Herein is attached a translation of the individual and consolidated Annual Accounts and Management Report for 2020 financial year of Meliá Hotels International S.A. and its Consolidated Group, as well as the respective reports of the auditor.

These documents are a translation of a Spanish-language documents, and are provided only for information purposes. In the event of any discrepancy between the text of these translations and the Spanish-language documents, the text of the Spanish-language documents shall prevail.

Meliá Hotels International, S.A.
Palma de Mallorca, May 7, 2021

Meliá Hotels International, S.A.

Financial Statements for the year ended 31 December 2020 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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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.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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

Report on the Financial Statements

Opinion

We have audited the financial statements of Meliá Hotels International, S.A. ("the Company"), which comprise the balance sheet as at 31 December 2020, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2020, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.1 to the accompanying financial statements for 2020) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

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

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

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

Key Audit Matters

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

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª.
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Impairment test on assets associated with the hotel activity

Description

As described in Notes 1 and 4 to the accompanying financial statements for 2020, the Company's business activities, consisting of the management and operation of hotels (owned, leased, managed and franchised) in Spain, have been adversely affected by the covid-19-related crisis, which has led to the closure of hotels and other significant operating and logistical challenges, and a 79% decrease in its net revenues with respect to the previous year.

Each year, management performs an impairment test in order to determine the recoverable amount of assets associated with the hotel activity, which include property, plant and equipment, intangible assets and investment property with a carrying amount of EUR 470 million at 31 December 2020. The pandemic, the closure of hotels and the general decrease in the operations of the Company were identified by management as indications of the impairment of the aforementioned assets.

In order to calculate the recoverable amount of each cash-generating unit ("CGU"), management generally considers the calculation of the value in use of each of those units based on the estimate of future cash flows, taking into consideration the impacts of covid-19 and applying growth rates and a discount rate adjusted for Spain, after having obtained appraisals by independent valuers in the case of owned assets with the greatest indications of impairment. As a result of the test carried out, the Company recognised impairment losses on the assets associated with the hotel activity and additions to the provision for onerous contracts amounting to EUR 59.5 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 balance sheet and because the valuation method used requires the use of significant estimates involving a significant degree of uncertainty, exacerbated by the current covid-19 situation, such as certain operating assumptions, including the reopening of hotels and the reduction in both costs and investments, the discount rate and the long-term growth rate.

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 4.4 and 4.10 to the accompanying financial statements for 2020, 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 predictions made in prior years, evaluating the degree to which they, historically, and the forecasts made in the first half of 2020 for the second half of the year were realised. Moreover, we obtained the impairment test performed by management on the Company's hotel assets, and we verified its clerical accuracy and the appropriateness of the valuation methodology used, with the assistance of our internal valuation specialists. We also obtained the most recent budgets approved by the directors adjusted to the current circumstances of the market in which the Company operates, and evaluated the reasonableness of the main operating assumptions applied for a sample of hotels, taking into account the current covid-19 situation. Additionally, we analysed the reasonableness of the discount rate and the long-term growth rate applied for a sample of hotels, also with the assistance of our internal valuation specialists, and we reviewed the sensitivity analyses performed in relation to these assumptions, after having performed our own independent sensitivity analysis to evaluate other less favourable scenarios.

Lastly, we evaluated whether the disclosures made by the Company in relation to these matters, which are included in Notes 7, 8, 9 and 13.1 to the accompanying financial statements, reflected an appropriate level of transparency of the consequences of the pandemic and contained the information required by the applicable accounting regulations, including the uncertainty existing in relation to the outcome of the covid-19 crisis situation and the effects it might have on the future operations of the Company and, as the case may be, on the determination of the recoverable amount of the assets associated with the hotel activity.

Measurement of the net investment in Group companies and associates

Description

The Company has ownership interests in the share capital of various companies that form the Group of which it is the parent, which engage mainly in the operation of hotels, owned both by it and by third parties operated under a lease, management or franchise arrangement, with which it also has receivables and payables with varying maturity dates. The carrying amount of the Company's net investment in these companies, recognised mainly under "Non-Current Investments in Group Companies and Associates", "Current Investments in Group Companies and Associates", "Non-Current Payables to Group Companies and Associates" and "Current Payables to Group Companies and Associates" in the accompanying balance sheet as at 31 December 2020 amounts to EUR 1,539 million. In accordance with the applicable regulatory framework, at year-end the directors performed an impairment test on the aforementioned investment, determining its recoverable amount as the equity of the investees adjusted by unrealised gains, especially the difference between the present value of the future cash flows of the investees, estimated considering the outcome of the covid-19 situation, and the carrying amount of their net assets. As a result of the test carried out, the Company recognised impairment losses on the investments in Group companies and associates and additions to the provision for negative own funds amounting to EUR 86.4 million.

This was a key matter in our audit due to the significance of the investment with respect to total volume of the Company's assets and liabilities, and since the calculation of the recoverable amount is complex and depends on significant estimates involving a significant degree of uncertainty, exacerbated by the health crisis situation, such as operating assumptions and expectations and the discount rates used.

Procedures applied in the audit

Our audit procedures included, among others, the review of the accounting policies relating to the measurement of investments in Group companies and associates disclosed in Note 4.5 to the accompanying financial statements for 2020, in order to evaluate the consistency of these policies with the applicable regulatory financial reporting framework.

Also, we reviewed the degree to which the cash flow forecasts of the investees for 2020 actually materialised, and we obtained the impairment test performed by Company management on the net investment in Group companies and associates, verifying its clerical accuracy and the appropriateness of the valuation method used in relation to the investment held and the consistency of the equity of the investees with their accounting records.

We also reviewed the key assumptions used in the cash flow projections on a sample basis, and considered the consistency thereof with those used in other areas of estimation, such as those used in the assessment of the recoverability of the assets associated with the hotel activity and of the liquidity situation. Furthermore, we involved our valuation experts in order to analyse the methodology and certain financial assumptions (mainly the discount rate and long-term growth rate) used by management when determining the present value of the cash flows of each company. Also, we reviewed the sensitivity analysis performed by management on the key financial assumptions identified and performed our own sensitivity analysis considering other scenarios.

Lastly, we evaluated whether the disclosures included in Notes 5.2, 10.1, 13.1, 18 and Appendix I to the accompanying financial statements for 2020 in connection with this matter were in conformity with those required by the applicable accounting regulations.

Liquidity situation	
Description	**Procedures applied in the audit**
As indicated in Note 5.3 to the accompanying financial statement for 2020, the crisis caused by covid-19 has had a negative impact on the profit or loss and liquidity situation of the Company and of its Group. At 31 December 2020, the Company's financial debt with third parties amounted to EUR 1,097 million, while the net financial position with its investees was an account receivable of EUR 500 million. With the aim of covering its working capital requirements and of adapting the maturity of its debt to its capacity to generate cash projected in the business plan, in 2020 the Company entered into financing agreements amounting to EUR 516 million. In addition, to cater for a possible unfavourable evolution of the health crisis that might lead to the cash flows generated by the Group in the next 12 months being lower than those initially envisaged in the aforementioned plan, the Company's directors analysed various alternative measures to enable the Company to settle its debt on maturity. In this context, as described in Notes 4.4 and 5.3 to the accompanying financial statements, in the preparation of the Group's cash budget the Company's directors had to apply a high level of judgement and significant estimates, taking into account the Group business plan, which contains relevant assumptions concerning hotel reopenings and a decrease in both costs and investments, and the probability that, if necessary, the alternative measures determined by the Company's directors could be implemented for the amounts and in the time periods envisaged, in order to assess the Company's ability to meet the liquidity needs and, therefore, the situation described was considered to be a key matter in our audit.	Our audit procedures included, among others, the evaluation of the overall reasonableness of the estimates made by the Company's directors in relation to the approved business and cash plans, and the sufficiency of the net inflows of funds envisaged in the aforementioned estimates to cover the financial needs of the Company and of its Group. Also, we obtained and reviewed the financing agreements in force at 31 December 2020, and those entered into prior to year-end, in order to gain an adequate understanding of the milestones and repayment obligations assumed by the Company and to check their consistency with the projections of debt maturities and liquidity needs included in the estimates made. In addition, we analysed the Company's ability to meet its obligations in the event of variances from its projections through alternative measures, evaluating the reasonableness of the projections and the probability of their being realised by, inter alia, verifying the minutes of the meetings of the managing bodies held up to the date of this report, reviewing the documents associated with the various alternatives considered and checking them with senior executives of the Company through meetings with them. Lastly, we checked that the disclosures included in Note 5 to the accompanying financial statements in connection with this matter were in conformity with those required by the applicable accounting regulations.

Other Information: Directors' Report

The other information comprises only the directors' report for 2020, the preparation of which is the responsibility of the Company's directors and which does not form part of the financial statements.

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

a) Solely checking that the non-financial information statement and certain information included in the Annual Corporate Governance Report, to which the Spanish Audit Law refers, have been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

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

Based on the work performed, as described above, we observed that the information described in section a) above was furnished as provided for in the applicable legislation and that the other information in the directors' report was consistent with that contained in the financial statements for 2020 and its content and presentation were in conformity with the applicable regulations.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital file in European Single Electronic Format (ESEF) of Meliá Hotels International, S.A. for 2020, which comprises an XHTML file including the financial statements for 2020, 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 2020 in accordance with the format requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation"). Our responsibility is to examine the digital file prepared by the Company's directors, in accordance with the audit regulations in force in Spain. Those regulations require that we plan and perform our audit procedures in order to ascertain whether the content of the financial statements included in the aforementioned file corresponds in full to that of the financial statements that we have audited, and whether those financial statements were formatted, in all material respects, in accordance with the requirements established in the ESEF Regulation.

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

Additional Report to the Audit and Compliance Committee

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit and compliance committee dated 23 February 2021.

Engagement Period

The Annual General Meeting held on 6 June 2018 appointed us as auditors for a period of three year from the year ended 31 December 2018, i.e., for 2019, 2020 and 2021.

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

Pablo Hurtado March
Registered in ROAC under no. 20408

25 February 2021

Appendix to our auditor's report

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

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

Individual Annual Accounts 2020

MELIÃ HOTELS INTERNATIONAL | Leisure at heart, business in mind

Annual Accounts

Management Report

Balance Sheet as at 31 December 2020

(Thousand €)			A S S E T S	Notes	31/12/2020	31/12/2019
A			NON-CURRENT ASSETS		2.074.135	2.026.241
	I		**Intangible Assets**	7	**37.809**	**40.230**
		1	Patents, licences, trademarks and similar rights		40	47
		2	Software		26.261	27.595
		3	Other intangible assets		11.508	12.588
	II		**Property, plant and equipment**	8	**413.107**	**468.719**
		1	Land and buildings		348.213	389.805
		2	Plant and other fixed assets		64.595	78.801
		3	Fixed assets under construction and advances		299	113
	III		**Investment property**	9	**18.777**	**17.293**
		1	Land		1.803	229
		2	Buildings		16.974	17.064
	IV		**Long-term investments in group companies and associates**	10.1	**1.514.868**	**1.414.608**
		1	Equity instruments		1.038.118	1.013.652
		2	Loans to companies	18	476.750	400.956
	V		**Long-term financial investments**	10.1	**19.521**	**26.526**
		1	Equity instruments		4.026	4.027
		2	Loans to companies		5.653	12.819
		3	Other financial assets		9.842	9.680
	VI		**Deferred tax assets**	15.4	**70.053**	**58.865**
B			CURRENT ASSETS		435.397	418.985
	I		**Inventories**	11.1	**4.300**	**4.497**
		1	Trade		177	168
		2	Raw materials and other supplies		3.910	3.972
		3	Advances to suppliers		213	357
	II		**Trade and other receivables**	11.2	**108.447**	**90.883**
		1	Trade receivables for sales and services		16.332	16.895
		2	Trade receivables, group companies and associates	18	48.787	50.667
		3	Sundry debtors		3.813	2.761
		4	Staff		112	91
		5	Current tax assets	15.1	16.121	15.212
		6	Other receivables from Public Administrations	15.1	23.282	5.257
	III		**Short-term investments in group companies and associates**	10.1,18	**306.152**	**162.070**
		1	Loans to companies		10.829	37.025
		2	Other financial assets		295.323	125.045
	IV		**Short-term financial investments**	10.1	**12.848**	**15.224**
		1	Equity instruments		76	403
		2	Loans to companies		2.155	2.410
		3	Other financial assets		10.617	12.411
	V		**Short-term accruals and deferrals**		**1.466**	**2.060**
	VI		**Cash and other cash equivalents**	11.3	**2.184**	**144.251**
		1	Cash		1.193	143.835
		2	Other cash equivalents		991	416
			T O T A L A S S E T S		2.509.532	2.445.226

Notes 1 to 20 described in the attached notes to the annual accounts are an integral part of the balance sheet as at 31 December 2020.

Balance Sheet as at 31 December 2020

(Thousand €)		EQUITY AND LIABILITIES	Notes	31/12/2020	31/12/2019
A		EQUITY		845.117	872.133
I		**Equity**	12.1	**846.762**	**873.669**
	1	Capital		44.080	45.940
	2	Share premium		1.079.054	1.107.135
	3	Reserves		324.683	332.332
	4	Treasury stock and shares		(3.382)	(28.191)
	5	Prior-year results (profit/loss)		(583.546)	(606.871)
	6	Profit or loss for the period	3	(14.127)	23.324
II		**Measurement adjustments**	12.2	**(2.620)**	**(2.558)**
	1	Hedging operations		(2.620)	(2.558)
III		**Grants, donations and bequests received**	12.3	**975**	**1.022**
B		NON-CURRENT LIABILITIES		1.240.037	1.193.089
I		**Long-term provisions**	13	**130.692**	**68.212**
	1	Long-term employee benefit liabilities		9.146	7.934
	2	Other provisions		121.546	60.278
II		**Long-term payables**	10.2	**861.602**	**574.484**
	1	Bonds and other negotiable securities		29.665	29.665
	2	Bank loans		828.317	540.450
	3	Derivatives		2.987	2.690
	4	Other financial liabilities		633	1.679
III		**Long-term payables to group companies and associates**	10.2,18	**188.873**	**491.786**
IV		**Deferred tax liabilities**	15.4	**57.525**	**58.414**
V		**Long-term accruals and deferrals**		**1.345**	**193**
C		CURRENT LIABILITIES		424.378	380.004
I		**Short-term payables**	10.2	**235.000**	**108.257**
	1	Bonds and other negotiable securities		117	117
	2	Bank loans		222.088	68.380
	3	Derivatives		1.985	2.214
	4	Other financial liabilities		10.810	37.546
II		**Short-term payables to group companies and associates**	10.2,18	**93.565**	**135.917**
III		**Trade creditors and other payables**	14	**95.680**	**135.527**
	1	Suppliers		9.761	12.329
	2	Suppliers, group companies and associates	18.2	18.603	14.491
	3	Sundry creditors		32.075	51.173
	4	Accrued wages and salaries		16.732	23.647
	5	Other payables to Public Administrations	15	8.926	12.938
	6	Prepayments from customers		9.583	20.949
IV		**Short-term accruals and deferrals**		**133**	**303**
		TOTAL EQUITY AND LIABILITIES		2.509.532	2.445.226

Notes 1 to 20 described in the attached notes to the annual accounts are an integral part of the balance sheet as at 31 December 2020.

Income Statement for the Year Ended 31 December 2020

(Thousand €)			Notes	2020	2019
A		CONTINUED OPERATIONS			
1		**Net revenues**	17.1	**132.412**	**623.652**
	a	Sales		111.969	545.073
	b	Provision of services		20.443	78.579
2		**In-house work on assets**		**20**	**543**
3		**Supplies**	17.2	**(9.625)**	**(43.954)**
	a	Consumption of goods		2.065	2.281
	b	Consumption of raw materials and other consumables		(11.690)	(46.235)
4		**Other operating income**	17.1	**27.767**	**32.862**
	a	Non-core and other current operating income		16.959	32.542
	b	Operating grants included in profit/(loss) for the year		10.808	320
5		**Staff costs**	17.3	**(109.242)**	**(212.300)**
	a	Wages, salaries and similar items		(75.285)	(164.562)
	b	Social charges		(33.957)	(47.738)
6		**Other operating expenses**	17.4	**(218.982)**	**(352.150)**
	a	External services		(201.402)	(332.882)
	b	Tax		(7.879)	(9.585)
	c	Losses on, impairment of and change in trade provisions		(1.633)	(2.102)
	d	Other current operating expenses		(8.068)	(7.581)
7		**Depreciation**	7, 8, 9	**(50.322)**	**(54.270)**
8		**Allocation of grants for non-financial fixed assets and other grants**	12.3	**62**	**62**
9		**Impairment and profit/(loss) on disposal of fixed assets**		**(32.259)**	**(1)**
	a	Impairment and losses	8, 9,	(32.689)	
	b	Profit/(loss) on disposals and other disposals		430	(1)
	A.1	OPERATING INCOME		(260.169)	(5.556)
10		**Financial income**	17.5	**358.914**	**62.931**
	a	From equity interests		343.516	45.381
	b	From negotiable securities and other equity instruments		15.398	17.550
11		**Financial expenses**	17.5	**(36.037)**	**(35.039)**
	a	On payables to group companies and associates		(12.193)	(13.459)
	b	On payables to third parties		(23.844)	(21.580)
12		**Change in fair value of financial instruments**		**(137)**	**(598)**
	a	Trading portfolio and other financial instruments		(137)	(598)
13		**Exchange differences**	17.6	**517**	**3.213**
14		**Impairment and profit/(loss) on disposals of financial instruments**		**(93.838)**	**1.595**
	a	Impairment and losses	10.1,13.1	(93.838)	866
	b	Profit/(loss) on disposals and other disposals			729
	A.2	NET FINANCIAL PROFIT (LOSS)		229.419	32.102
	A.3	NET PROFIT (LOSS) BEFORE TAX		(30.750)	26.546
15		**Income tax**	15	**16.623**	**(3.222)**
	A.4	PROFIT/(LOSS) FOR THE YEAR FROM CONTINUED OPERATIONS		(14.127)	23.324
	A.5	PROFIT/(LOSS) FOR THE YEAR		(14.127)	23.324

Notes 1 to 20 described in the attached notes to the annual accounts are an integral part of the income statement as at 31 December 2020.

Statement of Changes in Equity for the Year Ended 31 December 2020

a) Statement of recognised income and expenses

(thousand €)	Notes	2020	2019
A) Income statement results		(14.127)	23.324
Income and expenses directly attibuted to net equity			
I On cash flow hedges	10.3	(2.099)	(1.372)
II Actuarial gains and losses and other adjustments	13.1	(377)	(1.336)
III Tax effect	15	615	677
B) Total income and expenses directly attributed to net equity		(1.861)	(2.031)
Transfers to income statement			
IV For valuation or financial instruments		19.979	0
1 Other income/expenses		19.979	0
V On cash flow hedges	10.3	1.862	825
VI Grants, donations and bequests received	12.3	(62)	(62)
VII Tax effect	15	(330)	(191)
C) Total transfers to income statement		21.449	572
Total recognised income and expenses		5.462	21.865

b) Statement of changes in equity

(Thousand €)	Notes	Share capital	Share premium	Reserves	Treasury shares	Prior-year profit / (loss)	Profit / (loss) for the fiscal year	Measurement adjustments	Grants, donations and bequests received	Total
A) BALANCE AT THE END OF YEAR 2018		45.940	1.119.301	322.800	(16.025)	(643.269)	78.103	(2.148)	1.068	905.770
B) ADJUSTED BALANCE, BEGINNING OF THE YEAR 2019		45.940	1.119.301	322.800	(16.025)	(643.269)	78.103	(2.148)	1.068	905.770
I. Total recognised income and expenses				**(1.002)**			**23.324**	**(410)**	**(47)**	**21.865**
II. Operations with shareholders or owners			**(12.166)**	**10.534**	**(12.166)**		**(41.705)**			**(55.503)**
1. (-) Distribution of dividends							(41.705)			(41.705)
2. Operations with treasury shares			(12.166)	12.166	(12.166)					(12.166)
3. Other operations with shareholders or owners				(1.632)						(1.632)
III. Other changes in equity						**36.398**	**(36.398)**			
C) BALANCE AT THE END OF YEAR 2019		45.940	1.107.135	332.332	(28.191)	(606.870)	23.324	(2.558)	1.022	872.133
D) ADJUSTED BALANCE, BEGINNING OF YEAR 2020		45.940	1.107.135	332.332	(28.191)	(606.870)	23.324	(2.558)	1.022	872.133
I. Total recognised income and expenses				**19.696**			**(14.127)**	**(62)**	**(46)**	**5.462**
II. Operations with shareholders or owners		**(1.860)**	**(28.081)**	**(27.344)**	**24.809**					**(32.477)**
1. Operations with treasury shares	12.1	(1.860)	(28.081)	(28.191)	24.809					(33.324)
2. Other operations with shareholders or owners				846						846
III. Other changes in equity						**23.324**	**(23.324)**			
E) BALANCE AT THE END OF YEAR 2020		44.080	1.079.054	324.683	(3.382)	(583.546)	(14.127)	(2.620)	975	845.117

Notes 1 to 20 described in the attached notes to the annual accounts are an integral part of the statement of changes in equity as at 31 December 2020.

Cash Flow Statement for the Year Ended 31 December 2020

(Thousand €)	Notes	2020	2019
A) OPERATING ACTIVIES CASH FLOW			
1. Result (profit/loss) for the fiscal year before taxes		(30.750)	26.546
2. Result adjustments		(111.568)	32.579
a) Depreciation	7, 8, 9	50.322	54.270
b) Value adjustments for impairment	10.1,11.2	126.926	1.236
c) Change in provisions		35.236	5.508
d) Allocation of grants	12.3	(62)	(62)
e) Profit/loss on disposal of fixed assets		(430)	1
f) Profit/loss on disposal of financial instruments	10		(728)
g) Financial income	17.5	(358.914)	(62.931)
h) Financial expenses	17.5	36.037	35.039
i) Exchange rate differences		(517)	1.882
j) Change in fair value of financial instruments	10	137	598
k) Other income and expenses		(303)	1.551
l) Profit/loss on asset management	17.1		(3.783)
3. Changes in working capital		(87.880)	16.678
a) Inventories	11.1	196	(92)
b) Trade and other receivables	11.2	(35.384)	16.151
c) Other current assets	11.3	594	149
d) Creditors and other payables	14	(42.125)	1.516
e) Other current liabilities		(3.264)	
f) Other non-current assets and liabilities		(7.897)	(1.046)
4. Other cash flows from operating activities		290.798	(3.062)
a) Interest paid		(24.451)	(21.999)
b) Dividends received		313.583	14.258
c) Interest received		1.618	1.733
d) Collections (payments) on income tax		48	(936)
e) Collections (payments) on asset management			3.883
5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)		60.600	72.741
B) CASH FLOWS FROM INVESTMENT			
6. Payments on investments		(186.439)	(116.814)
a) Group companies and associates	10.1	(151.980)	(47.991)
b) Intangible assets		(7.564)	(12.609)
c) Property, plant and equipment		(22.434)	(38.538)
d) Investment property	9	(1.063)	(204)
e) Other financial assets	10	(3.397)	(17.472)
7. Collections on divestments		5.522	76.472
a) Group companies and associates	10.1	4.228	30.743
b) Property, plant and equipment	8	496	12.939
c) Other financial assets	10	798	32.790
8. Cash flows from investment (7-6)		(180.917)	(40.342)
C) CASH FLOWS FROM FINANCING			
9. Collections and payments on equity instruments		(33.324)	(12.166)
a) Acquisition of own equity instruments	12.1,10.1	(33.324)	(12.166)
10. Collections and payments on financial liability instruments		10.728	65.233
a) Issuance		**612.139**	**516.095**
1. Bonds and other negotiable securities	10.2	95.600	239.400
2. Bank loans	10.2	516.539	183.021
3. Payables to group companies and associates	18.2		91.039
b) Redemption and repayment of		**(601.411)**	**(450.862)**
1. Bonds and other negotiable securities	10.2	(95.600)	(290.800)
2. Bank loans	10.2	(61.959)	(160.062)
3. Payables to group companies and associates	18.2	(443.852)	
12. Cash flows from financing (+/-9+/-10+/-11)		(22.596)	11.363
D) EFFECT OF CHANGES IN EXCHANGE RATES		846	(1.632)
E) NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS (+/-5+/-8+/-12+/-D)		(142.067)	42.130
F) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		144.251	102.121
G) CASH AND CASH EQUIVALENTS AT THE YEAR-END	11	2.184	144.251

Notes 1 to 20 described in the attached notes to the annual accounts are an integral part of the cash flow statement as at 31 December 2020.

Notes to the Annual Accounts for the Year Ended 31 December 2020

Note 1. Company's Activity

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

Meliá Hotels International, S.A. is the controlling company of Meliá Hotels International Group (hereinafter, the "Group"). On 25 February 2021, as required by the Commercial Code, the Group's consolidated annual accounts as at 31 December 2020 are prepared, pursuant to the International Financial Reporting Standards (IFRS) published by the International Accounting Standard Board (IASB) and adopted by the European Union, which show a consolidated loss attributable to the controlling company in the amount of EUR 595.9 million and a consolidated equity attributable to the controlling company in the amount of EUR 475.3 million.

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

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

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

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

With over 60 years of history, Meliá Hotels International has consolidated its international presence with more than 326 hotels in more than 40 countries, mainly Spain, Latin America, Europe and Asia. With a solid experience in seven brands to attend the different demands of its customers, which asserts its leadership in vacation hotel industry and leisure, 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 Annual Accounts

2.1 Regulatory Framework for Financial Reporting Applicable to the Company

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

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

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

The figures on the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement, and the accompanying Notes to the Annual Accounts, are stated in Euro, which is the functional currency of the Company, rounded to thousands, except where otherwise indicated.

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

2.2 True Image

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

2.3 Comparability

For comparison purposes, the annual accounts include the figures of each of the items in the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes to the annual accounts for year 2020 and for the previous year, which were part of the notes to the annual accounts for 2019.

2.4 Critical Issues on Measurement and Estimate of Uncertainty

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

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

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

Provision for income tax

The calculation of income tax requires the interpretation of the tax legislation applicable to the Company. There are also several factors related mainly, but not exclusively, to changes in tax laws and changes in the interpretation of tax laws currently in force that require the use of estimates by the Company's Management. Such calculation is detailed in Note 15.

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

Fair value of derivatives

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

Estimated impairment loss on non-financial assets

The Company verifies annually whether there is an impairment loss in respect of fixed assets, in accordance with Notes 7, 8 and 9. The estimate of the recoverable amount of the asset is based on the valuations made by independent experts, which mainly use the discounted cash flow as a valuation criterion.

Post-employment benefits

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

These commitments have been valued by reputable independent experts using actuarial valuation techniques. Note 13.1 gives details of the assumptions used to calculate these commitments.

Provision for onerous contracts

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

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

The Company uses its expertise in operating and managing hotels to determine such assumptions and to make the relevant calculations, as described in Note 13.1.

Recoverable amount of equity investments in Group companies and associates

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

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

2.5 Cash Flow Statement.

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

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

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

2.6 Statement of Changes in Equity

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

Note 3. Allocation of Results

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

(thousand €)	2020
Basis of distribution	
Gains and losses (year's revenue)	(14.127)
Allocation	
To prior years' losses	(14.127)
Total	(14.127)

In 2019, the Board of Directors proposed at its meeting held on 26 February 2020 the payment of a gross dividend of EUR 0.1475 per share by using a maximum amount to be distributed of EUR 33.87 million. However, the General Shareholders' Meeting, prior agreement adopted by the Board of Directors on 18 May 2020 and in the context of the situation and impacts of Covid-19, agreed to cancel the proposal for distribution of dividends for 2019 against unrestricted reserves, in order to strengthen the solvency and liquidity of the Company.

The Board of Directors, given the continuation of Covid-19 impacts, will not propose to the General Shareholders' Meeting the distribution of dividends for 2020.

Note 4. Recognition and Measurement Standards

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

4.1 Intangible Assets

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

Software applications are valued at cost price and amortised using the straight-line method over their estimated useful life of 5 years. Software maintenance-related expenses are recognised as an expense when incurred. If expenses relate to tasks which involve an increase in capacity, productivity or useful life, these are added to the value of the asset.

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

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

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

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

4.2 Property, Plant and Equipment

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

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

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

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

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

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

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

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

4.3 Investment Property

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

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

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

At each year end, the Company assesses whether there is an indication that an asset may be impaired. If such indication exists, the Company estimates the asset's recoverable amount. Periodically, the Company obtains valuations made by independent experts of its owned hotel assets, which are operated by the Company or leased to third parties, as well as of 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 were used, such as the comparables method or the residual value method. The latter method was mainly used to value plots and land.

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

For owned hotels, the Company considers whether there is any indication that they have suffered an impairment loss mainly based on the operating result of the various cash-generating units, as well as observable external sources of information revealing that the value of the asset during the period has decreased more than expected as a consequence of the passage of time or its normal use, due to changes that may have occurred in the environment in which the hotel operates. In addition, other factors such as geo-political circumstances, economic situation or natural disasters that may affect the recoverable amount of such assets are taken into account.

In assessing value in use, the Company projects future cash flows by considering the budget approved by the governing bodies of the Company for 2021, and applying growth assumptions that are consistent with the market in which the asset operates and its historical performance for a period of 5 years and estimating a residual value according to a long-term growth rate not higher than the expected growth of the economy and the sector in which the asset operates. Estimated future cash flows are discounted using a discount rate before taxes which reflects changes in the value of money over time in the current market and the specific risks of the asset which have not been adjusted in the estimated future cash flows, mainly the risks of the business and the country in which the asset is located.

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

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

4.5 Financial Instruments

4.5.1 Financial Assets

The Company has no financial assets included in the category of held-to-maturity investments.

Financial assets are classified into the following categories:

a) *Equity investments in group companies and associates*

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

b) *Available-for-sale financial assets*

Financial assets available for sale are those non-derivative financial assets that are designated as available-for-sale or which are not classified under other captions of financial assets. They relate in full to unlisted investments in equity instruments of companies in which the Company does not have control or significant influence.

Regarding the investments recognised under the heading Available-for-sale financial assets, since they are not listed in an active market, the equity of the investee company adjusted by any unrealised capital gains existing at the measurement date is taken into account, unless there is better evidence of the recoverable amount of the investment.

The investments available for sale do not have a market price of reference in an active market.

The changes in their fair value are recorded directly against equity. Impairment is detailed in Note 4.5.1. f)

c) *Financial instruments held for trading*

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

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

d) *Loans and other receivables*

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

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

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

In the case of financial assets measured at amortised cost, the amount of impairment loss is equal to the difference between the carrying amount of the financial asset and the present value of the expected future cash flows, discounted at the effective interest rate existing at the time of the initial recognition of the asset.

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

e) *Derecognition of financial assets*

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

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

f) *Impairment of financial assets*

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

The recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Short-term investments are not recognised at their discounted value.

4.5.2 Financial Liabilities

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

a) *Issuance of debentures and other marketable securities*

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

b) *Bank loans*

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

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

c) *Debts with group companies and associates*

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

d) *Derecognition of financial liabilities*

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

4.5.3 Hedge Activities and Derivatives

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

a) *Accounting hedges*

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

The Company has various interest rate swaps classified as cash flow hedges. 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 profit and loss account insofar as the item being hedged is also settled. The fair value is entered in the accounts according to the trade date.

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 the measurement. The resulting fair value is adjusted for the own credit risk if significant. These values are obtained from studies carried out by the financial institutions with which the Company has contracted these instruments.

b) *Derivatives not qualifying for hedge accounting*

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

4.6 Inventories

Inventories are stated at acquisition cost or net realisable value, whichever is the lower. Trade discounts, rebates, other similar items and interest included in the face value of the related payables are deducted in determining the acquisition cost.

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

4.7 Cash and Other Cash Equivalents

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

4.8 Treasury Shares

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

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

4.9 Grants, Donations and Bequests Received

Refundable grants are recognised as liabilities until all the conditions for them to be considered as non-refundable have been met, while non-refundable grants are recognised as such provided that the conditions established for their granting have been substantially met. Such criterion involves initially recognising in a particular item in equity the amount of the grant, net of the deferred tax effect which is taken to the income statement in proportion to the period depreciation taken on the assets for which the grants were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss. Non-refundable grants received from the shareholders are recognised directly in equity.

4.10 Provisions and Contingencies

Provisions are recognised when the Company:

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

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

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

Onerous contracts

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

In the case of hotel lease agreements, the estimate of future results from these agreements is reviewed annually, based on the expected flows from the relevant cash-generating units, applying an appropriate discount rate. If the costs exceed the benefits, the Company records a provision for such difference. Details of the analysis performed by the Company are included in Note 13.1.

Post-employment benefits

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

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

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

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

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

Certain collective bargaining agreements in force and applicable to the Company establish that permanent staff for a specified number of years employed by the Company who opt to terminate their employment contract will be entitled to a cash award equal to a number of monthly salary payments which is proportional to the number of years of service. During the fiscal year, an assessment of these commitments has been performed in accordance with the actuarial assumptions contained in Meliá Hotels International, S.A.'s own rotation model, by applying the calculation method known as the Projected Unit Credit Method and the population assumptions corresponding to the PER2000P tables.

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

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

4.11 Leases

Finance leases

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

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

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

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

Operating leases

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

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

4.12 Trade Creditors and Other Payables

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

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

4.13 Corporate Income Tax

The Company is taxed under the Consolidated Tax Regime, within the Tax Group 70/98, as controlling company thereof, so the tax expense and the current and deferred tax assets and liabilities are determined according to this tax regime.

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

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

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that there will be taxable profits of the Company and the Tax Group allowing the application of such assets, except in the case of deductible temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor the taxable profit or loss.

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

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

4.14 Current and Non-Current Items

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

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

4.15 Transactions in Foreign Currency

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

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

4.16 Assets of an Environmental Nature

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

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

4.17 Income and Expenses

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

Income from the sale of goods or services is measured at the fair value of the consideration received or receivable. Volume rebates, prompt payment and any other discounts, as well as the interest added to the face amount of the consideration, are recognised as a reduction therein. However, the Company includes interest added to trade receivables with a maturity not exceeding one year and which have no contractual interest rate, provided the effect of not adjusting the cash flows is not material.

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

Ordinary income is recognised if it may be reliably measured, and the Company is likely to receive a future financial benefit and when certain conditions are met for each of the Company's activities as described below.

Sale of rooms and other related services

Income deriving from the sale of rooms and other related services is recognised daily based on the services provided by each hotel establishment and including “in-house" customers, i.e. those that are still lodged at the hotel at the time daily production is closed.

The consideration received is divided among the contracted services. Direct services, such as room, food and beverages, consumption, etc. and other related services such as banquets, events, the lease of spaces, etc. are included.

Provision of hotel management services

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

Sale of fixed assets

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

Interest income

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

Dividends

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

Lease income

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

4.18 Transactions with Related Parties

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

Notwithstanding the foregoing, in mergers, demergers and non-monetary contributions of a business, the components of the acquired business are recognised for the amount that would correspond to them, upon completion of the transaction, in the Group's consolidated annual accounts.

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

4.19 Termination Benefits

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

Note 5. Impacts of Covid-19

The Covid-19 crisis that originated in Wuhan and which was declared as a health epidemic at the beginning of the year and as a pandemic on 11 March 2020 by the WHO, has spread globally during 2020 and constitutes a serious threat to public health.

A public health crisis worldwide which has directly affected the global economy, including the markets in which the Company operates and its activity, thereby introducing a high degree of uncertainty.

Under these unprecedented circumstances, the Company has defined from the beginning an action plan, the management of which continues in 2021, in order to address the possible impacts that may result from the pandemic, as detailed below.

5.1 Impact on the Business and on Alternative Performance Measures

The evolution of the hotel business has changed throughout the year due to the different scenarios as a result of the pandemic development.

In this sense, in Spain during the first two months of the year, the business evolved in line with expectations. However, after the declaration of the state of emergency in March, the hotels were closed until May, when the reopening was allowed with certain restrictions. As from mid-June, after the end of the de-escalation and the freedom of movement between provinces, several establishments were reopened on the Spanish mainland coast in order to welcome national customers and with reduced levels of occupancy.

The third quarter was marked by new outbreaks in Spain and other tourist source countries, with the tour operator sector being the most affected. On the basis of the above, the sale strategy was focused on national customers and, in some cases, this leads to the early closure of certain seasonal hotels, given the dependence on international customers in some holiday destinations. Urban destinations performed in two different ways, with the secondary cities having better performance compared to the main cities such as Madrid and Barcelona, which showed poorer outcomes due to the lack of the MICE and Corporate segments.

During the last quarter of the year, the perimeter lockdowns and limitations to movement accelerated the closure of certain hotels.

As a result of the above, our operating income of hotel establishments under ownership and under lease, as well as income from management fees decreased by 80% compared to 2019. On the other hand, this year the Company's RevPaR has decreased by 47%. The occupancy rate has decreased by 30 points and the number of available rooms decreased by 3 million, i.e. by 62.1% compared to the previous year.

Given the significant decrease in income and hotel occupancy rates, the Company has implemented during the year strict contingency plans which have reduced the operating expenses during the year in the amount of approximately EUR 250 million compared to 2019, which meant a decrease of 41%.

It is worth mentioning that, in order to maximize the well-being and safety in the Company's hotels, and adapting to the new needs and demands from customers, the Company has launched the programme Stay Safe With Meliá, certified by Bureau Veritas, in order to manage the necessary preventive measures to be applied against Covid-19. In addition, some of our hotels have been converted into temporary hospitals during this period, providing essential services to local communities to assist in alleviating as far as possible the effects of this crisis.

The directors, in the current situation and after the start of the vaccination process, continue to assess and monitor the continuous implementation of additional measures to adapt the Company's operations depending on the development of the pandemic.

In that sense, the directors and the Management of the Company have considered that the Covid-19 impacts on the Company's activities affected the estimates made and, consequently, the carrying value of assets and liabilities in the balance sheet, as well as certain financial risks: market risk (exchange rate risk and interest risk), credit risk and liquidity risk. In that sense, they have carried out an assessment which is consistent with the best information available, the results of which include the following noteworthy aspects:

5.2 Estimates and Recoverable Value of Fixed Assets

The directors and the Management of the Company estimate that there is an indication of impairment losses as a consequence of the crisis resulting from the coronavirus spread, such as significant changes in the economic environment with adverse impact and, consequently, they have estimated the recoverable value of all fixed assets.

Hotel assets under ownership

This category includes all the hotel assets under ownership, as well as investment properties.

The Company has considered that its assets under ownership with a net carrying amount as at 31 December 2020 exceeding 75% of the amount of the last valuations carried out by several independent experts, which almost all of them were obtained less than 2 years ago, could be impaired.

For the identified assets, an updated assessment has been obtained through a combination of valuations made by independent experts and assessments made internally by the Company. The external valuations have been made by the firms specialising in hotel investment and consulting services Jones Lang LaSalle and Knight Frank and are dated 31 December 2020.

The external experts have issued their assessment subject to a "significant uncertainty" according to the VPS3 and VPGA10 regulations of the RICS Global Valuation Standards as a result of Covid19. In this sense, the assessment should be attributed a lesser degree of certainty and a greater degree of attention. However, the asset assessment includes an estimate of the possible impact that this situation could potentially have on net revenues, growth expectations and discounts of each asset owned by the Company.

The value criterion used by the independent experts was the discounted cash flows.

Additionally, the Company has applied the same criterion as that applied by the independent experts for all its assets under ownership assessed internally.

Lease contracts on hotel assets

The Company has estimated the assets' recoverable amount by determining their value in use. As a result of Covid 19, the Company has prepared an updated a business plan for the period 2020 – 2030, with three possible scenarios based on the different market recovery assumptions in the next three years. The recovery will be followed by a stabilisation and normality period, with significant margin improvements based on the Company's commitment to digitalisation and the implementation of a new operating model and, finally, a growth phase. In carrying out this update of the business plan, the Company has relied on its experience in previous crisis and the studies made on the recovery of this crisis by renowned sector experts, however, it is public knowledge that this crisis is unprecedented in the sector since no previous crisis had involved the closure of all business units for so many months.

In assessing value in use, the Company has taken as a basis the new business plan, projecting the future cash flows per hotel and estimating a residual value according to a long-term growth rate not higher than the expected growth of the economy and the sector in which the asset operates. Estimated future cash flows are discounted using a discount rate before taxes, which has been reviewed with regard to that used as at 31 December 2019, in order to reflect changes in the value of money over time in the current market and the specific risks of the asset which had not already been adjusted in the estimated future cash flows, mainly the risks of the business and the countries in which the assets are located.

The discount rate used for Spain was 7.69%.

Equity instruments in Group companies and associates

The Company has assessed the recoverable amount of its holdings in Group companies and associates, based on estimates that reflect the best forward-looking information available for the next years, taking into account the investment plans of its different businesses, as well as the conditions of the markets in which these operate. Potential different future scenarios have also been considered in estimating the cash flows, provided this provides information that is more relevant to represent the potential future economic developments. Likewise, the estimated cash flows have considered the foreseeable effects of the COVID-19 pandemic.

Impacts

As a result of the assessment carried out on the Covid-19 effects, the Company's income statement for 2020 includes under heading 'Impairment and profit/(loss) on disposal of fixed assets' an impairment loss in the amount of EUR 32.7 million. Likewise, investments in Group companies and associates include impairments recognised under 'Impairment and profit/(loss) on disposals of financial instruments', in the amount of EUR 86.4 million. Likewise, such assessment has an effect on the provision for onerous contracts recognised for the year, in the amount of EUR 26.8 million.

5.3 Risk Management

Liquidity risk

In response to the negative impact that the crisis generated by Covid-19 has had on the cash flows from operating activities during 2020, as well as that which is expected to continue in the short term, many actions have been adopted in order to increase liquidity and strengthen the financial position of the Company. These actions include:

- Personnel cost reduction through the adoption of measures that, according to the legal framework established in Spain, have allowed a better adaptation to the situation.
- Non-approval of the proposal for distribution of dividends charged to reserves and allocation of the total profits for year 2019 to reserves of the Company in order to strengthen its equity balance.
- Termination of the treasury share buy-back programme.
- Financing transactions closed in the amount of EUR 516 million without collateral.

The directors and the Management of the Company are constantly monitoring the evolution of the situation, as well as the impacts that it may have on the credit market and they consider that, without prejudice to possible improvements and adaptations that may be applied, the liquid assets included in the balance sheet, as well as the availability of loan agreements and credit facilities, the applied borrowing policies and the amount of cash flows generated in the worst scenarios, ensure that the Company will meet the obligations included in the balance sheet as at 31 December 2020 with solvency, and there is no significant uncertainty on the Company's ability to continue as a going concern.

Credit risk

As mentioned in the notes to the annual accounts for the year ended 31 December 2019, due to the nature of the main sector in which the Company operates, the insolvency risk of hotel segment customers is very low. The directors have considered the impact of the Covid-19 crisis in assessing the expected credit losses over the entire useful life of the financial assets derived from the balances with customers. In that sense, they have adjusted the specific prospective factors jointly used with the credit loss history for the determination of impairments, in order to include the increase of 56.40 days in the collection period.

In relation to its other financial assets exposed to credit risk, mainly relating to loans to associates and third parties, the directors have assessed the existing risk in each case. Based on the considerations made and the expected long-term collectability from such borrowers, an increase in the risk of collectability of such financial assets is estimated in the amount of EUR 14 million.

In order to mitigate and control any potential credit risk in the current scenario, the Company has adopted the following measures:

- Thorough control and communication with Credit & Insurance department in order to anticipate possible temporary receivership, as well as to report immediately any payment default, so that joint actions may be taken.
- To reinforce the monitoring and claim for the payment of receivables, as well as to shorten the periods for claiming debts in order to, as far as possible, shorten the collection periods.
- To facilitate the management of customer deposits among the Group companies through offsetting between them in order to avoid refunds.

5.4 Other Effects

Lease renegotiation

As a result of both the exceptional situation derived from the compulsory closure of our establishments and the lack of visibility on the future profits derived from their operation, the Company negotiated and entered into agreements with certain lessors of the hotels which it operates under lease prior to 31 December 2020, reaching different types of agreements: extensions, waivers, reduction of committed investments, etc. The number of hotel agreements affected by these measures is 41 of a total current portfolio of 52.

These negotiations allowed the Company to save EUR 20.7 million as at 31 December 2020 in respect of lease payments.

Recoverability of tax credits

The recovery of deferred tax assets has been reviewed as at 31 December 2020 as a result of the estimated effects on the Company's cash flows and recoverability of the tax credits recognised under such heading and, consistently, according to the methodology used in the annual accounts for 2019 and without considering the regulatory measures not yet approved at the date of preparation of these annual accounts.

Note 6. Financial Risk Management Policy

The Board of Directors of the Company approved in 2011 the General Policy for Risk Control, Analysis and Management, which establishes the risk management model, which is aimed at minimising the potential adverse effects of any risks on the annual accounts. Such policy is reviewed and, where appropriate, updated every year.

Among Geopolitical Risks, it is worth mentioning that, on 31 January 2020, the United Kingdom left the European Union thus beginning a transition period which extended until 31 December of the same year. Although the United Kingdom remained as the main source of tourists to Spain (data prior to the pandemic), the Company does not expect that this decision will involve a significant impact on the customer flow, and also taking into account the agreements reached between both parties in terms of trade and cooperation. The Company, however, will continue to follow up the negotiations or events that may affect the tourism industry, particularly, exchange rate movements between the British pound and the euro.

Likewise, the Group's activities are exposed to different financial risks: market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The policies pursued by Meliá Hotels International, S.A. try to minimise the potential adverse effects that these risks may have on its financial statements. Note 5 includes additional information on the current risks faced by the Company as a result of Covid-19.

6.1 Interest Rate Risk

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

The Company maintains a policy of partially hedging against changes in interest rates by obtaining different financial derivatives that allow it to contract a fixed rate for a specified period of time that it applies to financing transactions with variable rates. In some cases, and due to the early cancellation of some of these financing transactions, the Company has proceeded to restructure the financial derivatives associated with this financing to apply them to other new financing transactions at a variable rate, adapting the repayment schedules to create an effective interest rate hedge. In some of these restructurings of hedging derivatives and to avoid incurring unnecessary payments, it has not been possible to continue applying hedge accounting (see Note 10.3).

The structure of the debt with third parties as at 31 December 2020 and 2019, without considering the heading of Other financial liabilities, is as follows (these face amounts do not include interest payable):

	31/12/2020			31/12/2019		
(thousand €)	Fixed interest	Variable interest	Total	Fixed interest	Variable interest	Total
Bank loans	327.436	520.052	847.488	260.054	305.926	565.980
Mortgage loans	30.051	8.484	38.534	31.854	10.708	42.561
Credit facilities		165.168	165.168		1	1
Leasing		1.071	1.071		2.007	2.007
Simple bonds	30.000		30.000	30.000		30.000
Total	387.487	694.775	1.082.262	321.908	318.642	640.550

Increase in debt compared to the previous year is the result of the management of the Covid-19 crisis (see Note 5.3).

The variable interest rate debt is basically tied to Euribor.

As at 31 December 2020, the Company has various interest rate swaps contracted, with a notional value of EUR 189.7 million, considered as cash flow hedging instruments, as stated in Note 10.3. At the 2019-year end, the notional value of the swaps contracted was EUR 123.4 million. The variable rate bank loans and mortgages hedged by these swaps are shown in the Fixed Interest column for the part of the capital hedged.

The sensitivity of 2020 and 2019 profit or loss to interest rate variations (in base points), in thousand euro, is as follows:

Variation	2020	2019
+ 25	1.325	527
- 25	(1.325)	(527)

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

6.2 Foreign Exchange Risk

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

The following items may be affected by foreign exchange risks:

- Debt and liquid assets denominated in currencies other than the Euro.
- Collections and payments for supplies, services and investments in currencies other than the Euro.

In this regard, Meliá Hotels International, S.A is exposed to foreign exchange risks mainly for the transactions in foreign currency arranged by group companies and associates (see Note 17.6).

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

6.3 Credit Risk

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

The credit periods established by the Company range between 21 and 90 days. The average period of collection of the Company's receivables is approximately 56.40 days, 29.03 in 2019, a figure clearly impacted by the pandemic (see Note 5.3).

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

(thousand €)	31/12/2020	%	31/12/2019	%
Less than 90 days	7.122	44%	12.335	73%
More than 90 and less than 180	3.275	20%	2.700	16%
More than 180 and less than 365	5.936	36%	1.860	11%
Total	16.332	100%	16.895	100%

Trade receivables outstanding for more than 365 days have been fully provisioned. In addition, the Company uses other financial operations which allow the reduction of credit risks, such as assignments of receivables (see Note 11.2).

6.4 Liquidity Risk

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

The liquidity policy applied by the Company ensures that payment obligations acquired will be met without having to obtain funds under burdensome terms. To do that, the Company uses different management procedures, such as the maintenance of credit facilities committed for sufficient amount and flexibility, the diversification of the coverage of financing needs through the access to different markets and geographical areas, and the diversification of the maturities of the issued debt.

The following table contains a summary of the maturities of the Company's financial liabilities as at 31 December 2020, based on face amounts excluding interest by maturity:

(thousand €)	< 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Simple bonds				30.000	30.000
Loans	59.260	102.694	654.203	69.866	886.023
Credit facilities			165.168		165.168
Leasing	184	552	335		1.071
Total	59.444	103.247	819.706	99.866	1.082.262

The following table contains a summary of the maturities of the Company's financial liabilities as at 31 December 2019, based on face amounts by maturity:

(thousand €)	< 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Simple bonds				30.000	30.000
Loans	5.617	60.269	397.077	145.578	608.541
Credit facilities		1			1
Leasing	260	676	1.071		2.007
Total	5.877	60.946	398.149	175.578	640.550

Increase in debt compared to the previous year is the result of the management of the Covid-19 crisis (see Note 5.3).

6.5 Capital Management Policy

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

The financial position is also backed by the strong support of the banks and the Company's asset base. The positive perception of, and support to, Meliá Hotels International by the banks was demonstrated during the 2020 serious economic crisis, during which the banks provided greater liquidity to the Group without requiring any mortgage securities on the assets that were not mortgaged at the beginning of the year. At present, 19.1% (29% at the 2019 year end) of the total debt is secured by the Group's assets.

6.6 Estimation of Fair Value

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

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

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

Note 7. Intangible Assets

The breakdown of the cost and accumulated amortisation of intangible assets for 2020 is as follows:

(thousand €)	31/12/2019	Additions	Transfers	31/12/2020
Gross value				
Patents, licences, trademarks and similar rights	4.408			4.408
Transfer rights	15.465	904		16.369
Software	62.589	6.461		69.050
Advances on intangible assets		200		200
Total	82.462	7.565		90.027
Accumulated amortisation				
Patents, licences, trademarks and similar rights	(4.361)	(7)		(4.368)
Transfer rights	(2.877)	(2.184)		(5.061)
Software	(32.134)	(10.654)		(42.788)
Total	(39.372)	(12.845)		(52.217)
Impairment				
Software	(2.860)		2.860	
Total	(2.860)		2.860	
Net carrying value	40.230			37.809

The amount of EUR 5.8 million included in section Additions of Computer software related to the technological innovation project carried out by the Company for the creation of a new framework for hotel management, by means of which the Company seeks to improve the technological services provided to its customers.

For comparison purposes, the situation as at 31 December 2019 was as follows:

(thousand €)	31/12/2018	Additions	Disposals	31/12/2019
Gross value				
Patents, licences, trademarks and similar rights	4.415		(7)	4.408
Transfer rights	7.374	8.091		15.465
Software	50.188	12.401		62.589
Total	61.977	20.492	(7)	82.462
Accumulated amortisation				
Patents, licences, trademarks and similar rights	(4.361)	(7)	7	(4.361)
Transfer rights	(1.388)	(1.489)		(2.877)
Software	(23.460)	(8.674)		(32.134)
Total	(29.209)	(10.170)	7	(39.372)
Impairment				
Software		(2.860)		(2.860)
Total		(2.860)		(2.860)
Net carrying value	32.768			40.230

The additions recorded under section Transfer Rights mainly related to the acquisition at net carrying amount of rights to operate one hotel under lease in Spain, previously operated by a Group company.

The amount of EUR 11.7 million included in section Additions of Computer software related to the technological innovation project carried out by the Company for the creation of a new framework for hotel management, by means of which the Company seeks to improve the technological services provided to its customers.

The breakdown of intangible assets fully amortised for years 2020 and 2019 is as follows:

(thousand €)	31/12/2020	31/12/2019
Patents, licences, trademarks and similar rights	4.338	4.338
Software	19.236	12.387
Total	23.574	16.725

Note 8. Property, Plant and Equipment

The breakdown of the cost and accumulated depreciation of property, plant and equipment for 2020 is as follows:

(thousand €)	31/12/2019	Additions	Disposals	Transfers	31/12/2020
Gross value					
Land	143.893		(1.574)		142.319
Buildings	386.326	9.195	(1.491)		394.030
Plant and machinery	237.364	5.144	(415)		242.093
Furniture and other fixed assets	218.749	7.081	(3.911)		221.919
Fixed assets under construction and advances	113	186			299
Total	986.444	21.607	(7.390)		1.000.660
Accumulated depreciation					
Buildings	(174.452)	(15.156)	1.472		(188.136)
Plant and machinery	(174.003)	(12.857)	332		(186.528)
Furniture and other fixed assets	(161.563)	(8.843)	272		(170.134)
Total	(510.018)	(36.856)	2.076		(544.798)
Impairment					
Plant and machinery	(6.335)	(32.188)		(2.860)	(41.383)
Furniture and other fixed assets	(1.372)				(1.372)
Total	(7.707)	(32.188)		(2.860)	(42.755)
Net carrying value	468.719				413.107

The main new additions of property, plant and equipment recorded in 2020 in the amount of EUR 21.6 million mainly relate to renovations performed in several hotels operated by the Company mainly located in the Balearic Islands and Madrid.

For comparison purposes, the situation as at 31 December 2019 was as follows:

(thousand €)	31/12/2018	Additions	Disposals	31/12/2019
Gross value				
Land	143.979		(86)	143.893
Buildings	378.758	20.161	(12.594)	386.325
Plant and machinery	233.662	8.591	(4.889)	237.364
Furniture and other fixed assets	217.434	10.631	(9.316)	218.749
Fixed assets under construction and advances		113		113
Total	973.833	39.496	(26.885)	986.444
Accumulated depreciation				
Buildings	(136.909)	(41.233)	3.690	(174.452)
Plant and machinery	(160.514)	(16.992)	3.503	(174.003)
Furniture and other fixed assets	(154.330)	(12.567)	5.334	(161.563)
Total	(451.753)	(70.792)	12.527	(510.018)
Impairment				
Plant and machinery	(34.737)	(19.160)	47.562	(6.335)
Furniture and other fixed assets	(1.371)	(1)		(1.372)
Total	(36.108)	(19.161)	47.562	(7.707)
Net carrying value	485.972			468.719

The main new additions of property, plant and equipment recorded in 2019 related to renovations performed in several hotels operated by the Company in the amount of EUR 37.8 million; the renovations were mainly made in the Balearic Islands, Madrid and the Canary Islands.

The main disposals of property, plant and equipment related to the sale of the hotel Valencia Azafata located in Valencia, with a carrying amount of EUR 4.5 million, giving rise to a capital gain of EUR 3.8 million. Additionally, other smaller assets were disposed of and other disposals were recorded by replacement.

Other considerations

The net carrying value of the assets of the Company that are financed through finance lease agreements amounts to EUR 2.8 million at the year end, and to EUR 4 million in 2019. These finance leases mainly relate to buildings, facilities and furniture.

There are 2 owned properties that have been mortgaged to secure several loans at the year end, as in the previous fiscal year, and their net carrying value amounts to EUR 106 million; EUR 74.4 million in 2019.

As at 31 December 2020 and 2019 the Directors consider that there is sufficient insurance coverage for the Company's assets.

The breakdown of property, plant and equipment fully depreciated for years 2020 and 2019 is as follows:

(thousand €)	31/12/2020	31/12/2019
Buildings	38.643	33.068
Plant and machinery	113.043	103.621
Furniture and other fixed assets	118.106	114.906
Total	269.792	251.595

Revaluation of assets

The Company, in different processes, has merged several companies owning hotels, with the revaluation of land and properties being carried out. As at 31 December 2020 and 2019 the difference between the carrying value and the tax value of the revalued elements is as follows:

(thousand €)	Land	Buildings
Revalued net carrying value at 31/12/2018	113.280	9.095
Depreciation		(275)
Disposals		(756)
Revalued net carrying value at 31/12/2019	113.280	8.064
Depreciation		(260)
Revalued net carrying value at 31/12/2020	113.280	7.804

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

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

The net carrying value of the assets subject to the revaluation according to the asset restatement approved by Royal Decree 7/96 amounts to EUR 0.8 million at the end of 2020 and 2019, with the value of the fully depreciated assets being EUR 16 million in both years. The impact of this restatement on the provision for depreciation amounts to EUR 28 thousand (EUR 147 thousand in 2019).

Asset valuation

As mentioned in Note 4.4, the Company periodically obtains valuations made by independent experts. In this sense, the Company received appraisals of certain owned assets and investment properties in July 2020, and given the current situation, it has considered for its asset portfolio the evolution of the recoverable amount thereof compared to the values included in the appraisals received in 2019 and 2018. Based on such analysis, the recoverable amount of the owned assets amounts to EUR 685 million.

Note 9. Investment Property

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

The breakdown of the gross value and accumulated depreciation of investment property for 2020 is as follows:

(thousand €)	31/12/2019	Additions	Disposals	31/12/2020
Gross value	31.922	2.638	(35)	34.525
Accumulated depreciation	(14.629)	(618)		(15.248)
Impairment		(500)		(500)
Net carrying value	17.293			18.777

The additions during 2020 mainly relate to the purchase of 9 apartments in 5 apartment owners' associations.

The amount of the building costs fully depreciated in 2020 and 2019 was EUR 1.5 million.

Income from the lease of offices located in Madrid, operated under lease, amounts to EUR 119 thousand in 2020 and in 2019.

For comparison purposes, the breakdown of these movements in 2019 was as follows:

(thousand €)	31/12/2018	Additions	31/12/2019
Gross value	31.718	204	31.922
Accumulated depreciation	(14.027)	(602)	(14.629)
Net carrying value	17.691		17.293

Note 10. Financial Instruments

10.1 Financial Investments

The following table shows the breakdown by categories of non-current and current assets for 2020 and 2019:

(thousand €)	31/12/2020			31/12/2019		
	Long term	Short term	Total	Long term	Short term	Total
1. Investments in group companies and associates:						
- Equity instruments	1.038.118		1.038.118	1.013.652		1.013.652
2. Available-for-sale financial assets:						
- Equity instruments	4.026		4.026	4.027		4.027
3. Financial instruments at fair value through profit or loss:						
- Equity instruments		76	76		403	403
4. Loans and other receivables:						
- Loans and other financial instruments to group companies and associat	476.750	306.152	782.902	400.956	162.070	563.026
- Loans to third parties	5.653	2.155	7.808	12.819	2.410	15.229
- Other financial instruments to third parties	9.842	10.617	20.459	9.680	12.411	22.091
Total	1.534.389	319.000	1.853.389	1.441.134	177.294	1.618.428

The table does not include the headings Trade and other receivables and Cash and other cash equivalents, which also relate to financial assets. Additional breakdowns are included in Note 11.

a) *Investments in group companies and associates*

Equity instruments:

Annex I attached to these annual accounts includes the information about the equity situation as at 31 December 2020 and 2019, which is obtained from the financial statements provided by the respective companies, and the shareholding in group companies and associates, indicating direct and indirect shareholding, activity and country in which this is exercised. Such annex also provides information broken down by company on the net carrying value and provisions made for each investment.

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

During 2020, the Company has recognised dividends from group companies and associates in the amount of EUR 343.5 million; EUR 43.5 million in 2019. Due to the crisis resulting from the Covid-19 pandemic, the Company, in order to reinforce its solvency, has agreed that certain subsidiaries approve a dividend in 2020. Particularly, the subsidiaries that have approved such dividend are fully owned, directly or indirectly, by the Company. Likewise, such approval is not subject to restrictions under the regulations setting forth limitations to dividend distribution for certain companies which have availed themselves of the temporary lay-off regime (ERTE) for Covid-19 related reasons.

The breakdown of gross value and accumulated impairment of equity instruments in 2020 is as follows:

(thousand €)	31/12/2019	Additions	Disposals	31/12/2020
Equity instruments in group companies (gross value)	935.207	58.126		993.333
Impairment	(109.227)	(26.307)	12	(135.521)
Equity instruments in associates and joint ventures (gross value)	211.158	4.942	(498)	215.602
Impairment	(23.486)	(11.809)		(35.296)
Total	1.013.652	24.952	(486)	1.038.118

The most relevant additions in equity instruments for 2020, relate to the acquisition of 20.08% of the shares in Inversiones Hoteleras La Jaquita, S.A., in the amount of EUR 19.9 million, and the contribution by the Company of equity to Impulse Hotel Development, S.L, in the amount of EUR 29.5 million, and the acquisition of 100% of the shares in the company Proyectos Financieros Hayman, S.L., which amounts to EUR 6.3 million. These additions have not involved a money disbursement by the Company.

In terms of provisions, the additions recognised in the amount of EUR 38.1 million result from the assessment made due to the Covid-19 effect on the value of investees (see Note 5.2).

For comparison purposes, the breakdown of these movements in 2019 was as follows:

(thousand €)	31/12/2018	Additions	Disposals	31/12/2019
Equity instruments in group companies (gross value)	944.579	5.444	(9.324)	935.207
Impairment	(108.652)	(575)		(109.227)
Equity instruments in associates and joint ventures (gross value)	205.724	40	(98)	211.158
Impairment	(24.927)		1.441	(23.487)
Total	1.016.724	4.910	(7.981)	1.013.652

The most relevant additions in equity instruments in group companies for 2019, related to the acquisition of 15% of the shares in Aparthotel Bosque, S.A., in the amount of EUR 3 million, and the contribution by the Company of equity to Meliá Europe & Middle East, S.L., in the amount of EUR 1.1 million.

Main disposals and transfers in the year related to the shareholding in Sierra Parima, S.A.S., which changed its status from group company to associate.

Regarding provisions, additions were mainly recognised relating to the company Sol Meliá Vacation Club Puerto Rico, in the amount of EUR 5.2 million, and to the company Meliá Europe & Middle East, S.L., in the amount of EUR 1 million. The disposals mainly related to the application for excess of the portfolio provision of Colón Verona, S.A.

b) *Available-for-sale financial assets*

Equity instruments:

The balances at the end of 2020 and 2019 are as follows:

(thousand €)	31/12/2020	31/12/2019
Equity instruments (gross value)	4.106	4.106
Provisions	(79)	(79)
Total	4.026	4.027

The equity situation as at 31 December 2020, obtained from the annual accounts provided by the corresponding companies, is as follows:

(thousand €)	% Sharehol.	Accounting figures			Underlying carrying amount	Investment value
		Capital	Reserves	Result		
Hotelera Sancti Petri, S.A.	19,50%	11.900	876	196	2.530	2.634
Inveragua RD, S.A.S. (*)	14,24%	726	(205)	(49)	67	131
Port Cambrils Inversions, S.A.	10,00%	6.000	1.142	(551)	659	980
Valle Yamuri, S.A. (*)	8,00%	4.870	(1.432)	(7)	274	278
Other companies		3				3
Total		23.499	380	(411)	3.530	4.026

(*) Balance sheets as at 31 December 2020 for these companies are not available.

These companies are not listed in the stock market.

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

COMPANIES	ADDRESS	COUNTRY	ACTIVITY	DIR S.
Hotelera Sancti Petri, S.A.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	Hotel Owner and Operator	19,50%
Inveragua RD, S.A.S.	Avda. Lope de Vega, 4 (Santo Domingo)	Dom. Republic	Holding	14,24%
Port Cambrils Inversions, S.A.	Rambla Regueral, 11 (Tarragona)	Spain	Hotel Owner and Operator	10,00%
Valle Yamuri, S.A. (*)	Velázquez, 106 (Madrid)	Spain	Holding and Owner	8,00%

For comparison purposes, movements for year 2019 were as follows:

(thousand €)	31/12/2018	Additions	31/12/2019
Equity instruments (gross value)	4.082	24	4.106
Provisions	(79)		(79)
Total	4.003	24	4.027

Additions related to the capital increase in the company Inveragua RD. S.A.S., in the amount of EUR 24 thousand.

Likewise, the equity situation as at 31 December 2019, obtained from the annual accounts provided by the corresponding companies, was as follows:

(thousand €)	% Sharehol.	Accounting figures			Underlying carrying amount	Investment value
		Capital	Reserves	Result		
Hotelera Sancti Petri, S.A.	19,50%	11.900	(869)	1.878	2.517	2.634
Inveragua RD, S.A.S. (*)	14,24%	810	(58)	(171)	83	131
Port Cambrils Inversions, S.A.	10,00%	6.000	987	276	726	980
Valle Yamuri, S.A. (*)	7,21%	4.870	(1.525)	92	248	279
Other companies						3
Total		23.580	(1.465)	2.076	3.574	4.027

(*) Balance sheets as at 31 December 2019 for these companies were not available.

c) *Loans and other receivables*

Set out below is a breakdown by nature of financial assets included in this item as at 31 December 2020 and 2019:

(thousand €)	31/12/2020			31/12/2019		
	Long term	Short term	Total	Long term	Short term	Total
Loans to group companies	398.958	231.299	630.258	312.249	114.499	426.748
Loans to associates and joint ventures	77.792	74.853	152.645	88.707	47.571	136.278
Other loans	5.653	2.155	7.808	12.819	2.410	15.229
Created deposits and guarantees	9.842	693	10.535	9.680	730	10.410
Other loans and receivables		9.924	9.924		11.681	11.681
Total	492.245	318.924	811.169	423.455	176.891	600.346

Note 18 includes a breakdown of the balances recorded as loans to group companies, associates and joint ventures. Current and non-current assets in group companies and associates that are recognised in item Long-term and short-term investments in group companies and associates, relate mainly to loans granted for the financing of activities within the hotel business, including the hotel acquisition and reform, which have been increased as part of the Covid-19 management. Likewise, the Company performs a centralised management of collections and payments between group companies through a current account which bears interest at a market rate which is accrued annually depending on the daily balance of the account.

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

- ✓ Loans granted to various unrelated companies with which the Company maintains commercial relationships in the amount of EUR 3.3 million.
- ✓ Loans to owners of several hotels operated by the Company under lease and management, in the amount of EUR 4.4 million.

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

Heading Other loans and receivables mainly includes the dividends receivable as at 31 December 2020 in the amount of EUR 9.9 million, and at the end of 2019, these amounted to EUR 11.7 million.

10.2 Financial Liabilities

The following table shows the breakdown by categories of the financial liabilities, for 2020 and 2019:

(thousand €)	31/12/2020			31/12/2019		
	Long term	Short term	Total	Long term	Short term	Total
1. Debts and payable items:						
- Bonds and other negotiable securities	29.665	117	29.782	29.665	117	29.782
- Bank loans	828.317	222.088	1.050.405	540.450	68.380	608.830
- Other financial liabilities	633	10.810	11.443	1.679	37.546	39.225
- Payables to group companies and associates	188.873	93.565	282.438	491.786	135.917	627.703
2. Derivatives and hedges:						
- Derivative liabilities	2.987	1.985	4.972	2.690	2.214	4.904
Total	1.050.475	328.565	1.379.040	1.066.270	244.174	1.310.444

Balances under heading Trade creditors and other payables which are also considered as financial liabilities, are not included. Additional breakdowns of these balances are included in Note 14.

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

a) *Bonds and other negotiable securities*

At the end of 2020 and 2019, the breakdown of Bonds and other negotiable securities is as follows:

(thousand €)	31/12/2020			31/12/2019		
	Long term	Short term	Total	Long term	Short term	Total
Non-convertible bonds	29.665		29.665	29.665		29.665
Interests, bonds and other negotiable securities		117	117		117	117
Total	29.665	117	29.782	29.665	117	29.782

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

Importe de la emisión:	30.000.000,00 €
Nominal del bono:	100.000,00 €
Vencimiento:	12 años
Rango de la deuda:	Senior unsecured
Precio de la emisión:	100%
Código ISIN:	ES0276252014
Fecha de la emisión:	19 de noviembre de 2018
Fecha de vencimiento:	19 de noviembre de 2030
Cupón:	3,30% Fijo
Precio de amortización:	100%

Euro-Commercial Paper Programme (ECP)

In May 2020, the commercial paper programme ("Euro-Commercial Paper Programme" or ECP) was renewed, with maturity date on 26 May 2021, subject to English law, in 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 2020, a total of EUR 95.6 million of issues was made, and there were no outstanding issues at year end. (See Note 6.4).

b) *Bank loans*

The breakdown of the Company's bank borrowings analysed by nature and maturity at year-end 2020 and 2019 is as follows:

(thousand €)	31/12/2020			31/12/2019		
	Long term	Short term	Total	Long term	Short term	Total
Bank loans	686.296	157.203	843.500	501.067	61.325	562.392
Mortgage loans	34.272	4.061	38.333	38.322	3.975	42.297
Credit facilities	107.415	57.753	165.168		1	1
Leasing	334	727	1.061	1.061	915	1.976
Interest		2.344	2.344		2.164	2.164
Total	828.317	222.088	1.050.405	540.450	68.380	608.830

The increase in debt compared to the previous year is the result of the liquidity risk management as a consequence of Covid-19, as mentioned in Note 6.3.

Maximum limit of credit facilities is EUR 376.5 million. In 2019, the maximum limit was EUR 234 million. The total amount of credit facilities drawn down was EUR 165.2 million, EUR 1 million in 2019, and at the end of 2020 an additional balance of EUR 211.3 million was available; EUR 234 million in 2019.

Average interest rate accrued in 2020 on previous loans, credit facilities and leasing is 2.57%. Average interest rate accrued in 2019 was 2.79%.

The detail of the maturities at year-end 2020 and 2019 is as follows:

(thousand €)	31/12/2020
2.021	222.088
2.022	118.031
2.023	242.696
2.024	208.834
2.025	107.588
2026 and subsequent years	151.168
Total	1.050.405

(thousand €)	31/12/2019
2.020	68.380
2.021	102.526
2.022	59.789
2.023	55.329
2.024	113.158
2025 and subsequent years	209.648
Total	608.830

c) *Other financial liabilities*

At the end of 2020 and 2019, the breakdown of Other financial liabilities is as follows:

	31/12/2020			31/12/2019		
(thousand €)	Long term	Short term	Total	Long term	Short term	Total
Trade bills payable	21	1.311	1.332	32	4.068	4.100
Other payables	5	5.397	5.402	1.005	22.398	23.403
Guarantees and deposits received	606	24	631	642	3.994	4.636
Other current accounts		4.078	4.078		7.087	7.087
Total	633	10.810	11.443	1.679	37.546	39.226

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

The detail of maturities at the end of 2020 and 2019 is as follows:

(thousand €)	31/12/2020
2021	10.810
2022	11
2023	11
2024	
2025	
2026 and subsequent years	612
Total	11.443

(thousand €)	31/12/2019
2020	37.546
2021	1.016
2022	11
2023	11
2024	
2025 yand subsequent years	642
Total	39.226

d) *Debts with group companies and associates*

The balances included under this item which mainly relate to amounts due for the centralised cash management of the Group, are broken down in Note 18.

e) *Derivative liabilities*

The balances under this heading are broken down in Note 10.3. Cash flow hedge activities relate to interest rate swaps.

10.3 Hedge Activities and Derivatives

The fair values of the Company's derivative financial instruments at the end of 2020 and 2019 are analysed below by maturity:

(thousand €)	31/12/2020			31/12/2019		
	Long term	Short term	Total	Long term	Short term	Total
Hedging derivative liabilities	2.068	1.278	3.346	1.353	1.116	2.469
Other derivative liabilities	919	707	1.626	1.337	1.098	2.435
Total	2.987	1.985	4.972	2.690	2.214	4.904

Maturity by year is as follows:

(thousand €)	31/12/2020	
	Hedge	Others
2021	1.278	707
2022	1.013	531
2023	725	290
2024	329	98
2025 and subsequent years		
Total	3.346	1.626

(thousand €)	31/12/2019	
	Hedge	Others
2020	1.116	1.098
2021	589	637
2022	462	436
2023	214	208
2024 and subsequent year	88	55
Total	2.469	2.434

a) *Accounting hedges*

As part of its interest rate risk management policies (see Note 6.1), the Company, at the end of the fiscal year, has several interest rate swaps that qualify as cash flow hedging instruments, based on the contractual terms; therefore, changes in their fair value are taken directly to the Company's equity.

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

At the end of 2020, these derivative financial instruments have been measured and recorded in liabilities in the amount of EUR 3.3 million (EUR 2.5 million in 2019). To determine these fair values, discounted cash flow techniques have been used based on the embedded amounts determined by the interest rate curve in accordance with the market conditions at the measurement date. The measurements of these swaps have also been carried out by the financial institutions from which these products are obtained, as independent experts in the measurement of financial instruments.

The Company has transferred to the income statement of the year an amount of EUR 1.9 million because of interest rate hedging; EUR 0.8 million in 2019. These amounts have been recorded in the financial expenses item, as well as the hedged item.

Likewise, as at 31 December 2020, the notional value of the interest rate swaps that qualify as hedges amounts to EUR 160.7 million, and as at 31 December 2019 such value amounted to EUR 123.4 million (see Note 6.1).

b) *Other derivatives*

Other derivative liabilities recognised at the end of 2020 relate to interest rate swaps contracted in the framework of the interest rate risk management performed by the Company (see Note 6.1.). These interest rate swaps are not deemed to be accounting hedges, since they have been contracted in the framework of a debt restructuring and thus, they do not meet the requirements for the application of hedge accounting according to the general accounting plan.

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

The Company has recognised in the year's income statement EUR 481 thousand of expense due to the change in fair value of such interest rate swaps, EUR 586 thousand of expense in 2019. These amounts are recognised under the heading Change in fair value of financial instruments.

As at 31 December 2020, the notional value of these financial instruments amounts to EUR 36.4 million, and as at 31 December 2019 such value amounted to EUR 50.1 million.

Note 11. Current Assets

11.1 Inventories

The breakdown is as follows:

	31/12/2020	31/12/2019
Goods for resale	177	168
Other current assets	3.910	3.972
Advances to suppliers	213	357
Total	4.300	4.497

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

11.2 Trade and Other Receivables

The breakdown of this heading is as follows:

(thousand €)	31/12/2020	31/12/2019
Customers	20.459	20.204
Trade receivables	1.644	1.799
Doubtful trade receivables	11.830	11.611
Impairment for trade operations	(17.600)	(16.719)
Total trade receivables	16.332	16.895
Trade receivables, group companies and associates	48.787	50.667
Sundry debtors	3.813	2.761
Staff	112	91
Current tax assets	16.121	15.212
Public administrations	23.282	5.257
Total other receivables	92.115	73.988
Total	108.447	90.883

At the end of 2020 and 2019, the receivable balances arising from the sale of rooms and other services provided, associated with the hotel business, are included under the heading Customer receivables for sales and services. Trade receivables with balances pending for more than 365 days, as well as those pending for less than that but for which there are reasonable doubts as to their recoverability, have been duly provisioned (see Note 6.3).

The Company has entered into a non-recourse Factoring agreement of hotel receivables of the Company with a financial institution, under which it periodically assigns the accounts receivable relating to certain customers of the hotel business, and collects the total amounts concerned in advance. Meliá Hotels International, S.A. also assigns receivables from subsidiary companies under this agreement. As a result of the "non-recourse" consideration of the assignment of receivables operation abovementioned, trade receivables are derecognised once assigned, therefore, they are not included in the table above.

As at 31 December 2020, the total balance assigned by the Company was EUR 0.3 million, EUR 13.4 million as at 31 December 2019. The difference between both years is because no new assignments have been made by the Company since March 2020 due to the consequences of the Covid-19 pandemic.

Trade receivables, group companies and associates heading mainly relates to commercial transactions for the provision of services and management at market prices. Breakdown by companies is shown in Note 18.

The breakdown of trade receivables by age is included in Note 6.3, and the breakdown of Current tax assets and Public Authorities is included in Note 15.

11.3 Cash and Other Cash Equivalents

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

The breakdown of the balances under this heading for 2020 and 2019 is as follows:

(thousand €)	31/12/2020	31/12/2019
Cash	1.193	143.835
Other cash equivalents	991	416
Total	2.184	144.251

The significant decrease in the above table is due to the liquidity risk management as a result of Covid-19, as well as the availability of credit facilities (see Note 6.4).

This heading includes balances in currencies other than the Euro, in particular, the US dollar and the British pound (see Note 17.6).

Note 12. Equity

12.1 Equity

a) Share capital

The Company's share capital as at 31 December 2019 stipulated in the Bylaws was EUR 45,940,000 represented by 229,700,000 shares with a par value of Euro 0.2 each. The shares were fully subscribed and paid-up, and constituted a single class and series.

The General Shareholders' Meeting held on 10 July 2020 agreed a capital reduction through the redemption of treasury shares. This resolution was subsequently executed by the Board of Directors. On 1 September 2020, the deed of a capital reduction was registered with the Commercial Registry of Mallorca, through the redemption of 9,300,000 shares held as treasury stock, with a par value of EUR 0.20 each, representing 4.049% of share capital. As a result of this transaction, the Company's share capital resulting from this reduction is fixed at EUR 44,080,000, represented by 220,400,000 shares with a par value of Euro 0.20 each. The shares are fully subscribed and paid-up, and constitute a single class and series.

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

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

The new voting rights held by the main shareholders with direct and indirect stake in the Company as at 31 December 2020 and 2019, are as follows:

	31/12/2020	31/12/2019
Shareholders	% Shareholding	% Shareholding
Hoteles Mallorquines Consolidados, S.L.	24,37	23,38
Hoteles Mallorquines Asociados, S.L.	13,76	13,21
Hoteles Mallorquines Agrupados, S.L.	10,83	10,39
Tulipa Inversiones 2018, S.A.	5,39	5,03
Global Alpha Capital Management Ltd	3,15	3,02
Rest of shareholders (less than 3% individual)	42,51	44,98
Total	100,00	100,00

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

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

b) Share premium

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

The decrease in the share premium during the fiscal year in the amount of EUR 28 million, EUR 12.2 million in the previous fiscal year, arises from the capital reduction through the redemption of treasury shares, as mentioned in Note 12.1 a).

c) Reserves

The following table shows the breakdown of the Reserves heading at the end of 2020 and 2019:

(thousand €)	31/12/2020	31/12/2019
Legal reserve	8.816	9.188
Revaluation reserves Royal Decree-Law 7/1996, of 7th June	1.380	16.076
Reserves for actuarial gains and losses	(4.901)	(4.618)
Voluntary reserves	307.275	300.420
Translation reserves	12.113	11.267
Total	324.683	332.332

Legal reserve

The Company is obliged to transfer 10% of the profits of each year to a reserve fund until this fund reaches at least 20% of the share capital. This reserve is not available for distribution to the shareholders and, provided that other reserves are not available, may only be used to offset losses. Movements recorded in the year are due to the capital reduction through the redemption of treasury shares as mentioned in Note 12.1 a).

At the end of 2020 and 2019 this reserve is fully constituted.

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

This reserve will be available to eliminate recognised losses and to increase the share capital of the Company and as of 31 December 2006 (10 years following the date of the balance sheet in which the restatement operations were reflected) it may be taken to unrestricted reserves, as the revalued assets are fully depreciated or are disposed of by other means. The balance of the reserve shall not be distributed, directly or indirectly, unless the related capital gain has been realised through the sale or total depreciation of the revalued assets, which reflects the reduction recognised in the year in the amount of EUR 14.7 million.

Reserves for actuarial gains and losses

The amount recognised in this reserve is derived from actuarial gains and losses recognised in equity. Such reserve relates to changes undergone in the calculation percentages and actuarial assumptions of remunerations and retirement bonuses undertaken by the Company (see Note 13). This reserve is not available for distribution.

Voluntary reserves

These reserves are unrestricted, after offsetting losses.

Translation reserves

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

d) Own equity instruments

Breakdown and movements of treasury shares under liquidity contract as well as treasury share buy-back programme are as follows:

(thousand €)	No. Shares	Average price (euros)	Balance
Balance as at 31/12/2019	3.440.825	8,19	28.191
Liquidity contract acquisitions	6.128.194	4,04	24.772
Liquidity contract disposals	(6.260.194)	4,05	(25.350)
Buy-back programme acquisitions	6.225.189	5,45	33.901
Capital reduction	(9.300.000)	6,25	(58.132)
Balance as at 31/12/2020	234.014	14,45	3.382

At the end of 2020, the Company does not have securities loan agreements.

As at 31 December 2020, the total number of treasury shares held by the Company is 234,014, which represents 0.106% of the share capital; 1.5% in 2019. In any case, the treasury shares do not exceed the 10% limit established by the revised text of the Spanish Law on Corporations.

The price of Meliá Hotels International, S.A.'s shares at year end was EUR 5.72. At the 2019 year end the share price amounted to EUR 7.86.

As regards the Treasury Share Buy-Back Programme, the Board of Directors, at its ordinary meeting held on 18 May 2020, unanimously decided, inter alia, the early termination of such Programme, in order to strengthen the financial solvency and liquidity of the Company.

In executing such Buy-Back Programme, the Company has acquired a total of 7,846,246 of treasury shares in 2019 and 2020, representing 3.416% of the share capital, and has invested a total of EUR 46,051,882, with the maximum amount allocated of number of shares being 8.5 million and the maximum monetary amount being EUR 60 million.

On 10 July 2020, the Board of Directors, according to the delegation granted in its favour by the General Shareholders' Meeting held on the same day, agreed to execute the capital reduction through the redemption of 9,300,000 treasury shares.

For comparison purposes, movements for year 2019 were as follows:

(thousand €)	No. Shares	Average price (€)	Balance
Balance as at 31/12/2018	1.822.968	8,79	16.025
Liquidity contract acquisitions	7.437.418	8,15	60.645
Liquidity contract disposals	(7.440.618)	8,15	(60.632)
Buy-back programme acquisitions	1.621.057	7,50	12.153
Balance as at 31/12/2019	3.440.825	8,19	28.191

12.2 Measurement Adjustments

Details and movements of the measurement adjustments in 2020 and 2019 are as follows:

(thousand €)	2020	2019
Hedging operations:		
Opening balance	(2.558)	(2.148)
Results attributed to equity	(2.099)	(1.372)
Transfers to results	1.862	825
Tax effect	176	137
Final balance	(2.620)	(2.558)

12.3 Grants, Donations and Bequests Received

Capital grants mainly relate to grants to finance property, plant and equipment purchases, which will be progressively transferred to the income statement depending on the useful life of such property, plant and equipment. In 2020 and 2019, the total amount recorded in the income statement for this item is EUR 62 thousand.

Movements during the fiscal year are as follows:

(thousand €)	2020	2019
Opening balance	1.022	1.068
Transfers to results	(62)	(62)
Tax effect	15	16
Final balance	975	1.022

At the end of 2020 and 2019, the Company meets the conditions laid down in the grant awards.

Note 13. Provisions and Contingencies

13.1 Provisions

The balance sheet includes a balance in the amount of EUR 130.7 million in respect of provisions, EUR 68.2 million in the previous year. As indicated in Note 4.10, this heading includes the Company's commitments with staff, as well as the provisions recorded to cover the various risks and contingencies arising from transactions carried out, commitments acquired and guarantees to group companies and third parties, risks for legal claims and lawsuits, as well as potential liabilities deriving from the possible different interpretations to which the applicable legislation is open.

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

(thousand €)	31/12/2019	Additions	Disposals	31/12/2020
Provision for retirement, seniority bonus and personnel obligations	7.934	1.829	(617)	9.146
Provision for onerous contracts	4.293	26.824		31.117
Provision for negative own funds	41.323	38.234		79.557
Provision for liabilities	14.662	5.000	(8.789)	10.872
Total	68.212	71.886	(9.406)	130.692

In respect of commitments established in supra-enterprise collective agreements, in 2020 an actuarial study has been performed to assess the past services, as defined in Note 4.10, which have been estimated at EUR 9.5 million; EUR 9.3 million in 2019. The value of assets associated with outsourced commitments in compliance with the legislation in force amounts to EUR 0.4 million, EUR 1.4 million in 2019.

The assessment of these commitments undertaken by the Company has been conducted in accordance with the actuarial assumptions of the model which pertains to it, using the calculation method known as the Projected Unit Credit and the demographic assumptions established by the PER2000P tables, using a capitalisation rate of 0.43%, and a salary increase assumption of 2.17%. In addition, the probability of tenure of employees until retirement has also been applied, based on the Company's experience in respect of employees leaving the Company, giving rise to the following rotation ratios according to the employee's current age:

Rotation	
Age range	%
<45	7,53
45-55	3,73
>55	2,98

Changes during the fiscal year include an impact recognised in equity in the amount of EUR 0.3 million; EUR 1 million in 2019, due to some changes occurred in the actuarial assumptions used during the calculations made.

The balance of the provision for onerous contracts at the end of 2020 amounts to EUR 31.1 million; EUR 4.3 million at the end of 2019. This provision was calculated for the hotels that in 2020 presented negative net cash flows, after discounting the relevant lease instalments. To calculate this provision, it is considered that the costs of compliance with the agreements correspond to the present value of the projected cash flows, including lease commitments, and they are compared with the costs of non-compliance with the various agreements, the lower of both amounts being allocated to the provision.

The estimate of expected cash flows from these hotels has been carried out according to an updated business plan for the 2020-2030 period, as mentioned in Note 5.2.

In the provisions for negative equity section, the additions in the fiscal year mainly relate to Markserv B.V., Sol Group B.V. and Sol Maninvest B.V., in the amount of EUR 16.3 million, EUR 12 million and EUR 7.6 million respectively (see Annex I). In 2019, these related to Bedbank Trading, S.A. in the amount of EUR 6.9 million.

In relation to the investigation opened by the European Commission in March 2017 on the compliance with the antitrust rules in the hotel distribution sector, it is worth mentioning that in May this year, the fine in the amount of EUR 6.7 million imposed by the mentioned body was paid, an amount for which a provision was made the previous year. Thus, such investigation process has come to an end.

Movements in 2019 were as follows:

(thousand €)	31/12/2018	Additions	Disposals	31/12/2019
Provision for retirement, seniority bonus and personnel obligations	7.364	2.172	(1.602)	7.934
Provision for taxes	46	5		51
Provision for onerous contracts	2.774	1.519		4.293
Provision for negative own funds	34.380	6.943		41.323
Provision for liabilities	17.235	91	(2.716)	14.611
Total	61.800	10.729	(4.317)	68.212

13.2 Guarantee Commitments to Third Parties and Other Contingent Liabilities

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

- Secures lease payments in favour of several hotel owners through bank guarantees in the total amount of EUR 78.4 million and through corporate guarantee in the amount of EUR 14.6 million.
- Secures several operations on behalf of its subsidiary companies and associates through bank guarantees, amounting to EUR 40.9 million.
- Acts as joint and several guarantor in the mortgage loan granted by Banco Santander to Meliá Zaragoza, S.L. The outstanding amount at the end of the fiscal year totals EUR 7.3 million.
- Secures several operations through bank guarantees and for various items, in the total amount of EUR 6.5 million.
  It acts as joint and several guarantor of EUR 55.1 million for several bank loans to Inversiones Areito, S.A.

Likewise, the Company secures through bank guarantees the deferred payment of several tax settlements amounting to EUR 2.1 million. Such guarantee is not considered as a contingent liability since the corresponding amounts are recognised as liabilities.

13.3 Operating Leases

As at 31 December 2020, the Company operates under lease a total of 52 hotels, 53 hotels in 2019.

The average term of these operating lease agreements is 3.98 years. These lease agreements have a contingent component relating to the consumer price index and, certain agreements, other contingent component relating to the evolution of the result obtained by each hotel establishment, which is not considered in the calculation of minimum lease payments. The contingent instalment in 2020 amounted to EUR 0.7 million.; EUR 12.5 million in 2019.

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

(thousand €)	31/12/2020	31/12/2019
Less than 1 year	77.624	101.951
Between 1 and 5 years	167.364	229.614
More than 5 years	96.215	86.839
Total	341.203	418.404

Note 14. Trade Creditors and Other Payables

The breakdown of this heading at the end of 2020 and 2019 is as follows:

(thousand €)	31/12/2020	31/12/2019
Suppliers	9.761	12.330
Suppliers, group companies and associates	18.603	14.491
Sundry creditors	32.075	51.173
Accrued wages and salaries	16.732	23.647
Public Administrations	8.926	12.938
Prepayments from customers	9.583	20.948
Total	95.680	135.527

The balance of trade creditors includes any payables to suppliers of goods, supplies and other services or for which the invoices have not yet been received. The decrease in this heading is due to the decline in the activity and the management carried out by the Company, which negotiated rates adapted to the situation with strategic suppliers.

Balance of Suppliers, Group companies and associates is detailed in Note 18.2, and that of Public Administrations in Note 15.1.

Regarding Accrued wages and salaries, the decrease is due to employees under temporary lay-off regime (ERTE) as a result of the Covid-19 crisis management.

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

No. of days	2020	2019
Average period of payment to suppliers	68,63	58,61
Ratio of operations paid	65,33	59,60
Ratio of outstanding operations	95,30	52,17
(thousand €)	2020	2019
Total payments made	174.811	278.597
Total outstanding payments	21.645	42.527

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

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

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

Given the negative economic impact associated with the Covid-19 pandemic which resulted in a major decrease in revenues, mainly because of the closure of hotel establishments and other business units, a deferral of payments has been agreed with the Group’s main suppliers, therefore, such measure has increased this ratio by more than 60 days, and pending the recovery of the business in the coming months, the purpose is to recover the established ratio.

Note 15. Tax Situation

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

In 2020 and 2019, the Company has filed consolidated tax returns pursuant to Law 27/2014, of 27th November, on Corporate Income Tax (hereinafter, “LIS” according to its acronym in Spanish), under the Group number 70/98 of which Meliá Hotels International, S.A is the Parent Company.

The consolidated tax group is made up of 46 companies. The companies of the mentioned tax group jointly determine the group's tax result, which is distributed among them, according to the criterion established by the ICAC as for recognition and determination of individual tax liability.

Likewise, the Company is taxed under the Special Group of Entities Regime for the purposes of the VAT under VAT number 40/17. The number of companies comprising this group is 14. Every month, the Company submits the periodic aggregate tax returns-assessments of the Group by integrating the results of the individual self-assessment tax returns of the companies belonging to that Group of Companies.

15.1 Current Balances Receivable From and Payable to Public Authorities

As at 31 December 2020, the Company's main balances receivable from Public Authorities are: EUR 23 million relating to value added tax (VAT); and EUR 16 million relating to Corporate Income Tax, of which EUR 908 thousand (EUR 15 million in 2019) derive from 2020 and EUR 15 million from 2019.

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

(thousand €)	31/12/2020	31/12/2019
Income tax		
Current tax assets	16.121	15.212
Total	16.121	15.212
Other taxes / rates		
Tax Authorities, IGIC (General Indirect Canary Islands) Tax receivable	106	
Tax Authorities, VAT receivable	23.170	4.604
Other receivables from Public Administrations	6	653
Total	23.282	5.257
Total assets	39.403	20.469
Other taxes / rates		
Tax Authorities, IGIC Tax payable		287
Tax Authorities, IRPF (Income Tax) payable	1.375	2.885
Tax Authorties, payables	3.660	2.838
Payables to Social Security bodies	3.890	6.929
Total	8.926	12.938
Total liabilities	8.926	12.938

15.2 Years Open to Tax Inspections and Audits

According to the legislation in force, taxes cannot be deemed definitively settled until the returns submitted are audited by the tax authorities or the four-year statute of limitations has lapsed. As at 31 December 2020, the years open to review by the tax authorities for the main applicable taxes to which the Company is subject are as follows:

	Years
Corporate Income Tax	2013-2019
I.G.I.C (General Indirect Canary Islands Tax)	2017-2020
VAT	2017-2020
I.R.P.F. (Income Tax)	2017-2020

The first year open to inspection for the corporate income tax is 2013, due to the submission in 2017 of complementary tax returns from 2013 to 2015.

15.3 Corporate Income Tax

Benefits, determined in accordance with the tax legislation, are subject to taxation at the rate of 25% on the tax base. In 2020, the Company generated tax losses and, therefore, no current tax expense has been recognised.

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

(thousand €)	Income Statement		Income and expenses recognised directly in net equity		Total
Balance of income and expenses of the fiscal year					
Continued operations		**(14.127)**		**19.588**	**5.462**
	Increases (I)	Decreases (D)	A)	(D)	
Income tax		(16.623)		(286)	**(16.909)**
Permanent differences	96.126	(373.278)			**(277.152)**
Temporary differences					**0**
Arising in the fiscal year	106.561				**106.561**
Arising in previous fiscal years	8.235	(18.398)		(19.303)	**(29.466)**
Tax base (tax result)					(211.504)

The decreases in Permanent differences include an adjustment in the amount of EUR 341 million for dividends which were exempted from tax in order to avoid double taxation according to Article 21 of the Law of Corporate Income Tax or removal according to Article 64 of such Law.

The increase in Temporary differences arising in the year mainly relates to tax non-deductible provisions associated with, inter alia, depreciation of property, plant and equipment, labour commitments or impairment of accounts receivable.

For comparison purposes, the reconciliation of the net amount of income and expenses of the fiscal year 2019 and the tax base (tax result) of the corporate income tax was as follows:

(thousand €)	Income Statement		Income and expenses recognised directly in net equity		Total
Balance of income and expenses of the fiscal year					
Continued operations		**23.324**		**(1.459)**	**21.865**
	Increases (I)	Decreases (D)	(I)	(D)	
Income tax	3.222			486	**2.736**
Permanent differences	15.939	46.032			**(30.093)**
Temporary differences					
Arising in the fiscal year	9.470				**9.470**
Arising in previous fiscal years	3.446	51.392	1.945		**(46.001)**
Tax base (tax result)					(42.023)

The information shown in the changes in equity relates to income and expenses directly recognised in equity. In 2020 and 2019, none of these amounts affect the tax base of the Company.

The reconciliation of the income tax expense and the result of multiplying the tax rate applicable to the total of recognised income and expenses, differentiating the income statement balance, is as follows:

(thousand €)	2020		2019	
	Income statment	Income and expense recognised in equity	Income statment	Income and expense recognised in equity
Accounting profit/(loss) before tax	**(30.750)**	**(19.874)**	**26.546**	**(1.945)**
Theoretical tax burden (25% type)	5.259	(4.969)	6.637	(486)
Permanent differences	(82.235)	4.683	(7.523)	
Temporary differences	12.309		5.233	
Tax loss and tax credits			(1.689)	
Non-capitalised tax losses for the year	52.876			
Income tax from previous years	860		(426)	
Foreign withholding tax	805		991	
Offset of tax liabilities of the tax group	(6.497)			
Effective tax expense/income	(16.623)	(286)	3.222	(486)

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

(thousand €)	2020		2019	
	Allocation to income statement	Allocation to equity	Allocation to income statement	Allocation to equity
Current tax	(4.833)		(13.455)	
Deferred tax	(11.790)	(286)	16.677	(486)
Total corporate income tax expense / (income)	(16.623)	(286)	3.222	(486)

15.4 Deferred Tax Assets and Liabilities

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

(thousand €)	31/12/2020	31/12/2019
Deferred tax assets		
Credits for tax losses available for carry forward	5.942	7.413
Tax credit carryforwards	4.887	4.887
Tax value of goodwill	8.378	12.187
Financial instruments	949	773
Amortisation costs pending deduction	1.936	2.418
Adjustments for the limitation on deductibility of financial expenses	18.232	21.276
Tax deductible provisions	29.729	9.911
Total	70.053	58.865
Deferred tax liabilities		
Finance lease operations	12.505	12.785
Land restatement and revaluation	30.271	30.336
Sales under reinvestment deferral	3.717	3.854
Non-refundable grants	245	260
Other deferred tax liabilities	10.787	11.179
Total	57.525	58.414

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

(thousand €)	2020		2019	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Opening balance	58.865	58.414	65.072	48.430
Variations reflected in income statement:				
Credits for tax losses available for carry forward	(1.471)		(2.421)	
Tax credit carryforwards			(97)	
Tax deductible provisions	19.724		(2.229)	
Tax value of goodwill	(3.808)		(3.808)	
Finance lease operations		(281)		(725)
Land restatement and revaluation		(65)		(258)
Amortisation costs pending deduction	(483)		(483)	
Sales under reinvestment deferral		(136)		(136)
Adjustments for the limitation on deductibility of financial expenses	(3.044)		2.421	
Other deferred tax liabilities		(391)	(60)	11.119
Variations reflected in equity:				
Financial instruments	176		137	
Non-refundable grants		(15)		(16)
Tax deductible provisions-Actuarial gains and losses	94		333	
Final balance	70.053	57.525	58.865	58.414

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

15.5 Tax Group's Tax Loss

At the year end, the total of tax losses of the consolidated tax group amount to EUR 280 million, of which EUR 230 million is generated during this year.

The Tax Group has recognised deferred tax assets under such heading amounting to EUR 5.9 million.

15.6 Tax Group's Deductions and Rebates

Tax Group's deductions and rebates pending application as at 31 December 2020 amount to EUR 11.7 million. Type, breakdown and maximum application periods are as follows:

Type *(thousand €)	Year of generation	Deductions pending application	Deduction period
Deduction for double taxation	2019	965	2029
	2020	347	2030
Deduction for employment creation for disabled people	2019	110	2029
	2020	13	2030
Deduction for donations to non-profit organisations	2019	51	2029
	2020	58	2030
Credits for reinvestment	2013	1.076	2028
Credits for investments in new fixed assets in the Canary Islands	2019	2.167	2024
	2020	884	2025
Credits for technological innovation activities	2010	39	2028
	2011	181	2029
	2012	230	2030
	2013	250	2031
	2014	321	2032
	2015	767	2033
	2016	998	2034
	2017	1.252	2035
	2018	1.893	2036
Credits for reversal of temporary measures (3)	2020	132	
Total		11.735	

Credits for reinvestment

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

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

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

Tax benefits obtained until year 2001 for the sale of assets allocated to reinvestment, are included in the tax base according to the amortisation period, a deferred tax being generated in respect thereof. The amount that has not yet been added to the tax base is EUR 14.9 million, which will be added on a straight-line basis until year 2048.

Credits for technological innovation activities

In 2020, the Tax Group has carried out technological innovation projects which will generate tax credits. The Company recognises the credit once the reasoned report is available.

Credits for reversal of temporary measures

To avoid damaging the companies following changes in tax rates, the thirty-seventh transitional provision of Law 27/2014 on Corporate Income Tax included a regulation on the reversal of temporary measures, which states that taxpayers that have been subject to depreciation and amortisation limits, shall be entitled to a 5% deduction on the total tax liability of the amounts making up the tax base (2% in 2015), following the application of the rest of tax deductions and rebates. The amounts not deducted due to insufficient total tax liability, may be deducted in subsequent tax periods.

15.7 Status of the Main Tax Inspections and Litigation

As a result, among others, of the different interpretations of the current tax legislation, additional liabilities may arise from an inspection. The Company 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. The Company has covered the possible obligations derived from any tax claims without there being any litigation or uncertain tax treatments that are individually significant.

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

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

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

Note 16. Segment Reporting

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

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

The segmentation of net revenues in the income statement for 2020 and 2019 is detailed in the following table:

(thousand €)	2020	2019
Hotel business	109.362	530.915
Asset management		3.783
Management and structure	23.050	88.954
Total	132.412	623.652

Note 17. Income and Expenses

17.1 Revenue by Items

The Company's income allocated according to the diverse types of services provided for years 2020 and 2019 is the following:

(thousand €)	2020	2019
Room revenue	77.981	391.077
Food and beverage revenue	25.029	120.873
Management fees	7.382	42.400
Fees for transfer of brand use to subsidiaries		10.084
Property, plant and equipment capital gains		3.784
Other revenue	22.069	55.487
Sales rebates	(50)	(52)
Net revenues	132.412	623.652
(thousand €)	2020	2019
Sundry revenue	12.989	27.020
Operating grants	10.808	320
One-off revenue	3.970	5.522
Operating revenues	27.767	32.862

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

In 2020, the discount in the payment of Social Security contributions of employees under temporary lay-off regime (ERTE) due to force majeure, has been recognised as an operating grant.

17.2 Supplies

The breakdown of the balance of this caption in the income statement for 2020 and 2019 is as follows:

(thousand €)	2020	2019
Food and beverage consumptions	5.428	32.592
Changes in inventories	53	45
Ancillary materials and sundry purchases	4.144	11.317
Total	9.625	43.954

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

17.3 Staff Costs

Staff costs for 2020 and 2019 are broken down as follows:

(thousand €)	2020	2019
Wages and salaries	70.691	161.983
Termination benefits	4.594	2.579
Social security	31.496	44.625
Contribution to complementary schemes	485	221
Other amounts	1.976	2.893
Total	109.242	212.300

The average number of employees in 2020 and 2019 is broken down by job category in the table below:

Categoría	Nº empleados 2020	Nº empleados 2019
Dirección	123	170
Mandos medios	382	761
Personal base	1.384	4.626
Total	1.888	5.557

The table above, in relation to fiscal year 2020, includes the average number of employees weighted by the period of reduction in the number of working hours of those employees under Temporary Lay-Off (ERTE) Regime or similar situations.

The Temporary Lay-Off Regime (ERTE) involves compliance with certain obligations by the Company which, as at 31 December 2020, are deemed to be fulfilled, therefore no potential contingencies are expected in future periods.

The distribution by gender categories at the end of 2020 and 2019 is as follows:

Category	2020			2019		
	Men	Women	Total	Men	Women	Total
Management	84	38	122	118	59	176
Middle management	161	132	293	339	340	679
Basic staff	326	296	622	1.794	2.009	3.803
Total	571	465	1.037	2.251	2.408	4.659

According to the amendments to Article 260 of the Law on Corporations, it is hereby informed that the average number of employed persons for years 2020 and 2019 with disabilities greater than or equal to 33% is as follows:

Category	No. Employees 2020	No. Employees 2019
Management		1
Middle management	1	3
Basic staff	8	20
Total	9	24

17.4 Other Operating Expenses

The breakdown of the balance of this caption in the income statement for 2020 and 2019 is as follows:

(thousand €)	2020	2019
Hotel rental	101.137	104.437
Sundry rentals	6.491	9.049
Maintenance and repairs	9.719	19.243
External services	28.033	66.082
Transport and insurance	2.444	2.664
Banking expenses	2.265	5.042
Advertising and promotions	7.047	17.039
Supplies	20.125	66.010
Travel and ticketing expenses	1.311	4.213
Other expenses	22.829	39.106
Tax	7.879	9.585
Losses, impairment and change of provisions	1.633	2.102
Other current operating expenses	8.068	7.581
Total	218.982	352.150

17.5 Financial Income and Expenses

The breakdown of financial income and expenses of the Company reflected in the income statement for 2020 and 2019 is as follows:

(thousand €)	2020	2019
Dividends shar. in equity instr. group companies and associates	343.493	44.831
Dividends shar. in equity instr. third parties	23	550
Interest on group companies and associates	13.488	15.171
Interest on third parties and bank accounts	408	2.329
Other financial income relating to third parties	1.502	50
Total financial income	358.914	62.931
Interest on payables to group companies and associates	12.193	13.459
Interest on obligations and bonds	1.086	1.166
Interest on bank loans	20.532	19.438
Interest on bank leasing	21	40
Other financial expenses relating to third parties	2.205	936
Financial expenses	36.037	35.039

Financial income in equity instruments in group companies and associates relates to received dividends on which the right to receive them as shareholders was recognised, and interest on loans and current accounts (see Notes 9, 10.1.a) and 18.2).

Interest income and expenses with group companies and associates relates mainly to loans and interest on current accounts with other group companies and associates (see Note 18.2).

Financial expenses on debts to third parties relate to interest on bank loans. Likewise, interest arising from bond issues is also included (see Note 10.2).

17.6 Foreign Currency

The exchange differences recognised in the income statement amount to EUR 0.5 million of profit, EUR 3.2 million of profit in 2019, which arise mainly from accounts payable and receivable to/from group companies, associates and third parties, as well as short-term cash and other cash equivalents, in a currency other than Euro, mainly including US dollars and British pounds.

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

(thousand €)	31/12/2020	Currency	31/12/2019	Currency
Assets				
Loans to group companies and third parties l/t	90.606	Usd	81.482	Usd
	22.651	Gbp	15.760	Gbp
Loans and other financial assets to group companies and third	59.961	Usd	76.519	Usd
parties s/t	128.137	Gbp	14.878	Gbp
	2.975	Otras	4.514	Otras
Cash and cash equivalents s/t	(4.916)	Usd	7.990	Usd
	48	Gbp	128.025	Gbp
Total assets	145.652	Usd	165.991	Usd
	150.836	Gbp	158.664	Gbp
	2.975	Other currencies	4.514	Other currencies
Liabilities				
Bank loans l/t	119.700	Usd	143.110	Usd
Payables to group companies l/t	32.327	Usd	109.705	Usd
Bank loans s/t	33.913	Usd	8.423	Usd
Other liabilities s/t	39.160	Usd	119.596	Usd
	463	Gbp	2.345	Gbp
Total liabilities	225.101	Usd	380.834	Usd
	463	Gbp	2.345	Gbp

Note 18. Transactions with Related Parties

18.1 Identification of Related Parties

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

- Group companies.
- Associates and joint ventures.
- Significant shareholders of the Company.
- Executives and members of the Board of Directors.

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

18.2 Transactions with Group Companies, Associates and Joint Ventures

Commercial transactions

The attached tables show, for years 2020 and 2019, the amount recognised in the operating results in the income statement, and the balances outstanding at the year end:

	2020		31/12/2020	
(thousand €)	Revenues	Expenses	Assets	Liabilities
Group companies				
Aparthotel Bosque, S.A.	59	(2)	99	
Apartotel, S.A.	972		69	
Colón Verona, S. A.	116		2	3
Comunidad de Prop. Hotel Melia Sol y Nieve	288	(1)	591	2
Dorpan, S.L.	10	(271)		
Gesmesol, S.A.	1.184		1.665	
Inversiones Hoteleras La Jaquita, S.A.	719	(2)	8	260
Inversiones y Explot. Turísticas, S.A.	658		2.927	171
Lomondo, LTD	461	(195)	134	191
London XXI Limited	253		2.534	
Melia Brasil Administraçao Hoteleira	30		7.420	
Meliá Vietnam CO.LTD		(813)		456
MHI UK, L.T.D.			5.869	
Operadora Mesol	2.605		3.150	
Prodigios Interactivos, S.A.	585	(22.373)	57	1
Prodisotel, S.A.	159	(9)	0	232
Securisol, S.A.	11	(347)		
Sol Melia Deutschland, GMBH	1.600	(148)	8.011	99
Sol Melia Italia, S.R.L.	588		3.077	
Sol Melia Shanghai CO LTD	840		1.084	
Tryp Mediterranee			2.445	
The Sol Group Corporation	9	(7.392)	250	1.854
Otras empresas del grupo	210	(1.083)	3.969	323
Total group companies	11.355	(32.636)	43.361	3.591

	2020		31/12/2020	
(thousand €)	Revenues	Expenses	Assets	Liabilities
Associates				
Altavista Hotelera, S. L. (J.V.)	29	(3.641)	284	2.985
Grupo Evertmel (J.V.)	410	(7)	1.100	516
Grupo Melcom (J.V.)	40	(12.092)	1.380	11.136
Grupo Producciones de Parques (J.V.)	372	(1)	278	127
Meliá Zaragoza, S. L. (J.V.)	108		516	1
Mosaico Hoteles, S.A.			752	
Nexprom, S.A.	111		834	1
Renasala, S.L.	138		999	
S'Argamassa Hotelera, S.L.	112		35	27
Starmel Hotels OP, S.L. (J.V.)	320		52	94
Starmel Hotels OP 2, S.L.U. (J.V.)	318	(4)	313	14
Turismo de Invierno, S.A.	247		539	
Otras empresas asociadas	208	(2)	870	110
Deterioro de valor			(2.525)	
Total associates	2.413	(15.746)	5.426	15.012
Total	13.768	(48.382)	48.787	18.603

(J.V.) Joint Ventures.

(thousand €)	2019		31/12/2019	
	Revenues	Expenses	Assets	Liabilities
Group companies				
Adprotel Strand, S.L.			2.303	
Aparthotel Bosque, S.A.	575		274	8
Apartotel, S.A.	4.135		243	
Colón Verona, S. A.	933		368	16
Comunidad de Prop. Hotel Melia Sol y Nieve	475		209	1
Dorpan, S.L.	11	(271)		
Gesmesol, S.A.			598	
Hotelpoint, S.L.	9.697		3.920	1.656
Inversiones Hoteleras La Jaquita, S.A.	2.500		804	96
Inversiones y Explot. Turísticas, S.A.	3.853		2.252	112
Lomondo, LTD	3.270		3.440	1
Londim France, S.A.				
London XXI Limited	1.589		2.184	1
Melia Brasil Administraçao Hoteleira			7.290	
MHI UK, L.T.D.			2.992	
Naolinco Aviation, S.L.	11	(4.067)		
New Continent Ventures			1.128	204
Operadora Mesol			1.921	
Prodigios Interactivos, S.A.	494	(49.563)	535	2.926
Prodisotel, S.A.	1.380		572	
Securisol, S.A.	14	(413)		
Sol Melia Deutschland, GMBH	111		5.711	25
Sol Melia France, S.A.S.			487	
Sol Melia Italia, S.R.L.			2.266	4
Sol Melia Perú			778	
Sol Melia Shanghai CO LTD			250	
Tryp Mediterranee			2.573	
The Sol Group Corporation			359	1.182
Otras empresas del grupo	1.855	(292)	3.331	2.115
Deterioro de valor			(2.627)	
Total group companies	30.902	(54.604)	44.161	8.347

(thousand €)	2019		31/12/2019	
	Revenues	Expenses	Assets	Liabilities
Associates				
Altavista Hotelera, S. L. (J.V.)	34	(4.802)	327	485
Grupo Evertmel (J.V.)	2.731	(7)	1.165	60
Grupo Melcom (J.V.)	68	(5.333)	728	5.384
Grupo Producciones de Parques (J.V.)	1.573		804	14
Meliá Zaragoza, S. L. (J.V.)	50		133	6
Nexprom, S.A.	1.177		770	31
Renasala, S.L.	155			
Starmel Hotels OP, S.L. (J.V.)	3.225		1.699	54
Starmel Hotels OP 2, S.L.U. (J.V.)	784		134	5
S'Argamassa Hotelera, S.L.	695	(7)	223	9
Turismo de Invierno, S.A.	383		223	
Otras empresas asociadas	253	(41)	328	94
Deterioro de valor			(29)	
Total associates	11.127	(10.190)	6.506	6.144
Total	42.029	(64.794)	50.667	14.491

(J.V.) Joint Ventures.

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

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

Financial transactions

There follows a breakdown of the financing or the centralised management of treasury or dividends maintained by the group with group companies and associates at year-end 2020 and 2019:

	2020		31/12/2020	
(thousand €)	Revenues	Expenses	Assets	Liabilities
Group companies				
Adprotel Strand, S.L. (J.V.)	2.291		78.525	
Aparthotel Bosque, S.A.	29		3.417	3
Apartotel, S.A.	1.480	(39)		1.812
Bisol Vallarta, S.A.		(1.507)	24	23.542
Cala Formentor, S.A.		(442)	195	10.734
Colón Verona, S.A.	387		22.254	1
Comunidad de Prop. Hotel Melia Sol y Nieve	539		30.487	
Corp. Hot. Hispano Mexicana, S.A. de C.V.	24		1.191	
Desarrolladora del Norte, S.A.		(871)		25.536
Expamihso Spain, S.A.U.	123.894	(1.319)	1.218	
Gesmesol, S.A.	2.619		13	
Hogares Batle, S.A.	72		3.469	0
Hotel Alexander, SAS			18.088	
Hoteles Sol Meliá, S.L.	11.179		16.046	
Hotelpoint, S.L.	17.684	(1.053)	1.429	6.801
Inversiones Hoteleras La Jaquita, S.A.	1.349		72.152	14
Inversiones Inmobiliarias, IAR			1.023	
Inversiones y Explotaciones Turísticas, S.A.				1.185
Lomondo, LTD			7.162	
London XXI LTD	249		12.554	
Markserv, BV	1.875	(34)	7	
Meliá Brasil Administraçao H.E.C.LTDA.	2.508		76.765	417
Meliá Vietnam CO.LTD	14		706	
MHI UK LTD	3.053		129.143	
MIA Exhol, S.A.	3.609		30.703	0
Neale Expa Spain, S.A.U.	23		10.529	
Network Investments Spain, S.A.			1.970	
New Continent Ventures	658		18.508	
Prodigios Interactivos, S.A.		(297)		34.752
Prodisotel, S.A.	18	(232)		15.496
Punta Cana Reservations, S.L.	163.538	(2.652)	1.629	
Realizaciones Turisticas, S.A.	1.147	(1.908)	292	136.577
Sol Maninvest B.V.	6.289			
Sol Melia Deutschland, GMBH		(187)	18.051	5.262
Sol Melia Europe, B.V.	440	(769)	84	4.871
Sol Melia France			6.106	
Sol Melia Funding			33.220	
Sol M. Greece H. And T. Enterprises, S.A.				2.534
Sol Melia Italia, S.R.L.	50		2.248	1.414
Sol Melia V.C. Dominicana, S.A.			8.600	
Sol Melia V.C. España, S.L.	246	(2)	10.724	48
Sol Melia V.C. Panamá, S.A.			1.533	
Sol Melia V.C. Puerto Rico				3.863
Tenerife Sol, S.A.	30.063	(616)	824	
The Sol Group Corporation	65		1.719	15
Otras empresas del grupo	4.662	(42)	7.648	4.565
Total group companies	380.053	(11.971)	630.258	279.444

(thousand €)	2020		31/12/2020	
	Revenues	Expenses	Assets	Liabilities
Associates				
Altavista Hotelera, S.L. (J.V.)	173		10.275	
Detur Panamá, S.A. (J.V.)	102		8.927	
Grupo Evertmel (J.V.)	1.096		47.039	
Grupo Melcom (J.V.)	864		37.368	1.082
Grupo Producciones de Parques (J.V.)				631
Grupo Renasala (J.V.)	1.002		20.228	271
Grupo Starmel (J.V.)	716		6.073	360
Homasi, S.A.U.	2.823			
Meliá Zaragoza, S.L. (J.V.)	189		35.240	
Mosaico Hoteles, S.A.			498	
Sierra Parima, S.A.		(222)		
S'Argamassa Hotelera, S.L.				71
Otras empresas asociadas	19		534	581
Impairment			(13.538)	
Total associates	6.984	(222)	152.645	2.995
Total	387.037	(12.193)	782.902	282.438

(J.V.) Joint Ventures.

Revenues column includes revenue from dividends.

(thousand €)	2019		31/12/2019	
	Revenues	Expenses	Assets	Liabilities
Group companies				
Adprotel Strand, S.L. (J.V.)	2.303		73.921	
Aparthotel Bosque, S.A.	58	(14)	4.003	2.273
Apartotel, S.A.	1.645	(43)	487	2.461
Bedbank Trading S.A.	3.707			
Bisol Vallarta, S.A.		(1.898)		43.139
Cala Formentor, S.A.		(598)		12.636
Caribotels de México, S.A. de C.V.	137		2.764	12
Cibanco S.A. IBM Fideicomiso			1.320	
Colón Verona, S.A.	378		16.714	
Comunidad de Prop. Hotel Melia Sol y Nieve	629		32.368	350
Corp. Hot. Hispano Mexicana, S.A. de C.V.				206
Desarrolladora del Norte, S.A.	69	(784)		26.928
Expamihso Spain, S.A.U.	4	(1.729)	694	91.878
Gesmesol, S.A.	5.338		7	
Hogares Batle, S.A.	69		3.639	109
Hoteles Sol Meliá, S.L.	30		6.413	
Hotelpoint, S.L.	19.821	(1.656)	6.947	33.066
Inversiones Hoteleras La Jaquita, S.A.	1.457	(47)	71.853	7.781
Inversiones Inmobiliarias, IAR			1.033	
Inversiones y Explotaciones Turísticas, S.A.				601
Lomondo, LTD			11.673	
Londim France, S.A.				
London XXI LTD	198		4.950	281
Markserv, BV		(35)	3	1.768
Meliá Brasil Administraçao H.E.C.LTDA.	4.015		81.349	437
Melia Europe & Middle East	15		762	233
MHI UK LTD	3.155		10.811	
Naolinco Aviation, S.L.			679	
Neale Expa Spain, S.A.U.	28		1.429	1.245
Network Investments Spain, S.A.				699
New Continent Ventures	638		12.384	
Operadora Costa Risol				
Operadora Mesol		(33)		
Prodigios Interactivos, S.A.		(109)	5.480	37.165
Prodisotel, S.A.	16	(170)	2.330	23.292
Punta Cana Reservations, S.L.	5	(2.458)	830	131.776
Realizaciones Turisticas, S.A.		(1.995)	767	105.348
Sol Melia Deutschland, GMBH	5.930	(341)		27.372
Sol Melia Europe, B.V.		(772)	32	4.506
Sol Melia France	765			2.991
Sol Melia Funding			39.260	
Sol M. Greece H. And T. Enterprises, S.A.				2.534
Sol Melia Italia, S.R.L.	47		2.198	10.708
Sol Melia V.C. Dominicana, S.A.			9.169	
Sol Melia V.C. España, S.L.	252	(8)	12.416	624
Sol Melia V.C. Panamá, S.A.			1.628	
Sol Melia V.C. Puerto Rico				4.237
Tenerife Sol, S.A.	8	(742)	168	33.879
The Sol Group Corporation	91		1.904	3
Otras empresas del grupo	2.208	(28)	4.367	10.634
Total group companies	53.014	(13.459)	426.748	621.172

(thousand €)	2019		31/12/2019	
	Revenues	Expenses	Assets	Liabilities
Associates				
Altavista Hotelera, S.L. (J.V.)	194		10.384	
Comunidad de Prop. Hotel Meliá Castilla	1.604			339
Detur Panamá, S.A. (J.V.)	117		9.147	
Grupo Evertmel (J.V.)	1.098		40.540	
Grupo Melcom (J.V.)	861		37.368	1.122
Grupo Producciones de Parques (J.V.)				1.886
Grupo Renasala (J.V.)	501		20.248	674
Grupo Starmel (J.V.)	646		5.493	824
Homasi, S.A.U.	1.575			
Meliá Zaragoza, S.L. (J.V.)	96		13.206	
S'Argamassa Hotelera, S.L.				14
Otras empresas asociadas			331	1.672
Impairment	296		(438)	
Total associates	6.988		136.278	6.531
Total	60.002	(13.459)	563.026	627.703

(J.V.) Joint Ventures.

The breakdown by currency of assets and liabilities in group companies and associates for years 2020 and 2019 is as follows:

(thousand €)	31/12/2020		31/12/2019	
	Assets	Liabilities	Assets	Liabilities
Eur	490.119	190.530	485.851	506.161
Gbp	144.594	131	27.441	394
Usd	146.935	91.520	48.358	121.148
Other currencies	1.254	257	1.376	
Total	782.902	282.438	563.026	627.703

There follows a breakdown of the maturity dates of assets and liabilities in group companies and associates at year-end 2020 and 2019:

(thousand €)	31/12/2020	
	Assets	Liabilities
2021	306.152	93.565
2022	49.284	15.494
2023	140.748	36.813
2024	73.488	
2025	200.493	136.565
2026 and subsequent years	12.736	
Total	782.902	282.438

(thousand €)	31/12/2019	
	Assets	Liabilities
2020	162.070	135.917
2021	181.215	161.431
2022	27.931	18.986
2023	86.698	187.552
2024	83.567	
2025 and subsequent years	21.546	123.817
Total	563.026	627.703

For the purposes of optimising the financial resources generated, the Company performs centralised management of collections and payments between group companies through current account, including debit or credit balances, depending on the circumstances of each subsidiary, and the return thereof is made according to the needs. These balances accrue interest at market rates, which is settled annually based on the daily balance of the account, so such collections and payments are deemed to be financing flows in the cash flow statement. The interest rate applied in 2020 is 2% and 2019 was 1.5%.

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

18.3 Transactions with Significant Shareholders

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

Name or corporate name of significant shareholder	Type of transaction	(thousand €)	
		2020	2019
Tulipa Inversiones 2018, S.A.	Receipt of services	100	318

18.4 Transactions with Executives and Members of the Board of Directors

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

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

(thousand €)	2020	2019
External independent directors	547	536
Mr. Juan Arena de la Mora	77	67
Mr. Luis Mª Díaz de Bustamante y Terminel	104	114
Mr. Fco Javier Campo García	107	112
Mr. Fernando D'Ornellas Silva	110	132
Mrs. Carina Szpilka Lázaro	83	84
Mrs. Mª Cristina Henriquez de Luna	68	27
Proprietary directors	208	213
Mr. Gabriel Escarrer Juliá	54	49
Mr. Sebastián Escarrer Jaume	11	49
Mr. Juan Vives Cerdá		10
Hoteles Mallorquines Consolidados,S.L.	68	78
Hoteles Mallorquines Asociados, S.L.	54	27
Hoteles Mallorquines Agrupados, S.L.	22	
Other external directors		42
Mr. Alfredo Pastor Bodmer		42
Executive director	54	54
Mr. Gabriel Escarrer Jaume	54	54
Total	809	845

In 2020, following the resignation of the External Proprietary Director, Mr. Sebastián Escarrer Jaume, Hoteles Mallorquines Agrupados, S.L., represented by Mr. Jose Maria Vázquez-Pena as natural person, was appointed to replace him as External Proprietary Director.

Remuneration of executive directors and members of the senior management in 2020 and 2019 were as follows:

(thousand €)	2020		2019	
	Fixed remuneration	Variable remuneration	Fixed remuneration	Variable remuneration
Executive directors	578	329	868	1.685
Mr. Gabriel Escarrer Jaume	578	329	868	1.685
Senior management	1.467	479	1.930	2.907
Total	2.045	808	2.798	4.592

In line with best Corporate Governance practices and given the current economic situation, the following measures as regards remuneration have been adopted:

- The Vice Chairman and Chief Executive Officer, as well as the SET (Senior Executive Team) and VPs (Senior Management) voluntarily decided to reduce their fixed remuneration by 50% for four months, as from mid-March, and by 25% until 31 December 2020.
- By the same token, the remuneration of the members of the Board of Directors for attendance to the Delegated Committees (attendance fees) has been reduced by 50% from March to 31 December 2020.
- Likewise, the short- and long-term remuneration scheme of the Chief Executive Office has been cancelled.

Variable remuneration for 2019 relates to the payment of long-term remuneration earned in accordance with the milestones achieved in the 2019/2018 Strategic Plan.

The Company has not assumed any obligation and has not made any advance payment nor granted any loans to directors. On the other hand, the Company has arranged a civil liability policy (D&O) for the Group's directors and executives, under the terms and conditions that are common in insurance policies of this nature, with a premium for 2020 in the amount of EUR 250,000; EUR 100,842.5 in 2019.

The breakdown below relates to transactions between Meliá Hotels International, S.A. and the Company's directors or executives during 2020 and 2019:

(thousand €)	Type of transaction	2020	2019
Mr. Juan Vives Cerda	Receipt of services		3
Mr. Juan Vives Cerda	Provisions of services		158

The transactions with Mr. Juan Vives Cerda during his mandate as member of the Board of Directors (until 18 June 2019) are included.

Note 19. Other Information

19.1 Audit Fees

For the years ended 31 December 2020 and 2019, the fees charged in relation to audit services and other services provided by Deloitte, S.L., the Company's auditor, or by any company linked to the auditor by means of common ownership, control or management, have been the following (fees for the audit of the consolidated annual accounts are not included):

(thousand €)	2020	2019
Individual audit	129	155
Other services	181	98
Total	309	253

19.2 Environmental Risks

The Company has taken the challenge of being an international benchmark for excellence, responsibility and sustainability in line with the society's demands for receiving a responsible and sustainable service which is committed to preserving the planet.

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

In 2020, despite of the major challenges we are still facing, the Company continues to bet on sustainable development more than ever. For this reason, has joined the European initiative called Green Recovery Alliance, which aims at promoting sustainable solutions to rebuild the European economy in response to the pandemic.

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

19.3 Situations of Conflicts of Interest in Which the Company's Directors are Involved

According to the requirements of Articles 229 and 230 of the Revised Text of the Spanish Law on Corporations, the members of the Board of Directors of Meliá Hotels International, S.A., confirmed that neither they, nor any persons with whom they have ties, as referred to in Article 231 of the aforesaid Law, carry out any activities on their own account or for third parties which may involve any effective competition, present or future, with the Company or which, in any way whatsoever, would place them in a position of permanent conflict with the interests thereof.

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

Shareholder / Director	No. of direct or indirect voting rights	% of total voting rights	Position on the Board
Mr. Gabriel Escarrer Juliá	11.874.749	5,3878%	Chairman
Mr. Gabriel Escarrer Jaume	166.666	0,0760%	Vice-Chairman and Chief Executive Officer
Hoteles Mallorquines Consolidados, S.L.	53.700.867	24,3652%	Director
Hoteles Mallorquines Asociados, S.L.	30.333.066	13,7627%	Director
Hoteles Mallorquines Agrupados, S.L.	23.861.289	10,8264%	Director
Mr. Juan Arena de la Mora	101.000	0,0458%	Director
Mr. Luis Mª Díaz de Bustamante y Terminel	300	0,0001%	Secretary and Director

Note 20. Events after the Reporting Date

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

Annex I

The equity situation as at 31 December 2020, obtained from the annual accounts provided by the relevant companies, is as follows:

(thousand €)	Shareholding	Accounting Figures			Underlying Carrying Amount	Investment Value	Impairment	Net Value
		Capital	Reserves	Result				
Group companies								
Adprotel Strand, S. L. (J.V.)	50,00%	65.498	7.629	(2.042)	35.543	76.068	(35.610)	40.458
Adrimelco Inversiones, S.L.U.	100,00%	3	(1)		2	3		3
Apartotel, S.A.	99,79%	962	4.065	(154)	4.863	4.150		4.150
Aparthotel Bosque, S.A.	100,00%	1.659	8.698	(1.432)	8.925	9.497		9.497
Bedbank Trading, S.A.	100,00%	65	4.019	23	4.107	65	(65)	
Casino Tamarindos, S.A.U.	100,00%	3.005	(879)	(90)	2.036	13.532	(7.757)	5.775
Credit Control Corporation	100,00%	41	549	56	646	41		41
Colón Verona, S.A.	100,00%	15.000	12.675	(4.655)	23.021	43.075	(10.371)	32.704
Dorpan, S.L.U.	100,00%	1.202	240	49	1.491	1.623		1.623
Expamihso Spain, S.A.U.	100,00%	5.249	2.133	870	8.252	295		295
Gesmesol, S.A.	100,00%	41	73.551	(1.292)	72.300	1.803		1.803
Gestión Hotelera Turística Mesol, S.A.	100,00%	60	16		76	61		61
Guarajuba Empreendimientos	100,00%	2.202	(1.059)	(78)	1.065	8.755	(3.873)	4.882
Gonpons Inversiones, S.L.U.	100,00%	3	(1)		2	3		3
Hogares Batle, S.A.	51,49%	1.482	224	(121)	816	2.036	(868)	1.168
Hotelpoint, S.L.	100,00%	3	(5.068)	3.608	(1.457)	3	(3)	
Hoteles Meliá, S.L.	100,00%	3	2	(1)	4	10		10
Hoteles Paradisus XXI, S.L.	100,00%	3	4	(1)	6	10		10
Hoteles Sol Meliá, S.L.	100,00%	676	84.294	10.861	95.831	88.176		88.176
Hoteles Sol, S.L.	100,00%	3	3	(2)	4	11		11
Ilha Bela Gestao e Turismo, LTD.	100,00%	44	3.049	(84)	3.009	3.698		3.698
Impulse Hotel Development, S.L.U.	100,00%	19	29.552	55	29.625	29.567		29.567
Infinity Vacations Dominicana	0,03%	73.879	31.786	(9.339)	29			
Infinity Vacations, S.A.	0,01%		(10)	(2)				
Inversiones Areito, S.A.S. (*)	64,54%	10.143	(27.220)	(17.090)	(22.051)	25.513		25.513
Inversiones Hoteleras la Jaquita, S.A.	70,08%	51.767	29.667	(7.782)	51.615	52.547		52.547
Inversiones Turísticas del Caribe, S.A.	100,00%	63	(63)			6		6
Inversiones y Explotaciones Turísticas, S.A.	54,93%	8.937	69.232	(7.723)	38.696	12.742		12.742
Markserv, B.V.	51,00%	36	4.565	(42)	2.325	1.503	(1.503)	
Melia Europe & Middle East	100,00%	3	4	(219)	(212)	4.082	(4.082)	
Meliá Vietnam CO	100,00%	699	(20)	51	729	777		777
MIA Exhol, S.A.	82,26%	26.673	602.388	36.140	547.195	186.120		186.120
MHI UK LTD.	100,00%		30.189	(3.000)	27.189	40.321		40.321
Naolinco Hoteles, S.L.	100,00%	3	(1)	(1)	1	1.355	(1.338)	17
Operadora Mesol S.A. de C.V.	75,21%	7.337	680	644	6.514	6.095	(2.542)	3.552
Prodigios Interactivos, S.A.	53,98%	42.216	48.144	(13.470)	41.506	35.718		35.718
Proyectos Financieros Hayman, S.A.	100,00%	3	5.112	(17)	5.099	6.350		6.350
P.T. Sol Melia Indonesia	90,00%	57	307	(540)	(158)	76		76
Punta Cana Reservations, S.L.	100,00%	5	2.403	2.397	4.806	8.277		8.277
Realizaciones Turísticas, S.A.	95,97%	7.210	131.869	30.917	163.145	42.236		42.236
René Egli, S.L.U.	100,00%	4	2.086	(700)	1.390	3.832	(1.232)	2.600
Securisol, S.A.	100,00%	66	(16)	70	120	66		66
Sol Group B.V.	100,00%	1.540	(495)	(2)	1.043	1.529	(1.529)	
Sol Maninvest B.V.	100,00%	19	10.620	972	11.610	19	(19)	
Sol Melia Balkans E.A.D.	100,00%	51	795	102	949	51		51
Sol Melia Deutschland, GMBH	100,00%	1.023	8.690	(41.966)	(32.254)	5.216		5.216
Sol Melia Europe, B.V.	100,00%	1.500	500	(155)	1.845	1.500		1.500
Sol Melia France S.A.S.	100,00%	49.800	2.523	1.659	53.981	49.801		49.801
Sol M. Greece H. And T. Enterprises, S.A.	100,00%	5.586	(3.705)	(90)	1.791	5.586	(3.655)	1.931
Sol Melia Italia S.R.L.	100,00%	100	97.882	(14.349)	83.633	93.185		93.185
S.M. Hotel Manag. Shanghai S.M.	100,00%	5.066	(3.621)	367	1.813	5.243	(3.424)	1.819
Sol Melia Investment, N.V.	100,00%	23.795	22.773	746	47.314	58.183		
Sol Melia Luxembourg, SARL	100,00%	200	1.052	(923)	329	206		
Sol Melia VC Puerto Rico Corp.	100,00%	60.548	(56.759)	(112)	3.677	60.921	(57.243)	3.677
Tenerife Sol. S.A.	50,00%	2.765	9.306	8.412	10.242	1.386		
Third Project 2012, S.L.	100,00%	3	(1)	(2)	1	3		3
Tryp Mediterranee, S.A.	85,40%					407	(407)	
Total group companies		478.317	1.244.362	(29.474)	1.344.079	993.333	(135.521)	857.812

(thousand €)	Shareholding	Accounting Figures			Underlying Carrying Amount	Investment Value	Impairment	Net Value
		Capital	Reserves	Result				
Associates								
Altavista Hotelera, S.L.	7,55%	47.252	21.237	(3.416)	4.913	14.420	(7.935)	6.485
Detur Panamá, S.A. (J.V.)	32,72%	11.402	(28.403)	(1.648)	(6.102)	4.406	(4.406)	
Evertmel, S.L. (J.V.)	49,00%	35.157	14.834	(2.772)	23.137	38.126		38.126
Hellenic Hotel Management, S.A.	40,00%	587	(776)		(76)	245	(245)	
Homasi, S.A.	35,00%	18.220	78.082	5.727	35.710	48.953		48.953
Jamaica Devco, S.L.	49,00%	1.003	658	(1.373)	141	1.471		1.471
Meliá Zaragoza, S.L. (J.V.)	50,00%	6.820	(17.154)	(8.771)	(9.552)	8.067	(8.067)	
Mosaico, B.V.	20,00%					245		245
Nexprom, S.A.	17,50%	4.591	24.791	(4.040)	4.435	1.081		1.081
Plaza Puerta del Mar, S.A.	12,60%	9.000	11.492		2.582	1.880		1.880
Producciones de Parques, S.L. (J.V.)	50,00%	39.884	(2.041)	(9.714)	14.064	27.680		27.680
Promedro, S.A.	20,00%	1.635	66	(8)	338	328		328
Melcom Joint Venture, S.L. (J.V.)	50,00%	8.130	76.474	(441)	42.081	47.401	(14.643)	32.759
Renasala, S.L.	30,00%	4	42.019	(3.347)	11.603	12.751		12.751
Sierra Parima, S.A.S.	50,00%	5.563	3.546	(2.336)	3.386	5.394		
Starmel Hotels JV, S.L. (J.V.)	20,00%	739	9.370	(1.807)	1.660	1.798		1.798
Turismo de Invierno, S.A.	21,42%	670	6.395	389	1.597	1.355		1.355
Total associates		190.657	240.590	(33.559)	129.917	215.602	(35.296)	180.306
Total group companies and associates		668.975	1.484.951	(63.033)	1.473.996	1.208.935	(170.817)	1.038.118

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

The equity situation as at 31 December 2019, obtained from the annual accounts provided by the relevant companies, was as follows:

(thousand €)	Shareholding	Accounting figures			Underlying carrying amount	Investment value	Impairm.	Net value
		Capital	Reserves	Result				
Group companies								
Adprotel Strand, S. L. (J.V.)	50,00%	69.537	2.174	5.370	38.541	76.068	(21.753)	54.315
Adrimelco Inversiones, S.L.U.	100,00%	3	(1)	(0)	2	3		3
Apartotel, S.A.	99,79%	962	4.065	1.483	6.496	4.150		4.150
Aparthotel Bosque, S.A.	100,00%	1.659	7.346	1.353	10.358	9.497		9.497
Bedbank Trading, S.A.	100,00%	71	4.225	180	4.476	65	(65)	
Casino Tamarindos, S.A.U.	100,00%	3.005	(986)	108	2.127	13.532	(7.757)	5.775
Credit Control Corporation	100,00%	45	575	27	647	41		41
Colón Verona, S.A.	100,00%	15.000	9.440	3.255	27.695	43.075	(6.762)	36.313
Dorpan, S.L.U.	100,00%	1.202	321	30	1.553	1.623		1.623
Expamihso Spain, S.A.U.	100,00%	5.249	123.012	3.016	131.277	295		295
Gesmesol, S.A.	100,00%	45	80.616	2.848	83.509	1.803		1.803
Gestión Hotelera Turística Mesol, S.A.	100,00%	60	15	1	76	61		61
Guarajuba Empreendimientos	100,00%	3.096	(1.359)	(130)	1.607	8.755	(1.907)	6.848
Gonpons Inversiones, S.L.U.	100,00%	3	(1)	(0)	2	3		3
Hogares Batle, S.A.	51,49%	1.482	304	(80)	878	2.036	(868)	1.168
Hotelpoint, S.L.	100,00%	3	1	12.871	12.875	3		3
Hoteles Meliá, S.L.	100,00%	3	2	(0)	5	10		10
Hoteles Paradisus XXI, S.L.	100,00%	3	4	(0)	7	10		10
Hoteles Sol Meliá, S.L.	100,00%	676	95.316	73	96.064	88.176		88.176
Hoteles Sol, S.L.	100,00%	3	3	(0)	6	11		11
Ilha Bela Gestao e Turismo, LTD.	100,00%	49	3.478	(137)	3.390	3.698		3.698
Impulse Hotel Development, S.L.U.	100,00%	19	1.244	(36)	1.226	18		18
Infinity Vacations Dominicana	0,03%	89.034	11.462	26.839	38			
Infinity Vacations, S.A.	0,01%	0	(7)	(4)				
Inversiones Areito, S.A.S. (*)	64,54%	12.224	(26.653)	(6.151)	(13.282)	25.513		25.513
Inmotel Inversiones Italia, S.R.L.	100,00%	20	26.975	2.479	29.474	89.304		89.304
Inversiones Hoteleras la Jaquita, S.A.	50,00%	51.767	30.906	(1.126)	40.773	32.568		32.568
Inversiones Turísticas del Caribe, S.A.	100,00%	76	(76)			6		6
Inversiones y Explotaciones Turísticas, S.A.	54,93%	8.937	54.718	14.548	42.957	12.742		12.742
Markserv, B.V.	51,00%	36	8.224	19	4.222	1.503	(1.503)	
Melia Europe & Middle East	100,00%	3	4	(293)	(286)	3.707	(3.602)	105
Melia Inversiones Americanas, N.V.	82,26%	26.673	604.277	2.468	521.050	186.120		186.120
Meliá Vietnam CO	100,00%	770		(22)	749	777		777
MHI UK LTD.	100,00%	0	35.366	(3.315)	32.051	40.321		40.321
Naolinco Hoteles, S.L.	100,00%	3	(1)		2	1.355	(1.338)	17
Operadora Mesol S.A. de C.V.	75,21%	8.514	1.057	(497)	6.825	4.219		4.219
Prodigios Interactivos, S.A.	53,98%	42.216	34.016	14.143	48.785	35.718		35.718
P.T. Sol Melia Indonesia	90,00%	63	122	219	363	76		76
Punta Cana Reservations, S.L.	100,00%	5	163.443	2.491	165.940	8.277		8.277
Realizaciones Turísticas, S.A.	95,97%	7.210	130.576	2.339	134.478	42.236		42.236
René Egli, S.L.U.	100,00%	4	3.201	17	3.222	3.832		3.832
Securisol, S.A.	100,00%	66	266	19	351	66		66
Sol Group B.V.	100,00%	1.540	(488)	(8)	1.045	1.529		1.529
Sol Maninvest B.V.	100,00%	19	17.206	(296)	16.928	19	(31)	(12)
Sol Melia Balkans E.A.D.	100,00%	51	372	774	1.196	51		51
Sol Melia Deutschland, GMBH	100,00%	1.023		8.690	9.712	5.216		5.216
Sol Melia Europe, B.V.	100,00%	1.500	812	128	2.440	1.500		1.500
Sol Melia France S.A.S.	100,00%	49.800	5.055	2.870	57.726	49.801		49.801
Sol M. Greece H. And T. Enterprises, S.A.	100,00%	5.586	(3.747)	42	1.881	5.586	(3.655)	1.931
Sol Melia Italia S.R.L.	100,00%	100	2.819	1.358	4.276	3.880		3.880
S.M. Hotel Manag. Shanghai S.M.	100,00%	5.192	(3.600)	(110)	1.482	5.243	(2.730)	2.513
Sol Melia Investment, N.V.	100,00%	23.795	23.542	(9)	47.327	58.183		
Sol Melia Luxembourg, SARL	100,00%	200	145	1.608	1.952	206		
Sol Melia VC Puerto Rico Corp.	100,00%	66.363	(61.892)	(318)	4.153	60.921	(56.849)	4.072
Tenerife Sol. S.A.	50,00%	2.765	70.259	(859)	36.083	1.386		
Third Project 2012, S.L.	100,00%	3	(0)	(0)	2	3		3
Tryp Mediterranee, S.A.	85,40%					407	(407)	
Total group companies		507.730	1.458.153	98.273	1.626.732	935.207	(109.227)	825.980

(thousand €)	Shareholding	Accounting figures Capital	Reserves	Result	Underlying carrying amount	Investment value	Impairment	Net value
Associates								
Altavista Hotelera, S.L.	7,55%	47.252	19.760	1.476	5.171	14.420	(5.969)	8.451
Detur Panamá, S.A. (J.V.)	32,72%	12.497	(29.571)	(1.561)	(6.097)	4.406	(4.406)	
Evertmel, S.L. (J.V.)	49,00%	35.157	16.039	(1.205)	24.496	38.126		38.126
Hellenic Hotel Management, S.A.	40,00%	587	(776)		(76)	245	(245)	
Homasi, S.A.	35,00%	18.220	76.760	9.836	36.685	48.953		48.953
Jamaica Devco, S.L.	49,00%	1.003	(1.058)	(284)	(166)	491		491
Meliá Zaragoza, S.L. (J.V.)	50,00%	6.820	(14.202)	(2.951)	(5.167)	8.067	(8.067)	0
Mosaico, B.V.	20,00%	85	72	(164)	(1)	668		668
Nexprom, S.A.	17,50%	4.591	21.073	4.195	5.225	1.081		1.081
Plaza Puerta del Mar, S.A.	12,30%	9.000	9.052	3.432	2.643	1.804		1.804
Producciones de Parques, S.L. (J.V.)	50,00%	39.884	(745)	(1.294)	18.923	27.680		27.680
Promedro, S.A.	20,00%	1.635	76	(9)	340	328		328
Melcom Joint Venture, S.L. (J.V.)	50,00%	8.130	76.873	(399)	42.302	47.401	(4.799)	42.602
Renasala, S.L.	30,00%	4	33.652	1.167	10.447	10.591		10.591
Sierra Parima, S.A.S.	50,00%	6.704	4.772	(498)	5.489	5.394		
Starmel Hotels JV, S.L. (J.V.)	20,00%	739	2.348	(1.227)	372	148		148
Turismo de Invierno, S.A.	21,42%	670	5.817	612	1.521	1.355		1.355
Total associates		192.979	219.940	11.126	142.107	211.158	(23.486)	187.672
Total group companies and associates		700.709	1.678.093	109.399	1.768.839	1.146.365	(132.713)	1.013.652

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

There follows the list of Subsidiary companies, Associates and joint ventures of the Group as at 31 December 2020:

Subsidiary Companies

		HOTEL OPERATING COMPANIES	ADDRESS	COUNTRY	DIR S.	IND S.	TOTAL
A)	(F1)	APARTHOTEL BOSQUE, S. A.	Camilo José Cela, 5 (Palma de Mallorca)	Spain	100,00%		100,00%
A)		ARESOL CABOS S.A. de C.V.	Km 19,5 Ctra. Cabo San Lucas (S.Jose del Cabo)	Mexico		99,69%	99,69%
A)		AYOSA HOTELES, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		49,00%	49,00%
(A)		BISOL VALLARTA, S. A. de C. V.	Paseo de la Marina Sur (Puerto Vallarta)	Mexico		99,68%	
						0,01%	99,69%
(A)		CALA FORMENTOR, S. A. de C. V.	Boulevard Kukulkan (Cancún)	Mexico		92,40%	
						7,29%	99,69%
(A)		CARIBOTELS DE MEXICO, S. A. de C. V.	Playa Santa Pilar, Aptdo 9 (Cozumel)	Mexico		16,41%	
						29,63%	
						53,70%	99,74%
(A)		CIBANCO SA IBM FIDEICOMISO EL MEDANO	Playa El Medano s/n, (Cabo San Lucas)	Mexico		100,00%	100,00%
(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	93,27%		93,27%
(A)		CORP.HOT.HISP.MEX., S. A. de C. V.	Boulevard Kukulkan km.12,5 (Cancún)	Mexico		9,22%	
						90,47%	99,69%
(A)		CORP.HOTELERA METOR, S. A.	Faustino Sánchez Carrión s/n (Lima)	Peru		75,87%	75,87%
A)		DESARROLLOS SOL, S.A.S.	Lope de Vega, 4 (Santo Domingo)	Dom. Rep.		61,79%	
						20,25%	
						17,66%	99,69%
A)	(F2)	HOTEL ALEXANDER, S. A. S.	20, Rue du sentier 75002 (Paris)	France		100,00%	100,00%
A)	(F2)	HOTEL COLBERT S.A.S.	20, Rue du sentier 75002 (Paris)	France		100,00%	100,00%
(A)	(F2)	HOTEL FRANÇOIS S.A.S.	20, Rue du sentier 75002 (Paris)	France		100,00%	100,00%
(A)	(F2)	HOTEL MADELEINE PALACE, S.A.S.	8, Rue Cambon 75001 (Paris)	France		100,00%	100,00%
(A)	(F2)	HOTEL ROYAL ALMA S.A.S.	20, Rue du sentier 75002 (Paris)	France		100,00%	100,00%
(A)		INFINITY VACATIONS DOMINICANA	Instal.Hotel Circle,Avda.Barceló,Bávaro (P.Cana)	Dom. Rep.	0,03%		
						99,97%	100,00%
		INNSIDE VENTURES, LLC	1029, Orange St. Wilmington (Delaware)	USA		100,00%	100,00%
A)	(F7)	INVERS. EXP. TURISTICAS, S. A.	Mauricio Legendre, 16 (Madrid)	Spain	54,93%		54,93%
(A)		INVERS. INMOB. IAR 1997, C. A.	Avenida Casanova con C/ El Recreo (Caracas)	Venezuela		99,69%	99,69%
A)		INVERSIONES AGARA, S.A.	Lope de Vega, 4 (Santo Domingo)	Dom. Rep.		99,69%	99,69%
(A)		INVERSIONES AREITO, S.A.	Avda. Barceló, s/n (Bávaro)	Dom. Rep.	64,54%		
						35,46%	100,00%
(A)	(F1)	INV. HOTELERAS LA JAQUITA, S.A.	Avda. de los Océanos, s/n (Tenerife)	Spain		28,64%	
					70,80%		99,44%
		LOMONDO Limited	Albany Street-Regents Park (Londres)	United Kingdom		100,00%	100,00%
		London XXI Limited (registration number 08303817)	336-337 The Strand (Londres)	United Kingdom		100,00%	100,00%
(A)		MELIÁ HOTELS INTERNATIONAL, S.A.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain			100,00%
		MELIA HOTELS ORLANDO, LLC.	Brickell Avenue Suite 1000, 800	USA		50,00%	50,00%
(A)	(F1)	PRODISOTEL, S.A.	Mauricio Legendre, 16 (Madrid)	Spain		100,00%	100,00%
(A)	(F1)	REALIZACIONES TURÍSTICAS, S.A.	Mauricio Legendre, 16 (Madrid)	Spain	95,97%		
						0,30%	96,27%
(A)		S' ARGAMASSA HOTELERA S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		50,00%	50,00%
(A)		SOL MELIÁ DEUTSCHLAND, gmbh	Am Schimmersfeld 5 (Ratingen)	Germany	100,00%		100,00%
A)	(F9)	SOL MELIÁ ITALIA S.R.L.	Via Masaccio 19 (Milán)	Italy	100,00%		100,00%
A)		SOL MELIÁ LUXEMBOURG, S.A.R.L.	1 Park Dräi Eechelen, L1499	Luxembourg	100,00%		100,00%
A)	(F1)	TENERIFE SOL, S. A.	Playa de las Américas (Tenerife)	Spain	50,00%		
						48,13%	98,13%

		MANAGEMENT COMPANIES	ADDRESS	COUNTRY	DIR S.	IND S.	TOTAL
	(F1)	APARTOTEL, S. A.	Mauricio Legendre, 16 (Madrid)	Spain	99,79%		99,79%
		GESMESOL, S. A.	Elvira Méndez, 10 - Edif. Bco do Brasil	Panama	100,00%		100,00%
A)		ILHA BELA GESTAÔ E TURISMO, Ltd.	31 de Janeiro, 81 (Funchal - Madeira)	Portugal	100,00%		100,00%
	F1	MARKSERV, B. V.	Eduard Van Beinumstraat, 40 1077 CZ (Amsterdam)	Netherlands	51,00%		
						49,00%	100,00%
		MELIÁ BRASIL ADMINISTRAÇAO	Avenida Cidade Jardim, 1030 (Sao Paulo)	Brazil		20,00%	
						80,00%	100,00%
A)		MELIÁ MANAGEMENT, S.A.	Lope de Vega, 4 (Santo Domingo)	Dom. Rep.		100,00%	100,00%
		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%
		OPERADORA COSTARISOL, S.A.	Avenida Central, 8 (San José)	Costa Rica		100,00%	100,00%
A)		OPERADORA MESOL, S. A. de C. V.	Blvd. Kukulkan Km 16.5 No 1 T.5. Zona Hot (Cancún)	Mexico	75,21%		
						24,79%	100,00%
		PT SOL MELIÁ INDONESIA	Ed.Plaza Bapindo-Menara Mandiri Lt.16	Indonesia	90,00%		
			Jl.Jend.Sudirman Kav.54-55 (Jakarta)			10,00%	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%
			Lujiazui Ring Road (Shanghai)				
		SOL MELIÁ GREECE, HOTEL & TOURISTIC	14th Chalkokondili Str & 28th October str (Atenas)	Greece	100,00%		100,00%
		SOL MELIÁ PERU, S. A.	Av. Salaberri, 2599 (San Isidro - Lima)	Peru		99,90%	
						0,10%	100,00%

		COMPANIES OF DIFFERENT ACTIVITIES	ADDRESS	COUNTRY	DIR S.	IND S.	TOTAL
(A)	(F1)	ADPROTEL STRAND, S.L.	Mauricio Legendre, 16 (Madrid)	Spain	50,00%	25,00%	75,00%
(A)		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%
		INFINITY VACATIONS S.A. DE C.V.	Bvld.Kukulcan Km 16,5 Benito Juarez (Cancún)	Mexico	0,01%		
						99,99%	100,00%
(A)		INMOBILIARIA DISTRITO CIAL., C. A.	Avda. venezuela con Casanova (Caracas)	Venezuela		89,54%	89,54%
	(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	53,98%	46,02%	100,00%
		PROYECTOS FINANCIEROS HAYMAN, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Gremio Tonel	100,00%		100,00%
(A)	(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%
(A)		SERVICIOS ARTEMISA, S.A.de C.V.	Boulevard Kukulkan Km 12 (Cancún)	Mexico		100,00%	100,00%
(A)		SERVICIOS INTEGRALES DE PERSONAL IRIS, S.A.de C.V.	Paseo de la Marina Sur (Puerto Vallarta)	Mexico		100,00%	100,00%
(A)		SERVICIOS PERSONALES ORFEO, S.A.de C.V.	Boulevard Kukulkan Km 16,5 (Cancún)	Mexico		100,00%	100,00%
(A)		SERVICIOS PITEO, S.A.de C.V.	Avda Tulum 200, Sm 4 (B.Juarez)	Mexico		100,00%	100,00%
		SOL CARIBE TOURS, S. A.	Vía Grecia - Edif. Alamanda 6B (Panamá)	Panama		100,00%	100,00%
		SOL GROUP CORPORATION	800 Brickell Avenue, Suite 1000, FL, 33131 (Miami)	USA		100,00%	100,00%
	(F1)	SOL MELIÁ EUROPE, B. V.	Eduard Van Beinumstraat, 40 1077 CZ (Amsterdam)	Netherlands	100,00%		100,00%
		SOL MELIÁ FUNDING	Regatta Office Park West Bay Road P.O.Box 31106	Cayman Islands		100,00%	100,00%
(A)		SMVC DOMINICANA, S.A.	Lope de Vega, 4 (Santo Domingo)	Dom. Rep.		100,00%	100,00%
	(F1)	SMVC ESPAÑA S.L.	Mauricio Legendre,16 (Madrid)	Spain		100,00%	100,00%
(A)		SMVC MÉXICO, S.A de C.V.	Boluevard Kukulkan (Cancún)	Mexico		100,00%	100,00%
		SMVC PANAMÁ S.A.	Antigua escuela las Américas, Lago Gatún	Panama		100,00%	100,00%
	(F1)	SMV NETWORK ESPAÑA, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		100,00%	100,00%
		VACATION CLUB SERVICES INC.	Bickell Avenue, 800 (Miami)	USA		100,00%	100,00%

		HOLDING COMPANIES	ADDRESS	COUNTRY	DIR S.	IND S.	TOTAL
(A)	(F2)	CADSTAR FRANCE, S.A.S.	12, Rue du Mont Thabor (Paris)	France		100,00%	100,00%
	(F1)	DESARROLLOS HOTELEROS SAN JUAN EXHOLD, S. L.	Sarria, 50, 08029 Barcelona	Spain		99,69%	99,69%
	(F1)	DOMINICAN INVESTMENTS, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		99,69%	99,69%
	(F1)	DOMINICAN MARKETING SERVICES, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		65,73%	
						33,96%	99,69%
	(F1)	EXPAMIHSO SPAIN. S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
	(F1)	FARANDOLE, B. V.	Eduard Van Beinumstraat, 40 1077 CZ (Amsterdam)	Netherlands		99,69%	99,69%
	(F1)	HOTEL ROOM MANAGEMENT, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		99,69%	99,69%
	(F1)	HOTELES SOL MELIÁ, S. L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
	(F1)	IMPULSE HOTEL DEVELOPMENT B.V.	Strawinskylaan 915 WTC, Toren A,1077 XX (Amsterdam)	Netherlands	100,00%		100,00%
	(F1)	INVERS. HOTELERAS LOS CABOS, S.A.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		99,69%	99,69%
		INVERS. TURIST. DEL CARIBE, S. A.	Lope de Vega, 4 (Santo Domingo)	Dom. Rep.	100,00%		100,00%
		MELIÁ HOTELS INTERNAT. UK LIMITED	Albany Street , Regents Park, London NW1 3UP	United Kingdc	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)	Gremio Toneleros, 24		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, B. V.	Eduard Van Beinumstraat, 40 1077 CZ (Amsterdam)	Netherlands	100,00%		100,00%
(A)	(F2)	SOL MELIÁ FRANCE, S.A.S.	20 Rue du Sentier (Paris)	France	100,00%		100,00%
	(F1)	SM INVESTMENT EXHOL, S. L.	Sarria, 50, 08029 Barcelona	Spain	100,00%		100,00%
		SOL MELIA VACATION CLUB LLC.	Bickell Avenue, 800 (Miami)	USA		100,00%	100,00%
		COMPANIES WITH NO ACTIVITY	**ADDRESS**	**COUNTRY**	**DIR S.**	**IND S.**	**TOTAL**
	(F1)	ADRIMELCO INVERSIONES, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
		BEDBANK TRADING, S.A.	Rue St.Pierre, 6A (Fribourg)	Switzerland	100,00%		100,00%
(A)		CASINO PARADISUS, S. A.	Playas de Bavaro (Higuey)	Dom. Rep.		49,85%	49,85%
		COMP. TUNISIENNE GEST. HOTELIÉRE	18 Boulevard Khézama nº 44, 4051 Sousse (Túnez)	Tunisia		100,00%	100,00%
(A)		DESARROLLADORA DEL NORTE, S. en C.	PMB 223, PO Box 43006, (Rio Grande)	Puerto Rico		49,85%	
						49,85%	99,69%
	(F1)	GEST.HOT.TURISTICA MESOL	Gremio Toneleros, 42 (Palma de Mallorca)	Spain	100,00%		100,00%
	(F1)	GONPONS INVERSIONES, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
	(F1)	HOTELES MELIÁ, S. L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
	(F1)	HOTELES PARADISUS, S. L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
	(F1)	HOTELES SOL, S. L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
		INVERSIONES INVERMONT, S. A.	Av. Venezuela, Edif. T. América (Caracas)	Venezuela		100,00%	100,00%
(A)		SMVC PUERTO RICO	Sector Coco Beach, 200 Carretera 968 (Río Grande)	P. Rico	100,00%		100,00%
		SOL MELIA JAMAICA, LTD.	21, East Street (Kingston CSO)	Jamaica	100,00%		100,00%
		SOL MELIÁ MARROC, S.A.R.L.	Rue Idriss Al-Abkar, 4 - 1º Etage	Morocco		100,00%	100,00%
		SOL MELIÁ SERVICES, S. A.	Rue de Chantemerle (Friburgo)	Switzerland		100,00%	100,00%
	(F1)	THIRD PROJECT 2012, S. L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%

(A) Audited companies

(F1) Companies included in the consolidated tax group together with Meliá Hotels International, S.A.

(F2) Companies included in the consolidated tax group together with Sol Meliá France, S.A.S.

(F7) Companies included in the consolidated tax group together with Inextur, S.A.

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

Associates and Joint Ventures

		SOCIEDADES EXPLOTADORAS DE HOTELES	DOMICILIO	PAÍS	P.DIR	P.IND	TOTAL
(A)		COM. PROP. APARTOTEL MELIÁ CASTILLA (*)	Capitán Haya, 43 (Madrid)	España	32,04%		
						0,09%	32,13%
		C.P.APARTOTEL M.COSTA DEL SOL (*)	Paseo Marítimo 11 (Torremolinos)	España	3,13%		
						18,74%	21,87%
		DETUR PANAMÁ S. A.	Antigua Escuela Las Américas (Colón)	Panamá	32,72%	17,21%	49,93%
(A)	(F3)	STARMEL HOTELS OP, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España		30,00%	30,00%
		MELIÁ ZARAGOZA S.L.	Avenida César Augusto, 13 (Zaragoza)	España	50,00%		50,00%
(A)		NEXPROM, S. A. (JV)	Avda. del Lido s/n (Torremolinos)	España	17,50%		
						2,50%	20,00%
		PLAZA PUERTA DEL MAR, S.A.	Plaza Puerta del Mar, 3 (Alicante)	España	12,60%		
						7,81%	20,41%
(A)	(F5)	PRODUCCIONES DE PARQUES, S.L. (JV)	Avda. P.Vaquer Ramis , s/n (Calviá)	España	50,00%		50,00%
(A)	(F4)	STARMEL HOTELS OP 2, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España		20,00%	20,00%
(A)	(F5)	TERTIAN XXI, S.L.U. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España		50,00%	50,00%
		TURISMO DE INVIERNO, S.A.	Plaza Pradollano, s/n Sierra Nevada (Granada)	España	21,42%		21,42%
		SOCIEDADES PROPIETARIAS DE HOTELES	**DOMICILIO**	**PAÍS**	**P.DIR**	**P.IND**	**TOTAL**
(A)	(F7)	ALTAVISTA HOTELERA, S.L.	Avda. Pere IV, 272 (Barcelona)	España	7,55%		
						41,19%	48,74%
		EL RECREO PLAZA & CIA., C.A. (JV)	Avda.Fco.de Miranda Torre Oeste,15 Of.15(Caracas)	Venezuela		1,00%	
						18,94%	19,94%
(A)	(F6)	EVERTMEL, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España	49,00%		49,00%
(A)		FOURTH PROJECT 2012, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	España		50,00%	50,00%
(A)	(F4)	FUERTEVENTURA BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España		20,00%	20,00%
		MELIA HOTELS FLORIDA, LLC. (JV)	Brickell Avenue Suite 1000, 800	EE.UU.		50,00%	50,00%
	(F6)	MONGAMENDA, S.L. (JV)	Alexandre Rosselló, 15 (Palma de Mallorca)	España		49,00%	49,00%
(A)	(F3)	PALMANOVA BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España		30,00%	30,00%
(A)	(F3)	PUERTO DELCARMEN BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España		30,00%	30,00%
(A)	(F3)	SAN ANTONIO BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España		30,00%	30,00%
(A)	(F4)	SANTA EULALIA BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España		20,00%	20,00%
(A)	(F3)	TORREMOLINOS BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España		30,00%	30,00%
(A)	(F8)	PELÍCANOS PROPERTY, S.L.U. (JV)	C/ Recoletos 3, 1º (Madrid)	España		50,00%	50,00%
(A)	(F8)	BELLVER PROPERTY, S.L.U. (JV)	C/ Recoletos 3, 1º (Madrid)	España		50,00%	50,00%
		SOCIEDADES ACTIVIDADES VARIAS	**DOMICILIO**	**PAÍS**	**P.DIR**	**P.IND**	**TOTAL**
	(F5)	GOLF KATMANDU, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España		50,00%	50,00%
(A)		INVERSIONES GUIZA, S. A.	Avda. Lope de Vega, 4 (Sto. Domingo)	Rep. Dom.		49,84%	49,84%
	(F6)	KIMEL MCA, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España		49,00%	49,00%
(A)		JAMAICA DEVCO S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	España	49,00%		49,00%
(A)		SIERRA PARIMA, S.A.	Avda. Barceló, s/n (Bávaro)	Rep.Dom.	50,00%		50,00%
		SOCIEDADES INACTIVAS	**DOMICILIO**	**PAÍS**	**P.DIR**	**P.IND**	**TOTAL**
		HELLENIC HOTEL MANAGEMENT	Panepistimiou, 40 (Atenas)	Grecia	40,00%		40,00%
		YAGODA INVERSIONES, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	España		50,00%	50,00%
		SOCIEDADES HOLDINGS	**DOMICILIO**	**PAÍS**	**P.DIR**	**P.IND**	**TOTAL**
(A)	(F4)	STARMEL HOTELS JV, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España	20,00%		20,00%
		EL RECREO PLAZA, C.A. (JV)	Avda.Fco.de Miranda Torre Oeste,15 Of.15(Caracas)	Venezuela		19,94%	19,94%
		MELIA HOTELS USA, LLC. (JV)	Brickell Avenue Suite 1000, 800	EE.UU.		50,00%	50,00%
		PROMEDRO, S. A. (JV)	Avda. del Lido s/n (Torremolinos)	España	20,00%		20,00%
(A)	(F3)	RENASALA, S.L. (JV)	Zurbarán, 9 (Madrid)	España	30,00%		30,00%
		HOMASI, S.A.	C/ Cavanilles 15,Pl.baja (Madrid)	España	34,99%		34,99%
		MOSAICO HOTELES, S. A.	C/ cavanilles, 15 - Bajo Madrid 28000	España		20,00%	20,00%
		MOSAICO, B.V.	Nieuwe Uitleg, 34, Den Haag	Holanda	20,00%		20,00%
	(F8)	SISTEMAS RIBEY CLOUD, S.L.U. (JV)	C/ Recoletos 3, 1º (Madrid)	España		50,00%	50,00%
	(F8)	MELCOM JOINT VENTURE (JV)	C/ Recoletos 3, 1º (Madrid)	España	50,00%		50,00%

(A) Audited companies
(JV) Joint Ventures
(F3) Companies included in the consolidated tax group together with Renasala, S.L.
(F4) Companies included in the consolidated tax group together with Starmel Hoteles JV, S.L.
(F5) Companies included in the consolidated tax group together with Producciones de Parques, S.L.
(F6) Companies included in the consolidated tax group together with Evertmel, S.L.
(F7) Companies included in the consolidated tax group together with Inextur, S.A.
(F8) Companies which comprise the consolidated tax group with Grupo Melcom.
(*) Shareholding in these companies is through the ownership of apartments representing 31.86% and 21.54%, respectively.

Management Report for the Year Ended 31 December 2020

1. Situation of the Company

1.1 Organisational Structure

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

In any event, those activities that special laws reserve for companies which meet certain requirements that are not met by the 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.

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

- ✓ Hotel management: This relates to the fees received for operating hotels under management and franchise agreements. It also includes the intra-group charges to the Group's hotels that are under ownership or under lease.

- ✓ Hotel business: The results obtained from the operation of hotel units owned or leased by the Group are included in this segment. Likewise, income generated by the food & beverage business is also included since this activity is considered to be fully integrated into the hotel business due to the majority sale of packages whose price includes room and board, and therefore, a real segmentation of the associated assets and liabilities would be unfeasible.

- ✓ Other business linked to hotel management: This segment includes additional income from the hotel business, such as casinos and tour-operator activities.

- ✓ Real Estate: This segment includes the capital gains on asset rotation, and real estate development and operation.

- ✓ Vacation club: It includes the results deriving from the sale of shared rights of use of specific vacation complex units.

- ✓ Corporate segments: These relate to structural costs, results linked to the intermediation and marketing of room and tourist service reservations, as well as corporate costs of the Group which cannot be assigned to any of the abovementioned three business divisions.

The Company's corporate governance structure is detailed below:

In 2020, the following changes were made to the Company's corporate governance structure:

- Creation of the COVID-19 Management Committee, a body referred to in the internal protocols for the management of exceptional situations (in this case, COVID-19).
- Creation of the Sustainability Committee, as an internal body dedicated to ESG issues.
- Change to the name of the Appointments and Remuneration Committee, which has been renamed "Appointments, Remuneration and CSR Committee".

The Sustainability Committee, as the other internal Committees, reports to the Senior Executive Team (SET) and is made up of the heads of Legal & Compliance, Global Procurement, Operations, Organisation, Relationship with Investors, Real Estate and Corporate Responsibility areas, which report to the Appointments, Remuneration and CSR Committee.

The SET (Senior Executive Team) is the collegiate body that drives the Meliá Hotels International's management of the business and the critical and continuous review of the business, ensuring compliance with the objectives set by the Board of Directors and supporting the CEO in his management of the company. In addition, it ensures the sustainable growth of the Meliá's activity and the creation of value for shareholders, promoting the projects undertaken by the Company and attributed to them, defining priorities and allocating the required resources while ensuring the achievement of the objectives set. The SET is also responsible for providing the Board of Directors with updated, objective and sufficient information to allow the latter to carry out its supervisory functions.

Given the global pandemic, from the very beginning, the SET has taken the lead in ensuring the appropriate management of the crisis in Meliá. Thus, it has fostered, coordinated and ensured the implementation of all the measures adopted to meet the needs resulting from the COVID-19 crisis.

These measures include, but are not limited to, the following:

- Activation of the COVID-19 Management Committee.
- Preparation of proposals for reduction in the remuneration of the senior management.
- Analysis and preparation of proposals for organisational restructuring.
- Safety and health measures in the hotels (Stay Safe with Meliá).
- Prioritisation and implementation of the Company's digitalisation plan and provision of digital means which facilitate business continuity.
- Analysis of the various financing alternatives to ensure the Company's viability and liquidity in the short, medium and long term.
- Monitoring of the communication and training plan for all the employees.

Since March 2020, the SET's activities, as well as those of the other bodies within Meliá, have intensively increased, holding meetings every day during the first three months of the pandemic and combining in-person and telematic attendance.

1.2 Strategic Priorities

Scenario prior to COVID-19: Strategic Plan 2020-2022

At the end of 2019, in a rapidly changing environment and an increasing volatility, complexity and uncertainty, we launched the Strategic Plan for the period between 2020 and 2022 which, under the slogan "Reinventing the value", will drive our 2030 Goal of "Positioning the Group among the leading hotel groups in the world in the upper-medium segment, asserting its leadership in vacation hospitality industry and bleisure, while being recognised as a world benchmark in excellence, responsibility and sustainability". To that end, we needed to define a plan to respond to the two main challenges faced by the Company: on the one hand, to consolidate and enhance our core strengths and, on the other hand, to promote a model of sustainable growth.

Accordingly, we designed various projects which became the focus of our roadmap and which were structured based on three clear criteria:

- To engage in a consistent, profitable and responsible strategy, consolidating our values and core strengths (ESG Impact).
- To evolve towards a competitive and digitalised operating model which ensures efficiency and professionalism in the services provided to our customers, business units and other stakeholders through innovation, technology, more efficient processes and our people's commitment (Be Digital 360, Customer Experience and Empowering People).
- To ensure that our shareholders are aware of the greater value afforded by this transformation in our business model (Shareholder Value).

COVID-19 context: Impact on the industry and on the Company

For the first time in history, we have witnessed the closing of borders at an international level, countries where mandatory lockdown was imposed on citizens or the cancellation of all kinds of events which, together with other unprecedented situations that we have all experienced, left the global economy in a critical situation, in which sectors, like the hospitality sector, have been the most adversely affected.

The behaviour as well as the preferences of our customers have changed dramatically, who, in addition to almost entirely cancelling business trips or long-haul destinations, now prioritise safety and health, are becoming more and more digitalised and have greater awareness of the environment, the society and the impacts they generate.

In this scenario and in an unprecedented situation, in March we had to suspend our activities, which led us to launch a tactical management plan to face this crisis.

The Day After: from contingency to resilience and recovery

In March, in addition to designing the tactical management plan to face the consequences of COVID-19, simultaneously we were working on the adaptation of our Strategic Plan under the new paradigm which we called "The Day After" and whose purpose is, when this is all over, to be prepared to compete in a more competitive market, with a more demanding customer in a completely new scenario.

The Day After is the evolution of our Strategic Plan with a special focus on the next 12-18 months so that we are able to face the new context in which we live while maintaining the plan's principles and goals, and under the slogan "from contingency to resilience and recovery", we can maintain our position as a benchmark in the sector.

Although we know that in this situation of total uncertainty is difficult to forecast the future, we did manage to identify certain challenges that we will face, some of them were already being dealt with by us and have been included in this adaptation of our strategy to the new paradigm:

- Firstly, it is clear that the organisations that are more flexible, more resilient and which adapt faster to the new challenges ahead, will be the ones which will win the battle.
- Secondly, COVID-19 has accelerated the manner in which people interacts with technology, causing that the change and industrial revolution led by technology have taken place first at home instead of in our companies. Therefore, we must strengthen the Company's digital evolution, adapting not only the manner in which we interact with the customer, but our organisational models and talent management.
- Thirdly, the trends that we were already observing in certain aspects of the relationship with customers have moved ahead: greater significance of the online channel, increase of the "experience economy", contraction in demand or customisation as a differentiating factor throughout the customer journey.
- Therefore, and based on our initial goal of "contributing a greater value to our stakeholders becoming a benchmark in the Leisure and Bleisure markets under a profitable, flexible model which is focused on excellence through sustainability", to which we have added the commitment to "creating a safe space for both external and internal customers", we have organised and prioritised our projects and initiatives around 5 action levers which cover two different time horizons:

  - The short term, where our efforts are aimed at carrying out a tactical management of the current crisis.

  - The long term, where we look beyond and prepare to be responsive to the opportunities that allow us to emerge stronger from this situation:

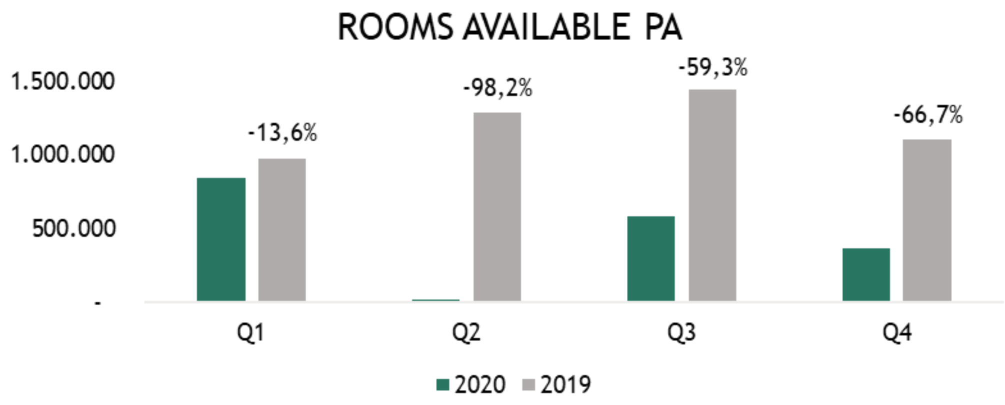
    - Organisational Evolution: To ensure the efficiency and professionalism in the service provided to our business units.
    - Commitment to digitalisation: A business continuity plan designed to handle the toughest months of the crisis.
    - Sustainable management: To move towards a sustainable future from a responsible present.
    - Strengths of Business: To reinforce our core business strengths (our direct channel melia.com, loyalty programme MeliáRewards and the value of ours brands), through a selective and quality growth, focusing on Total Revenue and the enhancement of the "Meliá system".

2. Business Evolution and Performance

The evolution of occupancy, ARR and RevPAR in 2020 compared to 2019 for the Company's hotels is included below:

HOTELS	OCCUPANCY		ARR		REVPAR	
	%	Δ (pp)	€	Δ%	€	Δ%
	45,0%	(29,7)	95,0 €	-12,7%	42,7 €	-47,4%
Urban	50,0%	(25,5)	98,1 €	3,0%	49,0 €	-31,9%
Holiday	42,2%	(31,6)	93,1 €	-21,4%	39,3 €	-55,0%
BRANDS	**OCCUPANCY**		**ARR**		**RevPAR**	
	%	**Chg pts.**	**€**	**Chg %**	**€**	**Chg %**
Me by Melia	60,2%	(15,7)	164,5 €	-11,3%	99,0 €	-29,6%
Gran Meliá	50,4%	(18,1)	253,8 €	-3,6%	127,9 €	-29,0%
Meliá	43,5%	(29,2)	111,4 €	-13,1%	48,5 €	-48,0%
Innside	61,2%	(16,8)	112,5 €	-6,2%	68,9 €	-26,4%
Tryp by Wyndham	48,6%	(25,7)	69,8 €	-12,4%	33,9 €	-42,7%
Sol	49,3%	(27,1)	73,4 €	-3,3%	36,2 €	-37,5%
TOTAL	45,0%	(29,7)	95,0 €	-12,7%	42,7 €	-47,4%

The evolution of rooms available in 2020 compared to 2019 was as follows:



Performance

The closure of hotels in Spain began in the second week of March after the declaration of the state of emergency and the subsequent stay-at-home order. As of the end of March, the Company converted several hotels and one Conference Centre into medical facilities for patients with COVID and other pathologies and for health professionals and Emergency Units. After the start of the de-escalation, the Government allowed the opening of hotels with restrictions as from 11 May. However, given the limitation of movement between provinces, the demand for accommodation remained at very low levels and associated with the provision of essential services.

As from mid-June, after the end of the de-escalation and the freedom of movement between provinces, several establishments were reopened on the Spanish mainland coast in order to welcome national customers and with reduced levels of occupancy.

The third quarter was marked by new outbreaks in different areas, thus leading to restrictions for travellers to Spain (mandatory lockdown after returning to their country of origin), mainly affecting the tour-operator segment. On the basis of the above, the sale strategy was focused on national customers. In holiday destinations, the lockdowns declared as from 25 July - mainly in the UK- led to the early closure of certain seasonal hotels, given the dependence on international customers in some destinations. The Canary Islands, despite the lack of international customers which caused the delay in the opening until almost the end of July, was activated by the national last-minute customers. Urban destinations performed in two different ways: whilst secondary cities had a good performance, main cities such as Madrid and Barcelona had poorer outcomes due to the lack, in September, of the MICE and Corporate segment.

During the last quarter of the year, the perimeter lockdowns and limitations to movement worsened considerably the situation, accelerating the closure of certain hotels, as well as delaying or avoiding new openings.

Outlook for 2021

At the beginning of the new year, the forecast is difficult because current demand is focused on the short term and on the domestic customers, therefore, we remain cautious as regards the hotel opening and closure schedule. At a holiday level, attention is focused on the Canary Islands, where, due to the lockdown in the United Kingdom and Germany, the planned opening of 5 hotels has been delayed. In respect of urban hotels, the restrictive policies relating to a potential lockdown compels us to be prudent. Nevertheless, a market recovery is expected in the third quarter of the year and, especially, in holiday hotels, but this will depend on the evolution of the vaccination process in Spain and the source countries.

3. Non-Financial Information

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

Meliá Hotels International's Contribution to Sustainable Development Objectives

- The health and safety of our stakeholders are essential for us. The current situation leads us to consider them a top priority.

Achievements:

- Implementation of the Health Crisis Management Committee.
- Preparation of the Stay Safe with Meliá Programme
- Conversion of hotels into medical establishments, accommodating patients and essential professionals
- Campaigns recognising essential professionals

- People are at the core of our focus. Today, more than ever, we are committed to maintaining the employment of our teams, promoting ongoing training and developing talent.

Achievements:

- Implementation of measures for employment maintenance and economic support
- Adoption of measures to provide emotional support
- Promotion of teleworking and digitalisation of working environments
- Opening of the eMeliá platform for all employees and new training developments

- We continue our efforts to incorporate sustainability and ethical management in our supply chain together with suppliers which share our values and commitments.

Achievements:

- Update of the Service Procurement and Contracting Policy by establishing quality, safety, sustainability and efficiency criteria
- Promotion of fourth and fifth range products
- Sustainable packaging developments
- Improvements and new developments in circular economy with a social background

- We continue to foster an efficient and responsible hotel management model in terms of resource use as well as impact minimisation

- We understand that the best way to move towards an ethical and responsible management model is to ensure that sustainability is incorporated in the Governing Bodies of Meliá.

Achievements:

- Creation of the Meliá's Sustainability Committee
- Approval of the Director Selection and Diversity Policy including the GGC's recommendations to Listed Companies of the CNMV in terms of diversity

- To dialogue and work together with our stakeholders is essential for us because we seek to establish lasting alliances and their participation to achieve goals together.

Achievements:

- Update of the Stakeholders Map, by establishing management priorities and defining new measurement guidelines
- In addition, we have strengthened our relationship with several suppliers that have helped us in the pandemic management.

4. Risk Management

The functions of the Board of Directors include to identify the main risks faced by the Company. In order to support this, in 2018, a pioneer project in the hotel sector was launched, with the implementation of a tool for the detection and management of the risks to which the Company is exposed. This tool helps to carry out a systematic, regular and objective assessment of the potential risks for people, physical assets and the environment. In addition, it helps to assess the compliance with legal and risk requirements associated with significant environmental issues, including measures that are suitable for prevention and mitigation.

Note 6 to the annual accounts includes additional information on the management of the different financial risks to which the Company's activities are exposed: market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

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

5. Acquisition and Disposal of Treasury Shares

The total number of treasury shares held by the Company as at 31 December 2020 is 234,014, representing 0.106% of the share capital, 1.5% in 2019. In any case, the treasury shares do not exceed the 10% limit established by the revised text of the Spanish Law on Corporations.

As regards the Treasury Share Buy-Back Programme, the Board of Directors, at its ordinary meeting held on 18 May 2020, unanimously decided the early termination of such Programme, in order to strengthen the financial solvency and liquidity of the Company.

In executing such Buy-Back Programme, the Company has acquired a total of 7,846,246 treasury shares in 2019 and 2020 (representing 3.416% of the share capital), and has invested a total of EUR 46,051,882 (including expenses), with the maximum amount allocated of number of shares being 8.5 million and the maximum monetary amount being EUR 60 million.

On 10 July 2020, the Board of Directors, according to the delegation granted in its favour by the General Shareholders' Meeting held on the same day, agreed to execute the capital reduction through the redemption of 9,300,000 treasury shares.

The price of Meliá Hotels International, S.A.'s shares at year end was EUR 5.72. At the 2019 year end the share price amounted to EUR 7.86.

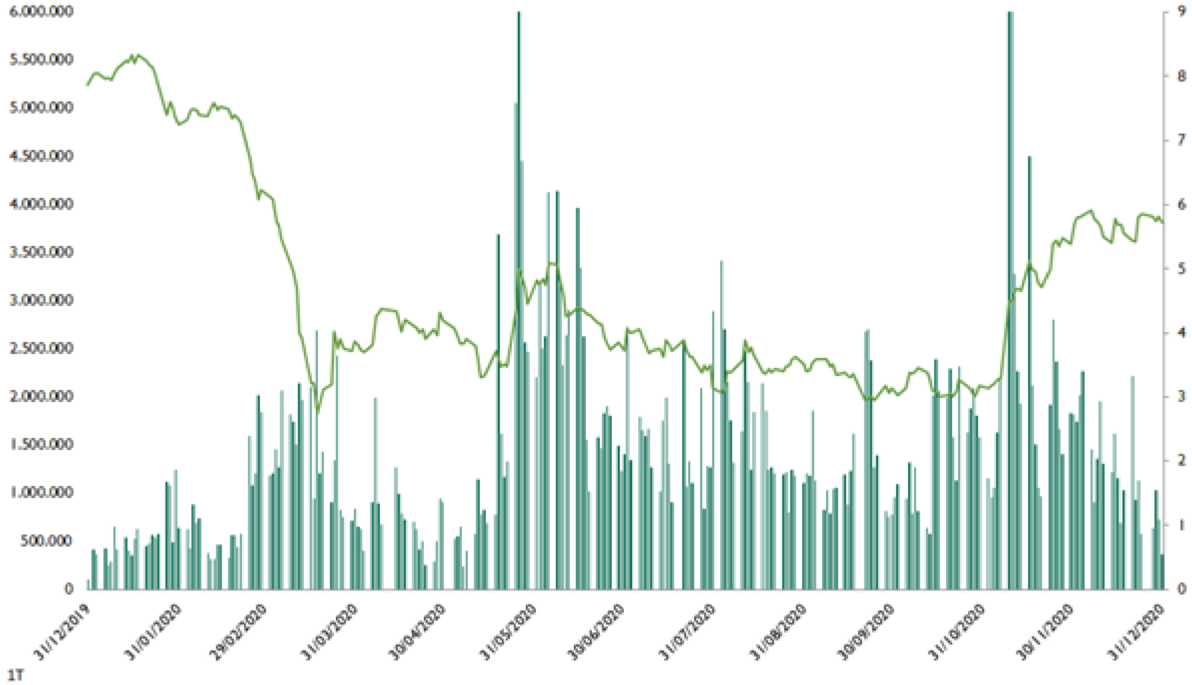
6. Other Information

6.1 Debt and Cash Flows

Over the past twelve months, the Group's Net Debt increased by +€583.6M, reaching +€1,078M at year end, mainly due to the new financing arranged as a result of the financial situation caused by the Covid-19 pandemic.

6.2 Meliá's Shares

So far this year, shares lost 27.2% of their value while IBEX 35 fell by 15.5%.



Source: Bloomerg.
Notes: Meliá's shares are listed on the Ibex 35 and on the FTSE4Good Ibex.

Important events of Meliá Hotels International in 2020 (see Note 12.1 to the Annual Accounts):

- ✓ At the General Shareholders' Meeting held on 10 July 2020, given the situation and impact as a result of Covid-19 and in order to strengthen the Company's solvency and liquidity, it was agreed not to distribute dividends in 2020.
- ✓ At the same GSM, a capital reduction in the amount of 9.3 million shares was resolved, which was subsequently registered with the Commercial Registry of Mallorca on 1 September.
- ✓ The Company's share capital following the reduction was fixed at EUR 44,800,000 corresponding to 220,400,000 shares with a par value of Euro 0.20 each.

6.3 Dividend Policy

During this year and due to the difficult situation faced by the sector as a result of the pandemic, the Board of Directors, in order to strengthen the Company's solvency and liquidity, at its meeting held on 18 May 2020, decided, inter alia and unanimously, the following agreements: to cancel the proposal for dividend distribution initially included in the annual accounts prepared by the Board of Directors on 26 February 2020, and to proceed with the early termination of the Treasury Share Buy-Back Programme.

6.4 Environmental Risks

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

6.5 Average Period of Payment to Suppliers

As set forth in the relevant note to the annual accounts, the average period of payment to suppliers of Meliá Hotels International, S.A. was 68.63 days in 2020; 58.61 days in 2019.

This increase is due to the fact that, given the negative economic impact associated with the Covid-19 pandemic which resulted in a major decrease in revenues mainly because of the closure of hotel establishments and other business units, a deferral of payments has been agreed with the Group's main suppliers. Such measure has increased this ratio by more than 60 days, pending the recovery of the business in the coming months, and with the purpose of getting back to the ratio established.

6.6 Headcount Evolution

It is detailed in note 17.3 to the annual accounts.

6.7 Events After the Reporting Date

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

7. Annual Corporate Governance Report

The model Annual Corporate Governance Report is presented below as an appendix.

IDENTIFICATION OF ISSUER

Ending date of reference financial period: 31/12/2020

CIF: A78304516

Registered name: MELIÁ HOTELS INTERNATIONAL S.A.

Registered office: GREMIO DE TONELEROS, 24, POL. IND. SON CASTELLO (PALMA DE MALLORCA) BALEARES

A. Capital Structure

A.1 Complete the following table on the company's share capital:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
01/09/2020	44,080,000.00	220,400,000	220,400,000

Remarks

Indicate whether there are different classes of shares with different rights attaching thereto:

YES ☐ NO ☒

(At the General Shareholders' Meeting held on July 10, 2020, it was resolved to reduce the share capital of Meliá Hotels International, S.A. by the total amount of ONE MILLION EIGHT HUNDRED AND SIXTY THOUSAND EUROS (1,860,000 €), through the redemption of 9,300,000 treasury shares, of 0.20€ par value each, and representing 4.049% of the share capital of the Company.)

A.2 Provide details of direct and indirect holders of significant shareholdings in the company at year end, excluding directors:

Name or corporate name of shareholder	% of shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
Global Alpha Capital Management Ltd	0.00	3.15	0.00	0.00	3.15

(The shareholding of the shareholder Global Alpha Capital Ltd. has been increased as a result of the execution of the capital reduction indicated in section A.1 above.
The Company has no further information on the direct holder of the voting rights attributed to Global Alpha Capital Ltd.)

Breakdown of the indirect holding:

Name or corporate name of indirect shareholder	Name or corporate name of direct shareholder	% of shares carrying voting rights	% of voting rights through financial instruments	% of total voting rights
No data				

State the most significant changes in the shareholding structure during the year:

Most significant movements

(Due to the capital reduction executed by the Company on July 10, 2020, the participation of all the shareholders in the share capital of Meliá Hotels International, S.A. has been proportionally increased.

Also, the Chairman of the Board of Directors, Mr. Gabriel Escarrer Juliá, acquired on September 22, 2020, through the company Tulipa Inversiones 2018, S.A., a total of 332,224 shares of Meliá Hotels International, S.A., which represents 5.388% of the share capital.)

A.3 In the following tables, list the members of the company's Board of Directors with voting rights attaching to shares of the company:

Name or corporate name of director	% of shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights	% of voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr. Juan Arena De La Mora	0.02	0.02	0.00	0.00	0.05	0.00	0.00
Mr. Gabriel Escarrer Juliá	0.00	5.39	0.00	0.00	5.39	0.00	0.00
Mr. Luis María Díaz de Bustamante y Terminel	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hoteles Mallorquines Consolidados S.L.	24.37	0.00	0.00	0.00	24.37	0.00	0.00
Hoteles Mallorquines Asociados S.L.	13.76	0.00	0.00	0.00	13.76	0.00	0.00
Hoteles Mallorquines Agrupados S.L.	10.83	0.00	0.00	0.00	10.83	0.00	0.00
Mr. Gabriel Escarrer Jaume	0.08	0.00	0.00	0.00	0.08	0.00	0.00

Total percentage of voting rights held by the Board of Directors
54.46

Breakdown of indirect holding:

Name or corporate name of director	Name or corporate name of direct shareholder	% of shares carrying voting rights	% of voting rights through financial instruments	% of total voting rights	% of voting rights that can be transmitted through financial instruments
Mr. Juan Arena de la MoraD	Doña Bárbara Pan de Soraluce Muguiro	0.02	0.00	0.02	0.00

Mr. Gabriel Escarrer Juliá	Tulipa Inversiones 2018 S.A.	5.39	0.00	5.39	0.00

A.4 Indicate, if applicable, any family, commercial, contractual or corporate relationships between significant shareholders to the extent they are known to the company, unless they are insignificant or result from the ordinary course of business, except those that are included in Section A.6:

Name or corporate name of related party	Type of relationship	Brief description
Hoteles Mallorquines Agrupados, S.L. / Mr. Gabriel Escarrer Juliá	Corporate	According to that indicated in the Significant Event dated 11 October 2018 (registered with number 270438), the companies Hoteles Mallorquines Consolidados, S.L., Hoteles Mallorquines Agrupados, S.L. and Hoteles Mallorquines Asociados, S.L., for the sole purpose of complying with the notification requirements for significant shareholdings, jointly notified the total percentage of voting rights in Meliá Hotels International, i.e. 10.388 %, resulting from their direct participation. The said notification of significant shareholdings stated that the members of the Escarrer family continue to hold 100% of the share capital (namely, Mr. Escarrer Juliá, his wife and their six children) and that there is no controlling shareholder in any of the companies, although, they have the same shareholders. Following the capital reduction agreed by the General Shareholders' Meeting on July 10, 2020, its total percentage of voting rights in Meliá's capital is 10.826%.
Hoteles Mallorquines Asociados, S.L. Mr. Gabriel Escarrer Juliá	Corporate	According to that indicated in the Significant Event dated 11 October 2018 (registered with number 270438), the companies Hoteles Mallorquines Consolidados, S.L., Hoteles Mallorquines Agrupados, S.L. and Hoteles Mallorquines Asociados, S.L., for the sole purpose of complying with the notification requirements for significant shareholdings, jointly notified the total percentage of voting rights in Meliá Hotels International, i.e. 13.206 %, resulting from their direct participation. The said notification of significant shareholdings stated that the members of the Escarrer family continue to hold 100% of the share capital (namely, Mr. Escarrer Juliá, his wife and their six children) and that there is no controlling shareholder in any of the companies, although, they have the same shareholders.

		Following the capital reduction agreed by the General Shareholders' Meeting on July 10, 2020, its total percentage of voting rights in Meliá's capital is 13.763%.
Hoteles Mallorquines Consolidados S.L. Mr. Gabriel Escarrer Juliá	Corporate	According to that indicated in the Significant Event dated 11 October 2018 (registered with number 270438), the company Hoteles Mallorquines Consolidados, S.L., (together with Hoteles Mallorquines Asociados, S.L. and Hoteles Mallorquines Agrupados), S.L., for the sole purpose of complying with the notification requirements for significant shareholdings, jointly notified the total percentage of voting rights in Meliá Hotels International, i.e. 23.379 %, resulting from their direct participation. The said notification of significant shareholdings stated that the members of the Escarrer family continue to hold 100% of the share capital (namely, Mr. Escarrer Juliá, his wife and their six children) and that there is no controlling shareholder in any of the companies, although, they have the same shareholders. Following the capital reduction agreed by the General Shareholders' Meeting on July 10, 2020, its total percentage of voting rights in Meliá's capital is 24.365%.

A.5 If applicable, state the commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, unless they are insignificant or result from the ordinary course of business:

Name or corporate name of related party	Type of relationship	Brief description:
No data		

A.6 Describe the relationships, unless insignificant for the two parties, between significant shareholders or shareholders represented on the Board and the directors, or their representatives, in the case of proprietary directors.

Explain, where appropriate, how the significant shareholders are represented. Specifically, state those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders, or those linked to significant shareholders and/or companies in its group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and position of directors, or their representatives, as the case may be, of the listed company, who are, in turn, members of the Board of Directors or their representatives of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or corporate name of related director or representative	Name or corporate name of related significant shareholder	Name of the group company of the significant shareholder	Description of relationship / position

Mr. Gabriel Escarrer Juliá	Tulipa Inversiones 2018, S.A.	N/A	Mr. Gabriel Escarrer Juliá is the Founder of the Meliá Group and in turn holds control of the company Tulipa Inversiones 2018, S.A., a significant shareholder of the company.
Mrs. Maria Antonia Escarrer Jaume	Hoteles Mallorquines Consolidados SL	N/A	Mrs. María Antonia Escarrer Jaume is the daughter of Mr. Gabriel Escarrer Juliá, and shareholder (without holding control) of the companies Hoteles Mallorquines Consolidados, S.L., Hoteles Mallorquines Asociados, S.L. and Hoteles Mallorquines Agrupados, S.L. - being in turn being the natural person representative of the external proprietary director - Hoteles Mallorquines Consolidados, S.L.
Mr. Alfredo Pastor Bodmer	Hoteles Mallorquines Asociados SL	N/A	Prior to his appointment as individual representative of the proprietary director Hoteles Mallorquines Asociados, S.L. Mallorquines Asociados, S.L., Mr. Alfredo Pastor Bodmer was an Independent External Director, and subsequently, after the course of 12 years, External Director "others".
Mr. José María Vázquez-Pena Pérez	Hoteles Mallorquines Agrupados SL	N/A	Mr. Jose María Vázquez-Pena is the representative of the proprietary director Hoteles Mallorquines Agrupados, S.A. Mallorquines Agrupados, S.L.

A.7 State whether any shareholders' agreements affecting the company pursuant to Articles 530 and 531 of the *Ley de Sociedades de Capital* (Spanish Corporate Enterprises Act) have been reported to the company. If so, briefly describe them and list the shareholders bound by the agreement:

YES ☐ NO ☒

According to that indicated in the Significant Event dated 11 October 2018, Mr. Gabriel Escarrer Juliá, his wife and their six children in their capacity as direct or indirect shareholders of the companies through which they hold interest in the share capital of Meliá; notified the CNMV and the companies that a shareholders' agreement was reached, whose purpose was to reinforce, on a temporary basis, the majority system required to adopt a specific and limited number of resolutions by the General Shareholders' Meeting and the Board of Directors in Commercial Companies which affect some specific matters, with each of their signatories maintaining free vote and, therefore, without negotiation on the management of the companies or Meliá. In the signatories' opinion, the Shareholders' Agreement does not have the status of an 'agreement subject to disclosure' as per the Spanish Corporate Enterprises Act, and its registration with the Commercial Register is not required, although, for the sake of transparency, the signatories sent a copy of the Agreement to both Meliá and the CNMW.

State whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

YES ☐ NO ☒

If any of the abovementioned agreements or concerted actions have been modified or terminated during the year, please specify expressly:

A.8 State whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the *Ley de Mercados de Valores* ("Spanish Securities Market Act"). If so, please identify them:

YES ☐ NO ☒

A.9 Complete the following tables on the company's treasury shares:

At year end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
234,014		0,11

(By means of the Significant Event of 21 October 2019 (registration number 282703) the agreement on behalf of its Board of Directors was communicated by the Company, to initiate a program of repurchase of own shares covered by (EU) Regulation No. 596 / 2014 of the European Parliament and its Council, of 16 April 2014, on market abuse and using the authorization granted by the General Meeting of Shareholders held on 4 June 2015, under item 12 of the Agenda.

During the 2020 financial year, the following stock purchase transactions have been notified under the program of repurchase of own shares.

In relation to the Own Shares Repurchase Program and within the framework of the situation and impact derived from the COVID-19, the Board of Directors' agreement for its definitive suspension and early termination was communicated through Other Relevant Information, No. 2291 of May 18, 2020.

Likewise, after the finalization of the aforementioned Share Repurchase Program, the Company resumed the liquidity agreement entered into between GVC Gaesco Beka Sociedad de Valores, S.A. and the Company on July 7, 2017, which was suspended due to the execution of the Repurchase Program.)

(*) Through:

Name or corporate name of the direct shareholder	Number of direct shares
No data	

Explain any significant changes during the year:

Explain any significant changes

(At the General Shareholders' Meeting held on July 10, 2020, it was resolved to reduce the share capital of Meliá Hotels International, S.A. (the "Company") in the total amount of ONE MILLION EIGHT HUNDRED AND SIXTY THOUSAND EUROS (€1,860,000), through the redemption of 9,300,000 treasury shares, of €0.20 par value each, and representing 4.049% of the share capital of the Company, which correspond, in turn, to the sum of:

- TWO HUNDRED AND NINETY THOUSAND SEVEN HUNDRED AND FIFTY EUROS AND EIGHTY CENTS (290,750.80 €), corresponding to 1,453,754 treasury shares held as treasury stock at that time, with a par value of €0.20 each and representing 0.63% of the share capital, acquired under the authorizations granted by the General Shareholders' Meeting held on June 4, 2015 and June 1, 2011 and within the limits established by articles 144 to 148 and 509 of the Capital Companies Act; and

- ONE MILLION FIVE HUNDRED AND SIXTY-NINE THOUSAND TWO HUNDRED AND FORTY-NINE EUROS AND TWENTY CENTS (€1,569,249.20),corresponding to 7,846,246 treasury shares, with a par value of €0.20 each, representing 3.416% of share capital, acquired under the treasury share buyback program launched by the Board of Directors on October 21, 2019 and finalized on May 18 2020 (the "Buyback Program"), also under the authorization granted by the General Shareholders' Meeting held on June 4, 2015 under item 12 of the agenda.

Consequently, it was resolved to amend Article 5 of the Company's Bylaws, the wording of which is as follows: "ARTICLE 5.-CAPITAL AND SHAREHOLDERS' EQUITY.

5.1.-Capital stock. The share capital is FORTY-FOUR MILLION EIGHTY THOUSAND EUROS (44,080,000.-€), represented by TWO HUNDRED AND TWENTY MILLION FOUR HUNDRED THOUSAND (220,400,000) SHARES of TWENTY CENTS OF EURO (0.20.-€) par value each.

5.2 Shares. The shares are fully subscribed and paid up, constituting a single class and series.")

A.10 Describe the terms and conditions and the duration of the authority currently in force given by the General Shareholders' Meeting to the Board of Directors in order to issue, repurchase, or dispose of treasury shares.

(The General Shareholders' Meeting held on July 10, 2020, adopted, among others, the following resolution:

"To expressly authorize the Board of Directors for the derivative acquisition and disposal of shares of the Company under the following conditions:

- The acquisition and disposal may be carried out by means of sale and purchase transactions, swap or any other transaction permitted by law, on one or more occasions, directly or through subsidiaries.

- The acquisitions must be made for a price or value of consideration that may not be less than 90% or more than 110% with respect to the closing price of the previous day's session.

- This authorization is granted for a term of five (5) years from the adoption of this resolution.

- The acquisitions may be made, at any time, up to the maximum amount permitted by law, and shall be subject to the provisions established at any time in the Treasury Stock Policy and other applicable regulations, as well as the limitations established for the acquisition of treasury stock by the regulatory authorities of the markets where the Company's shares are admitted to trading.

- For the purposes of the provisions of Article 146 of the Capital Companies Act, the shares acquired under this authorization, as well as those previously held by the Company, may be delivered, in whole or in part, directly or within the framework of the exercise of option rights, to the employees or directors of the Company and/or its Group.

By means of this resolution and in accordance with Article 249 bis section l) of the Capital Companies Act, the Board of Directors is expressly authorized so that, in turn, it may delegate to Director Delgado the powers referred to in this resolution.

This authorization implies that the authorization granted to the Board of Directors at the General Shareholders' Meeting, dated June 4, 2015, shall be rendered null and void, without affecting the acquisitions formalized thereunder.")

A.11 Estimated free float:

	%
Estimated free float	42.39

A.12 State whether there are any restrictions (bylaw, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, state the existence of any type of restriction that may inhibit a takeover attempt of the company through acquisition of its shares on the market, and those systems for the prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

YES ☐ NO ☒

A.13 State whether the shareholders acting at a general shareholders' meeting have approved the adoption of measures to neutralise a takeover bid pursuant to the provisions of Law 6/2007.

YES ☐ NO ☒

If applicable, explain the measures adopted and the terms under which these restrictions will cease to apply:

A.14 State whether the company has issued securities that are not traded on a regulated EU market.

YES ☐ NO ☒

If applicable, list the different classes of shares, if any, and the rights and obligations attaching to each class of shares.

B. General Shareholders' Meeting

B.1 Indicate and, as applicable, describe any differences between the quorum established by the Spanish Corporate Enterprises Act (or "LSC" according to its acronym in Spanish) for General Shareholders' Meeting and that set by the company.

YES ☐ NO ☒

B.2 State whether there are any differences in the company's manner of adopting corporate resolutions and the manner for adopting corporate resolutions described by the LSC and, if so, explain:

YES ☒ NO ☐

Describe how it is different from that contained in the LSC.

	Qualified majority other than that established in Article 201.2 LSC for the cases set forth in Article 194.1 LSC	Other cases requiring a qualified majority
% established by the company for adoption of resolutions	0.00	60.00

(Pursuant to Article 28.2 of the Bylaws, in order that the General Shareholders' Meeting may validly approve the change in the Company's object, the request for delisting of the Company's shares, or the transformation or winding up of the Company, a favorable vote of SIXTY PERCENT (60%) of the share capital with voting rights present or represented at the General Shareholders' Meeting will be required, both at first and second call.

Nevertheless, when, at second call, the Shareholders representing less than FIFTY PERCENT (50%) of the subscribed share capital with voting rights are in attendance, the resolutions mentioned in this section may only be passed with the favorable vote of TWO THIRDS (2/3) of the share capital present or represented at the General Shareholders' Meeting.

The merger, as well as the demerger, either total or partial, segregation and global assignment of assets and liabilities of the Company will also require the favorable vote of the abovementioned qualified majority, except when said merger or demerger involves companies that, either directly or indirectly, are majority owned by the Company, in which case the general system provided for in Section 28.1 (simple majority of votes of shareholders present or represented at the meeting, except in those cases where the Law or the Bylaws require a higher majority) shall apply.

On the other hand, Article 28.3 of the Bylaws states that in order to change Articles 3 (Registered Address), 7 (Accounting Register of Shares and Register of Shareholders), 8 (Legitimation of Shareholders), 24.3 (Quorum), 24.4 (Special quorum), 28 (Majorities for the approval of resolutions), 33 (Appointments to the Board of Directors) and 38 (Delegation of powers) of the Company Bylaws, a favourable vote of at least SIXTY PERCENT (60%) of the share capital with voting rights present or represented at the General Shareholders' Meeting will be required, both at first and second call.)

B.3 State the rules for amending the company's Bylaws. In particular, indicate the majorities required to amend the bylaws and any provisions in place to protect shareholders' rights in the event of amendments to the bylaws.

(According to Article 30.1.h) of the Bylaws, the General Shareholders' Meeting has the authority to approve any amendments to the Bylaws.
Pursuant to Article 24 of the Bylaws, the Ordinary or Extraordinary General Shareholders' Meeting shall be validly convened at first or second call when the shareholders in attendance or represented meet the legal and statutory minimum quorums regarding the percentage of share capital for the different matters on the Agenda according to current legislation.
Notwithstanding the foregoing, in order that the General Shareholders' Meeting may validly approve the change in the Company's object, the request for delisting of the Company's shares, or the transformation or winding up of the Company, shareholders representing fifty percent (50%) of the subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders' Meeting. At the second call, the attendance of shareholders representing twenty-five (25%) of the subscribed share capital with voting rights will suffice.
According to Article 28 of the Bylaws, in order to approve the resolutions of the General Shareholders' Meeting, a simple majority of votes of shareholders present or represented at the Meeting will be required, except in the circumstances where the Law or the Bylaws provide for an increased majority. Therefore, in order that the General Shareholders' Meeting may validly approve the change in the Company's object, the request for delisting of the Company's shares, or the transformation or winding up of the Company, a favorable vote of sixty percent (60%) of the share capital with voting rights present or represented at the General Shareholders' Meeting will be required, both at first and second call. Nevertheless, when, at second call, shareholders representing less than fifty percent (50%) of the subscribed share capital with voting rights are in attendance, the resolutions mentioned in this section may only be passed with the favorable vote of two thirds (2/3) of the share capital present or represented at the General Shareholders' Meeting.)

B.4 Give details of attendance at General Shareholders' Meetings held during the year of this report and the two previous years:

	Attendance data					Of which, free float				
Date of General Meeting	% physically present	% present by proxy	% distance voting		Total	% physically present	% present by proxy	% distance voting		Total
			Electronic voting	Other				Electronic voting	Other	
10/0720 20	54,29	6,76 %	0.00%	10,1 2%	71,1 7%	0.00 %	6,76%	0.00%	10,1 2%	16,8 8%
18/06/2 019	52.43%	10.3 7%	0.00%	14.0 3%	76.8 3%	0.02 %	10.37 %	0.00%	14.0 3%	24.4 2%
06/06/2 018	52.38%	19.9 1%	0.00%	5.00 %	77.2 9%	0.00 %	19.91 %	0.00%	5.00 %	24.9 1%
08/06/2 017	52.50%	35.1 5%	0.00%	0.00 %	8.65 %	0.00 %	35.15 %	0.00%	0.00 %	35.1 5%

(Given the context of restrictions on movement and attendance at meetings due to the health and social distance measures required by the health authorities, and following the recommendations of the new Good Governance Code for Listed Companies, the Company has opted for the implementation of telematic attendance and voting measures, thus allowing shareholders and investors to actively and informedly participate in the Ordinary General Meeting of 2020 through a digital platform designed for this purpose.)

B.5. Indicate whether any item on the agenda of the General Shareholders' Meetings during the year has not been approved by the shareholders for any reason.

YES ☐ NO ☒

B.6. Indicate whether the Bylaws contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or on distance voting:

YES ☒ NO ☐

Number of shares required to attend General Shareholders' Meetings	300
Number of shares required for distance voting	1

(The Company made available to the shareholders an explanatory document on the exercise of the rights of information, remote voting, representation and remote attendance at the General Shareholders' Meeting:

https://www.meliahotelsinternational.com/en/shareholdersAndInvestors/ShareholdersDocs/2020/4.%20MHI_JGA%202020_Doc%20informacion%20derechos%20voto%20asistencia%20e%20informacion_ENG.pdf

It also made available to its shareholders and proxies, a Telematic Participation Platform that allowed remote attendance to offer the same opportunities for participation as a face-to-face meeting, with shareholders and their proxies being able to follow the meeting through its live broadcast, cast votes or make interventions.)

B.7. Indicate whether it has been established that certain decisions other than those established by Law exist that entail an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions that must be subject to the approval of the General Shareholders' Meeting.

YES ☐ NO ☒

B.8 State the address and method for accessing the company's website to find information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company's website.

(Address for accessing the company's website is: www.meliahotelsinternational.com, and the Company's corporate governance documentation is displayed by clicking on 'Shareholders and Investors' section, where the information on General Shareholders' Meetings is also included: https://www.meliahotelsinternational.com/en/shareholders-investors/corporate-governance/general-meeting-of-shareholders

In addition, the Company makes available to shareholders and their representatives its Telematic Participation Platform for the General Shareholders' Meeting and the Electronic Forum: https://www.councilbox.com/melia/.)

C. Structure of the Company's Management

C.1 Board of Directors:

C.1.1. Maximum and minimum number of directors established in the Bylaws and the number set by the General Shareholders' Meeting:

Maximum number of directors	15
Minimum number of directors	5
Total number of directors set by the General Shareholders' Meeting	11

C.1.2. Complete the following table identifying the members of the Board:

Name or corporate name of director	Representative	Director category	Position on the Board	First appointment date	Last appointment date	Election procedure
Mr. Gabriel Escarrer Julia		Proprietary	Chairman	07/02/1996	18/06/2019	Resolution at General Shareholders' Meeting
Mr. Gabriel Escarrer Jaume		Executive	Vice Chairman-Chief Executive Officer	07/04/1999	08/06/2017	Resolution at General Shareholders' Meeting
Hoteles Mallorquines Consolidados SL	Mrs. María Antonia Escarrer Jaume	Proprietary	Director	23/10/2000	08/06/2017	Resolution at General Shareholders' Meeting
Hoteles Mallorquines Asociados SL	Mr. Alfredo Pastor Bodmer	Proprietary	Director	18/06/2019	18/06/2019	Resolution at General Shareholders' Meeting
Hoteles Mallorquines Agrupados SL	Mr. José María Vázquez Pena Pérez	Propietary	Director	10/07/2020	10/07/2020	Resolution at General Shareholders' Meeting
Mr. Juan Arena de la Mora		Independent	Director	31/03/2009	06/06/2018	Resolution at General Shareholders' Meeting
Mr. Luis Mª Diaz de Bustamante Terminel		Independent	Secretary Director	30/11/2010	08/06/2017	Resolution at General Shareholders' Meeting
Mr. Fernando d'Ornellas Silva		Independent	Independent Coordinator Director	13/06/2012	08/06/2017	Resolution at General Shareholders' Meeting

Mr. Francisco Javier Campo García		Independent	Director	13/06/2012	08/06/2017	Resolution at General Shareholders' Meeting
Mrs. Carina Szpilka Lázaro		Independent	Director	25/02/2016	10/07/2020	Resolution at General Shareholders' Meeting
Mrs. Cristina Henríquez de Luna Basagoiti		Independent	Director	18/06/2019	18/06/2019	Resolution at General Sahreholders' Meeting

Total number of directors	11

State if any directors, whether through resignation, dismissal or any other reason, have left the Board during the period subject to this report:

Name or corporate name of director	Director category at time of leaving	Date of last appointment	Date director left	Specialised committees of which he/she was a member	Indicate whether the director left before the end of the term
Mr Sebastián Escarrer Jaume	Propietary	08/06/2017	16/05/2020	-	YES

Cause of termination, if before the end of the term of office and other observations; information on whether the director has sent a letter to the other members of the board and, in the case of termination of non-executive directors, explanation or opinion of the director who has been removed by the general meeting.

(Mr. Sebastián Escarrer Jaume resigned as External Proprietary Director on May 16, 2020 through voluntary resignation, as informed by means of Other Relevant Information sent to the CNMV on May 18, 2020. Mr. Sebastián informed of his resignation through a letter addressed to the Secretary and Chairman of the Board where he indicated that his resignation was due to personal reasons.)

C.1.3 Complete the following tables regarding the members of the Board and their categories:

EXECUTIVE DIRECTORS

Name or corporate name of director	Position held in the company's organisation chart
Mr. Gabriel Escarrer Jaume	Vice Chairman and Chief Executive Officer

Profile
Gabriel Escarrer represents the second generation of the founding family of what is now Meliá Hotels International, a multinational company with a presence in more than 40 countries and a member of the Ibex 35, with more than 390 hotels on 4 continents. After graduating from the Wharton School, Gabriel Escarrer Jaume worked at Salomon Brothers investment bank in New York, where he participated in the successful IPO of Meliá Hotels International, founded by his father, Gabriel Escarrer Juliá, in 1956. Escarrer combines a strong vision and a financial focus, with a purely hotel vocation, and after joining the company, he led the strong drive for the company's expansion, bringing Meliá greater financial solidity in an increasingly complex environment in the international tourism sector, as well as a solid competitive position. Since he was appointed Vice Chairman and CEO of the Group in 2009, Escarrer also drove unprecedented cultural and organizational change, with a clear focus on corporate responsibility. In 2016, following the Founder's

relinquishment of his executive powers, he became the top executive, leading since then an intense process of digital and cultural transformation of the company, which has positioned it at the forefront of the industry in digitalization, and which, together with the process of financial consolidation and the evolution of the business model, allowed Meliá Hotels International to be better prepared for the major disruption that would be caused by the COVID-19 pandemic in the entire tourism industry, starting in the early 2020s. Rated as one of the top 10 business managers in Spain and one of the most influential CEOs in Spain according to Forbes magazine, in 2019 he was appointed Chairman of Exceltur, the Spanish Tourism Alliance for Excellence, assuming strong leadership at the helm of the sector most punished by the pandemic. A staunch defender of the values on which the family business is based, under his leadership, Meliá Hotels International was recognized in 2019 as the most sustainable hotel company in the world according to the Corporate Sustainability Assessment conducted by the sustainable investment agency SAM, and as the seventh company with the most internationally sustainable management, according to the Wall Street Journal.

Total number of executive directors	1
% of the Board	9.09%

EXTERNAL PROPRIETARY DIRECTORS

Name or corporate name of director	Name or corporate name of the significant shareholder represented, or which has proposed their appointment
Mr. Gabriel Escarrer Juliá	Tulipa Inversiones 2018, S.A.
Profile	
In 1956 Mr. Gabriel Escarrer Juliá was only 21 years old when he founded what is now called the Meliá Hotels International group, by acquiring and managing a 60-room hotel on the island of Majorca, where he was born, and where he still maintains the headquarters of what has now become one of the most successful hotel companies in the world. Prior to that and for 6 years, Escarrer worked in tour operations, where he had access to the emerging tourism industry, of which he later became a visionary, pioneer and transforming entrepreneur. Over his six decades as Chairman, the Group consolidated its leadership in Spain, hub of the vacation travel in Europe, which later was extended to the American Caribbean and Southeast Asia, where today the Group is still growing and is considered as one of the reference companies in the hotel sector. Over these years, Escarrer built strategic alliances that strengthened the Group's positioning in destinations such as Cuba and Indonesia, and in the 1990s, he extended the strategy to urban hotels in Spain, Europe, Asia and Americas, an approach that has led him to be considered one of the drivers of the internationalisation of the Spanish enterprise. One decisive event in the history of the company took place in the 80s, when the Group founded by Escarrer acquired two of the most important hotel chains at that time in Europe: Hotasa and Meliá, which represented the incorporation of nearly 70 hotels in just one year. Thanks to this acquisition, the Group founded by Escarrer achieved national and international presence, as well as a valuable brand recognition. In 1996, the Company's IPO marked a new stage of growth which was strengthened by the Group's strategic plans, and the debut of the second generation of family members in management, marking the beginning of a deep cultural transformation in the Group to address the challenges of the new business environment in the 21st century. After emerging stronger from the financial crisis that shook the sector between 2008 and 2013, and after making sure that the Company was in safe hands, Mr. Gabriel Escarrer Juliá resigned its executive powers in December 2016, which were transferred to his son Mr. Gabriel Escarrer Jaume as Vice Chairman and Chief Executive Officer, with the founder becoming Non-Executive Chairman of the Board of Directors and the General Shareholders' Meeting. As a result of its extensive experience in the tourism industry, Mr. Gabriel Escarrer Juliá has received numerous awards which demonstrate its important contribution to national and international hospitality. One of the most important for the founder of Meliá Hotels International was the granting of the Doctor Honoris Causa degree by the Universidad de les Illes Balears (UIB) in December 1988. In 1998 he received the "Personalidad Turística del Siglo" (Tourism Personality of the Century) award winning a large majority in a survey of 300 executives and professionals in the travel industry. A year later, he obtained other 3 prestigious awards: "Mejor Empresario de la Construcción y Promoción Inmobiliaria" (Best Entrepreneur in Construction and Real Estate Promotion) awarded by the Máster en Dirección de Empresas Constructoras e Inmobiliarias (M.D.I.) and the 'Actualidad Económica' magazine; Corporate Hotelier of the World, awarded by the well-known American 'Hotels' magazine, and several Lifetime Achievement Awards from prestigious organisations such as the International Hotel Investment Forum, the World Tourism Organisation, or the European Hospitality Awards. In May 2001, Escarrer was elected as member of the exclusive Hall of Fame of the British Travel Industry. His nomination was proposed and supported by some of the most important people in the international tourism industry, as well as relevant members of the Hall of Fame such as Martin Brackenbury (Federation of Tour Operators and Airtours), Richard Branson (Virgin), Michael Bishop (British Midland) and David Crossland (Airtours). That same year,	

the Chairman of Meliá Hotels International became member of the Hall of Honour at the Conrad N. Hilton of Hotel Management at the University of Houston (USA), sharing honours with Lynn & Ed Hogan (Pleasant Holidays), Alice Sheets Marriott (Marriott Corporation) and Marilyn Carlson Nelson (Carlson Companies.)
In 2002, Meliá Hotels International signed an agreement with the Universidad de las Illes Balears (UIB) for the creation of the “Cátedra Meliá de Estudios Turísticos” (Melia Chair in Tourism Studies) which, since then, organises an annual “Premio de Estudios Turísticos Gabriel Escarrer” (Gabriel Escarrer Tourism Studies Award).
Gabriel Escarrer received recognition to his professional career from the CIMET (Ibero-American Conference of Tourism Ministers and Entrepreneurs) and in 2006, coinciding with the 50^{th} anniversary of the Company, he won the “Medalla de les Illes Balears” (Balearic Islands Medal), the highest distinction of the autonomous community, in recognition of his work, and the “Medalla de la Cámara de Comercio de Mallorca, Ibiza y Formentera “ (Medal of the Chamber of Commerce of Majorca, Ibiza and Formentera). In 2011, Escarrer received the Lifetime Achievement Award at the European Hospitality Awards in London, also in recognition of his long career as the founder and promoter of the largest hotel chain in Spain and the third largest in Europe. In 2012 MKG also granted him a lifetime achievement award at the Worldwide Hospitality Awards in Paris, and he won the prestigious Ulysses Award from the OMT for his lifetime achievement. In 2016, Gabriel Escarrer received the Hall of Fame of the Hotel-E Investment Conference, one of the most important international hotel investment forums, and also received the distinction of Honorary Ambassador of Brand Spain.
Recognised as one of the key figures in the history of international tourism, Gabriel Escarrer, as Non-Executive Chairman of Meliá Hotels International and Chairman of the Board of Directors and the General Shareholders’ Meeting, is still contributing the expertise and know-how acquired over more than 60 years leading the company, and he is still dreaming about the transforming power of tourism in society, an industry that, in his words, “connects countries, crosses borders, and promotes people’s social and economic welfare”.

Name or corporate name of director	Name or corporate name of the significant shareholder represented, or which has proposed their appointment
Hoteles Mallorquines Consolidados, S.L. Mrs. María Antonia Escarrer Jaume, natural person representative	Hoteles Mallorquines Consolidados S.L.

Profile

Mrs. María Antonia Escarrer Jaume, representative of Hoteles Mallorquines Consolidados SL, studied in prestigious schools such as ESADE, EADA and Cornell University, where he completed studies related mainly to Marketing and Human Resources. She specialised in the development of leadership and managerial competencies, promoting programmes of Management Development, Leadership, Marketing and Negotiation. Trained by the IE Business School as an executive coach and as an ontological Senior Coach by Newfield Consulting, she is ACC accredited by ICF (International Coaching Federation).
Maria Antonia Escarrer held various positions at Melia, innovating policies and business processes. From 1991 to 1994 she joined the General Directorate of Marketing, period in which she implemented the Communication, Loyalty and Market Research policy, as well as the introduction of Marketing plans into the business units.
From 1996 to April 2000 she was in charge of the General Directorate of Human Resources, she was involved in the introduction of performance and competency-based management as well as the definition, implementation and development of the different aspects of the Company’s remuneration policies. She participated in the design of training and career plans and the implementation and coordination of all aspects related to the organisational structure.

Between 2005 and 2011, she was responsible for the General Direction of Sustainability, developing the social action department towards a General Directorate of Sustainability and making sustainability as a strategic line of action within the Company. Since October 2000, she is a member of the Board of Directors of Meliá Hotels International and of the Appointments and Remuneration Committee.
She is also an expert in Transpersonal Mindfulness by the Escuela Transpersonal.
Currently and since 2012, she works as coach at an executive and personal level specialised in accompanying professionals in times of career change as well as in the development of managerial skills.

Name or corporate name of director	Name or corporate name of the significant shareholder represented, or which has proposed their appointment
Hoteles Mallorquines Asociados SL legal representative Mr Alfredo Pastor Bodmer	Hoteles Mallorquines Asociados, S.L.

Profile

Bachelors Degree in Economic Sciences Ph D in Economics, Massachusetts Institute of Technology, Doctor in Economic Sciences. Professor of Economic Theory since 1976, he has held different positions since 1980 as Professor of Economics, Boston University (1980-1981), Country Economist, World Bank (1981-1983), Director in Planning , INI (1983-84), Director General, INI (1984-85), Chairman, ENHER (1985-90), Counselor of the Bank of Spain (1990-93), Director of the Family Business Institute (1992-93), Secretary of State for the Economy (1993 - 95), Director Instituto de la Empresa Familiar (IESE): Extraordinary Professor (1996-97) and Ordinary Professor (1997 - 2015); Chair of Spain, CEIBS (since 2000), Dean of CEIBS (China Europe International Business School), Shanghai, China (2001-2004), Chair of Emerging Economies, Banco Sabadell, 2009.

He is currently a member of the Board of Directors of Meliá Hoteles International, Copcisa and Bansabadell Inversión, having previously been part of other Boards such as of Miquel y Costas e Hidroeléctrica del Cantábrico, among others. Author of multiple publications, he received in 2011 the Conde de Godó Award.

Name or corporate name of director	Name or corporate name of the significant shareholder represented, or which has proposed their appointment
Hoteles Mallorquines Agrupados SL legal representative Mr José María Vázquez-Pena Pérez	Hoteles Mallorquines Asgrupados, S.L.

Profile

Law degree from the University of Santiago de Compostela. MBA from IESE. He began his professional career as a lawyer at the Ministry of Labor. Two years later, he joined the energy company Fenosa (later Unión Fenosa), where he developed his career for 31 years. In 2000, he led the launching

Corporate University, a pioneer in Spain. He was a member of the Management Committee of Unión Fenosa and of several of the Group's Boards of Directors and Secretary of the Appointments and Remuneration Committee. In 2009 he left the company after its acquisition by Gas Natural, being at that time General Director of Resources, responsible for the areas of Organization, HR, Corporate University, Purchasing and Logistics, Real Estate Management, Corporate Works, Security and General Services. Since 2010, he has focused his activity on advising and counseling individuals and companies in matters related to his professional experience. He currently participates in the renewable energy company Smartener, is a member of the Board of Directors of Luckia and Torres & Sáez and advisor to the Board of Directors of the Escarrer family.

Total number of propietary directors	4
% of the Board	36.36

EXTERNAL INDEPENDENT DIRECTORS

Name or corporate name of director
Mrs. Carina Szpilka Lázaro
Profile
Degree in Economic and Business Sciences from ICADE E-2 and Executive MBA from Instituto de Empresa in Madrid. She has held positions at Santander Investment, Argentaria (currently, BBVA) and ING Direct between 1991 and 2013, being the CEO of ING Direct in France for the last five years and then in Spain. She has also developed her activity as volunteer as Vice-Chairman of Unicef Spain and as member of the Board of Trustees of Fundación Create. She is currently Independent Director of Abanca, Grifols and Meliá Hotels International; founding member and Chairman of K Fund Venture Capital and Chairman of ADigital. She has received numerous awards, including: “Mujer Directiva del Año” (Female Director of the Year) award, Fedepe (2011), “Premio a la carrera fulgurante” (The Brilliant Career Award), ICADE (2012), “Medalla de oro del forum alta dirección” (Gold Medal of Senior Management Forum) (2012), “Premio Emprendedores al Mejor Directivo del año” (Entrepreneurs Award to the Best Director of the Year) (2013), “Premio #ElTalento Cinco Días al Talento Ejecutivo” (Cinco Días #TheTalent Award for Executive Talent) (2014), “Premio a la Excelencia Profesional” (Award for Professional Excellence), ADigital (2014) and Eisenhower Innovation Fellow, (2014).

Name or corporate name of director
Mr. Fernando D'Ornellas Silva
Profile
Degree in Law and Economics from ICADE-E and MBA from IESE in Barcelona (International Section), from 1983 to 1985 he worked as Deputy Financial Director at Johnson & Johnson Spain. Also, he has held several positions within the Bergé Group since 1985, Chief Financial Officer at Toyota Spain until 1992, Chief Executive Officer at Chrysler Spain from 1992 to 2004, Chairman of Chrysler Portugal from 1997 to 2012, Chairman of Chrysler Colombia from 2010 to 2012, Chairman of KIA for Argentina, Peru and Portugal from 2004 to 2012, Chairman at Mitsubishi Motor Peru from 2010 to 2012, Vice-Chairman of Mitsubishi Motors Chile from 2001 to 2012, Vice-Chairman of SKBergé Latin America from 2001 to 2012, Chairman of Bergé Automotive from 2004 to 2012 and Chief Executive Officer at Bergé Group from 2007 to 2012. Since 2004 he has held, among others, the following positions: member of the Board of Directors, Chairman of the Remuneration Committee between 2007 and 2009, and Chairman of the Auditing Committee of ENDESA S.A. in 2009. Member of the Board of Directors and Chairman of the Auditing Committee between 2007 and 2009 and Director in charge of supervising the activities of subsidiaries in Peru, Colombia, Argentina and Brazil for ENDESA CHILE. Member of the Board of Directors (2013-2015) and Chairman of the Auditing Committee (2014-2015) of DINAMIA. Vice-Chairman of the Asociación de Nacional de Importadores de Automóviles, Camiones, Autobuses y Motocicletas from 2004 to 2012. Founding member of the Fundación España-Chile and Fundación España-Perú in 2011 and 2012. Member of the Fundación Consejo España-China y España-Japón, Adviser for Mitsubishi Corporation in the acquisition of shares in Acciona Termosolar, S.A. in 2010 and 2011, and Vice-Chairman of the Real Club de la Puerta de Hierro between 2006 and 2010. He has been a member of the Advisory Board of WILLIS IBERIA between March 2013 and December 2017. Currently, he is member of the Board of Directors since June 2012, Coordinating Director, member of the Auditing and Compliance Committee and Chairman of the Appointments, Remuneration and RSC Committee at Meliá Hotels International S.A. He is member of the Board of Directors of Prosegur since April 2016, , Chairman of the Auditors and Compliance Committee (since April 2017) and Member of the Appointments and Remuneration Committee. Senior Advisor Spain and Latam for Mitsubishi Corporation since March 2013; Senior Advisor Spain and Latam for Lazard Financial Advisers S.A. since June 2013. Member of the International Advisory Board of Hispanic Society of America and its representative for Spain, member of the Advisory Board of the Real Club de la Puerta de Hierro since 2010 and Vice-Chairman of the International Board of the Madrid Teatro Real since 2015 and member of the Executive Committee at the Fundación Board Spain-Japan since 2017.

Name or corporate name of director
Mr. Juan Arena De La Mora
Profile
Ph.D. in Engineering from ICAI, Mr. Juan Arena graduated in Business Science from ICADE, and also in Psychology, and he holds a diploma in Tax Studies and completed the AMP at Harvard Business School. Member of the Board of Meliá Hotels International Chairman of the Professional Council of ESADE, member of the International Advisory Board of Everis and Advisory Board of Marsh; Operating Partner of Advent International Corporation, member of the Board of Directors of Deusto Business School.Member of the Executive Committee of Fundación SERES and Chairman of its Governance Committee. He has

been a member of the Board and Executive Chairman of Bankinter, Board member of Ferrovial, and Almirall Laboratories of UBS España, TPI, Everis, Dinamia and Prisa, Chairman of the Advisory Council of Panda, Consulnor, member of the Board of Trustees of ESADE and of the Advisory Board of Spencer Stuart, Wold Advisory Board and professor of Harvard Business School and IESE. He was awarded the "Gran Cruz de la Orden del Mérito Civil" (Grand Cross of the Order of Civil Merit) for his contribution to research and development of the Information Society.

Name or corporate name of director
Mr. Francisco Javier Campo García
Profile
Industrial Engineer from the Universidad Politécnica de Madrid, he began his career in 1980 at Arthur Andersen. In 1985 he joined Día Group, where for 24 years he has held the position of World Chairman of the Dia International Group and he was also a member of the Carrefour Group's Global Executive Committee for 15 years. Since 2009 until November 2014, he was Chairman of the Zena group, the leading multi-brand restaurant chain company in Spain. The group comprises five brands: Foster's Hollywood, La Vaca Argentina, Cañas y Tapas, Domino's Pizza and Burger King. He has also been Chairman of the Cortefiel Group (Cortefiel, Springfield, WomenSecret) from 2014 to 2016. He is currently Chairman of AECOC (Association of Fast-Moving Consumer Goods Companies) which represents more than 20% of the Spanish GDP and has more than 29,000 associated companies. He is member of the Board of Directors of Bankia and Chairman of its Advisory Committee on Risks, he is also member of the Board of Directors of Meliá Hotels International, member of the Advisory Board of the Palacios Food Group, member of the Advisory Board of AT Kearney, and member of the Advisory Board of Azkoyen. He is also member of the Board of Trustees of Fundación ITER, honorary member of Fundación Carlos III, vocal member of Fundación Bankia and board member of A.P.D. (*Asociación para el Progreso de la Dirección*).

Name or corporate name of director
Mr. Luis Mª Diaz de Bustamante Terminel

Profile
Born in Torrelavega (Cantabria, Spain) on 25 August 1952. Graduated in Law from the Universidad Complutense de Madrid. Practising lawyer since 1975 and Partner of the law firm Isidro D. Bustamante (since 1942 – 1980/2018). His professional career is mainly focused on the areas and practice of civil, trade and civil procedural and international law, as well as on consultancy services for entrepreneurs and corporations.

Name or corporate name of director
Mrs. Cristina Henríquez de Luna Basagoiti
Profile
Mrs. Cristina Henríquez de Luna Basagoiti has a Degree in Law and Economics from the University Pontificia de Comillas of Madrid (ICADE-2). At present she is Chairman and General Manager in Spain and Responsible for Iberia and Israel for GlaxoSmithKline (GSK), where in the past she has held several financial positions (SVP Finances). Before joining GSK she worked for Procter & Gamble, where she held the post of General Director for Finances and Accounts, International Operations for Western Europe (2006 a 2010), as well as other financial positions since 1989, when she joined as financial analyst. She is also an independent Board Member of Applus Services since July 2016, and a member of the Auditors Committee of the same entity. Vice-Chairman of the Fundación Ciencias de la Salud and member of the Governance Board and Board of Directors of Farmaindustria.

Total number of independent directors	6
% of the Board	54.55

State whether any independent director receives from the company or any company in the group any amount or benefit other than compensation as a director, or has or has had a business relationship with the company or any company in the group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

If applicable, include a statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name or corporate name of the director	Description of the relationship	Statement of the Board
No data		

Other External Directors

State any other external advisors and the reason why they cannot be considered proprietary or independent and its relation with either the company, the directors or its shareholders:

Name or corporate name of the director	Reasons	Company, or director with which there is a relationship	Profile
No data			

Total number of independent directors	NA
% of the Board	NA

State, if applicable, any changes in category that have occurred during the period for each director:

Name or corporate name of director	Date of change	Previous category	Current category
No data			

C.1.4 Complete the following table with information on the number of female directors at the close of the past four years, as well as the category of each.

	Number of female directors				% of directors for each category			
	Year 2020	Year 2019	Year 2018	Year 2017	Year 2020	Year 2019	Year 2018	Year 2017
Executive					0.00	0.00	0.00	0.00
Proprietary	1	1	1	1	25.00	25.00	25.00	25.00
Independent	2	2	1	1	33.33	33.33	20.00	20.00
Other External					0.00	0.00	0.00	0.00
Total	3	3	2	2	27.27	27.27	18.18	18.18

C.1.5. State whether the company has diversity policies in relation to its Board of Directors on such questions as age, gender, disability and training and professional experience. In accordance with the definition set out in the Accounts Audit Act, small and medium-sized entities, will have to report at least the policy they have implemented in relation to gender diversity.

YES ☒ NO☐ PARTIAL POLICIES ☐

If so, describe these diversity policies, their objectives, the measures and way in which these have been applied and the results over the year. Also, indicate the specific measures taken by the Board of Directors and the appointments and remuneration committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why.

Description of policies, objectives, measures and how they have been implemented, as well as the results achieved.

(Following the modification of the CNMV's Good Governance Code for Listed Companies, and at the proposal of the Nominating, Compensation and CSR Committee, the Board of Directors of Meliá Hotels International approved on November 26, 2020 a new Director Selection and Diversity Policy, which incorporates the new diversity objectives for both the Board and Senior Management of the Company. In particular, the target for women on the Board of Directors has been updated from one-third to 40% by 2022.

As indicated in other sections of the ACGR, the current percentage of women on the Board is 27.27% (3 women out of a total of 11 directors). During the reporting year, there was no opportunity to increase this percentage, remaining the same as in 2019.

The Appointments, Remuneration and CSR Committee and the Board itself will take the new Policy into consideration for the selection (and re-election) processes for the fiscal year 2021 onwards.)

C.1.6 Explain the measures taken, if any, by the appointments committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors, and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates, and which makes it possible to achieve a balance between men and women.

Explanation of measures

(The Company acknowledges full equality of opportunities, without any discrimination, in all its activities. This criterion is assumed by the Appointments and Remuneration Committee when beginning the selection process for a new Director, ensuring that there is no implicit bias that might hinder the selection of female Directors.
During the selection procedures for Directors, the Appointments and Remuneration Committee objectively assesses the skills and experience of candidates, among other parameters, evaluating the profile of candidates and ensuring equal opportunities between women and men so that there is no discrimination based on gender and ensuring transparency in all processes.
Likewise, in the selection processes for independent directors, internationally renowned firms are used to search for potential candidates that meet the profile sought by the Committee. Similarly, use is made of the competency matrix prepared by the Appointments, Remuneration and CSR Committee in 2019 (and updated in 2020) in order to adapt potential candidates to the structure and competencies of the Board.

This matrix identifies the skills, experience and training of all the members of the Board of Directors:

https://www.meliahotelsinternational.com/en/shareholdersAndInvestors/Documents/Matriz%20de%20competencias/mhi_matriz_competencias_ago20_en.pdf

Specifically, the Company's Director Selection and Diversity Policy establishes as a guiding principle to be observed in the processes "The assessment of all potential candidates under criteria of equality and objectivity, avoiding any type of implicit bias that could imply any type of discrimination".

In relation to the measures applicable to senior management, it should be noted that the modification of the Director Selection and Diversity Policy includes within its scope senior management, establishing to that effect that "the diversity of nationalities, gender, knowledge and experience in the senior management of the Company shall be facilitated and enhanced, encouraging, as far as possible, that the Company has a significant number of senior managers".)

In the event that there are few or no female directors in spite of any measures adopted, explain the reasons that justify such a situation:

Explanation of reasons

C.1.7 Explain the conclusions of the appointments committee regarding verification of compliance addressed to the appropriate composition of the Board of Directors.

(During 2020, and in relation to the proposals for new appointments or re-election of Directors submitted for approval by the General Shareholders' Meeting, the Appointments and Remuneration Committee (currently the Appointments, Remuneration and Corporate Social Responsibility Committee) evaluated compliance with the Directors Selection Policy, in force at that time, at the time of preparing the legally applicable Reports and Proposals, which were made available to the shareholders through the Company's website, Remuneration and Corporate Social Responsibility Committee), at the time of the preparation of the legally applicable Reports and Proposals, which were made available to the shareholders through the Company's website and, in summary, established that "...the Board of Directors must maintain among its members Directors who have wide experience in various sectors of activity, with knowledge of the Company's operations and rooted in its values, and with the capacity to adapt to a sector in constant evolution and expansion both geographically and technologically. To this end, the competencies, aptitudes and experiences of the directors have been assessed in accordance with the competency matrix recently revised by the Committee."

With regard to the recommendations of the Good Governance Code of Listed Companies, in force at the time of preparation of the corresponding reports and proposals, the recommendations relating to the percentages of members and independent directors, and in particular, the following: "that the percentage of proprietary directors out of the total number of non-executive directors should not be greater than the proportion existing between the capital of the company represented by such directors and the rest of the capital".

In this sense, the Board of Directors, with a total of ELEVEN (11) members, is made up of SIX (6) independent external directors, FOUR (4) external proprietary directors, and ONE (1) executive director. With the appointments and re-elections that took place during this fiscal year, the existing proportion between external proprietary and independent directors has been maintained (36% vs. 54%), and although the right of proportional representation of the significant shareholders has been respected, a relatively low percentage of proprietary directors with respect to independent directors has been maintained.

Likewise, the Director Selection and Diversity Policy, approved by the Board of Directors on November 26, 2020, is framed in accordance with the provisions contained in Recommendations 14 and 15 of the Good Governance Code of Listed Companies of the CNMV and specifically its principles are aimed at favoring an appropriate composition of the Board of Directors, as detailed in section C.1.5 of this report.)

C.1.8 Explain, when applicable, the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:

Name or corporate name of shareholder	Reason
No data	

State whether the Board has failed to meet any formal requests for presence on the board received from shareholders whose equity interest is equal to or higher than that of others at whose request proprietary directors have been appointed. Where applicable, explain why these requests have been ignored:

YES ☐ NO ☒

C.1.9 State the powers delegated by the Board of Directors, as the case may be, to directors or Board committees:

Name or corporate name of director or committee
Mr. Gabriel Escarrer Jaume
Brief description
As Chief Executive Officer has been vested by the Board of Directors all delegable powers under the Law according to Article 34 of the Company's Bylaws. To this effect and within this scope, the Board of Directors is responsible for acts or business activities including, but not limited to, the following: (a) To represent the Company before all types of individuals, organisations, authorities, public administration, Spanish General Savings Deposit and other entities, both private and official, both judicial and extrajudicial, absolving positions, compromising and desisting from all types of actions and procedures, and even ratifying said acts before the courts. (b) To pay debts and receive payments due of all types, including those with origin in national, regional, provincial or municipal authorities. (c) To prepare and execute all types of contracts, deeds and documents, public or private, of any type, in relation to capital assets, livestock, merchandise, insurance policies, transport and real estate, including the purchase, subscription, sale or exchange of all types of capital assets, both public and private, both Spanish and international. (d) To request, obtain, acquire, grant and exploit patents, brands, privileges, licences and administrative concessions, as well as performing any transactions regarding industrial property. (e) To convene the General Shareholders' Meeting and execute and ensure compliance with resolutions adopted by the meeting. (f) To intervene in tenders and auctions, both judicial and extrajudicial. (g) To establish, monitor, liquidate, settle, and cancel current accounts, savings accounts and credit accounts with the Bank of Spain, and with any other banking organisation, savings bank, companies or other entities both in Spain and abroad. (h) To draw, endorse, accept, take, discount, negotiate and protest bills of exchange, financial and credit bills, cheques, promissory notes and money orders. (i) To request and obtain from banking, credit and financial organisations all types of credits, including mortgages, subscribing the appropriate policies and documents and employing and repaying the funds obtained. (j) To grant guarantees and deposits by any means for the obligations of third parties. (k) To provisionally approve inventories, balances and the Annual Report due for presentation to the General Shareholders' Meeting and in the public offices required by tax laws, as well as the distribution of profits. (l) To appoint and remove executives, employees and dependents of the Company, and establish categories, salaries and other remuneration that they must receive within applicable market or labour regulations.

(m) To make and liquidate deposits of all kinds, including with banking or credit organisations, even the Bank of Spain and the Spanish General Savings Deposit.
(n) To confer and revoke powers for court lawyers and attorneys and of any third parties so that they may represent the Company in all types of cases and, in particular, so that they may intervene in civil, criminal, administrative, economic administrative, litigious-administrative, governmental and labour jurisdictions.
(o) To appoint one or more proxies, that may also be called Director, Manager or similar, if so authorised, to exercise the powers defined in each case, individually or jointly, and which may be delegated.
(p) To decide the establishment of subsidiaries, agencies, deposits, delegations, and representations.
(q) To accept, when appropriate, the resignation of the members that form part of the Board.
(r) To set up, modify and wind-up all types of civil law and commercial companies, to intervene and vote in their General Shareholders' Meetings and accept or designate positions in the management and administrative bodies.
The Board of Directors has delegated the aforementioned powers in favour of Mr. Gabriel Escarrer Jaume by means of the Board decision dated June 8, 2017, and granted before the Notary Public on June 23, 2017 with number 2008 of protocol, duly registered in the Mercantile Registry of Mallorca.

C.1.10 Identify, where appropriate, any members of the Board who are also directors, representatives of directors or officers in other companies that belong to the group of the listed company:

Name or corporate name of director	Corporate name of the group company	Position	Does the Director have executive functions?
Mr. Gabriel Escarrer Jaume	SOL MELIA VACATION NETWORK ESPAÑA S.L.	Director (Chairman of the Board of Directors) Chief Executive Officer	Yes
Mr. Gabriel Escarrer Jaume	SOL MELIA VACATION CLUB ESPAÑA S.L.	Director (Chairman of the Board of Directors) Chief Executive Officer	Yes
Mr. Gabriel Escarrer Jaume	SECURI SOL S.A.	Director (Chairman of the Board of Directors)	Yes
Mr. Gabriel Escarrer Jaume	SOL MELIA FRANCE S.A.S.	Chairman	Yes
Mr. Gabriel Escarrer Jaume	MADELEINE PALACE S.A.S.	Chairman	Yes
Mr. Gabriel Escarrer Jaume	HOTEL ROYAL ALMA S.A.S.	Chairman	Yes
Mr. Gabriel Escarrer Jaume	HOTEL METROPOLITAN S.A.S.	Chairman	Yes
Mr. Gabriel Escarrer Jaume	HOTEL FRANÇOIS S.A.S.	Chairman	Yes

Mr. Gabriel Escarrer Jaume	HOTEL COLBERT S.A.S.	Chairman	Yes
Mr. Gabriel Escarrer Jaume	HOTEL ALEXANDER S.A.	Chairman	Yes
Mr. Gabriel Escarrer Jaume	CADSTAR FRANCE S.A.S.	Chairman	Yes
Mr. Gabriel Escarrer Jaume	SOL MELIA LUXEMBOURG, S.À R.L.	Director	No
Mr. Gabriel Escarrer Jaume	MELIÁ HOTELS INTERNATIONAL UK LTD.	Manager	Yes
Mr. Gabriel Escarrer Jaume	LONDON XXI LTD.	Manager	Yes
Mr. Gabriel Escarrer Jaume	LOMONDO LTD.	Manager	Yes
Mr. Gabriel Escarrer Jaume	HOGARES BATLE S.A.	Chairman	Yes
Mr. Gabriel Escarrer Jaume	DESARROLLOS SOL S.A.	Chairman	No
Mr. Gabriel Escarrer Jaume	INVERSIONES AREITO,S.A.	Chairman	Yes
Mr. Gabriel Escarrer Jaume	HOTELES SOL MELIÁ S.L	Director (Chairman of the Board of Directors)	No
Mr. Gabriel Escarrer Jaume	SOL MELIÁ GREECE S.A.	Director	Yes
Mr. Gabriel Escarrer Jaume	SOL MELIA ITALIA, S.R.L.	Sole Administrator	Yes
Mr. Gabriel Escarrer Jaume	INMOTEL INVERSIONES ITALIA S.R.L.	Sole Administrator	Yes
Mr. Gabriel Escarrer Jaume	ADPROTEL STRAND, S.L.	Director (Chairman of the Board of Directors)	No
Mr. Gabriel Escarrer Jaume	ALTAVISTA HOTELERA S.L.	Director (Chairman of the Board of Directors)	No
Mr. Gabriel Escarrer Jaume	AYOSA HOTELES S.L.	Director CO-Chief Executive Officer	No
Mr. Gabriel Escarrer Jaume	EVERTMEL,S.L.	Director CO-Chief Executive Officer	No
Mr. Gabriel Escarrer Jaume	GESTIÓN HOTELERA TURÍSTICA MESOL, S.A.	Sole Administrator	Yes
Mr. Gabriel Escarrer Jaume	KIMEL MCA, S.L.	Director CO-Chief Executive Officer	No
Mr. Gabriel Escarrer Jaume	MONGAMENDA, S.L.	Director CO-Chief Executive Officer	No
Mr. Gabriel Escarrer Jaume	PRODIGIOS INTERACTIVOS, S.A.	Director (Chairman of the Board of Directors) Chief Executive Officer	Yes
Mr. Gabriel Escarrer Jaume	TENERIFE SOL S.A.	Director (Chairman of the Board of Directors)	Yes

		Chief Executive Officer	
Mr. Gabriel Escarrer Jaume	DESARROLLOS HOTELEROS SAN JUAN EXHOLD S.L.	Director	No
Mr. Gabriel Escarrer Jaume	IMPULSE HOTEL DEVELOPMENT S.L.	Director (Chairman of the Board of Directors)	No
Mr. Gabriel Escarrer Jaume	MARKSERV B.V.	Director	No
Mr. Gabriel Escarrer Jaume	MIA EXHOLD, S.A.	Director (Chairman of the Board of Directors)	No
Mr. Gabriel Escarrer Jaume	SAN JUAN INVESTMENTS, EXHOLD, S.L.	Director	No
Mr. Gabriel Escarrer Jaume	SOL GROUP, B.V.	Director	No
Mr. Gabriel Escarrer Jaume	SOL MANINVEST,B.V.	Director	No
Mr. Gabriel Escarrer Jaume	SOL MELIA EUROPE, B.V.	Director CO- Chief Executive Officer	No
Mr. Gabriel Escarrer Jaume	SM INVESTMENT EXHOLD, S.L.	Director (Chairman of the Board of Directors)	No
Mr. Gabriel Escarrer Jaume	FARANDOLE B.V.	Co-director	No
Mr. Gabriel Escarrer Jaume	COLÓN VERONA S.A.	Chairman of the Board of Directors	No
Mr. Gabriel Escarrer Jaume	APARTOTEL S.A.	Chairman of the Board of Directors/Chief Executive Officer	Yes
Mr. Gabriel Escarrer Jaume	INVERSIONES Y EXPLOTACIONES TURISTICAS, S.A.	Chairman of the Board of Directors/Chief Executive Officer	Yes
Mr. Gabriel Escarrer Jaume	REALIZACIONES TURISTICAS, S.A.	Chairman of the Board of Directors/Chief Executive Officer	Yes
Mr. Gabriel Escarrer Jaume	SOL MELIA BALKANS, E.A.D.	Manager, Member of the Board of Directors	No
Mr. Gabriel Escarrer Jaume	CASINO TAMARINDOS, S.A.	Chairman of the Board of Directors	No
Mr. Gabriel Escarrer Jaume	INVERSIONES HOTELERAS LA JAQUITA, S.A.	Chairman of the Board of Directors	No
Mr. Gabriel Escarrer Jaume	DORPAN, S.L.U.	Chairman of the Board of Directors + General attorney	Yes
Gabriel Escarrer Jaume	HOTELPOINT, S.L.	Chairman of the Board of Directors	No
Mr. Gabriel Escarrer Jaume	SOL MELIA HOTEL MANAGEMENT (SHANGHAI) Co. Ltd.	Manager	No
Mr. Gabriel Escarrer Jaume	PT SOL MELIA INDONESIA	Manager	No
Mr. Gabriel Escarrer Jaume	OPERADORA COSTARISOL	Chairman – Secretary	No

Mr. Gabriel Escarrer Jaume	MELIÁ HOTELS USA, LLC	Manager	No
Mr. Gabriel Escarrer Jaume	BISOL VALLARTA S.A. DE C.V.	Chairman	No
Mr. Gabriel Escarrer Jaume	CALA FORMENTOR S.A. DE C.V.	Chairman	No
Mr. Gabriel Escarrer Jaume	CARIBOTELS DE MEXICO, S.A. DE C.V.	Chairman	No
Mr. Gabriel Escarrer Jaume	CORP. HOT. HISP. MEXICANA S.A. de C.V.	Chairman	No
Mr. Gabriel Escarrer Jaume	OPERADORA COSTA MESOL, S.A. DE C.V.	Chairman	No
Mr. Gabriel Escarrer Jaume	DETUR PANAMA S.A.	Manager	No
Mr. Gabriel Escarrer Jaume	SOL MELIA PERU, S.A.C	Chairman	No
Mr. Gabriel Escarrer Jaume	EL RECREO PLAZA & CIA, C.A.	Manager	No
Mr. Gabriel Escarrer Jaume	INMOBILIARIA DISTRITO COMERCIAL	Chairman	No
Mr. Gabriel Escarrer Jaume	INVERSIONES INMOBILIARIAS I.A.R.1997 C.A.	Chairman	No
Mr. Gabriel Escarrer Jaume	MELIA VIETNAM COMPANY LIMITED	N/A	Yes
Mr. Gabriel Escarrer Jaume	APARTHOTEL BOSQUE S.A.	Director (Chairman of the Board of Directors)	No
Mr. Gabriel Escarrer Jaume	MELCOLM JV, S.L.	Director (Chairman of the Board of Directors)	No

C.1.11 List, where appropriate, any legal-person directors or representatives of legal-person directors of your company, who are members or representatives of legal-person members of the Board of Directors of other companies listed on official securities markets other than group companies, who have communicated that status to the company:

Name or corporate name of director	Name of listed company	Position
Mrs. Carina Szpilka Lázaro	Grifols S.A.	Director
Mr. Fernando D'Ornellas Silva	Prosegur S.A.	Director
Mr. Francisco Javier Campo García	Bankia S.A.	Director
Cristina Henríquez de Luna Basagoiti	Applus Services, S.A.	Director

C.1.12 Indicate and, where applicable, explain whether the company has established rules on the maximum number of boards on which its directors may hold positions, identifying, where appropriate, where this is regulated:

YES ☐ NO ☒

C.1.13 State the overall remuneration of the Board of Directors:

Board remuneration in financial year (thousand euros)	1.465
Amount of vested pension interests for current directors (thousand euros)	
Amount of vested pension interests for former members (thousand euros)	

C.1.14 Identify senior management staff who are not executive directors and their total remuneration accrued during the year:

Name or corporate name	Position(s)
Mr. Gabriel Cánaves Picornell	Chief Human Resources Officer
Mr José Luis Alcina Jaume	Internal Audit VP
Mrs Pilar Dols Company	Chief Financial Officer
Mr. Juan Ignacio Pardo García	Chief Legal & Compliance Officer
Mr. Andre Philippe Gerondeau	Chief Operating Officer
Mr. Mark Maurice Hoddinott	Chief Real Estate Officer

Numer of women in Senior Management	1
Percentage over the total members of Senior Management	16.70

Total senior management remuneration (thousand euros)	1,467

C.1.15 State whether the regulations of the Board have been amended during the financial year:

YES ☒ NO ☐

Description of amendments

(The Board of Directors of the company, in accordance with article 528 of the Law on Capital Companies and articles 3 and 4 of the Regulations of the Board of Directors, has proceeded, during the year 2020, to amend Articles 9, 10, 11, 12 13, 14, 15 and 27 of the Regulations of the Board of Directors.
This amendment was approved by the Board of Directors meeting held on July 10, 2020, having been registered in the Mercantile Registry of Mallorca on September 1, 2020 in sheet Page PM-22603, Volume 2810, Folio 164, entry 155.
The wording of the Regulations of the Board of Directors, is as follows: https://www.meliahotelsinternational.com/en/shareholdersAndInvestors/Documents/Reglamento_Consejo/2020_MHI_CdAdm_Texto%20Refundido%20Reglamento_ENG.pdf

C.1.16 Specify the procedures for selection, appointment, re-election, and removal of directors. List the competent bodies, steps to follow and criteria applied in each procedure.

(According to Article 15 of the Regulations of the Board of Directors, the Appointments and Remuneration Committee must define and review the criteria to be followed for the

composition of the Board of Directors and the selection of candidates, proposing to the Board as appropriate the appointment of independent directors as well as reporting proposals for other directors so that the Board may proceed with the appointment (in case of co-optation) or submit the decision to the General Shareholders' Meeting.
Directors are appointed for a period of four years and may be re-elected once or several times for periods of equal duration.
With regard to the removal of directors, the procedures provided for in current legislation as well as in the Company's Bylaws, are followed.
The criteria applied by the Company in each procedure are described in the Selection Policy for Directors, approved by the Board of Directors on 26 November 2020, and which is available on the company's website through the following link:
https://www.meliahotelsinternational.com/en/shareholdersAndInvestors/LegalDocs/Policies/Pol%C3%ADtica%20selecci%C3%B3n%20Consejeros_ENG.pdf

C.1.17 Explain the extent to which the annual assessment of the Board has given rise to significant changes in its internal organisation and to procedures applicable to its activities:

Description of changes

(The annual evaluation of the Board for 2019 has not led to any relevant changes in the internal organization of the Board itself.)

Describe the assessment process and the areas assessed by the Board of Directors with the help, if any, of external advisors, regarding the operation and composition of the Board and its committees and any other area or aspect that has been assessed.

Description of the assessment process and the assessed areas

(The evaluation corresponding to fiscal year 2020 has been carried out by means of the completion by the Board Members of the corresponding evaluation questionnaires.
In relation to recommendation number 36 of the Good Governance Code of Listed Companies, which refers to the assistance of an external consultant at least every three fiscal years, and, due to the cost containment policy caused by the economic situation, the Committee decided not to resort to the aforementioned figure during the 2020 fiscal year.
Nevertheless, and given the conjuncture, the Committee has had the support of the Company's Human Resources and Corporate Governance departments, to review and update the evaluation forms, in which issues related to COVID-19 management have been incorporated and certain improvements have been introduced in line with the applicable recommendations and the best market practices in the matter.
In particular, the following modifications have been made:
- A new block of issues on COVID-19 management matters (Board, Commissions, CEO) has been added.
- Questions relating to the assessment of the Chairmen of the Delegated Commissions & Coordinating Director have been introduced.
- More questions have been included regarding the composition of the Board and Committees, remuneration, non-financial information, etc.
- And outdated issues have been eliminated.
Likewise, the structure of the questionnaire has been modified and now consists of the following sections:
- Section I: Quality and eficiency of the Board's operation.
- Section II: Size, composition and remuneration of the Board and Committees.
- Section III: Performance of the Chairman and Chief Executive Officer
- Section IV: Performance of the Chairmen of the Committees and the Coordinating Councilor
- Section V: Organization
- Section VI: Training
- Section VII: Delegated Committees of the Council
- Section VIII: Final Evaluation and Observations)

C.1.18 Describe, in those years in which the external advisor has participated in the assessment, the business relationships that the external advisor or any group company maintains with the company or any company in its group.

N/A

C.1.19 Indicate the circumstances under which directors are required to resign.

(Title VIII of the Regulations of the Board of Directors regulates the duties of the Board Members, which include the obligation to act with the diligence of an orderly businessman and a loyal representative, as well as in accordance with any other standard of diligence provided by law.
Specifically, Article 29 of the Board Regulations establishes that Board Members must observe the rules of conduct established in securities market legislation and, in particular, those enshrined in the Internal Code of Conduct.

Therefore, failure to comply with any of said duties and obligations would be cause for the resignation or removal, as the case may be, of a Director. Likewise, Article 31.2 of the Board Regulations expressly establishes that the Directors "must report and, as the case may be, resign in those cases that may damage the credit and reputation of the Company, and must in any case report the criminal cases in which they appear as accused, as well as their subsequent procedural vicissitudes, and the Board must examine the case as soon as possible, and in view of the specific circumstances, decide whether or not the Director should continue in his position."
In accordance with the latest modification of the Good Governance Code of Listed Companies, the Company shall proceed to update the said article to bring it into line with the provisions of recommendation number 22.)

C.1.20 Are qualified majorities, other than those established by law, required for any specific decision?

YES ☐ NO ☒

If so, describe the differences.

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, to be appointed as chairman of the Board of Directors.

YES ☒ NO ☐

Description of requirements

(According to Article 33.2 of the Bylaws, in order for a Director to be appointed as Chairman or Vice-Chairman of the Board of Directors, at least one of the following conditions must be met:
a) to have formed part of the Board of Directors for at least the THREE (3) years preceding the date of said appointment; or
b) to have previously held the position of Chairman of the Board of Directors, regardless of the duration of the term of office as Director.
If a Director is appointed as Chairman or Vice-Chairman by a unanimous decision of SEVENTY-FIVE PERCENT (75%) of the members of the Board of Directors, the above-mentioned conditions will not be applied.
Likewise, re-election as a Director of any members of the Board who hold the positions of Chairman and Vice-Chairman and, where appropriate, Coordinating Director, provided the legal requirements are met, will imply the automatic continuity in those positions.)

C.1.22 State whether the Bylaws or the Regulations of the Board establish any limit as to the age of directors:

YES ☐ NO ☒

(The Company's Director Selection and Diversity Policy establishes as an objective criterion to be taken into consideration in the event of a new appointment or re-election, the need for a progressive renewal of the Board, taking into account the average length of service and the average age on the Board.)

C.1.23 State whether the Bylaws or the Regulations of the Board establish any term limits for independent directors other than those required by law:

YES ☐ NO ☒

C.1.24 Indicate whether the Bylaws or the Regulations of the Board establish specific proxy rules for votes at Board meetings, how they are to be delegated and, in particular, the maximum number of proxies that a director may hold, as well as whether any restriction has been established regarding the categories of directors to whom proxies may be granted beyond the restrictions imposed by law. If so, briefly describe such rules.

(Pursuant to Article 18.3 of the Regulations of the Board, representation by proxy shall be made in writing through a letter addressed to the Chairman for each particular meeting, including the relevant instructions, and must be in favour of another member of the Board. External Independent Directors may only be represented by another External Independent Director. There is no maximum number of proxies provided per director.)

C.1.25 Indicate the number of meetings held by the Board of Directors during the year, and if applicable, the number of times the Board met without the chairman present. Proxies granted with specific instructions shall be counted as attendance

Number of Board meetings	7
Number of Board meetings without the chairman	0

Indicate the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings
0

Indicate the number of meetings held during the year by the different Board Committees:

Indicate the number of meetings held by each committee of the Board during the year:

Number of meetings held by the Auditing and Compliance Committee	13
Number of meetings held by the Nominating, Compensation and Corporate Social Responsibility Committee	8

(During 2020, a total of 7 meetings of the Board of Directors were held, given the situation caused by the COVD-19 crisis, the Company has established telematic means of attendance in order to guarantee the attendance of the Board members at the meetings. One of the meetings of the Board of Directors was held in writing and without a meeting.

The Coordinating Director (Mr. Fernando D'Ornellas) is also Chairman of the Nominating, Compensation and Corporate Social Responsibility Committee and a member of the Audit and Compliance Committee.
The only Executive Director of the Company (Mr. Gabriel Escarrer Jaume) is not a member of these committees, although he regularly attends the Audit and Compliance Committee as a guest. Therefore, the Coordinating Director meets with some external directors without the attendance of the Executive Director, although these meetings take place within the framework of the meetings of the Committees.)

C.1.26 Indicate the number of meetings held by the Board of Directors during the year and the data on attendance by its members.

Number of meetings with on-site attendance of at least 80% of directors	6
% of on-site attendance over total votes during the year	100.00
Number of meetings with on-site attendance or representations by proxy made with specific instructions of all directors	6
% of votes cast with on-site attendance and representations by proxy made with specific instructions of all directors	100.00

(Since March 2020, the meetings of the Board of Directors (and of the Delegated Committees) have been held telematically. In determining the number of meetings in this question, the Board of Directors' meeting in writing and without a meeting have not been taken into account.)

C.1.27 State whether the individual and consolidated financial statements submitted to the Board for approval are previously certified:

YES ☒ NO ☐

Identify, where applicable, the person(s) who certified the individual and consolidated financial statements of the company for preparation by the Board:

Name	Position
Mrs. Pilar Dols Company	Chief Financial Officer
Mr. Gabriel Escarrer Jaume	Vice Chairman and CEO

C.1.28 Explain any measures, if any, established by the Board of Directors to prevent the individual and consolidated financial statements prepared by the Board from being submitted to the General Shareholders' Meeting in accordance with accounting standards.

(In accordance with the provisions of Article 14 of the Board Regulations, the Audit and Compliance Committee is responsible for ensuring that the financial and non-financial information offered to the markets is prepared in accordance with the same principles, criteria and professional practices with which the Annual Accounts are prepared, and in particular, reviewing the Company's Accounts (including the Annual Corporate Governance Report) and overseeing compliance with legal requirements and the correct application of generally accepted accounting principles, with the direct collaboration of the External and Internal Auditors.
In the fulfillment of this function, the Committee holds several meetings throughout the year with the auditors in order to analyze the development of their work and to detect and provide solutions to possible incidents that could affect the annual accounts.
Likewise, Article 35.3 of the Board Regulations establishes that "The Board of Directors shall ensure that the half-yearly, quarterly and any other financial information that the Law and prudence require to be made available to the markets is prepared in accordance with the same

principles, criteria and professional practices with which the annual accounts are prepared and that it enjoys the same reliability as the latter.")

C.1.29 Is the secretary of the Board also a director?

YES ☒ NO ☐

If the Secretary is not a director, fill in the following table:

(Without prejudice to what is indicated in this question, the Company also has a Deputy Secretary who is not a member of the Board of Directors.)

C.1.30 State, if any, the specific measures established by the company to ensure the independence of its external auditors, as well as, where appropriate, the measures established to ensure the independence of financial analysts, investment banks, and rating agencies, including how legal provisions have been implemented in practice.

(The Auditing and Compliance Committee's duties include liaising with the external auditors in order to receive information regarding such issues as may jeopardize the independence of the latter.

In fact, there is a direct relationship between the members of the Committee and the external auditors, with the latter attending the meetings held by this Committee in person. As a general rule, in each meeting of the Auditing and Compliance Committee, the Directors meet with the external auditor without the presence of the managers of the Company.

Among the functions entrusted to the Audit Committee is that of "Issuing annually, prior to the issuance of the Auditors' Report, a report expressing an opinion on the independence of the Auditors, in accordance with the Law".

With regard to the mechanisms to ensure the independence of financial analysts, investment banks and rating agencies, it should be noted that, in accordance with the provisions of the Policy on Communication and Relations with Shareholders, Investors and Voting Advisors and of Corporate Communication (revised and updated in 2020), the company provides information to any analyst who requests it, without any discrimination and offering maximum transparency. In the information exchange process, influencing the opinions or views of analysts is avoided at all times.

Specifically, it is established that the Company may exchange information on an individual basis with the institutional investors that are part of the shareholding, without in any case entailing the delivery to them of any information that could provide them with a privileged or advantageous situation with respect to the Company a privileged or advantageous situation with respect to the other shareholders. Likewise, Article 34.4 of the Regulations of the Board of Directors also establishes that under no circumstances shall any information that could provide them with a privileged or advantageous situation with respect to the other shareholders, be delivered to the financial analysts.

The Board of Directors is informed, at each of its meetings, of the meetings held with investors, analysts and proxy advisors, and in general, of the levels of compliance and application of the aforementioned Communication Policy.)

C.1.31 Indicate whether the company changed its external auditor during the year. If so, identify the incoming auditor and outgoing auditor:

YES ☐ NO ☒

If there has been any disagreement with the outgoing auditor, provide an explanation thereof:

YES ☐ NO ☒

C.1.32 State whether the audit firm provides any non-audit services to the company and/or its group and, if so, the fees paid, and the corresponding percentage of total fees invoiced to the company and/or its group:

YES ☒ NO ☐

	Company	Group companies	Total
Amount invoiced for non-audit services (thousand euros)	180	3	183
Amount invoiced for non-audit services/total amount invoiced by the audit firm (in %)	58.39	0.32	14.70

Highlight that the Company has in place an approval process for services other than auditing provided by the statutory auditor. This process includes a list of prohibited services, as well as a procedure for the approval of services classified as permitted. Likewise, the list of services other than auditing, with the breakdown of fees, is presented annually to the Auditing and Compliance Committee.

The said process was revised and updated by the Auditing and Compliance Committee during the year 2019.

C.1.33 State whether the auditor's report on the annual accounts for the preceding year contains a qualified opinion or reservations. If so, indicate the reasons given to shareholders by the chairman of the Audit Committee to explain the content and scope of such qualified opinion or reservations.

YES ☐ NO ☒

C.1.34 State the number of consecutive years the current audit firm has been auditing the individual and/or consolidated annual accounts of the company. Likewise, state the number of years audited by the current audit firm as a percentage of the total number of years that the annual accounts have been audited:

	Individuals	Consolidated
Number of consecutive years	2	2

	Individuals	Consolidated
Number of years audited by current audit firm/Number of years the company or its group have been audited (%)	1.00	1.00

C.1.35 Indicate and, if applicable, give details of any procedure whereby directors have the information necessary to prepare the meetings of the governing bodies with sufficient time:

YES ☒ NO ☐

(Although according to Article 17 of the Regulations of the Board, meetings shall be called a minimum of three (3) days before the day on which the meeting is to be held and the call to meeting shall include the session's agenda along with the relevant information properly summarized and prepared, unless there are exceptional circumstances, the information shall be made available to Directors (8) eight days before the meeting is held.

Furthermore, Article 22 of the Regulations of the Board establishes that Directors have the broadest powers to receive information on any aspect of the Company, to examine its books, records and documents and other evidence of the company's transactions and to inspect all its facilities.
Exercise of the powers of information shall be channeled through the Chairman or the Secretary of the Board of Directors, who will attend to the requests of the director by providing him/her with the information directly, offering appropriate interlocutors at the appropriate level in the organization or establishing such measures so as to enable him/her to conduct the desired examinations in situ.)

C.1.36 State whether the company has established rules whereby directors must provide information and, if applicable, resign, in circumstances that may damage the company's standing and reputation. If so, provide details:

YES ☒ NO ☐

Explain the rules

(Article 31.2 of the Regulations of the Board expressly establishes that Directors should inform the Board, and where applicable, resign under any circumstances that may jeopardize the company's standing and reputation and shall in any event report any criminal charges brought against them, and the status of any subsequent court or legal proceedings, and the Board of Directors shall examine the case as soon as possible and decide, in consideration of the specific circumstance, whether or not the Director in question should remain in office.
In accordance with the latest amendment to the Good Governance Code of Listed Companies, the Company will proceed to update this article to bring it into line with the provisions of recommendation number 22.)

C.1.37 State whether any member of the Board of Directors has notified the company that he or she has been tried or notified that legal proceedings have been filed against him or her, for any offences described in Article 213 of the Corporate Enterprises Act:

YES ☐ NO ☒

C.1.38 List the significant agreements entered into by the company that come into force, are amended or are terminated in the event of a change of control of the company following a takeover bid, and their effects.

C.1.39 Identify individually for directors, and generally in other cases, and provide detail of any agreements made between the company and its directors, executives or employees containing compensation or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of transaction.

Number of beneficiaries	1

Beneficiary: Chief Executive Officer
Description of the agreement:

In 2015, the Chief Executive Officer signed a contract with the Company for the provision of services pursuant to Article 249 of the Corporate Enterprises Act, which, in relation to compensation, provides:

- Post-contract non-compete agreement, for one year, with the Company's commitment to pay the Chief Executive Officer one year's total annual remuneration under the conditions in force at the time of termination of the contract.
- If the Chief Executive Officer breaches the post-contract non-compete obligation, he must return to the Company any amounts received in this connection and compensate the Company with an amount equivalent to 150% of the amount received in this connection.
- Termination of contract: termination of service of the Chief Executive Officer shall take place in the cases contemplated in the Corporate Enterprises Act, in which case he must place his position at the disposal of the Board of Directors and, where appropriate, execute immediately his dismissal from office.
- Compensation: The Chief Executive Officer shall be compensated with an amount equal to one year's total annual remuneration, under the following circumstances:
- Unilateral termination by the Chief Executive Officer: due to serious and negligent breach by the Company of its contractual obligations under the contract or to a substantial modification of his functions, powers or service conditions for reasons not attributable to the Chief Executive Officer.
- Unilateral termination by the Company: not due to a serious and negligent breach by the Chief Executive Officer of the duties of loyalty, diligence or good faith or any of those established by law, according to which he must perform his function.

Also, following the recommendations of the United Code of Good Governance of the CNMV, during the year 2019 the aforementioned service provision contract was modified, in order to include a clawback clause.

State if these contracts have been communicated to and/or approved by the management bodies of the company or its group. If so, specify the procedures, expected events and nature of the bodies responsible for their approval or for communicating this:

	Board of Directors	General Shareholders' Meeting
Body authorising the clauses	X	

	YES	NO
Are these clauses notified to the General Shareholders' Meeting?	X	

(The information to the General Shareholders' Meeting is made through the approval of the Annual Board Remuneration Report for each fiscal year as well as the approval of the modifications to the Remuneration Policy that are necessary to reflect the inclusion of new clauses or conditions in the contract for the provision of services of the Chief Executive Officer.)

C.2. Committees of the Board of Directors

C.2.1. Give details of all committees of the Board of Directors, their members and the proportion of executive, proprietary, independent and other external directors that comprise them:

AUDITING AND COMPLIANCE COMMITTEE

Name	Position	Category
Mr. Francisco Javier Campo García	Chairman	Independent
Mr. Fernando D'Ornellas Silva	Member	Independent
Mr. Juan Arena de la Mora	Member	Independent
Mrs. Carina Szpilka Lázaro	Member	Independent
Mrs. Cristina Henríquez de Luna Basagoiti	Member	Independent

% of executive directors	0.00
% of proprietary directors	0.00
% of independent directors	100.00
% of other external	0.00

(The Board of Directors, at its meeting held on February 26, 2020, unanimously agreed to appoint Mr. Francisco Javier Campo García as Chairman of the Audit and Compliance Committee.

Likewise, the Board of Directors, at its meeting held on February 26, 2020 and at the proposal of the Appointments, Remuneration and Corporate Social Responsibility Committee, unanimously agreed to appoint Ms. Cristina Henríquez de Luna Basagoiti as member of the Audit and Compliance Committee.

In accordance with the new recommendations of the Unified Code of Good Governance, as well as the CNMV's Technical Guide 3/2017, all members of the Audit and Compliance Committee have been appointed taking into account their knowledge and experience in accounting, auditing and risk management, both financial and non-financial, as stated in the Board's competency matrix.)

Explain the functions, including, where appropriate, functions other than those provided for by law, exercised by this committee, and describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions attributed thereto by law, in the bylaws or other corporate resolutions.

(The functions attributed to the Auditing and Compliance Committee are regulated in Article 14 of the Regulations of the Board of Directors:

https://www.meliahotelsinternational.com/en/shareholdersAndInvestors/Documents/Reglamento_Consejo/Art14.pdf

The procedures and rules of organization and operation of the Committee are regulated in Article 39 bis of the Bylaws and in the aforementioned Article 14 of the Regulations of the Board of Directors.

However, it should be noted that during the 2020 financial year, the Company Bylaws and the Board of Directors Regulations have been amended to regulate the event of absence of the Chairman of the Delegated Committee. In this regard, it has been established that, in the event of his absence, the most senior independent external director shall act as the Chairman's alternate on the respective Committee.

The activities carried out by the Audit and Compliance Committee during the 2020 financial year are detailed in the Committee's activity report, published on the corporate website of Meliá Hotels International.

Regarding the detail of the most important actions during the fiscal year in relation to the functions assigned to the Committee, it is necessary to highlight the involvement and dedication of the Audit and Compliance Committee in the supervision and monitoring of the financial measures adopted by the Company in the management of the socio-economic situation caused by the COVID-19 pandemic. This greater involvement has led to a notable increase in the number of Committee meetings (30% compared to the previous year).

Since the beginning of the pandemic in Spain (March 2020), the Committee has reviewed the Company's liquidity, cash and debt status on a monthly basis, and followed up on the business plan prepared by the management team to address the Company's situation.

Regarding the rest of the functions assigned to the Committee, the most important ones are indicated below, following the classification established in Article 14 of the Board Regulations:

Relationship with the external auditor: during fiscal year 2020, the relationship with the external auditor has focused especially on the review of the impact of the crisis on the financial statements and compliance with the new applicable requirements (review of ESMA and CNMV criteria).

Supervision of the effectiveness of the company's internal control and risk management systems: The Committee has been informed, among others, of the result of the update of the company's Risk Map, and of the Protocol for the Prevention of Criminal Offenses (result of the evaluation of the effectiveness of the related controls).

Supervision of financial and non-financial information: in the March and April sessions, the extensions of the deadline for the publication of financial information and approval of accounts provided for by the applicable regulations during the state of alarm were analyzed and taken into consideration, although the Company did not make use of them.

Supervision of the Internal Audit, Risk and Compliance functions: the Committee has carried out the analysis of the impact of COVID-19 and of the protocol and measures implemented regarding risks. Regarding the internal audit function, the Committee has supervised the adaptation of the Internal Audit Plan to the situation created by COVID-19 (closure of hotels, among others) and followed up on the recommendations in this area.

General Shareholders' Meeting: during the General Shareholders' Meeting of fiscal year 2020, the Chairman of the Audit Committee, Mr. Francisco Javier Campo, informed the shareholders of the results of the audit, as well as the main functions and progress made by the Committee during the fiscal year.

Additionally, the Committee has reviewed those rules and policies that have been updated or approved during the 2020 financial year, in particular: Treasury Stock Policy, Internal Code of Conduct, Purchasing and Services Policy, Internal Audit Rule, etc.)

Identify the directors who are member of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date that the Chairman of this committee was appointed.

Name of directors with experience	Mr. Francisco Javier Campo Mr. Fernando D'Ornellas Silva Mr. Juan Arena de la Mora Mrs. Carina Szpilka Lázaro Mrs. Cristina Henríquez de Luna Basagoiti
Date of appointment of the chairman in office	26/02/2020

APPOINTMENTS, REMUNERATION AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Name	Position	Category
Mr. Fernando d'Ornellas Silva	Chairman	Independent
Mr. Francisco Javier Campo García	Member	Independent
Mr. Luis María Díaz De Bustamante y Terminel	Member	Independent
Hoteles Mallorquines Asociados S.L.	Member	Proprietary
Mrs Carina Szpilka Lázaro	Member	Independent

% of executives directors	0.00
% of proprietary directors	20.00
% of independent directors	80.00
% of other external directors	0.00

(The Board of Directors, at its meeting held on February 26, 2020, unanimously agreed to appoint Mr. Fernando D'Ornellas Silva as Chairman of the Nominating, Compensation and Corporate Responsibility Committee.

Likewise, the Board of Directors, at its meeting held on February 26, 2020 and after the corresponding proposal of the Nominating, Compensation and CSR Committee, unanimously adopted to appoint Ms. Carina Szpilka Lázaro as member of the Nominating, Compensation and Corporate Responsibility Committee.)

Explain the functions, including, where appropriate, functions other than those provided for by law, exercised by this committee, and describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions attributed thereto by law, in the bylaws or other corporate resolutions.

(The functions attributed to the Appointments and Remuneration Committee are regulated in Article 15 of the Regulations of the Board of Directors, and can be classified as follows:

https://www.meliahotelsinternational.com/en/shareholdersAndInvestors/Documents/Reglamento_Consejo/Art15.pdf

The procedures and rules of organization and operation of the Committee are regulated in Article 39 ter of the Bylaws and in the aforementioned Article 15 of the Regulations of the Board of Directors.

However, it should be noted that during the 2020 financial year, the Company Bylaws and the Board of Directors Regulations have been amended to regulate the event of absence of the Chairman of the Delegated Committee. In this regard, it has been established that, in the event of his absence, the most senior independent external director shall act as the Chairman's alternate on the respective Committee.

The activities carried out by the Appointments, Remuneration and Corporate Social Responsibility Committee during the 2020 financial year are detailed in the Committee's activities report, published on the corporate website of Meliá Hotels International.

With regard to the most important actions during the year in relation to the functions assigned to the Committee, it is necessary to highlight the involvement and dedication of this Committee in the supervision and monitoring of the labour and occupational safety measures adopted by the Company in the management of the socio-economic situation caused by the COVID-19 pandemic. In particular, the Committee has monitored and supervised the implementation of the occupational safety protocol and the Stay Safe with Meliá program, and the labour measures adopted by the Company (ERTEs and salary reductions).

Regarding the rest of the functions assigned to the Committee, the most noteworthy are indicated below, following the classification established in Article 15 of the Board Regulations: Evaluation and selection of directors and senior managers: in addition to the preparation of the proposals for the re-election of the Independent Director Ms. Carina Szpilka and the proposal for the appointment of the company Hoteles Mallorquines Agrupados, S.L. as External Proprietary Director, to highlight the review by the Committee of the update of the Policy for the Selection of Directors and Diversity.

Evaluation of the Board of Directors and its specialized committees: the Committee has reviewed and updated the annual self-evaluation questionnaire of the Board and the Chief Executive Officer, incorporating issues related to the management of COVID-19 as well as certain improvements in line with the applicable recommendations and the best market practices in this area.

Remuneration Policy and Contractual Terms of Directors and Senior Management: as indicated in the Annual Board Remuneration Report, during the 2020 financial year the Committee adopted several resolutions relating to the modification of the Board's remuneration scheme. In particular, it agreed on the reduction of the Chief Executive Officer's fixed remuneration and the suspension of short- and long-term variable remuneration. Regarding the remuneration of non-executive directors, it was agreed to reduce the allowances for attendance to the Delegated Committees.

Corporate Responsibility: in addition to the review of certain issues of the non-financial information statement, during this fiscal year the Committee has supervised the creation of the Sustainability Committee and the new Governance Model in this matter.

As for other functions, it is worth mentioning the review of the composition of the delegated committees and the preparation of proposals regarding the change in the Chairmanships of both Committees and the incorporation of new members.)

C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors			
	Year 2020	Year 2019	Year 2018	Year 2017
Auditing and Compliance Committee	2 (40%)	1 (20%)	1 (20%)	0 (0%)
Nominating, Compensation and Corporate Responsibility Committee	2 (40%)	1 (25%)	1 (25%)	1 (25%)

C.2.3. Indicate, where appropriate, the existence of regulation of the committees of the board, the place where they are available for consultation, and the modifications that have been made during the year. In turn, it will be indicated if an annual report on the activities of each commission has been voluntarily prepared.

(Auditing and Compliance Committee
The composition, functions and performance regime of the Auditing and Compliance Committee of Meliá Hotels International, SA, are regulated in articles 39 Bis of the Bylaws

and 14 of the Regulations of the Board of Directors. All this without prejudice to the provisions of the Capital Companies Law and other applicable regulations.

The Audit and Compliance Committee prepares an annual report on its activities and, in accordance with recommendation 6 of the CNMV's Good Governance Code for Listed Companies, publishes it on the corporate website.

Appointments, Remuneration and Corporate Responsibility Committee
The composition, functions and rules of procedure of the Appointments, Remuneration and Corporate Social Responsibility Committee of Meliá Hotels International, S.A. are regulated in Articles 39 Ter of the Bylaws and 15 of the Regulations of the Board of Directors. All of the foregoing is without prejudice to the provisions of the Capital Companies Act and other applicable regulations.

The Nominating, Compensation and Corporate Social Responsibility Committee prepares an annual report on its activities and, in accordance with recommendation 6 of the CNMV's Good Governance Code for Listed Companies, publishes it on the corporate website.
Both the Bylaws and the Regulations of the Board of Directors are available on the corporate website of Meliá Hotels International, S.A.

Appointments, Remuneration and Corporate Responsibility Committee
The composition, functions and performance of the Appointments and Remuneration Committee of Meliá Hotels International, SA, is regulated in articles 39 Ter of the Bylaws and 15 of the Regulations of the Board of Directors. All thus without prejudice to the provisions of the Capital Companies Law and other applicable regulations.

The Auditing and Compliance Committee has prepared and approved its annual report of activities for the year 2019. This report will be published on the corporate website.

https://www.meliahotelsinternational.com/en/shareholdersAndInvestors/LegalDocs/Estatutos%20Sociales%20MHI%202020_Eng_5.pdf

https://www.meliahotelsinternational.com/en/shareholdersAndInvestors/Documents/Reglamento_Consejo/2020_MHI_CdAdm_Texto%20Refundido%20Reglamento_ENG.pdf

The General Shareholders' Meeting of the Company held on July 10, 2020, approved the amendment of Articles 33, 39 bis and 39 ter of the Company's Bylaws. Said resolution was registered in the Mercantile Registry on August 12, 2020, by means of entry 151.
Following the aforementioned amendment, the Board of Directors, on July 10, 2020, agreed to amend the Regulations of the Board of Directors, in order to adapt its content to the aforementioned amendments to the Bylaws.)

D. Linked Operations and Intragroup Operations

D.1. Explain, where appropriate, the procedure and competent bodies for the approval of transactions with related parties and intragroup.

(As a general rule, the Regulations of the Board of Directors establish that the Board must know and authorize any transaction of the Company with its significant shareholders and Directors and Executives, and that it shall not authorize the transaction if a report has not been previously issued by the Audit and Compliance Committee assessing the transaction from the point of view of equal treatment of shareholders and market conditions.

The Board shall also ensure compliance with the law and the duties of information and transparency that the Company must comply with regarding the communication of these transactions.

Said regime is complemented with the provisions of the Capital Companies Act, and in particular, with article 529 ter section h).

The Company and, in particular, the Audit and Compliance Committee, have reviewed the implications regarding related-party transactions of the Bill to amend the Capital Companies Act, assessing the formalization and implementation of an internal procedure for information and periodic control by the Audit and Compliance Committee)

D2. Detail those significant transactions by their amount or relevant for their matter carried out between the company or entities of their group, and the significant shareholders of the company.

Name or corporate name of significant shareholder	Name or corporate name of the company or its group company	Nature of the relationship	Type of transaction	Amount (thousand euros)
Tulipa Inversiones 2018, S.A..	Meliá Hotels International, S.A.	Contractual	Reception of Services	100
Tulipa Inversiones 2018, S.A.	Inversiones Areito S.A.S.	Contractual	Reception of Services	40
Tulipa Inversiones 2018, S.A.	Sol Melia Italia S.R.L.	Contractual	Reception of Services	26
Tulipa Inversiones 2018, S.A.	Corporación Hotelera Hispano Mexicana S.A.	Contractual	Reception of Services	44
Tulipa Inversiones 2018, S.A.	Desarrollos Sol S.A.S	Contractual	Operational Rental Contracts	91
Tulipa Inversiones 2018, S.A.	Inversiones y Explotaciones Turísticas S.A.	Contractual	Reception of Services	36

Tulipa Inversiones 2018, S.A.	Lomondo Ltd.	Contractual	Operational lease contracts	69
Tulipa Inversiones 2018, S.A.	Cala Formentor S.A. de C.V.	Contractual	Reception of Services	159
Tulipa Inversiones 2018, S.A.	Hotel Royal Alma S.A.S	Contractual	Reception of Services	53

D.3. State any transactions that are significant because of their amount or relevant because of their subject matter, carried out between the company or its group companies, and the directors or managers of the company:

Name or corporate name of director or manager	Name or corporate name of the related party	Relationship	Type of transaction	Amount (thousand euros)
No data				

D.4 Report any material transactions carried out by the company with other entities belonging to the same group, provided that these are not eliminated in the preparation of the consolidated financial statements and do not form part of the company's ordinary business activities in terms of their purpose and conditions.

In any case, list any intragroup transaction conducted with entities in countries or territories which are considered tax havens:

Name of the group company	Brief description of the transaction	Amount (thousand euros)
Sol Meliá Funding	Assignment of the customer portfolio of American companies in the vacation club segment to Sol Meliá Funding for its management	64
Sol Meliá Funding	Modification of the inter-group loan agreement with the parent company, in line with the centralised cash management policy	2,666

D.5 List any material transactions between the company or its group companies and other related parties, not recorded under the previous items.

Name of related party	Brief description of transaction	Amount (thousand euros)
No data		

D.6 List the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management or significant shareholders.

(In accordance with the provisions of Article 28 of the Board of Directors Regulations, it is the obligation of the Directors to inform the Company of any situation of direct or indirect conflict that they may have with the Company's interests.
Likewise, the Nominating, Compensation and CSR Committee, in accordance with the provisions of Article 15.2. of the Board of Directors Regulations, must inform the Board

of Directors of transactions that involve or may involve conflicts of interest, proposing, where appropriate, the measures to be adopted.

Additionally, the Internal Rules of Conduct in matters related to the securities market also regulate certain aspects regarding conflict of interest, establishing the following principles of action:

*Independence: they must act at all times with freedom of judgment, with loyalty to the Company and its Group, and independently of their own or outside interests. Consequently, they may not prioritize their own interests at the expense of those of the Company or its Group.

*Abstention: they shall refrain from intervening or influencing in the decision-making on the matters affected by the conflict.
*Confidentiality: they shall refrain from accessing confidential information affecting said conflict. All of the above without prejudice to the provisions of the Capital Companies Act.)

D.7 Indicate whether the company is controlled by another entity within the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiary companies, business relationships with such entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them.

YES ☐ NO ☒

E. Risk control and management systems

E.1 Explain the scope of the Company's Risk Control and Management System, including the system for managing tax risks.

The Risk Control and Management System has not changed with respect to previous years. The Company has implemented a risk management model based on the COSO methodology, which consists of the following stages:

1.Identification of Risks, including fiscal risks, through the collection and analysis of internal and external information.
2.Risk assessment in each of the business areas as well as in the different support units, prioritizing the most relevant risks and obtaining the different maps.
3.Responses to the risks, by assigning responsibilities on the most relevant Risks and defining the actions that allow contributing in an efficient way to their management.
4.Monitoring and control through the indicators defined in this regard in the most relevant risks, the annual update of the Risk Maps, and the monitoring of the initiatives defined for their mitigation.
5.Periodic and transparent communication of the results obtained both to Senior Management and to the Audit and Compliance Committee and Board of Directors, which serves as feedback to the system so that continuous improvement in the process is achieved.

The model is global and transversal to the whole company, which allows obtaining the Group's Risk Map from the consolidation of the Individual Risk Maps of the different Departments and Business Areas.

The management team identifies the risks that affect the Group's objectives and strategy (Stage 1), and the risks based on the variables of probability of occurrence and impact in the event of materialization (Stage 2) according to standardized quantitative and qualitative scales.
In addition, and as part of the model, the Group's Tax Risk Map is obtained and updated annually through the system. The risk management governance model is based on the Risk Control Policy and the Standard that develops it.
Both documents were updated in 2020 and approved by the Board of Directors (the Policy) and by the Audit and Compliance Committee (the Standard).
Compliance Committee (the Standard).

The Risk Control Policy is globally applicable and establishes the basic principles governing risk management, as well as the general framework of action for the control, analysis and assessment of risks, including fiscal risks. Those basic principles are:

a. Promote an appropriate internal environment and a culture of risk awareness.
b. Align strategy to the risks identified.
c. Ensure an adequate level of independence between the areas responsible for risk management (and their elimination or mitigation), and the area responsible for their control and analysis.
d. Identify and evaluate the diversity of risks affecting the Group, ensuring their correct allocation.
e. Ensure adequate management of the most relevant risks.
f. Improve risk response processes and decisions.
g. Facilitate integrated responses to multiple risks.
h. Transparently and consistently inform and communicate to all levels of the Organization about the Group's risks.
i. Promote the Group's actions in line with the legislation in force, the Group's internal regulations and the Code of Ethics.

The Risk Control Standard develops the Policy, and aims to ensure the functioning of the Risk Control System by establishing the rules, guidelines and criteria to be followed in the process of updating the Risk Map within the Group. This Internal Rule also establishes the basic responsibilities in terms of risk management of the governing bodies and the different areas of the organization.

With regard to fiscal risks, Meliá Hotels International has a Tax Strategy Policy approved by the Board of Directors. The Tax Strategy is governed by the following fundamentals:

- Regulatory compliance and responsible fiscal management.
- Cooperative relations with the administrations and risk control and management system.
- Fiscal efficiency, efficient defense of our fiscal positions and transparency.

This Tax Strategy is in turn developed by an Internal Tax Risk Control Management Standard.)

E.2 Identify the company's bodies responsible for creating and executing the Risk Control and Management System, including the system for managing tax risks:

(The Risk Management system is based on 3 lines defense model:

*Governing Bodies: Board of Directors, Audit and Compliance Committee, and Executive Committee.

*First line of defense: business and organizational units.

*Second line of defense: risk control and compliance management.

*Third line of defense: internal audit.

The ultimate responsibility for this model lies with the Board of Directors, which has the non delegable power, among others, to identificate the Company's main risks, especially fiscal risks and those arising from derivative transactions, and to implement and monitor the internal control and information systems (Art. 5 of the Board Regulations).

In addition, the Audit and Compliance Committee is entrusted with, among others, the supervision of (Art. 14.2 of the Board Regulations):

- The eficiency of the Company's Internal Control and Risk Management Systems.

- Financial and non-financial information.

- The Internal Audit, Risk and Compliance functions.

- The existence of a Crime Prevention and Detection Model.

As a second line of defense, the Risk Control & Compliance Department is assigned control and analysis functions, being the responsibility for risk management in the first line of defense, i.e. directly in each of the different Departments and Business Areas that make up the Group.

The Risk Control & Compliance Department, which reports directly to the Audit Committee (although it is integrated in the Legal & Compliance Department), is in charge of ensuring compliance with both the Policy and the Internal Regulations related to Risk Management and Compliance, therefore, it oversees the operation and development of the Group's risk management models and the Prevention and Detection of Criminal Offenses. It also coordinates the investment prioritization process based on risk criteria.

The third line of defense is integrated by the Internal Audit Department, which oversees the proper functioning of the Risk Management System through the supervision of the first and second line of defense. This Department also reports directly to the Audit and Compliance Committee.

Both departments, Risk Control & Compliance and Internal Audit report to the Audit and Compliance Committee on a recurring basis at each of its meetings, and present an

Annual Report on their activities.

Other bodies/departments with responsibilities and/or functions related to risk management:

- Committees and specific function in Risk matters:

o Executive Committee: has the duty to develop and promote control to improve the quality of corporate governance and risk management in the Group.

o Strategic Plan Monitoring Committee: As part of its mission is the monitoring of the results and degree of compliance with the strategic plan and the alignment with the Risk Map.

o Expansion Committee: Among its functions is the preparation and approval of the risk analysis files for expansion projects.

o Investment Committee: Ensures that part of the group's annual resources are allocated to execute investments catalogued and prioritized based on risk criteria.

- Departments and specific function in the area of Risk:

o Corporate Governance: Prepares and updates the Group's internal policies and regulations.

o Tax: Coordinates and centralizes the actions of control and management of fiscal risks. It reports periodically to the Executive Committee, Audit and Compliance Committee and Risk Control regarding the assessment of both the fiscal risks, as well as the validity of the controls established in this regard.

o Credit and Insurance Management: Manages the credit risk and the contracting of insurance policies at corporate level to cover certain risks, always under the guidelines set forth in the Internal Insurance Regulations.

o Health and Safety: Responsible for occupational risk prevention.

o Global Technical Services and Works: Identify and catalog risks in the facilities based on criteria that subsequently and centrally allow the prioritization of certain investments.

The company also has a Code of Ethics, a Whistleblower Channel (one for employees and one for suppliers), and a set of internal Policies and Standards as key tools in risk management. (For more information on the Code of Ethics and Whistleblower Channel, see the Ethics and Integrity section of the Annual Report).)

E.3 State the primary risks, including tax compliance risks, and those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of business objectives.

(Meliá Hotels International has a catalog of identified risks, which is updated annually and adapted to the needs and different contexts, environments and regulatory frameworks in which the company operates.

The risks identified are classified in the following categories:

Global Risks. They go beyond the capacity for action of the Company itself and economic agents. Some examples are:

- Geopolitical risks
- Natural disasters or catastrophes
- Pandemics or health crisis
- Climate change

Financial Risks. The risks that make it difficult for the Company to meet its financial commitments or make its assets liquid. For instance:

- Liquidity
- Credit
- Exchange rate
- Investment

Business Risks. They arise from changes in the variables inherent to the business, such as:

- Strategy
- Reputation
- Market
- Competition

Operational Risks. The result of possible deficiencies in internal processes, related to:

- Operations
- Clients
- Human Resources
- Equipment
- Internal control and processes

Compliance Risks. Risks derived from regulatory changes established both externally and internally, and/or its possible non-compliance. Include among others:

- Legal risks
- Fiscal risks
- Procedural compliance risks (internal and external)

Information Risks They are mainly caused by the inappropriate use, generation and disclosure of information. Mainly related to:

- Reporting
- Internal and external communication

With respect to the risks identified, it should be pointed out that in those cases where applicable, the Company has the pertinent insurance coverage and has the necessary action protocols in place, aimed at protecting the safety and health of customers and employees, and ensuring the normal functioning of operations, as well as, if necessary, their protection and reestablishment.
The Company also has a set of internal policies and rules, as well as a Code of Ethics and a Whistleblower Channel as part of the tools to mitigate these risks. Specifically, the Compliance Policy, approved by the Board of Directors, through which Meliá assumes the commitments of:
- Comply with legislation and regulatory obligations (internal and external).
- Ensure that internal regulations and the actions of its executives and managers are based on ethical criteria aligned with the principles and values of the company and its Code of Ethics.
The fiscal risks and those arising from corruption are included within one of the categories indicated in the table above, mainly within Operational or Compliance Risks. With respect to these risks, one of Meliá Hotels International's global commitments established in its Code of Ethics is to act rigorously and forcefully against any practice of corruption, fraud or bribery.
To this end, the Group has an Anti-Corruption Policy approved by the Board of Directors (available on the corporate website). This Policy establishes the commitments to:
- Act against any practice of corruption, fraud or bribery.
- Refuse gifts and hospitality from third parties if they exceed the reasonable value of mere courtesy.
- Not to accept from our suppliers any type of economic consideration, gift or invitation that, due to its value, may exceed the symbolic and mere courtesy.
In addition, the company has implemented a Crime Prevention and Detection Model which is certified by an external company in accordance with the UNE 19601:2017 standard (renewed certification 2020). The fiscal risk and corruption are part of this Model, and therefore, the

company has implemented a series of controls regarding these risks, which are evaluated annually.
The Internal Control over Financial Reporting System (SCIIF), extensively developed in section F of this report, deserves special attention.)

E.4 Identify whether the company has a risk tolerance level, including tolerance for tax compliance risk.

(The Risk Control Policy, updated in 2020, establishes the risk tolerance levels for each of the existing risk categories.

To carry out the evaluation of the risks identified (Stage 2 of the model) in terms of their probability and impact, there is a homogeneous and standard valuation scale that includes quantitative and qualitative criteria (financial, operational, regulatory, reputational, strategic, etc.), and differentiates between different risk ranges or levels, which serves to prioritize the risks and to establish the acceptable risk level based on the average value.

On an annual basis, an Annual Risk Report is prepared and submitted to the Audit and Compliance Committee and the Board of Directors, in which, among others, analyses of the risk profiles by category are made.

The Group's Risk Map is integrated into the Company's management and is therefore aligned with the Strategic Plan. As a consequence, a large part of the strategic initiatives and projects, are also oriented to the mitigation of the main risks and therefore linked to the objectives of the teams. Consequently, the monitoring of the Strategic Plan and the level of compliance with the objectives also determine the levels of risk tolerance.)

E.5. Identify which risks, including tax compliance risks, have materialised during the year.

(Pandemics or health crisis
Pandemic caused by Covid-19:
The Covid-19 crisis originated in Wuhan, declared a health epidemic by the WHO at the beginning of 2020 and qualified as a pandemic by the same institution on March 11, 2020, has had a global reach affecting all economies and markets.
Covid-19 has had, and is having a terrible impact on the tourism industry, affecting the entire value chain of the tourism sector, including the hotel industry. The lock down measures, the restrictions on mobility, both national and international, the limitations on capacity and the great uncertainty generated at all levels have had a direct impact on the Company's activity, causing a plummeting on the demand as well as historically high levels of hotel stay cancellations during the first half of the year 2020 and few bookings.

As a result of the above and the progressive spread of the pandemic, during the second quarter of 2020 approximately 80% of our hotels worldwide remained closed.
Faced with the situation caused by Covid-19, Meliá has developed a response plan with a dual focus. Thus, in the short term, our Contingency Plan has allowed us to guarantee the viability of the company. In addition, the tactical management developed by the Group, through an agile planning of openings, and a combination of the security provided by the Stay Safe With Meliá program (Certified by Bureau Veritas), flexibility and commercial capacity, have allowed us to optimize the process of hotel openings and closings, always keeping the maximum number of hotels open.
In the long term, the Company has launched a process for rethinking and reviewing of its strategy, underpinning its core business strengths in terms of solvency, talent, digitalization, brands, diversified and renewed hotel portfolio.
For further information on the impact of this risk, please refer to the explanatory note to the financial statements "Note 4".)

E.6. Explain the response and monitoring plans for all major risks, including tax compliance risks, of the company, as well as the procedures followed by the company in order to ensure that the Board of Directors responds to any new challenges that arise.

(The Group's Risk Map is analyzed by the Executive Committee, which assigns responsibilities so that the different management areas in charge can subsequently define action plans or initiatives to mitigate the main risks (Stage 3 of the model).

The Risk Control & Compliance Department, together with the affected managers, define KRI's (Key Risk Indicators) in relation to the main risks identified, which allow them to be monitored and controlled (Stage 4 of the model).

In addition, the Board of Directors and the Audit and Compliance Committee are periodically informed on the Company's risk management, which includes, among others, information on the results of the Risk Map, action plans and monitoring and control mechanisms and other possible actions derived and which allows the Board to know and respond to the challenges presented by the Company.

As a standard practice, following the presentation of the Risk Map to the Board of Directors, the Audit and Compliance Committee receives reports and in-depth analyses of the main risks involved: (Stage 5 of the model)

- A brief analysis of the context and evolution of the risks.

- The indicators defined for control and monitoring.

- The action plans carried out or planned for risk mitigation.

The Risk Control & Compliance Department is in charge of coordinating, supporting, controlling and monitoring all stages of the model and, due to its direct dependence on the Audit and Compliance Committee, reports to it on a recurring basis.)

F. Internal Risk Control and Management Systems in connection with the Process of Publishing Financial Information (ICFR)

Describe the mechanisms comprising the system of Internal Control over Financial Reporting (ICFR) of your company.

F.1 Company's control environment

Specify at least the following components with a description of their principal features:

F.1.1. The bodies and/or departments that are responsible for (i) the existence and maintenance of an adequate and effective ICFR; (ii) their implementation; and (iii) their supervision.

(The Internal Control System of Financial Information (hereinafter "SCIIF") of Melia Hotels International Group is part of its general internal control system and is configured as the set of processes that the Board of Directors, the Auditing and Compliance Committee (hereinafter, "CAC") Senior Management and Group personnel, carry out to provide reasonable assurance regarding the reliability of the financial information published in the markets. The functions and responsibilities attributed to these bodies are the following:

Board of Directors
According to the provisions of article 529 ter of the Corporate Enterprises Act, the Board of Directors is directly responsible for determining the risk control and management policy, including tax compliance risks, and for monitoring internal reporting and control systems. In this sense, Article 5 of the Regulations of the Board of Directors gives the Board the responsibility, among others, to "Identify the most important risks for the Company, especially tax compliance risks and those arising from transactions with derivatives, and the implementation and monitoring of appropriate internal control and reporting systems."

Auditing and Compliance Committee
Article 14 of the Regulations of the Board of Directors gives the Auditing and Compliance Committee the responsibility, among others, to " monitor the effectiveness of internal control in the company, Internal Audit services and risk management systems, including tax compliance risks, as well as discuss with the auditor any significant weaknesses in internal control detected during the audit, all without prejudice to their independence, being able to submit recommendations or proposals to the Board of Directors and the corresponding deadline for compliance." and " monitor and evaluate the non-financial risks (operational, technological, legal, social, environmental, political and reputational) without prejudice of the duties to be carried out by the Appointments and Remuneration Committee (hereinafter "CNR") in this matter and "supervise the preparation and presentation of mandatory financial preceptive information and recommendations or proposals to the Board of Directors designed to safeguard its integrity".

Among the attributes of the CAC that affect the Internal Audit Department are (i) ensure the independence and effectiveness of the internal audit function, (ii) approve the budget and annual audit plan (iii) receive periodic information on its activities and (iv) verify that Senior Management takes into account the conclusions and recommendations of its reports.

Senior Management
The Meliá Hotels International Group gives Senior Management the responsibility to design, implement and maintain the ICFR, with each Region or Department responsible for its area of influence. This responsibility thus affects the entire Organisation insofar as the financial information is based on the activity and the information generated by the business areas and by the rest of the support areas.

Internal Audit Department
The Group has an Internal Audit Department that depends hierarchically on the CAC and functionally to the Chief Legal & Compliance Officer, who in turn reports to the Group's Vice

President and CEO. Among the responsibilities of the Internal Audit Department is to verify the proper functioning of the SCIIF, keeping the Board of Directors, through the CAC and Senior Management informed on whether the mechanisms enabled effectively mitigate the risk of errors with material impact on the financial information.

In order to ensure the independence of the Internal Audit Department with respect to the operations or areas that they audit and over which have no authority or responsibility, the internal auditors are not assigned other powers and functions other than those of internal audit.

F.1.2. Whether the following components exist, especially in connection with the financial reporting process:

The departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) defining clearly the lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) assurance that adequate procedures exist for proper communication throughout the company.

(The definition and review process of the organisational structure is regulated by the Group's Human Resources Regulations and applies to all the Group companies. According to the provisions of such Regulations, the Human Resources Department is responsible for ensuring equity, balance and the optimisation of the Company's organisational structure and its periodic review. The heads of the different areas within the Group must ensure that the size of its staff is appropriate and optimal to address the department and business unit operations.

Any change in the organisational structure, as well as the appointment and dismissal of senior executives and their compensation, must be proposed by the Appointments and Remuneration Committee and approved by the Board of Directors.

Likewise, the Organisation area, which reports to the Human Resources Department, is responsible, together with the different areas within the Group, for the analysis and determination of processes, as well as the job descriptions, functions and responsibilities, including positions related to the preparation of financial reporting. The group's organizational chart is currently being restructured due to the development and implementation of the new organizational model.

With regard to the process of preparing financial information, in addition to detailed organizational charts, there are rules and instructions that establish the specific guidelines and responsibilities of each closure in which the main tasks are explained, both at the corporate level and at the branch level.)

Code of conduct, the body approving it, degree of dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of reviewing breaches and proposing corrective actions and sanctions.

(The Meliá Hotels International Group has several documents relating to conduct of its employees, suppliers and other stakeholders:

<u>Code of Ethics</u>

The Meliá Hotels International Group has a Code of Ethics that was approved by the Board of Directors in 2012 and which has been updated in 2018.

The Code of Ethics is a set of principles of action that organise and give meaning to the values of the Company, helping to understand them and learn how they should be applied and prioritised. The Code of Ethics is the summit of the entire internal regulatory framework. It establishes the bases on which policies, regulations, processes and internal procedures are created.

This Code and all the information necessary for a proper understanding thereof, is available to the Group's employees through the Employee Portal, as well as to any stakeholder through the company's corporate website (www.meliahotelsinternational.com).

- In particular, the Code of Ethics includes a section regulating the principles applicable to the relationship with shareholders and investors, where the following commitments are expressly mentioned: (i) to ensure the maximum financial and accounting records' financial financial and accounting financial finances, (ii) to comply with the obligations regarding transparency in the securities markets, (iii) to maintain a proactive attitude in the identification, prevention and mitigation of financial and non-financial risks and (iv) to make available to its shareholders and investors transparent, sufficient, truthful, timely and clear information, both financial and non-financial.
The Group has a mandatory internal training course consisting of three modules, one of which relates to the Code of Ethics. This training is accessible to all corporate staff worldwide including Directors, Deputy Directors and Managers in the various hotels through e-Melia (the Group's e-learning platform).

Supplier Code of Ethics

The Supplier Code of Ethics sets out the principles and commitments that the Group expects to be shared by all its suppliers. This document reinforces the management and relationship model that the Group wishes to promote worldwide, integrating the principles and commitments of the Group's Code of Ethics, giving greater coherence to its procurement model and transmitting the public commitments made to the supply chain.

Like the Group's Code of Ethics, the Supplier Code of Ethics is available on the Group's corporate website. Periodically, campaigns are carried out to publicize the Supplier Code of Ethics, either through specific communications or through adhesion clauses in contracts.

Internal Code of Conduct on Matters Related to the Securities Market

This regulation is applicable to all members of the Board of Directors and to the addressees defined in its subjective scope of application. Its content establishes, among others, the procedures relating to the treatment of privileged information.
These regulations are communicated and delivered in writing to the persons to whom they apply at the time they are hired and/or at the time when, in accordance with the regulations established therein, they are considered as addressees and are signed and accepted by them.
The Chief Legal & Compliance Officer is in charge of monitoring and controlling compliance with the said regulations, reporting in this area to the Audit and Compliance Committee.
The Internal Rules of Conduct in Matters Related to the Securities Market have been updated during 2020 and are available on the corporate website.

Rules of Managerial Behavior and Human Resources Regulations

In addition, the Group has an Executive Behavior Regulation and a Human Resources Regulation, which regulate the conduct of its executives (in the first case) and of all Group employees (in the second case), in relation to certain matters.
The Executive Behavior Regulations were updated in 2019 and are available on the Employee Portal. Each time it is updated, it is communicated to all Executives individually and with acknowledgment of receipt, in addition, this Regulation is signed by the Company's Executives every two years.)

Whistleblowing channel, which makes it possible to report any irregularities of a financial or accounting nature to the audit committee, as well as possible breaches of the code of conduct and irregular activities at the organisation, stating whether reports made through this channel are confidential.

(Employee Wistleblowing channel

On the occasion of the Code of Ethics in 2012, the Meliá Hotels International Group set up a Whistleblowing Channel for employees to register any complaints related to non-compliance with the contents of the Code of Ethics.

The channels available for filing complaints are: Intranet (Employee Portal), Internet (corporate website) and regular mail addressed to the Ethics Committee. Likewise, in relation to the confidentiality and in compliance with the provisions of the Law on Data Protection and Digital Rights, anonymous complaints are also accepted in the Complaints Channel.

The Ethics Committee is the independent body in charge of receiving, managing and coordinating the complaints and investigation procedure, being the only body that will have access to the complaints received and thus guaranteeing their confidentiality. The ultimate responsibility lies with the Board of Directors itself, who through the Auditing and Compliance Committee assumes the obligation to implement it.

The operation of the Employee Complaint Channel is described in the Regulations of the Employee Complaint Channel, published on the Employee Portal. At the end of 2019, a campaign to spread the Employee Complaints Channel was launched, which aim to reach all employees of the Group. As part of that campaign, a triptych was prepared in which the most relevant aspects related to it were informed, such as its objective, the types of complaints that can be presented along with some examples thereof, the procedure that follow a complaint and the existing mechanisms or ways to file them.

Supplier Complaints Channel

Following the approval of the Supplier Code of Ethics, a Whistleblower Channel was enabled for suppliers through which those behaviors contrary to the aforementioned Supplier Code of Ethics can be communicated or reported. The Supplier Complaints Channel is managed by the Group Ethics Committee and can be accessed through the corporate website (meliahotelsinternational.com) or by regular mail addressed to the Ethics Committee.

The operation of the Suppliers Complaints Channel is described in the Regulations of the Supplier Complaints Channel, accessible by any provider through the platform for accessing the complaints channel.)

Training and refresher programmes for personnel involved in the preparation and review of the financial information, as well as in the evaluation of ICFR, which address, at least, accounting rules, auditing, internal control and risk management.

(Managers responsible for departments that prepare financial information must ensure that employees working in these areas have access to updated information and appropriate training.

Corporate team members involved in the preparation and review of financial information receive annual specific training to update their knowledge in various matters related to their functions. During 2020, they have participated in training sessions concerning the implementation of new international accounting standards, new requirements for the breakdown of non-financial information and alternative financial information breakdown requirements and alternative performance measures, workshops for the prevention, detection and investigation of fraud and on business process evaluation.

The departments involved in the training and updating programs have been the Internal Audit, Risk Control and Compliance and Global Administration Departments, dedicating in total more than 90 hours per year to such training.

In particular, during 2020, the following training actions, among others, have been carried out (the most relevant for the purposes of this report are indicated):

- Training activity: IFRS Institute: IFRS 16, Leases - application hot topics, Duration (hours): 1, Date: 04/23/2020, Provider: KPMG, Department: Global Administration.

- Training activity: Draft for discussion of primary financial statements/ICAC Resolution on presentation of financial instruments, Duration (hours): 2, Date: 09/29/2020, Provider: EY, Department: Global Administration.

- Training activity: IFRS9 and Impairment Covid-19, Duration (hours): 5, Date: 05/11/2020, Provider: AECA, Department: Global Administration.

- Training activity: Impairment of assets in the Covid-19 environment, Duration (hours): 2, Date: 11/13/2020, Provider: KPMG, Department: Global Administration.

- Training activity: Common Supervisory Priorities 2020, Duration (hours): 2, Date: 12/16/2020, Provider: CNMV/EY, Department: Global Administration.

- Training activity: Financial and Tax Information Keys 2020, Duration (hours): 2, Date: 12/16/2020, Provider: KPMG, Department: Global Administration.

- Training activity: Annual Accounts 2020 and Accounts Auditing under Covid-19 conditions, Duration (hours): 3, Date: 18/12/2020, Provider: AECA, Department: Global Administration.

- Training activity: XV Conference on Risk Management in the Tourism Sector, Duration (hours): 2, Date: 09/25/2020, Provider: Willis Towers, Department: Risk Control & Compliance.

- Training activity: Webinar: KPMG-LEFEBVRE Innovation Breakfast: The evolution in risk management, Duration (hours): 1.5, Date: 06/10/2020, Provider: KPMG-LEFEBVRE. Department: Risk Control & Compliance.

- Training activity: Webinar: Permanent Seminar on Economic Criminal Law and Compliance (WCA and UNIR). Session 3: Criminal defense of the legal person, Duration (hours): 2, Date: 06/10/2020, Provider: WCA + UNIR, Department: Risk Control & Compliance.

- Training activity: Course on Compliance Experts, Duration (hours): 15, Date: Nov. 16 to 20, Provider: IOC+WCA+CUMPLEN, Department: Risk Control & Compliance.

- Training activity: Complaints and Investigations Channel Workshop, Duration (hours): 2.5, Date: 16/11/2020, Provider: IOC+WCA+CUMPLEN, Department: Risk Control & Compliance.

- Training activity: Risk Map and Indicators Workshop, Duration (hours): 2.5, Date: 11/17/2020, Provider: IOC+WCA+CUMPLEN, Department: Risk Control & Compliance. Provider: IOC+WCA+CUMPLEN, Department: Risk Control & Compliance.

- Training activity: Compliance Controls Workshop, Duration (hours): 2.5, Date: 11/17/2020, Supplier: IOC+WCA+CUMPLEN, Department: Risk Control & Compliance.

- Training activity: International Compliance Congress-Week, Duration (hours): 17, Date: (18 to 20 December 2020), Supplier: IOC+WCA
+CUMPLEN, Department: Risk Control & Compliance.

- Training activity: Postgraduate course in financial law and tax system, Duration: 2 years - 1 person, Provider: UOC, Department: Internal Audit.

- Training activity: MBA in company internalization, Duration: 2 years - 1 person, Provider: ICEX-CECO, Department: Internal Audit.

- Training activity: Certified Internal Auditor (CIA), Duration: 3 people - continuous, Supplier: Instituto de auditores internos, Department: Internal Audit.

- Training activity: Big Data Specialization, Duration: 1 person - course, Provider: University of California - San Diego, Department: Internal Audit.

- Training activity: Data Analysis for Management, Duration: 1 person - course, Provider: London School of Economics, Department: Internal Audit.

- Training activity: Getting started with spreedsheet modeling and business analytics, Duration: 1 person - course, Provider: Ecornell, Department: Internal Audit.

The Group has external advice to support the development of knowledge of the personnel involved, also participating as corporate partners of IAI (Institute of Internal Auditors) and AECA (Spanish Association of Accounting and Business Administration).

The Group also subscribes to the following publications:
- Subscription: Spanish Association of Accounting and Business Administration, Frequency: Weekly, Provider: Spanish Association of Accounting and Business Administration (AECA).
- Subscription: Instituto Auditores Internos - IAI Magazine, Frequency: Monthly, Provider: Instituto de Auditores Internos (IAI).
- Subscription: Breaking News, Frequency: Weekly, Provider: KPMG.
Additionally, and following the recommendations on the subject, during the 2020 fiscal year a specific training plan has been developed on ICFR aimed at the areas or groups involved in the preparation and supervision of the financial information.)

F.2 Risk assessment in financial reporting
Please report at least:

F.2.1 Indicate what are the key features of the risk identification process, including error and fraud risk, with regard to:

• If the process exists and is documented.

(The Meliá Hotels International Group has a global and permanent control, analysis and risk assessment model. This model is formalized in the following documents accessible to all employees through the Employee Portal:

-The Risk Control and Management Policy establishes the basic principles governing Risk Management and the general framework of action for the control, analysis and assessment of the risks faced by the Group. The policy has been updated in 2020 in order to adapt to the update of the Good Governance Code for Listed Companies, specifically recommendation 45, which was approved by the Board of Directors.

- Risk Control and Management Standard, which develops the previous policy and establishes the rules, guidelines or criteria to be followed in the process of updating the Group's Risk Maps, as well as the operation of other mechanisms or tools used for risk prevention and management. The Standard has been updated in 2020, such update was approved by the Audit and Compliance Committee.

- Standard on Control and Analysis of fiscal risks, which aims to develop the Risk Control and Management Policy in the fiscal area.

- Risk Map development process that defines the process flow of tasks for the design of the Group's Risk Map.

The Risk Control Department leads the process of periodically updating the Group's Risk Map and ensures the promotion of the definition of actions and assignment of responsibilities in order to mitigate the main risks. In this process, the heads of all the Group's departments and areas participate, identifying and assessing the different risks that affect them, including those related to financial information. Therefore, in addition to the Group's Consolidated Risk Map, Risk Maps are also obtained for each of the different departments and areas that make up the organization.)

• If the process covers all financial reporting objectives (existence and occurrence, completeness, valuation, presentation, disclosure and comparability, and rights and obligations), and if it is updated and how often.

(In cooperation with the Internal Audit Department, every year the Risk Inventory is reviewed to detect which of the identified risks may affect the financial reporting objectives defined by the CNMV: existence and occurrence, completeness, valuation, presentation, disclosure and comparability.

Each of the risks identified in the process of preparing the consolidated financial statements is associated with the processes and the different financial lines considered significant.)

• A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles, holding companies, etc.

(For the purpose of identifying the scope of consolidation at all times, the Annual Accounts and Consolidation Department maintains an up-to-date corporate register that includes all of the Group's interests, whatever their nature.

The procedures for updating the scope of consolidation are defined in a manual which complements the provisions of Corporate and Joint Venture Regulations. The scope of consolidation is updated monthly according to the provisions of the International Accounting Standards and other local accounting regulations.

Regarding the possible existence of complex corporate structures, special purpose vehicles or holding companies, in general, prior approval of the Board of Directors is required for their creation.

Likewise, according to the provisions of the Tax Strategy Policy (as amended by the Board of Directors on 6 June 2018 and available on the corporate website), one of the guiding principles is “to avoid the creation of companies of opaque nature or residing in tax havens as interpreted by the European Union, unless their existence is motivated by economic or business reasons. It is reiterated that “the creation or acquisition of interests in special purpose vehicles or entities residing in countries or territories considered as tax havens” must be approved by the Board of Directors.)

• Whether the process addresses other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may affect the financial statements.

(The impact that risks may have on financial statements is considered in updating the Risk Map, regardless of the type of risk. The Meliá Hotels International Group has categorised risks as follows:

- Global Risks.
- Financial Risks.
- Business Risks.
- Operational Risks.
- Compliance Risks.
- Information Risks.)

• What governing body of the company is responsible for overseeing the process.

The results obtained in the process of updating the Risk Map are reported to and reviewed by Senior Management, the Auditing and Compliance Committee and the Board of Directors.

F.3 Control of activities

Please inform, indicating its main characteristics, if the Company has at least:

F.3.1 Procedures for reviewing and authorizing the financial information and description of ICFR to be disclosed to the securities markets, stating who is responsible in each case and the documentation describing the flow of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the separate review of critical judgements, estimates, evaluations and projections.

(Meliá Hotels International group provides securities markets with financial information for the consolidated group on a quarterly basis. This financial information is prepared by the Administration and Finance Department.

The Chief Financial Officer analyses the reports received, provisionally approving the financial information for submission to the Auditing and Compliance Committee, which is then responsible for supervising the financial information that it receives. The Group submits the financial statements for the first half of the year to a limited review by the Company's external auditor. Thus, in the semi-annual accounting closings, the Auditing and Compliance Committee has revised information by the Group's external auditors.

In the semi-annual closures, the Auditing and Compliance Committee reports its conclusions to the Board of Directors on the financial information presented so that, once approved by the Board of Directors, it can be published in the securities markets. Likewise, two ad hoc meetings of the Auditing and Compliance Committee have been established to approve the Intermediate Management Report for the first and third quarter. Once approved and for information purposes, the information is made available to the Board of Directors for approval.

The Meliá Hotels International Group has a procedures manual which defines the internal process for the preparation and submission of consolidated financial information. This covers the entire process of preparation, approval and publication of the financial information to be sent periodically to the CNMV.

All the areas that potentially may affect in a significant manner the Group's Annual Accounts, have controls in the critical processes to ensure the reliability of financial information. These controls are included in internal procedures or in the IT systems used for the preparation of financial information.

Most of the processes considered as critical and the control activities associated with them have been systematically documented. This documentation is made up of descriptions and flowcharts of the processes and of risk and control matrices. Additionally, and throughout this process, possible fraud risks have been identified for which controls are also formalized to mitigate these risks.

The activities that are required to be formally documented are included in the processes within the areas of Administration, Tax, Treasury and Finance, Personnel Administration, Hotel Business and Vacation Club.

The different Departments are responsible for documenting and updating each of these processes, detecting possible control weaknesses, and defining appropriate corrective measures.

The critical judgements, estimates and projections needed to measure certain assets, liabilities, revenues, expenses and commitments recorded or disclosed in the Annual Accounts are carried out by the Administration and Finance Department with the support of the other Departments.

The annual accounts of the Meliá Hotels International Group report the most relevant areas in which there are elements of judgement or estimation, as well as the key assumptions related to them. The most important estimates relate to the valuation of goodwill, provision for taxes on profits, fair value of derivatives, fair value of property investment, pension contributions and the useful life of property, plant and equipment and intangible assets.

One of the documented processes is an accounting closure procedure which defines the closure, review and authorization of financial information generated by the different units before all the information is consolidated.)

F.3.2 Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key processes of the company regarding the preparation and publication of financial information.

(The IT Department at the Meliá Hotels International Group has a set of security regulations and procedures designed to guarantee the control of access to business applications and systems to ensure the confidentiality, availability and integrity of information.

In 2017, the Board of Directors approved the Information Security Policy, which is available on the corporate website. In development of this Policy, the Information Security Standard has also been developed as well as the Systems Use Manual and the IT Security Framework.

The Meliá Hotels International Group has formalized procedures for changes to the financial management platform and a transaction development and maintenance process. These procedures establish the controls that ensure a proper development and maintenance of applications, evaluating the impact of changes and associated risks, and they also have processes to test changes before they are implemented in production systems.

There is a management model for access and authorization based on the segregation of functions on the systems that support financial management processes, having defined the control procedures and avoiding users to be involved in the handling of such information.

Additionally, controls have been established for the appropriate management and monitoring of the assignment of special privileges in systems that support financial information.)

F.3.3 Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

(Outsourcing is governed by the Regulation on Service Contract that regulates the approval by the General Management of the contracting area and the verification that the supplier has sufficient professional qualifications to deliver the contracted services and that, where appropriate, he/she is registered with the corresponding professional body. This Regulation is available to all employees on the Employee Portal.

Additionally, the Group has in place an Approval Process for services other than audit services carried out by the account auditor, under which the authorization process for procurement of audit and non-audit services is established, related to the audit and services other than the audit performed by the account auditor. This process has been updated in 2019 in order to include, among other aspects, the prohibition of contracting tax services from the Group's auditor

When the Group uses the services of independent experts, it ensures their competence and technical skills by only hiring third parties with proven experience and prestige.

To validate the reports of independent experts, the Group has trained personnel capable of validating the reasonableness of the conclusions thereof, defining and managing the appropriate service levels in each case.

It is to be noted that the new Fiscal Strategy Policy establishes that "the Fiscal Department may rely on the advice of independent experts or recognized tax standing, with the exception of the auditor and/or audit firm that performs the audit of the Group's financial statements.

During the 2020 fiscal year, the implementation of a new centralized model for the contracting of services and purchase of goods has begun, with the objective of guaranteeing the governance of contracts and suppliers and their need.

Likewise, the digitalization of the approval and validation of contracts and invoices has been implemented, allowing control, monitoring and verification of compliance with internal regulations and, in particular, with the different levels of approval established internally.)

F.4 Information and Communication

Please inform, indicating its main characteristics, if the Company has at least

F.4.1 A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining fluid communications with those responsible for operations at the organization, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.

(The Annual Accounts and Consolidation Department is in charge of the definition and updating of accounting policies, as well as the interpretation thereof, and other accounting regulations that affect the financial statements of the Meliá Hotels International Group. Among others, the functions of this department are as follows:

- Definition of the Group's accounting policies.
- Analysis of the operations and individual transactions carried out or to be carried out by the Group to determine their appropriate accounting treatment.
- Monitoring of the new regulations planned as well as the new rules approved by the International Accounting Standards Board (IASB) which are adopted by the European Union, and analysis of the impact that their implementation will have on the Group's Consolidated Accounts.
- Resolution of any doubts of Group companies regarding the application of Group's accounting policies.

The Meliá Hotels International Group presents its Consolidated Annual Accounts in accordance with the International Financial Reporting Standards adopted by the European Union. The company has an updated accounting policy manual that is reviewed whenever the accounting regulations applicable to the financial statements of the Group are modified in any significant respect. All personnel responsible for preparing the financial statements of the companies within the Group have access to this document through the Intranet.

There is a formal communication channel to coordinate doubts about the interpretation of the accounting policies, consisting of a general inbox for electronic mail managed by the Annual and Consolidated Accounts Department. Through which the different business areas can ask for advice on specific issues which, due to their specificity or complexity, may raise doubts about the way they should be registered in the Group's accounting books.)

F.4.2 Mechanisms for capturing and preparing financial information with consistent formats for application and use by all of the units of the company or the group, and which contain the main financial statements and notes, as well as detailed information regarding ICFR.

(The Meliá Hotels International Group has an integrated financial management tool to address the reporting needs of individual financial statements and which facilitates the subsequent consolidation and analysis process.

This tool centralizes in a single system all the accounting information of the Group subsidiaries, which is the basis for the preparation of individual annual accounts and the consolidated annual accounts for the Group. The system is managed centrally from the Head Office.

During the 2020 financial year and within the process of preparing and approving the Group's Annual Accounts, a new technological tool (external software) has been implemented for the consolidation of financial (and non-financial) information and the creation of management reports, all within the framework of compliance with the new SEC regulations and the obligations in terms of taxonomy of information.)

F.5 Supervision of system performance

Please inform, indicating its main characteristics, if the Company has at least

F.5.1 The activities of the audit committee in overseeing ICFR, as well as whether the entity has an internal audit function whose duties include providing support to the committee in its work of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible prepares the assessment reports on its results, whether the company has an action plan describing possible corrective measures, and whether its impact on financial reporting is considered.

(The activities of supervision of SCIIF carried out by the Auditing and Compliance Committee in 2020 include:

- Regular meetings with external auditors, internal auditors and senior management to review, analyze and comment on the financial information, the applied accounting criteria, and, where applicable, any significant internal control identified weaknesses
- Review with the Internal Audit Department of the effectiveness of and compliance with the processes within the internal control system.

As indicated in section F.1.1.previously, it is the responsibility of the Internal Audit Department to verify the proper functioning of the Internal Control System, including the reliability of the Financial Information (SCIIF), keeping the Board of Directors, through the CACA and Senior Management informed about the existence, adequacy and effectiveness of existing methods, procedures, standards, policies and instructions, which are available to Group employees.
In this regard, the Internal Audit Department prepares an Annual Internal Audit Plan that includes various actions aimed at assessing the degree of compliance with internal control through audits of different types, mainly business or operational (hotels, vacation clubs and other businesses), computer systems audits, financial audits and evaluation of control activities associated with processes in corporate and regional areas of Administration and Finance, including those processes associated with SCIIF. The areas and processes to be audited, as well as the checklist of audit control points is renewed and updated annually.
The methodology of the activities carried out by the Internal Audit Department in 2020 has been affected by the pandemic and, in particular, by the limitations to mobility that have prevented the face-to-face audits that were carried out in previous years. However, remote audits have been carried out in the different Group centers, especially those related to the financial accounts of these centers, as well as continuing with the usual process of continuous auditing. Special mention should be made of the section relating to remote audits of Covid-19, based on the StaySafe by Meliá program, within the framework of the Bureau Veritas certifications.

As established in the Audit Standard, if as a result of the Audit Department's evaluations, control weaknesses are detected in the audited centers/areas/processes, these are brought to the attention of the Management of the center and/or audited area, reporting to Senior Management and the Audit and Compliance Committee if deemed appropriate. The managers of these centers and/or areas are obliged to respond to the weaknesses detected either by means of corrective measures and/or by implementing preventive plans.
Likewise, the external auditor, as mentioned in section F.7.1., issues an annual report of agreed procedures on the description of the ICFR carried out by the Group in which no noteworthy aspects have been highlighted.)

F.5.2 Whether there is a procedure by which the account auditor (as provided in the Technical Auditing Standards), the internal auditor and other experts may inform senior management and the audit committee or senior managers of the company of the significant internal control weaknesses detected during the review of the annual accounts or such other reviews as may have been entrusted to them. Information shall also be provided on whether an action plan is available for correcting or mitigating the weaknesses found.

(The Board of Directors, according to its Regulations, must meet at least six (6) times a year. Coinciding with these meetings, the Auditing and Compliance Committee also meets, with the meetings being regularly attended by the internal and external auditors as guests, and also by Senior Management, when appropriate.

The external auditor must attend, at least, the Board meeting in which Annual Accounts are prepared and, additionally, any other Board meeting at which his/her attendance is required. The Internal Audit Department is in constant communication with Senior Management and periodically informs the Auditing and Compliance Committee of any internal control weaknesses detected in internal audits.

Likewise, on an annual basis, the external auditor provides the Auditing and Compliance Committee with a report detailing the internal control weaknesses detected. The action plans related to the weaknesses detected are implemented in the form of recommendations that follow the circuit of prioritizing, assignment of responsibilities and follow-up. These recommendations are followed up internally.)

F.6 Other relevant information

(No additional aspects to be broken down have been identified.)

F.7 External auditor's report

Report on:

F.7.1 Whether the ICFR information submitted to the markets has been subject to review by the external auditor, in which case the entity shall include its report as an attachment. If not, reasons why should be given.

(The information on the system of internal control of financial reporting included in the Annual Corporate Governance Report has been subject to review by an external auditor, whose report is attached to the Group's Management Report.)

G. Extent of Compliance with Corporate Governance Recommendations

1. That the Bylaws of listed companies do not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of shares on the market.

Complies ☒ Explanation ☐

2. That when the parent company and a subsidiary are listed on the stock market, both should publicly and specifically define:

a) The respective areas of activity and possible business relationships between them, as well as those of the listed subsidiary with other group companies.

b) The mechanisms in place to resolve possible conflicts of interest.

Complies ☐ Complies Partially ☐ Explanation ☐ Not Applicable ☒

3. That, during the course of the ordinary General Shareholders' Meeting, complementary to the distribution of a written Annual Corporate Governance Report, the chairman of the Board of Directors verbally informs shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, and in particular:

a) Changes taking place since the last General Shareholders' Meeting.

b) Specific reasons why the company did not follow one or more of the recommendations of the Code of Corporate Governance and, if so, the alternative rules that were followed instead.

Complies ☒ Complies Partially ☐ Explanation ☐

4. That the company has defined and promoted a policy of communication and contact with shareholders, institutional investors and proxy advisors that complies in all aspects with rules preventing market abuse and gives equal treatment to similarly situated shareholders.

And that the company has made such a policy public through its web page, including information related to the manner in which said policy has been implemented and the identity of contact persons or those responsible for implementing it.

And that, without detriment to the legal obligations regarding the dissemination of privileged information and other types of regulated information, the company also has a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels it deems appropriate (media, social networks or other channels) that contributes to maximizing the dissemination and quality of the information available to the market, investors and other stakeholders.

Complies ☒ Complies Partially ☐ Explanation ☐

5. That the Board of Directors should not propose to the General Shareholders' Meeting any proposal for delegation of powers allowing the issuance of shares or convertible securities without pre-emptive rights in an amount exceeding 20% of equity at the time of delegation.

And that whenever the Board of Directors approves any issuance of shares or convertible securities without pre-emptive rights the company immediately publishes reports on its web page regarding said exclusions as referenced in applicable company law.

Complies ☒ Complies Partially ☐ Explanation ☐

6. That listed companies which draft any reports listed below, whether under a legal obligation or voluntarily, publish them on their website with sufficient time before the General Shareholders' Meeting, even when their publication is not mandatory:

a) **Report on the auditor's independence.**
b) **Reports on the operation of the audit committee and the appointments and remuneration committee.**
c) **Report by the audit committee regarding related-party transactions**

Complies ☒ Complies Partially ☐ Explain ☐

7. That the company reports in real time, through its web page, the proceedings of the General Shareholders' Meetings.

Complies ☒ Explanation ☐

8. That the audit committee ensures that the Board of Directors presents the financial statements to the General Shareholders' Meetings without qualifications or reservations and that, in the exceptional circumstances in which qualifications may appear, that the chairman of the audit committee and the auditors clearly explain to the shareholders the content and scope of said qualifications or reservations.

Complies ☒ Complies Partially ☐ Explain ☐

9. That the company permanently maintains on its web page the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory manner.

Complies ☒ Complies Partially ☐ Explain ☐

10. That when a verified shareholder has exercised his right to make additions to the agenda or to make new proposals to it with sufficient time in advance of the General Shareholders' Meeting, the company:

a) **Immediately distributes the additions and new proposals.**

b) **Publishes the attendance card credential or proxy form or form for distance voting with the changes such that the new agenda items and alternative proposals may be voted upon under the same terms and conditions as those proposals made by the Board of Directors.**
c) **Submits all of these items on the agenda or alternative proposals to a vote and applies the same voting rules to them as are applied to those drafted by the Board of Directors including, particularly, assumptions or default positions regarding votes for or against.**

d) **Communicates a breakdown of the results of said additions or alternative proposals after the General Shareholders' Meeting.**

Complies ☐ Complies Partially ☐ Explanation ☐ Not Applicable ☒

11. That, in the event the company intends to pay for attendance at the General Shareholders' Meeting, it establishes in advance a general policy of long-term effect regarding such payments.

Complies ☐ Complies Partially ☐ Explanation ☐ Not Applicable ☒

12. That the Board of Directors completes its duties with a unity of purpose and independence, treating all similarly situated shareholders equally and that it is guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, and the promotion of continuity and maximisation of the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and in engaging in conduct based on good faith, ethics and a respect for commonly accepted best practices, it seeks to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders, as well as the impact of its corporate activities on the communities in which it operates and the environment.

Complies ☒ Complies Partially ☐ Explain ☐

13. That the Board of Directors is of an adequate size to perform its duties effectively and in a participatory manner, and that its optimum size is between five and fifteen members.

Complies ☒ Explanation ☐

14. That the Board of Directors approves a selection policy for directors that:

a) **It is concrete and verifiable.**
b) **Ensures that proposals for appointment or re-election are based upon a prior analysis of the needs of the Board of Directors.**
c) **Favors diversity in knowledge, experience and gender. For this purpose, measures that encourage the company to have a significant number of female senior managers are considered to favor gender diversity.**

That the resulting prior analysis of the needs of the Board of Directors is contained in the supporting report from the appointments committee published upon a call from the General Shareholders' Meeting submitted for ratification, appointment or re-election of each director.

The appointments committee will annually verify compliance with the selection policy of directors and explain its findings in the Annual Corporate Governance Report.

Complies ☒ Complies Partially ☐ Explain ☐

15. That proprietary and independent directors constitute a substantial majority of the Board of Directors and that the number of executive directors is kept at the required minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

And that the number of female directors should account for at least 40% of the members of the board of directors before the end of 2022 and thereafter, and not be less than 30% prior to that date.

Complies ☐ Complies Partially ☒ Explain ☐

(The percentage of female directors of the Company as at the closing date of the report is 27.27% of the total number of Board members (3 out of 11). However, the new Director Selection & Diversity Policy approved on November 26, 2020 which includes the new diversity objectives established by the new Good Governance Code for Listed Companies, will facilitate reaching the threshold fixed by this recommendation.)

16. That the percentage of proprietary directors divided by the number of non-executive directors is no greater than the proportion of the equity interest in the company represented by said proprietary directors and the remaining share capital.

This criterion may be relaxed:

- a) **In large cap companies in which interests that are legally considered significant are minimal.**
- b) **In companies where a diversity of shareholders is represented on the Board of Directors without ties among them.**

Complies ☒ Explanation ☐

17. That the number of independent directors represents at least half of the total number of directors.

Nonetheless, when the company does not have a high level of market capitalisation or in the event that it is a large cap company with one shareholder or a group acting in a coordinated manner who together control more than 30% of the company's capital, the number of independent directors represents at least one third of the total number of directors.

Complies ☒ Explanation ☐

18. That companies publish and update the following information regarding directors on the company website:

- **a) Professional profile and biography.**
- **b) Any other Boards to which the director belongs, regardless of whether the companies are listed, as well as any other remunerated activities engaged in, regardless of type.**
- **c) Category of directorship, indicating, in the case of proprietary directors, the shareholder that they represent or to which they are connected.**
- **d) The date of their first appointment as a director of the company's Board of Directors, and any subsequent re-election.**
- **e) The shares and options they own.**

Complies ☒ Complies Partially ☐ Explain ☐

19. That the Annual Corporate Governance Report, after verification by the appointments committee, explains the reasons for the appointment of proprietary directors at the proposal of the shareholders whose equity interest is less than 3%. It should also explain, where applicable, why formal requests from shareholders for membership on the Board

meeting were not honoured, when their equity interest is equal to or exceeds that of other shareholders whose proposal for proprietary directors was honoured.

Complies ☐ Complies Partially ☐ Explanation ☐ Not Applicable ☒

20. That proprietary directors must resign from the Board if the shareholder they represent disposes of its entire equity interest. They should also resign, in a proportional manner, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors representing this shareholder.

Complies ☐ Complies Partially ☐ Explanation ☐ Not Applicable ☒

21. That the Board of Directors may not propose the dismissal of any independent director before the completion of the director's term provided for in the Bylaws, unless the Board of Directors finds just cause and a prior report has been prepared by the appointments committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties attendant to his post as a director, fails to complete the tasks inherent to his or her post, or enters into any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or similar transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of the proportionate representation criteria provided for in Recommendation 16.

Complies ☒ Explanation ☐

22. That companies establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which may damage the company's standing and reputation. Specifically, directors must be required to report any criminal acts with which they are charged, as well as the consequent legal proceedings.

And that should a director be indicted or tried for any of the offences set out in company law legislation, the Board of Directors must investigate the case as soon as possible and, based on the particular situation, decide whether the director should continue in his or her post. And that the Board of Directors must provide a reasoned written account of all these events in its Annual Corporate Governance Report.

Complies ☐ Complies Partially ☒ Explanation ☐

(Article 31 of the Regulations of the Board of Directors of the Company establishes the obligation of the directors to "inform and, as the case may be, resign in those cases that may damage the credit and reputation of the Company, and must in any case inform of the criminal cases in which they appear as accused, as well as of the subsequent procedural events, and the Board must examine the case as soon as possible, and in view of the specific circumstances, decide whether or not the director should continue in his position", in compliance with the first part of the aforementioned recommendation.

The Company has not yet proceeded to modify the Board Regulations to adapt the aforementioned obligation to the new wording of the recommendation but, notwithstanding the foregoing, it will act in strict compliance with the provisions of this recommendation.)

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict

of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies in the case of the secretary of the Board of Directors, despite not being a director.

Complies ☒ Complies Partially ☐ Explanation ☐ Not Applicable ☐

24. That whenever, due to resignation or any other reason, a director leaves before the completion of his or her term, the director should explain the reasons for this decision in a letter addressed to all the directors of the Board of Directors. Irrespective of whether the resignation has been reported as a relevant fact, it must be included in the Annual Corporate Governance Report.

And that, without prejudice to the disclosure of all of the above in the annual corporate governance report, to the extent that it is relevant for investors, the company should publish the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the director.

Complies ☒ Complies Partially ☐ Explanation ☐ Not Applicable ☐

25. That the appointments committee ensures that non-executive directors have sufficient time in order to properly perform their duties.

And that the Regulations of the Board establish the maximum number of company Boards on which directors may sit.

Complies ☐ Complies Partially ☒ Explain ☐

(The Company does not consider it necessary to establish by regulation a maximum number of boards on which its Directors may serve. The analysis of the availability of potential directors (which is contemplated in the Group's Director Selection & Diversity Policy) is carried out prior to the proposal for appointment/reelection and is even more incisive, taking into consideration not only membership on other boards of directors but also the actual availability of candidates for directors in view of their other work, professional or other responsibilities.

The Company considers that, through such prior analysis and scrutiny, the same objective pursued by Recommendation 25 is achieved, i.e., to ensure that the directors will be able to devote sufficient time to inform themselves, to learn about the reality of the Company and the evolution of its business and to participate in the meetings of the Board and the committees of which, if any, they are members.

As indicated in section C.1.11 of this report, no director belongs to more than two boards of directors of listed companies.)

26. That the Board of Directors meet frequently enough so that it may effectively perform its duties, at least eight times per year, following a schedule of dates and agenda established at the beginning of the year and allowing each director individually to propose items do not originally appear on the agenda.

Complies ☐ Complies Partially ☒ Explain ☐

(The Regulations of the Board of Directors establish a minimum number of six meetings.

At the beginning of each year, the Board studies, proposes and approves the schedule of meetings for the current year, taking into consideration the Company's needs.

Likewise, the Regulations establish that the Board Members must urge the persons with the power to call extraordinary meetings of the Board or include in the agenda of the first meeting to be held, such items as they deem appropriate.

During the 2020 financial year, in accordance with the Company's needs, the Board of Directors met at the meetings scheduled in the calendar and also held one additional meeting in writing and without a meeting.

Also noteworthy is the increase in the number of meetings held by the Company's two Delegated Committees: the Audit and Compliance Committee held a total of 13 meetings in 2020 (compared to 10 in the previous year) and the Nominating, Compensation and CSR Committee held 8 meetings.)

27. That director absences only occur when absolutely necessary and are quantified in the Annual Corporate Governance Report. And when absences occur, that the director appoints a proxy with instructions.

Complies ☒ Complies Partially ☐ Explanation ☐

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes, upon a request from the protesting party.

Complies ☒ Complies Partially ☐ Explanation ☐ Not Applicable ☐

29. That the company establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies ☒ Complies Partially ☐ Explanation ☐

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances require.

Complies ☒ Explanation ☐ Not applicable ☐

31. That the agenda for meetings clearly states those matters about which the Board of Directors are to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, under exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall by duly recorded in the minutes.

Complies ☒ Complies Partially ☐ Explanation ☐

32. That directors shall be periodically informed of changes in equity ownership and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies ☒ Complies Partially ☐ Explanation ☐

33. That the chairman, as the person responsible for the efficient operation of the Board of Directors, in addition to carrying out his duties required by law and the Bylaws, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; should organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its operation; should ensure that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances so dictate.

Complies ☒ Complies Partially ☐ Explanation ☐

34. That when there is a coordinating director, the Bylaws or the Regulations of the Board should confer upon him the following competencies in addition to those conferred by law: chairman of the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; reflect the concerns of non-executive directors; liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and coordinate a succession plan for the chairman.

Complies ☐ Complies Partially ☒ Explanation ☐ Not Applicable ☐

(The Company considers that, in view of the non-existence of an Executive Chairman since December 2016, it is not mandatory, in accordance with Recommendation 34 of the Code (whose ultimate purpose is to counteract the concentration of power in a single person), the position of Coordinating Director. Notwithstanding the foregoing, taking into account the benefits derived from the existence of this figure, the Company decided to maintain the aforementioned position, although the functions attributed to it do not correspond literally with the content of Recommendation 34. Thus, the Coordinating Director of the Board of Directors of Meliá, is especially empowered to: (i) request the convening of the Board of Directors or the inclusion of new items on the agenda of a Board meeting already convened, (ii) coordinate and bring together the external directors, and.(iii) direct, as the case may be, the periodic evaluation of the Chairman of the Board of Directors, powers that do not fully correspond to those established in the aforementioned recommendation.)

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account the recommendations regarding good governance contained in this Good Governance Code and which are applicable to the company.

Complies ☒ Explanation ☐

36. The Board of Directors in full session should conduct an annual evaluation, adopting, when necessary, an action plan to correct weaknesses detected in:

- **a) The quality and efficiency of the Board of Director's operation.**
- **b) The performance and composition of its committees.**
- **c) Diversity of membership and competence of the Board of Directors.**
- **d) Performance of the chairman of the Board of Directors and the chief executive officer of the company.**

e) Performance and input of each director, paying particular attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the appointments committee.

Every three years, the Board of Directors will rely upon the assistance of an external advisor for its evaluation, whose independence shall be verified by the appointments committee.

Any business relationships between the external advisor or any member of the advisor's group and the company or any company within its group shall be specified in the Annual Corporate Governance Report.

The process and the areas evaluated shall be described in the Annual Corporate Governance Report.

Complies ☐ Complies Partially ☒ Explanation ☐

(The Company complies with all the points of the recommendation with the exception, in this fiscal year, of the periodicity of the assistance for the performance of the evaluation by an independent external consultant.

In this regard, the last backing assistance by an external consultant was carried out in the 2017 fiscal year. In the process of reviewing the evaluation questionnaires and preparing the evaluation process of the Board and the Chief Executive Officer for the 2020 financial year, the Nomination, Compensation and CSR Committee, in accordance with the Group's internal guidelines for cost control and health security, considered that it was not essential and appropriate to engage an external third party for assistance in conducting the evaluation process. When the evaluation process of the Board and the Chief Executive Officer for the 2021 fiscal year is to be carried out, the recommendation for the assistance of an external consultant and the prevailing economic and health security circumstances will be reconsidered.

Notwithstanding the foregoing, and as indicated in section C.1.17 of this report, the Committee has had the support of the Company's Human Resources and Corporate Governance departments to review and update the evaluation forms, which have incorporated issues related to COVID-19 management and introduced certain improvements in line with applicable recommendations and best market practices in this area.)

37. That if there is an executive committee, the proportion of each different director category must be similar to that of the Board itself, and its secretary must be the secretary of the Board.

Complies ☐ Complies Partially ☐ Explanation ☐ Not Applicable ☒

38. That the Board of Directors must always be aware of the matters discussed and decisions adopted by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies ☐ Complies Partially ☐ Explanation ☐ Not Applicable ☒

39. That the members of the audit committee, particularly its Chairman, are appointed in consideration of their knowledge and experience in accountancy, audit and risk management matters, and that a majority of its members be independent directors.

Complies ☒ Complies Partially ☐ Explanation ☐

40. That under the supervision of the audit committee, there must be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Complies ☒ Complies Partially ☐ Explanation ☐

41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, reporting directly on any issues that may arise during the implementation of this plan, and present an activity report at the end of each year.

Complies ☒ Complies Partially ☐ Explanation ☐ Not Applicable ☐

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1 With respect to information systems and internal control:

a. Supervise and evaluate the preparation process and the integrity of financial and non-financial information, as well as the control and management systems of financial and non-financial risks related to the company and, if applicable, to the group
the company and, where appropriate, the group -including operational, technological, legal, social, environmental, political and reputational or corruption-related risks-reviewing compliance with regulatory requirements, the proper delimitation of the scope of consolidation and the correct application of accounting criteria.

b. Ensure the independence and effectiveness of the unit charged with the internal audit function; propose the selection, appointment, re-election and dismissal of the head of internal audit; draft a budget for this department; approve its goals and work plans, making sure that its activity is focused primarily on material risks to the company; receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.

c. Establish and supervise a mechanism that allows employees to report confidentially and, if appropriate, anonymously, any irregularities with important consequences, especially those of a financial or accounting nature, that they observe in the company.

d. To ensure in general that the policies and systems established in the area of internal control are effectively applied in accounting practices.

2 In relation to the external auditor:

a. In the event that the external auditor resigns, examine the circumstances which caused said resignation.

b. Ensure that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.

c. Ensure that the company files a relevant fact with the CNMV when there is a change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.

d. Ensure that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks accomplished and regarding the development of its accounting and risks faced by the company.

e. Ensure that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, the limits on concentration of the auditor's business, and all other rules regarding the auditor's independence.

Complies☐ Complies Partially ☒ Explanation ☐

(The Company complies with all the provisions of the above recommendation with the exception of point 1.c) regarding whistleblowing channels. In this regard, the Company currently has two whistle-blowing mechanisms: an employee whistle-blowing channel and another for suppliers (as explained in more detail in section F of this report).

In relation to shareholders, the Company provides them with a direct communication channel with the Investor Relations department, as indicated in the Stakeholder Relations Policy.

At its meeting of September 14, 2020, the Audit and Compliance Committee reviewed the new recommendations of the Good Governance Code for listed companies and, in particular, the roadmap for whistleblowing channels. The Company is studying the feasibility of extending the scope of the supplier whistleblowing channel to include other groups such as directors and shareholders, pending the transposition of Directive 2019/1937 of the European Parliament and of the Council on the protection of persons who report breaches of Union law.)

43. That the audit committee may require the presence of any employee or manager of the company, even without the presence of any other member of management.

Complies ☒ Complies Partially ☐ Explanation ☐

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draft a report beforehand to the Board of Directors regarding economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies ☒ Complies Partially ☐ Explanation ☐ Not Applicable ☐

45. That the risk control and management policy identify at least:

a) **The different types of financial and non-financial risks (among those operational, technological, legal, social, environmental, political and reputational) which the company faces, including financial or economic risks, contingent liabilities and other off-balance sheet risks.**

b) **A risk control and management model based on different levels, of which a specialized risk committee shall form part when the industry standards so provide or when the company deems it appropriate.**

c) **Fixing of the level of risk the company considers acceptable.**

d) **Measures identified in order to minimize identified risks in the event they occur.**

e) **Internal control and information systems to be used in order to control and manage identified risks, including contingent liabilities and other off-balance sheet risks.**

Complies ☒ Complies Partially ☐ Explanation ☐

46. That under the direct supervision of the audit committee or, if applicable, of a specialized committee of the Board of Directors, an internal control and management function should exist delegated to an internal unit or department of the company which is expressly charged with the following responsibilities:

a) **Ensure the proper operation of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks that may affect the company.**
b) **Actively participate in the creation of the risk strategy and in important decisions regarding risk management.**
c) **Ensure that the risk management and control systems adequately mitigate risks as defined by policy issued by the Board of Directors.**

Complies ☒ Complies Partially ☐ Explanation ☐

47. That members of the appointment and remuneration committee – or of the appointments committee and the remuneration committee if they are separate – are chosen taking into account the knowledge, ability and experience necessary to perform the duties they are called upon to carry out and that the majority of said members are independent directors.

Complies ☒ Complies Partially ☐ Explanation ☐

48. That large cap companies have formed separate appointments and remuneration committees.

Complies ☐ Explanation ☒ Not applicable ☐

(The Company does not consider it necessary to have a separate Appointments Committee and a separate Remuneration Committee, especially considering the size and composition of the Board of Directors and the increase in expenses that this would entail, without resulting in an improvement in efficiency.

The creation of a third committee, considering the current size and structure of the Board of Directors, would mean that the majority of independent directors would be members, at the same time, of the three committees, which is not very operative, and does not allow the synergies that currently exist in the Board.)

49. That the appointments committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director may ask the appointments committee to consider potential candidates he or she considers appropriate to fill a vacancy on the Board of Directors.

Complies ☒ Complies Partially ☐ Explanation ☐

50. That the remuneration committee exercises its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

a) **Propose basic conditions of employment for senior management.**
b) **Verify compliance with company remuneration policy.**
c) **Periodically review the remuneration policy applied to directors and senior managers, including remuneration involving the delivery of shares, and guarantee**

that individual remuneration be proportional to that received by other directors and senior managers.

d) Ensure that potential conflicts of interest do not undermine the independence of external advice rendered to the Board.

e) Verify information regarding remuneration paid to directors and senior managers contained in the various corporate documents, including the Annual Report on Director Remuneration.

Complies ☒ Complies Partially ☐ Explanation ☐

51. That the remuneration committee consults with the chairman and the chief executive of the company, especially in matters relating to executive directors and senior management.

Complies ☒ Complies Partially ☐ Explanation ☐

52. That the rules regarding composition and operation of supervision and control committees appear in the Regulations of the Board of Directors and that they are consistent with those that apply to mandatory committees in accordance with the recommendations above, including:

a) That they are comprised exclusively of non-executive directors, with a majority of them independent.

b) That their chairmen be independent directors.

c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and detail their activities and accomplishments during the first plenary session of the Board of Directors held after the committee's last meeting.

d) That the committees be allowed to avail themselves of external advice when they consider it necessary to perform their duties.

e) That their meetings be recorded, and the minutes be made available to all directors.

Complies ☐ Complies Partially ☐ Explanation ☐ Not Applicable ☒

53. Supervision of compliance with the company's environmental, social and corporate governance policies and rules, as well as internal codes of conduct, should be entrusted to one or more committees of the board of directors, which may be the audit committee, the nomination committee, a committee specializing in sustainability or corporate social responsibility, or any other specialized committee that tThe Board of Directors, in the exercise of its faculties of self-organization, has decided to create such specialized committee. Such committee shall be composed solely of non-executive directors, the majority of whom shall be independent the majority of them independent and be specifically attributed the minimum functions indicated in the following recommendation.

Complies ☒ Complies Partially ☐ Explanation ☐

54. The minimum functions referred to in the above recommendation are as follows:

a) The supervision of compliance with the company's corporate governance rules and internal codes of conduct, also ensuring that the corporate culture is aligned with its purpose and values.

b) The supervision of the application of the general policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisors and other stakeholders. Likewise, the way

in which the entity communicates and relates to small and medium-sized shareholders shall also be monitored.

c) The evaluation and periodic review of the corporate governance system and the company's environmental and social policy, in order to ensure that they fulfill their mission of promoting the social interest and take into account, as appropriate, the legitimate interests of other stakeholders.

d)The supervision that the company's practices in environmental and social matters are in line with the strategy and policy fixed.

e) The supervision and evaluation of the relationship processes with the different stakeholders.

Complies ☒ Complies Partially ☐ Explanation ☐

55.That sustainability policies on environmental and social matters identify and include at least:

a) The principles, commitments, objectives and strategy regarding shareholders, employees, customers, suppliers, social issues, environment, diversity, fiscal responsibility, respect for human rights and prevention of corruption and other illegal conduct.

b) The methods or systems for monitoring compliance with policies, associated risks and their management.

c) The mechanisms for monitoring non-financial risk, including those related to ethical aspects and business conduct.

d) The channels of communication, participation and dialogue with stakeholders.

e) Responsible communication practices that avoid manipulation of information and protect integrity and honor.

Complies ☒ Complies Partially ☐ Explanation ☐

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgment of non-executive directors.

Complies ☒ Explain ☐

57. That only executive directors receive remuneration linked to corporate results or personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments whose value is indexed to share value, or long-term savings plans such as pension plans, retirement accounts or any other retirement plan.

Shares may be given to non-executive directors under the condition that they maintain ownership of the shares until they leave their posts as directors. The forgoing shall not apply to shares that the director may be obliged to sell in order to meet the costs related to their acquisition.

Complies ☒ Complies Partially ☐ Explanation ☐

58. That as regards variable remuneration, the policies incorporate limits and administrative safeguards in order to ensure that said remuneration is in line with the work performance of the beneficiaries and is not based solely upon general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

a) **Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk undertaken to achieve a given result.**
b) **Promote sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with rules and internal operating procedures and risk management and control policies.**
c) **Are based upon balancing short-, medium- and long-term objectives, permitting the reward of continuous achievement over a period of time long enough to judge creation of sustainable value such that the benchmarks used for evaluation are not comprised of one-off, seldom occurring or extraordinary events.**

Complies ☒ Complies Partially ☐ Explanation ☐ Not Applicable ☐

59. That the payment of the variable components of the remuneration is subject to sufficient verification that the previously established performance or other conditions have been effectively fulfilled. Entities shall include in the annual directors' remuneration report the criteria regarding the time required and methods for such verification depending on the nature and characteristics of each variable component.

That, additionally, the entities shall consider the establishment of a reduction clause ('malus') based on the deferral for a sufficient period of time of the payment of a part of the variable components that implies their total or partial loss in the event that prior to the moment of payment, some event occurs that makes it advisable.

Complies ☐ Complies Partially ☒ Explanation ☐ Not Applicable ☐

(The Company complies with the first part of the above recommendation, insofar as the payment of the short-term and long-term variable compensation takes place after a prudent period of time following the closing of the last fiscal year to be taken into account for the evaluation, being made within the first 60 calendar days following the formulation of the annual accounts for said year, provided that they are audited by the external auditors, and upon proposal of the Nominating, Compensation and CSR Committee.

In relation to the new requirement introduced in recommendation 59 with the recent modification of the Good Governance Code for listed companies, the Board is analyzing the feasibility of including a variable compensation reduction (malus) clause in the Board Remuneration Policy for fiscal years 2022 - 2024, the approval of which will be submitted to the General Shareholders' Meeting of fiscal year 2021. This clause would also be included in the Chief Executive Officer's service contract.)

60. That remuneration related to company results takes into account any reservations which may appear in the external auditor's report which would diminish said results.

Complies ☒ Complies Partially ☐ Explanation ☐ Not Applicable ☐

61. That a material portion of variable remuneration for executive directors depends upon the delivery of shares or instruments indexed to share value.

Complies ☐ Complies Partially ☐ Explanation ☒ Not Applicable ☐

(The Company understands that the recommendation intends to ensure the involvement of Executive Directors in the results of the Company and its performance.

In view of the specific situation and given that the Company is a family-owned business, the distribution of shares to the Executive Director is deemed unnecessary.

Notwithstanding the above, the new Remuneration Policy for Directors, "establishes that remuneration systems may be established that are referenced to the quoted value of the shares or that entail the delivery of shares or option rights over these".)

62. That once shares or options or rights to shares arising from remuneration schemes have been delivered, directors are prohibited from transferring ownership of a number of shares equivalent to two times their annual fixed remuneration, and the director may not exercise options or rights until a term of at least three years has elapsed since they received said shares.
The forgoing shall not apply to shares which the director may need to sell in order to meet the costs related to their acquisition.

Complies ☐ Complies Partially ☐ Explanation ☐ Not Applicable ☒

63. That contractual arrangements include a clause which permits the company to seek reimbursement of variable remuneration components in the event that payment does not coincide with performance criteria or when delivery was made based upon data later deemed to be inaccurate.

Complies ☒ Complies Partially ☐ Explanation ☐ Not Applicable ☐

64. That payments made for contract termination shall not exceed an amount equivalent to two years of total annual remuneration and that it shall not be paid until the company has verified that the director has fulfilled all previously established criteria for payment.

For the purposes of this recommendation, termination or contractual termination payments shall include any payments whose accrual or payment obligation arises as a consequence of or in connection with any payments whose accrual or payment obligation arises as a result of or in connection with the termination of the contractual relationship linking the director with the company, including amounts not previously vested in long-term savings schemes and amounts paid under post-contractual non-competition agreements.

Complies ☒ Complies Partially ☐ Explanation ☐ Not Applicable ☐

H. Further information of interest

1 If there is any aspect regarding corporate governance in the company or other companies in the group that has not been included in other sections of this report, but which is necessary in order to obtain a more complete and comprehensible picture of the structure and governance practices in the company or group, describe it briefly below.

2 This section may also include any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not redundant.

Specifically, state whether the company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include any information required under this legislation that differs from the data requested in this report.

3 The company may also state whether it voluntarily complies with other ethical or best practice codes, whether international, sector-based, or other. In such a case, name the code in question and the date the company began following it. It should be specifically mentioned that the company adheres to the Code of Good Tax Practices of 20 July 2010.

(Meliá Hotels International is adhered to the following codes of ethical principles or good practices:
- Code: ECPAT Code of Conduct for the Prevention of Sexual Exploitation of Children and Adolescents in Travel and Tourism, Organization: The Code International, Scope: Global, Year of Adherence: 2006.
- Code: Global Compact Principles, Organization: UN Global Compact, Scope: Global, Year of adherence: 2008.
- Code: Best Practices in CSR & Sustainability, Organization: FTSE4 Good Ibex, Scope: Spain, Year of Accession: 2008.
- Code: Global Code of Ethics for Tourism, Organization: UNWTO, Scope: Global, Year of Accession: 2011.
- Code: Climate Change, Organization: CDP Climate - Carbon Disclosure Project Code: CDP Water - Carbon Disclosure Project, Scope: Global, Year of Accession: 2011-2019.
- Code: Social Dialogue and Labor Rights, Organization: IUF-IUF International Union of Workers, Scope: Global, Year of Accession: 2013.
- Code: Paris Agreement, Organization: United Nations Climate Change Conference in Paris (COP21), Scope: Global, Year of Accession: 2015.
- Code: Commission on Corporate Responsibility and Anti-Corruption, Organization: International Chamber of Commerce (ICC), Scope: Global, Year of Accession: 2016.
- Code: World Travel & Tourism Council, Organization: WTTC, Scope: Global, Accession year: 2016.
- Code: Closingap Cluster for the reduction of the gender gap, Scope: Spain, Accession year: 2019.
- Code: Green Recovery Alliance (European Green Pact), Organization: European Union, Scope: EU, Accession year: 2020

Since 2018, Meliá Hotels International has strengthened its link with Global Compact as a signatory company.
The Meliá Hotels International Group has both a Code of Ethics (updated in 2018) and a Supplier Code of Ethics (2018). The company is not a signatory to the Code of Good Tax Practices of July 20, 2010.)

This annual corporate governance report has been approved by the Board of Directors of the Company, at its meeting held on:

25 / 02/ 2021

Indicate whether there have been directors who voted against or abstained in relation to the approval of this report.

YES ☐ NO ☒

Preparation of the Annual Accounts and Management Report for 2020

The Board of Directors of Meliá Hotels International, S.A., in compliance with the commercial regulations in force, on 25 February 2021 prepared the Annual Accounts and Management Report for 2020, following the format requirements set out in the Delegated Regulation EU 2019/815 of the European Commission. These annual accounts and management report are integrated into the electronic file with hash code XXXXX.

The members comprising the Board of Directors of Meliá Hotels International, S.A. by means of this Statement hereby sign these Annual Accounts and the Management Report for 2020 prepared unanimously, for verification by the auditors and subsequent approval by the General Shareholders' Meeting.

Signed Mr. Gabriel Escarrer Juliá
Chairman

Signed Mrs. Cristina Henríquez de Luna Basagoiti
Director

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

Signed Hoteles Mallorquines Agrupados, S.L.
(Represented by Mr. José Mª Vázquez-Pena Pérez)
Director

Signed Mr. Juan Arena de la Mora
Director

Signed Hoteles Mallorquines Consolidados, S.L.
(Represented by Mrs. María Antonia Escarrer Jaume)
Director

Signed Mr. Fernando d'Ornellas Silva
Director

Signed Mr. Francisco Javier Campo García
Director

In witness whereof, this Statement is signed by all the members of the Board who comprise the Board of Directors of the Company.

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