallmark is reflected in the daily work of all the company's employees.

This model is strengthening our capacity as managers, by prioritising the quality service provided by our Hotel Services teams. Our commitment to an expansion focused on management and franchising requires the Hotel Services areas to put together specialist teams that are functionally focused on the development of innovative projects and solutions, to provide greater value to the business, alongside teams located in certain areas/destinations that guarantee the implementation of our management system.

The model enables us to adapt to the specific nature of our industry and respond quickly and efficiently to any new needs that may be identified.

This transformation was born out of the desire to promote a new philosophy in our management model based on fluid and direct communication between our hotels and operations centres. The Company currently has a total of 25 centres in operation.

A Role Model has also been established, to develop professional development pathways for the main operational areas. This informs teams about growth opportunities and can be found on our intranet.

In addition, under the Operations framework, the hotel structures and positions (Job Descriptions) for each job have been reviewed, adapted, standardised and published on the intranet, and a catalogue has been created with all the current positions.

Organisational model in business units

With this new structure, we needed to inform our teams about the updated organisational model and promote transparency, knowledge and understanding. The objective is for our employees to lead the change and it is important that the approved model be clear and credible, including the catalogue of services that the different Hotel Services areas must provide to the hotel.

There have been many significant advances made this year, consolidating the new organisational model, moving us towards a more agile, efficient and responsible organisational structure, and reinforcing our focus on service, a value that is essential for successful hotel management.

To measure our progress against the objectives we have set ourselves, we designed a new Internal Service Survey. The main objective of this is to obtain feedback on the services provided by the different departments attached to Hotel & Corporate Services and our business areas. The purpose of this survey is to identify our strengths and areas for improvement, which will help to guide and develop an action plan to continually improve our service. The 2nd Service Survey is scheduled for release in early 2024 and will allow us to see the progress we have made since the last survey.

To support this ambitious and transformational organisational change we needed to promote a number of initiatives or projects, which will minimise any lack of understanding and ensure that the model is integrated into each affected role, with the goal of bringing our corporate areas closer to the real heart of our business: our hotels.

HOTEL AND CORPORATE RELATIONSHIP INITIATIVES

“In Good Company” Podcast

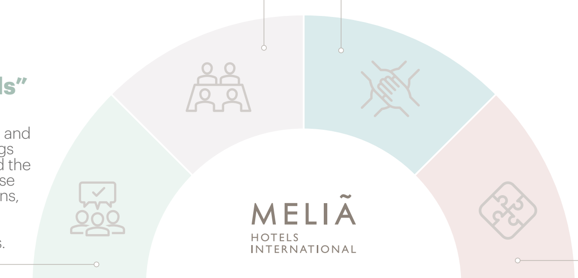
A new internal communication format to raise awareness about the leaders of the new organisational structure and the functions in each area so that people can see what they do and the services they offer our hotels.

"The human side of change" programme

Aimed at company executives to assist them in the transformation process and strengthen their relationships. Networking as a key tool in ensuring internal unity in the face of strategic challenges, working on change management, psychological safety, trust and coherence.

“Discover our hotels”

Monthly webinars to learn more about the company's key hotels and most notable new hotel openings led by the operations teams and the teams from each hotel. They raise awareness about hotel operations, the value they contribute to the company's portfolio and the challenges faced by their teams.



“Destination Meliá, a journey to service”

Programme for all the Hotel Services and Corporate Services teams to make a service vocation the genuine hallmark of our people's identity.

The programme will continue in 2023, using specific tools to strengthen service behaviours in each department and with special attention to the owners of managed or franchised hotels.

Characteristics of our workforce

GRI: 2-7; 401-1; 405-1

The tourism sector is a lever for generating opportunities and employment, offering possibilities to a wide range of profiles to cover all the needs within hotels and corporate structures. Hotel companies require a wide array of different talents, so they employ people from a varied range of backgrounds. This creates a very rich and diverse work environment.

As of the end of 2023, the Company is active in 14 countries, operating 127 hotels with a total of 31,870 rooms.

As a result of the Group's new organisational structure, the incorporation of new hotels and the repositioning of some business units to a segment or brand with higher added value, our workforce has continued to grow over recent years, increasing by 8.7% in comparison to 2022.

The information below shows an improvement in the key indicators related to workforce characteristics.

Employees in the value chain

GRI: 2-8

The Company operates a total of 166 hotels under one management model, implementing its system according to the same principles, policies, standards and criteria that are common to all the hotels owned by the Group. Our international presence strengthens our position as a management company and our understanding of the sector, given our presence and experience in numerous countries with very different needs and characteristics.

Our strong international presence offers many opportunities to all of our employees, enabling them to develop their career anywhere in the world. This enhances career development and the diversity of our teams in a global company.

We also offer opportunities for young talent, with an internship contract model. This has become an effective, efficient and essential source of recruitment to find the best talent and an opportunity to begin a career in a sector that is constantly growing.

We know how important it is to take advantage of the talent we find through internships, which is why we offer opportunities for them to continue working for our organisation after their training.

We also endeavour to ensure that our COUPA platform registers all workers and service providers, who carry out work in our hotels under a service provision contract, reinforcing health and safety criteria both in the supplier approval process and during the provision of the service in our hotel facilities.

Our commitment for 2024 is to get even better at recording this information, to improve the integration of service providers into COUPA.

Value Management System

GRI: 2-23; 2-24; 3-3

The culture at Meliá Hotels International is based on our mission and our values, which are central to the Company's identity. These values encapsulate our corporate slogan, *Leisure at heart, business in mind*, expressing this perfect harmony that defines our philosophy: the balance between heart and mind, between the exceptional hospitality we offer and our excellent and rigorous management.

- SERVICE VOCATION born from our background in hospitality.
- EXCELLENCE AND CONSISTENCY, because we like to do things well, with professionalism and efficiency.
- CLOSENESS, because we love to share, listen and feel.
- INNOVATION, because we think ahead and innovate to be better every day.

EMPLOYEES IN THE VALUE CHAIN (FTES)
27,063.8
(2022: 22,414.9)

INTERNS (NO. OF PEOPLE)
1,119

Our talent management model highlights our values to create a consistent culture through company-wide behaviours that define who we are today and who we want to be tomorrow.

It is precisely this future that we are working towards with our 2030 Vision, in line with our values and the strategic pillars of *Roadto2024*. Our human resources processes support our employees throughout the employment life cycle: talent attraction, hiring, training and development.

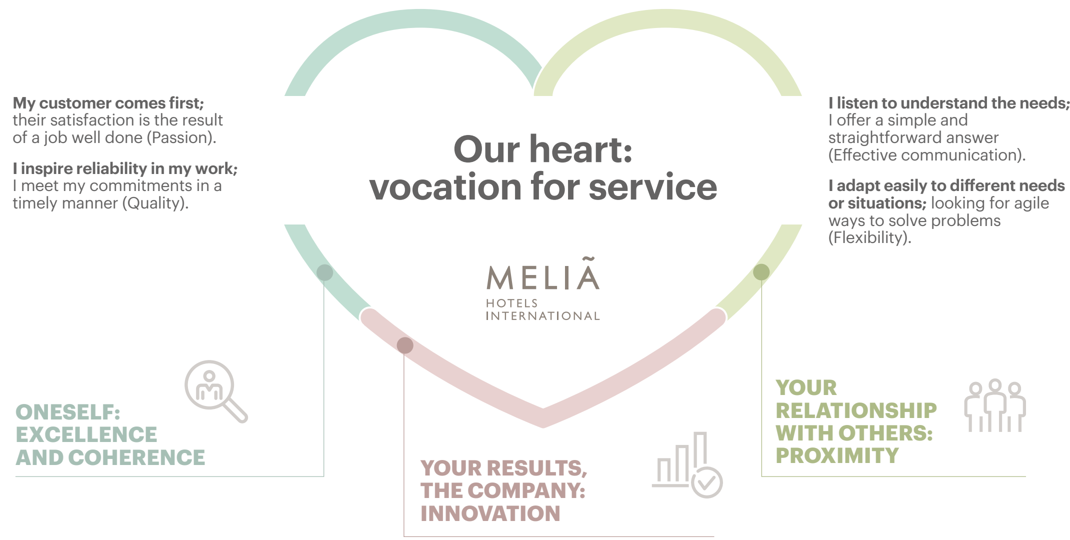
We maintain a close relationship with our employees to identify and mitigate any potential impact on our management model, opening various communication channels to ensure we are always aware of any concerns coming from our teams.

We ensure that our employees can carry out their work in an environment free of exploitation, without exception, and offer the following guarantees, among others: compliance with minimum working age, fair treatment in hiring processes, access to training and development opportunities, equal pay and non-discrimination, work-life balance options, respect for labour rights and holidays, safe working environments and access to social benefits of various kinds.

To establish a culture of respect and protection of human rights, the involvement of employees is key. This is something we are well aware of, which is why our intranet includes a section with specific human rights information. We want all of our partners to be aware of, understand and share not only our commitments and how they are integrated into our management model, but also our perspective of an issue that is so fundamental to achieving a better future.

With this objective in mind, through our online eMeliá platform, we train our entire workforce on issues that affect human rights, such as ethics, compliance, anti-corruption, equality, diversity, and occupational health and safety, among others.

VALUE MODEL



Leadership model

At Meliá Hotels International, we want to provide all of our partners with a true sense of our values, with the customer as the core focus of our business and our raison d'être.

This model is divided into twelve behaviours, which are evaluated every year in a discussion between the employee and their manager, as part of our Performance Management process. This discussion centres around strengths, areas of improvement and the implementation of our values, with the key moment being when both parties come up with a development plan together for the employee. Our talent development section provides development programmes that include performance reviews and support for all employees.

For the second year running, this process has been rolled out globally to all employees who have been with the company for at least 6 months, using the Human Resource Department's global management tool.

In 2023, we looked at how to incorporate new challenges into those already faced by our leaders, as well as the essential levers used in the leadership model for managing our talent.

We added the 180º Evaluation to this process for our leaders, updating the usual yearly development discussion with an assessment from their manager and feedback from their hierarchical and functional team, to identify strengths and opportunities for improvement, helping them to grow both personally and professionally. This enables us to enhance our talent management process and leadership model at Meliá.

Our objective is to align all the leaders within the Company according to common behaviours and to consolidate one true leadership model that will accompany us in the cultural and business transformation that we are currently undergoing.

To help our leaders through this phase, we have launched a series of supportive initiatives. This includes an initial workshop for Feedback 180 evaluators to understand the candidate role, learn about the keys to giving constructive feedback as part of the double role they play, understanding their function in the process and internalising the keys when receiving feedback. We also deliver a report from coaches certified by the International Coach Federation, to share and discuss the results with our leaders and study different options for their action plan.

Attracting and retaining talent

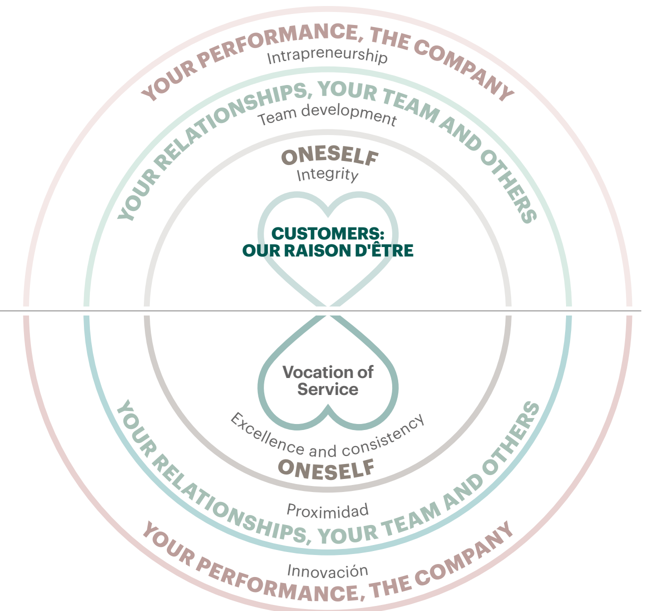
Companies are currently facing a paradigm change, in a business world shaped by the Fifth Industrial Revolution and an environment characterised by constant change and the arrival of new challenges that companies have to confront.

The current labour market presents a series of characteristics that pose certain challenges for companies, which now have to bridge the gap between the needs of their employees and the demands of the current business ecosystem. And the tourism industry has not escaped this dilemma. As a result of the pandemic, it has suffered a significant loss of talent and must now look for profiles with a more diverse and technology-based skill set, to meet the needs of the transformation process it is currently undergoing.

There are a number of measures that can and should be adopted to respond to this new challenging reality. Some of them will of course have a direct impact on human resource management, to bring management in line with the business, supporting both the employees and the business, and maintaining both the human and digital sides of the company.

WHAT DOES MELIÁ EXPECT FROM ITS LEADERS?

leader as the **perfect reflection** of **our values**, our way of being...



- **Resilience**: to develop our capacity to adapt quickly to changes.
- **Collaboration**: strengthening organisational and personal structures and promoting teamwork.
- **Innovation**: essential for promoting and developing new approaches, looking for creative solutions and adapting to new ways of working.
- **Training:** to enhance skills and expertise, foster professional development and keep teams up to date on the latest trends.

The economy is transforming into what is known as the *Gig Economy*, where, instead of competing for products and services, companies now compete for the skills and abilities of employees. (Arce, 2021). Consequently, our recruitment and hiring framework is vitally important to our global strategy, whose mission is to guarantee the implementation of procedures, improve the recruitment experience for both internal and external candidates, promote our values and culture, and ensure that we hire the right people for the job.

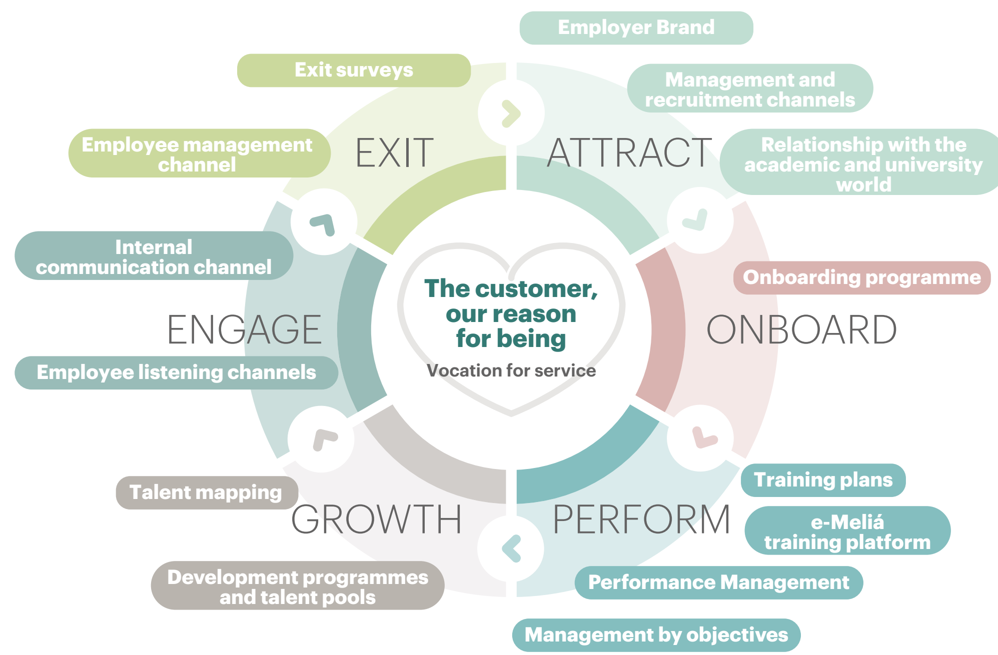
Employee life cycle

In the world today there is a lot of competition for talent, so our main mission is to offer an attractive value proposition for future employees that highlights the appeal of the tourism sector and an environment where they can work and develop professionally.

The employee life cycle includes professional development opportunities, options to move up through the company and initiatives to make workers more employable.

The skills and capabilities identification programmes provide learning opportunities for employees, promoting skills relevant to the current and future market and fostering adaptability and personal growth, to produce a more competitive team of people that are ready to face the challenges of the labour market.

OUR TALENT MANAGEMENT MODEL



Our employer brand is a key lever for attracting talent.

We are highly driven to attract the very best talent available as the tourism sector has become less appealing in recent years, as have several others. This is largely due to the pandemic and the competitive environment that the business world now finds itself in, with a shortage of talent.

Against this backdrop, our strategy has been focused on attracting the best talent possible and, above all, strengthening our employees' commitment and the pride they feel from belonging to our company. To achieve this, we endeavour to offer an appealing value proposition that meets employee expectations, without forgetting to emphasise our competitiveness as an employer brand, rooted in our values and culture. This approach aims to highlight what we can offer and to help the tourism sector recover, making it more appealing for professionals from other sectors, as an industry where they can work and develop professionally.

The decision taken to design our image as an employer with a focus on the importance of marketing to attract and develop valuable candidates for our company has enabled the Group to not only position itself as an attractive employer in the labour market, but also to often beat the competition in the race to attract the best candidates and triumph in the famous War for Talent.

We began our growth journey in 2022 and this year we have managed to double the figure we achieved last year, reflecting the growing interest in and recognition of our value proposition. We are proud of having made it to the finals of the Hospitality Awards and winning the title of TOP EMPLOYER in eight different countries and at the Best in Travel awards, strengthening our commitment to excellence in talent management and our reputation within the hotel sector.

With our vibrant and modern visual identity, our employees are the key focus at every stage, from recruitment to professional development and visibility of internal opportunities. Through these actions we aim to inspire employees and offer the best possible experience at every stage of their journey with Meliá.

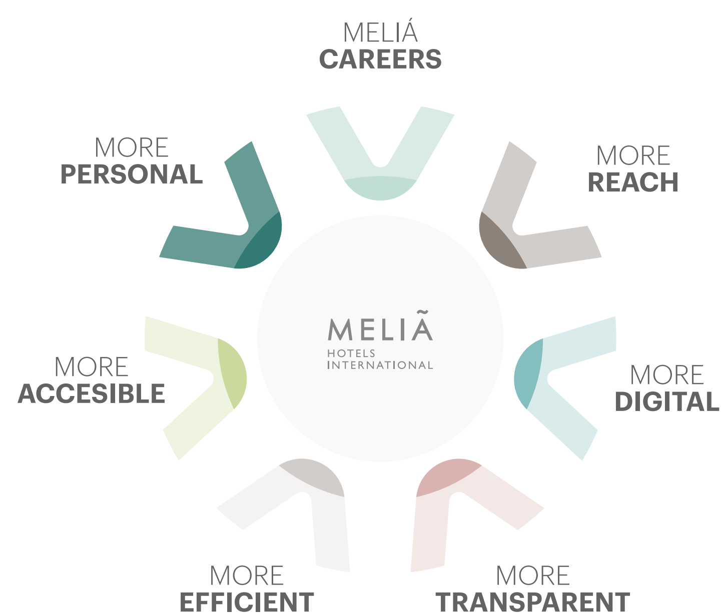
We established a series of targets to measure the impact of our employer brand in channels such as Instagram and LinkedIn, with the following objectives:

- Establish a framework for filling vacancies with both external and internal candidates, offering clarity, transparency and order to hiring managers who need to recruit talent in their departments.
- Standardise recruitment processes, making them more rigorous, agile, efficient and aligned with internal regulations.
- Support the company's evolution and ensure sustainable development of its activities.
- Promote internal growth of employees, ensuring that professional opportunities are communicated throughout the company, with equal opportunities.

Meliá *Careers* is our new brand and platform for communicating our talent needs worldwide. Its end goal is to make the candidate the core focus of our talent search and recruitment activities, just as our marketing and sales departments put customers at the centre of their processes.

This year, the Company has developed three initiatives designed to attract talent with the best skill sets and create loyalty.

MELIÁ CAREERS



INSTAGRAM ENGAGEMENT
5%
(2023 target: 5%)

LINKEDIN ENGAGEMENT
4.77%
(2023 target: 8%)

Very Inspiring People

An initiative designed this year with the goal of offering a journey without borders, with endless possibilities for growth and training. Its objective is to enhance the appeal of the tourism sector, while also highlighting the unique nature of our Company's proposal.

All of our employees perform their roles with great enthusiasm and help us to strengthen our brand image, boost the commitment of our team and promote internal development. To inspire candidates, we link the brand proposal and employee experience to the core essence of the Company: travel and passion.

Talent Days

Largescale recruitment events that generate a major impact and improve our hiring processes. They enable us to evaluate and hire a large number of candidates over a short period of time, streamline the selection process and increase our temporary workforce, which is essential to the hotel industry due to seasonal fluctuations in demand.

It is essential to carefully manage key processes such as planning and execution, not only to ensure we hire quality candidates and effectively manage new employees, but also to guarantee a positive impact and provide the opportunity to visualise certain behaviours by fostering team dynamics.

Inbound and Outbound Talent

This initiative is focused on recruiting employees for seasonal hotels, attracting and retaining employees who work during certain periods of the year and offering them the opportunity to continue their careers in positions both in Spain and abroad.

This initiative offers a wide range of benefits, such as the flexibility of being able to assign employees according to the fluctuating demand at different locations; employee mobility, with opportunities for professional growth and development; stronger commitment to the Company; a greater retention ratio; and a more diverse set of skills, as employees gain experience working for different brands and/or in different countries.

It also contributes towards organisational cohesion by promoting a unified company culture and sharing best practices in different locations. When implementing the initiative, it was crucial to manage this mobility with a balanced approach to avoid any potential logistical challenges and ensure that employees feel supported during their transition.

Inspiring Friends

An initiative to engage employees as brand ambassadors to identify and attract new talent. Participating employees receive financial compensation for referring friends and acquaintances that meet certain performance criteria and are available for the required period.

The successful implementation of this initiative has had many positive effects on the organisation:

- Stimulating participation and commitment from employees by offering financial incentives for their help in searching for talent.
- Improving the quality of recruitments, as employees tend to refer people that they know well and that will fit in with the company culture.
- Strengthening the internal professional network by promoting an environment with collaborative and solid relationships between colleagues.
- Streamlining the recruitment process by providing a constant flow of recommended candidates.
- Guaranteeing equality and preventing conflicts of interest through the development of clear and transparent policies.

VERY INSPIRING PEOPLE CVS RECEIVED
51,215
(+2,180%)

***TALENT DAYS* (NO. OF PEOPLE)**
35
(+191.7%)

***INSPIRING FRIENDS* (NO. OF PEOPLE)**
443

INBOUND & OUTBOUND TALENT
57
(+96.6%)

Talent development

With the dynamic and challenging context we currently find ourselves in, it is essential that we not only consolidate our business position, but also strengthen the fundamental role of our workforce. With this in mind, we cultivate a culture of continual growth that promotes constant improvements to individual performance. The aim is to prepare our employees to respond to challenges effectively and to promote innovation in a proactive way, thus fostering commitment to the organisation. All of this should make us more competitive as a company and elevate our people.

To achieve this, we use tools for identifying and evaluating talent, along with professional development and growth programmes.

Identifying and evaluating internal talent

We have launched a number of on-demand processes for identifying and evaluating employees who have worked with us for at least a year, a system meticulously designed to expand knowledge and stimulate professional growth among our employees.

Talent Map

This map is designed to identify entry-level and middle-management employees with exceptional performance and clear potential for promotion, transfer or incorporation into task forces in key projects. It offers employees in middle or lower ranking positions the opportunity to be recognised, evaluated and included in development and growth programmes.

Talent Meeting

The performance review process plays a key role in identifying and establishing talent development objectives. As part of our constant drive to optimise development and promotions, we are taking this process one step further to calibrate the results obtained in the performance review through Talent Meeting sessions.

EVALUATING TALENT

OBJECTIVE	TOOLS	PROGRAMMES	FOCUS	BENEFITS FOR EMPLOYEES	BENEFITS FOR MELIÁ
EVALUATE INTERNAL TALENT	**TALENT IDENTIFICATION**	*TALENT MAPPING*	Identification of department managers and entry-level profiles	Access to development and growth programmes	Identification of high-value profiles Fill hotel vacancies
		TALENT MEETING	Talent ranking for hotel executives and managers and corporate staff	Fair evaluation process Access to development and growth programmes	Annual talent evaluation Identification of potential successors for key positions Creation of action plans
	POTENTIAL TALENT EVALUATION	*TALENT ASSESSMENT CENTER*	Evaluation of motivated employees with high potential	They can start a career in their area of interest	Fill vacancies with high-potential profiles

We use these sessions to compare and contrast reviews performed by different evaluators, applying a global approach. The goal is reduce individual bias and promote equality and transparency throughout the entire process. This approach reaffirms our commitment to apply rigorous and fair talent management processes.

The results enable us to make decisions and optimise our activities in the area of talent management, providing growth opportunities to employees that offer high potential and have achieved an impressive level of performance. This comprehensive approach improves the quality and suitability of our team, optimising their performance and alignment with the company's objectives.

Within this framework we identify and evaluate three key factors: experience, potential and passion. By assessing these three areas, we are able to plan talent development initiatives.

We have identified over 100 employees who are capable of taking on new responsibilities and we are developing succession plans for these valuable, high-potential profiles.

CVS
104,126
(+136%)

TALENT MAP
681

VALUABLE PROFILES
54%

HOTEL AND CORPORATE EXECUTIVE PROFILES
835

The talent calibration process is accompanied by an action plan that helps us to make progress in areas where employees need to improve or develop additional skills. This action plan is divided into training and development activities, offering a structured framework that covers specific areas of improvement and promotes continuous development. This strategy significantly helps us to improve both the individual and collective performance of our workforce.

Development programmes

Programmes carefully designed to expand knowledge and promote professional growth. They take into consideration the unique characteristics of each role, anticipate future needs and develop specific and transferrable skills. They also offer internal growth opportunities to fill vacancies, whether they be at business units or corporate offices.

In 2023 we strengthened our commitment to talent development by setting ourselves the target of including 2% of our employees in development initiatives, using the average annual workforce at hotels and strategic destinations as a reference.

Due to the Group's continuing growth and expansion, the Company needs to attract and hire new talent to meet its current and future needs. To do this, we develop programmes directed at young talent and recent graduates with the aim of attracting people to join our teams who can bridge gaps within the company and enrich it with new skills and abilities.

Executive Graduate Programme

Designed exclusively for recent graduates, with the goal of offering participants the opportunity to develop specific leadership and management skills. Its main objective is to facilitate a fluid transition from academic life to the professional world, through practical experience that will provide the necessary skills to enable them to take on roles with greater responsibility and advance quickly along their professional career.

This programme prepares eleven future talent profiles, enabling us to anticipate and cover vacancies in the medium and long term.

PROFESSIONAL DEVELOPMENT

OBJECTIVE	INITIATIVE	PROGRAMMES	FOCUS	BENEFITS FOR EMPLOYEES	BENEFITS FOR MELIÁ
PROFESSIONAL DEVELOPMENT	TALENT DEVELOPMENT FOR RECENT GRADUATES	*GRADUATE PROGRAMS*	Recent graduates with no experience	They can focus their career on hotel management	Cover vacancies in the medium and long term Profiles adapted to our needs at Meliá
		EXECUTIVE GRADUATE PROGRAMS		They can focus their career on one area of specialisation	
		MBA HOTEL BUSINESS INTELLIGENCE & DATA ANALYTICS			
	DEVELOPMENT OF KEY PERSONNEL	*JOB TRAINING PLAN*	Core personnel For supervisor positions		
	MIDDLE MANAGEMENT DEVELOPMENT	*PROFESSIONAL DEVELOPMENT PLAN*	Development of deputy managers for department manager roles	Professional career Training and development activities Consolidation of expertise Development of skills	Fill critical department manager positions in the short and medium term
		INITIATING THE JOURNEY	Development of department managers For assistant manager positions		
	HOTEL MANAGEMENT DEVELOPMENT	*HOTEL MANAGEMENT TALENT POOL*	Development of profiles Assistant management and senior management		Fill hotel management positions in the short and medium term Meliá culture and values
	DEVELOPMENT OF KEY TALENT AND HOTEL AND CORPORATE EXECUTIVES	*MENTORING*	Hotel management For roles with more responsibility		
		DRIVE	Support and development Key profiles for management positions		Fill key positions in the short and medium term
		COACHING			
		SELF-KNOWLEDGE	Talent pools	Training Learning or improving skills	Improve individual and company performance
	DEVELOPMENT WORKSHOPS	LEADING THE WAY IN DIVERSITY	Senior talent		

Graduate programmes

Programmes whose primary objective is to promote specialist profiles in areas that are in high demand within our sector among recent graduates, in key disciplines such as finance, human resources, food and drink, or revenue management, among others. These initiatives not only offer a structured introduction to the professional world, but also contribute towards the training of professionals who are highly skilled in specialised areas that are of strategic importance to our organisation.

MBA in Hotel Business Intelligence & Data Analytics

The first MBA promoted by the Company to train participants through a study plan. In partnership with the *Vatel Hotel & Business School*, we teach our students the essential skills and expertise they will need to effectively lead and manage hotel companies from a data-analysis perspective. The study plan combines a range of courses related to business and information technology.

The six participants will develop skills in key areas such as statistics, data analysis, data visualisation, business modelling, business strategy and leadership. They will also explore aspects specific to the hotel industry, including customer experience management, pricing and supply chain management.

Job Training Plan

A programme designed for entry-level employees who achieve optimal performance when performing their functions and responsibilities at the hotel. The primary objective is to ensure that these employees with potential are trained in all areas of their respective departments, improving their current performance to ensure their employability in the long term.

Professional Development Plan

When young talent joins us, we review their performance to determine their future within the company. Along these lines, the *Professional Development Plan* provides training for employees with potential, helping them grow and take on roles with greater responsibility. This plan includes an operational roadmap, a skill development plan and an online training itinerary, available on the e-Meliá training platform. This programme encompasses various areas related to hotel operations and management.

The performance and/or progress of participants is reviewed periodically, to ensure that they are reaching their established goals and can progress in their professional career. All of this provides a solid basis for internal leadership while disseminating our culture and values to new generations. In 2022, we performed a review of the Plan with our hotels, resulting in higher participation in the system this year.

Initiating the Journey

Intended for department managers who have been identified as having potential to start a career in Hotel Management, offering them a meticulously designed action plan to expand their global vision of business and introduce them to the key functions involved in hotel management.

These evaluations are critical in our talent management model, providing a clear understanding of the skills, qualities, ambitions and goals of our employees, reducing the talent leak and giving us a view of our internal talent pool of experienced candidates who are aligned with the expectations of our employees.

Participants who successfully make it through the Assessment Center process are included in the Hotel Management Talent Pool, a career programme that enables them to obtain a management position.

48% of the group in Development is promoted in 2023 or is ready to be promoted.

1.8% of our total workforce is currently participating in development programmes, and our objective is to reach 2% in 2024.

Developing Executive Talent

We have launched a number of on-demand processes for evaluating employees who have worked with us for at least a year, a system meticulously designed to expand knowledge and stimulate professional growth among our employees.

INITIATING THE JOURNEY PARTICIPANTS

13

JOB TRAINING PLAN PARTICIPANTS

139

PROFESSIONAL DEVELOPMENT PLAN PARTICIPANTS

209

(+515%)

EXECUTIVE DEVELOPMENT PARTICIPANTS

81

Performance Management

An annual process to promote a culture of continual feedback through dialogue between employees and managers. This discussion centres around strengths, areas of improvement and the implementation of our values, ending with both parties coming up with a development plan together for the employee.

Designed for established department managers and entry-level staff

The programme offers a personalised work plan for each participant based on three fundamental pillars, which together form a development plan: experimentation and practice, developing skills and applying new expertise.

Hotel Management Development

Hotel Management Talent Pool

The programme fosters internal rotation to offer participants broad experience about the different hotel types, segments and brands, which will help to give them a global understanding of the organisation. They will receive training where they will learn specific skills, be mentored by an experienced executive and participate in strategic projects, along with other learning opportunities.

The programme offers a personalised work plan for each participant based on three fundamental pillars, which together form a development plan: experimentation and practice, developing skills and applying new expertise.

22 new participants joined this programme in 2023, with 69% of them being promoted or transferred.

Support Programmes

These programmes serve two purposes. Firstly, they offer support and guidance during the implementation and consolidation of our new organisational model, and secondly, they offer personalised counselling and orientation for our leaders. The main objective is to develop and strengthen the skills and abilities of our leaders, enabling them to achieve their professional goals, whether that be in their current role or for future roles.

Mentoring

This programme has two objectives: firstly, to support the work of Hotel Managers who are Mentors for our Management Talent Pool, and secondly, to guide Mentees (members of the Talent Pool) in their development process as future Managers at MHI.

This 12-month programme begins with a pair of 2-day workshops for mentors and mentees to inform participants about the key aspects involved in a mentoring programme, the expectations and the practical tools they will use for their respective functions.

The mentor will also receive personalised support from a coach throughout the programme to help resolve any queries that may arise from the process, and once a month they will receive a newsletter with topics of interest for them to reflect on and share with their mentees.

DRIVE Programme

An internal initiative designed to support and motivate our best leaders, in both hotel and corporate environments. The main objective is to adapt executive talent to new competitive requirements and emerging roles.

Through comprehensive analysis of their profile, we create a personalised roadmap for each leader, with training programmes, cross-exposure training, and personalised coaching and/or mentoring sessions.

HOTEL EXECUTIVES AND CORPORATE PERSONNEL IN PERFORMANCE MANAGEMENT
868

MENTEES
16

MENTORS
13

One unique aspect of this programme is the ability to objectively evaluate the skills of participants through the use of psychometric testing. These tests enable us to compare the strengths of the participant against an ideal profile, enabling us to precisely identify areas of growth. This methodology also establishes measurable indicators to evaluate individual progress and a clear vision of the return on investment of our actions. Five hours are dedicated to assessing the participant and providing feedback on results. An individual action plan is then established, adapted to their needs and the results obtained.

This programme involves participation from prestigious partners, who provide the executive talent with a view of the market and ensure continuous and sustainable growth, making it one of the most popular programmes among our internal employees.

Coaching Programme

Developed in partnership with *CoachHub* to improve the performance of participants and develop the skills they need for their current role. The programme includes occasional participation from managers, turning some coaching sessions into three-way interactions that ensure effective alignment with organisational objectives.

During a period of 4-6 months, participants will have access to limited sessions with a coach of their choice, where they can discuss key aspects relating to professional growth, emotional wellbeing, stress management, change management, performance enhancement and new skills, among others. This personalised approach provides comprehensive support for individual development and success.

Senior and Junior Development Workshops

Interactive and practical sessions that combine theory, practical exercises, group discussions and, in some cases, feedback activities, to teach participants new skills or enhance their current abilities.

For our senior management talent, we have developed the Leading Diversity workshop, which includes the development of skills and abilities that participants will need to lead diverse teams effectively and with sensitivity.

To foster personal awareness and promote practical tools for both personal and professional growth, we promote self-knowledge to guide participants in the exploration of their skills, motivations, emotions and areas of development.

Hotel Leadership Group

The performance and/or progress of participants in development programmes is reviewed periodically, to ensure that they are reaching their established goals and can progress in their professional career. All of this provides a solid foundation to guarantee return on investment while also ensuring these actions are aligned with our strategic objectives.

It is also worth mentioning another series of actions that have a global impact on our company culture.

We see training as a major lever for retaining talent

GRI: 2-23; 2-24; 2-25; 3-3; 404-2

Our talent training and development division offers programmes designed to help employees adapt continuously to the needs of our business, as well as the current multicultural, digitised and ever-changing environment we find ourselves in. The aim is to provide every employee with the tools they need to develop key skills that will promote both personal and professional growth, including technological and digital skills, communication, emotional intelligence and transformational leadership.

To support this mission, our plan was to invest 0.6% of our social cost in training and talent development initiative, an objective that we achieved. We aim to increase this percentage to 1% over the next two years, reaffirming our commitment to the training and development of our internal talent. This is calculated based on the total investment made, divided by the Company's total social cost.

***DRIVE PROGRAMME* PARTICIPANTS**
76
(NPS 79)

***COACHING PROGRAMME* PARTICIPANTS**
110
(Rating 4.9/5)

WORKSHOP PARTICIPANTS
81

HOTEL LEADERSHIP
639

To ensure that the investment is properly allocated to our objectives, we have established the following key working areas, in line with our Human Resources Policy.

- Promoting digital transformation.
- Supporting critical groups.
- Promoting a culture of continual development, including the identification of different countries, to ensure a global approach and management process.
- Fostering reskilling and upskilling opportunities.
- Cultivating a service-focused culture.
- Promoting collaborative learning.
- Ensuring awareness of our governance model and regulations, to ingrain a culture of compliance within the organisation.

These aspects are the starting point for the initiatives promoted by human resources management. We strive to cultivate an ecosystem of talent that not only responds to today's challenges, but also fosters innovation and continued excellence.

We are also continuing to develop and invest in our eMeliá training hub, which is evolving based on current e-learning trends, with a clear focus on hyper-personalised training and self-development as one of our key pillars.

To continue providing a service of the highest quality, we have designed numerous specialised schools such as the kitchen school, the contact centre school and the luxury school. These schools offer personalised training content to provide users with a richer and more specific learning experience.

As part of our 2030 Vision, we intend to position ourselves as one of the world's leading hotel groups in the mid-range and premium segment, and we establish these foundations in our luxury school, training participants in luxury service with LQA for luxury brands (Paradisus, Meliá Collection, Gran Meliá and ME by Meliá).

Expanding online training content on luxury services with the Forbes Travel Guide.

eMeliá Platform

The eMeliá training catalogue offers 18,619 training courses (in 23 languages) designed by external partners to boost the key skills and abilities of our workforce.

In order to improve awareness of governance and internal regulations, the Company has updated its compulsory training itinerary related to various subjects: code of ethics, compliance, violations, equality, occupational safety, GDPR, cybersecurity, and prevention of workplace bullying and sexual harassment.

Some of the opportunities offered by the online training platform include the following:

- Improved user experience with a new design focused on gamifying and personalising the user experience, incorporating a point ranking system and a more accessible mobile application.
- Language school with open registration throughout the year, to promote flexibility and self-learning.
- Updated compulsory training itinerary, for training and raising awareness on the prevention of workplace bullying and sexual harassment.
- More training content created by Meliá experts: revenue academy, upselling, discover P&L and the F&B Experts.
- Expanded catalogue of training courses on hotel management and skills for promoting reskilling and upskilling in our teams.
- Launch of Beat Learnings, with training itineraries created to promote a service-focused culture throughout all our hotel brands.

LUXURY TRAINING (PARTICIPANTS)
368
(+157%)

EMELIÁ USERS
30,242

EMELIÁ TRAINING RESOURCES
18,618

RESKILLING AND UPSKILLING COURSES
+12,573
(2022: 6,046)

- Creation of personalised pathways for critical groups in the development process (recently promoted employees, food and drink managers) and for development plans.
- Virtual onboarding sessions to promote and enhance knowledge of the Company's key departments and to disseminate the expertise of each area in a more dynamic and agile way.

We also launch two invitations every year to sign up for our language school to learn English, Spanish, French, German, Italian or Portuguese. We offer access to our Go Fluent platform, with over 32 hours of training in traditional languages and personalised support from native professors, with training provided in the language of each employee so ensure they can make full use of the content. In 2023, we also added Dutch and Polish to our portfolio of languages.

Training programmes

Programmes designed to boost the specific skills required for each role or department, to promote the growth and continuous development of our teams.

Integrated training programmes designed to strengthen the three key aspects of our organisation:

- **Our people:** These programmes are designed to meet the specific needs of our workforce, improving their performance and fostering growth. Their purpose is to strengthen existing skills, develop new abilities and cultivate an environment of constant learning.
  - *Feel the beat:* Hybrid training programme (workshops and training capsules) for promoting behaviours associated with service culture, brand reputation, employee loyalty and customer satisfaction.

- **Hotel management:** Focused on improving the hotel management expertise of our employees to optimise operations and maintain our competitiveness while also promoting the professional development of our workforce.
  - *Bridge*: People management. Training programme for teaching management skills to hotel department managers, equipping them with the necessary tools and building bridges between teams to promote efficient management of work teams and consolidate their leadership. 3 training workshops have been developed: emotional management, situational leadership and conflict management.

EMELIÁ TRAINING CATALOGUE

Thinking Heads
Training videos with interviews with famous international speakers talking about global trends in innovation, leadership, strategic vision and change management.

Goodhabitz
In 2022 we supported the creation of training materials focused on creating good personal and professional habits.
957 courses completed
2,243 hours of training

Typsy
Library of video courses on hotel operations and management.
1,400 courses

Scoolinary
30 cookery and pastry-making video courses with famous chefs and pastry chefs explaining their methods and recipes.

The Power MBA
Training programme led by The Power Business School for areas such as Digital Marketing, Power Skills and Business Innovation 360º, participating in relevant areas such as Strategic Planning, Technology, Loyalty and Digital Marketing.
52 people trained
91 courses

Gamelearn
Training in leadership skills and team management using online video games designed for critical positions within the organisation.
134 personas formadas

- *The F&B Experts*: Training programme for F&B managers designed to reinforce a performance and profitability culture based on innovation and professionalisation.
- *Upselling*: Expertise in upselling techniques, skills and tools that provide added value to customers, for employees with an influence on revenue (front desk, spa and F&B).
- *Revenue Academy*: Online training programme designed to teach about the world of revenue management and provide a global vision of the basic concepts and key techniques.
- Department management training programme: Financial management training for department managers to enhance their expertise as managers of the hotel's profit and loss account.

- **Digital support**: Provides a smooth transition to a digital environment that is constantly evolving, improving competitiveness, fostering innovation, enhancing the customer experience and promoting professional development of employees.
  - *Insights Discovery*: self-knowledge and leadership. In-person and online training for improving understanding and effectiveness of interpersonal interactions, in both professional and personal environments.
  - New tools and digital processes: Training to help with the use of new tools and procedures being rolled out through the company: PMS Opera Cloud, My Place, Coupa, Revo, digital check-in, etc.

Meliá Listens

One of our priorities is to foster a culture of feedback by progressively building an ecosystem where we actively listen to our employees. The aim is to strengthen emotional connections and a sense of belonging and commitment, promoting wellbeing, talent recognition and good work.

As an essential part of our open environment, we encourage feedback from our employees and promote a culture of continuous improvement within our Company. The 2023 edition rolled out to all our employees throughout the world included various dimensions: commitment to the Company, line manager leadership, senior management work, clarity of professional responsibilities, flexibility and work-life balance, job satisfaction, personal motivation and purpose, and stress at work, among others.

TRAINING PROGRAMMES

	PROGRAMMES	EMPLOYEES	TOTAL HOURS	HOURS WORKED
OUR PEOPLE	*Feel the beat*	3,966	14,566	3.67
	Bridge: people management	183	2,000	10.93
	Insights Discovery	300	1,929	6.43
HOTEL MANAGEMENT	*The F&B Experts*	187	186	0.99
	Upselling	1,395	2,478	1.78
	Revenue Academy	405	629	1.55
	Economic & Financial Management (Department Managers)	373	398	1.07
DIGITAL SUPPORT	*Opera Cloud PMS*	1,459	410	0.28
	My Place	1,904	3,516	1.85
	COUPA	765	997	1.3
	REVO	170	260	1.53
TOTAL		11,107	27,369	2.46

TRAINING AND DEVELOPMENT MAP FOR EMPLOYEE PROFILES

		PROGRAMMES	RECENT GRADUATE TALENT	CORE STAFF	HOTEL DEPARTMENT MANAGERS	HOTEL MANAGEMENT	KEY TALENT AND HOTEL AND CORPORATE EXECUTIVES
OUR PEOPLE	TRAINING	*Feel the beat*					
		Bridge: people management					
		Insights Discovery					
	DEVELOPMENT	*Talent Mapping*					
		Talent Meeting					
		Talent Assessment					
		Drive					
		Coaching					
		Self-Knowledge					
		Leading the Way in Diversity					
HOTEL MANAGEMENT	TRAINING	*F&B Expert*					
		Upselling					
		Revenue Academy					
		Economic and financial information					
	DEVELOPMENT	*Job Training Plan*					
		Professional Development Plan					
		Initiating the Journey					
		Hotel Management Talent Pool					
		Mentoring					
DIGITAL SUPPORT	TRAINING	*Opera Cloud PMS*					
		My Place					
		COUPA					
		REVO					
		Digital Check-in					

The results are obtained by adding the total positive responses (7 to 10) to the total responses in the Commitment Index.

Once the feedback collection process has been completed, the results are shared with each centre or department and the manager commits to fulfil the action plan themselves, ensuring that the team's identified objectives are achieved. The report with the overall responses also serves as a basis for developing a global action plan, to improve the variables with the lowest rating.

As a result of the feedback collected in the survey, we identified the need to enhance agility, effective communication and wellbeing in our daily lives by focusing on managing meetings and emails in a more efficient way. As a result we launched Meliá Talks, an initiative that offers guidance and recommendations to foster a culture of continuous improvement, making both meetings and emails key levers for good performance and managing the wellbeing of our teams.

Another initiative developed to generate a positive atmosphere is the Meliá Celebration calendar, which fosters a sense of belonging among our employees through weekly themed celebrations and international days, with global awareness activities and local events. This year we celebrated two themed weeks: Meliá *Diversity Week* and Meliá *Wellbeing Week*. They promoted messages such as the importance of a healthy diet and lifestyle (nutrition, exercise and our "My Wellbeing" programme), with options ranging from nutritional advice to therapeutic sessions.

Finally, as another part of our constant feedback ecosystem, we implemented a standardised procedure for employees who choose to leave the company, with an Exit Interview designed to find out their personal reasons for leaving. To support line managers and the Human Resources Department, support guides have been designed with recommendations for the interview, to guide the conversation in a satisfactory way for both parties, creating a comfortable environment where the employee feels comfortable and safe to express their opinions and share their feelings freely, and, for its part, the Company will receive feedback to make decisions and avoid similar departures, thus improving the employee experience.

Equality, Diversity and Inclusion

GRI: 2-23; 2-24; 2-25; 3-3

In recent years, the principles of equality, diversity and inclusion have proved to be essential factors in the competitiveness of a company, with a wealth of initiatives being developed to further integrate these principles into business strategies and models.

At Meliá, diversity has always been a powerful driver for competitiveness, as reflected by the Company's fantastic performance in this area. We believe that accepting and including a diverse range of talents enriches us and offers different perspectives and management styles, helping us to be more innovative and grow in a more responsible way.

We endeavour to improve our internal processes and adopt the necessary measures to tackle any form of inequality based on gender, race, ethnicity, religion, disability, age, sexual orientation, identity, beliefs or anything else, and our Code of Ethics also expresses our firm commitment to combat all kinds of violence or harassment in our work environment.

In the 2022 Management Report, one of our goals was to implement an Equality Plan that covered all the requirements in this area. Another target was for women to hold 40% of management positions by 2030, no more than two levels below the positions of Chairman and CEO.

In June 2023, the Board of Directors approved our Diversity Policy, to be applied globally. It encompasses the following compromises, which act as levers to promote our various initiatives.

- Commitment to hire, retain and develop women in senior management positions.
- Implementation of policies and public commitments to combat harassment and discrimination, with training and channels for handling employee complaints.
- Progress towards reducing the wage gap, providing criteria to measure said gap and developing transparent and rigorous action plans.

SCOPE OF MELIÁ LISTENS

15,672

(+130.50%)

COMMITMENT INDEX

87

(83)

- Promotion of programmes to achieve an inclusive work environment where employees feel valued and have access to the same opportunities, ensuring that inclusive leadership constitutes a core part of our leaders' behaviours.
- Stakeholder awareness of our commitments and progress in the Company, particularly with our services.

We realise that making advances in this area will expose us to new challenges. This year we received 8 harassment and discrimination complaints. As a result, in 2023 we implemented a series of specific measures designed to guarantee and promote equality, diversity, equity and inclusion in our corporate culture, and to integrate groups at risk of exclusion.

Meliá Diversity Week

To coincide with the "World Day for Cultural Diversity for Dialogue and Development", launched by the European Commission on 21 May, promoting "Diversity Month" under the slogan "Building Bridges", the Company launched its first "Diversity Week", a series of communication and advocacy activities focusing on aspects such as generational, cultural, sexual and gender diversity and raising awareness of disabilities and inclusion.

To highlight the value of diversity in the workplace and make it a source of pride for all our employees, we focused on a range of different areas, such as gender, sexual and functional diversity, to raise awareness about the different practices in the market and share the thoughts and aspirations of our most affected employees, members of minority groups who have felt out of place or forgotten at times.

Our commitment is to communicate the challenges that we must continue to address to make progress regarding equality of opportunities and training and employability of vulnerable groups, and to ensure that companies better reflect today's society, so that everyone feels seen and represented.

CEO Action for Diversity

Diversity and inclusion have a direct impact on the brand's image, our performance and the achievement of corporate objectives. It is one of the most important factors when establishing an employment brand to attract the best talent. In 2021, the Company joined the CEO Action for Diversity, whose mission is to bring together the heads of leading Spanish companies around a common and innovative perspective of diversity and inclusion (D&I), as drivers of these challenges in their companies, to promote business excellence strategies that foster talent and reduce inequality and exclusion in Spanish society.

Led by the Adecco Foundation and the CEOE Foundation, it is based on a rigorous research and analysis process with 79 questions, which enable the development of a model built around five strategic blocks: identity and strategy, cultural change, competitiveness, equality and equity, and inclusion in society and the workplace. This year, we worked on various areas: D&I trends, homeworking, collaborative models, mental health, psychosocial risks, workplace inclusion and senior talent.

Equality Plan

In 2023, Meliá Hotels International made progress with its commitment to equality and, alongside the two biggest unions in Spain and in the Group, UGT and CC.OO, it ratified its third Equality Plan. The previous plan, signed in 2019, strengthened the Company's commitments to its employees, and this new plan establishes the roadmap for the next four years.

The measures and commitments included in this new Plan are grouped into 9 essential aspects or areas of action to consolidate the Company's equality principles, from a global and holistic vision: organisational culture and management, selection and recruitment process, professional classification, training, professional promotion, working time/work-life balance, under-representation of women, remuneration, prevention of sexual and gender-based harassment, gender-based violence, occupational health and communication, information and awareness-raising.

Through 12 different blocks, the plan is introducing 136 measures to be implemented in Spain, across 16 work areas. The targets are set per quarter and will be incorporated into the plan's monitoring, compliance and implementation system over the next four years.

To summarise, below we outline the main commitments that will be our key focus while the plan is in force:

- Hiring people according to the principle of equality, in addition to promoting training and raising awareness regarding issues related to equality throughout every level of the Company. One of the key measures of the plan is our commitment to monitor the professional categories where women are underrepresented, with the aim of, where necessary, implementing appropriate measures to identify possible causes and solutions.

- Strengthen guidance and education on equality issues to make this the main foundation of the entire employee journey, beginning with the hiring processes, developing a specific training and awareness-raising plan for the people involved in these processes, along with measures that will support them through the various stages of their career within the company. Along these lines, the Company has committed to design a specific professional development plan for women, which will support and empower their leadership, with specific resources assigned for this purpose.

- Develop a communication plan to enhance awareness and dissemination, creating a section about equality on the intranet, including all the information produced on this matter and any advances we have made.

- This new plan will also continue providing improvement measures to help working people and, particularly, people who have dependents in their care, giving them the opportunity to reconcile their professional and personal lives. In addition to previously implemented measures, such as the possibility for employees to specify their working hours after the birth of a child, by mutual agreement with the company (without the need to reduce their working hours), we have also added a number of new measures, such as the possibility of paid leave for serious illness, surgery or hospitalisation.

- Finally, continuing the progress made in our previous plan, specific measures have been established to combat sexual harassment and support victims of gender violence, for whom the Company has committed to enable adapted working hours and shift changes, and to provide other specific resources.

Tourism by its very nature is a great way of connecting cultures and people within the Meliá family, and we are proud to employ people of over 137 different nationalities, who speak more than 58 languages. This melting pot we have created is without a doubt one of our greatest achievements as a company.

Integration of groups at risk of exclusion

We appreciate that talent should be encouraged regardless of its origins, which is why we continue to offer employment opportunities by working with social associations and experts in this field.

In partnership with La Caixa Foundation (Spain), with its Incorpora Programme, and the Pinardi Foundation, we promote the employment of people at risk of exclusion at selected hotels throughout Spain.

In 2023, we made a total of 55 job offers, achieving a recruitment rate of 76%. We have made significant progress in recruitment, reaching a ratio of 71.43% of permanent contracts.

Another group that we work with is disabled people. We advocate for equality of opportunities and strive to contribute actively to creating a more inclusive and diverse environment. Aside from employing people with disabilities, we are also aware of the need to train our teams to provide a better service to this group of people as customers as well. As a result of our commitment, in 2023 we worked with the ONCE Foundation (Spain) to sign a Partnership Agreement, which was ratified on 24 January 2024 and will remain in force for five years, with the objective of promoting the direct employment of people with disabilities. Some of its key goals are as follows:

FEMALE EMPLOYEES
46.6%
(+1.4pp)

JOB OFFERS
31

PEOPLE HIRED
18

- Promoting direct employment of people with disabilities.
- Promoting training of people with disabilities.
- Promoting employability and employment opportunities through various internship programmes.
- Promoting indirect labour integration by encouraging procurement from Special Employment Centres.
- Promoting the production of accessible goods and services.
- Promoting initiatives to raise awareness in society.

Social Dialogue

GRI 2-29; 2-30; 402-1

Meliá recognises the following principles at an international level: freedom of association, protection of the right to unionise, collective bargaining, the elimination of forced or compulsory labour, the abolition of child labour, and the elimination of discrimination based on employment or occupation. We respect freedom of thought and the right of employees to form and join unions. This is all reflected in our Code of Ethics, which is based on the guidelines of the International Labour Organisation (ILO), adopted by the Company in 1998. In 2013, we signed an agreement with the IUF (International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations) to defend the aforementioned rights, among others, and this was reinforced in 2019 with the signing of a Specific Agreement to combat sexual harassment and workplace bullying.

Collective bargaining plays a very important role in maintaining smooth industrial relations and agreeing on fair wages and adequate working conditions. In Spain, all our employees are subject to a collective agreement. Collective bargaining in Spain has its greatest exponent in the Framework Agreement, a state-wide labour agreement for the Hotel and Catering sector (ALEH), which is the result of collective bargaining in this sector and, together with the Autonomous Regional Hotel and Catering Collective Agreements, constitutes the foundation of the framework of sustainability and trust on which the reciprocal interests of companies and workers are based.

43.26% of the workforce is located in Spain, where the rights to freedom of association and collective bargaining are recognised by the Constitution and enshrined by Organic Law 11/1985, on Freedom of Association.

In its Code of Ethics, approved by the Board of Directors in October 2012, the Company states its commitment to offer the best opportunities for professional development, based on the stability of a family business and the resilience of a leading international company, which knows how to recognise commitment, talent and achievements fairly, highlighting the following premises in the area of talent management:

- Protecting employees as they carry out their work and ensuring an adequate work environment that provides all necessary measures to guarantee employee health and safety.
- Working to achieve commitment from our employees and ensure their wellbeing through active listening.
- Promoting constant training and professional development.
- Promoting a training policy that makes the company more competitive and provides professional development for our employees.
- Ensuring that all our employees feel proud to be part of a company that puts people at the heart of everything it does.

The Company works to promote constructive social dialogue, exploring solutions that enable its employees to exercise their right to work in the best conditions possible. This dialogue establishes several key pillars, including but not limited to the following: equal treatment in regard to remuneration and working conditions, elimination of discrimination in all its forms, protection of people's health and workplace safety, social and working conditions for its employees. These commitments are reflected in the aforementioned Code of Ethics and the Human Rights Policy, and extend to the labour rights of our suppliers, who endorse these commitments by signing the Meliá Hotels International Code of Ethics.

WORKFORCE COVERED BY COLLECTIVE AGREEMENT

94.9%

We also maintain constant dialogue with unions to discuss relevant matters, such as the establishment of a negotiating table for the third Equality Plan, for which discussions began in 2023, or the promotion of initiatives with the IUF to combat sexual harassment in the workplace.

In Spain, this year the Company attended meetings with the main trade unions to report on developments within the business, played an active role in collective bargaining agreement negotiations for the hotel industry in the Balearic Islands and Madrid, directly monitored collective bargaining agreement negotiations for the hotel industry in Las Palmas and Tenerife, and reached agreements with local trade unions in relation to the wage agreements included in the collective bargaining agreement for the sector in the Canary Islands.

In relation to communication with our employees, we use a number of different channels, such as the corporate intranet, which offers spaces where employees can access information on their contracts, pay slips, social benefits, education and training, occupational health and safety programmes and advice, and, of course, all the Company's latest news.

Meliá also offers a whistleblowing channel to all stakeholders, which can be used to report any rights violations.

A Joint Training Committee was established in 2019 to promote a training policy designed to make the Company competitive and provide professional development for our employees, through continuous training programmes to enhance skills and expertise. This body meets at least once every six months and its primary mission is to plan, organise and manage training activities, using the funding provided for this purpose by the Spanish state foundation for employment training. Representing employees in Spain for any centres associated with the Commission (approximately 10,000 employees), the commission enables employees to raise any queries with the RLT related to their training and development within the Company.

Representation of employees and other workers

At Meliá, we are firmly committed to respecting the working rights of our employees all over the world, particularly regarding their right to participation and representation, which is an essential element of the governance model.

This commitment is reflected in the Meliá Hotels International Code of Ethics, which applies globally to all employees of the Group and incorporates our adherence to the International Labour Organisation (ILO) Guidelines, which promote respect for and promotion of the principles and rights of freedom of association and the right to unionise, and effective recognition of the right to collective bargaining, the elimination of forced or compulsory labour, the abolition of child labour and the elimination of discrimination in respect of employment or occupation.

In Spain, we maintain and strive for peaceful relations and social dialogue with all the main unions, which we work towards in a number of different ways. Firstly, we collaborate with union organisations that represent employees in each work centre (Company Committees or Staff Delegates), holding joint meetings to discuss any relevant workplace issues, along with subsequent follow-up meetings. And secondly, we hold regular meetings to provide information about any labour developments that could directly impact the company, to ensure that employee representatives receive consistent labour standards, which will help to avoid conflict later on. Lastly, Meliá is present in the negotiation of Collective Agreements in the sector, either directly or through different Associations from the Hotel industry in Spain.

At an international level, it is worth highlighting that in 2013 Meliá signed an agreement with the IUF (International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations), which internationally recognises the principles of freedom of association, protection of the right to form unions, collective bargaining and declares that it respects freedom of thought and the right of employees to form and join Unions. The aforementioned agreement was strengthened in 2019 with the signing of a specific agreement to combat sexual or workplace harassment.

Decent wages

The *human rights policy* approved by the Board of Directors in July 2018, established the guiding principle of offering fair and decent working and remuneration conditions. Under this premise, the Company establishes criteria for remuneration, compensation, and benefits that are decent, fair and appropriate for the work carried out by its employees, in a way that is aligned with their training, education, and level of responsibility, and in strict compliance with the applicable labour legislation in accordance with the laws of the country where they are operating. Also, it offers opportunities focused on achieving a work-life balance, it provides its employees with measures that enable this balance without undermining the Company's own needs and the reality of the sector it operates in.

In an increasingly globalised world, where people have access to international opportunities, it is important for companies to display their commitment to offering decent wages. At Meliá Hotels International, we not only provide access, we also encourage the international rotation of our employees with decent compensation for their work in order to ensure that they have a feeling of security and stability, and increase job satisfaction, productivity, and loyalty.

Through this commitment which seeks to align salaries according to the value of the work carried out, we continue to strengthen the vocation of service of our employees and encourage excellence.

Rewarding our employees fairly is essential to ensure that our staff feel part of a responsible and sustainable company, focused on teamwork in order to encourage the Company's innovation and efficiency.

For next year, 2024, our human resources team has planned a project to assess wages and the cost of local life, in the places where we operate, in order to assess where we can implement new initiatives that could improve the quality of life of our teams.

Benefits for our employees

GRI: 2-20; 2-21; 2-23; 2-24

The *Human Resources Policy* of Meliá Hotels International, approved by the Board of Directors in June 2018 and with a global scope, outlines the need to promote a model of social benefits in accordance with the needs and demands of each working environment.

Our aim is to encourage a more enriching work environment focused on the overall well-being of employees, by promoting different initiatives, with the aim of enriching the value proposal for our teams.

My MeliáBenefits

The implementation of *My MeliáBenefits* represents a significant step forward towards the creation of a more enriching work environment and one focused on the overall well-being of its employees. This platform not only offers tangible benefits such as My Flexible Remuneration, which adapts remuneration to individual needs, and My Discounts, which provides exclusive discount, but it also tackles essential aspects of daily life through sections such as My Insurance, My Finances, My Wellness, and My Social Responsibility.

PAY GAP

1.05

(2022: 1.07)

CATEGORIES OF THE MY *MELIÁREWARDS* PROGRAMME

My Social Responsibility

Donations to charitable causes and special price benefits on sustainable and socially responsible products.

My Wellbeing

Programme for the promotion of a healthy lifestyle with options ranging from nutritional counselling to therapeutic sessions.

My Finances

Financial products and advice on how to file tax returns.

My Flexible Remuneration (bFlex)

Exclusive flexible remuneration programme for our employees, where they can contract, with important tax advantages, different products and services, such as health insurance, restaurant card, transport card, childcare, training and savings insurance.

My Discounts

Platform for exclusive employee discounts on a wide range of products and services.

My Insurance

Special and competitive health insurance benefits, tailored to our needs.

Through this programme, the Company is not only displaying its commitment to improving the quality of life of its employees, it is also encouraging a feeling of belonging and mutual care.

In 2023, *My MeliáBenefits*, had approximately 16,000 active users, and was available in countries such as Spain, Italy, and France, and generated a significant increase in average savings of 58% compared to 2022.

We wish to highlight that over 50% of accesses come from the *VIP District* application, available on both Android and iOS systems, enabling users to enjoy *My MeliáBenefits* immediately and from any location.

LEADS

70,400

(+162%)

New forms of working

In accordance with the new trends for hybrid work, companies that want to attract and retain the best talent are compelled to incorporate flexible work practices. Likewise, the increasing adoption of cognitive technologies and the digitalisation of processes (automation, robotics, and artificial intelligence systems) are transforming the workforce and organisations are redesigning their jobs in order to take advantage of these technologies.

After two years of teleworking, as a consequence of the pandemic, we were aware of the importance of analysing the opportunities that a hybrid work approach could offer us.

During 2023 the methods of teleworking implemented in the Spanish enterprises were consolidated with the deployment of different work tools to strengthen communication and interaction between people, operation centres and hotels.

This hybrid work approach is aligned with our acknowledgement and respect of the right to digital disconnection in the workplace of our teams, so that, outside of the work time that is legally or conventionally established, their time for rest, leave, and holidays is respected, along with their personal and family privacy. Our commitment on this matter is included in the Human Resources Policy.

Also, in order to encourage respect and compliance we have a digital awareness course, which includes the obligatory training pathway that our employees must undertake in order to know the legal measures and policies adopted.

We ensure that employees are aware of the implications of hyperconnectivity and the impact it has and we encourage digital disconnection, always considering the well-being of our employees and ensuring that they have an appropriate work-life balance.

We also support work-life balance measures for employees who have children or who look after dependents, introducing greater flexibility in the support for school tutoring, medical appointments, shift changes and the chance to define, by mutual agreement with the company, their working day during the first year after the birth of a child without the need to reduce their working day.

We analyse the best practices in this field in different sectors and consider key aspects, such as the vocation of service and the wide range of groups that form our corporate services, in order to keep the best conditions for offering an excellent service, regardless of the workplace that the service is provided from.

METHODS OF TELEWORKING

Office First

For employees with roles and responsibilities linked to the company strategic vision, both with respect to design, definition and implementation, and also to the coordination, execution and management of projects.

Teleworking: **1 day and one afternoon**

Remote First

For those employees whose activity is highly specialised, standardised and recurrent, which allows their activity to be monitored without requiring regular interaction with other employees.

Teleworking: **4 days**

Office

For those employees whose roles require their presence in the workplace or corporate offices.

At the workplace: **100%**

DIGITAL DISCONNECTION TRAINING (HOURS PAX)

0.5

2022: 0.8

Social protection coverage

100% of our employees have social protection coverage, through public programmes and/or benefits offered by the Company. It includes work measures for attaining a work-life balance. Below, a breakdown by country is shown.

Occupational Health and Safety

GRI: 2-29; 403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-8

At Meliá Hotels International we have an Occupational Health and Safety Policy, with a global scope, which is aimed at establishing the principles and commitments within the framework of occupational health and safety and the well-being of employees, in all processes for the provision of service. This Policy was approved in 2018 by the Company's Board of Directors and updated in 2021. It is based on the ISO 45001:2018 standard, the certification we obtained in 2021, and renewed in 2022 and 2023, as well as the model of the World Health Organisation (WHO) for a Healthy Workplace. This policy is available to all interested parties on the company website.

Management system for occupational health and safety

The Company has an Occupational Health and Safety Policy, in accordance with ISO 45001:2018 certification, with a global scope that ensures compliance with legal, regulatory and contractual requirements, as well as compliance with the objectives set, providing the necessary tools to strengthen control, the measurement of progress and the identification of areas of improvement. This model includes the following instruments:

- The manual for the Management System for Occupational Health and Safety and the Healthy Workplace Programme, designed according to ISO 45001:2018 and the parameters and recommendations of the World Health Organisation (WHO), ensuring a comprehensive plan that encompasses physical, mental, and cognitive health, and providing the necessary requirements to establish, implement and consolidate the established system.
- The Occupational Health and Safety Procedures (OHSP), which describe the specific way of carrying out an activity or process within the Occupational Health and Safety System, in order to ensure compliance with the management system, facilitating the work of the teams affected.

MANAGEMENT SYSTEM FOR OCCUPATIONAL HEALTH AND SAFETY

Each procedure establishes different mitigation actions, by determining the object, scope, definitions, allocation of responsibilities, implementation of the procedure and records if applicable.

By way of example, in Health Monitoring (OHSP 11) control and monitoring of the health of staff is established in order to detect the symptoms of illnesses deriving from work and suggest measures to reduce the likelihood of damage, and in order to also carry out epidemiological analysis that enables us to find out the effects of risks. The incident investigation procedure (OHSP 23) defines all the responsibilities, obligations, analysis and investigation methods and corrective measures to ensure that those incidents (occupational accidents and illnesses) do not occur again. In all of them, they are carried out for each of the incidents that occurred.

All of these procedures are regularly reviewed and amended or, where appropriate, due to changes in business structures, premises, jobs, etc. The processes map of the management system considers the transversality of the actions of the different internal stakeholders and is summarised in the following graphic:

Also, we have a health working group to ensure the implementation, maintenance, and improvement of this Programme. It is worth highlighting that each business unit is responsible for establishing its preventive action plans for the correction of measures established as a consequence of the result of the risk assessments and investigation of incidents relating to work (occupational accidents and illnesses).

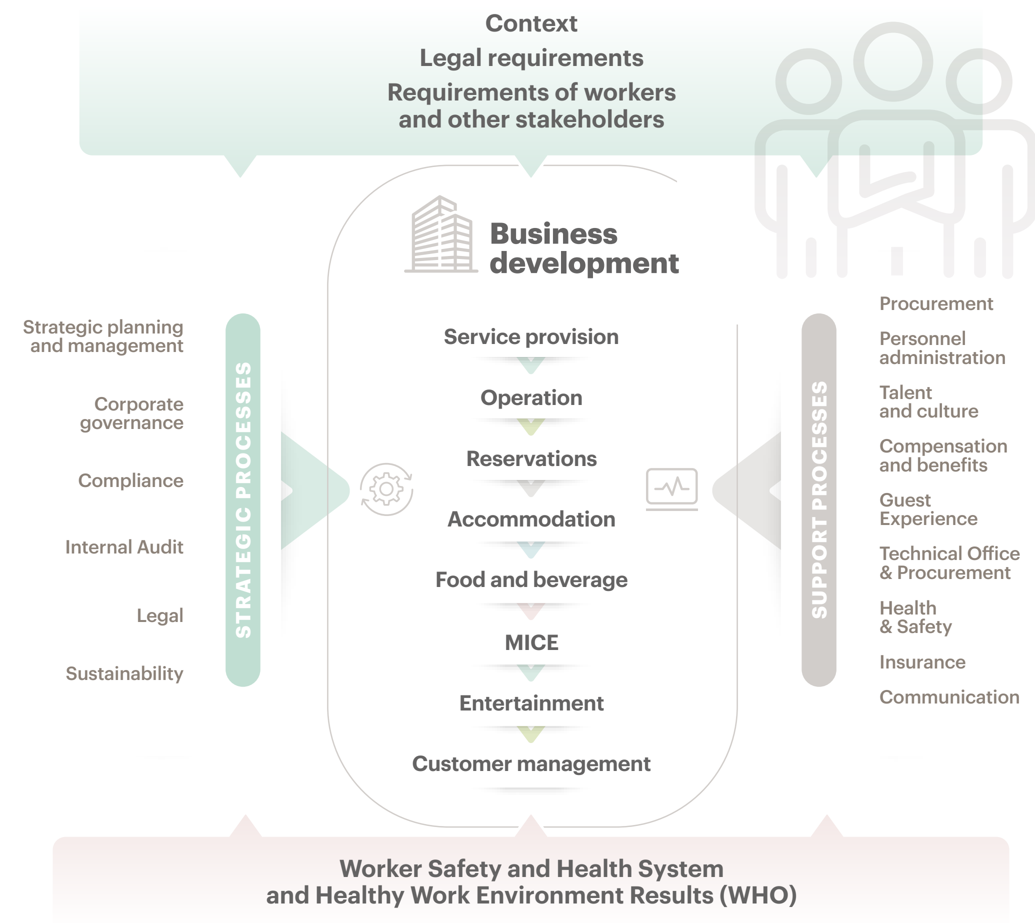
These integration plans include a description of the scope of each action, the deadline, as well as information about the defined action. Also, each business unit is responsible for providing the financial resources needed to mitigate risk.

The *Risk Control & Compliance Department* also ensures the allocation of the financial resources needed for investments relating to this matter, with the *Health & Safety Director also participating.*

In 2023 we retained the certification of our Healthy Workplace Programme, which fulfils the required principles, including both individual and organisational actions to create healthy, safe, and stable working environments over time, where possible with the participation of all staff. The measures taken notably include the following:

- The strengthening of training on wellbeing, healthy habits and occupational health and safety.
- The improvement of spaces for carrying out activities focused on staff wellbeing (mindfulness, relaxation, etc.).

PROCESSES MAP OF THE MANAGEMENT SYSTEM



- The encouragement of healthy habits and diets in staff canteens.
- Encouragement of campaigns to promote health (nutrition, physical exercise, etc.).
- The promotion of healthy habits during the work day.

Management of the Healthy Workplace, according to the WHO model, is implemented by all hotels in Spain. During 2024, this management model will be extended to all hotels in Mexico and the Dominican Republic.

Lastly, it is worth mentioning the celebration of our first Wellbeing Week, coinciding with World Mental Health Day. An initiative that included different activities to inspire, encourage a healthy and balanced lifestyle, as well as incorporating other topics such as financial health. The first activity was provided by the renowned speaker Dr. Mario Alonso Puig, under the title "Keys to success to achieve our wellbeing at work" with the attendance of 42% of the people registered.

Assessment of risks and opportunities

According to the materiality analysis carried out by the Company, the health and safety, and wellbeing of staff is considered a highly relevant matter and positioned in the TOP 5 of the materiality matrix globally and for 40% of the participant stakeholders, which is why we work to consolidate our business model, by evaluating possible risks and developing measures to mitigate them.

The Company has consolidated a monitoring system aimed at the early identification of risks relating to this matter, as well as their evaluation and control, along with measures for the detection and assessment of opportunities. Responsibility for the management of the prevention of these risks lies with the entire Company and at all of its hierarchical levels. In particular, the *Health & Safety Director*, who directly reports to the *Chief Human Resources Officer (CHRO)*, is the contact person and holds overall responsibility for the definition, management, and control of the Company's health and safety protocols globally. They are the manager responsible for creating, in certain destinations, a support structure to strengthen the prevention and care of customers and employees, and ensure alignment with the management system established by the global management. Specifically, this management has been strengthened with teams located in Mexico and the Dominican Republic, managing a volume of staff that amounts to 42.5% of the Group's total workforce.

On a regular basis, the technical team of the department of occupational health is supported by experts on this matter, as well as Consultancy firms and internal Health and Safety Commissions or Committees for the different business units. These commissions or committees are formed by the legal representation of company staff and representatives, they carry out a process of risk analysis in the different business units. These assessments include an analysis of the jobs at each hotel, the tasks assigned to each manager and the environment and facilities affected. Particularly in Spain, specific assessments are also carried out for occupational safety, industrial hygiene, ergonomics and psycho-sociology. In the other regions, there are external consultants or advisors who determine how these activities are implemented based on what is stipulated in current legislation.

Also, based on prevention and control plans, activity is monitored on a preventive basis. These services, assigned to the hotels, establish the frequency of the evaluations, always agreed with the consultation and participation bodies.

WORKFORCE REPRESENTED ON OCCUPATIONAL HEALTH & SAFETY COMMITTEES IN SPAIN

88.8%

(2022: 85.6%)

TRAINING HOURS

47,416

Progress in terms of health

GRI: 403-9; 403-10

Our ambition is to fulfil all the commitments and principles incorporated in this Policy, with the mission of ensuring the greatest levels of physical, mental, and cognitive health, even beyond compliance with the duties and obligations established by legislation, maximising the reduction of the number of occupational accidents and illnesses of our own and external employees.

On the other hand, to create and maintain a healthy workplace, it is essential to tackle the absenteeism caused by health conditions and problems. At the start of this year, we established goals with the aim of minimising the increase in cases of occupational contingency (occupational accidents and illnesses) and common contingency cases (common illnesses and non-workplace accidents), maintaining levels at under 8%.

OCCUPATIONAL HEALTH RATES - EMPLOYEES

		OCCUPATIONAL ACCIDENTS			PROFESSIONAL ILLNESS		
INDICATOR	GENDER	2021	2022	2023	2021	2022	2023
RATE/INCIDENCE RATE	M	33.96	45.86	**32.84**	1.60	0.11	**0.00**
	F	45.47	50.51	**54.39**	2.64	0.53	**1.18**
	TOTAL	**38.81**	**47.96**	**42.83**	**2.04**	**0.30**	**0.55**
RATE/FREQUENCY RATE	M	18.53	25.55	**18.33**	0.87	0.06	**0.00**
	F	25.20	28.23	**30.76**	1.46	0.29	**0.67**
	TOTAL	**21.32**	**26.76**	**24.05**	**1.12**	**0.17**	**0.31**
RATE/SEVERITY RATE	M	0.36	0.45	**0.34**	0.02	0.00	**0.00**
	F	0.46	0.49	**0.71**	0.10	0.02	**0.04**
	TOTAL	**0.40**	**0.51**	**0.51**	**0.05**	**0.01**	**0.02**
Nº OF OCCUPATIONAL ACCIDENTS/ PROFESSIONAL ILLNESSES Nº OF OCCUPATIONAL INCIDENTS/ PROFESSIONAL ILNESSES	M	212	421	**322**	10	1	**0**
	F	207	383	**461**	12	4	**10**
	TOTAL	**419**	**804**	**783**	**22**	**5**	**10**

ABSENTEEISM

		OCCUPATIONAL ACCIDENTS			PROFESSIONAL ILLNESS			COMMON CONTINGENCY			TOTAL ABSENTEEISM		
INDICATOR	GENDER	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
PERCENTAGE OF ABSENTEEISM	M	0.29	0.36	**0.27**	0.01	0.00	**0.00**	3.46	3.65	4.46	**3.76**	**4.00**	**4.73**
	F	0.37	0.48	**0.56**	0.08	0.02	**0.03**	5.80	5.64	7.99	**6.25**	**6.13**	**8.58**
	TOTAL	**0.32**	**0.41**	**0.40**	**0.01**	**0.01**	**0.02**	**4.44**	**4.54**	**6.09**	**4.77**	**4.96**	**6.50**
Nº OF DAYS LOST	M	4,094	7,350	**5,911**	201	1	**0**	49,559	75,093	101,898	**53,854**	**82,444**	**107,809**
	F	3,809	8,122	**10,628**	792	260	**647**	59,504	95,592	159,565	**64,105**	**103,974**	**170,840**
	TOTAL	**7,903**	**15,472**	**16,539**	**993**	**261**	**647**	**109,063**	**170,685**	**261,463**	**117,959**	**186,418**	**278,649**
Nº OF HOURS OF ABSENTEEISM	M	32,752	58,800	**46,811**	1,608	8	**0**	396,472	600,744	783,763	**430,832**	**659,552**	**830,574**
	F	30,472	64,976	**83,565**	6,336	2,080	**5,091**	476,032	764,736	1,197,660	**512,840**	**831,792**	**1,286,316**
	TOTAL	**63,224**	**123,776**	**130,376**	**7,944**	**2,088**	**5,091**	**872,504**	**1,365,480**	**1,981,423**	**943,672**	**1,491,344**	**2,116,890**

CALCULATION METHODOLOGY
Incident rate: (Nº Incidents * 1,000)/Average Workforce
Frequency rate: (Nº Incidents * 1,000,000)/Hours worked
Severity rate: (Hours lost * 1,000)/Hours worked
Percentage of absenteeism: (Hours lost * 100)/Hours worked

Comparing the figures to 2022, the most significant increases in the annual report by Mutua Universal, for the absenteeism indicator, are caused by higher rates relating to illnesses such as: osteomioarticular issues (7.7%), respiratory system illnesses (3.08%), and mental illnesses (3.3%) are the most significant.

On the other hand, the prevention plans, prepared by the different business units, include the implementation and development of different lines of action, linked to each of the different target initiatives, integrating all the information into a system that measures results, which makes it possible to focus on the areas involved in the management, control, and improvement of the selected indicators.

With the commitment of speeding up the attainment of the different targets set, a series of initiatives have been implemented, arising out of the suggested improvements identified in the dialogue and consultation process with our staff, which are included in the sessions of the occupational health and safety committees. Some of the main initiatives undertaken are as follows:

- Creation and implementation of the management system for health and safety.
- Implementation of different training and awareness initiatives in order to encourage a culture of prevention, incorporating this area into the obligatory training programme for all the groups that it applies to.
- Control and monitoring of sick leave due to common illness (in Spain through healthcare partners), where the indicators show a high incidence or complexity in absenteeism.
- Strengthening of leadership quality processes.
- Analysis of workloads and psychosocial aspects.

In addition to the external audits that are carried out annually, the Company plans internal audits annually, carried out by the Internal Audits department, —with the support of the department of Occupational Health— to ensure the correct application and control of the management system and verify shortcomings or more critical points, with the aim of ensuring their minimisation, thus contributing to ensuring a sound management system. During 2023, 14 internal audits were carried out in different business units.

HEALTH AND SAFETY TRAINING (HOURS PAX)

4.3

(2022: 3.1)

INTERNAL AUDITS OF THE SYSTEM FOR OCCUPATIONAL HEALTH

14

(2022: 18)

Strengthening our commitment to our customers

GRI: 2-23; 2-24; 2-25; 2-26; 3-3

Our 2030 Vision aims to position us among the world's leading hotel groups in the middle and upper segment, affirm our leadership in leisure hospitality and *bleisure*, and be recognised as a global leader for **excellence, responsibility, and sustainability.**

Meliá Hotels International, in its *Commercial Policy*, with a global scope and approved by the Board of Directors in February 2017, establishes the guidelines that must govern our relationship with customers, based on the commitments outlined in the Code of Ethics:

- To communicate and market our products and services in an honest and ethical way, avoiding misleading advertising campaigns.
- Compete ethically in markets, being respectful and avoiding unfair competition.
- Not to capture customers or information about our competitors using unethical methods.

The content of this Policy is applied without prejudice to what is established in national and international regulation and approved for application in any of the countries where the Company or any entity in its Group carry out activities.

A customer-focused organisation

Our international presence in 38 countries globally (aggregate perimeter), and in 14 countries at a consolidated level which only includes the hotels within the financial perimeter (ownership and rental), enables us to manage a wide range of profiles that enriches our strategic vision, knowledge of the customer and their demands or expectations, avoiding any type of discrimination of any nature, creating an exclusive environment for all of our customers and anticipating customer needs.

Our aim is to create long-term bonds with all of our customers and partners, ensuring the communication and marketing of our products and services with ethical, transparent, truthful and honest criteria.

Our promotion of all the communication channels (website *App*, public relations ecosystems, social media, *customer service* and *contact centre*, among others) is a key and essential lever to strengthen and consolidate a direct relationship with the customer, whether end consumer or professional.

Knowing what they value, especially our customers, is essential in order to ensure a value proposition aligned with their expectations, especially if we consider that the Company manages a customer base of over 45 million people worldwide. Among other initiatives, in 2021 the Company launched its third materiality analysis, with the aim of identifying the most important matters for our stakeholders. Considering the importance of this group and, their knowledge of our portfolio and brands, we devote efforts to ensuring their participation and evaluation, which was the largest of all the surveys received. As expected, the Customer experience was the most notable topic, making it into the TOP 5 of the most important fields for many of our stakeholders consulted.

We also provide our customers with the chance to inform us about their special needs through our platforms, including vulnerable groups so that they can enjoy our properties in comfort. Additionally, we send them a satisfaction survey to collect information about their stay and understand how their experience with us has been.

Communication channels with the customer

An essential part to guarantee the high level of satisfaction of our customers and strengthen loyalty to Meliá Hotels International, is diligently and rigorously managing any eventuality or incident that our customers may report, on the different channels provided for that purpose.

To this end, on a daily basis the hotels manage situations and events that have occurred for which the customer needs an immediate response, using for example, a digital tool provided in order to enable the customer to request whatever they need during their stay during the check-in process, facilitating a quick and effective means of communication, as well as a prompt response to their needs.

Another of the channels provided for the customer to communicate any suggestion, reflection or shortcoming regarding their experience, stay, or service offered, is the mailbox at myexperiencia@melia.com, with which we undertake to continue improving our response times, reducing the waiting time for providing a response to a period of no more than 48 hours.

From our entire portfolio globally, 72% of incidents received were resolved in less than 48 hours, meeting the target that the Company has set. None of the incidents were related to cases of non-compliance regarding information about services or marketing communications.

This year, we have implemented actions to improve the efficiency of the incident management process in the hotels located in the Dominican Republic and Mexico, as well in the hotels located in the city of Madrid (Spain), through the contracting of the services of the *GEX Service Center*, a cross-functional team that centralises the complaint management of all the hotels, in order to provide a better service and assistance to all customers staying in these destinations.

This initiative has made the management of incidents more agile, notably improving response times, as well as quality, and consequently customer satisfaction. Also, it has freed up operating teams from *back-office* tasks, enabling them to focus on offering a better service to customers, enriching their experience and ensuring one of the principles of the Company which is the vocation of service. The teams now operate in all the hotels located in Punta Cana (Dominican Republic), Mexico, and Madrid (Spain). In 2024 we will expand this new service to hotels located in the EMEA region.

Likewise, the Social Media team manages all the messages that are published on our social networks, which can be of a varying nature: campaign, hotel information, booking requests, etc. This year, we resolved all the open cases of the 368,435 messages in an average response time of 12 hours, while in 2022, from the time we started the service in March up until December, we resolved almost half of the cases in an average response time of 11 hours.

Satisfaction surveys

One of the tools promoted by the Company for finding out the level of satisfaction of our customers, after their stay at our hotels are the satisfaction surveys. This questionnaire is sent to the customer at the end of their hotel stay with the aim of evaluating their experience and personalised according to the standards and attributes for each of the hotel brands.

To this end, Meliá Hotels International uses the **ReviewPRO** tool which makes it possible to consolidate information under the parameters that are important for the Company (brand, segment, management type, etc.).

The results obtained enable the business unit to check their score, find out the perception of customers and plan actions in order to improve results and meet the objectives set. Likewise, it makes it possible to reflect on the results obtained according to the standards and attributes established for each brand.

INCIDENTS RECEIVED
3,297
(-4.6%)

SATISFACTION INDICATORS

	2020	2021	2022	2023	2023 TARGET
NPS MHI Customers (Global)	48.1%	48.0%	46.2%	**53.1%**	**47.0%**
GSS MHI Customers	83.0%	84.0%	82.7%	**82.1%**	**82.7%**
QPI MHI Customers	96.5%	97.9%	98.6%	**100.4%**	**100.0%**
Global Review Index	86.6%	84.7%	84.0%	**87.4%**	**84.0%**

The general result of the *Net Promoter Score (**NPS**)* of the Group shows very positive development with growth of 7 percentage points compared to 2022. With the extraordinary result of 53.1, the Company has greatly surpassed the goal set for 2023 (9.6%). The positive trend of this indicator across all Group brands invites us to think about customer perception, which is returning to normality and the good work of our teams after the pandemic.

Meliá Hotels International recorded a slight drop in the result of the *Guest Satisfaction Score (**GSS**)* rating of 2023, compared to the results of 2019 and 2022, finishing 0.6 points under the target set. However, the Gran Meliá, The Meliá Collection, ZEL and INNSiDE brands achieved the customer satisfaction goals set for 2023, a distinction that endorses the strategy of the Company to have growth focused on *Premium & Luxury* brands.

The general performance in the *Global Review Index* **(GRI)** is 87.4%, increasing the results of previous years and maintaining market reputation rates. These excellent reviews are accompanied by an 18% increase in the volume of online reviews compared to 2022.

Lastly, it is worth noting that the *Quality Penetration Index* **(QPI)**, has continued the upward trend displayed in recent years. We ended the year with **100.4%**, a figure never attained before by the Group, exceeding the global comparison goal.

Online reputation

During 2023, Meliá devoted considerable resources to improving the management of social media and the digital presence of brands has been strengthened, fulfilling the aim of encouraging greater interaction and engagement with the audience.

Alongside this, the public relations activities were targeted at the proactive management of the reputation of our brands, as well as generating positive media coverage in order to increase the digital presence and interaction with the community through the:

- Development of strategic, relevant, and appealing content in order to strengthen the connection with the audience, highlighting unique experiences, new developments implemented in our brands, with the aim of strengthening the positioning and values of each of our brands.
- Launch of personalised and segmented campaigns in order to adapt to the preferences of different audiences, harnessing personalisation and data analysis tools.
- Encouragement of strategic partners that make it possible to consolidate relationships both within the field of influencers, and with similar brands in order to amplify our audience, scope, and presence on social media.
- Strengthening of our relationship with the customer, through social platforms, responding proactively to enquiries, comments or other questions thus ensuring more personalised and effective service and assistance.
- Optimisation of advanced analytics that makes it possible to assess our performance in different projects, including social media, in order to identify areas of improvement and adjust the strategy, according to the results obtained.
- Creation of interactive experiences, such as surveys, competitions, and online events, in order to encourage participation in the community and generate content created by the user themselves.
- Collaboration with a dozen global agencies present in 190 countries (social fans presence) and we have a significant fanbase spread among several platforms.

SOCIAL MEDIA USERS
11M

SOCIAL MEDIA PROFILES
460

Our strategy includes connecting with our active and potential customers on other channels that make it possible to promote the Company and the opportunities that Meliá Hotels International offers, in terms of employability, the gastronomic offer, the portfolio of hotels or programmes focussed on enhancing the direct relationship with the B2B or Meliá PRO segment.

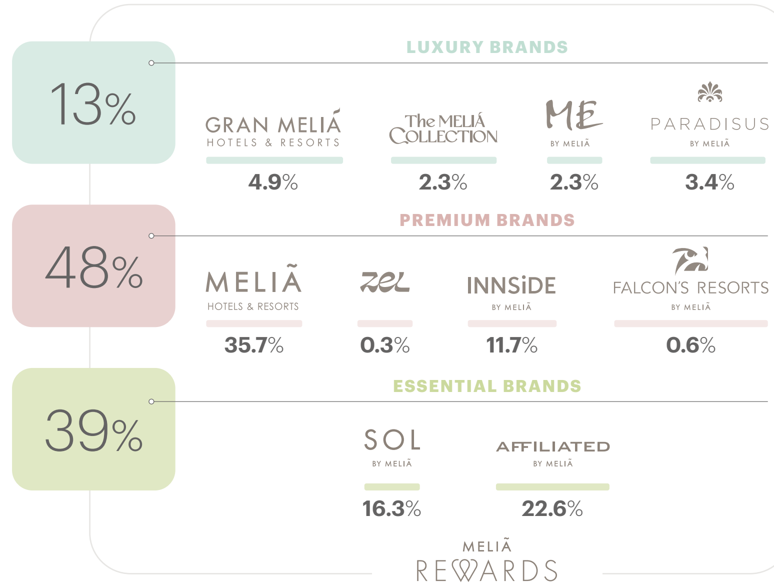
Strength and diversity of our brands

Meliá Hotels International is strengthening its commitment to offer it customers and guests the best personalised experiences, with the aim of exceeding their expectations and, with the premise of making progress on a service model that guarantees excellence and quality, as a leading hotel company.

Our portfolio of brands adds strength to the Group's growth strategy, focused on mainly serving the *luxury & premium* segments. With the firm commitment of improving our positioning in relation to our competitors and charting a greater future course for our hotels, the brand architecture has been meticulously updated with our sights set on the future, which matches the change in our vision of new luxury with our traditional focus, which is customer centred, adapted to the different interests and expectations of each profile.

This new architecture strengthens the positioning and reputation of the group, as a whole, and strengthens our vision targeted at those *premium* brands, as well as others associated with the *luxury* segment, focused on increasing the capture of customers with high purchase power who consider the characteristics of each destination.

BRAND ARCHITECTURE



MELIÁ PRO FOLLOWERS
12.9M

MESSAGE RECIPIENTS
240M

ENGAGEMENT VOLUME
10M

Each one with its essence and personality, all our brands share the values and principles that characterise us as a company. Through our portfolio, we want to approach different customer profiles, whether someone who is a fan of unique experiences, someone who loves responsible luxury or a traveller who is committed to sustainability.

Some of our main hotels were recognised this year with internationally renowned certifications, which evaluate using a demanding set of quality standards that establish the guidelines for luxury hospitality around the world.

Sustainable attributes

On the other hand, during their experience we want customers to notice the commitments made in terms of sustainability by our brands, products and services that include attributes that enrich the customer experience and strengthen our commitment.

We are aware that bridging the gap between the customer and the sustainable attributes that we are committed to is a challenge given that it is necessary to make them tangible so that the customer can perceive, appreciate and enjoy them. Therefore, next year in 2024 we want to undertake the challenge of bringing this experience to the customer with an appealing narrative, that can be perceived during their stay at the hotel and valued in the purchasing decision.

SUSTAINABLE ATTRIBUTES

As part of our commitment to sustainability and excellence, we have requested information from each of our hotels about the attributes that form part of the Company's positioning in terms of sustainability and for each of the brands. This questionnaire is an essential component and is valued both internally and by tour operators, and it provides visibility to customers about the sustainable practices that each hotel integrates into their value proposal.

With this information we have been able to relaunch a certification process for hotels under ESG criteria with the aim of providing visibility, both for the business units and all of our stakeholders, about the level of criteria implemented in our portfolio, and have selected entities of renowned prestige in order to make progress on this process. Of the hotels in global integration, 90% comply with sustainable certification according to the standards of the GSTC and 94% have obtained sustainable certification.

1 IN 3 OPENINGS ARE OUR LUXURY BRANDS

Consolidating our luxury strategy

Meliá Hotels International is committed to strengthening the reputation and recognition of the hotels that are unique, which are focused on attracting high value customers seek a personalised luxury experience.

Internationally renowned entities and leaders in the luxury and *premium* segment who assess, using a set of demanding standards, the hotels that we want to be leaders in luxury hospitality around the world.

On the other hand, as part of their experience, we want our customers to notice the commitments made in terms of sustainability and appreciate how they are integrated into the hotel itself, however we are aware of the challenge posed by bringing them closer to this reality individually in each business unit.

MELIÁ PRO committed to the luxury segment

Meliá PRO coordinates the entire communication strategy for the B2B segments, through specific campaigns and programmes that encompass all of the Group's brands, more at the end of this chapter.

The *BRAVOS Meliá PRO Selected Club* programme offers a platform that is aimed and designed to offer the best benefits and services to the luxury segment, with an exclusive programme for travel agencies specialising in high value customers.

The vision of Meliá PRO *Business Traveller Benefits & Rewards* stands out, launched in 2022 it aims to encourage business trips through special rates and benefits designed to meet the needs of current business travellers. This programme continues to expand to new hotels and, at present, it is available in 80 of the Group's properties.

LEADING HOTELS OF THE WORLD MEMBER HOTELS
8

AMEX FINE HOTELS & RESORTS PROGRAMME HOTELS
9

Enriching the experience

We aim to build lasting relationships based on the trust and loyalty of our customers. We use levers that motivate us each day: the vocation for service and the values of proximity and excellence, the hallmarks of Meliá Hotels International.

Customers are increasingly demanding and request authentic and differential services, aligned with their preferences and needs. Within a context of endless change, we strive to adapt our commercial model to the new challenges of the tourist industry, without losing sight of the relationship with the customer. To this end, in addition to strengthening our organisational structure, we have also strengthened its coordination and adapted the overall framework to the situation in each region and destination where we operate.

Also, we devote economic and human resources to support our digital transformation and to turning each point of the *customer journey* into an opportunity to get to know our customers better. We encourage the creation of spaces for dialogue where we obtain the customer's opinion, first hand, to evaluate and consider it.

Destination Inclusive

Paradisus by Meliá has incorporated the *Destination Inclusive* concept, a brand that is already a leader in the Latin American market and implemented, for the first time in Spain, in a leading holiday destination such as the Canary Islands. Destination Inclusive Paradisus Gran Canaria and Paradisus Salinas enrich the expression of the brand, enabling customers to connect and delve into the aspects of the destination that make it unique. It offers new experiences, focused on cultural and local gastronomy for examples, customers can immerse themselves in private classes with local chefs and receive personalised yoga sessions next to a natural well with crystal-clear waters.

Safe environments

Equality, diversity, and inclusion are cornerstones of our Code of Ethics and they are also becoming essential vectors for competitiveness and business. According to the World Tourism Organisation (WTO), LGBT tourism has experienced continuous growth in recent years. The figures published reveal that the LGTB community accounts for 10%-20% of tourists globally and represents 16% of total travel spending, equivalent to almost 200 billion Euros a year.

Accordingly, during 2023 we have worked to ensure that some Company hotels obtain the *Travel Proud* certification, a programme promoted by Booking.com which aims to aid the understanding of the specific challenges that this community faces in its trips and to offer a positive and inclusive travel experience. The programme goes beyond certification as it offers the chance to provide training to hotels and their teams in order to ensure inclusive and safe treatment. At the end of this year the Company has certified 30 hotels and it expects to certify 160 hotels around the world during 2024.

On the other hand, Meliá Hotels International has partnered with the leading company in the LGBTQ+ travel sector, ***Queer Destinations*** offering these travellers the chance to enjoy exceptional holidays in seven of our hotels located in Mexico, Madrid, the Dominican Republic and New York, identified as *Queer Destinations Committed*. This partnership also strengthens our staff training, in an inclusive atmosphere based on respect, empathy, etc.

A healthy gastronomic offer

The *Food & Beverage (F&B)* area is immersed in a significant transformation process to enhance the appeal of our brands, products and services from a gastronomic perspective. Our portfolio is enriched with a unique and differential value proposal, which enables customers and residents, to discover the gastronomic concepts that have been devised for each of our brands, always being very mindful of the peculiarities and attributes of each of them.

We want our gastronomic offer to also be a lever for innovation and sustainability. Under this premise, we have designed a new proposal devised for the future, which enhances the positioning of our product and responds to the peculiarities of each area, helping to optimise our management, improve profitability, with a focus on attracting and gaining the loyalty of our customers.

Changes in new consumption habits show a growing interest in a diet that is increasing wholesome and healthy, based on local produce, and which contributes to taking care of ecosystems and the planet. The ability to offer a quality, attractive and valued culinary offering becomes an important differentiating element, including for the events and conferences segment (MICE).

For the urban hotels located in Europe, the Company has designed the *Mediterranean Comfort Food Menu* concept aimed at encouraging a culinary offering with a greater presence of vegetarian products, with the vision of adapting our menus to the new demands of customers who value a healthy and Mediterranean diet. This new offer also helps to reduce our water footprint and carbon emissions.

Likewise, as a responsible company that is committed to the health and wellness of our customers, we have reduced our alcoholic beverages menu, and offer a menu focused on alcohol-free or natural drinks.

Also, all our hotels provide, at the customer's request, the fourteen allergens and the chart of allergens that we inform our customers about relating to the content of their food.

TRAVEL PROUD HOTELS

30

QUEER DESTINATIONS COMMITTED HOTELS

7

VEGETARIAN MEDITERRANEAN MENUS

50%

The range of products offered by the Company is selected ensuring high quality standards, and also ensure compliance with legal requirements and the ban on purchasing products that contain additives that are harmful to health, for example ADA, BHA and BHT or BVO. Thus, our customers can have access to a nutritious and healthy offer, complying with the requirements of the European Union in terms of *Food to Fork and the Fitness Check*.

ROAD TO NET ZERO EVENTS

According to a survey by American Express, 78% of participants outlined the commitment to NET ZERO emissions in their organisations. In terms of event organisation, although it is still not an essential factor, it is gaining momentum year after year and we envisage gradual growth over the coming years. At present, 13% consider it to be an aspect to incorporate into their requirements.

Meliá Hotels International, with the aim of furthering the integration of its sustainability strategy in the commercial sphere, has designed technology that allows it to measure the carbon footprint (scope 1 and 2) in all the *MICE* hotels selected. With the support and expert knowledge of Creast, a company that specialises in measuring the carbon footprint of large events, an innovative programme *ROAD TO NET ZERO EVENTS* has been created, with the aim of achieving carbon neutral events, allowing us to measure the environmental impact of the groups at two times: when making the application for the event and at the end of it.

The technology developed communicates and interacts with the Company's computer systems, as well as the sales force, in a way that speeds up processes for the teams affected and, it prevents unnecessary administrative tasks and calculations.

With the aim of testing the tool, the Company has selected two pilot hotels, located in Spain and Germany, with the aim of testing how the tool functions and the calculation of the carbon footprint.

The measurement calculates the carbon emissions generated during the event, considering both the emissions produced during the hotel stay, and those produced in meeting rooms. The differential aspect of this project is the measurement of the footprint in the restaurant and catering services, as well as other consumables that can be offered during the celebration of the event.

The measurement of the carbon footprint, will enable us to enrich our knowledge of the environmental impact of the *MICE* segment in each hotel and identify opportunities to develop our range of products and services, with the aim of being more efficient and also, raise awareness among events organisers in the proposals considering the environmental variable in their decision-making process.

All the events will be offset once they have ended, either through the programme of the organising company or through the programme of the Company *The Planet We Love*, using, in this case, credits certified by the United Nations.

In the first few months of 2024 we will begin the gradual roll-out of this tool and its management model in fourteen of the Group's hotels and we estimate that we will complete the *roll-out* of all the hotels specialising in the meetings, incentives, conferences and events segment before the end of 2025, which covers 80 hotels.

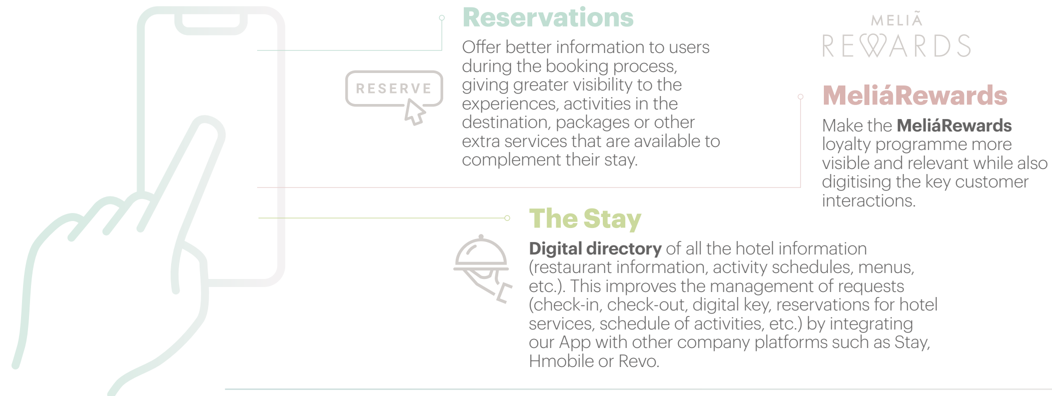
MeliáRewards

Our *MeliáRewards* loyalty programme supports this strategy, focused on enhancing our portfolio of high value customers, through an innovative methodology in order to identify our most valuable customers and optimise our communications with them, adding specific initiatives aimed at influential travel agents in this segment, with the aim of encouraging the improvement of our occupancy rates for superior rooms and suites.

2023 has been an exceptional period for the *MeliáRewards* loyalty programme marked by growth, innovation and the ongoing commitment to excellence in customer satisfaction and sustainability. These advances consolidate Meliá's position as a leader in loyalty programmes in the hotel industry.

The programme has proven itself to be an essential strategic element for Meliá, contributing significantly to the short, medium and long-term objectives. The deep understanding of customers was the basis for offering highly personalised experiences and strengthening the long term connection with its members.

Over the course of 2023, the Meliá Loyalty Programme reached significant milestones, consolidating its status as an essential component in the company's strategy. The following aspects highlight the key developments and notable achievements throughout the year.



Personalisation and ad hoc communications

MeliáRewards continues to improve its communication model through the lifecycle of the customer, notably with an innovative *Account statement* model with 20 different versions. This has introduced advanced levels of personalisation and reinvigorated content, significantly improving the user experience and its effectiveness.

Campaign management

MeliáRewards has been an effective driver of demand, with a historic record of 90 campaigns carried out under the loyalty programme, including all of its brands, hotels, and destinations, including a points component. The annual campaign *The MeliáRewards Effect: the more you travel, the greater the Rewards* included a credit in points component to enjoy at hotels, achieving an outstanding redemption rate of 53%, setting an especially high record for luxury holiday hotels.

Supporting the group's strategy, *MeliáRewards* has implemented campaigns aimed at both the end customers, incentivising the bookings for suites and villas, as well as travel agents, offering special commission and extra *MeliáRewards* points.

Progress towards loyalty ecosystems

During 2023, we continued growth in the *Partners* vertical, both in terms of issuance and redemption, enabling us to convey the usefulness of the programme while in-house, at the time of the trip, and in daily life.

We wish to highlight the integration of *MeliáEscapes powered by Logitravel*, making it possible to obtain and redeem points, for all the elements contracted (flight, hotel, experiences ,etc.), as well as the agreement with the new high speed operator IRYO, and the incorporation of the *Vietnam Airlines Lotus Miles* programme, supporting the significant expansion in the Asia-Pacific region and particularly in Vietnam.

A digital experience

Digitalisation has stopped being an option and has consolidated its place as an obligation in the business sector. Within a growing context of online consumption, we are committed to digitalisation in order to improve knowledge and the experience we offer to our customers, ensure the personalisation of the value proposal and meet the expectations of customers who are increasingly technologically aware. Fulfilling our main aim of ensuring that our customers enjoy unique experiences and place their trust in the quality of our experiences.

meliá.com

An important milestone in our digitalisation was the launch of the new state-of-the-art melia.com website, one of our most important sales channels that is continuously growing year after year. Devised for more demanding, expert travellers and with the aim of enriching the digital experience and value proposal, with new products, services, experiences, attributes and additional offers.

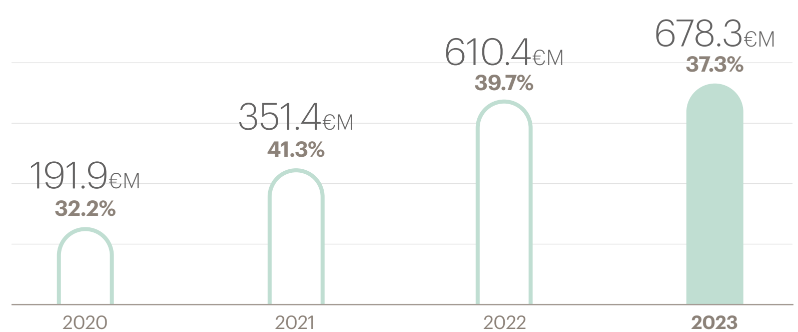
Created as a digital experience, it enables the user to have a vision of the Group's different brands, improve personalisation according to knowledge of their tastes and preferences, provide visibility for the benefits of our *MeliáRewards* loyalty programme, and also offer other available services, in order to enrich their experience and the opportunity to assign other attributes to the booking that add relevance to the value proposal.

MELIA.COM CUSTOMERS

2020	2021	2022	2023
28.1%	34.1%	23.9%	24.85%

WE DEVOTE SIGNIFICANT RESOURCES TO STRENGTHENING OUR DIGITAL TRANSFORMATION AND TURNING EACH POINT OF THE CUSTOMER JOURNEY INTO AN OPPORTUNITY TO GET TO KNOW OUR CUSTOMERS BETTER.

DIRECT CUSTOMER REVENUE



* Over total revenue from centralised sales (room + meal plan).

Technology to improve the satisfaction of our customers

During 2023, we focused on redesigning the key processes in order to increase efficiency, speed and customer satisfaction. With the aim of harmoniously integrating the online procedures into the physical operations of our receptions. This strategy requires offering greater autonomy to the customer throughout their *Customer Journey* along with simplifying the procedures for our reception times and cutting waiting times.

The reconfiguration of the *check-in* process includes aligning the digital process with the traditional one, allowing the digital *check-in* to be carried out on the same day as arrival, offering the customer complete autonomy to complete the process, from entering personal details, to formalising the legal documents required, and incorporating a key dispenser where customers can obtain a room key by scanning a QR code, once the room is ready for the customer to enter.

The digital *check-out* encompasses the payment phase and other information at the end of the stay. The customer can carry out the entire process, from the verification of expenditure up to payment, with the option of adding minibar consumption during it.

Both processes have been adapted to work in a web version, thus increasing the scope to a greater number of customers and creating a much smoother and much more satisfactory experience. At present, these two digital processes are implemented in seven Company hotels, and their expansion is planned for 2024, for all the hotels in 4 countries where the customer can enjoy greater autonomy.

Next generation Meliá PRO & B2B Portal

We ended 2023 with the launch of a new website for all the professionals in the sector: travel agents, companies, event organisers and specialised agencies.

This channel reproduces the design created on melia.com, integrating the same principles, values and criteria of excellence, as well as their integration with *MeliáRewards*, offering the specific benefits of our loyalty programme to these groups.

With Meliá PRO, we have further strengthened the commitment to the success of professional customers which is experiencing exponential growth. A simple, effective, and global tool, the site provides professionals with the best guaranteed available rates and enhances the visibility of benefits during the entire user journey.

Meliá PRO, already has 60,000 travel agencies registered and 450,000 companies with access to the corporate programme with which they can access negotiated rates. Our channel for professionals is consolidating itself as the main broker channel, an excellent *lead* generator for groups for the *MICE* sector.

Customer Service & Contact Center

During 2022, the Company transformed its *call centre*, into an Omnichannel *contact centre* equipping it with the most advanced technologies in order to consolidate a customer management model, through a 360º vision and improve the efficiency and speed of the most critical processes in their relationship with the customer.

This year, 2023, we have focused on raising the level of service and improving quality and satisfaction in our interactions. This transformation has resulted in an increase in the level of revenues and also had a positive impact on both the conversion rate, and on the increase in the average price per booking.

In our commitment to offer a quality service to our high value *luxury* customers, a new *Luxury Service Model* has been implemented, focused on enhancing the customer experience by implementing thirty-four standards in the different management processes of our channels (telephone, email and chat) and, some of them, aligned with internationally renowned seals or certifications such as *Leading Hotels of the World*. The aim is for the customer to feel unique and important, by personalising their experience, making them the real star.

This has required a training and education plan for our teams, designing training itineraries focused on both the use of tools and the improvement of communication and business skills, ensuring that a personalised experienced is offered and enriching the customer profile.

During 2023 we undertook the implementation of a CCaaS tool that will enable us to migrate to the *cloud* and relocate our advisors to locations where demand requires it. In our first year we achieved:

Quality perceived

9.5 vs 10

Response rate

31%
+196,593
customers

10 rating

88%
of responses
(a success in our digital transformation)

ME Cabo, Mexico

Impact on communities

GRI: 2-23; 2-24; 2-25; 2-28; 2-29; 3-3; 201-1; 413-1; 413-2

The Company currently operates in fourteen countries, with realities that have very different social and cultural environments. The social purpose of Meliá Hotels International is focused on identifying opportunities to generate a positive impact, in an increasingly changing environment and with needs of different importance, on a social and economic level.

The tourism sector is undoubtedly a key driver for the creation of wealth globally, both for societies that receive and send tourists, it has consolidated its status as one of the primary sources of income, employment, and growth in global economies, and also provides an extensive network of international, national, and local suppliers as a result of its activity.

Creating value and redistributing it among our stakeholders is, in our opinion, the best way to generate a positive impact in the destinations. Furthermore, with the desire to go beyond our activity, we encourage environmental, social, and cultural initiatives, involving the local entities, where we have a presence.

We have a different impact in each setting, whether tangibly (with a direct or redistributed economic contribution), or intangible, thanks to the sharing of knowledge and influence targeted at achieving a change, helping to improve the tourist value chain or enriching the entities that we interact and collaborate with.

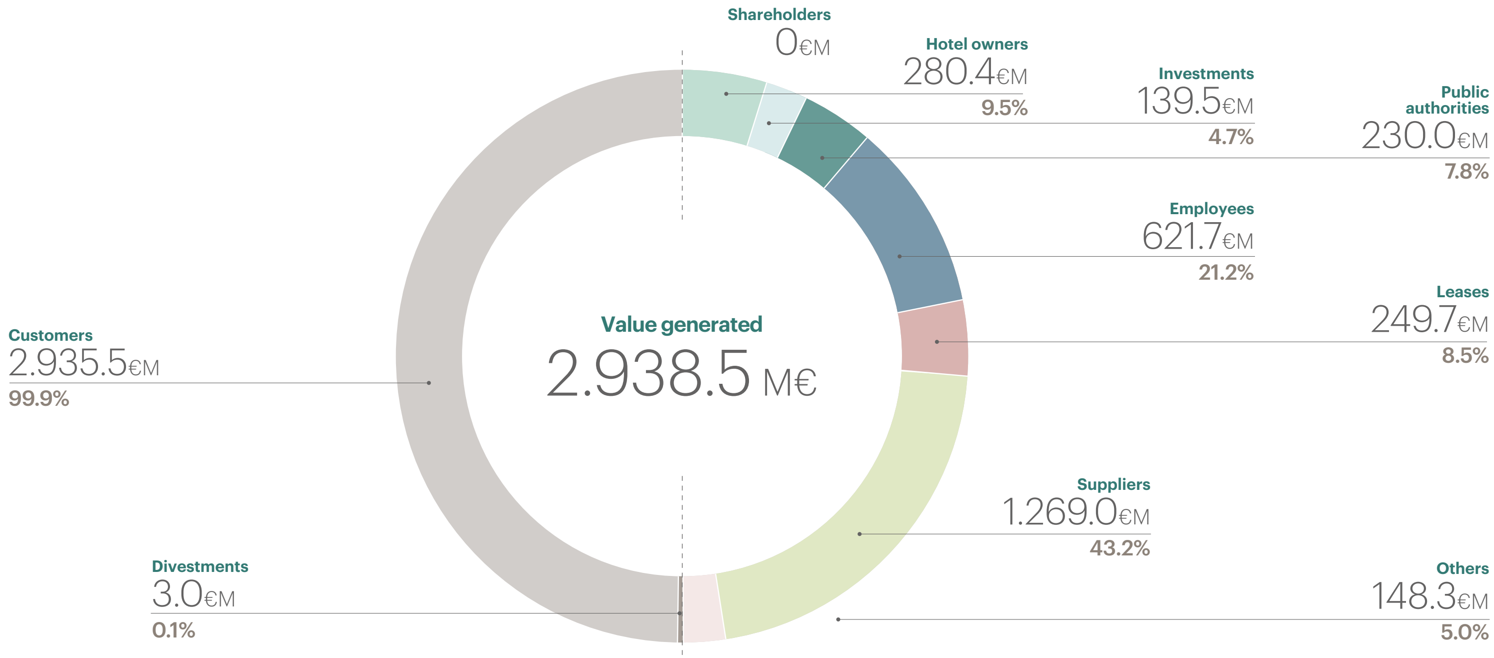
In 2018, the Board of Directors approved the *Philanthropy Policy*, whose contents strengthen the approaches linked to consolidating ethical and responsible conduct with the aim of encouraging a model that contributes directly to social support in destinations and to building a fairer and more equitable society, including all of our staff, the communities who live and work close to the hotel and our entire value chain, Likewise, this document is aligned with the following reference frameworks:

- European Directive on the protection of persons who report breaches of European Union law
- The United Nations Guiding Principles on Business and Human Rights
- United Nations Global Compact
- OECD Guidelines for Enterprises
- ILO Declaration on fundamental principles and rights at work

We also extend the application of this policy to the promotion of human rights, the wellbeing of children and society, and also the fight against the commercial sexual exploitation of children and child prostitution, affirming our commitment to the EPCAT code, and we were the first signatory tourist company fifteen years ago.

The *Social Cash Flow* shows how we redistribute the wealth generate, by providing visibility for the volume of collections and payments made and distributed among all our stakeholders, making it possible to trace the movement of incoming and outgoing cash flows. Our activity helps to invigorate local economies, to drive investments, the acquisition of products and services, as well as the recruitment of the workforce and the payment of taxes, among others.

SOCIAL CASH FLOW



Incoming value

Customers
Revenue from hotels and other assets and businesses.

Divestments
Revenues from divestments in real estate, group companies, financial assets, etc..

Outgoing value

Suppliers
Payments to suppliers of food and beverage, external services, transportation, utilities, etc.

Leases
Payments to the owners of the real estate used for hotel management or other activities.

Employees
Payments to personnel in corporate offices and owned and managed hotels.

Public authorities
For taxes on profits, social costs, taxes on activity, etc.

Investments
Payments for investments made, maintenance or reform of company assets.

Shareholders, hotel owners and others
Shareholder dividends, payments to owners, financial costs, exchange rate variations, loans to subsidiaries, etc.

Philanthropy Management

We are working to consolidate a robust and transparent management system, by identifying the priorities and the framework for action, according to the needs of destinations. The technology platform launched during 2022 provides a system for the approval, monitoring and control of donations and the direct voluntary work carried out as well as a record of the entities involved. Each hotel has its own space for monitoring the information of its initiatives, ensuring permanent alignment with our policy, strategy, and management system and increasing data quality for reporting this information, both qualitative and quantitative.

This system makes it possible to manage the most social component, among other aspects. The project has an initial training complement for everyone involved in social action initiatives, strengthened with knowledge pills about corporate management and philanthropy management designed in 2019.

During this year, the Company has contributed with both financial donations to different social entities and foundations, and with donations in kind, aligned with their social positioning.

TYPE	2022	2023	2023 VS 2022
Business Foundations	21,600	**28,855**	34%
Social Foundations & Entities	50,100	**186,254**	271.8%
Donations in kind	158,556	**1,601**	-99.0%
TOTAL	**230,256**	**216,710**	**-5.9%**

We share experience and knowledge

Just as we measure the value and the impact generated on our stakeholders, tangible and intangible impacts are credited as we are active members of the business association network in the destinations where we operate. As a result of these relationships and closeness to the business world, we share experiences, knowledge, and identify opportunities, in an environment of trust and mutual respect.

(In thousands of €)	2020	2021	2022	2023
Total contribution to industrial organisations and associations*	430.7	579.4	610.7	**591.9**

(*) Selection of organisations

IMPORTANT ISSUES FOR MELIÁ IN 2023	AMOUNT (€)
Tourism	443,574
Institutional position	148,365

We are strengthening our bonds with the local community

Over the years, the Company has shown its social commitment and its desire to work to achieve fairer and more inclusive societies. Our business units have first-hand knowledge of the difficulties and vulnerability of certain groups, who require our help, support, and collaboration.

The 2030 Agenda is undoubtedly one of our reference frameworks for guiding a responsible tourism model and contributing to major global challenges. In addition to furthering its integration into our sustainability strategy, it enables us to provide visibility for the impact that we generate from a different perspective. As a leading Company in the field of sustainability, we promote a responsible hotel management model that generates real value through direct work on the SDGs that are closest to our activity and aligned with the most relevant issues for our stakeholders and on which we can act directly.

Given our significant presence in Spain, with 62 hotels operating, in 2018 the Company signed an Agreement with La Caixa Banking Foundation, a leading national and international social entity, with the commitment to improve the employability of groups at risk of exclusion, in the field of tourism, through the Incorpora programme. Through its relationship, Meliá Hotels International has hired a total of 591 people and consolidated significant job stability.

The actions that we carry out are aligned with our principles of coherence and flexibility with the aim of enriching our more social profile. Under our principle of priority, we seek to improve the quality of life of the community, inviting our collaborators and suppliers to share our same concerns and sensibilities.

PERMANENT CONTRACTS

70.7%

(2022: 71%)

SDG	MELIÁ COMMITMENT	PRIORITY	IMPACT ON BUSINESS	REFERENCE IN THE MANAGEMENT REPORT
3	Health and safety is a priority that has led us to adapt our products and services, strengthening protocols and management systems in order to make our hotels and work environments safe spaces	Reduce accidents Lower absenteeism	Management system Accident rate Absenteeism rate Training	Occupational health and safety
8	We are committed to retaining and training talent and providing diverse and non-discriminatory environments	Talent retention Training Diversity Social employability	Development programmes Internal commitment rate Socio-occupational integration	Talent management
12	Integrate sustainability into our supply chain, work to incorporate low impact products, reduce food waste and commit to circularity	Less dependence on plastic Reduce food waste	Waste management Circular economy Food waste	Supplier relations
13	We promote a hotel management model that is efficient and responsible in the consumption of resources and the minimisation of the impact of our activity on the environment and on ecosystems	Energy efficiency Reduce emissions Protect ecosystems	Reduction of emissions Energy management Investment with sustainable criteria Protected areas	Climate change and energy, Biodiversity management
16	Promote a management model based on ethics and transparency	Ethics and compliance Human rights	Governance Ethics Impact on Human Rights	Human rights due diligence, Ethics and integrity
17	We engage in open and direct dialogue with our stakeholders and establish stable partnerships	Agreements and partnerships Active presence	Materiality Channels for dialogue Meeting spaces	Relationship with suppliers, Talent management, We strengthen the commitment with our customers, Impact on communities

Remaining consistent to our values, we work with three priority areas, linked to the 2030 Agenda, on social action, supporting vulnerable groups, promoting actions linked to health and initiatives that raise awareness about the importance of caring for and protecting our planet.

During 2023, we wish to highlight the work carried out by our teams in Mexico, focused on the most vulnerable child population and their families. We forge relationships with different social entities who need business support and groups of volunteers, in order to meet their needs and provide environments for learning, teaching and practising values, and also promote spaces for entertainment and fun, for a vulnerable child population.

It is worth highlighting the work carried out with different local foundations, experts at uniting efforts to aid the most disadvantaged.

- *Niños de la Sierra* Foundation with the Children's Day programme
- *Cuenta Conmigo* Foundation leading the Good Neighbour initiative
- Santa Cecilia Foundation offering care and protection in the absence of parents

COLLABORATORS	PARTNER SUPPLIERS	FOUNDATIONS	CHILDREN HELPED
+1,100	+19	+7	+650

Meliá London Kensington Collection, United Kingdom

06

Annexes

Key indicators

GLOBAL INTEGRATION

Economic indicators

FINANCIAL RESULTS

CONSOLIDATED INFORMATION (In thousands of €)	2020	2021	2022	2023
Total consolidated revenue	528.4	902.4	1,692.0	**1,932.2**
Total Revenue (excluding capital gains)	528.4	827.2	1,679.8	**1,928.8**
EBITDA	-151.5	125.5	430.8	**489.8**
EBITDA (excluding capital gains)	-130.5	61.0	418.5	**486.5**
EBIT/Operating result	-557.3	-145.3	201.1	**231.0**
Profit before tax	**-663.8**	**-217.4**	**156.3**	**149.3**
Consolidated result	**-612.7**	**-197.9**	**120.1**	**130.1**
Net profit attributed to parent company	-595.9	-192.9	110.7	**117.7**
EBITDA Margin (excluding capital gains)	N/A	7.4%	24.9%	**25.2%**
Net debt	2,603.8	2,853.2	2,673.0	**2,613.1**
Times net debt / EBITDA (excluding capital gains)	N/A	46.77x	6.39x	**5.37x**

STOCK MARKET EVOLUTION

	UNIT	2020	2021	2022	2023
Nº of shares	M	220.40	220.40	220.40	**220.40**
Average daily volume	Thousands of shares	1,486.55	1,018.89	1,038.56	**780.24**
Maximum share price	€	8.34	7.30	8.09	**6.68**
Minimum share price	€	2.74	5.33	4.13	**4.71**
Closing price (on 31 December)	€	5.72	6.00	4.58	**5.96**
Market capitalization	€M	1,260.69	1,322.84	1,008.99	**1,313.58**
Dividend	€	-	-	-	**-**

SUBSIDIES AND REBATES RECEIVED

GRI: 201-4

CONCEPT	2022	2023
Subsidies	54,570,741	**5,595,179**
Training allowances	376,808	**517,824**

Good Governance Indicators

CORPORATE GOVERNANCE

GRI: 102-22

	UNIT	2020	2021	2022	2023
Board Members	Nº	11	11	11	**11**
Proprietary outside directors	%	36.4	36.4	36.4	**36.4**
Independent outside directors	%	54.5	54.5	54.5	**54.5**
Attendance at the Board (in person and by proxy)	%	100.0	100.0	95.0	**91.0**
Average time spent on Board	Years	9.8	8.8	8.5	**11.1**
Average age of Directors	Years	65.3	63.8	64.9	**66.1**
Women on the Board	%	27.3	36.4	36.4	**36.4**
Board Meetings	Nº	7	6	6	**8**
Quorum in AGM	%	71.20	74.88	77.31	**78.10**
Women in senior management	%	16.70	16.70	16.70	**0.00**
Compliance with unified good governance code (CUBG) of CNMV (Compliant)	%	70.30	78.13	78.13	**78.13**
Compliance with unified good governance code (CUBG) of CNMV (Compliant)	%	70.30	78.13	78.13	**78.13**

Environmental Indicators

ENERGY

GRI: 302-1; 302-3; 302-4; 302-5

INDICATOR	UNIT	2020	2021	2022	2023
Non-renewable fuels (A+B+C)	GJ	292,024	329,889	480,190	**433,140**
	MWh	53,734	56,660	86,491	**78,622**
A. Natural gas	GJ	194,335	204,892	312,790	**232,606**
	m³	4,493,497	4,737,606	7,232,465	**6,573,030**
B. Propane	GJ	73,781	101,258	136,770	**170,610**
	Tn	1,622	2,225	3,006	**3,878**
C. Diesel	GJ	23,908	23,739	30,630	**29,924**
	m³	625	620	800	**846**
Non-renewable electricity	GJ	204,444	238,292	312,901	**369,696**
	MWh	56,790	66,192	86,917	**102,693**
Vapour / heating / refrigeration and other non-renewable energies	GJ	146,614	238,425	300,152	**222,597**
	MWh	40,726	66,229	83,376	**61,832**
Total consumption of non-renewable energy	GJ	**643,082**	**806,606**	**1,093,243**	**1,025,433**
	MWh	**151,250**	**189,081**	**256,783**	**243,148**
Renewable electricity (with green certification)	GJ	318,111	391,689	557,149	**597,935**
	MWh	88,364	108,803	154,764	**166,093**
Total energy consumption (non-renewable + renewable)	GJ	**961,193**	**1,198,296**	**1,650,392**	**1,623,368**
	MWh	**239,614**	**297,884**	**411,547**	**409,241**
Energy intensity ratio	GJ / stay	**0.251**	**0.188**	**0.138**	**0.124**
	MWh / stay	**0.063**	**0.047**	**0.035**	**0.031**
Total cost of energy consumption	€	24,593,193	37,757,845	70,834,468	**79,694,205**
Renewable energy percentage	Total consumption	36.9%	36.5%	37.6%	**40.6%**
Electricity percentage	Total consumption	60.6%	58.7%	58.7%	**65.7%**
Data coverage	Portfolio	100%	100%	100%	**100%**

WATER

GRI: 303-1; 303-3; 303-4; 303-5

INDICATOR	UNIT	2020	2021	2022	2023
Extraction from municipal water supply (or other water services)	m³	2,004,988	2,679,996	3,348,824	3,510,780
Extraction of saltwater	m³	209,026	249,388	342,541	280,966
Extraction of fresh groundwater	m³	2,567,450	2,973,669	4,066,780	4,783,629
Extraction of fresh surface water	m³	-	-	-	-
Total water extraction	**m³**	**4,572,438**	**5,653,665**	**7,758,145**	**8,575,375**
Discharge: Grey water	m³	4,572,438	5,653,665	7,758,145	8,575,375
Total net consumption of water	**m³**	**-**	**-**	**-**	**-**
Intensity ratio of net water consumption	m³ / stay	**1.195**	**0.889**	**0.651**	**0.655**
Data coverage	Portfolio	100%	100%	100%	100%

WASTE

GRI: 306-1; 306-2; 306-3; 306-4; 306-5

INDICATOR	UNIT	2020	2021	2022	2023
A. Volume of waste generated	Tn	6,057	6,065	17,104	19,863
B. Volume of waste used/recycled/sold	Tn	3,348	3,976	9,319	10,010
Total waste discarded (A-B)	**Tn**	**2,709**	**2,089**	**7,785**	**9,853**
Recycling rate	Separate collection	55.3%	65.6%	54.5%	50.4%
Data coverage	Portfolio	100.0%	100.0%	100.0%	100.0%

NON-HAZARDOUS WASTE

GRI: 306-3; 306-4; 306-5

IN TONNES	TOTAL	ORGANIC	GLASS	PACKAGING	PAPER	REJECT WASTE
Waste diverted from disposal						
Preparation for reuse	0	0	0	0	0	0
Recycled	9,911	3,560	2,500	501	2,246	1,104
Other recovery operations	98	3	91	0	0	4
Total waste diverted from disposal	**10,010**	**3,563**	**2,592**	**501**	**2,246**	**1,108**
Recycling rate	**50.4%**	**59%**	**75%**	**50%**	**92%**	**16%**
Waste sent to disposal						
Incineration	2,776	600	349	132	22	1,672
Dump	6,304	1,444	402	330	138	3,991
Other disposal operations	773	447	120	41	40	125
Total waste sent for disposal	**9,853**	**2,491**	**872**	**502**	**200**	**5,788**
Disposal rate	**49.6%**	**41%**	**25%**	**50%**	**8%**	**84%**
Actual waste generated	**6,383**	**1,518**	**1,277**	**313**	**611**	**2,664**
Estimated waste generated	**13,480**	**4,536**	**2,187**	**691**	**1,835**	**4,232**
Total Waste Generated 2023	**19,863**	**6,054**	**3,463**	**1,003**	**2,446**	**6,896**
Total Waste Generated 2022	**17,104**	**3,318**	**2,959**	**1,148**	**1,895**	**7,784**

CARBON FOOTPRINT

GRI: 305-1; 305-2; 305-3; 305-4; 305-5

INDICATOR	UNIT	2020	2021	2022	2023
Total emissions scope 1	TCO_2eq	18,404	20,645	29,525	**29,452**
Emission intensity ratio scope 1	TCO_2eq / stay	0.005	0.003	0.002	**0.002**
Total emissions scope 2	TCO_2eq	48,888	71,961	92,672	**110,057**
Emission intensity ratio scope 2	TCO_2eq / stay	0.013	0.011	0.008	**0.008**
Total emissions scope 3	TCO_2eq	191,575	238,849	461,463	**555,427**
Emission intensity ratio scope 3	TCO_2eq / stay	0.050	0.038	0.039	**0.042**
Total emissions	TCO_2eq	**258,867**	**331,455**	**583,660**	**694,936**
Emission intensity ratio	TCO_2eq / stay	0.068	0.052	0.049	**0.053**
Data coverage	% portfolio	100%	100%	100%	**100%**

NOX AND SOX EMISSIONS

GRI: 305-7

INDICATOR	UNIT	2020	2021	2022	2023
Total NOx emissions	Kg	35,626	41,963	60,142	**55,697**
Total SOx emissions	Kg	3,146	3,240	4,394	**4,233**

SCIENCE-BASED TARGET INITIAVE (SBTI)

GRI: 305-1; 305-2; 305-3; 305-4; 305-5

INDICATOR	UNIT	2018	2023	2018-2023	2022O
Total emissions scope 1 (SBTi)	TCO_2eq	83,975	**58,012**	-30.9%	-21.0%
Emission intensity ratio scope 1 (SBTi)	TCO_2eq	0.003	**0.002**		
Total emissions scope 2 (SBTi)	TCO_2eq	361,101	**299,804**	-17.0%	-21.0%
Emission intensity ratio scope 2 (SBTi)	TCO_2eq / stay	0.011	**0.011**		

Staff Indicators

AVERAGE WORKFORCE BY GENDER, GEOGRAPHIC AREA, PROFESSIONAL CATEGORY AND AGE (FTES)

GRI; 2-7; 405-1

REGION	GENDER	YEAR	MANAGEMENT				MIDDLE MANAGEMENT				CORE STAFF				TOTAL
			<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	
EMEA	M	2023	0.59	21.17	14.94	36.69	25.83	179.14	30.63	235.60	314.86	459.88	163.79	938.53	**1,210.82**
		2022	-	20.41	10.32	30.73	9.68	145.94	22.36	177.98	288.75	499.87	132.85	921.48	**1,130.19**
		2021	-	11.49	9.94	21.43	4.79	71.05	20.54	96.38	146.14	287.97	73.87	507.97	**625.78**
	F	2023	-	6.93	1.19	8.12	39.24	138.46	34.68	212.38	336.07	352.77	100.27	789.11	**1,009.61**
		2022	-	5.09	2.00	7.09	23.06	130.10	26.16	179.32	310.00	357.92	83.04	750.95	**937.36**
		2021	-	3.47	1.75	5.22	13.28	66.23	13.67	93.18	164.46	217.71	49.87	432.05	**530.45**
	TOTAL	**2023**	**0.59**	**28.09**	**16.13**	**44.81**	**65.07**	**317.60**	**65.31**	**447.98**	**650.93**	**812.64**	**264.06**	**1,727.64**	**2,220.43**
		2022	**-**	**25.50**	**12.32**	**37.82**	**32.74**	**276.04**	**48.52**	**357.30**	**598.75**	**857.79**	**215.89**	**1,672.43**	**2,067.55**
		2021	**-**	**14.96**	**11.69**	**26.65**	**18.07**	**137.28**	**34.21**	**189.55**	**310.60**	**505.68**	**123.74**	**940.02**	**1,156.23**
CUBA	M	2023	-	-	1.00	1.00	-	-	-	-	-	20.72	9.95	30.67	**31.67**
		2022	-	-	1.00	1.00	-	-	-	-	-	27.00	5.33	32.33	**33.33**
		2021	-	-	-	-	-	-	-	-	-	-	-	-	**-**
	F	2023	-	-	-	-	-	-	-	-	1.00	17.51	3.06	21.57	**21.57**
		2022	-	-	-	-	-	-	-	-	-	16.30	2.00	18.30	**18.30**
		2021	-	-	-	-	-	-	-	-	-	-	-	-	**-**
	TOTAL	**2023**	**-**	**-**	**1.00**	**1.00**	**-**	**-**	**-**	**-**	**1.00**	**38.23**	**13.01**	**52.24**	**53.24**
		2022	**-**	**-**	**1.00**	**1.00**	**-**	**-**	**-**	**-**	**-**	**43.30**	**7.33**	**50.63**	**51.63**
		2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
SPAIN	M	2023	-	56.59	56.93	113.51	23.42	397.67	186.09	607.18	607.18	1,543.02	750.03	2,900.23	**3,620.93**
		2022	-	65.18	52.50	117.68	16.87	318.13	122.87	457.88	491.40	1,584.17	664.45	2,740.02	**3,315.57**
		2021	-	55.26	47.66	102.92	6.18	246.03	109.37	361.58	210.08	882.61	441.46	1,534.14	**1,998.65**
	F	2023	-	47.04	22.66	69.70	28.95	400.19	166.19	595.33	691.36	1,971.72	958.85	3,621.92	**4,286.95**
		2022	-	47.91	17.88	65.79	14.89	344.40	90.18	449.48	568.73	1,921.61	843.90	3,334.23	**3,849.51**
		2021	-	38.65	15.09	53.74	10.66	233.30	73.95	317.92	218.76	967.41	500.81	1,686.97	**2,058.63**
	TOTAL	**2023**	**-**	**103.62**	**79.59**	**183.21**	**52.37**	**797.86**	**352.28**	**1,202.51**	**1,298.54**	**3,514.73**	**1,708.88**	**6,522.16**	**7,907.88**
		2022	**-**	**113.09**	**70.38**	**183.47**	**31.76**	**662.54**	**213.06**	**907.36**	**1,060.13**	**3,505.78**	**1,508.34**	**6,074.25**	**7,165.08**
		2021	**-**	**93.91**	**62.75**	**156.66**	**16.84**	**479.33**	**183.32**	**679.49**	**428.83**	**1,850.02**	**942.27**	**3,221.12**	**4,057.27**
ASIA	M	2023	-	7.82	1.67	9.49	1.59	10.43	-	12.02	0.29	-	-	0.29	**21.79**
		2022	-	5.39	3.00	8.39	1.18	10.40	-	11.58	-	-	-	-	**19.97**
		2021	-	4.55	2.73	7.28	-	5.30	-	5.30	0.91	-	-	0.91	**13.49**
	F	2023	-	0.73	1.15	1.88	2.08	21.69	0.78	24.55	0.40	4.44	-	4.84	**31.28**
		2022	-	1.00	1.00	2.00	2.36	17.74	0.78	20.88	0.52	6.50	-	7.03	**29.91**
		2021	-	0.91	0.91	1.82	1.57	11.51	-	13.08	3.00	6.00	-	9.00	**23.90**
	TOTAL	**2023**	**-**	**8.55**	**2.82**	**11.37**	**3.66**	**32.13**	**0.78**	**36.57**	**0.69**	**4.44**	**-**	**5.13**	**53.07**
		2022	**-**	**6.39**	**4.00**	**10.39**	**3.54**	**28.14**	**0.78**	**32.46**	**0.52**	**6.50**	**-**	**7.03**	**49.88**
		2021	**-**	**5.46**	**3.64**	**9.10**	**1.57**	**16.81**	**-**	**18.38**	**3.91**	**6.00**	**-**	**9.91**	**37.39**
AMERICA	M	2023	-	12.12	24.89	37.00	13.65	166.94	61.44	242.02	1,632.50	2,485.63	522.25	4,640.38	**4,919.41**
		2022	-	16.25	18.11	34.36	13.19	151.13	48.17	212.48	1,576.11	2,495.49	395.80	4,467.40	**4,714.25**
		2021	-	11.46	11.48	22.95	13.39	159.32	48.28	220.99	1,106.18	1,893.31	361.73	3,361.22	**3,605.15**
	F	2023	-	5.68	4.01	9.69	8.76	137.50	44.78	191.03	1,148.77	1,577.07	199.33	2,925.17	**3,125.88**
		2022	-	6.30	2.00	8.30	6.42	123.46	35.03	164.91	1,006.46	1,447.81	138.58	2,592.85	**2,766.05**
		2021	-	3.47	2.03	5.50	7.79	116.15	29.76	153.70	607.45	1,047.04	126.13	1,780.61	**1,939.81**
	TOTAL	**2023**	**-**	**17.80**	**28.89**	**46.69**	**22.40**	**304.44**	**106.22**	**433.05**	**2,781.27**	**4,062.70**	**721.58**	**7,565.55**	**8,045.29**
		2022	**-**	**22.55**	**20.11**	**42.66**	**19.60**	**274.59**	**83.20**	**377.39**	**2,582.57**	**3,943.29**	**534.38**	**7,060.25**	**7,480.30**
		2021	**-**	**14.93**	**13.51**	**28.44**	**21.18**	**275.47**	**78.04**	**374.69**	**1,713.63**	**2,940.34**	**487.86**	**5,141.83**	**5,544.96**
TOTAL		**2023**	**0.59**	**158.06**	**128.44**	**287.08**	**143.51**	**1,452.02**	**524.59**	**2,120.12**	**4,732.43**	**8,432.75**	**2,707.54**	**15,872.71**	**18,279.92**
		2022	**-**	**167.54**	**107.81**	**275.35**	**87.64**	**1,241.31**	**345.56**	**1,674.51**	**4,241.97**	**8,356.67**	**2,265.95**	**14,864.59**	**16,814.45**
		2021	**-**	**129.26**	**91.59**	**220.85**	**57.66**	**908.88**	**295.58**	**1,262.12**	**2,456.97**	**5,302.04**	**1,553.87**	**9,312.88**	**10,795.85**

* The group with "MANAGEMENT" positions includes the FTEs of the members of the management committee.

AVERAGE WORKFORCE BY GENDER, GEOGRAPHIC AREA, PROFESSIONAL CATEGORY AND TYPE OF WORKDAY (FTES)

GRI: 2-7

REGION	GENDER	YEAR	MANAGEMENT			MIDDLE MANAGEMENT			CORE STAFF			TOTAL
			FULL-TIME	PART-TIME	TOTAL	FULL-TIME	PART-TIME	TOTAL	FULL-TIME	PART-TIME	TOTAL	
EMEA	M	2023	36.69	-	36.69	234.67	0.93	235.60	912.85	25.68	938.53	**1,210.82**
		2022	30.73	-	30.73	176.26	1.72	177.98	864.05	57.43	921.48	**1,130.19**
		2021	18.96	2.46	21.43	91.78	4.60	96.38	471.06	36.91	507.97	**625.78**
	F	2023	8.12	-	8.12	201.45	10.93	212.38	724.49	64.62	789.11	**1,009.61**
		2022	7.09	-	7.09	166.52	12.81	179.32	674.68	76.27	750.95	**937.36**
		2021	5.22	-	5.22	80.63	12.55	93.18	371.58	60.46	432.05	**530.45**
	TOTAL	**2023**	**44.81**	**-**	**44.81**	**436.12**	**11.87**	**447.98**	**1,637.34**	**90.30**	**1,727.64**	**2,220.43**
		2022	**37.82**	**-**	**37.82**	**342.78**	**14.52**	**357.30**	**1,538.73**	**133.70**	**1,672.43**	**2,067.55**
		2021	**24.19**	**2.46**	**26.65**	**172.41**	**17.14**	**189.55**	**842.65**	**97.37**	**940.02**	**1,156.23**
CUBA	M	2023	1.00	-	1.00	-	-	-	30.67	-	30.67	**31.67**
		2022	1.00	-	1.00	-	-	-	32.33	-	32.33	**33.33**
		2021	-	-	-	-	-	-	-	-	-	**-**
	F	2023	-	-	-	-	-	-	21.57	-	21.57	**21.57**
		2022	-	-	-	-	-	-	18.30	-	18.30	**18.30**
		2021	-	-	-	-	-	-	-	-	-	**-**
	TOTAL	**2023**	**1.00**	**-**	**1.00**	**-**	**-**	**-**	**52.24**	**-**	**52.24**	**53.24**
		2022	**1.00**	**-**	**1.00**	**-**	**-**	**-**	**50.63**	**-**	**50.63**	**51.63**
		2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
SPAIN	M	2023	112.82	0.70	113.51	599.04	8.14	607.18	2,822.67	77.56	2,900.23	**3,620.93**
		2022	116.75	0.93	117.68	453.88	4.00	457.88	2,688.36	51.66	2,740.02	**3,315.57**
		2021	99.18	3.74	102.92	357.22	4.36	361.58	1,477.32	56.82	1,534.14	**1,998.65**
	F	2023	69.45	0.25	69.70	568.16	27.17	595.33	3,354.59	267.33	3,621.92	**4,286.95**
		2022	65.54	0.25	65.79	445.92	3.56	449.48	3,197.98	136.26	3,334.23	**3,849.51**
		2021	53.74	-	53.74	305.11	12.80	317.92	1,534.46	152.51	1,686.97	**2,058.63**
	TOTAL	**2023**	**182.27**	**0.95**	**183.21**	**1,167.20**	**35.31**	**1,202.51**	**6,177.27**	**344.89**	**6,522.16**	**7,907.88**
		2022	**182.29**	**1.18**	**183.47**	**899.80**	**7.56**	**907.36**	**5,886.34**	**187.92**	**6,074.25**	**7,165.08**
		2021	**152.92**	**3.74**	**156.66**	**662.33**	**17.16**	**679.49**	**3,011.78**	**209.34**	**3,221.12**	**4,057.27**
ASIA	M	2023	9.49	-	9.49	12.02	-	12.02	0.29	-	0.29	**21.79**
		2022	8.39	-	8.39	11.58	-	11.58	-	-	-	**19.97**
		2021	7.28	-	7.28	5.30	-	5.30	0.91	-	0.91	**13.49**
	F	2023	1.88	-	1.88	24.55	-	24.55	4.84	-	4.84	**31.28**
		2022	2.00	-	2.00	20.88	-	20.88	7.03	-	7.03	**29.91**
		2021	1.82	-	1.82	13.08	-	13.08	9.00	-	9.00	**23.90**
	TOTAL	**2023**	**11.37**	**-**	**11.37**	**36.57**	**-**	**36.57**	**5.13**	**-**	**5.13**	**53.07**
		2022	**10.39**	**-**	**10.39**	**32.46**	**-**	**32.46**	**7.03**	**-**	**7.03**	**49.88**
		2021	**9.10**	**-**	**9.10**	**18.38**	**-**	**18.38**	**9.91**	**-**	**9.91**	**37.39**
AMERICA	M	2023	37.00	-	37.00	242.02	-	242.02	4,640.38	0.01	4,640.38	**4,919.41**
		2022	34.36	-	34.36	212.48	-	212.48	4,465.07	2.33	4,467.40	**4,714.25**
		2021	22.95	-	22.95	220.99	-	220.99	3,361.22	-	3,361.22	**3,605.15**
	F	2023	9.69	-	9.69	191.03	-	191.03	2,925.00	0.17	2,925.17	**3,125.88**
		2022	8.30	-	8.30	164.91	-	164.91	2,588.95	3.90	2,592.85	**2,766.05**
		2021	5.50	-	5.50	153.70	-	153.70	1,780.61	-	1,780.61	**1,939.81**
	TOTAL	**2023**	**46.69**	**-**	**46.69**	**433.05**	**-**	**433.05**	**7,565.38**	**0.17**	**7,565.55**	**8,045.29**
		2022	**42.66**	**-**	**42.66**	**377.39**	**-**	**377.39**	**7,054.02**	**6.23**	**7,060.25**	**7,480.30**
		2021	**28.44**	**-**	**28.44**	**374.69**	**-**	**374.69**	**5,141.83**	**-**	**5,141.83**	**5,544.96**
TOTAL		**2023**	**286.13**	**0.95**	**287.08**	**2,072.94**	**47.18**	**2,120.12**	**15,437.35**	**435.36**	**15,872.71**	**18,279.92**
		2022	**274.17**	**1.18**	**275.35**	**1,652.43**	**22.08**	**1,674.51**	**14,536.74**	**327.85**	**14,864.59**	**16,814.45**
		2021	**214.65**	**6.20**	**220.85**	**1,227.81**	**34.31**	**1,262.12**	**9,006.17**	**306.71**	**9,312.88**	**10,795.85**

* The group with "MANAGEMENT" positions includes the FTEs of the members of the management committee.

AVERAGE WORKFORCE BY GENDER, GEOGRAPHIC AREA, PROFESSIONAL CATEGORY AND TYPE OF CONTRACT (FTES)

GRI: 2-7

REGION	GENDER	YEAR	MANAGEMENT			MIDDLE MANAGEMENT			CORE STAFF			TOTAL
			PERMANENT	TEMPORARY	TOTAL	PERMANENT	TEMPORARY	TOTAL	PERMANENT	TEMPORARY	TOTAL	
EMEA	M	2023	36.69	-	36.69	226.97	8.63	235.60	847.39	91.13	938.53	**1,210.82**
		2022	30.73	-	30.73	175.69	2.29	177.98	838.79	82.69	921.48	**1,130.19**
		2021	21.43	-	21.43	96.18	0.20	96.38	483.70	24.27	507.97	**625.78**
	F	2023	8.12	-	8.12	209.24	3.14	212.38	712.87	76.24	789.11	**1,009.61**
		2022	7.09	-	7.09	176.30	3.02	179.32	672.41	78.55	750.95	**937.36**
		2021	5.22	-	5.22	92.94	0.24	93.18	406.82	25.23	432.05	**530.45**
	TOTAL	**2023**	**44.81**	**-**	**44.81**	**436.21**	**11.77**	**447.98**	**1,560.26**	**167.37**	**1,727.64**	**2,220.43**
		2022	**37.82**	**-**	**37.82**	**351.99**	**5.31**	**357.30**	**1,511.19**	**161.24**	**1,672.43**	**2,067.55**
		2021	**26.65**	**-**	**26.65**	**189.11**	**0.44**	**189.55**	**890.52**	**49.50**	**940.02**	**1,156.23**
CUBA	M	2023	1.00	-	1.00	-	-	-	30.67	-	30.67	**31.67**
		2022	1.00	-	1.00	-	-	-	32.33	-	32.33	**33.33**
		2021	-	-	-	-	-	-	-	-	-	**-**
	F	2023	-	-	-	-	-	-	21.57	-	21.57	**21.57**
		2022	-	-	-	-	-	-	18.30	-	18.30	**18.30**
		2021	-	-	-	-	-	-	-	-	-	**-**
	TOTAL	**2023**	**1.00**	**-**	**1.00**	**-**	**-**	**-**	**52.24**	**-**	**52.24**	**53.24**
		2022	**1.00**	**-**	**1.00**	**-**	**-**	**-**	**50.63**	**-**	**50.63**	**51.63**
		2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
SPAIN	M	2023	113.39	0.13	113.51	605.46	1.72	607.18	2,802.47	97.77	2,900.23	**3,620.93**
		2022	117.68	-	117.68	452.81	5.07	457.88	2,547.52	192.50	2,740.02	**3,315.57**
		2021	102.11	0.81	102.92	351.27	10.30	361.58	1,180.28	353.86	1,534.14	**1,998.65**
	F	2023	69.70	-	69.70	591.97	3.36	595.33	3,481.39	140.53	3,621.92	**4,286.95**
		2022	65.79	-	65.79	446.73	2.75	449.48	3,087.17	247.06	3,334.23	**3,849.51**
		2021	53.74	-	53.74	306.82	11.10	317.92	1,265.90	421.08	1,686.97	**2,058.63**
	TOTAL	**2023**	**183.09**	**0.13**	**183.21**	**1,197.43**	**5.07**	**1,202.51**	**6,283.86**	**238.29**	**6,522.16**	**7,907.88**
		2022	**183.47**	**-**	**183.47**	**899.54**	**7.81**	**907.36**	**5,634.69**	**439.57**	**6,074.25**	**7,165.08**
		2021	**155.85**	**0.81**	**156.66**	**658.09**	**21.40**	**679.49**	**2,446.18**	**774.94**	**3,221.12**	**4,057.27**
ASIA	M	2023	8.90	0.58	9.49	4.79	7.23	12.02	0.29	-	0.29	**21.79**
		2022	8.19	0.21	8.39	5.07	6.52	11.58	-	-	-	**19.97**
		2021	5.46	1.82	7.28	4.64	0.66	5.30	0.91	-	0.91	**13.49**
	F	2023	1.88	-	1.88	13.20	11.35	24.55	3.51	1.33	4.84	**31.28**
		2022	2.00	-	2.00	12.37	8.51	20.88	5.04	1.99	7.03	**29.91**
		2021	1.82	-	1.82	7.70	5.38	13.08	6.00	3.00	9.00	**23.90**
	TOTAL	**2023**	**10.78**	**0.58**	**11.37**	**17.99**	**18.58**	**36.57**	**3.80**	**1.33**	**5.13**	**53.07**
		2022	**10.19**	**0.21**	**10.39**	**17.44**	**15.02**	**32.46**	**5.04**	**1.99**	**7.03**	**49.88**
		2021	**7.28**	**1.82**	**9.10**	**12.34**	**6.04**	**18.38**	**6.91**	**3.00**	**9.91**	**37.39**
AMERICA	M	2023	36.78	0.22	37.00	216.32	25.70	242.02	3,603.00	1,037.38	4,640.38	**4,919.41**
		2022	34.21	0.15	34.36	186.49	26.00	212.48	3,194.99	1,272.41	4,467.40	**4,714.25**
		2021	17.67	5.27	22.95	170.71	50.28	220.99	2,213.48	1,147.74	3,361.22	**3,605.15**
	F	2023	9.19	0.50	9.69	175.73	15.30	191.03	2,203.54	721.62	2,925.17	**3,125.88**
		2022	8.30	-	8.30	153.11	11.79	164.91	1,740.85	852.00	2,592.85	**2,766.05**
		2021	5.00	0.50	5.50	130.05	23.65	153.70	1,029.44	751.18	1,780.61	**1,939.81**
	TOTAL	**2023**	**45.97**	**0.72**	**46.69**	**392.05**	**41.01**	**433.05**	**5,806.54**	**1,759.01**	**7,565.55**	**8,045.29**
		2022	**42.51**	**0.15**	**42.66**	**339.60**	**37.79**	**377.39**	**4,935.84**	**2,124.41**	**7,060.25**	**7,480.30**
		2021	**22.67**	**5.77**	**28.44**	**300.77**	**73.93**	**374.69**	**3,242.91**	**1,898.92**	**5,141.83**	**5,544.96**
TOTAL		**2023**	**285.66**	**1.42**	**287.08**	**2,043.68**	**76.44**	**2,120.12**	**13,706.71**	**2,166.01**	**15,872.71**	**18,279.92**
		2022	**274.99**	**0.36**	**275.35**	**1,608.58**	**65.93**	**1,674.51**	**12,137.39**	**2,727.20**	**14,864.59**	**16,814.45**
		2021	**212.45**	**8.40**	**220.85**	**1,160.31**	**101.81**	**1,262.12**	**6,586.53**	**2,726.35**	**9,312.88**	**10,795.85**

* The group with "MANAGEMENT" positions includes the FTEs of the members of the management committee.

NEW CONTRACTS BY GENDER, AGE, PROFESSIONAL CATEGORY, TYPE OF CONTRACT AND TYPE OF WORKDAY (Nº)

GRI: 401-1

LEVEL	AGE	TYPE OF CONTRACT							TYPE OF WORKDAY						
		PERMANENT			TEMPORARY			TOTAL	FULL-TIME			PART-TIME			TOTAL
		F	M	TOTAL	F	M	TOTAL		F	M	TOTAL	F	M	TOTAL	
MANAGEMENT	<30	0	0	**0**	0	0	0	**0**	0	0	**0**	0	0	**0**	**0**
	30 - 50	3	6	**9**	1	3	4	**13**	4	9	**13**	0	0	**0**	**13**
	>50	2	8	**10**	0	0	0	**10**	2	8	**10**	0	0	**0**	**10**
	Total 2023	**5**	**14**	**19**	**1**	**3**	**4**	**23**	**6**	**17**	**23**	**0**	**0**	**0**	**23**
	Total 2022	2	10	**12**	0	1	1	**13**	2	11	**13**	0	0	**0**	**13**
	Total 2021	3	8	**11**		1	1	**12**	3	8	**11**		1	**1**	**13**
MIDDLE MANAGEMENT	<30	24	23	**47**	10	4	14	**61**	34	27	**61**	0	0	**0**	**61**
	30 - 50	64	107	**171**	15	14	29	**200**	77	121	**198**	2	0	**2**	**200**
	>50	11	22	**33**	2	7	9	**42**	13	29	**42**	0	0	**0**	**42**
	Total 2023	**99**	**152**	**251**	**27**	**25**	**52**	**303**	**124**	**177**	**301**	**2**	**0**	**2**	**303**
	Total 2022	99	147	**246**	19	41	60	**306**	118	186	**304**	0	2	**2**	**308**
	Total 2021	54	74	**128**	25	42	67	**195**	77	112	**189**	2	4	**6**	**201**
CORE STAFF	<30	1,237	1,467	**2,704**	804	1,099	1,903	**4,607**	1,958	2,500	**4,458**	83	66	**149**	**4,607**
	30 - 50	1,031	1,073	**2,104**	681	846	1,527	**3,631**	1,649	1,896	**3,545**	63	23	**86**	**3,631**
	>50	163	216	**379**	116	132	248	**627**	265	338	**603**	14	10	**24**	**627**
	Total 2023	**2,431**	**2,756**	**5,187**	**1,601**	**2,077**	**3,678**	**8,865**	**3,872**	**4,734**	**8,606**	**160**	**99**	**259**	**8,865**
	Total 2022	2,959	3,102	**6,061**	1,802	2,292	4,094	**10,155**	4,477	5,234	**9,711**	284	160	**444**	**10,599**
	Total 2021	1,036	1,863	**2,899**	2,077	2,410	4,487	**7,386**	2,928	4,154	**7,082**	185	119	**304**	**7,690**
TOTAL	**Total 2023**	**2,535**	**2,922**	**5,457**	**1,629**	**2,105**	**3,734**	**9,191**	**4,002**	**4,928**	**8,930**	**162**	**99**	**261**	**9,191**
	Total 2022	**3,060**	**3,259**	**6,319**	**1,821**	**2,334**	**4,155**	**10,474**	**4,597**	**5,431**	**10,028**	**284**	**162**	**446**	**10,474**
	Total 2021	**1,093**	**1,945**	**3,038**	**2,102**	**2,453**	**4,555**	**7,593**	**3,008**	**4,274**	**7,282**	**187**	**124**	**311**	**7,593**

*This table does not reflect the additions resulting from the change of perimeter of the hotels. That is to say, those switching from rental or ownership to management, as they result from a change in structure. These total a number of 413 employees.

TURNOVER RATE FOR AVERAGE WORKFORCE BY GENDER, GEOGRAPHIC AREA AND AGE (%)

GRI: 401-1

REGION	GENDER	INVOLUNTARY ROTATION				VOLUNTARY ROTATION				TOTAL ROTATION			
		<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL
EMEA	M	8.0%	8.1%	7.5%	**8.0%**	24.9%	19.5%	14.7%	**20.7%**	32.9%	27.6%	22.2%	**28.7%**
	F	6.9%	5.2%	2.2%	**5.6%**	23.6%	17.6%	13.6%	**19.8%**	30.4%	22.9%	15.8%	**25.4%**
	TOTAL 2023	**7.4%**	**6.9%**	**5.4%**	**6.9%**	**24.2%**	**18.7%**	**14.3%**	**20.3%**	**31.6%**	**25.6%**	**19.7%**	**27.2%**
	TOTAL 2022	10.5%	6.8%	8.0%	**8.3%**	25.7%	23.3%	14.2%	**23.2%**	36.2%	30.0%	22.2%	**31.5%**
	TOTAL 2021	10.9%	8.9%	7.7%	**9.5%**	16.6%	15.7%	16.5%	**16.2%**	27.5%	24.5%	24.2%	**25.6%**
SPAIN	M	4.6%	4.2%	3.4%	**4.1%**	14.6%	9.4%	3.5%	**9.2%**	19.2%	13.6%	6.9%	**13.3%**
	F	4.2%	4.1%	3.4%	**3.9%**	14.3%	8.4%	3.8%	**8.6%**	18.5%	12.4%	7.3%	**12.5%**
	TOTAL 2023	**4.4%**	**4.1%**	**3.4%**	**4.0%**	**14.5%**	**8.8%**	**3.7%**	**8.9%**	**18.9%**	**13.0%**	**7.1%**	**12.9%**
	TOTAL 2022	20.8%	12.8%	8.9%	**13.7%**	16.2%	8.8%	5.7%	**9.8%**	36.9%	21.6%	14.6%	**23.5%**
	TOTAL 2021	41.6%	22.7%	16.5%	**24.1%**	10.5%	6.5%	6.1%	**7.1%**	51.7%	28.9%	22.5%	**30.9%**
ASIA	M	0.0%	8.0%	50.0%	**10.0%**	0.0%	0.0%	0.0%	**0.0%**	0.0%	8.0%	50.0%	**10.0%**
	F	0.0%	8.8%	0.0%	**7.1%**	20.0%	8.8%	0.0%	**9.5%**	20.0%	17.6%	0.0%	**16.7%**
	TOTAL 2023	**0.0%**	**8.5%**	**20.0%**	**8.3%**	**12.5%**	**5.1%**	**0.0%**	**5.6%**	**12.5%**	**13.6%**	**20.0%**	**13.9%**
	TOTAL 2022	0.0%	1.9%	0.0%	**1.6%**	0.0%	7.7%	0.0%	**6.3%**	0.0%	9.6%	0.0%	**7.9%**
	TOTAL 2021	0.0%	3.0%	0.0%	**2.3%**	33.3%	3.0%	0.0%	**7.0%**	33.3%	6.1%	0.0%	**9.3%**
AMERICA	M	14.9%	12.6%	8.3%	**13.1%**	30.5%	23.4%	12.5%	**25.2%**	45.5%	36.0%	20.8%	**38.4%**
	F	10.2%	8.6%	4.7%	**9.1%**	31.1%	25.3%	15.0%	**27.2%**	41.3%	33.9%	19.7%	**36.3%**
	TOTAL 2023	**13.0%**	**11.1%**	**7.3%**	**11.5%**	**30.8%**	**24.1%**	**13.2%**	**26.0%**	**43.7%**	**35.2%**	**20.5%**	**37.6%**
	TOTAL 2022	11.1%	9.2%	6.8%	**9.9%**	34.6%	25.8%	16.0%	**28.9%**	45.7%	35.1%	22.7%	**38.7%**
	TOTAL 2021	41.4%	28.5%	15.0%	**32.7%**	6.0%	6.3%	4.3%	**6.0%**	47.4%	34.5%	19.3%	**38.6%**
TOTAL	**Total 2023**	**9.6%**	**7.4%**	**4.5%**	**7.7%**	**24.9%**	**16.5%**	**6.9%**	**17.8%**	**34.5%**	**23.9%**	**11.4%**	**25.4%**
	Total 2022	**13.7%**	**10.5%**	**8.3%**	**11.3%**	**28.1%**	**18.0%**	**8.7%**	**20.0%**	**41.8%**	**28.5%**	**17.1%**	**31.3%**
	Total 2021	**37.8%**	**23.9%**	**15.4%**	**26.7%**	**8.2%**	**7.4%**	**6.7%**	**7.5%**	**46.0%**	**31.0%**	**21.9%**	**34.1%**

DISMISSALS BY PROFESSIONAL CATEGORY, AGE AND GENDER (Nº)

GRI: 401-1

LEVEL	AGE	2021			2022			2023		
		FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
MANAGEMENT	<30	-	-	-	-	-	-	-	-	-
	30-50	-	-	-	-	1	1	1	1	2
	>50		2	2	1	3	4	2	2	4
	TOTAL	-	2	2	1	4	5	3	3	6
MIDDLE MANAGEMENT	<30	2		2	-	-	-	2	2	4
	30-50	5	10	15	5	13	18	17	30	47
	>50		1	1	1	5	6	4	10	14
	TOTAL	7	11	18	6	18	24	23	42	65
CORE STAFF	<30	71	212	283	40	148	188	97	282	379
	30-50	100	228	328	72	191	263	145	339	484
	>50	10	31	41	10	16	26	14	47	61
	TOTAL	181	471	652	122	355	477	256	668	924
TOTAL		188	484	672	129	377	506	282	713	995

* This table does not reflect the losses resulting from the change of perimeter of the hotels. That is to say, those switching from rental or ownership to management, as they result from a change in structure. These total a number of 862 employees.

AVERAGE REMUNERATION & GAP BY PROFESSIONAL CATEGORY AND AGE (€ AND RATIO)

GRI: 405-2

TYPE OF REMUNERATION	GENDER	YEAR	MANAGEMENT				MIDDLE MANAGEMENT				CORE STAFF				TOTAL
			<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	
FIXED REMUNERATION	M	2023	-	€90,505	€125,084	€106,864	€35,657	€42,726	€46,526	€43,142	€12,573	€15,262	€19,196	€14,801	€18,356
		2022	-	€87,681	€120,018	€100,315	€31,375	€40,657	€42,813	€40,492	€10,892	€14,320	€18,417	€13,500	€16,813
		2021	-	€79,649	€99,546	€88,016	€26,731	€35,638	€39,310	€36,127	€8,446	€12,759	€17,905	€11,962	€14,927
	F	2023	-	€77,870	€96,749	€84,446	€33,611	€38,994	€39,033	€38,507	€14,772	€17,423	€21,150	€17,042	€19,426
		2022	-	€79,203	€97,931	€83,885	€31,587	€37,882	€41,016	€37,861	€13,706	€16,463	€20,673	€16,077	€18,243
		2021	-	€70,591	€85,095	€74,942	€29,318	€33,092	€34,869	€33,204	€11,339	€15,000	€19,494	€14,562	€16,585
	GAP	2023	-	0.86	0.77	0.79	0.94	0.91	0.84	0.89	1.17	1.14	1.10	1.15	1.06
		2022	-	0.90	0.82	0.84	1.01	0.93	0.96	0.94	1.26	1.15	1.12	1.19	1.09
		2021	-	0.89	0.85	0.85	1.10	0.93	0.89	0.92	1.34	1.18	1.09	1.22	1.11

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TYPE OF REMUNERATION	GENDER	YEAR	MANAGEMENT				MIDDLE MANAGEMENT				CORE STAFF				TOTAL
			<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	
TOTAL REMUNERATION	M	2023	-	€111,109	€157,574	€133,087	€37,334	€46,661	€51,162	€47,089	€12,602	€15,356	€19,317	€14,875	€19,073
		2022	-	€106,693	€151,347	€124,139	€33,034	€44,526	€46,939	€44,273	€10,925	€14,381	€18,494	€13,553	€17,486
		2021	-	€98,082	€127,588	€111,506	€28,120	€39,075	€43,075	€39,554	€8,495	€12,858	€18,019	€12,047	€15,588
	F	2023	-	€94,783	€118,290	€102,971	€35,724	€43,024	€43,045	€42,356	€14,841	€17,528	€21,236	€17,131	€19,976
		2022	-	€97,940	€119,172	€103,248	€33,524	€41,914	€45,925	€41,860	€13,768	€16,539	€20,745	€16,148	€18,751
		2021	-	€90,168	€103,270	€94,099	€31,131	€36,413	€38,524	€36,495	€11,419	€15,128	€19,647	€14,679	€17,113
	GAP	2023	-	0.85	0.75	0.77	0.96	0.92	0.84	0.90	1.18	1.14	1.10	1.15	1.05
		2022	-	0.92	0.79	0.83	1.01	0.94	0.98	0.95	1.26	1.15	1.12	1.19	1.07
		2021	-	0.92	0.81	0.84	1.11	0.93	0.89	0.92	1.34	1.18	1.09	1.22	1.10

a. The remunerations used in this calculation by the Group correspond to the theoretical salary, based on 100% of the workday.
b. The following have not been taken into account in any of the calculations: partial retirements, trainees, extra banquets, hourly wages, and Venezuela (due to hyperinflation)

PAY GAP BY PROFESSIONAL CATEGORY AND COUNTRY (RATIO)

GRI: 405-2

FIXED REMUNERATION	YEAR	SPAIN	DOMINICAN REPUBLIC	MEXICO	GERMANY	FRANCE	ITALY	UNITED KINGDOM	BRAZIL	CHINA	USA
MANAGEMENT	2023	15%	40%	14%	20%	-12%	26%	2%	-	17%	31%
	2022	12%	24%	-18%	21%	-10%	-	-102%	-	39%	33%
	2021	12%	43%	12%	15%	1%	70%	-67%	100%	51%	100%
MIDDLE MANAGEMENT	2023	9%	12%	15%	11%	6%	-2%	0%	18%	16%	-5%
	2022	6%	10%	12%	9%	2%	6%	4%	22%	5%	2%
	2021	8%	19%	7%	20%	7%	-3%	6%	40%	-2%	-12%
CORE STAFF	2023	1%	6%	0%	2%	-1%	2%	4%	11%	-	17%
	2022	2%	0%	2%	3%	-1%	3%	6%	21%	-	7%
	2021	4%	-6%	3%	6%	2%	-2%	4%	49%	38%	6%

FIXED REMUNERATION	YEAR	SPAIN	DOMINICAN REPUBLIC	MEXICO	GERMANY	FRANCE	ITALY	UNITED KINGDOM	BRAZIL	CHINA	USA
MANAGEMENT	2023	17%	46%	15%	25%	-9%	30%	3%	-	17%	-
	2022	13%	29%	-17%	27%	-7%	-	-107%	-	38%	36%
	2021	11%	51%	11%	19%	2%	75%	-75%	100%	47%	100%
MIDDLE MANAGEMENT	2023	8%	12%	15%	11%	6%	-4%	-3%	16%	11%	
	2022	5%	8%	12%	9%	1%	5%	2%	20%	3%	0%
	2021	7%	19%	6%	22%	6%	-3%	-9%	40%	0%	-14%
CORE STAFF	2023	1%	6%	0%	1%	-1%	2%	4%	11%	-	
	2022	2%	0%	2%	3%	-1%	3%	7%	21%	-	7%
	2021	4%	-6%	3%	5%	2%	-2%	3%	48%	36%	5%

* Countries with a small workforce (Luxembourg, Austria, Peru, Croatia, Bulgaria, and Holland) have not been reported in the gap ratio, but they are included in the gap calculations for age and category. Additionally, Venezuela is excluded due to the hyperinflation situation in the country.

BASE SALARY RATIO COMPARED TO LOCAL MINIMUM SALARY BY GENDER

GRI: 202-1

RATIO	YEAR	GENDER	SPAIN	DOMINICAN REPUBLIC	MEXICO	GERMANY	FRANCE	ITALY	UNITED KINGDOM	BRAZIL
BASE SALARY / MINIMUM SALARY IN COUNTRY	**2023**	**M**	**1.08**	**1.00**	**1.00**	**1.11**	**1.00**	**1.00**	**1.00**	**1.08**
		F	**1.08**	**1.00**	**1.00**	**1.04**	**1.00**	**1.00**	**1.00**	**1.08**
BASE SALARY / MINIMUM SALARY IN COUNTRY	2022	M	1.12	1.00	1.00	1.00	1.00	1.01	1.00	1.08
		F	1.06	1.00	1.00	1.00	1.00	1.08	1.09	1.08
BASE SALARY / MINIMUM SALARY IN COUNTRY	2021	M	1.04	1.00	1.00	1.14	1.00	1.01	1.00	1.17
		F	1.04	1.00	1.00	1.24	1.00	1.01	1.00	1.17

TRAINING PER PROFESSIONAL CATEGORY AND GENDER (Nº HOURS)

GRI: 404-1

PROFESSIONAL CATEGORY	AGE	FEMALE	MALE	HOURS	HOURS X EMPLOYEE
MANAGEMENT	<30	0	16	16	16.00
	30-50	1,743	2,044	3,787	27.25
	>50	941	1,793	2,734	25.79
	TOTAL 2023	**2,684**	**3,853**	**6,538**	**26.58**
	TOTAL 2022	1,906	2,232	4,138	17.46
	TOTAL 2021	1,838	3,411	5,249	23.77
MIDDLE MANAGEMENT	<30	1,841	1,494	3,335	17.55
	30-50	17,877	17,775	35,652	21.67
	>50	6,170	6,316	12,487	23.00
	TOTAL 2023	**25,888**	**25,585**	**51,473**	**21.65**
	TOTAL 2022	10,924	10,498	21,422	13.27
	TOTAL 2021	17,942	15,036	32,978	26.13
CORE STAFF	<30	35,759	36,059	71,818	11.18
	30-50	50,602	57,710	108,312	11.89
	>50	11,088	13,011	24,099	9.88
	TOTAL 2023	**97,448**	**106,780**	**204,229**	**11.36**
	TOTAL 2022	46,422	45,757	92,179	7.65
	TOTAL 2021	65,601	72,064	137,665	14.78
TOTAL	**2023**	**126,021**	**136,219**	**262,240**	**12.73**
	2022	**59,253**	**58,487**	**117,739**	**8.47**
	2021	**85,381**	**90,511**	**175,892**	**16.29**

INVESTMENT IN TRAINING (€ AND RATIO)

YEAR	TOTAL INVESTMENT	INVESTMENT PER EMPLOYEE	INVESTMENT ON SOCIAL COST
2023	**€4,656,565**	**€255**	**0.84%**
2022	€2,283,615	€136	0.48%
2021	€1,049,077	€97	0.34%

PERFORMANCE ASSESSMENT BY GENDER AND PROFESSIONAL CATEGORY (% WORKFORCE)

GRI: 404-3

GENDER	YEAR	MANAGEMENT	MIDDLE MANAGEMENT	CORE STAFF	TOTAL
M	**2023**	**39.3%**	**65.6%**	**42.8%**	**44.8%**
	2022	62.2%	49.1%	22.5%	**25.1%**
	2021	NA	NA	NA	**NA**
F	**2023**	**52.2%**	**73.0%**	**45.6%**	**48.2%**
	2022	70.7%	59.7%	26.3%	**29.5%**
	2021	NA	NA	NA	**NA**
TOTAL	**2023**	**43.4%**	**69.1%**	**44.1%**	**46.4%**
	2022	**64.7%**	**53.9%**	**24.3%**	**27.0%**
	2021	**NA**	**NA**	**NA**	**NA**

COMMITMENT INDEX

TABLE OF CONTENTS	2020	2021	2022	2023	2023O
Global Commitment	85.6%	NA	83.0%	**87.3%**	**85.0%**

GENDER DIVERSITY

CATEGORY	WORKFORCE		OBJECTIVE	OBJECTIVE YEAR
	2022	2023		
Total women in workforce	45.2%	46.6%		
Women in executive positions	29.1%	30.4%		
Women in junior executive positions	49.0%	49.6%		
Women in senior management positions a maximum of 2 levels from the CEO	14.3%	17.1%	40%	2030
Women in executive positions in revenue-generating areas	65.0%	71.0%		
Women in STEM* positions	31.6%	22.4%		

DIVERSITY OF NATIONALITIES

NATIONALITY	WORKFORCE		EXECUTIVE POSITIONS (JUNIOR, MIDDLE AND SENIOR MANAGEMENT)	
	2022	2023	2022	2023
Spanish	37.8%	**37.5%**	56.5%	**57.0%**
Dominican	22.1%	**23.0%**	5.4%	**5.0%**
Mexican	20.3%	**18.9%**	9.0%	**8.3%**
Germany	3.3%	**3.1%**	8.1%	**7.7%**
Italy	3.2%	**3.3%**	4.7%	**4.8%**
France	1.3%	**1.1%**	2.5%	**2.3%**

DIVERSITY OF OTHER MINORITIES (FTES)

TYPE	AGE	EMPLOYEES		WORKFORCE	
		2022	2023	2022	2023
DISABILITY	<30	8	**7**	0.2%	**0.1%**
	30-50	53	**44**	0.5%	**0.4%**
	>50	30	**22**	1.1%	**0.7%**
	TOTAL	**91**	**73**	**0.5%**	**0.4%**
GENERATIONAL	<30	4,330	**4,877**	25.7%	**26.7%**
	30-50	9,766	**10,043**	58.1%	**54.9%**
	>50	2,719	**3,361**	16.2%	**18.4%**
	TOTAL	**16,814**	**18,280**	**100.0%**	**100.0%**
TOTAL		**16,814**	**18,280**	**100.0%**	**100.0%**

PARENTAL LEAVE (PAX)

GRI: 401-3

REGION	YEAR	PARENTAL LEAVE		
		M	F	TOTAL
SPAIN	2023	131	150	**281**
	2022	113	90	**203**
EMEA	2023	27	29	**56**
	2022	27	36	**63**
AMERICA	2023	190	196	**386**
	2022	147	107	**254**
ASIA	2023	2	1	**3**
	2022	1	2	**3**
TOTAL	2023	**350**	**376**	**726**
	2022	**288**	**235**	**523**

TRAINEES (PAX)

REGION	GENDER	2021	2022	2023
SPAIN	M		105	231
	F		166	365
	TOTAL	0	271	596
EMEA	M			209
	F			309
	TOTAL	0	0	518
AMERICA	M			1
	F			4
	TOTAL	0	0	5
CUBA	M			
	F			
	TOTAL	0	0	0
ASIA	M			
	F			
	TOTAL	0	0	0
TOTAL	M	0	105	441
	F	0	166	678
	TOTAL	0	271	1119

EMPLOYEES IN THE VALUE CHAIN (FTES)

GRI: 2-8

REGION	GENDER	2021	2022	2023
SPAIN	M	1,113.7	1,999.2	2,390.8
	F	1,091.3	2,110.2	2,695.6
	TOTAL	2,205.0	4,109.4	5,086.4
EMEA	M	499.7	1,279.4	1,579.7
	F	218.9	900.1	1,125.9
	TOTAL	718.6	2,179.5	2,705.6
AMERICA	M	670.0	776.7	944.7
	F	477.9	587.6	738.7
	TOTAL	1,147.9	1,364.4	1,683.3
CUBA	M	2,974.0	4,746.0	5,569.1
	F	2,147.0	3,909.0	4,336.8
	TOTAL	5,121.0	8,655.0	9,905.9
ASIA	M	2,109.0	3,512.9	4,334.2
	F	1,337.2	2,593.6	3,348.3
	TOTAL	3,446.2	6,106.5	7,682.5
TOTAL	M	7,366.3	12,314.3	14,818.5
	F	5,272.4	10,100.6	12,245.3
	TOTAL	12,638.7	22,414.9	27,063.8

Occupational Health and Safety Indicators

OCCUPATIONAL HEALTH RATES - STAFF

GRI: 403-9; 403-10

		OCCUPATIONAL ACCIDENTS			PROFESSIONAL ILLNESS		
INDICATOR	GENDER	2021	2022	2023	2021	2022	2023
RATE/INCIDENCE RATE	M	33.96	45.86	**32.84**	1.60	0.11	**0.00**
	F	45.47	50.51	**54.39**	2.64	0.53	**1.18**
	TOTAL	**38.81**	**47.96**	**42.83**	**2.04**	**0.30**	**0.55**
RATE/FREQUENCY RATE	M	18.53	25.55	**18.33**	0.87	0.06	**0.00**
	F	25.20	28.23	**30.76**	1.46	0.29	**0.67**
	TOTAL	**21.32**	**26.76**	**24.05**	**1.12**	**0.17**	**0.31**
RATE/SEVERITY RATE	M	0.36	0.45	**0.34**	0.02	0.00	**0.00**
	F	0.46	0.49	**0.71**	0.10	0.02	**0.04**
	TOTAL	**0.40**	**0.51**	**0.51**	**0.05**	**0.01**	**0.02**
Nº OF OCCUPATIONAL ACCIDENTS/ PROFESSIONAL ILLNESSES Nº OF OCCUPATIONAL INCIDENTS/ PROFESSIONAL ILLNESSES	M	212	421	**322**	10	1	**0**
	F	207	383	**461**	12	4	**10**
	TOTAL	**419**	**804**	**783**	**22**	**5**	**10**

INDICATOR	GENDER	2021	2022	2023
Nº OF DEATHS	M	0	1	0
	F	0	0	0
	TOTAL	**0**	**1**	**0**

WORKFORCE REPRESENTED ON OCCUPATIONAL HEALTH AND SAFETY COMMITTEES

GRI: 403-4

	YEAR	SPAIN	EMEA	ASIA	AMERICA	TOTAL
WORKFORCE	**2023**	**100.0%**	**17.5%**	**0.0%**	**98.7%**	**88.8%**
	2022	97.0%	75.7%	0.0%	83.7%	85.6%

ABSENTEEISM

GRI: 403-9; 403-10

		OCCUPATIONAL ACCIDENTS			PROFESSIONAL ILLNESS			COMMON CONTINGENCY			TOTAL ABSENTEEISM		
INDICATOR	GENDER	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
PERCENTAGE OF ABSENTEEISM	M	0.29	0.36	**0.27**	0.01	0.00	**0.00**	3.46	3.65	4.46	**3.76**	**4.00**	**4.73**
	F	0.37	0.48	**0.56**	0.08	0.02	**0.03**	5.80	5.64	7.99	**6.25**	**6.13**	**8.58**
	TOTAL	**0.32**	**0.41**	**0.40**	**0.01**	**0.01**	**0.02**	**4.44**	**4.54**	**6.09**	**4.77**	**4.96**	**6.50**
Nº OF DAYS LOST	M	4,094	7,350	**5,911**	201	1	**0**	49,559	75,093	101,898	**53,854**	**82,444**	**107,809**
	F	3,809	8,122	**10,628**	792	260	**647**	59,504	95,592	159,565	**64,105**	**103,974**	**170,840**
	TOTAL	**7,903**	**15,472**	**16,539**	**993**	**261**	**647**	**109,063**	**170,685**	**261,463**	**117,959**	**186,418**	**278,649**
Nº OF HOURS OF ABSENTEEISM	M	32,752	58,800	**46,811**	1,608	8	**0**	396,472	600,744	783,763	**430,832**	**659,552**	**830,574**
	F	30,472	64,976	**83,565**	6,336	2,080	**5,091**	476,032	764,736	1,197,660	**512,840**	**831,792**	**1,286,316**
	TOTAL	**63,224**	**123,776**	**130,376**	**7,944**	**2,088**	**5,091**	**872,504**	**1,365,480**	**1,981,423**	**943,672**	**1,491,344**	**2,116,890**

CALCULATION METHODOLOGY
Incident rate: (Nº Incidents * 1,000)/Average Workforce
Frequency rate: (Nº Incidents * 1,000,000)/Hours worked
Severity rate: (Hours lost * 1,000)/Hours worked
Percentage of absenteeism: (Hours lost * 100)/Hours worked

Social Indicators

SUPPLY CHAIN

GRI 204-1

CENTRALISED PROCUREMENT - CONSOLIDATED	UNIT	2020	2021	2022	2023
Total portfolio of suppliers (Tier 1)	Nº	5,405	5,198	6,633	**6,548**
Portfolio of local suppliers	Nº	4,882	4,707	5,924	**5,720**
	%	90.32%	90.55%	89.31%	**87.35%**
Critical Tier 1 suppliers	Nº	27	19	20	**18**
Non-critical Tier 1 suppliers	Nº	61	110	164	**54**
Total volume of purchases	€	220,943,238	287,429,168	443,682,395	**546,909,067**
Volume of local purchases	€	193,677,671	237,373,769	392,858,079	**462,461,325**
	%	87.66%	82.59%	88.54%	**84.56%**
Volume of purchases Headquarters Spain	€	160,854,569	170,293,549	314,651,062	**395,691,247**
Volume of purchases Headquarters Dominican Republic	€	14,291,824	41,002,405	60,838,628	**72,944,369**
Volume of purchases Headquarters Mexico	€	16,665,942	40,820,266	50,103,897	**57,155,601**
Volume of purchases Headquarters Germany	€	3,201,672	3,183,342	757,360	**361,180**
Volume of purchases Headquarters United Kingdom	€	16,712,976	16,187,918	11,955,123	**5,887,410**
Volume of purchases Headquarters France	€	7,943,027	7,855,719	963,639	**899,276**
Volume of purchases Headquarters Italy	€	1,273,227	8,085,970	4,412,687	**13,294,936**

SOCIAL ACTION

GRI: 2-28

TYPE	2022	2023	2023 VS 2022
Business Foundations	21,600	**28,855**	34%
Social Foundations & Entities	50,100	**186,254**	271.8%
Donations in kind	158,556	**1,601**	-99.0%
Contributions to Organisations & Associations	610,675	**591,939**	-3.1%
TOTAL	**840,931**	**808,649**	**-3.8%**

Report on eligibility and alignment with EU Taxonomy

GRI: 201-2; 203-1; 203-2

Introduction

1.1 General section

One of the most important purposes of the EU Action Plan on Sustainable Finance is to channel cash flows towards sustainable investments. Within this context, the EU Taxonomy Regulation came into force in mid 2020 and established some new obligations that companies must fulfil.

The Regulation (EU) 2020/852 of the European Parliament and of the Council, of 18 June 2020, on the establishment of a framework to facilitate sustainable investment (henceforth, "the Taxonomy" or "the Regulation") aims to serve as a standard and obligatory classification system for determining which economic activities are considered "environmentally sustainable" in the EU.

At present, the EU has published a catalogue of sustainable activities that encompass the six environmental objectives: climate change mitigation, climate change adaptation, pollution prevention and control, the transition to a circular economy, the sustainable use and protection of water and marine resources, and the protection and restoration of biodiversity and ecosystems. Thus, each year companies must report on the classification of their activities as environmentally sustainable in accordance with the EU Taxonomy. To this end, an initial distinction between Taxonomy-Eligibility and Taxonomy-Alignment is required.

Firstly, it is necessary to examine if an activity is eligible. The eligibility of an activity is based on its similarity to the descriptions detailed in the delegated acts of the Taxonomy, which establish the technical criteria and requirements for each environmental objective. These descriptions are linked to a series of NACE codes which aim to guide the exercise of eligibility analysis.

A second step requires analysis of whether the taxonomy-eligible activities previously identified can be considered to be aligned with the Taxonomy, and thus, environmentally sustainable. For an eligible activity to be considered aligned, it is necessary to simultaneously meet three criteria:

- The activity should make a substantial contribution (SC) to an environmental objective,
- The activity should do no significant harm (DNSH) to the other environmental objectives; and,
- The company should respect a series of minimum safeguards.

1.2 Objective and scope

According to its article 1.1, Regulation (EU) 2020/852 is applicable to companies that are subject to the obligation of publishing a non-financial statement or a consolidated non-financial statement in accordance with article 19 bis or article 29 bis of the Directive 2013/34/EU of the European Parliament and of the Council, respectively.

In accordance with the aforementioned regulatory obligations, Meliá Hotels Internacional S.A. (henceforth "the company" or "Meliá") is obliged to comply with Regulation (EU) 2020/852, and to report on the specific key performance indicators in relation to the eligibility and alignment of its activities, in the planned form and substance.

Therefore, in accordance with the aforementioned regulatory requirement, and based on analysis of the economic activities carried out by Meliá, this document reports the percentage of the turnover/ CapEx /OpEx eligible and aligned in accordance with the Taxonomy in their respective totals for the 2023 tax year. The calculation of these KPIs has been carried out for the consolidated Group and the companies that are part of it, taking into account that they meet the criteria established by the regulation on the information used as a basis for all the indicators.

This year, the study carried out by Meliá has taken into account the regulatory developments that apply to the data of the 2023 tax year, which include the obligation to analyse, in addition to the eligibility and alignment of the activities of the objectives of Mitigation of climate change and the Objectives of Adaptation to Climate Change, the eligibility of the four remaining objectives: Sustainable use and protection of water and marine resources, Transition towards a circular economy, Prevention and control of pollution, and Protection and restoration of biodiversity and ecosystems. Thus, as shall be indicated in the following sections, it has been identified that the main activity of Meliá is included as eligible in taxonomic activity 2.1 of the objective for the Protection and restoration of biodiversity and ecosystems: Hotels, holiday resorts, camping grounds and similar accommodation.

2. Main results

2.1 KPIs

In the year corresponding to the 2023 tax year, Meliá recorded a total turnover of €1,733 Mn (+15%) with a total CapEx of €77 Mn (-24%), and a total OpEx of €159 Mn (+28%). The significant variation in these figures is mainly due to the revival of the hotel operation in a year of recovery for the tourist sector.

The eligibility analysis has concluded that, from the aforementioned figures, the following are eligible:

TAXONOMY SUMMARY TABLE

INDICATOR	REF.	BREAKDOWN	2022	2023
A. REVENUE	[A1]	Revenue	€1,506,634,727.4	€1,733,411,853.4
	[A2]	Eligible Revenue	- €	€1,548,575,416.9
		% Eligible Revenue	0%	89%
		% Non-Eligible Revenue	100%	11%
B. OPEX	[B1]	OPEX	€123,678,929.2	€158,824,159.6
	[B2]	Eligible OPEX	€21,553,868.7	€46,743,795.4
		% Eligible OPEX	17%	29%
		% Non-Eligible OPEX	83%	71%
C. CAPEX	[C1]	CAPEX	€101,606,516.9	€76,740,397.3
	[C2]	Eligible CAPEX	€26,953,751.1	€74,497,306.8
		% Eligible CAPEX	27%	97%
		% Non-Eligible CAPEX	73%	3%

With regard to the table above, it is important to highlight that the main explanation of the significant variations is the recent inclusion of economic activity "2.1. Hotels, holiday resorts, camping grounds and similar accommodation" in the COMMISSION DELEGATED REGULATION (EU) 2023/2486, of 27 June 2023, completing l Regulation (EU) 2020/852 by establishing the technical selection criteria for determining the conditions in which an economic activity will be considered to substantially contribute to the sustainable use and protection of water and marine resources, to the transition towards a circular economy, to the prevention and control of pollution, or to the protection and restoration of biodiversity and ecosystems.

In this regard, given the nature of the Company's economic activities and considering what is outlined in the "Commission Notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets (2022/C 385/01)", specifically in section 3 which defines what a taxonomy-eligible economic activity is, the increase of the reference volumes that may be adapted in the future is undeniable.

2.1.1 Turnover (Revenue)

Figures in EUR million

Economic activities		Codes	Total Revenue	Proportion of Revenue	SUBSTANTIAL CONTRIBUTION: Mitigation of climate change	SUBSTANTIAL CONTRIBUTION: Adaptation to climate change	SUBSTANTIAL CONTRIBUTION: Sustainable use of water and marine resources	SUBSTANTIAL CONTRIBUTION: Transition towards a circular economy	SUBSTANTIAL CONTRIBUTION: Pollution prevention and control	SUBSTANTIAL CONTRIBUTION: Protection and restoration of biodiversity and ecosystems	ABSENCE OF SIGNIFICANT HARM: Mitigation of climate change	ABSENCE OF SIGNIFICANT HARM: Adaptation to climate change	ABSENCE OF SIGNIFICANT HARM: Sustainable use of water and marine resources	ABSENCE OF SIGNIFICANT HARM: Transition towards a circular economy	ABSENCE OF SIGNIFICANT HARM: Pollution prevention and control	ABSENCE OF SIGNIFICANT HARM: Protection and restoration of biodiversity and ecosystems	MS: Minimum safeguards	Proportion of Revenue that conforms to Taxonomy in 2023	Support activity	Transition activity
Nº	Activity		€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Sustainable environmental activities (Aligned)																				
7.7	Acquisition and ownership of buildings	L-68	0.0	0%	0%	0%					N	N	N	N	N	N	Y	0%		
2.1	Hotels and similar accommodation	I-55	0.0	0%						0%	N	N					Y	0%		
Volume of Revenue from sustainable activities (A.1)			**0.0**	**0%**	**0**	**0**				**0**								**0%**		
A.2. Taxonomy-eligible activities, but not environmentally sustainable (Eligible but not aligned)																				
7.7	Acquisition and ownership of buildings	L-68	0.1	0%																
2.1	Hotels and similar accommodation	I-55	1,548.5	89%																
Volume of Revenue of eligible but unsustainable activities (A.2.)			**1,548.6**	**89%**														**0%**		
TOTAL (A.1.+ A.2.)			**1,548.6**	**89%**														**0%**		
B. NON-ELIGIBLE TAXONOMY ACTIVITIES																				
Volume of Revenue from non-eligible activities			**184.8**	**11%**																
TOTAL (A + B)			**1,733.4**	**100%**																

2.1.2 OpEx

Figures in EUR million

					SUBSTANTIAL CONTRIBUTION						ABSENCE OF SIGNIFICANT HARM						MS			
Economic activities		Codes	Total OpEx	Proportion of OpEx	Mitigation of climate change	Adaptation to climate change	Sustainable use of water and marine resources	Transition towards a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems	Mitigation of climate change	Adaptation to climate change	Sustainable use of water and marine resources	Transition towards a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems	Minimum safeguards	Proportion of OpEx that conforms to Taxonomy in 2023	Support activity	Transition activity
Nº	Activity	z	€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Sustainable environmental activities (Aligned)																				
2.1	Hotels and similar accommodation	I-55	0.0	0%						0%	N	N					Y	0%		
Volume of OpEx from sustainable activities (A.1)			**0.0**	**0%**						**0**								**0%**		
A.2. Taxonomy-eligible activities, but not environmentally sustainable (Eligible but not aligned)																				
2.1	Hotels and similar accommodation	I-55	46.7	29%																
Volume of OpEx from eligible but unsustainable activities (A.2.)			**46.7**	**29%**														**0%**		
TOTAL (A.1.+ A.2.)			**46.7**	**29%**														**0%**		
B. NON-ELIGIBLE TAXONOMY ACTIVITIES																				
Volume of OpEx from non-eligible activities			**112.1**	**71%**																
TOTAL (A + B)			**158.8**	**100%**																

2.1.3 CapEx

Figures in EUR million

Economic activities					SUBSTANTIAL CONTRIBUTION						ABSENCE OF SIGNIFICANT HARM						MS			
		Codes	Total CapEx	Proportion of CapEx	Mitigation of climate change	Adaptation to climate change	Sustainable use of water and marine resources	Transition towards a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems	Mitigation of climate change	Adaptation to climate change	Sustainable use of water and marine resources	Transition towards a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems	Minimum safeguards	Proportion of CapEx that conforms to Taxonomy in 2023	Support activity	Transition activity
Nº	Activity		€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Sustainable environmental activities (Aligned)																				
2.1	Hotels and similar accommodation	I-55	0.0	0%						0%	N	N					Y	0%		
Volume of CapEx from sustainable activities (A.1)			**0.0**	**0%**	**0**	**0**				**0**								**0%**		
A.2. Taxonomy-eligible activities, but not environmentally sustainable (Eligible but not aligned)																				
2.1	Hotels and similar accommodation	I-55	74.5	97%																
Volume of CapEx from eligible but unsustainable activities (A.2.)			**74.5**	**97%**														0%		
TOTAL (A.1.+ A.2.)			**74.5**	**97%**														0%		
B. NON-ELIGIBLE TAXONOMY ACTIVITIES																				
Volume of CapEx from non-eligible activities			2.2	3%																
TOTAL (A + B)			**76.7**	**100%**																

2.2 Accounting policy

In compliance with point 1.2.1 of Annex I of Commission Delegated Regulation supplementing Regulation (EU) 2020/852, the way in which the turnover, investments in fixed assets and operating expenses were determined and assigned to both the numerator and denominator of each reported indicator is described below.

In this regard, the calculation of the amount and percentage of the eligibility of the activities of Meliá within the different indicators, has used the full amount of the specific turnover, CapEx and OpEx required by the regulation for the different activities in accordance with their eligibility.

2.2.1 Turnover

In the case of the turnover indicator, based on the income statements, the accounts to process have been selected based on the Delegated Regulation (EU) of the Commission, as well as the *Final Report- Advice on article 8 of the Taxonomy Regulation* published by the ESMA on 26 February 2021.

Thus, the income accounts recognised for accounting purposes have been selected in accordance with IAS 1, paragraph 82, letter a): ordinary income, indicating separately interest income calculated according to the effective interest rate method. This income includes:

- the ordinary income from contracts with customers recorded in accordance with IFRS 15;
- income from leases registered in accordance with IFRS 16, both income from operational leases and income from financial leases, income from interest on accounts receivable from financial leases and other accounts receivable calculated using the effective interest method; and,
- other sources of income, when applicable.

For the calculation of the denominator, the income statement of Meliá is used, selecting only the accounts according to the pre-defined accounting criteria. These accounts are as follows: (a) sale of rooms, (b) sales of food, (c) sales of beverages, (d) sales of different services, (e) sales of derivative activities, (f) sale of real estate assets, (g) returns on sales, (h) provision of different services, (i) billing for commissions from loyalty programmes, and (j) income from franchise fees.

The final figure will be the sum total of these accounts in the consolidated result after adjustments, as they all comply with the criteria of the European Union Regulation.

For the calculation of the numerator, the same income statement of Meliá is used as the one that was used to calculate the denominator, but only the items that were considered eligible based on their analysis in relation to the Taxonomy are included. To this end, an initial differentiation is carried out evaluating the economic activity of each company that makes up the Group's result. Having determined the companies whose activity is considered eligible according to the regulation, the results are identified which are linked to Assets Owned or Rented which are part of the processes of activity "2.1. Hotels, holiday resorts, camping grounds and similar accommodation"

2.2.2 CapEx

For the calculation of this KPI, the detail of the CapEx per project has been extracted from analytical accounting. Based on this data and, following the criteria defined in Annex I and II, section 1.1 of the Delegated Regulation (EU) of the Commission, the types that must be included according to the regulatory mandate have been selected, i.e. those that have been registered in accordance with International Accounting Standards (henceforth, IAS). The types defined for these purposes are: (a) Expansion – rebranding and pre-opening, (b) IT, (c) Business, (d) Operations, (e) Strategic Plan, and (f) Risks.

When applying the international financial reporting standards (IFRS) adopted by Regulation (EC) No. 1126/2008, the Group will include the costs posted to accounts in accordance with:

- IAS 16 Property, Plant and Equipment, paragraph 73, letter e), items i) and iii);
- IAS 38 Intangible Assets, paragraph 118, letter e), item i);
- IAS 40 Investment Property, paragraph 76, letters a) and b), (for the fair value model);
- IAS 40 Investment Property, paragraph 79, letter d), items i) and ii), (for the cost model);
- IFRS 16 Leases, paragraph 53, letter

Additionally, the capital expenditure carried out through joint ventures has been considered as CapEx.

The calculation of the denominator is based on a list of group projects with consolidated information after adjustments, taking into account those that can be considered CapEx in accordance with article 8, and indicating whether the project should be chosen based on the accounting criteria established by the Regulation. The total sum of the amounts in these projects constitutes the denominator.

The calculation of the numerator uses the same list of group projects, but this time only including the projects that are considered eligible in accordance with the criteria established by the Taxonomy. In addition to this list, the taxonomy CapEx linked to activity 2.1 of Annex IV of the objective on the protection and restoration of biodiversity and ecosystems has been added. Hotels, holiday resorts, camping grounds and similar accommodation.

2.2.3 OpEx

For the OpEx indicator, the Group's consolidated income statements after adjustments have been used as the base information in order to avoid duplication.

In accordance with the regulations, (Annex I, paragraph 1.1 of Commission Delegated Regulation (EU); and *Final Report- Advice on article 8 of the Taxonomy Regulation* published by the ESMA on 26 February 2021) the accounts that need to be taken into consideration for the calculation have been selected. Thus, the OpEx calculation will only include non-capitalised direct costs recorded in the income statement for the year relating to:

- Research and development expenses.
- Short-term lease expenses.
- Maintenance and repairs, as well as other direct related expenses that are required to guarantee the continued and efficient operation of said assets.
- The aforementioned operating expenses carried out through joint ventures will also form part of the OPEX. However, the operating expenses of joint ventures will not be considered as such.

The calculation of the denominator is based on the income statement of Meliá, taking the following accounts selected according to the pre-defined criteria, which are as follows: (a) Other Rentals, (b) Other Rentals IFRS16, (c) High or Low Value Rentals, (d) Low Value Rentals, (e) Royalties and others, (f) Off-Shore Rentals, (g) Repairs and Maintenance, (h) Rentals from Hotels, (i) Rental from Hotels IFRS16. Meliá does not have an account item relating to R+D.

Therefore, the OpEx denominator consists of the sum of these accounts for the companies in the consolidated Group.

The calculation of the numerator of the OpEx indicator is based on the figure obtained from the calculation of the denominator, but including only those accounts and items that are considered eligible in accordance with the Taxonomy Regulation and following the same criteria described in the previous sections, i.e. that they are assets that are intrinsically linked to the activity: Hotels, holiday resorts, camping grounds and similar accommodation.

2.2.4 Double counting

With the aim of avoiding double counting of the figures of the aforementioned activities, the organisation has established the necessary supervision and control measures in order to ensure the consistency and reliability of the information extraction and transformation, and thus ensure the integrity and traceability of the information from its origin to the reporting of the calculated indicators. To this end, the company has defined the appropriate responsibilities and mechanisms for segregating functions that allow the tasks in the process to be supervised, and also to ensure the standardisation of accounting criteria, the correct application of the premises, and the avoidance of any duplication in the assignment of activities or inter-company relationships in the different indicators.

2.3 Diagnosis of compliance with technical criteria

2.3.1 Analysis of the main activity

The main activity of Meliá Hotels International is the provision of short-stay tourist accommodation, relating to taxonomic activity 2.1 of Annex IV on the objective for the protection and restoration of biodiversity and ecosystems: Hotels, holiday resorts, camping grounds and similar accommodation.

This activity includes the provision of short-stay tourist accommodation, with or without associated services, such as cleaning services, catering and beverages, car parks, laundry, swimming pools and fitness rooms, recreational facilities and facilities for conferences and conventions. Thus, the taxonomy analysis of this fiscal year, 2023, concluded that 89% of Revenue, 97% of the CapEx and 29% of the OpEx of Meliá Hotels International will be eligible within activity 2.1.

According to Commission Delegated Regulation (EU) 2023/2486, of 27 June 2023, completing Regulation (EU) 2020/852 of the European Parliament and of the Council, the eligibility and alignment results relating to the information corresponding to the 2023 financial year relating to the objectives of Mitigation of climate change and of Adaptation to climate change, and only the eligibility of the four new objectives should be included.

Due to the above and in view of the low participation in eligible economic activities linked to the objectives of Mitigation of climate change and of Adaptation to climate change, this analysis will focus on the eligibility of activity 2.1. Hotels, holiday resorts, camping grounds and similar accommodation, and a pre-assessment of the future alignment.

2.3.2 Substantial contribution criteria (SCC)

With regard to the substantial contribution, as we have stated, the activity Hotels, holiday resorts, camping grounds, and similar accommodation naturally becomes the one of greatest relevance. Therefore, we will further our analysis of the criteria for the contribution to the protection and restoration of biodiversity and ecosystems in future years with the objective of achieving the alignment of our activities where possible.

This analysis will result in extending the assessment that we present in the section Management of biodiversity and ecosystems, and also identifying and approaching organisations responsible for the conservation of the zones close to the tourist destinations that house our accommodation in order to establish collaboration agreements.

2.3.3 Do no significant harm (DNSH) criteria

On the other hand, regarding the criteria of doing no significant harm relating to activity, specifically those relating to the adaptation to climate change, while it is true that, during 2021 we aligned Meliá's climate change management to the recommendations guide prepared by the Task Force on Climate related Financial Disclosures (TCFD) working group, we have decided to apply conservative criteria when evaluating the alignment of our activities and we believe we need to analyse each particular asset in the assessment of the risks and opportunities related to climate change and the way we manage them. In view of the foregoing, and due to the aforementioned need, we believe that at present our activities cannot be considered to be aligned in accordance with the criteria established in the Regulation.

In view of what has been outlined, and in accordance with what is described in the section on Climate change and Energy, this review takes on even greater importance and encourages us to update and improve the analysis of climate risks associated with our property portfolio in 2024.

On the other hand, we will analyse the remaining DNSH criteria in order to establish a plan that eventually enables us to adapt our assets in order to do no harm to the mitigation of climate change and to none of the other objectives established in these regulations.

It is worth highlighting the Company will face a significant challenge to achieve alignment, requiring strategic and sustained efforts to attain it. Although it is important to acknowledge that immediate success may not be attainable in the short-term, the approach that we adopt gives us confidence in eventual favourable results.

2.4 Information regarding minimum safeguards

GRI: 206-1; 416-2; 417-2; 417-3; 418-1

2.4.1 Introduction

In addition to complying with a series of objective technical criteria for each of its activities, alignment depends on compliance, by the Company, with a series of minimum safeguards.

Essentially, the purpose of the Minimum Safeguards (MS) outlined in Article 18 of Regulation (EU) 2020/852 of the European Parliament and of the Council consists of preventing an investment being classified as sustainable if it entails negative impacts on:

- Human Rights, including the rights of workers.
- The fight against corruption and bribery
- Tax matters.
- Competition law.

These minimum safeguards do not contradict the application of more stringent requirements in terms of health, safety, etc. provided it is applicable under European Law.

2.4.2 Declaration of compliance.

The requirements outlined in this analysis have been interpreted based on the guidelines provided by the European Union Platform on Sustainable Finance in the document *Final Report on Minimum Safeguards* of October 2022.[1]

a. Human rights

Meliá Hotels International has spent years working on the consolidation of a management and governance system for human rights, the process began with the publication of its Human Rights Policy, approved by the Board of Directors in July 2018 and which expressly outlines its express commitments in relation to this field.

The Company has assumed the universal cornerstones for the protection and defence of these rights, such as the Principles of the Global Compact —an entity it has been a member of since 2008— and the Human Rights of the United Nations. It also follows and applies other international reference frameworks in the business sector (the International Charter of Human Rights, the International Covenant on Economic, Social and Cultural Rights, as well as the Fundamental Principles of the ILO, the Tripartite Declaration of Principles on Multinational Enterprises and the Social Policy) as well as the specific agreements of the tourist industry, as publicly outlined in the aforementioned corporate policy.

Respect for human rights in accordance with international regulation is inseparable from the way that Meliá Hotels International understands management and its origins as a family business. This leads Meliá to put its commitments into practice in order to further their integration into its entire value chain.

To this end, Meliá uses its own Code of Ethics– general framework for both employees and suppliers and stakeholders–, of the aforementioned corporate policy as well as other specific approaches, also public, through its adherence to the Modern Slavery Act in the United Kingdom.

[1] See: Final Report on Minimum Safeguards (europa.eu)

Since 2018 Meliá has had a Code of Ethics for Suppliers, whose aim is for suppliers to assume the commitments, principles, and values of the hotel chain from the start of the of the commercial relationship. This code arises from and is based on the general principles and commitments of the Code of Ethics of Meliá, and each supplier assumes specific commitments in relation to regulatory compliance, non-discrimination, ensuring safe work environments, zero tolerance of abuse and coercion, zero tolerance of slavery, the prohibition of child labour, the payment of fair wages, the respect for freedom of opinion and association and protection of the environment. These approaches are referenced in the 2023 Management Report in the section Good governance, ethics and integrity, which expressly mentions Meliá's due diligence with its suppliers.

Likewise, Meliá has adopted and integrated into its practices the express commitment to manage this area with due diligence and regularly review it. Three years after carrying out its first human rights self-assessment, in 2022 the Company reviewed and updated the Control Self-Assessment (CSA) in order to identify new risks and criteria relating to human rights in operations. This new approach goes a step further in the monitoring of the most demanding standards, adding the Dhaka Principles on responsible recruitment and the guidelines of the Modern Slavery Act (United Kingdom) to the approaches already included in our first self-assessment such as the Principles of the Global Compact, the guidelines of the ILO and the Guiding Principles on Human Rights of the United Nations (UN). The approach is reflected in the Governance and Management Model of human rights, included in the section on Human rights due diligence in the 2023 Management Report. This section structures Meliá's model of due diligence, in a way that aligns with the principles of the Global Compact and its goals, defining which bodies participate in the management, which internal regulations apply and which tools and levers are available to the Company to ensure due diligence.

With this update, Meliá covers different areas relating to labour rights (selection of staff, remuneration and contracting, workplace environment and health, social dialogue, supply chain and complaints channel), environment (recognised as a human right in our policy) and anti-corruption.

The exercise of regular analysis allows Meliá to measure the perception of protection and probability of violating these rights in hotel units as well as the management capacity of the management, and aware of the potential negative impact of a possible violation in our activity. The level of participation in this exercise is reflected in the 2023 Management Report, as are the risk levels and probability of a breach, no real risks of a breach are identified in the Company's portfolio.

Given that one of the key elements in human rights due diligence is offering channels that are open for complaints, in Meliá's case it is possible to consult information in this regard in the Ethics and Integrity section of the 2023 Management Report, the section which describes how it works. With regard to the complaints received through this channel, and which are directly related to human rights, the Company discloses their nature. None of the complaints received in 2023 have had a significant impact on the company from a penal, financial, or reputation standpoint. In all cases, after the investigations carried out, the relevant corrective measures have been taken, disciplinary actions in some cases, and in others, training actions or improvements in processes or procedures. None of the complaints received were linked to breaches of the rights of indigenous peoples or operations that involved child labour. This detail can be consulted in the subsection on Reporting and complaint mechanisms included in the section on Human rights due diligence. Meliá thus makes incidents relating to this matter public along with the measures taken to rectify them.

It is essential to point out that access to Meliá's complaints channel is open to any stakeholder who believes that their rights have been violated, it is publicly accessible through online and offline means. Thus, in cases of a violation Meliá undertakes proceedings for every case, involving all necessary bodies in the process with the aim of resolving and rectifying the negative impact that may have been caused.

Meliá's commitment to the defence of these rights means that, if required, it will openly collaborate with the entity that requests it. Throughout 2023 Meliá has not received requests or communications in this regard. In another order of magnitude, during this year the Company has not been reported or condemned in a final ruling with regard to the breach of these rights.

b. The fight against corruption and bribery

The Code of Ethics of Meliá Hotels International establishes a series of global commitments including:

- Act rigorously and forcefully against any practice of corruption, fraud, or bribery

On the other hand, the Code of Ethics itself, among the commitments undertaken with public administrations, includes that of:

- Not accepting or offering any kind of bribe, financial or in kind, and maintaining an attitude of actively fighting against corruption, to prevent crime and money laundering.

These commitments established in the Code of Ethics are embodied in Meliá's Anti-Corruption Policy (updated in 2021). The aim of this Policy is to establish the principles that must govern our actions as a Company, in order to prevent, detect, report, and rectify the implementation of any actions that, in accordance with the applicable legislation, may be classified as corruption or bribery, both active and passive, always in accordance with the principle of Zero Tolerance towards any of these practices. In turn, this policy makes the commitments:

- To comply with legislation and regulatory obligations in Spain and at an international level.
- Establish the mechanisms for the oversight and control of our principles, values and commitments, ensuring the condemnation of irregular conduct, in particular action will be taken against any practice of corruption, fraud and bribery.
- Reject gifts and courtesies from third parties if they exceed the reasonable value of mere courtesy, nor accept any type of economic consideration, gift or invitation from our suppliers that, due to their value, may exceed the symbolic or mere courtesy.

In addition to what is outlined above, the company has a Crime Prevention and Detection Protocol whose main objective is to prevent or reduce the risks of crimes being committed, especially those that entail the criminal liability of legal persons.

This Protocol has the certification issued by AENOR which certifies that the Management System for Penal *Compliance* complies with the requirements established by standard UNE 19601:2017 (renewed in 2023).

Corruption is one of the criminal offences included in our Crime Prevention Protocol for which we have identified specific checks, which are evaluated annually with the aim of mitigating this criminal risk.

The company also has other internal Policies and Regulations, all included in our Crime Prevention Protocol, establishing guidelines or instructions targeted at preventing Corruption, including, for example:

- The Regulatory Compliance Protocol (*Compliance*), through which the company assumes the commitment to comply with national and international legislation and regulatory obligations, as well as with its internal regulations and the commitment to ensure that the internal regulations and actions of its executives and management are based on ethical criteria aligned with the principles and values of the company and its Code of Ethics.
- The Philanthropy Policy which expressly prohibits contributions to political parties and their foundations, no matter what type (financial or in kind), this Policy extends to trade unions, individuals, or initiatives promoted in a private capacity.
- The Hotel Administration and Internal Control Regulation establishes clear guidelines aimed, among other things, at avoiding corruption and fraud in different internal processes.

To ensure the functioning of the Code of Ethics, as well as the internal Policies and Regulations, Meliá has Complaints Channels (internal for employees and external for third parties) through which it is possible to report conduct (active or passive) that is contrary to the content of the Code of Ethics, or any other regulations, this conduct specifically includes corruption, bribery, fraud, etc.

The Company also has an Internal Audit Department which, acting as a third line of defence, reviews compliance with internal policies and regulations, and each year it reviews the Crime Prevention Protocol with the aim of ensuring the correct and effective implementation of the controls established in the Protocol. In 2023 it produced a total of 199 auditing reports, with a global scope, providing coverage to all regions, areas, and businesses of the companies. As a result of these reviews, and based on the result of the audits carried out, no practice was detected in 2023 that could expose the company to a crime of corruption or fraud.

c. Taxation

Taxation is a critical part of corporate responsibility and is overseen by the Board of Directors of MHI. Thus, the Board of Directors approves the Tax Strategy and monitors its implementation and the management of tax risks, at least, once a year. Among other key aspects, the Tax Strategy defines compliance with the law as fundamental, in both letter and in spirit. MHI publishes its tax strategy on its corporate website.

The company has defined regulations, internal control processes and a complaints channel to ensure tax compliance. Periodic reviews of compliance with tax obligations are carried out and there is an organisational structure with appropriate means, including a professional team that receives ongoing training.

MHI has a corporate structure aligned with the business and appropriate to legal requirements and corporate governance standards, and does not use instrumental organisations in tax havens.

Also, MHI also has a strong commitment to transparency in relation to tax matters according to reports by independent experts, and it publishes information on its tax strategy and the taxes it pays.

Tax risk management at MHI is reflected in the existence of internal processes, systems and controls (ICFR, key controls, etc.). The Tax Department, as the body for tax *compliance* is responsible for managing the Group's tax risks and it has implemented processes that, along with robust information management systems, ensure the reliability and traceability of information and minimise the chance of human error in this area.

d. Competition law

Meliá Hotels International plays a leading role in the tourist sector. This implies it must act with due and necessary responsibility in regard to healthy competition with other players in the tourism value chain. This desire leads Meliá to set the objective of contributing to sustainable tourism development as a means of driving progress and well-being in society, actively collaborating with industry organisations and maintaining a relationship of respect and transparency with its competitors.

Generally, Meliá has set very clear communication, marketing and sales targets in this regard that lead it to create and maintain links with all of its stakeholders, providing them with open, accurate, clear and transparent information on its mission, strategy, objectives and achievements. This communication is also aimed at enhancing its corporate reputation through an accurate and appropriate depiction of the Company's image and establishing and maintaining the communication channels required to guarantee all stakeholders the opportunity to participate in its leadership and reputation.

Thus, Meliá's commitments to the tourism industry and its competitors are therefore mainly aimed at exercising its leadership in a responsible and ethical way given the impact and repercussions its behaviour as a leading company may have on the industry.

Thus, the company avoids any type of practice that could directly or indirectly be considered contrary to freedom in regard to establishing contracting conditions in the markets in which it operates. In fact, during 2023 no sanctions were received in relation to any of the markets in which it markets or provides its services.

Additionally, the company's conduct also helps to protect and enhance the reputation of the industry, therefore it actively participates and shares its knowledge and good practices in local, domestic and international forums, associations and other relevant entities and institutions, in order to strengthen its own positioning, as reflected in the 2023 Management Report in the section called We listen to our stakeholders, among which Meliá includes its competitors. The Impact on the environment section identifies different areas and business and non-business bodies of which the company forms part, which are part of the objective to promote its leadership and share its ideas and good practices.

Its presence in these environments leads it to responsibly exercise its role as a leading company in the tourist sector, avoiding the adoption of positions that could harm the sector and actively collaborating in actions that, carried out jointly, enable the continued development of the tourist industry and improvement of its reputation, whether on a local, regional, national and/or supranational.

Meliá maintains a dialogue with other companies in the industry that promotes listening and active collaboration, regardless of whether or not they are competitors. Thus, Meliá acts in good faith, ethically and honestly, to foster cordial and mutually beneficial relationships within the industry, bearing its competitors in mind and refraining from attracting customers or gathering customer information using unethical methods. This leads Meliá to even involve competing companies in the definition of its own material issues, as outlined in the 2023 Management Report in the Materiality section.

Meliá communicates and markets its products and services in an honest and ethical way, avoiding misleading advertising actions. This is an essential element for Meliá given that its customers are its raison d'être. That is why its ethical conduct standards lead it to comply with all of the applicable regulations in each of the countries in which it provides or markets its services.

To use the best available systems to guarantee the protection of data and information provided by customers, acting at all times with due diligence and responsibility in the processing of that data, with a special focus on data protection as outlined in the Cybersecurity section of the 2023 Management Report, a key area with regard to its technological development and for which its teams receive training in view of its importance.

Furthermore, Meliá markets its products and services in a correct, transparent, truthful and honest way, avoiding misleading advertising or any other practice that may confuse or deceive customers. The fact the company has such high levels of loyalty and a strong NPS confirm that its customers perceive the transparency and quality in the company's value proposition, as shown very clearly in the sections on Brand architecture and Customer experience in particular. In this regard, the company also offers customers channels with clear information on the characteristics of its services, contracting conditions and prices, as well as channels through which customers can make claims or complaints if appropriate.

Thus, with clear focus on digitalisation, Meliá promotes the marketing of its services through its own channels, allowing direct contact with customers, end consumers and professionals, and it promotes its own customer loyalty programmes, whether individual or corporate. In this regard, Meliá provides its teams with the required training and development in order to adapt to changes in the marketing of its products, especially training on digital tools.

With regard to the ethical management of its partnerships, Meliá assumes the commitment to not establish commercial relationships with third parties that do not share its values, or that breach any legally established obligation in a demonstrable way as outlined in the section on Good governance, ethics and integrity in the 2023 Management Report, or in any of the approaches.

Lastly, Melia organises regular training and other initiatives aimed at raising awareness among staff about competition issues and how to communicate and market our products and services, both on our own channels (Website, App, Contact Center) and with third parties, OTAs, tour operators, etc. in order to ensure that the information provided is honest, transparent and ethical and that there is no disparity on the different channels. All employees access courses on our digital learning platform, when they join in order to obtain the necessary information on competition before undertaking their work at the company. In the Contact Center, for example, our teams of agents who specialise in assisting, via phone, chat, or email, our customers who are in the process of booking and/or modifying a current booking, receive a PCI Audit each year - which evaluates the efficiency of the service provided and especially the processes for data processing and communication with customers.

Annual checks (and in some cases on a more frequent basis) are carried out at Meliá of the legal aspects (contractual conditions, privacy policies, processing of the personal and/or professional data of our customers, suppliers, etc.) in order to ensure diligent maintenance of the data that we handle in our systems. From a strategic standpoint, before entering into any collaboration / commercial relationship with external partners, we ensure that they share the same values as the company and respect the appropriate contractual obligations.

3. Qualitative information

3.1 Assessment of compliance with Regulation (EU) 2020/852

3.1.1 Information on the assessment of compliance with Regulation (EU) 2020/852

In accordance with point 2.1 of Annex IV on the objective for the protection and restoration of biodiversity and ecosystems: Hotels, holiday resorts, camping grounds and similar accommodation, the main activities carried out by Meliá in this category can be linked to several NACE codes, in particular I55.10 (Hotels and similar accommodation), I55.20 (Tourist accommodation and other short-stay accommodation) and I55.30 (Camping grounds and trailer parks), in compliance with the statistical classification of economic activities established by Regulation (EC) No. 1893/2006.

3.1.2 Contextual information on eligibility indicators

In accordance with point 1.2.3 of Annex I of the Commission Delegated Regulation supplementing Regulation (EU) 2020/852, the results of the key indicators are outlined in the "key results" section, and specifically the criteria applied and assumptions made.

Non-financial and diversity reporting requirements (Act 11/2018)

CONTENT	GRI RELATED	REPORT CHAPTERS
Business Model		
Description of the group's business model, including the business environment, organisation and structure, markets in which it operates, objectives and strategies, and the main factors or trends that may affect its evolution	2-1; 2-2; 2-3; 2-4; 2-5;	About this report Independent verification report
	2-6;	International context and the impact on the tourism industry
	2-6;	Business Model
	2-9; 2-10; 2-11; 2-14; 2-22;	Responsible business
	2-29; 3-1; 3-2; 3-3;	We listen to our stakeholders
	2-9; 2-10; 2-11; 2-12; 2-14; 2-15; 2-17; 2-18; 2-29; 405-1;	Corporate governance
Policies & Risks		
A description of the policies that the group applies, including due diligence procedures for the assessment, prevention and mitigation of risks and impacts, as well as the procedures for verification and control	2-12; 2-13; 2-23; 2-24; 2-25;	Risk Management
The main risks relating to the group's activities, including how the group manages these risks and which procedures it uses to detect and evaluate them	3-1; 3-2; 3-3;	Risk management
	2-29; 3-1; 3-2; 3-3; 207-3;	We listen to our stakeholders
	2-25; 2-26;	Ethics and integrity: Governance mechanisms
Environmental Issues		
Global Information		
Detailed information on the current and foreseeable effects of the company's activities on the environment, environmental assessment or certification procedures, resources allocated to the prevention of environmental risks and the application of the precautionary principle.	2-23; 2-24; 2-25; 3-3;	Governance of climate change and the environment Risks and opportunities resulting from climate change Plan to mitigate climate change
Pollution		
Measures to prevent, reduce or repair carbon emissions taking into account any form of specific air pollution from an activity.	305-7;	Plan to mitigate climate change Annexes: Environmental Indicators - NOX and SOX
Circular Economy		
Measures of prevention, recycling, reuse, other forms of recovery and disposal of waste	2-23; 2-24; 2-25; 3-3; 301-2; 306-1; 306-2; 306-3; 306-4; 306-5;	Transition towards a circular economy Annexes: Environmental Indicators - Waste
Actions to combat food waste	301-2;	Organic waste and food waste Recycling initiatives
Sustainable use of resources		
Water consumption	2-23; 2-24; 2-25; 3-3; 303-1; 303-2; 303-3; 303-4; 303-5;	Responsible water management Annexes: Environmental Indicators - Water
Consumption of raw materials and measures taken to improve the efficiency of their use		
Consumption of energy and measures taken to improve energy efficiency and the use of renewable energies.	302-1; 302-3; 302-4; 302-5;	Optimisation of energy consumption Annexes: Environmental Indicators - Energy

CONTENT	GRI RELATED	REPORT CHAPTERS
Climate Change		
The important elements of greenhouse gas emissions generated as a result of the company's activities	305-1; 305-2; 305-3; 305-4; 305-5;	Annexes: Environmental Indicators - Carbon Footprint
The measures taken to adapt to the consequences of climate change	201-2; 203-1; 203-2;	Risks and opportunities deriving from climate change Report on eligibility and alignment with Taxonomy
The medium and long-term voluntary reduction targets to reduce greenhouse gas emissions	305-5;	Plan to mitigate climate change
Protection of biodiversity		
Measures taken to preserve or restore diversity	2-23; 2-24; 2-25; 3-3;	Management of biodiversity and ecosystems
Impacts caused by activities or operations in protected areas	304-1; 304-2; 304-3;	Management of biodiversity and ecosystems Special protection areas
Social and Personnel Issues		
Employment		
Total number and breakdown of staff by gender, age, country, and job classification	2-7; 2-8; 401-1; 405-1;	Talent management: Characteristics of our workforce Talent management: Employees in the value chain Annexes: Staff Indicators - Workforce
Total number and breakdown of contract types	2-7;	Annexes: Staff Indicators - Workforce
Annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional category	2-7; 401-1;	Annexes: Staff Indicators - Workforce and new contracts
Number of dismissals by gender, age and professional classification	401-1;	Annexes: Staff Indicators - Dismissals and Turnover
Average remuneration and its evolution broken down by gender, age and professional classification or equal value	405-2;	Annexes: Staff Indicators - Remuneration
Pay gap, the remuneration of the same or average jobs in the company	202-1;	Annexes: Staff Indicators - Remuneration
Average remuneration of directors and executives	2-19; 2-20; 2-21; 405-2;	Corporate governance
Implementation of employee disconnection policies	2-20; 2-21; 401-3;	Talent management: Benefits for our employees Annexes: Staff Indicators - Parental Leave
Employees with disabilities		Annexes: Staff Indicators - Diversity
Organisation of work		
Organisation of working time	2-23; 2-24; 2-25; 3-3;	Talent management: Benefits for our employees
Number of hours of absenteeism	403-9; 403-10;	Occupational Health and Safety: Advances in health Annexes: Occupational Health and Safety Indicators
Measures aimed at facilitating the enjoyment of a work-life balance and encouraging the joint exercise of this by both parents.	401-3;	Talent management: Benefits for our employees Annexes: Staff Indicators - Parental Leave
Health and Safety		
Occupational health and safety conditions	2-29; 403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-8;	Occupational Health and Safety
Occupational accidents, in particular their frequency and severity	403-9;	Annexes: Occupational Health and Safety Indicators
Occupational illnesses, broken down by gender	403-10;	Annexes: Occupational Health and Safety Indicators

CONTENT	GRI RELATED	REPORT CHAPTERS
Social Relationships		
Organisation of social dialogue	2-29; 2-30; 402-1;	Our staff: Social Dialogue
Percentage of staff covered by a collective agreement	2-30; 3-3;	Our staff: Social Dialogue
Assessment of collective agreements, particularly in the field of occupational health and safety	403-1; 403-4;	Occupational Health and Safety
Training		
Policies implemented and total number of hours of training per professional category	2-23; 2-24; 2-25; 3-3; 404-1; 404-2;	Talent management: We commit to training as a lever for talent retention Annexes: Staff Indicators - Training
Universal Accessibility		
Universal accessibility for people with disabilities	3-3;	Talent management: Equality, Diversity and Inclusion
Equality		
Measures taken to promote equal treatment and opportunities between women and men; equality plans.	2-23; 2-24; 2-25; 3-3;	Talent management: Equality, Diversity and Inclusion
Measures adopted to promote employment	3-3; 404-1; 404-2; 404-3;	Talent management: We commit to training as a lever for talent retention Annexes: Staff Indicators - Training and Performance review
The policy against all kinds of discrimination and, where applicable; Protocols against sexual harassment and on the grounds of gender, the integration and universal accessibility of people with disabilities	2-23; 2-24; 2-25;	Talent management: Equality, Diversity and Inclusion Human Rights Due Diligence
Human Rights		
Application of procedures for human rights due diligence. Prevention of the risks of human rights violations and, where appropriate, measures to mitigate, manage and repair possible abuses committed	2-23; 2-24; 2-25; 3-3;	Human Rights Due Diligence
Complaints for cases of human rights violations	2-26; 3-3; 406-1; 411-1;	Ethics and integrity: Governance mechanisms
Promotion and compliance with the provisions of the core conventions of the International Labour Organisation relating to respect for the freedom of association and the right to collective bargaining. The elimination of discrimination in employment and occupation. The elimination of forced or compulsory labour. The effective abolition of child labour	2-28; 3-3; 407-1; 408-1; 409-1;	Human Rights Due Diligence Social Dialogue
Corruption and Bribery		
Measures adopted to prevent corruption and bribery	2-23; 2-24; 2-25; 2-26; 3-3; 205-1; 205-2; 205-3; 415-1;	Ethics and integrity: Governance mechanisms Compliance Model: Prevention of corruption, fraud and bribery
Measures to combat money laundering	2-26; 3-3;	Ethics and integrity: Governance mechanisms Compliance Model: Prevention of money laundering
Contributions to non-profit foundations and entities	2-28; 3-3;	Impact on communities
Company		
Commitments of the company to sustainable development		
The impact of the company's activity on employment and local development	2-23; 2-24; 2-25; 3-3; 201-1;	Impact on communities
The impact of the company's activity on local populations and on the region	201-1; 204-1; 413-1; 413-2;	Impact on communities Annexes: Social Indicators
Relationships with stakeholders in local communities and forms of dialogue with them	2-29;	Impact on communities
Partnership or sponsorship actions	2-28;	Impact on communities Annexes: Social Indicators

CONTENT	GRI RELATED	REPORT CHAPTERS
Subcontracting and Suppliers		
Inclusion in the procurement policy of social, gender equality and environmental issues	2-23; 2-24; 2-25; 3-3; 308-1; 414-1;	Relationship with suppliers: Supply chain governance
Consideration in relationships with suppliers and subcontractors regarding their social and environmental responsibility	308-2; 407-1; 408-1; 409-1;	Relationship with suppliers: ESG risk management
Supervision systems and audits and results of them	3-3; 308-2; 414-2;	Relationship with suppliers: Commitment to excellence and sustainability
Consumers		
Measures for the health and safety of consumers;	2-23; 2-24; 3-3;	Strengthening our commitment to our customers
Claims systems, complaints received and their resolution	2-25; 2-26; 3-3; 206-1; 416-2; 417-2; 417-3; 418-1;	Information security We are strengthening our commitment to our customers Taxonomy: Information regarding minimum safeguards
Tax Information		
A description of the policies that the group applies, including due diligence procedures for the assessment, prevention and mitigation of risks and impacts, as well as the procedures for verification and control	2-23; 2-24; 2-25; 3-3; 207-1; 207-2;	Fiscal transparency and responsibility
Profit obtained country by country and Taxes paid on profits	207-4;	Fiscal transparency and responsibility
Public subsidies received	201-4;	Annexes: Economic indicators

Table of contents SASB Standards - Global Integration

Sustainability disclosure issues and accounting metrics

SASB CODE	INDICATOR	UNIT	2022	2023
Energy Management				
SV-HL-130a.1	Total energy consumed	GJ / stay	0.1384	**0.1240**
		GJ	1,650,392	**1,623,368**
	Electricity percentage	Total consumption	58.7%	**65.7%**
	Renewable energy percentage	Total consumption	37.6%	**40.6%**
Water management				
SV-HL-140a.1	Total water extracted	m³ / stay	0.6508	**0.6548**
		Thousands m3	7,758,145	**8,575,375**
	Total water consumed	m³ / stay	-	-
		Thousands m3	-	-
	Portfolio located in water-stressed areas	Hotels	50	**52**
		Portfolio	36.5%	**40.9%**
Environmental Impacts				
SV-HL-160a.1	Portfolio located in or close to protected areas	Hotels	38	**35**
SV-HL-160a.2	Environmental policy and practices to preserve the ecosystem	Qualitative		
Employment practices				
SV-HL-310a.1	Voluntary turnover rate	Rate	20.0%	**17.8%**
	Involuntary turnover rate	Rate	11.3%	**7.7%**
SV-HL-310a.2	Economics losses due to violation of employment rights	€	-	-
SV-HL-310a.3	Average hourly wage of minimum wage employees (by region)	€	-	-
	Percentage of minimum wage employees (by region)	%	-	-
SV-HL-310a.4	Policies and/or programmes to prevent workplace harassment	Qualitative		
Adaptation to climate change				
SV-HL-450a.1	Portfolio located in areas with risk of flooding	Hotels	18	**15**
		Portfolio	13.1%	**11.8%**

Activity metrics

SASB CODE	INDICATOR	UNIT	2022	2023
SV-HL-000.A	Available rooms	Rooms	10,589,298	**10,465,526**
SV-HL-000.B	Occupied rooms	Rooms	6,524,586	**7,085,809**
	Occupancy	Ratio	61.6%	**67.7%**
SV-HL-000.C	Hotel surface area	m²	-	-
SV-HL-000.D	Property Portfolio	Hotels	37	**40**
		Portfolio	27%	**31%**
	Lease Portfolio	Hotels	100	**87**
		Portfolio	73%	**69%**

Methodology for Calculating the SBTi Carbon Footprint

The calculation and reporting of our carbon footprint includes all the facilities where we have operational control, i.e. 100% of the owned, leased and managed hotels.

The methodology used to calculate the carbon footprint follows the procedure in the internationally accepted GHG Protocol.

The following scopes are included in the carbon footprint calculation:

SCOPE 1

Scope 1 greenhouse gas emissions are those derived from using fuels for heating and/or DHW or from leaks of fluorinated gases in our own facilities.

SCOPE 2

Scope 2 greenhouse gas emissions are indirect emissions caused by the generation of energy the company consumes and not generated in our own facilities. This category includes the purchase of electricity, district heating and district cooling.

SCOPE 3

Given the nature of our business model, Scope 3 emissions are very significant in our activity. Thus, following recommendations and best practices, we continue to make progress in measuring our Scope 3 footprint, which includes all the following categories in our value chain:

Category 1: purchase of goods and services

Indirect emissions in this category are estimated through an input/output economic analysis, using a proprietary tool and the emission factors from the database for CEDA 5 calculations (Complete environmental data sheet v5.0. CEDA provides information on emissions in the life cycle per monetary unit spent on goods and services).

The methodology for calculating emissions first breaks down the annual expense for each group of items purchased in the year of the report, taking into account the company code assigned to each group, and making it possible to differentiate between OPEX and/or CAPEX. Secondly, the cost of each group of articles is multiplied by the emission factor that best fits its denomination in the CEDA data.

Below is the main data used for the calculation of category 1:

- This category includes all upstream emissions from the production of all goods or services purchased or acquired in the reporting year.
- It includes materials (tangible products) and services (intangible products).
- Source: Database of purchase organising companies.
- The emission factors used from CEDA 5 (Complete environmental data file v 5.0.

Category 2: equipment/capital assets

Indirect e missions in this category have been estimated through an input/output economic analysis, using a proprietary tool with this method and the emission factors from the database for CEDA 5 calculations (Complete environmental data sheet v5.0. CEDA provides information on emissions in the life cycle per monetary unit spent on goods and services).

The methodology for calculating emissions first breaks down the annual expense for each group of items to identify the equipment and/or capital goods purchased or acquired in the year of the report. Secondly, the cost of each group of articles is multiplied by the emission factor that best fits its denomination in the CEDA data.

Below is the main data used for the calculation of category 2, equipment and/or capital assets purchased:

- This category includes all upstream emissions caused by equipment and/or capital goods acquired in the reporting year.
- Source: Database of purchase organising companies.
- The emission factors used from CEDA 5 (Complete environmental data file v 5.0

Category 3: fuel and energy consumed by the company (not included in scope 1 and 2)

These emissions are the ones associated with fuel and energy consumed that are not included in scopes 1 and 2. We calculate these emissions due to the fact that our fuel and energy consumption is a significant part of scope 3 emissions.

We used the AEI database (2018 version) and followed the updated Standard to use electricity emission factors and grid loss data obtained from global emission data sources (IEA, DEFRA and individual countries) to calculate transmission and distribution losses and emissions associated with the extraction, production and transportation of fuel.

Category 5: waste

The emissions associated with the management of waste generated on site are calculated taking into account the emissions derived from its treatment by third parties (recycling, composting, dumping and incineration).

The emissions associated with the management of waste generated on site are calculated based on their treatment: recycling, composting, landfill disposal and incineration; and the emission factors for each of them.

Category 6: business trips

Scope 3 emissions associated with business travel are obtained from the air travel report provided by our partner American Express Global Business Travel:

- Emissions associated with flights based on the number of kilometres travelled and the emission factor provided by DEFRA (Department for the Environment, Food and Rural Affairs).

Category 7: commuting to work (employees)

In order to calculate the emissions associated with the commute of our employees worldwide, we created a survey in 2019 to collect data on the distance each of them travels every day from their home to their workplace, the means of transport they use and the number of trips they make each day.

Using this information and based on the emission factors obtained from the GHG Protocol, we have calculated the total emissions for 2022.

Category 11: Use of sold products

It includes the scope 1 and 2 emissions from hotels that we provide a management service to.

Glossary

Asset light	Hotel expansion category based on management operating models.
ARR - Average Room Rate	Average price per occupied room
B2B - Business to Business	Sale of products and services between two businesses
B2C - Business to Customer	Sale of products and services to the end customer
BIM (Building Information Modelling)	It is a knowledge resource for information about an asset that facilitates a basis for decision making about the life of the product, defined as conceptualisation until demolition.
Bleisure - Business + leisure	The combination of leisure tourism and business
Business development	Department devoted to brand positioning and the creation of value for our customers
CBG/GGC	Good Governance Code
CDP - Carbon Disclosure Project	Organisation that evaluates the positioning of companies in relation to climate change.
CNMV	Spanish Securities Market Commission
Core Business	Concept used to represent the professional segment or sphere of greatest importance for a company
COSO - Committee of Sponsoring Organizations of the Treadway Commission	Framework for the implementation of risk management and internal control systems
CSA - Corporate Sustainability Assessment	Annual assessment of companies in the field of sustainability carried out by S&P Global
CSRD (Corporate Sustainability Reporting Directive)	European directive on corporate reporting on sustainability that replaces Directive 2014/95/EU (Law 11/2018) and amending the exercise of reporting "non-financial information" to make it "sustainability information".
CUBG	Unified good governance code
2023 Climate Change Conference (COP28)	United Nations Climate Change Conference to encourage action against climate change, reduce emissions and stop global warming.
Customer Journey	Touchpoints with the customer during their trip or stay at the hotel (before the stay, during the stay, and after their departure
EBIT - Earnings Before Interest and Taxes	Earnings before interest and taxes
EBITDA - Earnings before Interest, Taxes, Depreciation and Amortization	Gross earnings before interest, taxes, depreciation and amortization
EBITDAR - Earnings before interest, taxes, depreciation, amortization, and restructuring or rent costs	Gross operating income without considering expenses deriving from leases or rentals
E-commerce - Electronic commerce	Distribution, purchase and sale of products and services offered via the internet
EMEA - Europe, Middle East and Africa	Europe, Middle East and Africa
ESG - Environmental, Social & Governance	Acronym which means environment, social and governance in Spanish
ESRS (European Sustainability Reporting Standards)	European standards produced for corporate reporting of CSRD and creating a structure for reporting on the company's environmental, social, and governance issues.
Essential brands	Hotel category for a customer segment that appreciates high quality standards, with greater price sensitivity
F&B - Food & Beverage	Food and Beverage
Fees	Fees
GDPR - General Data Protection Regulation	General Data Protection Regulation of the European Union in order to improve personal data protection
GRI - Global Reporting Initiative	Global standard for the preparation of sustainability reports which evaluates the economic, environmental, and social performance of companies
GSS - Guest Satisfaction Score	Indicator that measures customer satisfaction
GSTC - Global Sustainable Tourism Council	The Global Sustainable Tourism Council manages global standards for sustainability in travel and tourism

High-end	This is a segment that is characterised for its high purchasing power that demands exclusivity, luxury, authenticity, and excellence
Aggregate Information	Includes information on owned, leased and managed hotels
Consolidated Information	Includes information on owned and leased hotels (consolidation perimeter)
Global Integration	Consolidated perimeter
JV - Joint Ventures	Joint investment company in its own right that purchases ownership of a hotel establishment
Leading	Leading
Lifestyle Hotels	A type of hotels that are characterised by being products with their own identity and personality.
Meeting & Events	Meeting and Events segment
Newsletters	Information newsletters
NPS - Net Promoter Score	Indicator measuring the customer recommendation level for the establishment
SDG	Sustainable Development Goals included in the 2030 Agenda of the United Nations
OTA - Online Travel Agency	Online travel agencies mainly devoted to the sale or services or travel products on the internet
Partners	Partners
PCI - Security Standards Council	System that ensures data security in credit card payments or payment
Phishing	It is a method used by cybercriminals to deceive, defraud or obtain personal or professional information
Pipeline	Portfolio of signed hotels pending opening
PMS -Property Management System	Technology platform for operational management in hotels
Premium brands	Hotel segment offering a product or service with high standards and experience of quality and luxury
Proxy Advisors	Entities that provide advisory services to investors, mainly institutional, in relation to the exercise of voting rights derived from the ownership of shares in listed companies
Q - Quarter	Quarter
QPI - Quality Penetration Index	Quality index providing a comparison with competitors. It provides a reputation metric for comparisons to competitors
Luxury brands	Brands providing maximum luxury and quality for the most discerning customers
Revenue Management	Focused on management and improvement of revenue and sales
ReviewPro	Satisfaction surveys for a specific customer segment (Agencies)
RevPAR - Revenue Per Available Room	Indicator measuring the revenue generated for the sale of rooms divided by the total number of rooms available, over a specific period of time
CSR	Corporate Social Responsibility
SBTI - Science Based Targets initiative	It is an initiative that aims to help define science-based strategies to combat climate change and reduce greenhouse gas emissions
ICFR	An internal control system for financial information that defines a series of processes to provide reasonable assurance regarding the reliability of financial information published in the markets
SET - Senior Executive Team	Management Committee formed by the senior management of the company
Shareholders	Shareholders
Silver Class	Silver class
Stakeholders	Stakeholders
Statement	Statement
Stay Safe	Programme designed to ensure the health and safety of our customers and staff during COVID-19
Sustainability Yearbook	Sustainability Yearbook published by S&P Global recognising the companies that are best positioned and valued for their performance in the field of sustainability according to environmental, economic, social, and governance criteria
TO. - Tour Operators	Operators or agents offering tourist packages to end customers
Upgrade	An offer made to a customer to enjoy a service or product in a superior category to the one contracted
Upscale	Segment of hotels with the highest product and service standards or of a superior category
VP	Vice President
VUCA (Volatility, Uncertainty , Complexity & Ambiguity)	Acronym defining the business reality faced with an environment that is volatile, uncertain, complex and ambiguous.

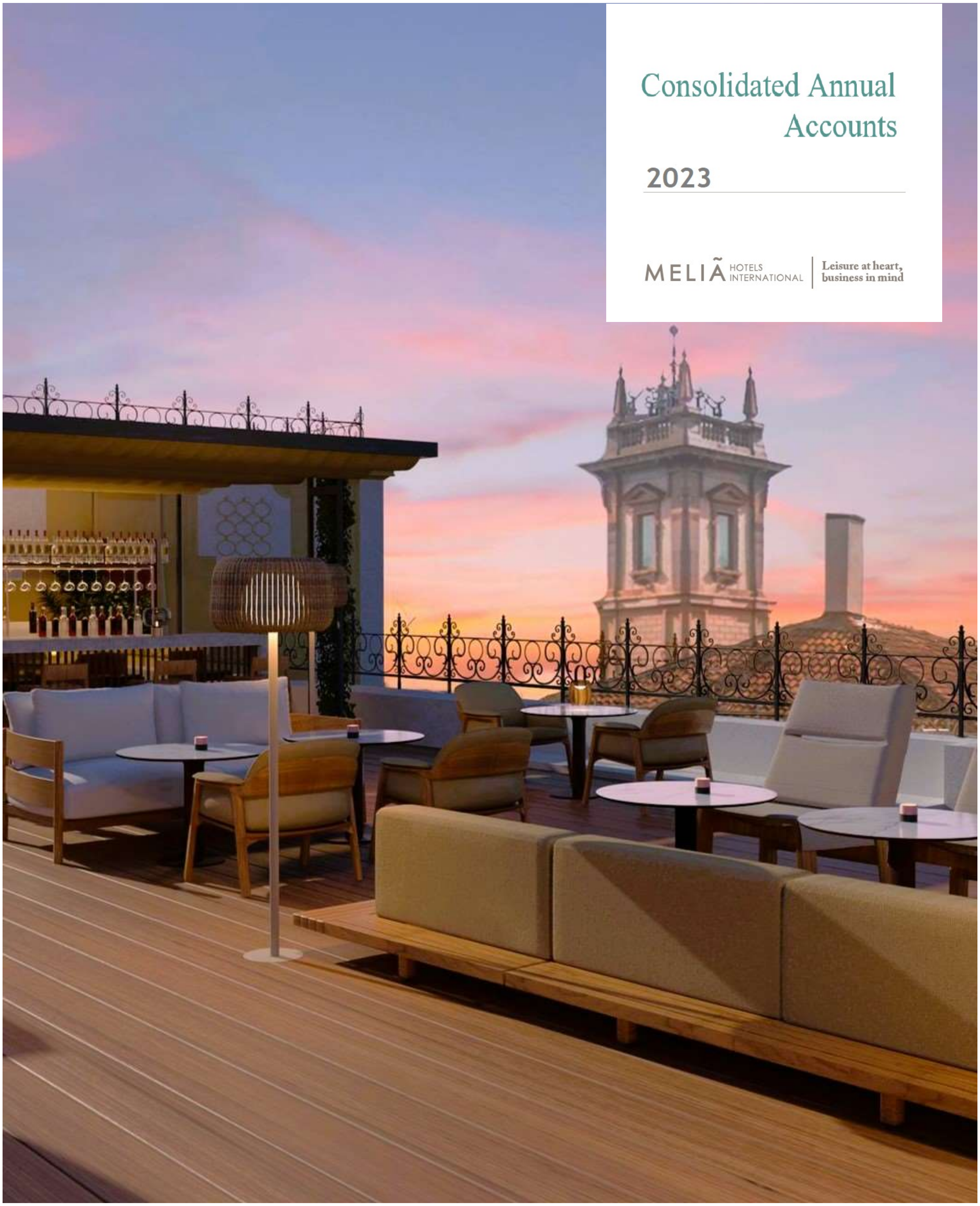
MELIÃ HOTELS INTERNATIONAL

Leisure at heart, **business in mind**

Consolidated Annual Accounts

2023

MELIÃ HOTELS INTERNATIONAL | Leisure at heart, business in mind



NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

Consolidated Balance Sheet

(Thousand €)	Note	31/12/2023	31/12/2022
NON-CURRENT ASSETS			
Goodwill	9	27,088	27,940
Other intangible assets	9	79,239	52,288
Property, Plant and Equipment	10	1,578,149	1,619,824
Right of use	17	1,375,854	1,370,817
Investment property	11	117,898	114,893
Investments measured using the equity method	12	240,820	206,192
Other non-current financial assets	13.1	149,673	203,473
Deferred tax assets	19.2	289,886	300,823
TOTAL NON-CURRENT ASSETS		**3,858,607**	**3,896,250**
CURRENT ASSETS			
Inventories	14.1	29,837	30,186
Trade and other receivables	14.2	227,315	183,356
Current tax assets		35,812	22,670
Other current financial assets	13.1	123,345	67,411
Cash and other cash equivalents	14.3	160,229	148,680
TOTAL CURRENT ASSETS		**576,538**	**452,303**
TOTAL GENERAL ASSETS		**4,435,145**	**4,348,553**
EQUITY			
Share capital	15.1	44,080	44,080
Share premium	15.1	1,079,054	1,079,054
Reserves	15.2	433,010	435,552
Treasury shares	15.3	(1,615)	(3,936)
Retained earnings	15.4	(920,599)	(1,027,440)
Translation differences	15.5	(240,157)	(228,618)
Other measurement adjustments	15.5	1,429	3,803
Profit/(loss) for the year attributed to parent company	8	117,734	110,694
NET EQUITY ATTRIBUTED TO THE PARENT COMPANY		*512,936*	*413,189*
Non-controlling shareholdings	15.6	50,211	32,661
TOTAL NET EQUITY		**563,147**	**445,850**
NON-CURRENT LIABILITIES			
Bonds and other negotiable securities	13.2	52,082	52,026
Bank loans	13.2	958,390	1,131,464
Lease liabilities	17 &13.2	1,301,464	1,313,728
Other non-current financial liabilities	13.2	33,713	7,746
Capital grants and other deferred income	16.1	298,631	313,612
Provisions	16.2	37,677	30,198
Deferred tax liabilities	19.2	167,930	176,946
TOTAL NON-CURRENT LIABILITIES		**2,849,887**	**3,025,720**
CURRENT LIABILITIES			
Bonds and other negotiable securities	13.2	24,585	24,042
Bank loans	13.2	288,837	151,561
Lease liabilities	17 & 13.2	147,989	148,838
Trade creditors and other payables	18.1	505,276	500,763
Current tax liabilities		9,451	7,755
Other current liabilities	13.2	45,973	44,024
TOTAL CURRENT LIABILITIES		**1,022,111**	**876,983**
TOTAL GENERAL LIABILITIES AND NET EQUITY		**4,435,145**	**4,348,553**

Consolidated Income Statement

(Thousand €)	Note	2023	2022
Operating income		1,928,801	1,679,774
Results from assets sale		3,395	12,239
Total Operating income and Results from assets sale	**7.1**	**1,932,196**	**1,692,013**
Supplies	7.2	(209,528)	(177,947)
Staff costs	7.3	(544,741)	(473,397)
Other expenses	7.4	(645,325)	(591,339)
Total Operating expenses		**(1,399,594)**	**(1,242,683)**
EBITDAR (*)		**532,602**	**449,330**
Leases	17.2	(42,840)	(18,571)
EBITDA (*)	**6.1**	**489,762**	**430,759**
Depreciation and impairment Property, Plant and Equipment and Other intangible assets	7.5	(114,368)	(89,927)
Depreciation and impairment Right of use	7.5	(144,395)	(139,733)
EBIT/ Profit /(Loss) from operating activities		**230,999**	**201,099**
Exchange differences		1,977	(13,712)
Borrowings		(73,905)	(45,488)
Financial expense leases	17.2	(33,385)	(29,415)
Other financial income		10,715	27,438
Net financial income	**7.7**	**(94,598)**	**(61,177)**
Profit /(Loss) from companies carried by the equity method	**12**	**12,916**	**16,389**
NET INCOME BEFORE TAX		**149,317**	**156,311**
Income Tax	19.6	(19,209)	(36,188)
CONSOLIDATED NET INCOME		**130,108**	**120,123**
a) Attributed to the parent company	8	117,733	110,693
b) Attributed to minority interests	15.6	12,375	9,430
BASIC EARNINGS PER SHARE IN EUROS	8	0.53	0.50
DILUTED EARNINGS PER SHARE IN EUROS	8	0.53	0.50

- See definitions in Note 2.4

Consolidated Statement of Changes in Equity

(Thousand €)	Note	Capital	Share Premium	Other Reserves	Treasury Shares	Retained Earnings	Measurement Adjustments	Net Income of Parent Company	Total Result	Minority Interest	Total NET EQUITY
NET EQUITY AT 31/12/2021		**44,080**	**1,079,054**	**435,431**	**(3,599)**	**(835,481)**	**(223,236)**	**(192,900)**	**303,349**	**22,306**	**325,655**
Total recognised income and expenses		**-**	**-**	**121**	**-**	**1,309**	**(1,579)**	**110,694**	**110,545**	**10,216**	**120,761**
Operations with treasury shares	15.3	-	-	-	(337)	-	-	-	(337)	-	(337)
Other operations with shareholders and owners		-	-	-	-	(585)	-	-	(585)	123	(462)
Operations with owners and shareholders		**-**	**-**	**-**	**(337)**	**(585)**	**-**	**-**	**(921)**	**123**	**(799)**
Distribution 2021 net income	15.4	-	-	-	-	(192,900)	-	192,900	-	-	-
Other variations		-	-	-	-	217	-	-	217	16	233
Other variations in net equity		**-**	**-**	**-**	**-**	**(192,683)**	**-**	**192,900**	**217**	**16**	**233**
NET EQUITY AT 31/12/2022		**44,080**	**1,079,054**	**435,552**	**(3,936)**	**(1,027,440)**	**(224,814)**	**110,694**	**413,189**	**32,661**	**445,850**
Total recognised income and expenses		**-**	**-**	**(658)**	**-**	**(4,223)**	**(13,914)**	**117,734**	**98,939**	**12,741**	**111,680**
Operations with treasury shares	15.3	-	-	(1,884)	2,321	-	-	-	437	-	437
Other operations with shareholders and owners	15.6	-	-	-	-	421	-	-	421	4,797	5,218
Operations with owners and shareholders		**-**	**-**	**(1,884)**	**2,321**	**421**	**-**	**-**	**858**	**4,797**	**5,655**
Distribution 2022 net income	15.4	-	-	-	-	110,694	-	(110,694)	-	-	-
Other variations		-	-	-	-	(51)	-	-	(51)	11	(40)
Other variations in net equity		**-**	**-**	**-**	**-**	**110,643**	**-**	**(110,694)**	**(51)**	**11**	**(40)**
NET EQUITY AT 31/12/2023		**44,080**	**1,079,054**	**433,010**	**(1,615)**	**(920,599)**	**(238,728)**	**117,734**	**512,936**	**50,211**	**563,147**

Consolidated Statement of Comprehensive Income

(Thousand €)	Note	2023	2022
Net consolidated income		**130,108**	**120,123**
Other comprehensive income:			
Items that will not be transferred to results			
Other results attributed to equity		(2,062)	(522)
Equity consolidated companies	12	(22)	(3,597)
Actuarial gains and losses in post-employment plans	16.2	(1,029)	365
Total Items that will not be transferred to results		**(3,113)**	**(3,754)**
Items that may be subsequently transferred to results			
Translation differences	15.5	(11,157)	(6,289)
Cash flow hedges	13.3	(3,697)	8,048
Equity consolidated companies	12	(1,385)	4,643
Tax effect	19.2	924	(2,011)
Total ittems that may be transferred to results		**(15,315)**	**4,391**
Total Other comprehensive income		(18,428)	638
TOTAL COMPREHENSIVE INCOME		**111,680**	**120,761**
a) Attributed to the parent company		98,939	110,545
b) Attributed to minority interests		12,741	10,216

Consolidated Cash Flow Statement

(Thousand €)	Note	2023	2022
1. OPERATING ACTIVITIES			
Net Income before tax		149,317	156,311
Result adjustments:			
Depreciation and impairment	9,10,17	258,763	229,660
Profit/(loss) from companies carried by the equity method	12	(12,916)	(16,389)
Net Financial Income	7	94,598	61,177
EBITDA		**489,762**	**430,759**
Results from assets sale	7	(3,395)	(12,239)
Other result adjustments		(27,954)	10,235
Trade and other receivables		(39,948)	(52,388)
Other assets	14.1	349	(4,896)
Trade creditors and other payables		7,403	134,108
Income taxes paid		(28,993)	(12,584)
Total net cash flows from operating activities (I)		**397,224**	**492,995**
2. INVESTMENT ACTIVITIES			
Dividend income		10,646	-
Investment (-):			
Investments in associates and joint ventures		(20,687)	(6,750)
Loans to associates and joint ventures		(19,600)	(4,960)
Property, plant and equipment, intangible assets and investment property	9,10,11	(122,229)	(112,200)
Non-current financial investments		(17,261)	(11,777)
Divestments (+):			
Loans to associates and joint ventures		37,344	-
Property, plant and equipment, intangible assets and investment property	9,10,11	1,600	2,300
Current financial investments		11,367	300
Total net cash flows from investment activities (II)		**(118,820)**	**(133,087)**
3. FINANCING ACTIVITIES			
Treasury stock	15.3	438	(337)
Debt interest paid (-)		(67,152)	(40,985)
Debt issue	13.2	79,146	303,712
Debt redemption and repayment	13.2	(110,969)	(346,064)
Leases	17.2	(184,658)	(221,240)
Other financial liabilities (+/-)		23,033	7,521
Total net cash flows from financing activities (III)		**(260,162)**	**(297,393)**
4. GROSS INCREASE/ DECREASE IN CASH OR EQUIVALENTS (I+II+III)		**18,242**	**62,515**
5. Effect of exchange rate changes in cash or equivalents (IV)		**(6,859)**	**(11,693)**
6. Effect of changes in the scope of consolidation (V)		**166**	**0**
7. NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III-IV+V)		**11,549**	**50,822**
8. Cash and cash equivalents at the beginning of the year		**148,680**	**97,858**
9. Cash and cash equivalents at the year end (7+8)		**160,229**	**148,680**

Notes to the Consolidated Annual Accounts

Note 1. Corporate Information

The parent or controlling company, Meliá Hotels International, S.A., hereinafter the "Company" or the "Parent Company" is a Spanish public limited company that was incorporated in Madrid, Spain, on 24 June 1986 under the registered name of Investman, S.A. On 1 June 2011, the General Shareholders' Meeting approved the change of name to Meliá Hotels International, S.A. In 1998, the Company moved its registered address to Calle Gremio Toneleros, 24, Palma de Mallorca.

Meliá Hotels International, S.A. and its subsidiaries and associates (hereinafter, the "Group" or the "Company") form a Group comprising companies that are mainly engaged in tourist activities, in general, and more specifically, in the management and operation of hotels under ownership, lease, management or franchise arrangements, as well as in vacation club operations. The Group is also engaged in the promotion of all types of businesses related to the tourist and hotel industry or leisure and recreational activities, as well as the participation in the creation, development and operation of new businesses, establishments or companies, in the tourist and hotel industry or any other leisure or recreational business. Likewise, some companies within the Group carry out real estate activities by taking advantage of the synergies obtained in hotel development as a result of the massive expansion process undertaken.

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 65 years of history, Meliá Hotels International has consolidated its international presence with 350 hotels in 38 countries, mainly Spain, Latin America, rest of Europe and Asia. With a solid experience in ten brands to attend the different demands of its customers, which evidences its leadership in vacation hotel industry and bleisure, Meliá Hotels International 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.

Note 2. Basis of Presentation of the Consolidated Annual Accounts

The Meliá Hotels International Group presents its consolidated annual accounts in accordance with the International Financial Reporting Standards (IFRS) and their interpretations (IFRIC) in force at 31 December 2023, published by the International Accounting Standards Board (IASB) and adopted by the European Union.

These consolidated annual accounts are formulated by the Board of Directors of the parent company and are pending approval by the General Shareholders' Meeting, and they are expected to be approved without changes.

The figures on the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement, and the accompanying Notes to the Annual Accounts, all of them in consolidated form, are stated in Euro, rounded to thousands, except where otherwise indicated.

The Group's consolidated annual accounts have been prepared on a historical cost basis, i.e. the fair value of the consideration given or received for goods and services; except for those items listed under heading 'investment property', and for the financial instruments classified as financial assets and liabilities at fair value through profit or loss and at fair value through other comprehensive income, which are measured at fair value (see Note 4.9). It should be mentioned that the balances from the Venezuelan Group companies have been restated at current cost, in accordance with IAS 29, since Venezuelan economy is considered as hyperinflationary (see Note 3.15).

2.1. Changes in Accounting Policies, Estimates, and Errors.

Changes in EU-IFRS

This fiscal year, the Group has adopted the amendments and/or interpretations approved by the European Union which application was not obligatory in 2022.

- IRFS17: "Insurance Contracts".
- Amendment to IAS 1: "Breakdown of accounting policies".
- Amendment to IAS 8: "Definition of accounting estimates".
- Amendment to IAS 12: "Deferred tax related to assets and liabilities arising from a single transaction".
- Amendment to IFRS 17: "Insurance Contracts - Initial application of IFRS 17 and IFRS 9. Comparative information".
- Amendment to IAS 12: "Tax Reform - Pillar 2 Model Rules"

The accounting policies applied are consistent with those of the previous year, considering the adoption of the standards and interpretations mentioned above which have no greater impact on the consolidated financial statements or the financial position of the Group, except for the described impacts of the amendments to IAS 12 (see Note 19).

The amendments to standards issued and approved for use in the EU prior to the formulation date of these consolidated annual accounts, and which will enter into force in subsequent dates, are the following:

- Amendment to IFRS 16: "Lease Liability in a Sale and Leaseback".

It is not expected that the adoption of the abovementioned standards will have significant impacts on the Group's consolidated financial statements.

2.2. True Image

These Consolidated Annual Accounts have been prepared on the basis of the internal accounting records of the parent company, Meliá Hotels International, S.A., and the accounting records of the rest of the companies included in the scope of consolidation as detailed in Annex 1 and Annex 2, duly adjusted according to the accounting principles established in the IFRS adopted by the EU; and fairly present the equity, financial position and results of operations of the Company, and the cash flows for the related year.

2.3. Comparability

These consolidated annual accounts include the figures for year 2023 and, for comparison purposes, those for year 2022, of each of the items in the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement, all of them in consolidated form.

2.4. Alternative Performance Measures

The main alternative performance measures (APM) used by the Company are listed below, as well as the basis on which they are calculated, such measures being regarded as the measures of future or past financial performance, financial position or cash flows.

Key financial indicators

The Group uses various subtotals from the EBIT. These subtotals are broken down in the Consolidated Income Statement, where their reconciliation in relation to the EBIT can be observed, as well as their comparative values.

- EBITDAR: Earnings Before Interest, Tax, Depreciation, Amortisation, & Rent. EBITDAR allows comparability among the hotel business units operated by the Group, regardless of the method through which the operation rights were acquired.

- EBITDA: Earnings Before Interest, Tax, Depreciation & Amortisation. It offers an estimate of the net cash flow from operating activities. To this end, this indicator is also reported as a subtotal in the Consolidated Cash Flow Statement.

Other financial indicators

- EBITDAR and EBITDA without capital gains: The purpose of this indicator is to offer a measurement of the Company's operating income, excluding certain results from the property segment mainly related to the variation of the fair value of investment property and the asset rotation. Revenues and expenses derived from those activities are excluded from the calculation of EBITDA without capital gains, giving rise to revenues without capital gains, measurement used to calculate margins without capital gains.

The reconciliation of EBITDAR and EBITDA without capital gains for year 2023, in relation to the subtotals reported in the consolidated income statement, is as follows:

(Thousand €)	Revenues	Expenses	EBITDAR	Leases	EBITDA
Consolidated Income Statement	1,932,196	(1,399,594)	532,602	(42,840)	489,762
Investment property valuation results	(3,395)	163	(3,232)		(3,232)
Without capital gains	1,928,800	(1,399,431)	529,370	(42,840)	486,530

Net revenues from fixed assets capital gains for the amount of EUR 3.4 million relate to the net amount of the review of the value of the Group's investment property (see Note 11).

For comparison purposes, the calculation for year 2022 is shown below:

(Thousand €)	Revenues	Expenses	EBITDAR	Leases	EBITDA
Consolidated Income Statement	1,692,013	(1,242,683)	449,330	(18,571)	430,759
Results from assets sale	(12,239)		(12,239)		(12,239)
Without capital gains	1,679,774	(1,242,682)	437,092	(18,571)	418,520

Revenues from fixed assets capital gains for the amount of EUR 12.2 million related to the review of the value of the Group's investment property described in Note 11.

- EBITDAR and EBITDA margin without capital gains: The margin offers a percentage ratio of the revenues the Company may recognise in operating income. For the operational decision-making of the Company, the abovementioned revenues, EBITDA and EBITDAR without capital gains are taken into consideration. There follows the calculation for 2023 and 2022:

(Thousand €)	2023	2022
Income without capital gains	1,928,800	1,679,774
EBITDAR without capital gains	529,370	437,092
EBITDAR margin without capital gains	27.45%	26.02%
EBITDA without capital gains	486,530	418,520
EBITDA margin without capital gains	25.22%	24.92%

- Net Debt: This indicator is used to measure the financial leverage. It is calculated as the difference between debt with credit entities, securities issues and short- and long-term lease liabilities less Cash and cash equivalents. The reconciliation of this indicator with the different headings in the Consolidated Balance Sheet for 2023 and 2022 is shown below:

(Thousand €)	31/12/2023	31/12/2022
Bonds and Other Negotiable Securities (Non-Current)	52,082	52,026
Bank Loans (Non-current)	958,390	1,131,463
Bonds and Other Negotiable Securities (Current)	24,585	24,042
Bank Loans (Current)	288,837	151,561
Lease liabilities	1,449,453	1,462,567
Cash and other cash equivalents	(160,229)	(148,680)
Net Debt	2,613,118	2,672,979

- Net debt ratio over EBITDA: This indicator is usually used by financial analysts, investors and stakeholders related to the Company. This is the ratio between the Company's payment commitments (Net Debt) and its capacity to generate cash flows from the transaction (EBITDA without capital gains). There follows the calculation for 2023 and 2022:

(Thousand €)	2023	2022
Net Debt	2,613,118	2,672,979
EBITDA without capital gains	486,530	418,520
Net Debt over EBITDA	5.37	6.39

- GAV (Gross Asset Value): The Company periodically carries out a valuation of its non-financial fixed assets through an independent expert.

  The Gross Asset Value (GAV) is the aggregated sum of the result of such valuation for all the assets owned by the Group, and the assets owned by associates and joint ventures weighted by the Group's percentage of interest in such companies. In Note 10 the Gross Asset Value for both groups of assets according to the last valuation is broken down.

Hotel management stats:

The hotel industry uses basic statistical data to analyse how the hotel establishments can generate revenues and how they evolve over time.

The indicators broken down below only affect the hotel business shown as a segment in Note 6.

- Occupancy rate: The percentage ratio obtained by dividing the occupied rooms by the available rooms. Available rooms means the number of physical rooms multiplied by the number of days the room has been ready to be occupied. Likewise, occupied rooms (sold) are calculated as the number of days the physical rooms have been effectively occupied during the period.

  This indicator offers a measurement of the use of the available capacity of the hotels, which is used by the management team to calculate the demand for a specific hotel or group of hotels in a specific time frame. Likewise, it is also used to set the average price per room, depending on whether the demand for rooms increases or decreases.

  The calculation details of the occupancy rate of hotels operated under lease and under ownership by the Group in 2023 and 2022 are broken down as follows:

Number of Rooms	2023	2022
Available Rooms	10,465,526	10,589,298
Occupied Rooms	7,085,809	6,524,586
Occupancy Rate	67.7%	61.6%

- ARR (Average room rate): The average room rate is calculated by dividing the total room revenue (see Note 7.1) by the occupied rooms. It measures the average price per room reached by a hotel in a specific time frame and provides valuable information as for price dynamics and type of customers of a specific hotel or group of hotels. Thus, this measurement is widely used in the industry and by the management team in order to estimate the prices the Company can charge based on the type of customer. Likewise, the changes applied to the average price per room have a different impact on revenues as well as on the business profitability in comparison with those applied to the occupancy rate. The result of the ARR calculation for 2023 and 2022 is as follows:

	2023	2022
Room Income	1,123,977	969,332
Occupied Rooms	7,085,809	6,524,586
ARR (euros)	158.62	148.57

- RevPar (Revenue per available room): Revenue per available room is the result of dividing the total room revenue (see Note 7.1) by the number of available rooms. The management team uses this indicator to evaluate the business performance, since it is correlated with the two key indicators of the operations of a hotel or group of hotels: the occupancy rate and the average price per room.

Likewise, the RevPar is used to measure and compare the performance in comparable periods between similar hotels.

The result of the RevPar calculation for 2023 and 2022 is as follows:

	2023	2022
Room Income	1,123,977	969,332
Available Rooms	10,465,526	10,589,298
RevPAR (euros)	**107.40**	**91.54**

This indicator has improved compared to the previous year, in line with the increase in occupancy rates and the ARR as stated above, as a result of the activity recovery during this year 2023.

2.5. Consolidation

Subsidiaries

Subsidiaries are the companies over which the Group exercises effective control, generally accompanied by more than half of the voting rights.

In addition to the shareholding percentage, when assessing whether a controlling interest is held in a company, the Group considers the following aspects:

- Influence over the investee, giving the Group the ability to manage its significant activities.
- Right to the variable returns from its shareholding in the investee.
- Ability to use its influence over the investee to have an impact on the amount of the returns obtained.

According to the full consolidation method, the financial statements of subsidiaries are consolidated as from the date on which control is transferred to the Group and are excluded from the consolidation as from the date on which such control ceases to exist. Intra-group balances and transactions are eliminated in full.

Associates and Joint Ventures

Associates are all companies over which the Group exercises significant influence but not control. Significant influence generally includes between 20% and 50% of the voting rights and means the power to participate in the financial and operating policy decisions of the investee company.

Joint ventures are joint agreements in which the parties that hold joint control under such agreements hold rights over the net assets thereof. The unanimous consent of the parties sharing control is required under these agreements.

Associates and joint ventures are consolidated using the equity method. According to this method, the carrying value of the investment is recognised initially at cost, and is increased or decreased to recognise the Group's interest in the results and in the income and expenses directly recognised in equity of the associate or joint venture after the date of acquisition. The Group's investment in associates and joint ventures includes goodwill identified on acquisition.

The Group's share in profit or loss after the date of acquisition of associates and joint ventures is recognised under heading Profit / (Loss) from companies carried by the equity method in the Consolidated Income Statement, and its share in movements in other comprehensive income is directly recognised in equity, including the relevant adjustment to the carrying value of the investment.

Where the accumulated losses incurred by an associate or joint venture result in a negative equity, the Group adds the amount of any other item that may be considered to be greater in value than the net investment until said investment is reduced to zero. From that moment on, the Company takes into account any additional losses by recognising a liability, only to the extent that it has incurred legal or constructive obligations or has made payments on behalf of the investee company or joint venture.

Currently, the Group does not participate in joint ventures that must be included using the proportional consolidation method.

Consistency in terms of timing and measurement

All subsidiaries included in the scope of consolidation close their fiscal year on 31 December, so the relevant annual accounts for 2023 have been used for consolidation purposes, and if the annual accounts have not yet been prepared, the corresponding accounting records have been used, once the appropriate measurement adjustments to ensure compliance with the relevant IFRS adapted by the European Union have been carried out.

Business combinations

If the business combination is achieved in stages, the carrying value on the acquisition date of the interest in the acquiree's equity previously held by the acquirer is remeasured at fair value on the acquisition date, and any loss or profit arising from this new measurement is recognised in the income statement for the year.

In business combinations, the excess between the cost of the combination and the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recorded as Goodwill in the Consolidated Balance Sheet.

The excess between the acquirer's interest, where appropriate, after reassessing the identification and valuation of the identifiable assets, liabilities and contingent liabilities, and the cost of the business combination, is recognised in the income statement for the year.

When the Group first applied IFRS, it did not apply IFRS 3 retrospectively to business combinations that occurred before the date of transition, and it availed itself of the exemption provided for in IFRS 1 "First-time Adoption of International Financial Reporting Standards", therefore, the existing goodwill provided for in the Spanish legislation as at 31 December 2003, net of accumulated depreciation to that date, was allocated to the goodwill under the heading Intangible Assets.

Purchase of non-controlling interests

Once control is obtained, any subsequent operations in which the controlling company acquires more non-controlling interests, or sells interests without losing control, are accounted for as transactions with equity instruments. It follows from the above that:

- Any difference between the amounts by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in consolidated equity and attributed to the owners of the controlling company.
- The carrying value of the goodwill is not adjusted, and no gains or losses are recognised in the Consolidated Income Statement.

Sale of controlling interests

When the Group ceases to have control over a subsidiary, any retained interest is recognised at fair value at the date when control is lost, and the change in the carrying amount is recognised in the income statement for the year. In the case of companies owning hotels, the result is recognised as Capital gains of fixed assets in the Consolidated Income Statement (see Note 3.11). The fair value is the initial carrying amount for the purposes of the subsequent recognition of the interest retained as associate, joint venture or financial asset.

Loss of significant influence

If the Group no longer exercises significant influence over the associate or joint venture, it measures and recognises the investment maintained at fair value. Any difference between the carrying value of the associate at the time significant influence is lost and the fair value of the investment maintained plus the income obtained on the sale is recognised in the Consolidated Income Statement.

Elimination of inter-company transactions

The inter-company balances for inter-company transactions relating to loans, leases, dividends, financial assets and liabilities, sale and purchase of inventories and fixed assets and provision of services, have been eliminated. Regarding the sale and purchase transactions, the unrealised profit margin with regard to third parties has been reversed so that the corresponding assets are stated at cost, thus adjusting the depreciations carried out.

Non-controlling interests

The proportional part of equity corresponding to the Group's non-controlling interests, calculated in accordance with IFRS 10, is recorded under this heading of the Consolidated Balance Sheet.

Profit or loss attributed to non-controlling interests

This relates to the share in consolidated profit or loss for the year corresponding to the non-controlling interests.

Translation of the annual accounts of the foreign companies

All the assets and liabilities of companies with a functional currency other than the euro and which are included in the scope of consolidation, are translated to euro at the exchange rate existing at year end.

Items in the Profit and Loss Account have been translated at the exchange rates existing on the dates on which the relevant transactions were carried out.

The difference between the amount of the foreign companies' equity, including the balance of the Profit and Loss Account calculated according to the previous paragraph, translated at the historical exchange rate, and the equity position resulting from the translation of assets and liabilities as mentioned in the first paragraph, is recorded with a positive or negative sign, as appropriate, in the equity of the Consolidated Balance Sheet, under the Translation differences heading, net of the portion of such difference corresponding to non-controlling interests, which is recorded under the Non-controlling interests item in equity in the Consolidated Balance Sheet.

Goodwill and fair value adjustments of the Balance Sheet items upon the acquisition of interests in a foreign company, are recognised as assets and liabilities of the company acquired and, therefore, translated at the exchange rate existing at year end, and the exchange differences that may arise are recognised under the Translation differences heading.

Upon total or partial disposal or reimbursement of contributions of a company with a functional currency other than the Euro, cumulative translation differences since 1 January 2004 (date of transition to IFRS) relating to said company, recognised in the consolidated equity, are taken to the Consolidated Income Statement as a gain or loss on disposal.

2.6. Accounting Valuations and Estimates

Directors have prepared the Group's consolidated annual accounts using judgments, estimates and assumptions which have an effect on the application of the accounting policies described in Note 3, 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 consolidated annual accounts.

Such estimates and assumptions are based on historical experience and other factors considered reasonable and relevant 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; 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 Consolidated Balance Sheet captions. The estimates and judgment that have a significant impact on the amounts recognised in the consolidated financial statements and may involve adjustments in future years are set out below:

Estimated impairment loss on goodwill and other non-financial assets

The Group verifies annually whether there is an impairment loss in respect of goodwill and other fixed assets, in accordance with Notes 3.1, 3.2 and 3.12. The recoverable amounts of cash-generating units under lease and those other than hotels with which goodwill is associated are calculated from its value in use.

On the other hand, the recoverable amounts of cash-generating units under ownership have been determined based on the fair value estimated according to the appraisals undertaken by independent experts using valuation techniques such as expected discounted cash flows from such assets.

These calculations are based on reasonable assumptions in accordance with past yields obtained and future production and market development expectations.

However, cash flow projections have a considerable degree of uncertainty due to the possible effects that some factors, such as the geopolitical context, inflation or environmental risks, inter alia, have on the occupancy rate and the average price per room, which may lead to adjustments in the carrying amounts of the assets of the cash-generating units in the future, in particular, of those under lease, given the significant difference between the fair value and the carrying value of most of the assets under ownership.

Corporate income tax

The calculation of income tax requires the interpretation of the tax legislation applicable to the countries in which the Group companies operate. There are also several factors related mainly, but not exclusively, to changes in tax laws and changes in the interpretation of tax laws currently in force that require the use of estimates by the directors of the parent company.

Directors of the parent company 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.

Where there is an uncertainty in relation to the income tax treatments, the Group assesses whether a tax authority is likely to accept an uncertain tax treatment. If it concludes that the tax authority is likely to accept an uncertain tax treatment, the effect of the uncertainty on the taxable profit (tax loss), tax bases, unused tax losses and unused tax credits or the corresponding tax rates is reflected. The effect of the uncertainty is reflected using the method that, in each case, better foreshadows the resolution of the uncertainty: the most probable amount or the expected value. In each case, the Company makes an assessment of whether each uncertain tax treatment must be considered separately or jointly with another or several uncertain tax treatments, in line with the approach that better foreshadows the resolution of the uncertainty.

Note 19 includes the breakdowns regarding the corporate income tax estimates.

Fair value of derivative financial instruments

The fair value of derivative financial instruments that are not traded in an active market is determined using measurement techniques, as specified in Note 3.5. The Group uses a variety of methods and makes assumptions that are based mainly on market conditions at the Consolidated Balance Sheet date. Most of these measurements are obtained from the financial institutions with which the instruments were contracted or are determined by reference to the fair value of the asset from which these derive.

Fair value of investment property

The Group uses the fair value method in measuring investment property. The estimation of this fair value is mainly carried out based on the appraisals undertaken by independent experts using valuation techniques such as expected discounted cash flows from such assets, as well as regular updates of the Company based on such studies.

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 calculated by reputable independent experts using actuarial valuation techniques. Note 16.2 gives details of the assumptions used to calculate these commitments.

Inflation and exchange rate to be applied to the consolidation of Venezuelan subsidiaries

In October 2021, Venezuela replaced the Bolívar soberano (VES), which was applied until such date, with the Bolívar digital (VED), by dividing the value of the new currency by 1,000,000 (VED 1 = VES 1,000,000).

However, since 2017 and due to the ongoing complex political and economic situation in the country, the Company considers that the different official exchange rates do not reflect the economic situation of the country and, therefore, decided to internally estimate the exchange rate that is most appropriate for the consolidation of the financial statements of its subsidiaries in Venezuela.

This estimated exchange rate, based on the high inflation to which the price of goods and services of the country are subjected, has been calculated based on the last official exchange rate of 2014, updated according to the corresponding inflation rate in each period from then on.

The inflation considered for this calculation in 2023 has been 185.71%; 256.03% in 2022, both estimates based on studies carried out by independent experts. The Central Bank of Venezuela has published inflation figures for 2023 of 193%.

The Group will continue to assess the political and economic situation in the country in order to adopt any change in the exchange rate which may be applicable for the consolidation of its Venezuelan subsidiaries.

2.7. Cash Flow Statements

The consolidated cash flow statement includes the cash movements during the fiscal year, calculated by the indirect method. The expressions used in the consolidated cash flow statement have the following meanings:

- Cash flows: Inflows and outflows of cash or other cash equivalents, these being understood to be investments for a period of less than 3 months with high liquidity and low risk of changes in value.
- Operating activities: These are the activities that constitute the main source of ordinary income of the Group, as well as other activities that cannot be classified as investment or financing.
- Investment activities: The acquisition, sale or other disposal of long-term 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 of liabilities of a financial nature.

Cash flows from operating activities include the capital gains generated by asset rotation activities, if transactions are carried out during the year, while the net carrying amount of the assets disposed of is recognised under the heading Investment activities.

In relation to lease payments, the total amount of the cash flows paid in each fiscal year is divided between principal (included in financing activities) and interest (included also in financing activities).

Note 3. Accounting Policies

3.1. Intangible Assets

Goodwill

Goodwill generated on consolidation represents the difference between the acquisition price of fully consolidated subsidiaries and the Group's interest in the market value of identifiable assets and liabilities of subsidiaries.

Goodwill generated in acquisitions prior to the date of transition to IFRS is recorded in the Consolidated Balance Sheet at the net value recorded as of 31 December 2003.

Goodwill is not depreciated. Instead, goodwill review studies are carried out annually to identify any impairment losses. Impairment losses are recognised if the recoverable value, determined based on the current value of future expected cash flows of the cash-generating units associated with goodwill and discounted at a rate which considers the specific risks of each generating unit, is lower than the amount initially assigned. Impairment loss recognised for goodwill shall not be reversed in subsequent periods. These measurements are carried out internally. Note 9 includes details regarding their calculation.

Other intangible assets

Other intangible assets relate to several software applications, as well as transfer rights and industrial property.

Software applications are valued at cost price or production cost and depreciated using the straight-line method over their estimated useful life of 5 to 10 years. Software maintenance-related expenses are recognised as an expense when incurred.

The investments in technological innovation incurred by the Group in producing identifiable and unique software programmes controlled by the Group 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 depreciated using the straight-line method over the term of the agreements related to these rights.

Investments carried out in trademarks, which are initially recognised at cost, are not amortised as their useful life is indefinite. The remaining items included in industrial property are amortised on a straight-line basis over a five-year period.

At each year end, the Group assesses whether there is an indication of impairment loss of this type of assets, and if so, the recoverable amount of these assets is estimated according to the methodology described in Note 3.2.

3.2. Property, Plant and Equipment

Property, plant and equipment is stated at cost, including transaction costs, plus the financial expenses directly attributable to the acquisition, construction and renovation incurred to bring the assets into operating conditions, if any, less accumulated depreciation and any impairment losses according to the provisions of this Note.

The repairs which do not extend the useful life or the production capacity of the assets and the maintenance expenses are charged directly to the Consolidated Income Statement. Costs that extend or improve the useful life of the assets or can only be used with the item of property, plant and equipment are capitalised as an increase in their value.

The Group depreciates its property, plant and equipment by the straight-line method over the years of estimated useful life, as follows:

Buildings	40-50 years
Plant	15-18 years
Machinery	10-18 years
Furniture	10-15 years
Software	3-8 years
Vehicles	5-10 years
Other fixed assets	4-8 years

Such depreciation, however, is adjusted for those assets associated with 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 Consolidated Balance Sheet date, specifically considering whether climate-related risks require a change in the useful life and residual value of assets. Land is not subject to systematic depreciation since it is considered to have indefinite useful life, however it is subject to impairment tests.

The Other fixed assets heading also includes the amount of the inventory of spare parts valued at realisable value. Breakages and losses are recorded as Disposals, and their cost is recognised under heading “Other operating expenses” in the Consolidated Income Statement.

Impairment of property, plant and equipment and intangible assets

At each year end, the Company assesses whether there is an indication that an asset may be impaired. If such indication exists, the asset’s recoverable amount is estimated. An asset’s or cash-generating unit’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell 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. Regularly, the Group obtains valuations carried out by independent experts of the fair value of its owned hotel assets whether operated by the Company or leased to third parties, as well as certain hotels under lease. 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 are used, such as the comparable method or the residual value method. The latter method is mainly used to value plots and land.

At the end of the years in which valuations by independent experts are not obtained, the Group assesses whether there is an indication that its tangible assets may be impaired. For owned hotels, the Group 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 Group 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.

In assessing value in use, the Group projects future cash flows by considering the budget approved by the governing bodies of the Company for 2024, and applying growth assumptions that are consistent with the market in which the asset operates and its historical performance for a period of 10 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. In the case of assets under lease, cash flows are projected for the estimated term of the lease, as described in Note 3.12. 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 Consolidated 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 Consolidated 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.

3.3. Investment Property

The investments carried out by the Group to obtain lease income or capital gains, and which generate cash flows independently of the other assets held by the Group, are recorded under this heading.

After the initial recognition made for the total amount of the costs related to the asset acquisition transaction, the Group has chosen the application of the fair value model, therefore, all investment properties are recognised at fair value, and any upward and downward changes in fair value occurred are included under headings “Other operating expenses” and “Capital gains of fixed assets” in the Consolidated Income Statement. In the case of disposals of investment property, the difference between the fair value of the agreed consideration and the carrying amount is included in heading “Capital gains of fixed assets” in the Consolidated Income Statement.

At each year end, the Group updates the fair value assessment of each property, either through the valuation made by an independent expert, or by contrasting the main variables used in the last available valuation made by the expert with updated information. The best evidence of the fair value is the current prices in an active market for similar properties. Where this information is not available, future discounted cash flows are estimated, on the basis of the budget approved by the governing bodies of the Company for the next year, and applying growth assumptions in line with the market in which such asset operates.

3.4. Segment Reporting

Information on operating segments is presented according to the internal information as provided to key decision-makers within the Group. Key decision-makers means the Senior Executive Team (SET), which is responsible for allocating resources and evaluating performance of operating segments. The SET is a collegiate body consisting of the Chief Officers of each General Management and the CEO (Chief Executive Officer).

3.5. Financial Instruments

The Group recognises financial assets or financial liabilities in its Consolidated Balance Sheet when it becomes party to the contractual clauses of the related instrument.

Financial Assets

Financial assets within the scope of IRFS 9 are classified, according to the valuation criteria, as financial assets at amortised cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit and loss. The classification in one category or another will depend on the characteristics of the financial asset's contractual cash flows and on the management model of the Company used to manage such assets.

Financial assets are initially measured at fair value, except for trade receivables, which are measured at their transaction price if they do not have a significant financial component.

Financial assets at amortised cost

This classification includes the amounts recorded under the Trade and other receivables heading, and all the collection rights included in headings Other non-current financial assets and Other current financial assets.

Such assets are subsequently recognised at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or are impaired.

Non-current deposits and guarantees are measured at amortised cost using the effective interest method, however they are not discounted, since the effect of the restatement would not be significant.

These assets are maintained in order to obtain contractual cash flows and they only give rise to principal and interest payments on the outstanding principal amount.

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.

Operations involving the assignment of financial assets

The Company derecognises an assigned financial asset when it assigns the 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 associated with the ownership of the asset are substantially transferred.

In case of assignment of assets in which the risks and rewards associated with the ownership of the financial asset are substantially retained, the assigned financial asset is not derecognised in the Consolidated Balance Sheet and a related financial liability is recognised for an amount equal to the consideration received, which is subsequently measured at amortised cost. The assigned financial asset continues to be measured according to the same criteria applied prior to the assignment. The income derived from the assigned asset and the expenses derived from the related financial liability are recognised in the Consolidated Income Statement without offset.

Impairment of financial assets

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.

In relation to the Vacation Club customers, the Company can terminate the contracts, therefore, the impact of the cancellation of such receivable would also imply the derecognition in the accounts of liabilities pending to be executed.

Financial Liabilities

Financial liabilities within the scope of IRFS 9 are classified, according to the valuation criteria, as financial liabilities measured at amortised cost, financial liabilities at fair value through profit and loss, and financial liabilities at fair value through other comprehensive income. These liabilities are initially recognised at fair value adjusted for directly attributable transaction costs. All non-derivative financial liabilities of the Group are included within the category Financial liabilities measured at amortised cost.

Financial expenses deriving from financial liabilities are recognised as they accrue.

The Group derecognises financial liabilities when the obligations giving rise to them cease to exist.

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 twelve months are classified as non-current liabilities, while those with shorter maturity than that are included under current liabilities.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received, net of any issue costs and any discount or premium on settlement associated with these loans.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Bank loans and credit facilities

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

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.

Lease liabilities

Note 3.12 provides information on the valuation method and accounting policies regarding this type of liabilities.

Other financial liabilities at amortised cost

The remaining financial liabilities that relate to payment obligations as detailed in Note 13, are also measured at amortised cost using the effective interest method. However, financial liabilities with short-term maturities and which have no contractual interest rate are measured at their face value provided the effect of not adjusting the cash flows is not material.

Derivative Financial Instruments

Derivative financial instruments are classified as financial assets or liabilities at fair value through profit or loss or as accounting hedges, with the latter relating to financial assets or liabilities at fair value through other comprehensive income. 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, under the heading Other financial assets, when the fair value is positive and as liabilities, under the heading Other financial liabilities when the fair value is negative. They are classified as current or non-current depending on the estimated timing of cash flows.

Accounting Hedges

The Company has opted to continue to apply the requirements on accounting hedges under IAS 39, in accordance with paragraph 7.2.21 of IRFS 9.

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 Group has various interest rate swaps classified as cash flow hedges. 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 Consolidated 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.

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 and that of the counterparty, according to IFRS 13. These values are obtained from studies carried out usually by the financial institutions with which the Group has contracted these instruments.

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 Consolidated Income Statement for the year. The fair value of these derivative financial instruments is obtained based on studies carried out by independent experts, particularly appraisals of non-financial assets when the derivative arises from a purchase option.

3.6 Non-Current Assets Held for Sale and Discontinued Operations

If there are assets which carrying value is expected to be recovered through a sale rather than by means of their continued use, such assets are recorded under the heading Non-current assets held for sale.

They are recognised at the lower of their carrying amount and fair value less costs to sell. The Company recognises an impairment loss for initial or subsequent write-down of the asset to fair value less costs to sell. The Company recognises a gain for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been recognised.

In the Consolidated Income Statement, income and expenses from discontinued operations are presented separately from the income and expenses from continued operations, under profit/(loss) after taxes. Assets held for sale are not depreciated.

The non-current assets that are for sale, within the asset rotation segment, but which are still operated by the Group until their sale, are not reclassified under this heading in the Consolidated Balance Sheet and are maintained in the Consolidated Balance Sheet according to their nature.

3.7. Inventories (Commercial Inventories, Raw Materials and Other Supplies)

Raw and ancillary materials are measured at their average acquisition cost, which is generally lower than their net realisable value, any necessary measurement adjustments being made in case their estimated realisable value is lower than their cost. The acquisition price includes the amount included in the invoice plus all additional expenses incurred until the goods are stored in the warehouse. The net realisable value is the estimated selling price less the costs estimated to be incurred in the selling processes.

3.8. Treasury Shares

Treasury shares are presented as a decrease in the Group's equity and are stated at cost without carrying out any measurement adjustments.

Gains and losses obtained on disposal of treasury shares are recorded directly against equity.

3.9. Government Grants

Government grants are recognised at fair value only when there is a reasonable certainty that the conditions for receiving the grant will be fulfilled and such grants will be effectively received.

Where the grant relates to an expense item, it is taken to the income statement over the period necessary to match the grant, on a systematic basis, with the costs to be offset by the grant.

Where the grant relates to an asset, the fair value is recognised as deferred income and is taken to the income statement based on the expected useful life of such asset.

3.10. Provisions and Contingencies

Provisions are recognised when the Group:

- 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 Consolidated Balance Sheet date and are adjusted to reflect the current best estimate of the liability at such date, taking into account the risks and uncertainties relating to the obligation.

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 Group'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 contingent liabilities are not recognised in the accounts, but are disclosed in the notes to the consolidated annual accounts (see Note 21).

Post-employment benefits

Post-employment plans are classed as defined contribution plans or defined benefit plans.

Defined contribution pension plans

Defined contribution plans are those plans under which the Group makes fixed contributions to an independent entity and does not have any legal, contractual or implicit obligation to make additional contributions if the independent entity does not hold sufficient assets to satisfy the commitments assumed.

Contributions are recognised as employee benefits when they accrue.

Defined benefit pension plans

Pension plans that are not defined contribution plans are considered as defined benefit plans. In general, defined benefit plans 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 Group recognises in the Consolidated Balance Sheet a provision for defined benefit awards established in collective bargaining agreements 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 economic benefits that may be available in the form of reimbursements from the plan or reductions in future contributions to the plan.

Past service costs are recognised immediately in the Consolidated Income Statement unless they involve non-vested rights, in which case they are taken to the Consolidated 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 Consolidated statement of comprehensive income, 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 some Group companies 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 Group'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. This valuation is detailed in Note 16.2.

The Group has duly externalised the pension commitments and obligations stipulated in collective bargaining agreements subject to the Ministerial Order of 2 November 2006. Assets related to these externalisation operations are recognised as a reduction in the balance of the acquired commitments.

3.11. Revenue Recognition

The operating revenues arising from contracts with customers are recognised as the obligations undertaken with such customers are met by the Company.

When recognising such revenues, the 5-stage analysis included in IFRS 15 is carried out, in order to determine the amount and the moment of revenue recognition for each of the contracts with customers of its operating segments:

- Identification of the customer's contract.
- Identification of the performance obligations.
- Determination of the transaction price.
- Allocation of the price to the various performance obligations.
- Revenue recognition according to the fulfilment of each obligation.

Such revenues are shown net of discounts, refunds and value added tax. The Group bases its return estimates on past results, having regard to the type of customer, the type of transaction and the specific circumstances of each agreement.

Sale of rooms and other related services

Revenues deriving from the sale of rooms are daily recognised 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. It is worth mentioning that in hotels marketed only under all-inclusive regime (mainly located in America), this is not considered as a differentiated service, however, for the purposes of breakdown, a percentage of the rate is allocated to item ‘revenues for food and beverages’.

In any case, the execution obligations undertaken with hotel customers are considered as fulfilled over time, during the stay of the customer in the establishment, and the Group recognises the daily revenues corresponding to the services consumed by the customer on that date.

Within the hotel business segment, the Company manages the customer loyalty programme “Meliá Rewards”, which consists of rewarding customers who stay in hotels or use services provided by associates and joint ventures, through a series of points that are exchangeable for rewards such as, among other things, free stays in hotels managed by the Group.

If a hotel customer is member of the loyalty programme and accumulates points for his/her stays, a differentiated performance obligation is identified, to which an amount is allocated depending on the fair value of such points, and will be met at the time the member of the programme uses the points obtained, by deferring until such time the recognition of revenues in the Consolidated Income Statement of the Group, for the amount allocated to such obligation.

Additionally, other services provided directly by the hotels, such as rent of rooms, organisation of events, rent of commercial premises to third parties, etc... are included under heading ‘Other business revenues’ in the table included in Note 7.1 to these consolidated annual accounts and are recognised depending on the IRFS applicable at the time in which the service is rendered.

Provision of hotel management services

With regard to contracts with hotel owners for the management of their establishments, there are several performance obligations identified in each of the contracts. The main obligation of the Group in such contracts is to provide hotel management services for these establishments. The consideration for these services is established as a percentage of the amount of the total revenues and the Gross Operating Profit (GOP) generated by the management of the Group. Every month, the Company recognises the corresponding revenues in the Consolidated Income Statement depending on the progress of both magnitudes for each of the hotel management contracts, according to the contractual terms and conditions set out in each of them.

The other performance obligations differentiated in the hotel management contracts relate to services linked to such activity, such as fees for reservations made through the own channels of Meliá Group, or licences for use of own or centrally managed software applications. The Company recognises the revenues from the provision of these services as these obligations are met which, in the case of fees for reservations, coincide with the customer’s stay in the hotel.

These revenues are broken down in Note 7.1 to these consolidated annual accounts.

Sale of vacation club units

With regard to the contracts for the sale of vacation club units, the Group has identified as a performance obligation the provision of the marketed units to Club customers in their corresponding weeks. Regardless of the contract term, such obligation is considered to be met when the customer uses such weeks, moment in which the revenues are recognised in the Consolidated Income Statement. The Group distributes the consideration received in proportion to the number of weeks included in the contract, deferring the recognition of revenues, net of the costs incurred in obtaining them, until the moment of use and recognising the amount of non-used weeks under heading ‘Capital grants and other deferred income’ in liabilities of the Consolidated Balance Sheet, which are weighted taking into account the percentage of rights not used based on the historical performance of the portfolio of vacation club customers.

The consideration agreed in most of these contracts with customers of the vacation club includes the payment of interest derived from the deferred payments agreed in such contracts. The Group recognises the revenue from such interest over time when the right to receive it is generated, since the customers have the possibility to pay in advance the outstanding amounts.

Fixed assets capital gains

The Company actively manages its real estate assets portfolio. In general, these are sales transactions for asset rotation which can be organised through the direct sale of the asset or through the sale of the company owning such asset. The net income of such transactions is shown under heading Operating revenues as Fixed assets capital gains and is calculated as set out in paragraph 71 of IAS 16, by deducting from the fair value of the consideration received the carrying amount of the assets disposed of. Likewise, the increase in the fair value of investment property is recognised under this heading in the Consolidated Income Statement, as stated in Note 3.3.

Likewise, this operating segment of the Company includes sales transactions and/or the contribution of hotels to associates and joint ventures for the purposes of maximising present and future cash flows of this portfolio. These transactions involve the derecognition of the hotels in the consolidated annual accounts and the recognition of the consideration received, whether in cash or the retained interest, or a combination of both.

The Group recognises the retained residual interest in such hotel businesses at fair value, taking any change in the carrying value to the income statement, as detailed in Note 2.5. Therefore, the recognised capital gains tally with the obtained capital gains.

Lease income

Income deriving from leases of investment properties is recognised on a straight-line basis over the term of the lease and is included as operating revenues under the asset management segment.

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 Consolidated Income Statement.

Dividends

Income from dividends is recognised when the right of the Group to receive the corresponding payment is established.

3.12 Leases

The Group assesses at inception of an agreement whether the agreement contains a lease. If this is the case, the corresponding lease liability and right of use are recorded. Otherwise, the lease payments are recognised as an operating expense as the economic benefits of the leased assets are realised.

The lease liability is initially calculated as the present value of the fixed or substantially fixed lease payments which have not been disbursed on that date, discounted by using an incremental rate during the minimum non-cancellable period, and considering the extension options that can reasonably be exercised and the periods with option to terminate that are not reasonably possible to exercise.

The initial recognition of the right-of-use asset includes the initial measurement of the liability, including the payments made before the start of the lease and the initial direct costs, discounting the rewards received. It is a common practice to establish clauses in hotel lease contracts that require some payments to improve the asset by the lessee. In such circumstances, these improvements are not specific and are included as further payments to be discounted, affecting both the liability and the right of use.

Subsequently, the right of use is measured at cost less any accumulated depreciation and impairment losses. The depreciation period is the lease term or the useful life of the underlying asset, whichever occurs first. Additionally, the value is adjusted if new measurements of the liability are made due to circumstances affecting the amounts of the payments or the lease term. Some of these changes require a review of the discount rate used.

The Group applies IAS 36 in order to determine whether a right-of-use asset is impaired and recognises any impairment losses identified.

The Company has applied the following accounting policies, estimates and criteria:

Scope

The Company applies the low-value exemption for lease contracts which underlying assets do not exceed USD 5,000 and the short-term exemption for lease contracts with a duration of less than one year. Lease and non-lease components are not separated in those assets in which these components are not likely to affect the total lease value.

The Company considers that the hotel management agreements are not within the scope of IRFS 16 application and, therefore, management revenues are recognised under IFRS 15 (see Note 3.11).

Lease payments

In addition to fixed (or, basically, fixed) payments included in lease contracts, the Company includes in lease payments the following circumstances:

Most hotel lease contracts include a contingent payment based on the consumer price index of the country in which the asset is located, which usually is reviewed every year, and is applied to the payments due, with lease liabilities and rights of use being recalculated based on such review. The index value at the date of lease inception is considered in the calculation of the lease payments.

In lease contracts with variable payment for which a minimum lease payment is set for defined periods, this amount is considered in the initial calculation, with the amount of the variable payment exceeding such minimum lease payment being recognised as an expense under heading Leases in the Consolidated Income Statement.

Lease term

Regardless of the date of execution of the agreement, for the purposes of recognition in the Group's consolidated financial statements, the initial date of the agreement is considered to be the date on which the hotel is effectively occupied, and which, in general, corresponds to the opening date.

The Company considers the minimum non-cancellable term as the initial term set forth in the lease contract, without including the potential extensions if they are unlikely to be exercised. In order to determine whether an extension will be exercised with reasonable certainty, some key features have been defined and taken into account by the Group to determine whether there are economic rewards that justify such exercise: payments not adjusted to market conditions, investments to be made and the particularity of the hotel asset, among others.

Discount rate

Given the difficulty in setting the interest rate implicit in hotel lease contracts, the Group has decided to calculate the incremental borrowing rate as applicable to each agreement. The model for the calculation of incremental rates is based on a risk-free rate, the asset's economic context risks (country) and the risk inherent in the Company, all this weighted by the temporary value of cash flows as determined in the schedule of minimum lease payments stipulated in each lease contract.

Impairment of right-of-use assets

In general, right-of-use assets do not generate separate cash inflows, therefore, their impairment assessment must be made as part of a cash-generating unit and, consequently, the Group adjusts the calculation of the recoverable amount of such cash-generating unit as described in this Note. In this respect, the Group excludes from the carrying amount of the cash-generating unit the lease liabilities and also excludes from the calculation of the value in use the payments linked to such liabilities. By contrast, the Group includes in the calculation of the value in use the variable payments since they are not included in the lease liability, as well as the lease renewal payments when the term thereof is shorter than the cash flow projection period of the cash-generating unit.

In assessing value in use, the Group projects future cash flows by considering the budget approved by the governing bodies of the Company for 2024, net of tax, and applying growth assumptions that are consistent with the market in which the asset operates and its historical performance for the remaining period, until a period equal to the lease term is completed. The discount rates used in determining the recoverable amount are also adjusted in a way consistent with the underlying cash flows and the corresponding cash-generating unit, affecting such cash flows with the specific risks of the assets which have not been adjusted in estimated future cash flows, mainly business risks and those of the countries in which the assets are located, as well as significant climate risks that may affect them.

3.13. Corporate Income Tax

The corporate income tax expense for the year is calculated as the sum of the current tax in each of the subsidiary companies included in these consolidated annual accounts, excepting the existing 3 consolidated tax groups, which parent companies are: Meliá Hotels International, S.A., Sol Meliá France S.A.S. and Inversiones Explotaciones Turísticas, S.A. that are treated as one unit each.

This calculation arises from the application of the corresponding tax rate to the tax base for the year, after applying the existing tax credits and deductions, plus the change in deferred tax assets and liabilities recorded. This amount is recognised in the Consolidated Income Statement, unless the tax relates to items recognised directly in consolidated equity, in which case the corresponding tax expense is also recognised in consolidated equity.

Current tax assets and liabilities are the estimated amounts payable to or receivable. The tax rates used are those in force at the Consolidated Balance Sheet date.

Items for which the tax determination is uncertain but for which it is probable that future cash outflows to a tax authority will occur, are recognised in provisions. These provisions are measured at the best estimate of the amount that is expected to be paid in relation thereto. The assessment is based on the opinion of tax professionals within the Company with prior experience on this matter and, in certain cases, with the advice of independent experts.

Deferred tax assets and liabilities are calculated for all the temporary differences existing at the Consolidated Balance Sheet date as the difference between the carrying amounts of the assets and liabilities and their tax bases.

Deferred tax assets and liabilities are only offset if there is a legally enforceable right to offset the current tax assets with current tax liabilities and when they relate to income taxes levied by the same tax authority and on the same taxable entity, or different taxable entities which intend to settle current tax liabilities and assets on a net basis.

Deferred tax liabilities are recognised for all taxable temporary differences, unless the temporary difference arises from goodwill for which depreciation is not deductible for tax purposes, or from the initial recognition of other assets and liabilities in a transaction, except in the case of a business combination, which affects neither accounting nor taxable profit or loss.

Likewise, deferred tax liabilities are recognised for all taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except when the following conditions are jointly met: the parent company is able to control the timing of the reversal of the temporary difference; and it is probable that the temporary difference will not reverse in the foreseeable future.

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 they will be recovered by the generation of sufficient taxable profits against which the deferred tax asset and carry-forward of unused tax credits and unused tax losses can be used, excluding the deductible temporary differences arising from the initial recognition of an asset or liability in a transaction, except in the case of a business combination, which affects neither accounting nor taxable profit or loss.

Likewise, deferred tax assets for all deductible temporary differences arising from investments in subsidiaries, associates and joint ventures, are only recognised when the following conditions are jointly met: it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be used.

At each Consolidated Balance Sheet date the recovery of the deferred tax assets is reviewed and adjusted to the amount which is expected to be recovered based on the taxable profit available, calculated according to prudence criteria and excluding the potential profits deriving from the disposal of properties, given the uncertainty concerning their realisation dates, which depend on market conditions, and the different tax consequences depending on the nature of the transactions carried out.

Deferred tax assets and liabilities are measured based on their expected materialisation and on the tax legislation and tax rates approved, or substantively approved on the Consolidated Balance Sheet date.

3.14. Transactions in Foreign Currency

Debit and credit balances in foreign currency are measured at the exchange rate in force on the transaction date and at the end of the year are translated at the exchange rate then in force.

Exchange differences are treated as income or expenses in the year in which they occur, except for those arising from financing transactions granted to subsidiaries abroad which have been considered as an increase in the value of the net investment in such businesses since the settlement of such transactions is not foreseen or likely to occur, as provided for in IAS 21 "The Effects of Changes in Foreign Exchange Rates."

3.15. Functional Currency and Hyperinflationary Economies

The Euro is the presentation currency of the Group and its parent company Meliá Hotels International, S.A.

The functional currency of each of the companies within the Group is the currency of the main economic environment in which the company operates. At the end of 2023 and 2022, the Venezuelan economy was classified as hyperinflationary, since it meets the characteristics of the economic environment laid down in IAS 29 "Financial Reporting in Hyperinflationary Economies".

Consequently, the Balance Sheets of the Venezuelan companies in the scope of consolidation have been restated based on a current cost approach that reflects the effects of changes in the price indices on their non-monetary assets and liabilities.

Likewise, the increase or decrease in purchasing power resulting from the application of the change in the price index to the net monetary position is taken to the Income Statement of these companies. The restatement effect on the current monetary unit of the remaining items of the profit and loss account of Venezuelan companies is also included in the Income Statement.

For the purposes of enhancing the true image of the consolidated financial statements and given the obvious economic link between the recognised impacts due to hyperinflation and the devaluation which are recorded in the country in recent years, the Group presents the two effects in the consolidated equity, by recognising both the effect of the restatement of non-monetary items and the effect of the differences arising from the conversion into euros, directly under the heading Retained earnings in equity.

The accumulated impacts of both magnitudes broken down separately for 2023 and 2022 are shown below:

(Thousand €)	31/12/2023	31/12/2022
Asset Revaluation	320,985	328,142
Retained earnings decrease	(500,079)	(505,174)

According to certain studies conducted by independent experts, hyperinflation at year end stands at around 185.71%. In 2022, the inflation rate rose to 256.03% (see Note 2.6).

There are no other companies within the scope of consolidation which are considered as hyperinflationary economies at the end of 2023 and 2022.

Note 4. 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 Group. 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 consolidated annual accounts. The actions planned in such management are reviewed and updated periodically.

The Group'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 Meliá Hotels International Group, through the management it conducts, tries to minimise the potential adverse effects of these risks on the consolidated annual accounts.

Additional information on these risks is provided below:

4.1. Interest Rate Risk

The Group's consolidated annual accounts include certain items subject to fixed and variable interest.

It is a policy of the Company to provide partial hedge against changes in interest rates by contracting different financial derivatives that allow it to contract a fixed rate for a specified period that it applies to financing transactions with variable rates.

The structure of the debt as at 31 December 2023 is as follows (these amounts do not include accrued but unpaid interest nor business lease liabilities):

(Thousand €)	Fixed Interest	Variable Interest	Total
Simple Bonds	52,500		52,500
European Commercial Papers (ECP)	24,800		24,800
Bank loans	292,587	528,297	820,884
Mortgage-backed loans	94,819	158,409	253,227
Credit facilities		171,623	171,623
TOTAL DEBT	464,706	858,328	1,323,035

Variable interest rate debts are basically tied to Euribor and SOFR.

As at 31 December 2023, the Group has various interest rate swaps contracted which are classed as cash flow hedging instruments. The bank loans and mortgage-backed loans at a variable rate hedged by these swaps are shown in the Fixed Interest column for the part of capital hedged. Additional breakdowns are included in Note 13.3.

In addition, the Company has various guarantees and deposits for different transactions, and which are broken down in Note 21.2.

For comparison purposes, information for year 2022 is as follows:

(Thousand €)	Fixed Interest	Variable Interest	Total
Simple Bonds	52,500		52,500
European Commercial Papers (ECP)	24,200		24,200
Bank loans	364,180	527,551	891,731
Mortgage-backed loans	151,491	138,956	290,447
Credit facilities		103,077	103,077
Bank lease liabilities		7	7
TOTAL DEBT	592,371	769,590	1,361,961

The sensitivity, in thousand euro of 2023 and 2022 profit or loss to interest rate variations (in base points) is as follows:

Variation	2023
+ 25	2,146
- 25	(2,146)

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 included in Note 13.3 has been considered in this calculation.

4.2. Foreign Exchange Risk

The Group operates internationally and, therefore, is exposed to exchange rate risks on transactions in foreign currencies.

Foreign exchange risk arises from commercial, financial and investment transactions, as well as from the translation of the financial statements of subsidiaries which are denominated in a functional currency other than the presentation currency of the Group.

Despite not having financial instruments contracted (swaps, foreign exchange insurance), in order to mitigate these potential risks, the Group develops policies aimed at maintaining a balance between cash collections and payments of assets and liabilities denominated in foreign currencies.

The table below includes a sensitivity analysis carried out based on the appreciation and depreciation against the euro of the main currencies in which the Company operates, mainly the US dollar, on pre-tax profit or loss and on equity of relevant subsidiaries (showing with a plus sign a greater expense and a decrease in the consolidated equity) assuming that all other factors remain the same:

(Thousand €)	2023		2022	
	+10%	-10%	+10%	-10%
Profit & Loss	5,246	(5,246)	9,278	(9,278)
Equity	62,866	(62,866)	57,658	(57,658)

76% of the Group's financial debt is mainly denominated in Euros (74% in 2022), with 24% of the debt being denominated in other currencies (26% in 2022), thus adjusting to the cash generation in different currencies.

This allows the Group to manage a natural coverage of its debts, given the cash generation in those currencies.

4.3. Liquidity Risk

The Group's liquidity policy ensures the fulfilment of its payment commitments without having to raise funds on burdensome terms. To that end, different management procedures are used, 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 table below summarises the maturities of the Group's financial liabilities as at 31 December 2023, based on face amounts by maturity:

(Thousand €)	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Simple Bonds				52,500	52,500
European Commercial Papers (ECP)	15,300	9,500			24,800
Loans	58,918	221,085	769,876	24,233	1,074,112
Credit facilities	3,073		168,549		171,622
Lease liabilities	46,690	135,420	608,170	1,608,335	2,398,615
TOTAL	123,981	366,005	1,546,595	1,685,068	3,721,649

The Company considers that, given the debt policies in place, the debt maturity schedule, the cash position and the availability of credit facilities, the Group is able to meet its obligations as at 31 December 2023 with solvency.

The average interest rate on these financial liabilities in 2023 is 5.16%. In 2022, the average interest rate was 3.13%. The rates used for lease liabilities are excluded from this average interest rate.

Likewise, the Company has an active management policy for the maintenance of the average maturity periods of the borrowings, as well as the recurrent renewals of short- and medium-term credit facilities.

For comparison purposes, the maturities at the 2022 year end were as follows:

(Thousand €)	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Simple Bonds				52,500	52,500
European Commercial Papers (ECP)	13,300	10,900			24,200
Loans	29,455	118,301	969,359	65,062	1,182,178
Credit facilities			103,077		103,077
Lease liabilities	41,570	129,949	558,380	1,625,647	2,355,546
Bank lease liabilities		7			7
TOTAL	84,325	259,157	1,630,815	1,743,209	3,717,507

4.4. Price Risk

Price risk of the Group's inventories mainly arises from the fluctuations in the price and the availability of food and beverages that the Group 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 Group does not conduct price hedging transactions.

Likewise, the Group is exposed to equity price risks of financial investments in equity instruments. Investments in equity instruments in unlisted companies are broken down in Note 13 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 Group holds equity instruments without exercising significant influence, these would not significantly affect the carrying amount of these investments in the Consolidated Balance Sheet.

On the other hand, the Group has no relevant investments in equity instruments of listed companies.

4.5. Credit Risk

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

The Group's receivable periods range between 21 and 90 days; the average period of collection of receivables in 2023 was 34.49 days; 35.62 days in 2022. The age of trade receivables at the year-end is included in Note 14.2.

4.6. 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 Group to sustainability and the protection of tourist destinations. For this reason, the Group 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 Group'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.

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 Group 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.

4.7. Geopolitical Risks

The Group is not indifferent to geopolitical and macroeconomic tensions. Recent conflicts around the world have not negatively affected hotel reservations as there has been no direct exposure to the countries involved.

However, a possible extension of hostilities to other countries could threaten the global supply chain, leading to a spike in inflation and a possible extension of high interest rate monetary policies, which could affect demand.

Notes 4.1 and 4.4 detail the exposure of the Group to interest rate risks and price risks, including the existing specific or natural hedging.

4.8. Capital Management Policy

The main objectives of the Group'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 Meliá Hotels International S.A.'s 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. At present, 19.1% (21.3% at the 2022 year end) of the total debt relates to mortgage loans secured by the Group's assets.

4.9 Estimate of Fair Value

Fair value means the amount that may be received on the sale of an asset, or paid for the transfer of a liability, in an orderly transaction between market participants at the measurement date.

Regarding assets and liabilities recognised at fair value in the Consolidated Balance Sheet, the following hierarchy levels have been established in accordance with the variables used in the different measurement techniques:

Level 1: Based on prices quoted in active markets

Level 2: Based on other observable variables in the market, directly or indirectly

Level 3: Based on unobservable market variables

The amounts recognised at fair value as at 31 December 2023 according to the hierarchy levels are broken down below:

(Thousand €)	31/12/2023			
	Level 1	Level 2	Level 3	Total
Investment property			117,898	117,898
Financial Assets at fair value:				
Hedging derivatives		2,835		2,835
Trading portfolio derivatives		929	20,399	21,328
Trading portfolio	229			229
Unlisted equity instruments			20,954	20,954
TOTAL ASSETS	229	3,765	159,251	163,245

Financial instruments included in Level 1 are measured through observable prices in active markets. They mainly relate to equity instruments in listed companies.

Financial instruments included in Level 2 are measured by financial institutions and independent experts using measurement techniques, mainly, discounted cash flows, based on observable market data. They mainly relate to interest rate swap financial derivatives.

Investment property included in Level 3 is measured through discounted cash flow techniques supported by studies from independent experts and their internal updates. As mentioned in Note 11, this heading includes investments made by the Group to obtain rental income or capital gains, such as interest in three apartment owners' associations in Spain, one shopping centre in America and other land and properties in Spain.

For the purposes of estimating future cash flows, expected growth rates are considered, both in lease prices and hotel operations, as appropriate, as well as other variables not directly observable.

Likewise, level 3 includes financial assets related to the purchase option of a hotel asset which value is determined by reference to its fair value estimated through an appraisal carried out by an independent expert based on the variables as described above (Note 13.3).

Unlisted equity instruments are detailed in Note 13.1.

For comparison purposes, the balances recorded in the different hierarchies at the end of 2022 are included below:

(Thousand €)	31/12/2022			
	Level 1	Level 2	Level 3	Total
Investment property			114,893	114,893
Financial Assets at fair value:				
Hedging derivatives		6,705		6,705
Trading portfolio derivatives		1,808	13,668	15,475
Trading portfolio	1,594			1,594
Unlisted equity instruments			19,517	19,517
TOTAL ASSETS	**1,594**	**8,513**	**148,077**	**158,184**
Financial liabilities at fair value:				
Trading portfolio derivatives		25		25
TOTAL LIABILITIES	**0**	**25**	**0**	**25**

Note 5. Scope of Consolidation

The companies that comprise the Group present individual annual accounts, according to the regulations applicable in the country in which they operate.

Details of the companies included in the scope of consolidation as at 31 December 2023 are included in Annex 1 and Annex 2, which are classified as subsidiaries, associates and joint ventures.

Meliá Brasil Administraçao, which corporate purpose is the hotel management, operates various hotels under management. As the hotels under management are properties in joint ownership and are not legally authorised to carry out operating activities, Meliá Brasil Administraçao has assumed the operation of such hotels on behalf of the joint owners, given the requirements of local regulations. Income and expenses arising from the operation of these establishments are not included in the Consolidated Income Statement, since the risks and revenues arising therefrom are returned to the joint owners. Only income arising from the management of these establishments is included in the Consolidated Income Statement.

The Tunisian company, Tryp Mediterranee, in which Meliá Hotels International, S.A. holds an 85.4% stake, is in dissolution process and therefore, is excluded from the Group's scope of consolidation since, currently, the Group has no control or significant influence over this company during such process.

The Group holds a 19.94% stake in the Venezuelan companies El Recreo Plaza C.A. and El Recreo Plaza & Cia. C.A. through the direct stake of 20% held by its subsidiary holding company MIA Exhold, S.A. and, therefore, the equity method is applied since the Group has significant influence.

The companies Ayosa Hoteles S.L., S'Argamassa Hotelera, S.L. and Meliá Hotels Orlando, LLC are fully consolidated, although only 50% or less of the voting rights are held. This is because the Group considers that it has the capability to control the variable yields of such companies through the hotel management contracts that the Group has entered into with them.

5.1. Business Combinations

In 2023 and 2022, no business combinations have taken place.

5.2. Other Scope Changes

In 2023, the following changes have been made to the scope of consolidation:

Additions

On 31 May 2023, the companies Fuerteventura Beach Property, S.L., Santa Eulalia Beach Property, S.L. and Hoteles Marmel, S.L. (formerly Starmel Hotels OP2, S.L., see Note 5.3), in which Meliá Hotels International, S.A. holds a 20% stake, were included in the consolidated group of the Meliá using the equity method, with a valuation of EUR 17.5 million, an amount paid by Meliá Hotels International, S.A. This amount includes EUR 4.2 million of contributions from shareholders. These 3 companies own 2 hotels in Fuerteventura and 1 hotel in Ibiza, which are operated by Meliá Group under lease.

On the other hand, in the second half of the year, Detur Panamá, S.A. was fully consolidated following the purchase of an additional 50% of the hotel asset owned by this company. This hotel establishment, valued at EUR 5.3 million as at 31 December 2023, is closed since 2020.

In addition, two new companies Peturoliso, S.L.U. and Soici Nefsol, S.L.U. have been incorporated with 100% shareholding, with no significant impacts on the Group's Consolidated Financial Statements.

Disposals

During the first half of 2023, the dissolution of the company Golf Katmandú, S.L. took place, in which the Group held a 50% stake, and which was accounted for using the equity method.

The company Third Project 2012, S.L., wholly owned by the Meliá Group, was also liquidated.

At year-end, Mosaico Hoteles S.A., a company in which the Group held a 35% stake and which until now was accounted for using the equity method, merged with Homasi, S.A., a company in which the Group also held a 35% stake, and which was also accounted for using the equity method.

These disposals have not had significant impacts on the Group's Consolidated Financial Statements.

Acquisition of additional stake in companies accounted for using the equity method

The Group has increased its stake by 0.494% in the Owners' Association of Meliá Costa del Sol hotel through the purchase of three apartments. In addition, the stake in the Owners' Association of Meliá Castilla has increased by 0.417% hotel through the purchase of four apartments. These transactions have not had significant impacts on the Group's Consolidated Financial Statements.

For comparison purposes, changes in 2022 were as follows:

Additions

During the second half of 2022, 100% of the company Willet Reservations SLU was acquired, the corporate purpose of which is the provision of tourism intermediation services. This transaction did not have significant impacts on the Group's consolidated annual accounts, since it was acquired following the incorporation thereof by a third party and did not have relevant net assets on the date of the transaction.

In addition, the company Holazel, S.L. was incorporated by Melia group and a third party with a 50% stake each, being it considered a joint venture, and the corporate purpose of which is the development and growth of the hotel brand "Zel". This transaction did not have significant impacts on the Group's consolidated financial statements.

Disposals

During the year, the companies Infinity Vacations S.A. de C.V., Operadora Costarisol S.A and Inversiones Turísticas del Caribe, S.A., wholly owned by the Group, were liquidated. These transactions did not have significant impacts on the consolidated annual accounts.

In December, the company Markserv BV, wholly owned by Meliá Group, was liquidated, and the company Sistemas Ribey Cloud, in which the Group had a 50% stake, and which was accounted for using the equity method, was dissolved. These disposals did not have significant impacts on the Group.

Acquisition of additional stake in companies accounted for using the equity method

During the year, the Group increased its stake by 1.21% in the Owners' Association of Meliá Costa del Sol hotel through the purchase of several apartments. This transaction did not involve significant impacts on the consolidated financial statements.

Likewise, the Group acquired an additional stake in the company Mosaico Hoteles S.A, increasing its stake by 15% and without significant impacts on the Group's consolidated annual accounts.

5.3. Name Changes

In 2023 the company Starmel Hoteles Op2, S.L. was renamed Hoteles Marmel, S.L.

In 2022, no name changes took place.

Note 6. Segment Reporting

The segments included below make up the organisational structure of the company and their results are reviewed by the key decision-makers within the Group:

- 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, as well as other services, such as commissions.
- 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 or tour-operator activities.
- Real Estate: This segment includes the capital gains on asset rotation, and real estate development and operation. Likewise, it includes the income and expenses deriving from the change in fair value of investment property.
- Vacation club: It includes the results deriving from the sale of rights of shared 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.

The segmentation of Meliá Hotels International is due to the diversification of operations existing in the Company based on hotel management, hotel operation, real estate and vacation club.

Certain headings included in the business and geographical segmentation tables are presented in an aggregate manner, due to the impossibility of splitting them into the various specified segments.

The policies for the determination of transfer prices applied by the Company in transactions between Group companies are similar to those applied in transactions with third parties.

6.1. Information by Operating Segments

The segmentation for 2023 of the Consolidated Income Statement and the items in the Consolidated Balance Sheet as at 31 December 2023, relating to operations, is as follows:

	Hotel							
(Thousand €)	Hotel Management	Hotel Business	Other business with hotel management	Real Estate	Vacation Club	Corporate	Disposals	Balance 31/12/2023
INCOME STATEMENT								
Operating income and Results from assets sale	336,310	1,671,058	104,201	15,611	73,442	174,042	(442,468)	**1,932,196**
Operating expenses	(226,149)	(1,219,836)	(97,227)	(9,821)	(64,512)	(224,518)	442,468	**(1,399,594)**
EBITDAR	**110,162**	**451,223**	**6,974**	**5,790**	**8,930**	**(50,476)**		**532,602**
Leases		(42,414)	(425)					**(42,840)**
EBITDA	**110,162**	**408,808**	**6,548**	**5,790**	**8,930**	**(50,476)**		**489,762**
Depreciation and impairment	(2,612)	(239,478)	(793)	(571)	(339)	(14,970)		**(258,763)**
EBIT	**107,550**	**169,330**	**5,755**	**5,219**	**8,591**	**(65,446)**		**230,999**
Net financial income								**(94,597)**
Associates net income		7,005		(6,593)		12,504		**12,916**
Profit before tax								**149,319**
Tax								**(19,209)**
CONSOLIDATED NET INCOME								**130,109**
ATTRIBUTED TO THE PARENT COMPANY								**117,734**
Attributed to minority interests								**(12,375)**
ASSETS & LIABILITIES								
Property,plant and equipment and intangible assets	28,335	1,459,871	7,728	8,095	57,972	122,475		**1,684,476**
Right of use	1,746	1,367,720	3,007	756	44	2,580		**1,375,854**
Investments in associates		190,821		5,127		44,871		**240,820**
Other non-current assets								**557,457**
Current operating assets	145,170	164,144	15,883	5,922	67,446	468,210	(609,623)	**257,151**
Other current assets								**319,387**
TOTAL ASSETS								**4,435,145**
Borrowings								**1,323,894**
Other non-current liabilities								**537,951**
Current operating liabilities	165,493	525,695	35,818	1,960	141,576	155,414	(520,681)	**505,276**
Other current liabilities								**55,424**
Lease liabilities	1,857	1,435,629	3,169	1,070	44	7,684		**1,449,453**
TOTAL LIABILITIES								**3,871,998**

Within income from the Hotel Management segment, EUR 154 million of management fees are recorded, of which EUR 13.1 million relates to associates and joint ventures. The remaining income mainly relates to sales commissions.

Additionally, heading Other business with hotel management includes income and expenses linked to the tour operator activities of the company Sol Caribe Tours, S.A. for the amount of EUR 25.1 million and EUR 22.2 million, respectively. This segment also includes EUR 58 million in hotel revenues, due to intra-group re-invoicing in application of the new organisational model.

Regarding operating income in the Real Estate segment (or Asset Management), restatements are included for the amount of EUR 3.4 million relating to the change in fair value of investment property (see Note 11.)

Under Property, Plant and Equipment, within the hotel segment, additions for works and renovations in hotels were recognised for the total amount of EUR 56.5 million (see Note 10).

Eliminations during the year included the inter-segment invoicing for management fees and commissions totalling EUR 225.6 million. The provision of services to vacation club amounted to EUR 4.8 million.

The segmentation for 2022 of the Consolidated Income Statement and the items in the Consolidated Balance Sheet as at 31 December 2022, relating to operations, is as follows:

	Hotel							
(Thousand €)	Hotel Management	Hotel Business	Other business with hotel management	Real Estate	Vacation Club	Corporate	Disposals	Balance 31/12/2022
INCOME STATEMENT								
Operating income and Results from assets sale	290,979	1,500,839	54,599	19,600	59,250	106,877	(340,131)	**1,692,013**
Operating expenses	(209,558)	(1,080,584)	(50,185)	(8,181)	(50,850)	(183,456)	340,131	**(1,242,682)**
EBITDAR	**81,421**	**420,256**	**4,414**	**11,418**	**8,400**	**(76,578)**		**449,330**
Leases		(18,374)	(197)					**(18,571)**
EBITDA	**81,421**	**401,881**	**4,217**	**11,418**	**8,400**	**(76,578)**		**430,759**
Depreciation and impairment	(5,034)	(193,550)	(1,473)	(5,618)	(440)	(23,544)		**(229,660)**
EBIT	**76,387**	**208,331**	**2,744**	**5,800**	**7,960**	**(100,122)**		**201,099**
Net financial income								**(61,176)**
Associates net income		8,088		(3,630)		11,931		**16,389**
Profit before tax								**156,312**
Tax								**(36,188)**
CONSOLIDATED NET INCOME								**120,124**
ATTRIBUTED TO THE PARENT COMPANY								**110,694**
Attributed to minority interests								**(9,430)**
ASSETS & LIABILITIES								
Property,plant and equipment and intangible assets	27,026	1,493,569	9,208	8,267	66,846	95,137		**1,700,052**
Right of use	2,323	1,357,202	1,680	1,290		8,321		**1,370,817**
Investments in associates		159,076		7,453		39,663		**206,192**
Other non-current assets								**619,189**
Current operating assets	96,697	142,533	9,743	6,572	52,754	458,008	(552,765)	**213,542**
Other current assets								**238,761**
TOTAL ASSETS								**4,348,554**
Borrowings								**1,359,093**
Other non-current liabilities								**528,503**
Current operating liabilities	100,442	526,830	23,227	2,198	111,860	189,996	(453,788)	**500,764**
Other current liabilities								**51,777**
Lease liabilities	2,402	1,448,003	2,188	1,685		8,289		**1,462,567**
TOTAL LIABILITIES								**3,902,703**

Within income from the Hotel Management segment, EUR 129.3 million of management fees was recorded, of which EUR 9.7 million related to associates and joint ventures. The remaining income mainly related to sales commissions.

Additionally, heading Other business with hotel management mainly included income and expenses linked to the tour operator activities of the company Sol Caribe Tours, S.A. for the amount of EUR 19.1 million and EUR 16.8 million, respectively.

Operating income in the Real Estate segment (or Asset Management), included income for the amount of EUR 12.2 million related to the real estate transaction described in Note 10.

Under Property, Plant and Equipment, within the hotel segment, additions for works and renovations in hotels were recognised for the total amount of EUR 88.7 million (see Note 10).

Eliminations during the year included the inter-segment invoicing for management fees and commissions totalling EUR 208.2 million. The provision of services to vacation club amounted to EUR 0.7 million.

6.2. Information by Geographic Areas

Information by operating segments is the best format to represent the Group's financial information because it provides a better understanding of the yield obtained as well as the annual monitoring. Likewise, the different geographic areas are broken down by revenues and assets according to the countries in which the cash-generating units are located and in which the Group operates (see Note 1):

(Thousand €)	SPAIN	EMEA (*)	AMERICA	ASIA	Disposals	31/12/2023
Operating income and Results from assets sale	1,126,568	469,294	640,786	8,790	(313,242)	1,932,196
Total Assets	1,931,066	1,477,050	1,017,783	9,245		4,435,145

(*) EMEA (Europe, Middle East, Africa): It includes areas of Africa, Middle East and Europe, excluding Spain.

Intra-group turnover among the different geographical segments amounted to EUR 313.2 million, of which EUR 211.1 million related to Spain, EUR 53.6 million to EMEA, EUR 46.3 million to America and EUR 2.2 million to Asia.

Regarding operating revenues by country, some noteworthy countries were Mexico, with EUR 262.6 million and the Dominican Republic with EUR 284.6 million in the America segment. In EMEA segment, Germany contributed EUR 181.4 million.

Likewise, under item Total assets, the Dominican Republic's contribution for the amount of EUR 420.8 million, and the Mexican's contribution for the amount of EUR 404 million stand out under the America heading. With respect to EMEA segment, noteworthy are the contributions from the United Kingdom and Germany for the amount of EUR 602.4 million and EUR 418.3 million, respectively.

For comparison purposes, the balances corresponding to the previous year are as follows:

(Thousand €)	SPAIN	EMEA (*)	AMERICA	ASIA	Disposals	31/12/2022
Operating income and Results from assets sale	932,004	431,839	547,763	6,582	(226,175)	1,692,013
Total Assets	1,813,237	1,487,725	1,039,698	7,894		4,348,554

(*) EMEA (Europe, Middle East, Africa): It includes areas of Africa, Middle East and Europe, excluding Spain.

Intra-group turnover among the different geographical segments amounted to EUR 226.2 million, of which EUR 153.6 million related to Spain, EUR 30.2 million to EMEA, EUR 39.8 million to America and EUR 2.5 million to Asia.

Regarding operating revenues by country, some noteworthy countries were Mexico, with EUR 242.5 million and the Dominican Republic with EUR 224 million in the America segment. In EMEA segment, Germany contributed EUR 184.7 million.

Likewise, under item Total assets, the Dominican Republic's contribution for the amount of EUR 449.2 million, and the Mexican's contribution for the amount of EUR 403.4 million stood out under the America heading. With respect to EMEA segment, noteworthy were the contributions from the United Kingdom and Germany for the amount of EUR 591.5 million and EUR 441.5 million, respectively.

Note 7. Income and Expenses

7.1. Operating Revenues and Fixed Assets Capital Gains

The breakdown of the balance of this caption in the Consolidated Income Statement for 2023 and 2022 is as follows:

(Thousand €)	2023	2022
Room sales	1,123,977	969,332
Food and beverages	433,639	394,642
Other business revenues	82,115	74,762
Hotel management revenues	65,584	50,542
Sale of vacation club units	68,647	58,574
Real estate income	12,197	6,768
Results from assets sale	3,395	12,239
Other revenues	142,642	125,154
TOTAL	1,932,196	1,692,013

Net fixed assets capital gains include EUR 3.4 million relating to the review of the fair value of the Group's investment property; in 2022, this amount was EUR 12.2 million (see Note 11).

Turnover from sales and loyalty commissions included in Other revenues amounted to EUR 47.8 million. In 2022, this figure amounted to EUR 35.2 million.

Other revenues also include EUR 25 million from the company Sol Caribe Tours, S.A., as a result of the development of its activity as tour operator. In 2022, this figure amounted to EUR 19 million. In addition, revenues from casino activities amounting to EUR 4.3 million (EUR 3.3 million in 2022) are included under this heading.

In 2023, EUR 6.1 million in grants have been recorded in Other revenues. In 2022, grants for the amount of EUR 54.9 million were recognised, of which EUR 52.9 million were granted at international level.

7.2. Supplies

The breakdown of the balance of this caption in the Consolidated Income Statement for 2023 and 2022 is as follows:

(Thousand €)	2023	2022
Food and beverages consumption	148,559	126,236
Ancillary goods consumption	34,305	30,491
Sundry consumption	26,664	21,221
TOTAL	209,528	177,947

7.3. Staff Costs

Staff costs are broken down as follows:

(Thousand €)	2023	2022
Wages,salaries and equivalent	430,936	373,514
Social security	89,994	80,515
Other social expenses	20,418	17,299
Allowances	3,392	2,069
TOTAL	544,741	473,397

The average number of employees of Meliá Hotels International, S.A. and its subsidiaries over the last two fiscal years and broken down by job category is as follows:

	2023			2022		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Management staff	198	89	287	192	83	275
Middle management	1,097	1,023	2,120	860	815	1,675
Core staff	8,510	7,363	15,873	8,161	6,703	14,864
TOTAL	9,805	8,475	18,280	9,213	7,601	16,814

The above table includes the average number of employees in 2022 weighted by the period of reduction in the number of working hours of those employees under temporary lay-off regime (ERTE) or similar situations. In 2023 there are no employees under temporary lay-off regime.

7.4. Other Operating Expenses

The breakdown of the balance of this caption in the Consolidated Income Statement for 2023 and 2022 is as follows:

(Thousand €)	2023	2022
Sundry rentals	9,361	10,613
Maintenance and repairs	106,623	94,495
External services	144,654	135,915
Transport and insurance	23,550	23,401
Banking expenses	24,488	20,457
Advertising and promotions	50,797	42,849
Supplies	102,929	96,568
Travel and ticketing expenses	8,158	5,814
Activity tax	26,541	27,424
Various external services	136,254	112,754
Other expenses	11,969	21,048
TOTAL	645,325	591,339

7.5. Depreciation and Impairment

The breakdown of the balance of this caption in the Consolidated Income Statement for 2023 and 2022 is as follows:

(Thousand €)	2023		2022	
	Impairment	Depreciation	Impairment	Depreciation
Intangible assets	886	17,035		17,304
Property, plant & equipment	15,103	81,343	(20,043)	92,666
Right of use	(7,122)	151,516	(35,170)	174,903
TOTAL	8,867	249,895	(55,213)	284,873

Depreciation of property, plant & equipment item includes EUR 4.3 million relating to the impact of the accelerated depreciation of assets consisting of hotels operated under operating leases to adapt their useful lives to the term of such lease contracts. In 2022, this impact amounted to EUR 7.5 million.

Impairment of property, plant and equipment mainly includes an impairment for the amount of EUR 12.3 million of an establishment in the Dominican Republic (Note 10). In 2022, under the said heading the net impact resulting from the asset valuation carried out in 2022 for the amount of EUR 20 million was included.

Likewise, Impairment of rights of use heading includes the amount of the reversal of the impairment associated with certain lease contracts, as a result of the activity recovery during the year. This amount of EUR 7.1 million relates to a total of 21 hotels, of which 15 are located in Spain. In 2022, the reversal of the impairment of rights of use related to a total of 39 hotels, of which 33 are located in Spain and represented EUR 23.3 million.

7.6. Bargain Purchase

In 2023 and 2022, no Bargain purchases were recognised.

7.7. Financial Income and Expenses

The breakdown of financial income and expenses included in the Consolidated Income Statement in 2023 and 2022 is as follows:

(Thousand €)	2023	2022
Dividend income	1,736	267
Interest income	9,613	6,115
Other financial income	8,409	4,387
Disposal of financial assets income	2	(20)
Total Financial Income	19,760	10,749
Interest expenses	(73,905)	(45,488)
Financial expense leases	(33,385)	(29,415)
Other financial expenses	(2,582)	(806)
Surplus bad debt provision	(15,144)	(17)
Change in fair value of financial instruments	8,681	17,512
Total Financial Expenses	(116,335)	(58,214)
Exchange differences (Net Value)	1,977	(13,712)
NET FINANCIAL INCOME	(94,598)	(61,176)

Heading Surplus bad debt provision mainly includes the provision for loans granted to the company accounted for using the equity method Sierra Parima, S.A. (see Note 20).

Note 8. Earnings per Share

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders by the average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to equity holders of the parent company by the average number of ordinary shares outstanding during the year. Both variables are adjusted by the effect of dilutive potential shares. At the end of 2023 and 2022, there were no potential ordinary shares and, therefore, there was no need for such adjustment.

The table below shows the calculations made in 2023 and 2022 for both variables:

(Thousand €)	BASIC		DILUTED	
	2023	2022	2023	2022
Net income attributed to the parent company	**117,734,002**	**110,693,144**	**117,734,002**	**110,693,144**
Number of ordinary shares	220,400,000	220,400,000	220,400,000	220,400,000
Average weighted treasury shares	(230,695)	(271,178)	(230,695)	(271,178)
Total number of shares	**220,169,305**	**220,128,822**	**220,169,305**	**220,128,822**
Earnings per share	**0.53**	**0.50**	**0.53**	**0.50**

After a fiscal year 2023 of normal operations throughout the year and following the suspension of dividend distributions in recent years to strengthen the Balance Sheet, the Board of Directors agreed on 29 February 2024 to propose to the General Shareholders' Meeting the distribution of dividends charged to year 2023.

In the previous year, no dividends were distributed in order to strengthen the solvency and liquidity of the Company.

Note 9. Intangible Assets

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

(Thousand €)	Balance 31/12/2022	Depreciation and impairment	Additions	Disposals	Exchange Differences	Balance 31/12/2023
GROSS VALUE						
Goodwill	27,940	(886)			34	27,088
Transfer rights	22,559		32,356		(329)	54,587
Computer software	245,200		11,646	(215)	(37)	256,593
Other intangible assets	7,306				131	7,437
Total Gross Value	**303,005**	**(886)**	**44,002**	**(215)**	**(201)**	**345,705**
ACCUMULATED DEPRECIATION						
Transfer rights	(12,823)	(1,357)			287	(13,893)
Computer software	(203,848)	(15,672)		215	21	(219,284)
Other intangible assets	(6,106)	(7)			(89)	(6,201)
Total Accumulated depreciation	**(222,777)**	**(17,035)**	**0**	**215**	**219**	**(239,378)**
NET CARRYING VALUE	**80,228**	**(17,921)**	**44,002**	**0**	**18**	**106,327**

The amount of EUR 10.7 million were included in section Additions of Computer software, framed in the technological innovation project carried out by the Company for the development of the technological framework for hotel management. The main innovations in 2023 related to hotel management strategies and systems and to improvements in the Company's cross-functional tools and processes.

Additions in Transfer rights caption mainly include EUR 11 million for the 15-year extension of the management rights of 7 hotels and 3 leisure centres in Mallorca, as well as EUR 19.1 million for the management rights of 7 strategic hotels spread over different areas of Spain, which lease contract expired during the year.

As explained in Note 3.1, investments carried out in trademarks, included under heading Other intangible assets, are not amortised as their useful life is indefinite.

For comparison purposes, the breakdown of these movements in 2022 was as follow:

(miles de €)	Balance 31/12/2021	Depreciation and impairment	Additions	Disposals	Transfers	Exchange Differences	Balance 31/12/2022
GROSS VALUE							
Goodwill	28,031					(91)	27,940
Transfer rights	22,059					500	22,559
Computer software	224,934		20,521	(258)		3	245,200
Other intangible assets	7,195					111	7,306
Total Gross Value	282,219	0	20,521	(258)	0	523	303,005
ACCUMULATED DEPRECIATION							
Transfer rights	(11,481)	(855)				(488)	(12,823)
Computer software	(187,657)	(16,442)		258		(7)	(203,848)
Other intangible assets	(6,016)	(7)				(82)	(6,106)
Total Accumulated depreciation	(205,154)	(17,304)	0	258	0	(577)	(222,777)
NET CARRYING VALUE	77,065	(17,304)	20,521	0	0	(54)	80,228

EUR 17.5 million were included in section Additions of Computer software, framed in the technological innovation project carried out by the Company.

Goodwill

The amounts resulting from business combinations are recognised in the balance of Goodwill, according to Note 2.5. The net carrying values of goodwill existing prior to the adoption of the IFRS are also included.

The amounts concerned by company are as follows:

(Thousand €)	31/12/2023	31/12/2022
Apartotel, S.A.	504	504
Hotel Metropolitan, S.A.S.	1,181	1,181
Cadstar France, S.A.S.	813	813
Ihla Bela de Gestao e Turismo, Ltd.	927	927
Lomondo, Ltd.	5,279	5,245
Hotel Alexander, S.A.S.	887	887
Operadora Mesol, S.A. de C.V.	465	465
Sol Maninvest, B.V.		886
Prodigios Interactivos, S.A.	14,780	14,780
Sol Melia Italia S.R.L.	2,253	2,253
TOTAL	27,088	27,940

Goodwill linked to the company Lomondo Ltd. has changed due to the exchange rate effect.

In 2023, an impairment loss of goodwill related to the company Sol Mainvest, B.V. for the amount of EUR 0.9 million was recognised in relation to the cash-generating units of the hotels under management in Croatia following the termination of their management contracts. In 2022, there was no evidence of impairment of the Group's goodwill.

Such units are shown in the following table:

Company	Cash Generating Units (C.G.U.)
Apartotel, S.A.	Meliá Castilla, Meliá Costa del Sol and Meliá Alicante Aparthotel hotels
Hotel Metropolitan, S.A.S.	Meliá Paris Vendöme hotel
Cadstar France, S.A.S.	Melia Collection Villa Marquis, Paris Opera & Melia Collection Maison Colbert hotels
Ihla Bela de Gestao e Turismo, Ltd.	Melia Península Varadero, Meliá Las Dunas, Tryp Cayo Santa María, Meliá Cayo Santa María, Tryp Habana Libre & Tryp Cayo Coco hotels
Lomondo, Ltd.	Meliá White House hotel
Hotel Alexander, S.A.S	Meliá Paris Champs Elysées hotel
Operadora Mesol, S.A. de C.V.	Meliá Cozumel, Meliá Puerto Vallarta, Paradisus Cancún & Paradisus Los Cabos hotel
Prodigios Interactivos, S.A.	Hotel Distribution Platform
Sol Melia Italia S.R.L.	Melia Milan Il Duca hotel

Cash-generating units mainly relate to hotels operated or managed. In the case of goodwill associated with cash-generating units of hotels under ownership or lease, the recoverable amount is determined jointly with the other assets of the cash-generating unit, according to the methodology described in Note 3.2.

In the case of goodwill associated with other cash-generating units, the risk factors taken into account by the Company are the expected exchange rates for the currencies in which cash flows are generated by each cash-generating unit and the risk-free interest rates in each of the geographic areas in which the cash flows are generated.

Note 10. Property, Plant and Equipment

Movements in the different headings of gross value of property, plant and equipment and their accumulated depreciation and impairment during the year are as follows:

(Thousand €)	Balance 31/12/2022	Depreciation and impairment	Additions	Disposals	Transfers	Perimeter variations	Exchange Differences	Balance 31/12/2023
GROSS VALUE								
Land	413,360		426				(2,001)	411,784
Buildings	1,421,468		18,471	(43,161)	820	26,790	(11,303)	1,413,086
Plant and Machinery	474,335		17,235	(41,283)		400	(2,322)	448,364
Other fixed assets	474,771		18,274	(26,784)	921	1,940	(4,192)	464,930
Works in progress	11,912		2,049		(1,741)		(249)	11,971
Total Gross Value	**2,795,846**	**0**	**56,455**	**(111,228)**	**0**	**29,130**	**(20,068)**	**2,750,136**
ACCUMULATED DEPRECIATION								
Land					(5,201)			(5,201)
Buildings	(498,390)	(53,127)		45,082		(14,307)	4,669	(516,072)
Plant and Machinery	(329,942)	(20,481)		41,782	5,201	(6,758)	2,353	(307,844)
Other fixed assets	(347,690)	(22,839)		26,250		(1,818)	3,229	(342,868)
Total Accumulated Depreciation	**(1,176,022)**	**(96,446)**	**0**	**113,114**	**0**	**(22,883)**	**10,251**	**(1,171,986)**
NET CARRYING VALUE	**1,619,825**	**(96,446)**	**56,455**	**1,886**	**0**	**6,247**	**(9,816)**	**1,578,149**

Main additions in the year relate to investments made in Spain, totalling EUR 26.5 million, of which EUR 13.3 million were carried out in the Balearic Islands.

Internationally, the main additions took place in Mexico for a total of EUR 5.2 million, Italy for a total of EUR 5.5 million and the Dominican Republic for a total of EUR 11.8 million.

Disposals mainly relate to 15 hotels which were operated under lease by the Group, and which became operated under management during the year. In addition, disposals include a transfer for the amount of EUR 2.7 million to Rights of Use in the Consolidated Balance Sheet.

The depreciation and impairment expense includes a valuation adjustment of EUR 12.3 million in an establishment in the Dominican Republic due to the demolition of part of its structure (Note 7.5).

Regarding the balance of EUR 12 million included under heading Works in Progress, EUR 7.9 million relates to a hotel in the Dominican Republic which is being renovated.

Heading Scope changes includes the incorporation of the company Detur Panamá, S.A., following the purchase of an additional 50% of the hotel asset owned by this company (see Note 5).

The exchange rate has negatively affected the value of fixed assets due to the depreciation of the dollar against the euro. The negative effect of this depreciation has been offset by the appreciation of the pound sterling against the euro.

For comparison purposes, the information for year 2022 is shown below:

(Thousand €)	Balance 31/12/2021	Depreciation and impairment	Additions	Disposals	Transfers	Exchange Differences	Balance 31/12/2022
GROSS VALUE							
Land	407,956		349			5,055	413,360
Buildings	1,382,100		29,353	(2,596)	(2,723)	15,334	1,421,468
Plant and Machinery	449,963		25,825	(5,466)	1,453	2,559	474,335
Other fixed assets	448,386		25,558	(7,756)	1,620	6,963	474,771
Works in progress	3,702		7,623		(351)	937	11,912
Total Gross Value	2,692,107	0	88,709	(15,818)	0	30,848	2,795,846
ACCUMULATED DEPRECIATION							
Buildings	(478,473)	(14,404)		2,925		(8,437)	(498,390)
Plant and Machinery	(303,256)	(29,156)		3,652		(1,181)	(329,942)
Other fixed assets	(321,338)	(29,063)		6,641		(3,930)	(347,690)
Total Accumulated Depreciation	(1,103,067)	(72,623)	0	13,217	0	(13,548)	(1,176,022)
NET CARRYING VALUE	1,589,041	(72,623)	88,709	(2,601)	0	17,300	1,619,825

Main additions in the fiscal year related to investments made in the renovation works in one hotel in the Dominican Republic for the amount of EUR 49.3 million, and also additions due to the renovation works of one hotel in the United Kingdom for the amount of EUR 9.3 million. Additions in Spain amounted to EUR 14.9 million, of which EUR 4.9 million related to Balearic Islands.

Accumulated Depreciation and Impairment section included a reversal of impairment for the amount of EUR 20 million, as a result of the asset valuation carried out in 2022, which amount was recorded in Depreciation and Impairment in the Consolidated Income Statement.

The Exchange differences generated during the fiscal year mainly related to the appreciation of the US dollar and the depreciation of the British pound.

Other considerations

There are 9 owned properties that have been mortgaged to secure several loans at the end of 2023, and their net carrying value amounts to EUR 499.2 million; in 2022 the total number of properties was 10 and their net carrying value amounted to EUR 559.5 million.

As at 31 December 2023 and 2022, the Directors consider that there was sufficient insurance coverage for their assets.

Net capital gains derived from the revaluation of assets carried out by the parent company, based on various legal regulations and voluntary revaluations prior to 1997, in order to correct the effects of monetary inflation, were as follows:

(Thousand €)	
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

Asset valuation

As mentioned in Note 3.2, the Company periodically obtains valuations carried out by independent experts. In this regard, the Group has obtained appraisals of certain owned assets in 2023, and has considered for its asset portfolio the evolution of the recoverable value of these assets compared to the values included in the appraisals obtained in previous years.

Meliá Hotels International, S.A. in 2022 entrusted the valuation of the assets owned by its Group. These assets were 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 valuation determined their market value at 31 July 2022, and comprised 54 assets that were fully consolidated in the Financial Statements. The result of the valuation of these assets showed a Gross Asset Value (GAV) of EUR 4,041 million. 7 assets recognised under Investment Property in the Consolidated Balance Sheet were included in the overall figure. In addition, the appraisal also included 30 assets owned by associates and joint ventures, as explained in Note 12.

At the end of the current fiscal year, no significant differences have been detected in relation to the values of the assets valued in the fiscal year 2022.

Note 11. Investment Property

The balance of investment property includes the net carrying value of investments made by the Group to obtain rental income or capital gains, such as interest in three apartment owners' associations in Spain, one shopping centre in America and other land and properties in Spain.

Movements recorded in 2023 according to the type of assets included under this heading are detailed in the following table:

(Thousand €)	Balance 31/12/2022	Additions	Disposals	Exchange Differences	Balance 31/12/2023
Apartments in Spain	89,662	5,675			95,337
Shopping Centres in America	6,054				6,054
Other properties in Spain	19,177		(2,670)		16,507
TOTAL	114,893	5,675	(2,670)	0	117,898

Item Additions of Apartments in Spain includes EUR 1 million as a result of the acquisition of apartments in two of the three owners' associations in which the Groups holds interest. The other additions relate to the value review of the investment property which has had an impact on the Operating revenues and capital gains of fixed assets in the Income Statement.

Disposals of Other properties in Spain relate to the sale of one property located in Balearic Islands.

The breakdown of profit or loss for investment property in the Group's Consolidated Income Statement is as follows:

(Thousand €)	Apartments Spain	Shopping Centres America	Other Properties Spain	Total
Operating income		262	40	302
Operating expenses		(217)		(217)
EBITDA	0	44	40	84
Net Financial Income	557			557
Net Income in Associates	4,897			4,897
CONTRIBUTION TO GROUP NET INCOME	5,454	44	40	5,539

The contribution of the apartments in Spain relates to the proportional part of the results for the year of the companies which are accounted for using the equity method. Such apartments relate to establishments which are operated by the Group under management through associates and joint ventures, and which generate income for the amount of EUR 7.3 million that is not included in the above table.

The contribution of the shopping centre in America relates to the part in the Income Statement of the operating company, while the contribution of other properties in Spain relates to the lease of one establishment located in Madrid.

For comparison purposes, the information for year 2022 is shown below:

(Thousand €)	Balance 31/12/2021	Additions	Disposals	Balance 31/12/2022
Apartments in Spain	79,004	10,658		89,662
Shopping Centres in America	6,054			6,054
Other properties in Spain	19,877	2,491	(3,191)	19,177
TOTAL	104,935	13,149	(3,191)	114,893

Item Additions of Apartments in Spain included EUR 0.7 million as a result of the acquisition of apartments in one of the three owners' associations in which the Groups holds interest.

In addition, the amount of EUR 12.2 million was recognised as a result of the value review of the investment property which had an impact on the Operating revenues and capital gains of fixed assets in the Consolidated Income Statement.

In disposals of Other properties in Spain, the disposal for the sale of one property was recognised for the amount of EUR 3 million.

The breakdown of profit or loss for investment properties in the Group's Consolidated Income Statement in 2022 is as follows:

(Thousand €)	Apartments Spain	Shopping Centres America	Other Properties Spain	Total
Operating income		261	59	320
Operating expenses		(196)		(196)
EBITDA	0	64	59	123
Net Financial Income	96			96
Net Income in Associates	3,040			3,040
CONTRIBUTION TO GROUP NET INCOME	3,135	64	59	3,259

The contribution of the apartments in Spain related to the proportional part of the results for the year of the companies which are accounted for using the equity method. Such apartments generated income derived from their operation under management for the amount of EUR 5.6 million that is not included in the above table.

The contribution of the shopping centre in America related to the part in the Income Statement of the operating company, while the contribution of the other properties in Spain related to the lease of one establishment located in Madrid.

Note 12. Investments Measured Using the Equity Method

The financial investments relating to shareholdings in associates and joint ventures have been measured using the equity method.

Balances and movements of this heading are as follows:

(Thousand €)	%	Balance 31/12/2022	Net Income 2023	Additions	Disposals	Exchange Differences	Balance 31/12/2023
Evertmel Group (*)	49.00%	20,620	(2,983)	8,498	(235)		25,899
Altavista Hotelera, S.A.	48.74%	37,222	1,205	75			38,502
Melcom Group (*)	50.00%	17,413	1,023				18,436
Producciones de Parques Group (*)	50.00%	22,993	160	328	(564)		22,918
Fourth Project 2012, S.L.	50.00%	3,038	501		(1,771)		1,768
Melia Hotels USA Group (*)	50.00%		(396)	341		54	
Holazel, S.L. (JV)	50.00%	1,000	(708)	1,500			1,792
Yagoda Inversiones, S.L.U.	50.00%	318	(407)	226			137
Sierra Parima, S.A.	50.00%	3,933	(6,593)	2,622		37	
TOTAL JOINT VENTURES		106,538	(8,197)	13,590	(2,570)	92	109,452
Homasi, S.A.	35.00%	54,640	2,728	5,097	(1,450)		61,016
Plaza Puerta del Mar, S.A.	20.01%	6,685	559		(758)		6,486
Promedro Group (*)	20.00%	6,882	1,521		(4)		8,399
Turismo de Invierno, S.A.	21.42%	3,767	236		(2)		4,002
C.P. Meliá Castilla	32.64%	4,651	2,801	83			7,535
C.P.Meliá Costa del Sol	23.70%	4,551	2,096	125			6,773
El Recreo Group (*)	19.94%	4,352		1,627			5,979
Inversiones Guiza, S.A.	49.85%	(9)					(9)
Hellenic Hotel Management	40.00%	(76)					(76)
Mosaico Hoteles, S.A.	35.00%	2,109	88		(2,197)		
Detur Panamá, S.A.	49.93%		(556)	556			
Starmel Hotels JV, S.L.	20.00%	83	9,344		(9,562)		(135)
Hoteles Marmel, S.L.	20.00%	(1,672)	256	6,099			4,683
Fuerteventura Beach Property, S.L.	20.00%	1,840	(351)	4,647			6,137
Santa Eulalia Beach Property, S.L.	20.00%	738	106	6,765			7,609
Renasala Group (*)	30.00%	11,112	2,285		(426)		12,971
TOTAL ASSOCIATES		99,654	21,113	24,999	(14,400)	0	131,368
TOTAL		206,192	12,916	38,589	(16,970)	92	240,820

(*) Companies pertaining to the same business line are jointly presented:
Evertmel Group which comprises the companies Evertmel, S.L, Mongamenda S.L., Kimel S.L. and Jamaica DevCo S.L.
Producciones de Parques Group which comprises the companies Producciones de Parques, S.L., Tertian XXI S.L.U.
Melia Hotels USA, LLC Group which comprises the companies Melia Hotels USA,Llc and Melia Hotels Florida Llc.
Promedro Group which comprises the companies Promedro,S.A. and Nexprom,S.A.
El Recreo Group which comprises the companies El Recreo Plaza, C.A. and El Recreo Plaza & Cía. C.A.
Renasala,S.L. Group which comprises the companies Renasala,S.L, Starmel Hoteles OP S.L.U, Torremolinos Beach Property, S.L.U, Palmanova Beach Property, S.L.U. Puerto del Carmen Beach Property, S.L.U. San Antonio Beach Property, S.L.U.
Melcom Group which comprises the companies Pelícanos Property, S.L.U., Bellver Property, S.L.U. and Melcom Joint Venture S.L.
(**) The opening balance of these 4 companies is reflected in the 2022 comparison table jointly as Starmel Group.

The increase in the heading Net income of associates compared to 2022 is mainly due to the profit generated by the company Starmel Hotels JV, S.L. on the sale in June of its 3 subsidiaries, which own and operate 3 vacation hotels in Fuerteventura and Ibiza, generating a profit attributed to the Group of EUR 8.9 million. As a result of this transaction, an additional earning of EUR 11 million was generated in favour of Meliá Group, which is included under heading of other operating income in the Consolidated Income Statement.

Additions in the period mainly relate to contributions from shareholders of Fuerteventura Beach Property, S.L., Santa Eulalia Beach Property, S.L. and Hoteles Marmel, S.L. amounting to EUR 17.5 million (see Note 5), whereby Melia Group now holds direct shareholdings in these companies (formerly subsidiaries of Starmel Hotels JV, S.L.). Shareholders' contributions to the companies of Evertmel Group amounting to EUR 8.5 million are also included.

The decrease in net income in joint ventures compared to 2022 is mainly due to the reversal in 2022 of impairments of fixed assets in some companies owning assets.

In this regard, as at 30 June 2023, the majority shareholder of the companies comprising the Evertmel Group sold its total stake in these companies, with Meliá Group maintaining the same percentage stake it already held in these companies as at 31 December 2022.

Likewise, the additions in Sierra Parima relate to the hedge of negative equity as a result of the losses generated by this company in recent years.

Disposals mainly relate to the distribution of dividends of various companies amounting to EUR 10.6 million and reimbursements of shareholders' contributions made by Starmel Hotels JV, S.L. amounting to EUR 2.7 million.

Shareholding movements in associates and joint ventures in 2022 were as follows:

(Thousand €)	%	Balance 31/12/2021	Net Income 2022	Additions	Disposals	Exchange Differences	Balance 31/12/2022
Evertmel Group (*)	49.00%	20,416	(306)	509			20,620
Altavista Hotelera, S.A.	48.74%	33,658	2,561	1,003			37,222
Melcom Group (*)	50.00%	10,347	7,065				17,413
Producciones de Parques Group (*)	50.00%	19,131	2,368	1,494			22,993
Fourth Project 2012, S.L.	50.00%	2,055	366	617			3,038
Melia Hotels USA Group (*)	50.00%		(276)	407		(130)	
Holazel, S.L. (JV)	50.00%			1,000			1,000
Yagoda Inversiones, S.L.U.	50.00%	233		85			318
Sierra Parima, S.A.	50.00%	5,720	(3,630)	1,233		610	3,933
TOTAL JOINT VENTURES		91,561	8,150	6,347		480	106,538
Homasi, S.A.	35.00%	52,242	2,398				54,640
Plaza Puerta del Mar, S.A.	20.01%	6,013	672				6,685
Promedro Group (*)	20.00%	5,855	1,063		(36)		6,882
Turismo de Invierno, S.A.	21.42%	3,274	493				3,767
C.P. Meliá Castilla	31.72%	2,976	1,513	162			4,651
C.P.Meliá Costa del Sol	21.18%	2,833	1,527	191			4,551
El Recreo Group (*)	19.94%	545		3,807			4,352
Inversiones Guiza, S.A.	49.85%	(8)				(1)	(9)
Hellenic Hotel Management	40.00%	(76)					(76)
Mosaico Group (*)	35.00%	1,241	(49)	917			2,109
Detur Panamá, S.A.	49.93%		(888)	794		93	
Starmel Group (*)	20.00%	673	316	1			989
Renasala Group (*)	30.00%	8,111	1,194	1,806			11,112
TOTAL ASSOCIATES		83,680	8,240	7,678	(36)	93	99,654
TOTAL		175,241	16,389	14,025	(36)	572	206,192

(*) Companies pertaining to the same business line are jointly presented:

Evertmel Group which comprises the companies Evertmel, S.L, Mongamenda S.L., Kimel S.L. and Jamaica DevCo S.L.

Producciones de Parques Group which comprises the companies Producciones de Parques, S.L., Tertian XXI S.L.U. and Golf Katmandú,S.L.
Melia Hotels USA, LLC Group which comprises the companies Melia Hotels USA,Llc and Melia Hotels Florida Llc.

Promedro Group which comprises the companies Promedro,S.A. and Nexprom,S.A.

El Recreo Group which comprises the companies El Recreo Plaza, C.A. and El Recreo Plaza & Cía. C.A.
Starmel Group which comprises the companies Starmel Hotels JV, S.L, Starmel Hotels OP 2 S.LU, Fuerteventura Beach Property, S.L.U. and Santa Eulalia Beach Property, S.L.U.

Renasala,S.L. Group which comprises the companies Renasala,S.L, Starmel Hoteles OP S.L.U, Torremolinos Beach Property, S.L.U, Palmanova Beach Property, S.L.U. Puerto del Carmen Beach Property, S.L.U. San Antonio Beach Property, S.L.U.

Melcom Group which comprises the companies Sistemas Ribey Cloud,S.L., Pelícanos Property, S.L.U., Bellver Property, S.L.U. and Melcom Joint Venture S.L.

Additions in 2022 mainly related to the capital increase of El Recreo Group for the amount of EUR 3.8 million, and the hedge for the negative holding in Detur Panamá S.A. and in Melia Hotels USA Group for the amount of EUR 1.2 million, as well as the addition due to the incorporation of the company Holazel and the shareholders' contribution made thereto amounting to EUR 1 million.

EUR 5.8 million relating to the reversal of the impairment of assets of these companies was included under net income, as a result of the asset valuation mentioned in Note 10.

Details of the Balance Sheet and Income Statement of certain associates and joint ventures with greater significance by volume of assets and net income are as follows:

(Thousand €)	Evertmel Group (*)	Melcom Group (*)	Altavista Hotelera, S.L.	PDP Group (*)	Renasala Group (*)	Homasi, S.A.	Total
EBITDA	**10,750**	**14,947**	**9,705**	**9,758**	**21,828**	**6,775**	**73,763**
Depreciation	**(5,795)**	**(3,488)**	**(3,090)**	**(8,009)**	**(4,955)**	**(4)**	**(25,340)**
Financial Income	13,205				(1,000)	1,445	13,569
Financial Expenses	(10,226)	(7,136)	(3,316)	(925)	(5,915)	(421)	(27,939)
Other financial profit/loss	(1)				(1)		(2)
Net financial profit/loss	**2,978**	**(7,136)**	**(3,316)**	**(1,006)**	**(6,916)**	**1,024**	**(14,372)**
Profit/loss before tax	**7,934**	**4,324**	**3,299**	**743**	**9,957**	**7,795**	**34,051**
Income tax	(1,078)	4,564	(827)	(422)			(104)
Attributed to minority interests		(3,532)					(3,532)
NET INCOME	**6,856**	**5,356**	**2,472**	**321**	**7,616**	**7,795**	**30,416**

(Thousand €)	Evertmel Group (*)	Melcom Group (*)	Altavista Hotelera, S.L.	PDP Group (*)	Renasala Group (*)	Homasi, S.A.	Total
NON-CURRENT ASSETS	**213,463**	**169,705**	**129,343**	**78,005**	**206,767**	**171,910**	**969,193**
Cash and other cash equivalents	10,622	21	5,956	1,653	12,500	6,092	36,844
Other current assets	8,863	9,770	24	5,268	8,539	11,557	44,021
CURRENT ASSETS	**19,485**	**9,792**	**5,979**	**6,920**	**21,039**	**17,649**	**80,865**
TOTAL GENERAL ASSETS	**232,949**	**179,497**	**135,322**	**84,925**	**227,805**	**189,559**	**1,050,058**
Non-current financial liabilities	145,009	2,233	33,350	30,397	78,440		289,429
Other non-current liabilities	6,195	72,163	11,778	3,368	3,450		96,955
NON-CURRENT LIABILITIES	**151,204**	**74,396**	**45,128**	**33,765**	**81,890**		**386,384**
Current financial liabilities	1,467	65,263	4,487	6,067	88,908	5,320	171,514
Other current liabilities	26,838	6,799	7,139	3,974	11,902	611	57,263
CURRENT LIABILITIES	**28,305**	**72,063**	**11,626**	**10,041**	**100,811**	**5,931**	**228,777**
TOTAL GENERAL LIABILITIES	**179,509**	**146,459**	**56,755**	**43,805**	**182,701**	**5,931**	**615,161**

(*) Companies pertaining to the same business line are jointly presented:
Evertmel Group which comprises the companies Evertmel, S.L, Mongamenda S.L., Kimel S.L. and Jamaica DevCo S.L.
PDP Group which comprises the companies Producciones de Parques, S.L. and Tertian XXI S.L.U.
Renasala Group which comprises the companies Renasala,S.L, Starmel Hotels OP S.L.U, Torremolinos Beach Property, S.L.U, Palmanova Beach Property, S.L.U. Puerto del Carmen Beach Property, S.L.U, and San Antonio Beach Property, S.L.U.
Melcom Group which comprises the companies Pelícanos Property, S.L.U., Bellver Property, S.L.U. and Melcom Joint Venture, S.L.

Evertmel Group, Melcom Group, the company Altavista Hotelera, S.L., are owners of hotels which are operated by other Group companies through lease contracts.

Renasala Group and Producciones de Parques, S.L. Group are made up of companies which own and operate hotels. In addition, they have contracts entered into with the parent company of the Group through which management fees are invoiced.

For comparison purposes, amounts for 2022 are shown below:

(Thousand €)	Evertmel Group (*)	Melcom Group (*)	Altavista Hotelera, S.L.	Renasala Group (*)	PDP Group (*)	Homasi, S.A.	Total
EBITDA	**10,452**	**22,044**	**9,271**	**17,457**	**5,637**	**6,159**	**71,019**
Depreciation	**(5,779)**	**(3,488)**	**(2,135)**	**(5,022)**	**(730)**	**(3)**	**(17,156)**
Financial Income	(35)			(1,000)	3	729	(302)
Financial Expenses	(4,971)	(6,120)	10	(5,824)	(1,027)	(33)	(17,965)
Other financial profit/loss	(1)	(4)	(2,879)	(2)	(250)		(3,134)
Net financial profit/loss	**(5,007)**	**(6,124)**	**(2,869)**	**(6,825)**	**(1,273)**	**696**	**(21,402)**
Profit/loss before tax	**(334)**	**12,432**	**4,267**	**5,610**	**3,633**	**6,853**	**32,461**
Income tax	(289)	2,115	988	(1,629)	1,103		2,287
Attributed to minority interests		(415)					(415)
NET INCOME	(624)	14,132	5,255	3,981	4,736	6,853	34,333

(Thousand €)	Evertmel Group (*)	Melcom Group (*)	Altavista Hotelera, S.L.	Renasala Group (*)	PDP Group (*)	Homasi, S.A.	Total
NON-CURRENT ASSETS	**190,499**	**172,488**	**132,977**	**210,657**	**107,518**	**150,648**	**964,786**
Cash and other cash equivalents	5,264	6	3,452	7,640	3,914	3,557	23,833
Other current assets	29,107	7,686	26	6,820	4,413	8,752	56,804
CURRENT ASSETS	**34,371**	**7,691**	**3,478**	**14,460**	**8,327**	**12,309**	**80,637**
TOTAL GENERAL ASSETS	224,870	180,179	136,455	225,118	115,845	162,957	1,045,424
Non-current financial liabilities	129,177	64,069	36,829	162,153	45,325		437,553
Other non-current liabilities	6,519	77,068	14,079	2,970	3,701		104,338
NON-CURRENT LIABILITIES	**135,697**	**141,138**	**50,908**	**165,122**	**49,026**		**541,891**
Current financial liabilities	12,756	735	4,306	10,091	6,193	3,689	37,768
Other current liabilities	34,063	5,193	5,300	8,417	5,155	7	58,135
CURRENT LIABILITIES	**46,819**	**5,928**	**9,605**	**18,508**	**11,348**	**3,696**	**95,904**
TOTAL GENERAL LIABILITIES	182,515	147,066	60,513	183,630	60,374	3,696	637,794

(*) Companies pertaining to the same business line are jointly presented:
Evertmel Group which comprises the companies Evertmel, S.L, Mongamenda S.L., Kimel S.L. and Jamaica DevCo S.L.
Renasala Group which comprises the companies Renasala,S.L, Starmel Hotels OP S.L.U, Torremolinos Beach Property, S.L.U,
Palmanova Beach Property, S.L.U, Puerto del Carmen Beach Property, S.L.U, and San Antonio Beach Property, S.L.U.
PDP Group which comprises the companies Producciones de Parques, S.L., Tertian XXI S.L.U. and Golf Katmandú
Melcom Group which comprises the companies Ribey Cloud, S.L., Pelícanos Property, S.L.U., Bellver Property, S.L.U. and Melcom Joint Venture, S.L.

Note 13. Other Financial Instruments

13.1. Other Financial Assets

The table below includes the breakdown by categories of financial instruments, recorded in the heading Other financial assets of current and non-current assets of the Consolidated Balance Sheet for years 2023 and 2022:

(Thousand €)	31/12/2023			31/12/2022		
	Long Term	Short Term	Total	Long Term	Short Term	Total
1. Financial instruments at amortized cost:						
Loans to associates and joint ventures	33,391	76,596	109,987	90,169	40,935	131,105
Other loans	24,376	20,160	44,536	27,430	2,902	30,333
Other items	70,224	2,925	73,149	61,917	3,907	65,824
2. Financial instruments at fair value through other comprehensive income:						
Cash flow hedges	617	2,219	2,835	3,403	3,303	6,706
3. Financial instruments at fair value through profit or loss:						
Trading Portfolio		229	229		1,594	1,594
Trading Portfolio derivatives	111	21,217	21,328	705	14,769	15,474
Unlisted equity instruments	20,954		20,954	19,848		19,848
TOTAL	**149,673**	**123,345**	**273,018**	**203,473**	**67,411**	**270,884**

The table does not include the headings Trade and other receivables and Cash and other cash equivalents, which also relate to financial assets, as described in Note 3.5. Additional breakdowns are included in Note 14 to that effect.

Financial instruments subsequently measured at amortised cost

The table below shows a breakdown by nature of financial assets included in this item for 2023 and 2022:

(Thousand €)	31/12/2023			31/12/2022		
	Long Term	Short Term	Total	Long Term	Short Term	Total
Loans to associates and joint ventures	33,391	76,596	109,987	90,169	40,935	131,105
Other loans	24,376	20,160	44,536	27,430	2,902	30,333
Deposits	1,556	1,152	2,707	1,453	1,961	3,415
Guarantee deposits	11,701	1,723	13,423	10,893	1,894	12,787
Club Melia customers	56,968		56,968	49,571		49,571
Financial deposits		51	51		52	52
TOTAL	**127,991**	**99,681**	**227,672**	**179,517**	**47,745**	**227,261**

Note 20.1 Information on related parties includes a breakdown of the balances recorded as Loans to associates and joint ventures.

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

- Loans granted to various unrelated companies with which the Group has a business relationship for the amount of EUR 10.7 million.
- Loans granted to owners of several hotels operated by the Group under lease, management and franchise for the amount of EUR 18.8 million.
- Amount receivable as a result of the agreement signed with the owner of a hotel in Brazil, as a result of the claim filed by the Group for the termination of a management contract for reasons attributable to the owner. Compensation for damages has resulted in the recognition of EUR 17 million of income (adjusted to profit or loss in the Cash Flow Statement) of which EUR 15 million are receivable as at 31 December 2023.

Long-term guarantees granted by the Company basically relate to the rent for hotels leased by the Group through accepted promissory notes. Since such guarantees are granted to ensure compliance with an obligation associated with such agreements, they are not recognised at current value but at face value.

The balance of Vacation club customers relates to the amounts financed in the long-term to this segment customers in the sale of timeshare rights. They are recognised at face value because these financing agreements include a market interest rate.

Likewise, balance of Short-term vacation club customers is broken down in Note 14.2 Trade and Other Receivables.

The Financial deposits item includes long-term amounts in banks and with a maturity over 3 months, therefore, these cannot be considered as other cash equivalents.

Financial instruments at fair value through other comprehensive income

Cash flow hedge activities relate to interest rate swaps. Hegde activities are explained in Note 13.3.

Financial instruments at fair value through profit or loss

Long-term trading portfolio includes equity instruments, the market prices of which are used to determine the fair value of these investments, as well as unlisted equity instruments included under this category, the movement of which is detailed in the table below:

(Thousand €)	%	Balance 31/12/2022	Additions	Balance 31/12/2023
Hotelera Sancti Petri, S.A.	19.50%	2,634		2,634
Port Cambrils Inversions, S.A.	10.00%	980		980
Inveragua RD, S.A.S	14.24%	131		131
Valle Yamury, S.A.	8.00%	358		358
Victoria Hotels & Resorts, S.L.	7.50%	15,822	1,106	16,928
Other financial assets		9		9
TOTAL INVESTMENT		19,934	1,106	21,040
IMPAIRMENT LOSSES		(85)		(85)
NET CARRYING VALUE		19,848	1,106	20,954

For comparison purposes, movements for year 2022 were as follows:

(Thousand €)	%	Balance 31/12/2021	Additions	Disposals	Balance 31/12/2022
Hotelera Sancti Petri, S.A.	19.50%	2,634			2,634
Port Cambrils Inversions, S.A.	10.00%	980			980
Inveragua RD, S.A.S	14.24%	131			131
Valle Yamury, S.A.	8.00%	358			358
Victoria Hotels & Resorts, S.L.	7.50%	15,516	606	(300)	15,822
Other financial assets		9			9
TOTAL INVESTMENT		19,628	606	(300)	19,934
IMPAIRMENT LOSSES		(85)			(85)
NET CARRYING VALUE		19,543	606	(300)	19,848

The registered offices, activities and accounting information in thousand euro of the investees in which the Group holds a non-significant shareholding at the 2023 year end are included below:

(Thousand €)	REGISTERED OFFICE	ACTIVITY	Capital	Reserves	Net Income	%	TBV	NBV
Hotelera Sancti Petri, S.A.	Gremio Toneleros, 24 Palma de Mallorca (España)	Owner and operator hotel	11,900	(691)	2,883	19.50%	2,748	2,634
Port Cambrils Inversions, S.A.	Rambla Regueral, 11 Tarragona (España)	Owner and operator hotel	6,000	957	382	10.00%	734	980
Valle Yamury, S.A. (*)	Velázquez, 106 Madrid (España)	Holding and owner	4,970	(1,570)	192	8.00%	287	279
Inveragua RD, S.A.S.	Avda. Lope de Vega, 4 Santo Domingo (República Dominicana)	Holding	837	(153)	(4)	14.24%	97	131
Victoria Hotels & Resorts, S.L. (**	Paseo del Club Deportivo, 1 (Madrid)	Owner and operator hotel	15,340	181,434	(807)	7.50%	14,698	16,927
Other companies (*)			3				3	3
			39,050	179,977	2,646		18,567	20,954

(*) No Financial Statements are available as at 31 December 2023 for these companies
(**) The companies Victoria Hotels & Resorts, S.L., Crisalian, S.L.U. and Lierinto. S.L.U. are included.

13.2. Other Financial Liabilities

The table below shows the breakdown by categories of financial instruments, recorded in the headings Bonds and other negotiable securities, Bank borrowings and Other financial liabilities of current and non-current liabilities of the Consolidated Balance Sheet for 2023 and 2022:

(Thousand €)	31/12/2023			31/12/2022		
	Long Term	Short Term	Total	Long Term	Short Term	Total
1. Financial instruments at fair value through profit or loss:						
- Trading portfolio derivatives					25	25
2. Other financial liabilities at amortized cost:						
- Bonds and other negotiable securities	52,082	24,585	76,667	52,026	24,042	76,068
- Bank borrowings	961,463	285,763	1,247,227	1,131,463	151,561	1,283,024
- Lease liabilities	1,301,464	147,989	1,449,453	1,313,728	148,838	1,462,567
- Other financial liabilities	33,713	45,973	79,686	7,746	43,997	51,743
TOTAL	2,348,722	504,311	2,853,034	2,504,963	368,464	2,873,428

Balances under heading Trade creditors and other payables which are also considered as financial liabilities, are not included, as explained in Note 3.5. Additional breakdowns are included in Note 18 to that effect.

The following table shows the reconciliation of changes in assets and liabilities from financing activities. Debt issues and redemptions (Bonds and other negotiable securities and Bank borrowings), as well as Derivative financial instruments (hedges and trading portfolio) have been considered:

(Thousand €)	Bonds and Bank borrowings	Financial instruments at fair value	
		Assets	Liabilities
BALANCE AT 31/12/2021	1,383,740	40	2,708
Financing cash flow	(42,352)		
Exchange differences	17,704		
Changes in fair value		22,141	(2,683)
Scope Variations			
BALANCE AT 31/12/2022	1,359,092	22,181	25
Financing cash flow	(31,823)		
Exchange differences	(3,375)		
Changes in fair value		1,983	(25)
BALANCE AT 31/12/2023	1,323,894	24,164	0

Lease payments are broken down in Note 17.

Financial instruments at fair value through profit or loss

Trading portfolio derivatives relate to interest rate swaps. Derivative activities are explained in Note 13.3.

Bonds and other negotiable securities

The table below shows the debt issues recorded under this heading and their balances at the end of 2023 and 2022:

(Thousand €)	31/12/2023			31/12/2022		
	Long Term	Short Term	Total	Long Term	Short Term	Total
Bonds and debentures	52,082	204	52,286	52,026	204	52,230
European Commercial Papers (ECP)		24,381	24,381		23,759	23,759
Other negotiable securities					79	79
TOTAL	52,082	24,585	76,667	52,026	24,042	76,068

Euro Commercial Paper Programme (ECP)

In June 2023, the commercial paper programme ("Euro-Commercial Paper Programme" or ECP) was renewed, with maturity date on 2 June 2024, 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 2023, issues were made for a total amount of EUR 212 million, and there were outstanding issues for the amount of EUR 24.8 million of face amount at year end.

Simple bonds

On 19 November 2018, the parent company issued simple bonds for the total amount of EUR 30 million with the following characteristics:

Issue price	€30,000,000
Face amount	€100,000
Maturity	12 years
Debt rank	Senior unsecured
Issue price	100%
Issue date	19/11/2018
Maturity date	19/11/2030
Coupon	Fixed 3.30%
Repayment price	100%

On 25 May 2021, an increase in the face amount of the bond for the amount of EUR 22.5 million was carried out. Such issue was at a price equal to 98.385% of the face amount.

Bank borrowings

The breakdown by nature and by maturity of the Group's bank borrowings at the end of 2023 and 2022 is as follows:

(Thousand €)	31/12/2023			31/12/2022		
	Long Term	Short Term	Total	Long Term	Short Term	Total
Bank loans	571,165	248,121	819,286	775,356	113,207	888,563
Mortgage loans	218,675	31,431	250,106	253,030	33,299	286,330
Credit policies	168,549	3,073	171,623	103,077		103,077
Bank lease liabilities					7	7
Interest		6,212	6,212		5,048	5,048
TOTAL	958,390	288,836	1,247,227	1,131,463	151,561	1,283,024

The total amount of credit facilities drawn down was EUR 171.6 million; (EUR 103.1 million in 2022); and at the end of 2023 an additional balance of EUR 169.9 million was available (in 2022 the balance was EUR 230.4 million).

Bank debt increases for new bank financing in 2023 amount to EUR 42.6 million (without including simple bonds or amounts for renewal of the ECP). In 2022, the amount was EUR 54.6 million.

The Group's mortgage loans are secured by 9 hotels with a total net carrying amount of EUR 499.2 million; in 2022 the net carrying amount of the mortgaged assets amounted to EUR 559.5 million, as stated in Note 10.

Maturity of bank borrowings is as follows:

(Thousand €)	2024	2025	2026	2027	2028	> 5 years	Total
Bank loans	248,121	134,435	307,143	104,937	19,517	5,133	819,287
Mortgage loans	31,430	28,141	47,621	26,869	57,568	58,477	250,106
Credit policies	3,073		168,549				171,623
Interest	6,212						6,212
TOTAL	288,837	162,576	523,313	131,806	77,085	63,610	1,247,227

Lease liabilities

Note 17 includes a breakdown of Lease liabilities.

Other financial liabilities

The table below shows the breakdown of the items under this heading at the end of fiscal years 2023 and 2022:

(Thousand €)	31/12/2023			31/12/2022		
	Long Term	Short Term	Total	Long Term	Short Term	Total
Trade bills payable				11		11
Fixed asset suppliers		2,917	2,917		10,457	10,457
Guarantees received	951	758	1,709	899	2,363	3,262
Other payables	284	15,023	15,307	62	614	675
Debt to associates	32,478	8,090	40,568	6,775	27,844	34,619
Dividends payable		4,836	4,836		1,984	1,984
Other financial liabilities		14,349	14,349		735	735
TOTAL	33,713	45,973	79,686	7,746	43,997	51,743

The amount of Debt to associates and joint ventures is broken down in Note 20.

On the other hand, Other payables and Deposits received include a total of EUR 27.1 million as a result of a loan and a deposit received in 2023 in relation to a real estate transaction of a hotel in Mexico, which is expected to be completed in the first half of 2024.

13.3. Hedge Activities and Derivatives

The breakdown by maturity of the fair values of the Group's derivative financial instruments at the end of 2023 and 2022 is as follows:

(Thousand €)	31/12/2023			31/12/2022		
	Long Term	Short Term	Total	Long Term	Short Term	Total
Hedge derivatives assets	617	2,219	2,835	3,403	3,303	6,706
Trading portfolio derivatives assets	111	21,217	21,328	705	14,769	15,474
TOTAL	728	23,435	24,164	4,109	18,072	22,181
Trading portfolio derivatives liabilities					25	25
TOTAL	0	0	0	0	25	25

Within the framework of the Group's interest rate risk management policies (see Note 4.1), the Company, at the end of the fiscal year, has several interest rate swaps, which, based on the contractual terms, qualify as cash flow hedging instruments; therefore, changes in their fair value are taken directly to the Group's equity.

The items hedged by these operations are recorded under heading Bank borrowings. 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.

In 2023, the negative impact on equity of these derivative financial instruments, after taking the portion pertaining to the hedged item to the income statement and without considering the tax impact, amounted to EUR 3.7 million. In 2022, the impact was positive for the amount of EUR 8 million.

Likewise, as at 31 December 2023, the notional value of the interest rate swaps that qualify as hedges amounted to EUR 114 million, and in 2022 such value amounted to EUR 141.5 million.

Heading Trading portfolio derivatives assets in the short term includes the fair value for the amount of EUR 20.4 million (EUR 13.7 million as at 31 December 2022) of the derivative associated with the purchase option, with the date for its execution being extended by one year, on one hotel in Spain, which has increased its value according to the appraisal carried out during the year.

The other trading portfolio derivatives assets and liabilities at the end of 2023 relate to interest rate swaps contracted in the framework of the interest rate risk management performed by the Company (see Note 4.1). These interest rate swaps are not considered as accounting hedges because they do not meet the requirements for their application according to IFRS 9.

As at 31 December 2023, except for the derivative associated with the purchase option, the notional value of these financial instruments amounted to EUR 33.5 million, and in 2022 such value amounted to EUR 51.9 million.

Maturity by year is as follows:

(Thousand €)	2024	2025	2026	2027	>4 years	Total
Hedge derivatives assets	2,219	420	103	65	29	2,835
Trading portfolio derivatives assets	21,217	111				21,328
TOTAL	23,435	531	103	65	29	24,164

For comparison purposes, the maturities for 2022 were as follows:

(Thousand €)	2023	2024	2025	2026	>4 años	Total
Hedging derivative assets	3,303	2,527	565	170	141	6,706
Trading portfolio derivatives assets	14,770	635	71			15,475
TOTAL	18,073	3,162	636	170	141	22,181
Trading portfolio derivatives	25					25
TOTAL	25	0	0	0	0	25

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. These measurements have been carried out by the financial institutions from which these products are obtained.

Note 14. Current Assets

14.1. Inventories

The breakdown of this heading at the end of 2023 and 2022 is as follows:

(Thousand €)	31/12/2023	31/12/2022
Hotel Business	22,818	20,948
Vacation Club Business	1,202	1,240
Real Estate Business	2,700	4,864
Advances to suppliers	3,117	3,134
TOTAL	29,837	30,186

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

14.2. Trade and Other Receivables

The breakdown of this heading at the end of 2023 and 2022 is as follows:

(Thousand €)	31/12/2023	31/12/2022
Trade receivables	175,769	115,600
Other receivables	51,546	67,756
TOTAL	227,315	183,356

Trade

Trade receivables by business line at year end are as follows:

(Thousand €)	31/12/2023	31/12/2022
Hotel	94,681	63,854
Real Estate	1,733	1,060
Club Melia	10,725	8,577
Other operating activities	68,629	42,110
TOTAL	175,769	115,600

The aging of trade receivables at year end from the maturity date was as follows:

(Thousand €)	2023	%	2022	%
Less than 90 days	137,025	78%	95,752	83%
More than 90 and less than 180	24,297	14%	6,862	6%
More than 180	14,447	8%	12,986	11%
TOTAL	175,769	100%	115,600	100%

Other receivables

The breakdown by nature of the balances included in this item for 2023 and 2022 is as follows:

(Thousand €)	31/12/2023	31/12/2022
Prepayments and accrued income	11,791	7,955
Loans to employees	397	244
Taxes refundable	9,065	33,816
Receivables from associates	11,412	10,419
Receivables	18,780	15,067
Current accounts	100	256
TOTAL	51,545	67,756

These balances relate to commercial transactions carried out by the Group. Receivables from associates and joint ventures are broken down in Note 20.

14.3. Cash and Other Cash Equivalents

Cash and other cash equivalents are broken down by geographic areas as follows:

(Thousand €)	SPAIN	EMEA (*)	AMERICA	ASIA	31/12/2023
Cash	40,821	23,570	88,387	3,318	156,096
Other cash equivalents	874		3,259		4,133
TOTAL	41,695	23,570	91,646	3,318	160,229

(*) EMEA (Europe, Middle East, Africa): It includes areas of Africa, Middle East and Rest of Europe, excluding Spain.

Cash equivalents relate to short-term deposits, the maturities of which may range from one day to three months depending on the Group's cash needs.

The main balances comprising the Group's cash, based on the currency in which they are denominated, are in US dollar and Euro.

Balances under this heading for 2022 were as follows:

(Thousand €)	SPAIN	EMEA (*)	AMERICA	ASIA	31/12/2022
Cash	29,349	24,640	82,853	1,948	138,790
Other cash equivalents	437		9,454		9,890
TOTAL	29,786	24,640	92,307	1,948	148,680

(*) EMEA (Europe, Middle East, Africa): It includes areas of Africa, Middle East and Rest of Europe, excluding Spain.

Note 15. Equity

15.1. Share Capital and Share Premium

The share capital as at 31 December 2023 and 2022 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 comprising the share capital, except for treasury shares, carry the same rights and are listed on the stock exchange (Continuous Market - Spain).

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

The voting rights held by the main shareholders with direct and indirect stake in Meliá Hotels International, S.A. as at 31 December 2023 and 2022, are as follows:

Shareholder	31/12/2023 % Shareholding	31/12/2022 % Shareholding
Hoteles Mallorquines Consolidados, S.A.	24.37	24.37
Hoteles Mallorquines Asociados, S.L.	13.76	13.76
Hoteles Mallorquines Agrupados, S.L.	11.29	11.29
Tulipa Inversiones 2018, S.A.	5.39	5.39
Global Alpha Capital Management Ltd.	13.23	9.17
Rest of shareholders (less than 3% individual)	31.97	36.03
TOTAL	100.00	100.00

In October 2018, Mr. Gabriel Escarrer Juliá (Founder and current Honour 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) holds 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.

15.2. Reserves

The table below shows the breakdown of heading Other Reserves in consolidated equity at the end of 2023 and 2022:

(Thousand €)	31/12/2023	31/12/2022
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	(5,693)	(5,035)
Voluntary reserves	311,939	313,822
Consolidated reserves attributed to the controlling company	116,758	116,758
TOTAL	433,010	435,552

The consolidated reserves attributed to the controlling company include the necessary homogenisation adjustments to present the consolidated equity in accordance with the International Financial Reporting Standards (IFRSs) and the International Financial Reporting Committee Interpretations (IFRICs), as described in Note 2.

Regarding restricted reserves, Meliá Hotels International, S.A. and its subsidiaries incorporated under the Spanish law are 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, provided that other reserves are not available, may only be used to offset losses.

15.3. Treasury Shares

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

	Shares
Shares Number at 31/12/2022	334,014
Additions	11,307,075
Disposals	(11,393,075)
Shares Number at 31/12/2023	248,014
Average Price €	6.51
Balance at 31/12/2023 (Thousand €)	1,615

The number of shares held by the Company as at 31 December 2023 is 248,014, representing 0.113% of the share capital. Treasury shares do not exceed the 10% limit established by the Spanish Corporate Enterprises Act.

The price of Meliá Hotels International, S.A.'s shares at year end was EUR 5.96. At the 2022 year end the share price amounted to EUR 4.578.

For comparison purposes, movements for year 2022 were as follows:

	Shares
Shares Number at 31/12/2021	277,014
Additions	12,556,461
Disposals	(12,499,461)
Shares Number at 31/12/2022	334,014
Average Price €	11.78
Balance at 31/12/2022 (Thousand €)	3,936

The number of shares held by the Company as at 31 December 2022 was 277,014, representing 0.126% of the share capital.

15.4. Retained Earnings

This heading includes the profit/(loss) for previous years of the parent company, as well as the retained earnings of the other companies included in the scope of consolidation as from the date they were included therein.

Movements during 2023 included under this heading mainly related to the distribution of positive results from the previous year, for the amount of EUR 94.3 million from fully consolidated companies, and for the amount of EUR 16.4 million of profits from associates and joint ventures.

Movements during 2022 included under this heading mainly related to the distribution of negative results from the previous year, for the amount of EUR 183.7 million from fully consolidated companies, and 9.2 of losses from associates and joint ventures.

15.5.Measurement Adjustments

The Measurement adjustments heading in the Consolidated Statement of Changes in Equity, includes a breakdown of Translation differences and Other measurement adjustments recognised in the Consolidated Balance Sheet.

Translation differences

Among the total Translation differences, the amount of EUR 183 million negative relates to fully consolidated companies and EUR 56.6 million negative to companies accounted for using the equity method. In 2022, the amounts were EUR 170.4 million negative and EUR 58.2 million also negative, respectively.

According to IAS 21.15, certain financing transactions relating to subsidiaries abroad have been considered as an increase in the value of the investment. During the year, EUR 12.8 million in positive translation differences has been recognised under this heading, while in 2022, EUR 0.6 million in also positive translation differences was recognised.

Other measurement adjustments

Movements during the year mainly related to income and expenses attributed to equity, as well as to transfers to the Consolidated Income Statement of derivative financial instruments classified as hedges, net of their tax effect, which resulted in a decrease in equity of EUR 2.4 million. In 2022, the change in this item resulted in an increase in equity of EUR 4.8 million.

15.6. Non-Controlling Interests

The equity interest relating to rights held by third parties outside the Group is included under this heading, including the relevant proportional stake in the result (profit/(loss)).

The consolidated amounts, before carrying out intra-group eliminations, of assets and liabilities of subsidiary companies and their investees with non-controlling interests, as well as their relevant stake in the result (profit/(loss)) for the fiscal year, are included below:

(Thousand €)	Minority percentage	Total Assets	Total Liabilities	Total Net Assets	Non-controlling interests	Non-controlling interests profit/(loss)
Invers. Explot. Turísticas, S.A.	45.07%	162,744	110,599	52,145	14,054	5,804
Realizaciones Turísticas, S.A.	3.73%	206,554	23,327	183,227	6,179	274
Adprotel Strand, S.L.U.	25.00%	212,566	143,721	68,845	27,792	1,754
MIA Exhold, S.A.	0.31%	430,940	270,015	160,925	3,120	(147)
Other companies		279,159	217,861	61,298	(936)	4,690
TOTAL		1,291,962	765,523	526,440	50,211	12,375

(*) This includes non-controlling interests in its subsidiaries (see Annex 1).

The movements in the year mainly relate to the profit/(loss) as well as the translation differences recognised in these companies and their subsidiaries.

Other companies heading includes information mainly relating to hotel operating companies.

Movements recorded under heading Other transactions with shareholders or owners in the Consolidated Statement of Changes in Equity include dividend distributions for the amount of EUR 5.2 million and contributions from minority shareholders via capitalisation of receivables for the amount of EUR 10.1 million.

For comparison purposes, amounts for 2022 are shown below:

(Thousand €)	Minority percentage	Total Assets	Total Liabilities	Total Net Assets	Non-controlling interests	Non-controlling interests profit/(loss)
Invers. Explot. Turísticas, S.A.	45.07%	152,923	102,436	50,487	13,795	4,880
Realizaciones Turísticas, S.A.	3.73%	189,637	27,152	162,485	5,906	94
Adprotel Strand, S.L.U.	25.00%	212,166	150,195	61,972	25,621	2,904
MIA Exhold, S.A.	0.31%	435,786	268,246	167,541	3,270	(112)
Other companies		272,227	240,470	31,757	(15,930)	1,664
TOTAL		1,262,739	788,498	474,241	32,662	9,430

(*) This includes non-controlling interests in its subsidiaries (See Annex 1).

Note 16. Other Non-Current Liabilities

16.1. Capital Grants and Other Deferred Income

The breakdown of this heading in the Consolidated Balance Sheet is as follows:

(Thousand €)	31/12/2023	31/12/2022
Capital grants	3,382	3,592
Deferred income from customer loyalty programmes	24,594	20,298
Vacation Club deferred income	264,217	282,967
Other deferred income	6,437	6,755
TOTAL	298,631	313,612

Capital grants mainly relate to grants to finance property, plant and equipment purchases. During the fiscal year, the total amount recorded under this item in the Consolidated Income Statement was EUR 210.3 thousand. In 2022, income from grants amounted to EUR 214.3 thousand.

Regarding loyalty programmes, a portion of the selling price of hotel rooms is assigned as fair value of the points which will be recognised as income in the Consolidated Income Statement at the time they are redeemed by the customers.

Deferred income from vacation club reflects the amount allocated to the weeks not yet enjoyed by the customers, net of the costs directly attributable to the execution of these contracts. This deferred income is recognised as income in the Consolidated Income Statement at the time the customers exercise the rights acquired under their vacation club membership agreement.

16.2. Provisions

The Group maintains in non-current liabilities a balance for the amount of EUR 37.7 million in respect of provisions for contingencies and expenses. As stated in Note 3.10, this heading includes the Group's post-employment benefit obligations with staff and provisions for urban-planning related legal disputes with public bodies, as well as the provisions recorded to cover the various liabilities and contingencies arising from operations, commitments acquired and guarantees given in favour of third parties, risks deriving from legal claims and lawsuits and potential liabilities deriving from the different interpretations to which the applicable legislation is open.

The breakdown by type of obligations is as follows:

(Thousand €)	31/12/2022	Additions	Disposals	31/12/2023
Provision for retirement, seniority bonus and personnel obligations	11,187	657	(820)	11,024
Provision for taxes and liabilities	19,011	7,642		26,653
TOTAL	30,198	8,299	(820)	37,677

Provisions for retirement, seniority bonus and personnel

At the end of each fiscal year, actuarial studies are carried out to assess the past services corresponding to commitments established in supra-enterprise collective agreements. In 2023, the estimated accrued amount was EUR 11.6 million, with an impact of EUR 1.7 million on the income statement for 2023. In 2022, the total amount accrued was EUR 11.6 million, with an impact of EUR 2.2 million on the income statement.

The assessment of these commitments undertaken by the Company has been conducted in accordance with the actuarial assumptions of the model which pertains to the Group, using the calculation method known as the Projected Unit Credit and the demographic assumptions established by the PER2020 tables, using a capitalisation rate of 3.70%, and a salary increase assumption of 3.04%. In addition, the probability of tenure of employees until retirement has also been applied, based on the Group's experience in respect of employees leaving the Company, giving rise to the following rotation ratios according to the employee's current age:

Ages Range	% Rotation
< 45	4.91%
45 - 55	2.75%
> 55	2.64%

Likewise, a significant part of these commitments has been outsourced in compliance with the legislation in force. At the 2023 year end, the balance of assets linked to the post-employment benefit plans amounted to EUR 0.6 million, with liabilities being presented in their net amount. At the 2022 year end the balance for this item was EUR 0.4 million.

On the other hand, the negative amount recognised in the Consolidated Statement of Comprehensive Income of EUR 1 million relates to changes in the percentages and actuarial assumptions for the calculation of the remunerations and retirement bonuses in respect of the Group's post-employment benefits commitments to its employees. In 2022, the positive amount recognised in the Consolidated Statement of Comprehensive Income was EUR 0.4 million.

Provision for liabilities

The increase recognised under this section mainly relates to obligations linked to various contracts, as well as provisions for various litigations, which resolutions are pending and with a probable risk of financial disbursement for the Group.

For comparison purposes, information for 2022 is shown below:

(Thousand €)	31/12/2021	Additions	Disposals	31/12/2022
Provision for retirement, seniority bonus and personnel obligations	11,743	326	(882)	11,187
Provision for taxes and liabilities	13,913	5,098		19,011
TOTAL	**25,656**	**5,424**	**(882)**	**30,198**

Note 17. Leases

17.1. Rights of Use

The opening and final balances of Right-of-use assets, as well as movements during the year and the depreciation amounts for each type of underlying asset for 2023 and 2022 are detailed below:

(Thousand €)	Balance 31/12/22	Depreciation and impairment	Variations	Exchange Differences	Balance 31/12/23
GROSS VALUE					
Buildings	2,628,693		142,728	3,023	2,774,445
Plant and Machinery	1,080		147	(22)	1,205
Other fixed assets	23,011		2,658		25,669
Total Gross Value	**2,652,785**	**0**	**145,533**	**3,001**	**2,801,318**
ACCUMULATED DEPRECIATION					
Buildings	(1,262,040)	(143,261)	(4,841)	2,383	(1,407,759)
Plant and Machinery	(882)	(125)		17	(990)
Other fixed assets	(19,045)	(1,009)	3,339		(16,715)
Total Accumulated Depreciation	**(1,281,968)**	**(144,395)**	**(1,502)**	**2,400**	**(1,425,464)**
NET CARRYING VALUE	**1,370,817**	**(144,395)**	**144,031**	**5,401**	**1,375,854**

Variations heading includes several contractual amendments, which have increased the value in the Right of use by EUR 85.1 million. Such contractual amendments include maturity extensions of certain contracts and renegotiations regarding disbursement obligations. Likewise, additions of 3 new lease contracts of hotels located in Spain for the amount of EUR 13.7 million and one new lease contract of a hotel located in Italy for the amount of EUR 8.7 million were recognised.

The variation in lease payments subject to CPI has increased the value in the Right of use by EUR 39.2 million.

Variations also include the transfer for the amount of EUR 2.7 million of an impairment from property, plant and equipment to Rights of Use in the Consolidated Balance Sheet (see Note 10).

Depreciation and impairment heading for 2023 includes a net reversal of impairment for the amount of EUR 7.1 million (see Note 7.5) due to the results of the impairment test of cash-generating units under lease carried out according to the methodology described in Note 3.2 and Note 3.12. In the said test, the activity recovery during the year and the expectation of activity recovery at the levels before the health crisis, which is included in the budget approved by the governing body of the Group for 2024 and in the projections for the years of the lease term, have led to a greater value in use of such cash-generating units and, therefore, to a reversal of impairment of the assets associated with the mentioned units.

The discount rates used in the said test have been determined for each lease contract on the basis of the weighted average cost of the capital (WACC) per country, adjusted to reflect the lower cost associated with the lease liabilities. In this sense, for the relevant geographic areas in terms of CGUs under lease, the estimated weighted average cost of the capital was 9.8% for Spain and between 8.7% and 10.5% for EMEA and the rest of the world, while the discount rate adjusted to reflect the mentioned cost of lease liabilities for each contract was between 3.88% and 7.05% for Spain and between 3.99% and 6.20% for EMEA and rest of the world.

Exchange differences are due to the appreciation of the British pound and the depreciation of the US dollar against the euro, and mainly affect four hotels located in the United Kingdom and one hotel located in the USA, respectively.

For comparison purposes, the movements in 2022 were as follows:

(Thousand €)	Balance 31/12/21	Depreciation and impairment 2022	Variations	Exchange Differences	Balance 31/12/22
GROSS VALUE					
Buildings	2,788,741		(146,534)	(13,514)	2,628,693
Plant and Machinery	1,057		(3)	26	1,080
Other fixed assets	22,102		909		23,011
Total Gross Value	**2,811,900**	**0**	**(145,628)**	**(13,488)**	**2,652,785**
ACCUMULATED DEPRECIATION					
Buildings	(1,365,933)	(136,662)	242,111	(1,555)	(1,262,040)
Plant and Machinery	(731)	(145)		(6)	(882)
Other fixed assets	(16,136)	(2,925)	16	(0)	(19,045)
Total Accumulated Depreciation	**(1,382,800)**	**(139,733)**	**242,127**	**(1,562)**	**(1,281,968)**
NET CARRYING VALUE	**1,429,100**	**(139,733)**	**96,499**	**(15,050)**	**1,370,817**

During 2022, the early derecognition of two hotels leased in Spain and one hotel in Germany was carried out, representing a decrease in the value of the Right of use for the amount of EUR 10.8 million.

In addition, several contractual amendments were carried out, which increased the value in the Right of use by EUR 69.1 million. Such contractual amendments included maturity extensions of certain contracts and renegotiations regarding disbursement obligations.

The variation in lease payments subject to CPI increased the value in the Right of use by EUR 38.2 million.

Depreciation and impairment heading for 2022 included a net reversal of impairment for the amount of EUR 35.2 million (see Note 7.5) as a result of the expiration of lease contracts and the results of the impairment test of cash-generating units under lease carried out according to the methodology described in Notes 3.2 and 3.12.

The discount rates used in the said test were determined for each lease contract on the basis of the weighted average cost of the capital (WACC) per country, adjusted to reflect the lower cost associated with the lease liabilities. In this sense, for the relevant geographic areas in terms of CGUs under lease, the estimated weighted average cost of the capital was 9.3% for Spain and between 8.1% and 10.1% for EMEA, while the discount rate adjusted to reflect the mentioned cost of lease liabilities for each contract was between 1.3% and 5.5% for Spain and between 1.3% and 3.7% for EMEA.

Exchange differences were due to the depreciation of the British pound and the appreciation of the US dollar against the euro, and mainly affected four hotels located in the United Kingdom and one hotel located in the USA, respectively.

On the other hand, it is worth mentioning that, in December 2022, the lease contract comprising 17 hotels in Spain was renewed for a period of less than 12 months under a lease contract with variable payments.

17.2. Lease Liabilities

There follows a breakdown of fixed lease payments (not discounted) expected to be made by the Company in the coming years:

(Thousand €)	2023	2022
Less than 1 year	182,110	171,519
Between 1 and 5 years	608,170	558,380
More than 5 years	1,608,335	1,625,647
TOTAL	**2,398,615**	**2,355,546**

These liabilities include lease contracts entered into with associates and joint ventures for the amount of EUR 90.4 million (see Note 20); EUR 104.6 million in 2022.

The average term of the lease contracts is 8.78 years. In the case of hotels 11.42 years, and 2.74 years for other lease contracts. In 2022, the average term was 8.72 years, in the case of hotels was 11.78 years, and 2.53 years for other lease contracts.

In the amount above reflected, EUR 19.3 million of payments is included relating to lease contracts other than hotel lease. In 2022, this figure amounted to EUR 19.8 million.

The performance of lease liabilities was as follows:

(Thousand €)	2023	2022
OPENING BALANCE	**1,462,567**	**1,567,346**
Financial expense leases	33,385	29,415
Fixed lease payments	(195,678)	(221,240)
Other variations (increases or decreases)	149,180	87,046
TOTAL	**1,449,453**	**1,462,567**

Changes in fixed lease payments are due to the renewal of a lease contract comprising 17 hotels in Spain in December 2022, under a lease contract with no minimum payments of less than twelve months. In addition, two leased hotels in Spain and one in Germany were derecognised in 2022. On the other hand, lease payments referenced to the CPI or similar index have been increased, and renegotiations occurred which have affected the lease payments, as well as the additions for new lease contracts.

Several contractual amendments were carried out, which increased the value of liabilities by EUR 85.1 million. Such contractual amendments include maturity extensions of certain contracts and renegotiations regarding disbursement obligations. Likewise, additions of 3 new lease contracts of hotels located in Spain for the amount of EUR 13.7 million and one new lease contract of a hotel located in Italy for the amount of EUR 8.7 million were recognised. The variation in lease payments subject to CPI has increased the value of liabilities by EUR 39.2 million, while the depreciation of British pound and the appreciation of dollar increased the value of liabilities by EUR 2.5 million.

Other payments not included in lease liabilities

The short-term, low-value exemptions of which the Company has availed itself as described in Note 3 relate to non-hotel assets. The amounts relating to this type of agreements, as well as the expenses relating to the variable lease payments not included in the measurement of lease liabilities are included below:

(Thousand €)	2023	2022
Variable leases	42,888	14,446
Short-term leases	4,217	6,562
Low value leases	3,253	4,310
TOTAL	**50,358**	**25,318**

Under Variable leases item, the portion of the lease payment which depends on indexes or rates based on the performance of the hotels is included. The excess over the maximum amount of shortfall that the lessee agrees to assume in the lease contract is also included, with such shortfall being the difference between the variable lease payment and the guaranteed minimum lease payment.

The Group has entered into several lease contracts of hotels which opening is planned for future years. There follows a breakdown of the disbursements planned for fixed lease payments included in such contracts:

(Thousand €)	2023	2022
Less than 1 year	319	4,703
Between 1 and 5 years	9,314	13,142
More than 5 years	15,613	21,194
TOTAL	**25,246**	**39,039**

Note 18. Trade Creditors and Other Payables

The breakdown of this heading at the end of 2023 and 2022 is as follows:

(Thousand €)	31/12/2023	31/12/2022
Trade creditors	372,986	358,767
Other payables	132,291	141,997
TOTAL	505,277	500,764

18.1. Trade Creditors

The balance of trade creditors includes any payables to suppliers of goods, supplies and other services pending payment and/or for which the invoices have not yet been received, which at the end of the year amounted to EUR 281.3 million. At the previous year end, this balance amounted to EUR 297.55 million.

Likewise, this heading mainly includes prepayments from customers in the hotel business, which, at the end of 2023 amounted to EUR 91.7 million, of which EUR 16.9 million relates to a real estate development in Brazil. At the end of 2022, prepayments amounted to EUR 61.2 million.

18.2. Other Payables

The main items included in Other payables are set out below:

(Thousand €)	31/12/2023	31/12/2022
Accruals and deferred income	3,105	3,512
Accrued wages and salaries	78,277	72,244
Taxes payable	28,768	43,650
Social security contributions payable	10,998	12,320
Trade payables, associates	9,192	6,607
Other liabilities	1,951	3,665
TOTAL	132,291	141,996

These balances relate to commercial transactions carried out by the Group. Payables to associates and joint ventures are included in section Commercial transactions in Note 20.

Note 19. Tax Situation

The companies within the Group are subject to the tax legislation applicable in the countries in which they carry out their activities. Current tax regulations in some of these countries do not coincide with the Spanish regulations. As a consequence of the above, the information included in this Note should be construed in the light of the peculiarities of the applicable tax regulations for the benefit of legal entities, with reference to applicable tax bases, tax rates and deductions.

“Pillar 2” Draft Legislation

The Government of Spain, where the parent company is incorporated, has published a draft legislation - pending parliamentary procedure - for the implementation in Spain of the 15% minimum taxation (EU) Directive (the "Pillar 2 Draft Legislation"), which provides for its application in respect of financial years beginning after 31 December 2023. Pursuant to this Pillar Two Draft Legislation, the parent company will be obliged to pay, in Spain, a supplementary tax on the profits of its subsidiaries that are taxed at an effective tax rate of less than 15%. In addition, some of the jurisdictions in which the Group operates have Pillar Two rules sufficiently implemented, which allow a domestic minimum tax to be levied on the tax shortfall up to 15%.

The Group has analysed the potential exposure to additional taxation arising from the Pillar 2 Draft Legislation, based on country-by-country reports and financial statements of the Group companies. According to the analysis performed, the effective tax rate for Pillar Two purposes in most of the jurisdictions in which the Group operates is above 15%. However, the Group believes that the safe harbour rules may not apply in Cuba, where the effective rate could be less than 15%. Nevertheless, the Group does not expect exposure to additional taxation arising from Pillar 2 rules to be significant in any jurisdiction.

The Group continues to assess the impact of the future Supplementary Tax rule in Spain and the Pillar 2 rules in the jurisdictions in which it operates on its future financial performance.

Unconstitutionality and invalidity of Royal Decree-Law 3/2016, of 2 December, adopting tax measures aimed at consolidating public finances and other urgent social measures ("RD-Law 3/2016").

The Constitutional Court has considered RD-Law 3/2016 as unconstitutional and invalid in its ruling of 18 January 2024 (unconstitutionality issue 2577-2023).

Among others, the mentioned RD-law established greater restrictions on the offsetting of negative tax bases (BINS [according to its acronym in Spanish]) from previous years; the obligation to include a minimum annual reversal in the 2016-2020 financial years of impairment losses on holdings regardless of the evolution of the investee's equity and results; the establishment of greater limitations on the application of deductions to avoid double taxation; and a restriction on the deductibility of certain negative income deriving from the transfer of holdings.

As a result of this ruling, the Group has determined the following accounting treatment for income tax in Spain:

Recognition of current tax liabilities and assets for the year 2023: The Group has determined the 2023 Income Tax in accordance with the applicable tax legislation, excluding the provisions declared as unconstitutional.

Recognition of deferred tax assets for the carryforward of unused tax losses or unused tax credits: The Group has reassessed the probability of having future taxable profit against which tax losses or tax credits can be carried forward under the applicable regulations, excluding the provisions declared as unconstitutional.

The Group expects to recover certain tax credits as a result of challenging Corporate Income Tax assessments:

The Group has challenged the Corporate Income Tax assessments for 2017 to 2019. The Group has not recognised an asset for this item to the extent that, based on an analysis of the specific circumstances of these challenges, it is estimated that the probability of recovery is not virtually true.

19.1. Years Open to Inspection

According to the legal provisions in force, tax returns may not be considered to be final until they have been inspected by the tax authorities or the statute of limitations period has elapsed, which may be extended by administrative procedure.

In this respect, the years open to inspection in the various countries in which the Group operates are as follows:

	Corp. Inc. Tax	Personal Income Tax	VAT	I.G.I.C. [general indirect Canaries tax]	I.R.A.P. [Italian regional tax on productive activities]	PIS/COFINS [social integration programme/contribution for the financing of social security]
Spain	2019-2022	2020-2023	2020-2023	2020-2023		
France	2020-2022	2021-2023	2021-2023			
England	2017-2022	2018-2023	2018-2023			
Italy	2017-2022	2018-2023	2018-2023		2017-2022	
Germany	2013-2022	2014-2023	2014-2023			
Holland	2018-2022	2019-2023	2019-2023			
China	2018-2022	2019-2023	2019-2023			
USA	2020-2022					
Mexico	2018-2022		2019-2023			
Dominican Rep.	2020-2022		2019-2023			
Venezuela	2017-2022	2019-2023	2019-2023			
Brazil	2018-2022	2019-2023				2019-2023

19.2. Deferred Tax Assets and Liabilities

The balance details of the Group's deferred tax assets and liabilities in 2023 and 2022 is as follows:

(Thousand €)	Balance sheet	
	31/12/2023	31/12/2022
Non-current deferred tax asset is as follows:		
Tax credits activated by deductions pending application	992	11,471
Tax credits activated by tax bases pending offset	64,035	41,010
Temporary differences for:		
Tax value of Tryp goodwill	4,768	4,896
Cash flow hedges (SWAP)	(17)	26
Tax deductible provisions at the payment time or when liability is generated	53,404	53,739
Different criteria for tax and accounting depreciation	13,289	14,703
Inter-group results elimination	2,479	2,549
Financial expenses not deducted	12,283	32,399
Accounting (non-tax) revenues to be distributed over several years	71,517	75,722
Leases	50,391	56,243
Other	16,745	8,066
TOTAL ASSETS	**289,886**	**300,824**
Non-current deferred tax liability is as follows:		
Fair values in business combinations	22,961	31,468
Finance lease operations	10,591	10,908
Fixed assets restatement and revaluation	63,838	61,671
Property investments fair value adjustment	17,256	16,783
Differences in accounting and tax values of assets	11,324	10,131
Accounting revaluation for merger	2,305	2,347
Sales under reinvestment deferral	3,290	3,678
Accounting (non-tax) expenses to be distributed over several years	9,448	9,201
Leases	1,352	153
Other	25,565	30,606
TOTAL LIABILITIES	**167,930**	**176,946**

Net deferred taxes relating to IFRS16 correspond to EUR 329,971 thousand of deferred tax assets and EUR 280,932 thousand of deferred tax liabilities.

Deferred taxes recognised in 2023 and 2022 by the Group are as follows:

(Thousand €)	Deferred tax Assets	Deferred tax Liabilities
BALANCE 31/12/2021	**329,397**	**182,776**
Expenses / Income of the period	(33,035)	(9,742)
Translation differences and others	4,462	3,912
BALANCE 31/12/2022	**300,824**	**176,946**
Expenses / Income of the period	(7,387)	(6,840)
Translation differences and others	(3,551)	(2,176)
BALANCE 31/12/2023	**289,886**	**167,930**

Deferred tax assets and liabilities are calculated considering the future changes in the tax rate approved in all geographic areas.

19.3. Tax Credits for Loss Carryforwards

The tax loss carryforwards of the companies within the Group, detailed by geographic area and maturity date, are detailed below:

(Thousand €)	2024	2025-2029	2030-2036	No limitations	Total 31/12/2023
Spain				517,517	517,517
Rest of Europe				251,291	251,291
America and rest of the world			9,682	30,362	40,044
TOTAL			9,682	799,170	808,852

Within the Rest of Europe area, United Kingdom stands out with EUR 130.2 million, Germany with EUR 41.6 million, France with EUR 40.3 million, Italy with EUR 24.8 million, Austria with EUR 8.4 million, the Netherlands with EUR 3.6 million and Luxembourg with EUR 2.3 million, and within America and the rest of the world, Brazil stands out with EUR 30.3 million and Mexico with EUR 9.7 million.

The Group's main capitalised tax losses and deferred tax assets generated are detailed below:

(Thousand €)	31/12/2023	
	Capitalised Tax Losses	Deferred Tax Assets
Spain	163,806	40,952
Germany	41,625	6,518
United Kingdom	6,070	1,518
Italy	24,853	5,965
Mexico	9,682	2,904
Holland	1,851	464
Luxemburg	2,000	499
France	20,864	5,216
TOTAL	270,751	64,036

For comparison purposes, the tax loss carryforwards detailed by geographic area and maturity date at the 2022 year end are detailed below:

(Thousand €)	2023	2024-2028	2029-2035	No limitations	Total 31/12/2022
Spain				588,509	588,509
Rest of Europe				230,529	230,529
America and rest of the world			7,469	28,115	35,584
TOTAL			7,469	847,153	854,622

The Group's main capitalised tax losses and deferred tax asset for the previous year are detailed below:

(Thousand €)	31/12/2022	
	Capitalised Tax Losses	Deferred Tax Assets
Spain	76,018	19,005
Germany	49,448	8,285
United Kingdom	21,795	5,449
Italy	20,000	4,800
Mexico	7,469	2,241
Holland	3,000	731
Luxemburg	2,000	499
TOTAL	179,730	41,010

19.4. Tax Credits

The Group's available tax credits, by geographic areas and maturity, are detailed below:

(Thousand €)	2024	2025-2029	2030-2036	Subsequent years	Total 31/12/2023
Spain		2,724	1,310	898	4,932
TOTAL		2,724	1,310	898	4,932

20.11% of tax credits for deductions have their corresponding deferred tax asset duly recognised.

For comparison purposes, available tax credits by geographic area and maturity date, at the 2022 year end are detailed below:

(Thousand €)	2023	2024-2028	2029-2035	Subsequent years	Total 31/12/2022
Spain		3,089	6,512	3,332	12,933
TOTAL		3,089	6,512	3,332	12,933

The information set out in Article 86 of Law 27/2014 of 27 November on Corporate Income Tax applicable to mergers and divisions 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:

- Inmotel Inversiones, S.A.: 1993, 1996, 1997 and 1998
- Meliá Hotels International, S.A.: 1999, 2001, 2005, 2009 and 2012.
- Prodigios Interactivos, S.A.: 2019

19.5. Reconciliation of the Consolidated Accounting Income, the Aggregated Tax Base and the Corporate Income Tax Expense

(Thousand €)	2023	2022
Consolidated Net Income	**130,109**	**120,124**
Income tax expense	19,209	36,188
Adjustments for impairment and provisions	(86,911)	(65,276)
Finance lease transactions	707	866
Non-deductible expense/income	1,213	(19,061)
Exchange differences	(440)	(6,105)
Inflation adjustments	(4,535)	(34,857)
Other adjustments	115,711	31,527
PREVIOUS TAXABLE INCOME	175,063	63,406
Offset of tax-loss carryforwards	(37,993)	(39,060)
Tax losses not recognised	(41,494)	(2,659)
GROSS TAX BASE	95,576	21,687
TAX EXPENSE AT RATE APPLICABLE BY LAW (25%)	23,894	5,422
Effect of tax rate applicable in other countries	(11,851)	3,955
CORPORATE INCOME TAX FOR THE PERIOD	12,043	9,377

19.6. Income Tax Expense (Income)

The table below reflects the amounts recorded as an expense (income) for the fiscal years 2023 and 2022, the balances being detailed by items, and differentiating between current tax and deferred tax:

(Thousand €)	2023	2022
	Expense / (Income)	Expense / (Income)
Current Tax		
Income tax for the period	12,043	9,377
Other taxes for the fiscal year	1,502	844
Adjustments to income tax of prior years	5,117	2,674
Deferred Tax		
Net variation in credits for tax losses	(23,334)	(19,830)
Net variation in tax credits	10,479	4,922
Other deferred tax	13,402	38,201
TOTAL INCOME TAX EXPENSE	19,209	36,188

The heading Other taxes for the fiscal year relates to taxes similar to the income tax as well as other taxes in developing countries based on income or assets.

All Adjustments to income tax in fiscal years prior to 2023 and 2022, relate to changes between the final tax and the tax estimate made during the previous year.

19.7.Status of the Main Tax Inspections and Litigation

The main inspections and litigation processes of a tax nature for the Group which could have a negative impact on the Group, take place in America; in particular, the following stand out:

- Litigation in Mexico in relation to Income Tax assessments for 2012 issued against Corporación Hotelera Hispano Mexicana, S.A. de C.V. The purpose of the process is the adequacy of the documentary evidence to prove and apply certain tax losses. The figures under discussion amount to MXN 481 million (EUR 25.6 million).

- Litigation in Mexico in relation to Income Tax assessments for 2015 issued against Operadora Mesol, S.A. de C.V. The purpose of the process is the adequacy of the documentary evidence to prove and apply certain consultancy costs. The figures under discussion amount to MXN 27 million (EUR 1.4 million).

At year end, the inspection to the tax group headed by Meliá Hotels International S.A. 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 has been concluded.

In relation to Corporate Income Tax and as a result of valuation differences in certain transactions between Group companies, a tax assessment has been formalised with an agreement which resulted in a tax payable of EUR 2.7 million. This adjustment had no impact on the Group's income statement as the corresponding risk provision was applied.

In relation to Value Added Tax and Withholdings and Income on Account, tax assessments have been formalised without any adjustment and with no impact on the Group's income statement.

In accordance with the principles of the Group's Tax Strategy, as well as the recommendations of the Code of Good Tax Practices to which the Company adheres, the Company has proceeded to self-correct the income tax settlements for 2020 and 2021 in accordance with the assessment criteria arising from the tax audit procedure, without this self-correction having had an impact on the income statement.

The Group has adequately made provisions for any liabilities which may arise from the existing tax inspections and litigation. However, as a result, among others, of the different interpretations of the current legislation, additional liabilities may arise from an inspection. The 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 and the corresponding tax rates. On this account, the Group has recognised an amount of EUR 22.8 million under Other deferred tax liabilities (EUR 23.4 million in 2022).

Note 20. Information on Related Parties

The following are considered to be related parties:

- Associates and joint ventures that are accounted for using the equity method, as detailed in Annex 2 of the notes to these annual accounts.
- Significant shareholders of the controlling company.
- Members of the Board of Directors and members of the SET.

All transactions with related parties are arm's length transactions under market conditions.

20.1. Transactions with Associates and Joint Ventures

Commercial transactions

Commercial transactions carried out with associates and joint ventures mainly relate to hotel management activities and other related services. The table below shows the amount recognised in operating revenues in the Consolidated Income Statement, as a result of transactions carried out with these entities, and the commercial balances outstanding therewith, at the end of 2023 and 2022:

(Thousand €)	31/12/2023			31/12/2022		
	Net Income 2023	Assets	Liabilities	Net Income 2022	Assets	Liabilities
Evertmel Group (*)	191	172	1,256	292	1,107	1,381
Producciones de Parques Group (*)	3,625	1,388	17	3,338	1,651	84
Melcom Group (*)	(243)	1,384	6,583	(307)	701	4,470
Altavista Hotelera, S. L.	34	213		24	213	10
Fourth Project 2012, S.L.	35	11		26	10	15
Melia Hotels USA Group (*)		126			480	
Holazel, S.L.		19	31			
Sierra Parima	106	147	107	76	191	160
TOTAL JOINT VENTURES	**3,747**	**3,460**	**7,995**	**3,449**	**4,353**	**6,119**
Turismo de Invierno, S.A.	656	622	11	553	750	17
C.P. Meliá Castilla	4,380	1,521	37	3,049	1,098	150
C.P.A.M.Costa del Sol	3,369	1,074	18	2,570	700	15
Nexprom, S.A.	3,053	1,197	11	2,768	1,185	4
Renasala Group (*)	6,723	2,885	13	4,861	1,867	61
Starmel Hoteles JV, S.L.	43			142	119	
Fuerteventura Beach P, S.L.	(18)	9		2	2	
Santa Eulalia Beach P, S.L.		7				
Hoteles Marmel, S.L.	768	612	1,095	1,942	385	224
Plaza Puerta del Mar	1,120			389		
Inversiones Guiza, S. A.	(20)	25	13	(20)	24	13
Detur Panamá, S. A.	(9)			(4)	(65)	4
TOTAL ASSOCIATED COMPANIES	**20,065**	**7,952**	**1,197**	**16,251**	**6,066**	**487**
TOTAL	**23,812**	**11,412**	**9,192**	**19,700**	**10,419**	**6,606**

(*) Companies pertaining to the same business line are jointly presented:
Evertmel Group which comprises the companies Evertmel, S.L, Mongamenda S.L., Kimel S.L. and Jamaica DevCo
Producciones de Parques Group which comprises the companies Producciones de Parques, S.L. and Tertian XXI S.L.U.
Melcom Group which comprises the companies Pelícanos Property, S.L.U., Bellver Property, S.L.U. and Melcom Joint Venture S.L.
Renasala Group which comprises the companies Renasala,S.L, Starmel Hoteles OP, S.L.U, Torremolinos Beach Property, S.L.U, Palmanova Beach Property, S.L.U. Puerto del Carmen Beach Property, S.L.U. San Antonio Beach Property, S.L.U.
Melia Hotels USA, LLC Group which comprises the companies Melia Hotels USA,Llc. and Melia Hotels Florida Llc.

The main changes during the year to trading liabilities relate to the payment of invoices for the lease of hotels that are operated by the Group and owned by associates and joint ventures.

Financing transactions

The breakdown of the financing maintained by the Group with associates and joint ventures at the end of 2023 and 2022, as well as financial income and expenses accrued in 2023 and 2022 arising from these transactions, is as follows:

(Thousand €)	31/12/2023			31/12/2022		
	Net Income 2023	Assets	Liabilities	Net Income 2022	Assets	Liabilities
Evertmel Group (*)	528	27,651	29,461	923	43,469	24,264
Altavista Hotelera, S. L.	547	11,113		221	10,406	
Melcom Group (*)	1,608	37,322	1,021	1,187	36,556	1,052
Producciones de Parques Group (*)	18	14	1,645			712
Fourth Project 2012, S.L.	(364)	2	5,136	(92)		6,993
Melia Hotels USA Group (*)	201	7,809		581	5,230	
Sierra Parima	(11,968)			(626)	5,645	
Holazel, S.L.		3				
TOTAL JOINT VENTURES	(9,430)	83,913	37,264	2,195	101,305	33,020
Turismo de Invierno, S.A.			103			112
C.P. Meliá Castilla			443			345
C.P.A.M.Costa del Sol			963			252
Nexprom, S.A.			365			100
Renasala Group (*)	1,000	23,489	1,431	1,000	22,679	531
Starmel Hoteles JV, S.L.	77			171	2,870	
Fuerteventura Beach P, S.L.		7				
Hoteles Marmel, S.L.	106	2,578		244	4,096	258
Inversiones Guiza, S. A.				2		
Detur Panamá, S. A.	(4,201)			(787)	155	
TOTAL ASSOCIATED COMPANIES	(3,018)	26,074	3,304	629	29,800	1,598
TOTAL	(12,448)	109,987	40,568	2,824	131,105	34,618

(*) Companies pertaining to the same business line are jointly presented:
Evermel Group which comprises the companies Evertmel, S.L, Mongamenda S.L., Kimel S.L. and Jamaica DevCo
Producciones de Parques Group which comprises the companies Producciones de Parques, S.L. and Tertian XXI S.L.U.
Renasala Group which comprises the companies Renasala,S.L., Starmel Hotels OP,S.LU, ,Torremolinos Beach Property ,S.L.U, Palmanova Beach Property, S.L.U, Puerto del Carmen Beach Property, S.L.U, San Antonio Beach Property S.L.U.
Melia Hotels USA, LLC Group which comprises the companies Melia Hotels USA,Llc. and Melia Hotels Florida Llc.
Melcom Group which comprises the companies Pelícanos Property, S.L.U., Bellver Property, S.L.U. and Melcom Joint Venture S.L.

At each year end, interest is calculated on the average balance of the current accounts, including debit or credit balances, depending on the special circumstances of each joint venture or associate, 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. The interest rate applied in 2023 was 5.32%; 2% in 2022.

Lease transactions

The amounts corresponding to lease contracts with associates and joint ventures are broken down below. Lease payments are included within the amount reflected in column Net Income, including the variable amounts, if any, which are not discounted in calculating lease liabilities.

(Thousand €)	31/12/2023		31/12/2022	
	Net Income 2023	Liabilities	Net Income 2022	Liabilities
Evertmel Group (*)	(6,147)	45,633	(8,340)	51,458
Altavista Hotelera, S. L.	(2,616)	12,492	(1,626)	17,575
Melcom Group (*)	(11,368)	7,528	(11,312)	21,268
Fourth Project 2012, S.L.	(2,231)	11,603	(2,246)	14,291
Hoteles Marmel, S.L.	(948)	13,175		
TOTAL JOINT VENTURES	**(23,310)**	**90,431**	**(23,525)**	**104,592**

(*) Companies pertaining to the same business line are jointly presented:
Evermel Group which comprises the companies Evertmel, S.L, Mongamenda S.L., Kimel S.L. and Jamaica DevCo
Melcom Group which comprises the companies Pelícanos Property, S.L.U., Bellver Property, S.L.U. and Melcom Joint Venture S.L.

Guarantees and deposits

At the end of 2023, the Group has deposits with associates and joint ventures for the amount of EUR 0.3 million.

In 2022, the Group had deposits with associates and joint ventures for the amount of EUR 0.6 million.

20.2. Transactions with Significant Shareholders

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

(Thousand €)	Transaction type	2023	2022
Tulipa Inversiones 2018, S.A.	Services rendered	406	1,057
Tulipa Inversiones 2018, S.A.	Leases	163	184
TOTAL		**570**	**1,241**

20.3. Transactions with Executives and Members of the Board of Directors

Board meeting and committee attendance fees paid to the directors in 2023 and 2022 were as follows:

(Thousand €)	2023	2022
External independent directors	**586**	**514**
Mr. Fco Javier Campo García	123	126
Mr. Fernando D´Ornellas Silva	126	126
Mrs. Carina Szpilka Lazaro	102	102
Mrs. Mª Cristina Henriquez de Luna Basagoiti	84	78
Mrs. Cristina Aldamiz-Echevarría González de Durana	78	54
Mrs. Montserrat Trape Viladomat	75	27
Proprietary directors	**268**	**272**
Mr. Luis María Díaz de Bustamante y Terminel	123	114
Mr. Gabriel Escarrer Julia	27	38
Mrs. María Antonia Escarrer Jaume		11
Holeles Mallorquines Asociados S.A.	27	54
Hoteles Mallorquines Agrupados S.L.	60	54
Mr. Alfredo Pastor Bodmer	33	
Executive director	**60**	**54**
Mr. Gabriel Juan Escarrer Jaume	60	54
TOTAL	**914**	**839**

In June 2023, the Founder and Chairman of Meliá, Gabriel Escarrer Juliá, decided to complete the succession process that he himself promoted in 2016, and tendered his resignation as Chairman of the Board, which, after being accepted by the Board itself, appointed him Honorary Chairman, a representative position that he combines with his role as External Proprietary Director. In compliance with the succession plan, Gabriel Escarrer Jaume was appointed Chairman, maintaining and combining this position with that of Chief Executive Officer.

In addition, the following changes were made to the Board in 2023:

a. Appointment of Mr. Alfredo Pastor Bodmer as an External Proprietary Director.

b. Re-election of Ms Maria Cristina Henríquez de Luna Basagoiti as an External Independent Director.

In 2022, Mr. Luis María Díaz de Bustamante y Terminel was appointed as an External Proprietary Director, and Ms Montserrat Trape Viladomat was appointed as an 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.

On the other hand, between the months of June and September 2023, there have been several changes among the members of senior management, with the number of members being increased from 6 to 7.

Remuneration of executive directors and members of the senior management in 2023 and 2022, considering accrued amounts, was as follows:

(Thousand €)	2023		2022	
	Fixed Remuneration	Variable Remuneration	Fixed Remuneration	Variable Remuneration
Executive directors	**865**	**457**	**869**	**457**
Mr. Gabriel Juan Escarrer Jaume	865	457	869	457
High direction	**2,192**	**911**	**2,004**	**869**
TOTAL	**3,057**	**1,368**	**2,874**	**1,326**

The amount indicated in the total remuneration of senior management for 2023 does not include the part corresponding to the compensation accrued to outgoing members of senior management, which amounts to a total of EUR 1.5 million.

In addition, the Chairman and Chief Executive Officer (the only Executive Director of the Company) has accrued EUR 85 thousand in 2023 in respect of long-term savings schemes and other items, as in 2022.

The Company has not assumed any obligation and has not granted any advance payment or loans to directors. On the other hand, the Group 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 2023 of EUR 298,440; EUR 297,275 in 2022. There are no share-based payments.

Note 21. Contingent Assets and Liabilities

The Group has commitments with third parties in respect of assets and liabilities not recognised in the Consolidated Balance Sheet given the remote probability that they give rise to an outflow of economic resources or because the commitments must not be recognised in accordance with current regulations. Such contingent assets and liabilities are detailed below by amount and item.

21.1. Contingent Assets

The Group has claims brought against third parties for compensation for damages suffered as a result of hotel closures during the 2020 health pandemic, on which it considers there are reasonable technical grounds to obtain a favourable ruling in court. However, the Company's Directors, on the basis of prudence, do not consider that the requirements established in the applicable regulations for their recognition in the Consolidated Balance Sheet have been met for the time being.

21.2. Guarantees and Deposits

The Group secures several operations through bank guarantees and for various items, for the amount of EUR 51.2 million as at 31 December 2023 (EUR 45.1 million in 2022).

The Group has granted collateral and bank guarantees for operations undertaken by associates and joint ventures for the amount of EUR 0.3 million (EUR 0.6 million in 2022).

21.3. Contingent Liabilities

Corporación Hotelera Metor, S.A., a subsidiary which is 76% owned, is involved in a dispute with its minority shareholder, claiming that all agreements and transactions carried out with such shareholder be declared invalid. The Company has undertaken the necessary actions to ensure that the resolution of such dispute does not have a significant impact on the Group's consolidated financial statements. In addition, there is no economic assessment, since this is a dispute concerning the control and the challenging of certain corporate agreements.

Note 22. Other Information

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 confirmed that neither they, nor any persons with whom they have ties, as referred to in Article 231 of the aforesaid Act, 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 the following:

- Mr Gabriel Escarrer Jaume (Chairman and CEO): In those resolutions or decisions of the Board of Directors relating to his remuneration (setting of his variable remuneration, etc.) and his appointment as a Chairman of the Board of Directors. In these matters, Mr. Gabriel Escarrer Jaume abstained from participating in the corresponding deliberation and vote.
- Ms Maria Cristina Henríquez de Luna Basagoiti: In those resolutions or decisions of the Board of Directors relating to the proposal for re-election as an External Independent Director. In these matters, the Director Ms Henríquez abstained from participating in the corresponding deliberation and vote.
- Mr Alfredo Pastor Bodmer: In those resolutions or decisions of the Board of Directors relating to the proposal for his appointment as an External Proprietary Director. In these matters, the Director Mr. Pastor abstained from participating in the corresponding deliberation and vote.

Direct and indirect shareholdings controlled by the members of the Board of Directors are the following:

Shareholder / Board Member	Nr.direct and indirect voting rights	% total voting rights	Position on the Board
Mr. Gabriel Escarrer Juliá	11,874,749	5.3878%	Honorary Chairman
Mr. Gabriel Escarrer Jaume	166,666	0.0756%	President and Chief Executive Officer
Hoteles Mallorquines Agrupados, S.L.	24,882,289	11.2896%	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
Mrs. Montserrat Trape Viladomat	14,500	0.0066%	Director

The Directors and persons related to them, other than those already mentioned, or persons acting on their behalf, have not undertaken during the fiscal year other transactions with the parent company or other Group companies, which fall out of the scope of the Group's ordinary course of business, or which are not based on market conditions.

Information on the deferral of payments to suppliers

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 for 2023 and 2022:

(Thousand €)	2023	2022
Supplier average payment period	59.86	59.91
Ratio of transactions paid	55.76	54.49
Ratio of transactions pending payment	152,29	99.56
TOTAL PAYMENTS MADE	**635,502**	**531,064**
TOTAL OUTSTANDING PAYMENTS	**28,153**	**72,469**

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

(Thousand €)	2023
Monetary volume	315,405
Total payments percentage	*49.63%*
Number of invoices	137,672
Total invoices percentage	*31.54%*

Audit fees

Fees for auditing the parent company and the subsidiaries which are part of the consolidated annual accounts amounted to EUR 1,229 thousand, of which the amount of EUR 561 thousand has been invoiced by Deloitte, S.L. in Spain. At international level, Deloitte has invoiced EUR 440 thousand. The remaining amount of EUR 228 thousand relates to other audit firms. Likewise, fees invoiced during the year for other services provided to the parent company and subsidiaries by any other company pertaining to the same network of auditors of the consolidated annual accounts amounted to EUR 241 thousand.

In application of the exemption provisions of Article 264, section 3, of the German Code of Commerce, HGB, the fully consolidated German national subsidiary Sol Melia Deutschland GmbH, AG Düsseldorf, HRB 66940, has made use of the exemption provisions for the fiscal year 2023.

In 2022, fees for auditing the parent company and the subsidiaries which were part of consolidated annual accounts amounted to EUR 1,248 thousand, of which the amount of EUR 503 thousand was invoiced by Deloitte S.L. in Spain. At an international level, Deloitte invoiced EUR 579 thousand. The remaining amount of EUR 166 thousand related to other audit firms. Likewise, fees invoiced in 2022 for other services provided to the parent company and subsidiaries by any other company pertaining to the same network of auditors of the consolidated annual accounts amounted to EUR 327 thousand.

Note 23. Events After the Reporting Date

In February 2024, the Company entered into an agreement with an investment vehicle owned by Banco Santander, S.A., whereby, on 11 April 2024, this vehicle will acquire a 38.2% stake in the share capital of a subsidiary of the Meliá Group (the "Subsidiary"), through the creation of new type B preference company shares in the said Subsidiary.

Prior to that date, the Subsidiary will own, directly or through its subsidiaries, three hotel establishments (two in Spain and one in the United Kingdom), all of them operated by different companies of the Meliá Group.

The disbursement to be made by the vehicle for the acquisition of the aforementioned minority shareholding will amount to EUR 300 million, which, at that date, will be recorded under heading Non-controlling shareholdings in the Meliá Group's Consolidated Balance Sheet.

This transaction is in line with the Company's strategic objectives to maintain the strength of its Consolidated Balance Sheet.

Annex 1. Subsidiaries

		COMPANIES OPERATING HOTELS	REGISTERED OFFICE	COUNTRY	DIR.HOLD.	IND.HOLD.	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 (Cancun)	Mexico		92.80%	
						6.89%	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%
(A)	(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	94.14%		94.14%
(A)		CORP.HOT.HISP.MEX., S. A. de C. V.	Boulevard Kukulkan km.12,5 (Cancun)	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)	Dominican Rep.		61.79%	
						37.90%	99.69%
		DETUR PANAMÁ S. A.	Antigua Escuela Las Américas (Colon)	Panama	100.00%		100.00%
(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)	Dominican 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)	Dominican Rep.		99.69%	99.69%
(A)		INVERSIONES AREITO, S.A.	Avda. Barceló, s/n (Bavaro)	Dominican Rep.	64.54%	35.46%	100.00%
(A)	(F1)	INV. HOTELERAS LA JAQUITA, S.A.	Avda. de los Océanos, s/n (Tenerife)	Spain	70.08%	29.36%	99.44%
(A)		LOMONDO Limited	Albany Street-Regents Park (London)	Great Britain		100.00%	100.00%
(A)		LONDON XXI Limited	336-337 The Strand (London)	Great Britain		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%
		PETUROLISO, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00%		100.00%
(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%
		SOICI NEFSOL, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00%		100.00%
		SOL MELIÁ DEUTSCHLAND, gmbh	Am Schimmersfeld 5 (Ratingen)	Germany	100.00%		100.00%
(A)		SOL MELIÁ ITALIA S.R.L.	Via Masaccio 19 (Milan)	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	REGISTERED OFFICE	COUNTRY	DIR.HOLD.	IND.HOLD.	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)	Dominican 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 (Cancun)	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 WITH SUNDRY ACTIVITIES	REGISTERED OFFICE	COUNTRY	DIR.HOLD.	IND.HOLD.	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%
(A)	(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 (Cancun)	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 (Cancun)	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 (Panama)	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)	Dominican 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 (Cancun)	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%
	(F1)	WILLET RESERVATIONS	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		100.00%	100.00%

		SOCIEDADES HOLDINGS	DOMICILIO	PAÍS	P,DIR	P,IND	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%

		DORMANT COMPANIES	REGISTERED OFFICE	COUNTRY	DIR.HOLD.	IND.HOLD.	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 (Tunisia)	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)	Puerto 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 (Fribourg)	Switzerland		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 Inextur, S.A.
(*) Shareholding in this company is through the ownership of apartments, which are recognised under heading Property, plant and equipment.

Annex 2. Associates and Joint Ventures

COMPANIES OPERATING HOTELS	REGISTERED OFFICE	COUNTRY	DIR.HOLD.	IND.HOLD.	TOTAL
C.P.APARTOTEL M.CASTILLA (*)	Capitán Haya, 43 (M adrid)	Spain	32.56%	0.09%	32.65%
C.P.APARTOTEL M.COSTA DEL SOL (*)	Paseo Marítimo 11 (Torremolinos)	Spain	4.99%	18.71%	23.70%
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%
PRODUCCIONES DE PARQUES, S.L. (JV)	Avda. P.Vaquer Ramis , s/n (Calviá)	Spain	50.00%		50.00%
STARMEL HOTELS OP, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		30.00%	30.00%
HOTELES MARMEL, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	20.00%		20.00%
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%
OWNER COMPANIES	**REGISTERED OFFICE**	**COUNTRY**	**DIR.HOLD.**	**IND.HOLD.**	**TOTAL**
ALTAVISTA HOTELERA, S.L.	Avda. Pere IV, 272 (Barcelona)	Spain	7.55%	41.19%	48.74%
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%
EVERTMEL, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	49.00%		49.00%
FOURTH PROJECT 2012, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		50.00%	50.00%
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%
MONGAMENDA, S.L. (JV)	Alexandre Rosselló, 15 (Palma de Mallorca)	Spain		49.00%	49.00%
PALMANOVA BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		30.00%	30.00%
PELÍCANOS PROPERTY, S.L.U. (JV)	C/ Recoletos 3, 1° (Madrid)	Spain		50.00%	50.00%
PUERTO DELCARMEN BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		30.00%	30.00%
SAN ANTONIO BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		30.00%	30.00%
SANTA EULALIA BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	20.00%		20.00%
TORREMOLINOS BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		30.00%	30.00%
COMPANIES WITH SUNDRY ACTIVITIES	**REGISTERED OFFICE**	**COUNTRY**	**DIR.HOLD.**	**IND.HOLD.**	**TOTAL**
INVERSIONES GUIZA, S. A.	Avda. Lope de Vega, 4 (Sto. Domingo)	Dominican Rep.		49.84%	49.84%
JAMAICA DEVCO S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	49.00%		49.00%
KIMEL MCA, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		49.00%	49.00%
SIERRA PARIMA, S.A.	Avda. Barceló, s/n (Bávaro)	Dominican Rep.	50.00%		50.00%
YAGODA INVERSIONES, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		50.00%	50.00%
DORMANT COMPANIES	**REGISTERED OFFICE**	**COUNTRY**	**DIR.HOLD.**	**IND.HOLD.**	**TOTAL**
HELLENIC HOTEL MANAGEMENT	Panepistimiou, 40 (Atenas)	Greece	40.00%		40.00%
HOLDING COMPANIES	**REGISTERED OFFICE**	**COUNTRY**	**DIR.HOLD.**	**IND.HOLD.**	**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%
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%
PROMEDRO, S. A. (JV)	Avda. del Lido s/n (Torremolinos)	Spain	20.00%		20.00%
RENASALA, S.L. (JV)	Zurbarán, 9 (Mad rid)	Spain	30.00%		30.00%
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 Grupo Melcom
(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 Inextur, S.A.
(*) Shareholdings in these companies is through the ownership of apartments, which are recognised under heading Investment property.

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

INDEPENDENT LIMITED ASSURANCE REPORT ON THE NON-FINANCIAL INFORMATION STATEMENT OF MELIÁ HOTELS INTERNATIONAL, S.A. AND SUBSIDIARIES FOR 2023

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

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the Non-Financial Information Statement ("NFIS") for the year ended 31 December 2023 of Meliá Hotels International, S.A. and subsidiaries ("Meliá" or "the Group"), which forms part of the Management' Report ("MR") of the Group.

The content of the Management' Report includes information, additional to that required by current Spanish corporate legislation relating to non-financial reporting, that was not the subject matter of our verification. In this regard, our work was limited solely to the verification of the information identified in the "Requirements of Spanish Non-Financial Information and Diversity Law 11/2018" Appendix and the "Report on EU Taxonomy Eligibility and Alignment" Appendix to the MR ("the MR Appendices").

Responsibilities of the Directors

The preparation and content of the Meliá Group's Management' Report are the responsibility of the Board of Directors of Meliá Hotels International, S.A. The NFIS included in the Management' Report was prepared in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected Global Reporting Initiative Sustainability Reporting Standards (GRI standards), as well as the criteria described as indicated for each matter in the "Requirements of Spanish Non-Financial Information and Diversity Law 11/2018" Appendix to the Management' Report.

These responsibilities also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the Management' Report and the NFIS to be free from material misstatement, whether due to fraud or error.

The Board of Directors of Meliá Hotels International, S.A. is also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the Management' Report and the NFIS is obtained.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information about economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our work in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised), currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements regarding non-financial information statements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, consequently, the level of assurance obtained is substantially lower.

Our work consisted of making inquiries of management and the various units of Meliá that participated in the preparation of the MR, reviewing the processes used to compile and validate the information presented in the MR, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Meliá personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external review.

- Analysis of the scope, relevance and completeness of the contents included in the 2023 MR based on the materiality analysis performed by Meliá and described in the "Materiality Analysis" section of the MR, taking into account the contents required under current Spanish corporate legislation.

- Analysis of the processes used to compile and validate the data presented in the 2023 MR.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters presented in the 2023 NFIS.
- Verification, by means of sample-based review tests, of the information relating to the contents included in the 2023 MR Appendices, and the appropriate compilation thereof based on the data furnished by information sources.
- Obtainment of a representation letter from the directors and management.

Emphasis of Matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, based on the Delegated Acts adopted in accordance with the provisions of that Regulation, establishes the obligation to disclose information on how and to what extent an undertaking's activities are associated with eligible economic activities in relation to the environmental objectives of the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems (the other environmental objectives), and in respect of certain new activities included in the climate change mitigation and climate change adaptation objectives, for the first time for 2023, in addition to the information referring to eligible and aligned activities required in 2022 in relation to the climate change mitigation and climate change adaptation objectives. Therefore, the accompanying NFIS does not include comparative information on eligibility in relation to the other environmental objectives indicated above or to the new activities included in the climate change mitigation and climate change adaptation objectives. Also, since the information relating to 2022 was not required with the same level of detail as in 2023, the information disclosed in the accompanying NFIS is not strictly comparable either. In addition, it should be noted that the Board of Directors of Meliá Hotels International, S.A. has included information on the criteria which, in its opinion, best enable it to comply with the aforementioned obligations and which are defined in the "Report on EU Taxonomy Eligibility and Alignment" Appendix to the accompanying MR. Our conclusion is not modified in respect of this matter.

Conclusion

Based on the procedures performed in our verification and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of Meliá Hotels International, S.A. and subsidiaries for the year ended 31 December 2023 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected GRI standards, as well as the criteria described as indicated in the "Requirements of Spanish Non-Financial Information and Diversity Law 11/2018" Appendix to the MR.

Use and Distribution

This report has been prepared in response to the requirement established in corporate legislation in force in Spain and, therefore, it might not be appropriate for other purposes or jurisdictions.

DELOITTE, S.L.

José Ricardo González Rosal

29 February 2024

Meliá Hotels International, S.A. and Subsidiaries

Auditor's report on the system of Internal Control over Financial Reporting (ICFR) of the Meliá Hotels International Group for 2023

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

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

AUDITOR'S REPORT ON THE INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF THE MELIÁ HOTELS INTERNATIONAL GROUP FOR 2023

To the Directors of Meliá Hotels International, S.A.:

As requested by the Board of Directors of Meliá Hotels International, S.A. and Subsidiaries ("the Meliá Hotels International Group") and in accordance with our proposal-letter of December 1, 2023, we have applied certain procedures to the information relating to the ICFR system included in section F of the Annual Corporate Governance Report ("ACGR") of the Meliá Hotels International Group for 2023, which summarises the internal control procedures of the Entity in relation to its annual financial reporting.

The Directors are responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the information relating to the ICFR system.

It should be noted in this regard, irrespective of the quality of the design and operating effectiveness of the internal control system adopted by the Meliá Hotels International Group in relation to its annual financial reporting, that the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Meliá Hotels International Group was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Meliá Hotels International Group's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Guidelines on the Auditors' Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies, published by the Spanish National Securities Market Commission (CNMV) on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Meliá Hotels International Group's annual financial reporting for 2023 described in the information relating to the ICFR system. Therefore, had we applied procedures additional to those described below or performed an audit or a review of the internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the Consolidated Spanish Audit Law, we do not express an audit opinion in the terms provided for in that Law.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Meliá Hotels International Group in relation to the ICFR system - disclosure information included in the directors' report- and assessment of whether this information addresses all the information required in accordance with the minimum content described in section F, relating to the description of the ICFR system, of the model ACGR established in CNMV Circular no. 5/2013, of 12 June 2013, and subsequent modifications, being the most recent CNMV Circular 3/2021 of 28 September (hereinafter, the Circulars of the CNMV).

2. Questioning of personnel responsible for the drawing up of the information detailed in point 1 above: (i) to obtain an understanding of the process that goes into drawing up the information; (ii) to obtain information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) to obtain information on whether the control procedures described are in place and functioning at the Meliá Hotels International Group.

3. Review of the explanatory supporting documentation for the information detailed in point 1 above, including the documentation furnished directly to the personnel in charge of preparing the ICFR system descriptive information. In this regard, the aforementioned documents include reports prepared for the Audit and Control Committee by internal audit, senior management and other internal or external specialists.

4. Comparison of the information detailed in point 1 above with the knowledge on the Meliá Hotels International Group's ICFR system obtained through the procedures applied during the financial statement audit work.

5. Reading of the minutes taken at meetings of the Board of Directors, Audit and Control Committee and other committees of the Meliá Hotels International Group to evaluate the consistency between the ICFR business transacted and the information detailed in point 1 above.

6. Obtainment of the representation letter in connection with the work performed, signed by those responsible for preparing and formulating the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

This report has been prepared exclusively in the context of the requirements established by article 540 of the consolidated text of the corporate enterprises act Corporate Enterprises Act, and by the aforementioned CNMV Circulars, for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.

Pablo Hurtado March

February 29, 2024

Preparation of the Consolidated Management Report and Consolidated Annual Accounts for 2023

At the meeting of the Board of Directors of Meliá Hotels International, S.A. held on 29 February 2024 (Thursday) 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 Consolidated Annual Accounts and Consolidated Management Report (including the Non-Financial Information Statement) of Meliá Hotels International, S.A. for 2023 have been prepared and approved, which also incorporates by reference to a separate document the Annual Corporate Governance Report and the Annual Report on Remuneration of Directors, 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.

By means of this Statement, all the members comprising the Board of Directors attending the meeting hereby prepare and unanimously approve the mentioned Consolidated Annual Accounts and Consolidated Management Report for 2023, for verification by the auditors and subsequent approval by the General Shareholders' Meeting.

In Palma (Mallorca) on 29 February 2024.

Signed Mr. Gabriel Escarrer Juliá
Honorary Chairman

Signed Mr. Gabriel Escarrer Jaume
Chairman and Chief Executive Officer

Signed Mr. Alfredo Pastor Bodmer
Director

Signed Ms Carina Szpilka Lázaro
Director

Signed Mr. Fernando d'Ornellas Silva
Director

Signed Mr. Francisco Javier Campo García
Director

Signed Ms Cristina Aldamiz Echevarría González de Durana
Director

Signed Hoteles Mallorquines Agrupados, S.L.
(Represented by Mr. José Mª Vázquez-Pena Pérez)
Director

Signed Ms Montserrat Trape Viladomat
Director

Signed Ms Mª Cristina Henríquez de Luna Basagoiti
Director

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