Meliá Hotels International, S.A.

Financial Statements for the year ended 31 December 2023 and Directors' Report, together with Independent Auditor's Report

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

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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

Report on the Financial Statements

Opinion

We have audited the financial statements of Meliá Hotels International, S.A. ("the Company"), which comprise the balance sheet as at 31 December 2023 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 2023, 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 2023) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

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

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

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

Key Audit Matters

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

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Impairment test on assets associated with the hotel activity

Description

As described in Note 1 to the accompanying financial statements, the Company engages in the management and operation of hotels (owned, leased, managed and franchised) in Spain, and has assets associated with the hotel activity, including property, plant and equipment, intangible assets and investment property with an aggregate carrying amount of EUR 409 million at 31 December 2023, in relation to which it had recognised a provision for onerous hotel leases amounting EUR 12 million at the same date.

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

For each cash-generating unit ("CGU"), the Company's Management has calculated the value in use of each of them based on the estimated generation of future cash flows, considering economic and geopolitical aspects, and applying growth and discount rates adjusted to Spain.

As a result of the test performed, a net income was recognised under "Impairment and profit/(loss) on disposals of fixed assets" in the accompanying statement of profit or loss for 2023, totalling EUR 16.6 million, and the balance of the provision for onerous hotel leases has been increased by EUR 0.2 million.

In this context, the circumstance described represents a key audit matter, given the significance in the balance sheet of the carrying amount of the assets related to the hotel business and given that the valuation methods used require the application of relevant estimates with a significant degree of uncertainty such as certain operating assumptions, such as occupancy rate and revenue per available room, and financial assumptions such as the discount rate, the long-term growth rate and, in the case of owned assets, the exit yield.

Procedures applied in the audit

Our audit procedures included, among others, evaluating the accounting policies for determining the recoverable amount of the assets associated with the hotel activity described in Notes 2.4, 4.4 and 4.10 to the accompanying financial statements for 2023, in order to evaluate their consistency with the applicable regulatory financial reporting framework.

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

On the other hand, we have obtained the impairment tests of the Company's hotel assets carried out by the Management, verifying their arithmetic correctness and the adequacy of the valuation methodology used in each case, with the involvement of our internal valuation specialists. In addition, we have obtained the latest budgets approved by the directors adapted to the circumstances of the market in which the Company operates, and evaluated the reasonableness of their operating assumptions against macroeconomic and sector forecasts for hotels with impairment indicators, taking into account economic and geopolitical aspects, as well as long-term projections compared to historical hotel data prior to the pandemic. In addition, we have analysed the reasonableness of the long-term discount rates and growth rates and, for the assets owned, the exit yields applied, with the collaboration of our valuation specialists, and reviewed the sensitivity analyses carried out by Management with respect to these assumptions, having carried out our own independent sensitivity analysis to assess other potential worst-case scenarios.

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

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

Description

The Company has ownership interests in the share capital of various companies that form the Group of which it is the parent, which engage mainly in the operation of hotels, owned both by it and by third parties, operated under a lease, management or franchise arrangement, and with which it also has receivables and payables with varying maturity dates. At 31 December 2023, the carrying amount of the Company's net investment in these companies, mainly recorded under the headings "Investments in group companies, associates and joint ventures" and "Payables to group companies, associates and joint ventures" in both the long and short term, and "Long-term provisions", in the accompanying balance sheet, amounted to €1,402 million.

In accordance with the applicable regulatory framework, at the end of the financial year, the directors have carried out an impairment test on the aforementioned investment, determining its recoverable value as the equity of the investee companies and their subgroups adjusted for tacit capital gains, mainly derived from the difference between the recoverable value of assets owned by the investee companies and their carrying value in their standalone financial statements, or as the present value of the future cash flows of the investee companies, estimated considering economic, geopolitical and climatic aspects. As a result of the test carried out, the Company has recognised a net loss of €62.7 million due to impairment of investments in Group companies and associates and provision for investees' equity deficits.

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

Procedures applied in the audit

Our audit procedures included, among others, the review of the accounting policies relating to the measurement of investments in Group companies, associates and joint ventures disclosed in Notes 2.4 and 4.5 to the accompanying financial statements for 2023, in order to evaluate their consistency with the applicable regulatory financial reporting framework.

In addition, in order to identify possible biases in Management's assumptions, we have carried out a retrospective review of the estimates for 2023 used in the previous year to determine the recoverable value of owned assets and the present value of the cash flows of investee companies.

In addition, we have obtained the impairment test of the net investment in Group companies and associates carried out by the Company's Management, verifying its arithmetic correction and the adequacy of the valuation method used in relation to the investment held, as well as the consistency of the equity of the investee entities and the carrying amount of their net assets, for the purpose of determining tacit capital gains, with their accounting records. In addition, we have reviewed on a sample basis the key operational and financial assumptions (mainly discount rates, long-term country-adjusted growth rates, and exit yields) used in the determination of tacit capital gains and in future cash flow projections, and considered their consistency with those used in other estimation areas, such as the recoverability of assets related to hotel activity. We have also reviewed management's sensitivity analysis of the key financial assumptions identified.

Lastly, we evaluated whether the disclosures included in Notes 9.1, 12.1 and 17 and Appendix I to the accompanying financial statements for 2023 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 2023, the preparation of which is the responsibility of the Company's directors and which does not form part of the financial statements.

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

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

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

Based on the work performed, as described above, we observed that the information described in section a) above was furnished as provided for in the applicable legislation and that the other information in the directors' report was consistent with that contained in the financial statements for 2023 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 2023, which comprises an XHTML file including the financial statements for 2023, which will form part of the annual financial report.

The directors of Meliá Hotels International, S.A. are responsible for presenting the annual financial report for 2023 in accordance with the format requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation"). In this regard, the annual corporate governance report and the annual directors' remuneration report were included by reference in the directors' report.

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

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

Additional Report to the Audit and Compliance Committee

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

Engagement Period

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

Previously, we were designated pursuant to a resolution of the General Meeting for a period of 1 year and have been auditing the financial statements uninterruptedly since the year ended 31 December 2019.

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

Pablo Hurtado March
Registered in ROAC under no. 20408

29 February 2024

Appendix to our auditor's report

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

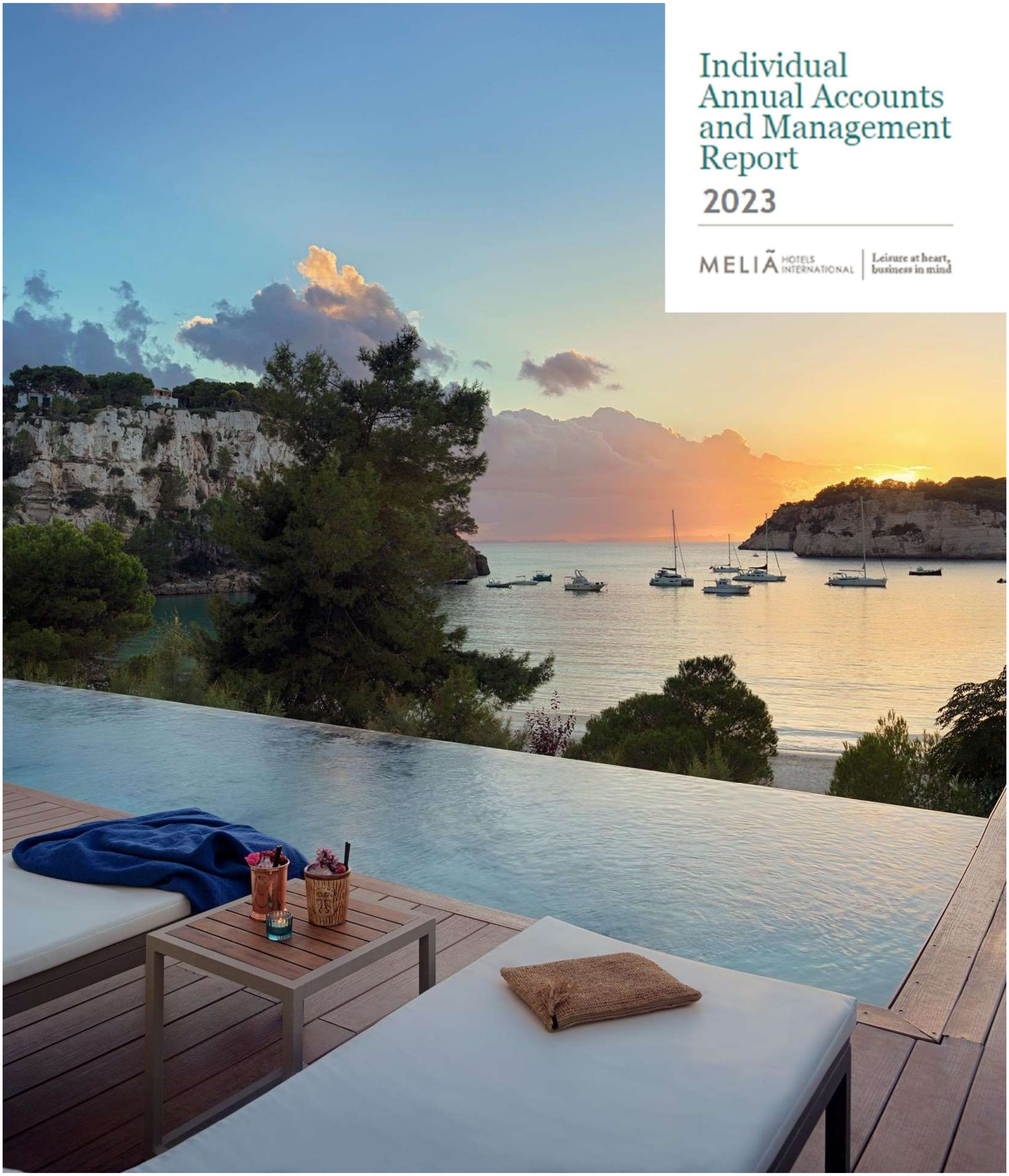
From the matters communicated with the entity's audit and compliance committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

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

Individual Annual Accounts and Management Report

2023

MELIÃ HOTELS INTERNATIONAL | Leisure at heart, business in mind



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Balance Sheet as at 31 December 2023

(thousand €)		ASSETS	Notes	31/12/2023	31/12/2022
A		NON-CURRENT ASSETS		2,122,175	2,055,551
I	**Intangible Assets**		6	**64,021**	**47,130**
	1	Patents, licences, trademarks and similar rights		19	26
	2	Software		34,741	36,026
	3	Other intangible assets		29,261	11,078
II	**Property, plant and equipment**		7	**328,138**	**313,145**
	1	Land and buildings		264,613	273,692
	2	Plant and other fixed assets		63,336	39,242
	3	Fixed assets under construction and advances		189	211
III	**Investment property**		8	**16,466**	**16,920**
	1	Land		1,574	1,630
	2	Buildings		14,892	15,290
IV	**Long-term investments in group companies, associates and joint ventures**		9.1	**1,616,952**	**1,563,959**
	1	Equity instruments		1,152,175	1,075,403
	2	Loans to companies	17	464,777	488,556
V	**Long-term financial investments**		9.1	**42,049**	**48,252**
	1	Equity instruments		20,953	19,847
	2	Loans to companies		10,424	15,685
	3	Derivatives	9.3	389	3,240
	4	Other financial assets		10,283	9,480
VI	**Deferred tax assets**		14.4	**54,549**	**66,145**
B		CURRENT ASSETS		594,828	533,938
I	**Inventories**		10.1	**3,286**	**3,696**
	1	Trade		75	117
	2	Raw materials and other supplies		3,061	3,405
	3	Advances to suppliers		150	174
II	**Trade and other receivables**		10.2	**159,180**	**110,036**
	1	Trade receivables for sales and services		50,293	31,942
	2	Trade receivables, group companies, associates and joint ventures	17.2	93,223	67,993
	3	Sundry debtors		2,627	1,534
	4	Staff		168	52
	5	Current tax assets	14.1	8,907	2,705
	6	Other receivables from Public Administrations	14.1	3,962	5,810
III	**Short-term investments in group companies, associates and joint ventures**		9.1, 17	**383,672**	**389,230**
	1	Loans to companies		74,778	26,230
	2	Other financial assets		308,894	363,000
IV	**Short-term financial investments**		9.1	**43,199**	**27,179**
	1	Equity instruments		112	1,479
	2	Loans to companies		15,127	2,408
	3	Derivatives	9.3	2,698	4,062
	4	Other financial assets		25,262	19,230
V	**Short-term accruals and deferrals**			**840**	**477**
VI	**Cash and other cash equivalents**		10.3	**4,651**	**3,320**
	1	Cash		3,777	2,883
	2	Other cash equivalents		874	437
		TOTAL ASSETS		2,717,003	2,589,489

Notes 1 to 19 described in the attached notes to the annual accounts are an integral part of the balance sheet as at 31 December 2023.

Balance Sheet as at 31 December 2023

(thousand €)		EQUITY AND LIABILITIES	Notes	31/12/2023	31/12/2022
A		EQUITY		754,931	748,988
	I	**Equity**	11.1	**752,662**	**744,299**
	1	Capital		44,080	44,080
	2	Share premium		1,079,054	1,079,054
	3	Reserves		323,593	325,935
	4	Treasury stock and shares		(1,615)	(3,936)
	5	Prior-year results (profit/loss)		(700,834)	(678,432)
	6	Profit or loss for the period	3	8,384	(22,402)
	II	**Measurement adjustments**	11.2	**1,429**	**3,803**
	1	Hedging operations		1,429	3,803
	III	**Grants, donations and bequests received**	11.3	**840**	**886**
B		NON-CURRENT LIABILITIES		1,265,001	1,335,229
	I	**Long-term provisions**	12	**126,269**	**88,160**
	1	Long-term employee benefit liabilities		7,305	8,113
	2	Other provisions		118,964	80,047
	II	**Long-term payables**	9.2	**809,283**	**946,145**
	1	Bonds and other negotiable securities		52,082	52,026
	2	Bank loans		756,243	893,501
	3	Other financial liabilities		958	618
	III	**Long-term payables to group companies, associates and joint ventures**	9.2, 17	**284,396**	**241,437**
	IV	**Deferred tax liabilities**	14.4	**39,495**	**53,988**
	V	**Long-term accruals and deferrals**		**5,558**	**5,499**
C		CURRENT LIABILITIES		697,071	505,272
	I	**Short-term payables**	9.2	**317,094**	**156,570**
	1	Bonds and other negotiable securities		24,585	23,963
	2	Bank loans		255,085	119,749
	3	Derivatives	9.3		25
	4	Other financial liabilities		37,424	12,833
	II	**Short-term payables to group companies, associates and joint ventures**	9.2, 17	**223,077**	**189,911**
	III	**Trade creditors and other payables**	13	**155,773**	**157,876**
	1	Suppliers		12,005	8,376
	2	Suppliers, group companies, associates and joint ventures	17.2	17,400	6,950
	3	Sundry creditors		64,096	80,660
	4	Accrued wages and salaries		36,497	36,707
	5	Other payables to Public Administrations	14.1	11,790	12,608
	6	Prepayments from customers		13,985	12,575
	IV	**Short-term accruals and deferrals**		**1,127**	**915**
		TOTAL EQUITY AND LIABILITIES		2,717,003	2,589,489

Notes 1 to 19 described in the attached notes to the annual accounts are an integral part of the balance sheet as at 31 December 2023.

Income Statement for the Year Ended 31 December 2023

(thousand €)			Notes	2023	2022
A	CONTINUING OPERATIONS				
1	**Net revenues**		15, 16.1	**622,692**	**515,320**
	a	Sales		512,133	441,353
	b	Provision of services		110,559	73,967
2	**In-house work on assets**			**263**	**582**
3	**Supplies**		16.2	**(41,975)**	**(33,817)**
	a	Consumption of goods		2,982	3,244
	b	Consumption of raw materials and other consumables		(44,957)	(37,061)
4	**Other operating income**		16.1	**38,972**	**30,443**
	a	Non-core and other current operating income		37,720	28,689
	b	Operating grants included in profit/(loss) for the year		1,252	1,754
5	**Staff costs**		16.3	**(206,299)**	**(186,566)**
	a	Wages, salaries and similar items		(160,161)	(144,093)
	b	Social charges		(46,138)	(42,473)
6	**Other operating expenses**		16.4	**(359,582)**	**(329,950)**
	a	External services		(338,061)	(306,344)
	b	Tax		(7,793)	(7,895)
	c	Losses on, impairment of and change in trade provisions		(2,506)	(629)
	d	Other current operating expenses		(11,222)	(15,082)
7	**Depreciation**		6, 7, 8	**(40,772)**	**(43,781)**
8	**Allocation of grants for non-financial fixed assets and other grants**		11.3	**61**	**61**
9	**Excess provisions**			**838**	
10	**Impairment and profit/(loss) on disposal of fixed assets**			**16,631**	**103**
	a	Impairment and losses		16,814	149
	b	Profit/(loss) on disposals and other disposals		(183)	(46)
	A.1	OPERATING INCOME		30,829	(47,605)
11	**Financial income**		16.5	**95,658**	**38,852**
	a	From equity interests		55,131	20,592
	b	From negotiable securities and other financial instruments		40,527	18,260
12	**Financial expenses**		16.5	**(81,707)**	**(41,542)**
	a	On payables to group companies, associates and joint ventures	17.2	(25,374)	(8,924)
	b	On payables to third parties		(56,333)	(32,618)
13	**Change in fair value of financial instruments**			**1,896**	**3,763**
	a	Trading portfolio and other financial instruments		1,896	3,763
14	**Exchange differences**		16.6	**3,633**	**(16,528)**
15	**Impairment and profit/(loss) on disposals of financial instruments**			**(62,788)**	**21,144**
	a	Impairment and losses	9.1,12.1	(62,681)	20,393
	b	Profit/(loss) on disposals and other disposals		(107)	751
	A.2	NET FINANCIAL PROFIT (LOSS)		(43,308)	5,689
	A.3	NET PROFIT (LOSS) BEFORE TAX		(12,479)	(41,916)
16	**Income tax**		14	**20,863**	**19,514**
	A.4	PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		8,384	(22,402)
	A.5	PROFIT/(LOSS) FOR THE YEAR	3	8,384	(22,402)

Notes 1 to 19 described in the attached notes to the accounts are an integral part of the income statement as at 31 December 2023.

Statement of Changes in Equity for the Year Ended 31 December 2023

a) Statement of recognised income and expenses

(thousand €)	Notes	2023	2022
A) Income statement results		**8.384**	**(22,402)**
Income and expenses directly attributed to equity			
I On cash flow hedges	9.3,11.2	389	6,389
II Actuarial gains and losses and other adjustments	12.1	(877)	358
III Tax effect	14	123	(1,686)
B) Total income and expenses directly attributed to equity		**(365)**	**5,061**
Transfers to income statement			
IV On cash flow hedges	9.3,11.2	(3,554)	45
V Grants, donations and bequests received	11.3	(61)	(61)
VI Tax effect	14	902	4
C) Total transfers to income statement		**(2,713)**	**(12)**
Total recognised income and expenses		**5,306**	**(17,353)**

b) Statement of changes in equity

(thousand €)	Notes	Share capital	Share premium	Reserves	Treasury shares	Prior-year profit / (loss)	Profit / (loss) for the fiscal year	Measurement adjustments	Grants, donations and bequests received	Total
A) BALANCE AT THE END OF THE YEAR 2021		44,080	1,079,054	325,181	(3,599)	(597,674)	(80,758)	(1,023)	931	766,192
B) ADJUSTED BALANCE, BEGINNING OF THE YEAR 2022		44,080	1,079,054	325,181	(3,599)	(597,674)	(80,758)	(1,023)	931	766,192
I. Total recognised income and expenses				**268**			**(22,402)**	**4,826**	**(46)**	**(17,353)**
II. Operations with shareholders or owners					**(337)**					**(337)**
1. Operations with treasury shares					(337)					(337)
III. Other changes in equity				**486**		**(80,758)**	**80,758**			**486**
C) BALANCE AT THE END OF YEAR 2022		44,080	1,079,054	325,935	(3,936)	(678,432)	(22,402)	3,803	886	748,988
D) ADJUSTED BALANCE, BEGINNING OF THE YEAR 2023		44,080	1,079,054	325,935	(3,936)	(678,432)	(22,402)	3,803	886	748,988
I. Total recognised income and expenses				**(658)**			**8,384**	**(2,374)**	**(46)**	**5,306**
II. Operations with shareholders or owners				**(1,884)**	**2,321**					**438**
1. Operations with treasury shares	11.1			(1,884)	2,321					438
III. Other changes in equity				**200**		**(22,402)**	**22,402**			**200**
E) BALANCE AT THE END OF YEAR 2023		44,080	1,079,054	323,593	(1,615)	(700,834)	8,384	1,429	840	754,931

Notes 1 to 19 described in the attached notes to the annual accounts are an integral part of the statement of changes in equity as at 31 December 2023.

Cash Flow Statement for the Year Ended 31 December 2023

(thousand €)			Notes	2023	2022
A)	OPERATING ACTIVITIES CASH FLOW				
	1	Result (profit/loss) for the fiscal year before taxes		(12,479)	(41,916)
	2	Result adjustments		70,888	33,355
	a)	Depreciation	6, 7, 8	40,772	43,781
	b)	Value adjustments for impairment	9.1,10.2	48,373	(19,912)
	c)	Change in provisions		(454)	(7,315)
	d)	Allocation of grants	11.3	(61)	(61)
	e)	Profit/loss on disposal of fixed assets		183	46
	f)	Profit/loss on disposal of financial instruments	9	107	(751)
	g)	Financial income	16.5	(95,658)	(38,852)
	h)	Financial expenses	16.5	81,707	41,543
	i)	Exchange rate differences		(3,633)	16,528
	j)	Change in fair value of financial instruments	9	(1,896)	(3,763)
	k)	Other income and expenses		2,128	2,486
	l)	Profit/loss on asset management	17.1	(679)	(375)
	3	Changes in working capital		(35,608)	23,009
	a)	Inventories	10.1	919	(264)
	b)	Trade and other receivables	10.2	(33,572)	(28,187)
	c)	Other current assets	10.3	379	760
	d)	Creditors and other payables	13	(3,279)	49,642
	e)	Other non-current assets and liabilities		(55)	1.058
	4	Other cash flows from operating activities		(37,235)	(28,926)
	a)	Interest paid		(49,740)	(29,948)
	b)	Dividends received		19,992	644
	c)	Interest received		2,854	374
	d)	Collections (payments) on income tax		(10,341)	5
	5	Cash flows from operating activities (+/-1+/-2+/-3+/-4)		(14,434)	(14,478)
B)	CASH FLOWS FROM INVESTMENT				
	6	Payments on investments		(84,756)	(70,143)
	a)	Group companies, associates and joint ventures	9.1	(20,503)	(27,367)
	b)	Intangible assets	6	(32,183)	(20,068)
	c)	Property, plant and equipment	7	(27,017)	(20,785)
	d)	Investment property	8	(1,117)	(817)
	e)	Other financial assets	9	(3,241)	(900)
	f)	Other assets		(694)	(207)
	7	Collections on divestments		32,777	3,663
	a)	Group companies, associates and joint ventures	9.1	28,842	
	b)	Property, plant and equipment	7	187	150
	c)	Investment property		1,600	2,300
	d)	Other financial assets	9	2,149	1,213
	8	Cash flows from investment (7-6)		(51,979)	(66,480)
C)	CASH FLOWS FROM FINANCING				
	9	Collections and payments on equity instruments		438	(337)
	a)	Acquisition of own equity instruments	11.1,9.1		(337)
	b)	Disposal of own equity instruments	10.1	438	
	10	Collections and payments on financial liability instruments		67,106	82,474
	a)	Issuance		**458,410**	**407,244**
		1 Bonds and other negotiable securities	9.2	212,000	166,435
		2 Bank loans	9.2	170,959	137,295
		3 Debts with group companies, associates and joint ventures	9.2	46,163	102,231
		4 Other debts		29,288	1.283
	b)	Redemption and repayment of		**(391,304)**	**(324,770)**
		1 Bonds and other negotiable securities	9.2	(214,001)	(219,805)
		2 Bank loans	9.2	(172,777)	(103,831)
		3 Debts with group companies, associates and joint ventures	9.2	(1,172)	
		4 Other debts		(3,355)	(1,134)
	11	Cash flows from financing (+/-9+/-10)		67,543	82,137
D)	EFFECT OF CHANGES IN EXCHANGE RATES			199	486
E)	NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS (+/-5+/-8+/-11+/-D)			1,330	1,665
F)	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR			3,320	1,656
G)	CASH AND CASH EQUIVALENTS AT THE YEAR-END		10	4,651	3,320

Notes 1 to 19 described in the attached notes to the annual accounts are an integral part of the cash flow statement as at 31 December 2023.

Notes to the Annual Accounts for the Year Ended 31 December 2023

Note 1. Company's Activity

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

Meliá Hotels International, S.A. is the parent company of Meliá Hotels International Group (hereinafter, the "Group"). On 29 February 2024, as required by the Commercial Code, the Group's consolidated annual accounts as at 31 December 2023 are prepared, pursuant to the International Financial Reporting Standards (IFRS) published by the International Accounting Standard Board (IASB) and adopted by the European Union, which show a consolidated profit attributable to the parent company for the amount of EUR 117.7 million and a consolidated equity attributed to the parent company for the amount of EUR 512.9 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 65 years of history, the Group has consolidated its international presence with 350 hotels in 38 countries, mainly Spain, Latin America, Europe and Asia. With a solid experience in ten brands to attend the different demands of its customers, which asserts its leadership in vacation hotel and bleisure sectors, the Group aims to position itself amongst the world's leading hotel groups in the upper-medium segment, as well as to be recognised as a world leader in terms of excellence, responsibility and sustainability. At year-end, the Company has a portfolio of 45 hotels located in Spain.

Note 2. Basis of Presentation of the Annual Accounts

2.1 Regulatory Framework for Financial Reporting Applicable to the Company

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

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

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

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

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 2023 and for the previous year, which were part of the notes to the annual accounts for 2022.

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 preparation date of these annual accounts.

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

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

Provision for income tax

The calculation of income tax requires the interpretation of the tax legislation applicable to the Company. There are also several factors related mainly, but not exclusively, to changes and interpretations of tax laws in force that require the use of estimates by the Company's Management. Such calculation is detailed in Note 14.

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

Fair value of derivatives

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

Estimated impairment loss on non-financial assets

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

Post-employment benefits

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

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

Provision for onerous contracts

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

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

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

Recoverable amount of equity investments in Group companies, associates and joint ventures

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 Going concern basis

The balance sheet as at 31 December 2023 shows an excess of current liabilities over total current assets for the amount of EUR 102.2 million, mainly due to the increase in short-term bank loans. However, this situation will be significantly reversed in 2024 thanks to new sources of financing obtained (see Note 19) and the availability of existing credit facilities (EUR 169.9 million as at 31 December 2023).

Therefore, the Directors consider that the Company has the capacity to finance its current liabilities, since, in addition to the above, the Company has the cash flow generation of the Group, which guarantees that it can obtain sufficient financial resources to continue its operations and settle its assets and liabilities for the amounts shown in the balance sheet.

In view of the foregoing, these annual accounts have been prepared on a going concern basis.

2.6. Cash Flow Statements

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

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

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

2.7 Statement of Changes in Equity

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

Note 3. Distribution of Results

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

(thousand €)	2023
Basis of distribution	
Gains and losses (year's profit)	8,384
Distribution	
To offset prior years' losses	8,384
Total	**8,384**

After a fiscal year 2023 of normal operations throughout the year and following the suspension of dividend distributions in recent years to strengthen the balance sheet, the Board of Directors agreed on 29 February 2024 to propose to the General Shareholders' Meeting the distribution of dividends charged to the Company's available reserves.

In the previous year, the Board of Directors, in order to strengthen the solvency and liquidity of the Company, proposed to the General Shareholders' Meeting not to distribute dividends.

Note 4. Recognition and Measurement Standards

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

4.1 Intangible Assets

These are measured at acquisition or production cost. They are subsequently measured at cost less the related accumulated depreciation and impairment losses, if any, according to the criterion described in Note 4.4. These assets are depreciated on the basis of their useful lives. Where the useful life of these assets cannot be reliably estimated, they are depreciated over a period of ten years.

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

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

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

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

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

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

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

4.2 Property, Plant and Equipment

Property, plant and equipment is stated at cost, including additional expenses incurred to bring the assets into operating conditions, increasing their value according to legal revaluations and restatements (see Note 7), 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 the closing date of each balance sheet, specifically considering whether climate-related risks require a change in the useful life and residual value of assets. Land is not subject to systematic depreciation since it is considered to have indefinite useful life, however it is subject to impairment tests.

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 Notes 4.2 y 4.4. Unbuilt land is measured at acquisition cost plus fitting-out costs. Buildings are measured at acquisition or production cost, including the additional expenses incurred until initial operation.

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

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

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

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

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

In assessing value in use, the Company projects future cash flows by considering the budget approved by its governing bodies for 2024, and applying growth assumptions that are consistent with the market in which the asset operates and its historical performance for a period of 5 years and estimating a residual value according to a long-term growth rate not higher than the expected growth of the economy and the sector in which the asset operates. Estimated future cash flows are discounted using a discount rate before taxes which reflects changes in the value of money over time in the current market and the specific risks of the asset which have not been adjusted in the estimated future cash flows, mainly the risks of the business and the country in which the asset is located, as well as the significant climate risks that may affect it.

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

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

4.5 Financial Instruments

4.5.1 Financial Assets

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

a) Financial assets at cost

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

b) Financial assets at fair value through profit or loss

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

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

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

c) Financial assets at amortised cost

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

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

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

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

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

d) Derecognition of financial assets

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

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

e) Impairment of financial assets

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

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

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

4.5.2 Financial Liabilities

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

a) Issuance of debentures and other marketable securities

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

b) Bank loans

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

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

c) Debts with Group companies, associates and joint ventures

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

d) Derecognition of financial liabilities

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

4.5.3 Hedge Activities and Derivatives

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

a) Accounting Hedges

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

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

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

b) Derivatives not qualifying for hedge accounting

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

4.6 Inventories

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

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

4.7 Cash and Other Cash Equivalents

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

4.8 Treasury Shares

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

Gains and losses obtained on disposal of treasury shares are recorded directly against equity.

4.9 Grants, Donations and Bequests Received

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

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

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

4.10 Provisions and Contingencies

Provisions are recognised when the Company:

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

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

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

Onerous contracts

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

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

Post-employment benefits

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

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

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

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

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

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

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

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

4.11 Leases

Finance Leases

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

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

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

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

Operating leases

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

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

Income and expenses arising from operating lease agreements are credited or charged to the profit and loss account in the year in which they accrue.

Any collections or payments that may be made under an operating lease are treated as advance collections or payments and are taken to profit or loss over the lease term as the benefits of the leased asset are transferred or received.

4.12 Trade Creditors and Other Payables

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

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

4.13 Corporate Income Tax

The Company is subject to Corporate Income Tax under the Consolidated Tax Regime, within the Tax Group 70/98, as the parent company thereof.

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

Current tax is the amount payable by the Company as a result of the corporate income tax assessments for the year. Deductions and other tax benefits, excluding withholdings and payments on account, as well as tax loss carry-forwards from previous years and effectively applied in the current year result in a lower amount of current tax.

Deferred tax assets and liabilities include temporary differences which are identified as amounts expected to be payable or recoverable in respect of differences between the carrying amounts of assets and liabilities and their corresponding tax bases (tax value), as well as tax loss carry-forwards and credits for unused tax deductions. These amounts are recognised by applying to the relevant temporary difference the tax rate at which they are expected to be recovered or settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except those arising from the initial recognition of goodwill or other assets and liabilities in a transaction that affects neither taxable profit or loss nor accounting profit or loss and is not a business combination.

Deferred tax assets are only recognised to the extent that it is considered probable that future taxable profit will be available against which the deferred tax asset can be utilised, but no later than 10 years, unless there is clear evidence that it will be recovered within a longer period or there are tax liabilities and an identical reversal period.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity accounts are also recognised directly in equity. Deferred tax assets are reviewed at each balance sheet date and adjusted if there are doubts as to their future recoverability.

Likewise, at each accounting close the deferred tax assets that have not been recognised in the balance sheet are assessed and are recognised to the extent that their recovery against future taxable profits has become probable.

4.14 Current and Non-Current Items

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

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

4.15 Transactions in Foreign Currency

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

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

4.16 Assets of an Environmental Nature

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

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

4.17 Income and Expenses

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

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

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

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

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

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

Sale of rooms and other related services

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

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

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

Provision of hotel management services

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

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

Sale of fixed assets

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

Lease income

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

Interest income

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

Dividends

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

4.18 Transactions with Related Parties

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

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

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

4.19 Termination Benefits

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

4.20 Business Combinations

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

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

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

Note 5. Financial Risk Management Policy

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

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

Additional information on these risks is provided below:

5.1 Interest Rate Risk

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

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

The structure of the debt with third parties as at 31 December 2023 and 2022, without considering the heading of Other financial liabilities, is as follows (these face amounts do not include interest payable):

	31/12/2023			31/12/2022		
(thousand €)	Fixed interest	Variable interest	Total	Fixed interest	Variable interest	Total
Bank loans	284,679	525,863	810,542	353,327	523,376	876,703
Mortgage loans	25,468		25,468	27,571	4,942	32,513
Credit facilities		171,623	171,623		103,077	103,077
Leasing					7	7
ECP	24,800		24,800	24,200		24,200
Simple bonds	52,500		52,500	52,500		52,500
Total	**387,447**	**697,486**	**1,084,933**	**457,598**	**631,402**	**1,089,000**

The variable interest rate debt is basically tied to Euribor.

As at 31 December 2023, the Company has various interest rate swaps contracted, with a notional value of EUR 100.8 million, considered as cash flow hedging instruments, as stated in Note 9.3. At the 2022-year end, the notional value of the swaps contracted was EUR 125.8 million. The variable rate bank loans and mortgages hedged by these swaps are shown in the Fixed Interest column for the part of the capital hedged.

The sensitivity, in thousand euro, of 2023 and 2022 profit or loss to interest rate variations (in base points) is as follows:

Variation	2023	2022
+ 25	1,744	1,579
- 25	(1,744)	(1,579)

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

5.2 Foreign Exchange Risk

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

The following items may be affected by foreign exchange risks:

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

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

5.3 Credit Risk

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

The credit periods established by the Company range between 21 and 90 days. The average period of collection of the Company's receivables in 2023 was 34.49 days; 35.62 days in 2022.

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

(thousand €)	31/12/2023	%	31/12/2022	%
Less than 90 days	40,887	81 %	26,590	83 %
More than 90 and less than 180	4,848	10 %	3,025	10 %
More than 180 and less than 365	4,559	9 %	2,327	7 %
Total	50,294	100 %	31,942	100 %

5.4 Liquidity Risk

The Company's liquidity policy ensures the fulfilment of its payment commitments without having to raise funds on burdensome terms. To that end, different management procedures are used, such as the maintenance of credit facilities committed for sufficient amount and flexibility, the diversification of the coverage of financing needs through the access to different markets and 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 2023, based on face amounts, excluding interest, by maturity:

(thousand €)	< 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Simple bonds				52,500	52,500
Loans	50,878	196,009	589,123		836,010
Credit facilities	3,073		168,549		171,622
ECP	15,300	9,500			24,800
Total	69,251	205,509	757,672	52,500	1,084,932

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

(thousand €)	< 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Simple bonds				52,500	52,500
Loans	24,777	91,412	790,230	2,797	909,216
Credit facilities			103,077		103,077
ECP	13,300	10,900			24,200
Leasing		7			7
Total	38,077	102,319	893,307	55,297	1,089,000

5.5 Capital Management Policy

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

The financial position is also backed by the strong support of the banks and the Company’s asset base. At present, 2.3% (3.0% at the 2022 year end) of the total debt relates to mortgage loans secured by the Company's assets.

5.6 Price Risk

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

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

5.7 Environmental Risks

The fight against climate change and the environment and biodiversity protection are one of the priority strategic lines of the commitment of the Company with sustainability and the protection of tourist destinations.

For this reason, the Company continues to promote an efficient and responsible hotel management model, both in the consumption of resources and the minimisation of the impact of its activity.

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

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

Progress made in the incorporation of sustainability in the entire value chain has allowed to enrich and improve the hotel renovation and building processes, designing a differential value proposal which promotes a new hotel experience that is more attractive, more responsible and more sustainable for customers, hotel owners and the various existing partners.

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

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

5.8 Geopolitical Risks

The Company is not indifferent to geopolitical and macroeconomic tensions. Recent conflicts around the world have not negatively affected hotel reservations as there has been no direct exposure to the countries involved.

However, a possible extension of hostilities to other countries could threaten the global supply chain, leading to a spike in inflation and a possible extension of high interest rate monetary policies, which could affect demand.

Notes 5.1 and 5.6 detail the exposure of the Company to interest rate risks and price risks, including the existing specific or natural hedging.

5.9 Estimate of Fair Value

Fair value means the amount that may be received on the sale of an asset, or paid for the transfer of a liability, in an orderly transaction between market participants at the measurement date.

For assets and liabilities recorded at fair value in the balance sheet, the following hierarchy levels have been defined according to the variables used in the different measurement techniques:

- Level 1: Based on prices quoted in active markets
- Level 2: Based on other observable variables in the market, directly or indirectly
- Level 3: Based on unobservable market variables

The amounts recognised at fair value as at 31 December 2023 according to the hierarchy levels are broken down below:

	31/12/2023			
(thousand €)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value:				
Hedging derivatives		2,158		2,158
Trading portfolio derivatives		929		929
Trading portfolio	112			112
Unquoted equity instruments			20,953	20,953
Total assets	**112**	**3,087**	**20,953**	**24,152**

Financial instruments included in Level 1 are measured through observable prices in active markets. They mainly relate to equity instruments in listed companies, see Note 9.1.

Financial instruments included in Level 2 are measured by financial institutions and independent experts using measurement techniques, mainly, discounted cash flows, based on observable market data. They mainly relate to interest rate swap financial derivatives, see Note 9.3.

The financial instruments included in Level 3 relate to unquoted equity instruments, which are detailed in Note 9.1.

For comparison purposes, the balances recorded in the different hierarchies at the end of 2022 are shown below:

	31/12/2022			
(thousand €)	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Hedging derivatives		5,495		5,495
Trading portfolio derivatives		1,807		1,807
Trading portfolio	1,479			1,479
Unquoted equity instruments			19,847	19,847
Total assets	**1,479**	**7,302**	**19,847**	**28,628**
Financial liabilities at fair value:				
Trading portfolio derivatives		25		25
Total liabilities		**25**		**25**

Note 6. Intangible Assets

The breakdown of the cost and accumulated depreciation of intangible assets for 2023 is as follows:

(thousand €)	31/12/2022	Additions	Disposals	31/12/2023
Gross value				
Patents, licences, trademarks and similar rights	4,408			4,408
Transfer rights	20,619	21,076		41,695
Software	101,014	11,370	(47)	112,337
Total	**126,041**	**32,446**	**(47)**	**158,440**
Accumulated depreciation				
Patents, licences, trademarks and similar rights	(4,382)	(8)		(4,390)
Transfer rights	(9,541)	(2,893)		(12,434)
Software	(64,988)	(12,654)	47	(77,595)
Total	**(78,911)**	**(15,555)**	**47**	**(94,419)**
Net carrying value	**47,130**			**64,021**

Transfer rights include additions for the amount of EUR 21.1 million relating to the acquisition of the right to operate 8 hotels under management in Spain and 1 hotel in Vietnam.

The amount of EUR 10.7 million included in section Additions of Software relates to the technological innovation project carried out by the Company for the development of the technological framework for hotel management. The main innovations in 2023 related to hotel management strategies and systems and to improvements in the Group's cross-cutting tools and processes.

For comparison purposes, the situation as at 31 December 2022 was as follows:

(thousand €)	31/12/2021	Additions	31/12/2022
Gross value			
Patents, licences, trademarks and similar rights	4,408		4,408
Transfer rights	20,619		20,619
Software	80,946	20,068	101,014
Total	**105,973**	**20,068**	**126,041**
Accumulated depreciation			
Patents, licences, trademarks and similar rights	(4,375)	(7)	(4,382)
Transfer rights	(7,126)	(2,415)	(9,541)
Software	(53,157)	(11,831)	(64,988)
Total	**(64,658)**	**(14,253)**	**(78,911)**
Net carrying value	**41,315**		**47,130**

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

The breakdown of intangible assets fully depreciated at the end of 2023 and 2022 is as follows:

(thousand €)	31/12/2023	31/12/2022
Patents, licences, trademarks and similar rights	4,338	4,338
Software	50,196	37,449
Total	**54,534**	**41,787**

Note 7. Property, Plant and Equipment

The breakdown of the cost and accumulated depreciation of property, plant and equipment for 2023 is as follows:

(thousand €)	31/12/2022	Additions	Disposals	Transfers	31/12/2023
Gross value					
Land	117,041				117,041
Buildings	322,940	7,203	(47,166)		282,977
Plant and machinery	213,317	8,881	(45,120)		177,078
Furniture and other fixed assets	186,208	7,848	(25,962)		168,094
Fixed assets under construction and advances	211	64	(86)		189
Total	**839,717**	**23,996**	**(118,334)**		**745,379**
Accumulated depreciation					
Buildings	(166,288)	(10,959)	47,043		(130,204)
Plant and machinery	(171,570)	(9,165)	45,112		(135,623)
Furniture and other fixed assets	(154,183)	(4,509)	24,508		(134,184)
Total	**(492,041)**	**(24,633)**	**116,663**		**(400,011)**
Impairment					
Land				(5,201)	(5,201)
Plant and machinery	(33,206)		16,906	5,201	(11,099)
Furniture and other fixed assets	(1,324)		394		(930)
Total	**(34,530)**		**17,300**		**(17,230)**
Net carrying amount	**313,145**				**328,138**

The additions of property, plant and equipment recorded in 2023 for the amount of EUR 24 million mainly relate to renovations performed in several hotels operated by the Company, mainly located in the Balearic Islands, Madrid and Barcelona.

The disposals mainly relate to 15 hotels which were operated under lease by the Company, and which became to be operated under management in 2023.

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

For comparison purposes, the situation as at 31 December 2022 was as follows:

(thousand €)	31/12/2021	Additions	Disposals	Transfers	31/12/2022
Gross value					
Land	116,705	336			117,041
Buildings	313,989	9,692	(793)	52	322,940
Plant and machinery	207,727	8,526	(2,936)		213,317
Furniture and other fixed assets	187,132	5,891	(6,815)		186,208
Fixed assets under construction and advances	200	64	(1)	(52)	211
Total	**825,753**	**24,509**	**(10,545)**		**839,717**
Accumulated depreciation					
Buildings	(154,710)	(12,112)	534		(166,288)
Plant and machinery	(164,330)	(9,878)	2,638		(171,570)
Furniture and other fixed assets	(150,245)	(6,933)	2,995		(154,183)
Total	**(469,285)**	**(28,923)**	**6,167**		**(492,041)**
Impairment					
Plant and machinery	(34,419)	(13,021)	14,234		(33,206)
Furniture and other fixed assets	(1,355)		31		(1,324)
Total	**(35,774)**	**(13,021)**	**14,265**		**(34,530)**
Net carrying amount	**320,695**				**313,145**

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

Disposals during 2022 include the derecognition of 3 hotels under lease.

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

Other considerations

There is 1 (2 in the previous year) owned property that has been mortgaged to secure several loans at the year end, and the net carrying value amounts to EUR 57.1 million; EUR 102.1 million in 2022.

As at 31 December 2023 and 2022 the Directors consider that there is sufficient insurance coverage for the Company's assets.

The breakdown of property, plant and equipment fully depreciated at the end of 2023 and 2022 is as follows:

(thousand €)	31/12/2023	31/12/2022
Buildings	17,355	17,355
Plant and machinery	83,502	94,868
Furniture and other fixed assets	101,559	108,285
Total	**202,416**	**220,508**

At the end of 2023 and 2022, the Company does not have firm commitments for the purchase of property, plant and equipment.

Revaluation of assets

The Company, in different processes, has merged several companies owning hotels, with the revaluation of land and properties being carried out. As at 31 December 2023 and 2022 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 31/12/2021	**91,318**	**7,544**
Depreciation		(260)
Revalued net carrying value at 31/12/2022	**91,318**	**7,284**
Depreciation		(260)
Revalued net carrying value at 31/12/2023	**91,318**	**7,024**

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

(thousand €)	Amount
Restatement of budgets for 1979	24,848
Restatement of budgets for 1980	28,852
Restatement of budgets for 1981	1,197
Restatement of budgets for 1982	26,480
Voluntary restatement before 1990	3,146
Restatement under R.D.L. 7/96	53,213
Total	**137,736**

The net carrying value of the assets subject to the revaluation according to the balance sheet restatement approved by Royal Decree 7/96 amounts to EUR 0.6 million at the end of 2023 and 2022, with the value of the fully depreciated assets being EUR 7.1 million at the end of 2023, and EUR 5.4 million in 2022. The impact of this restatement on the provision for depreciation amounts to EUR 25 thousand in 2023 and 2022.

Asset valuation

As mentioned in Note 4.4, the Company periodically obtains valuations carried out by independent experts. In this regard, the Company has obtained appraisals of certain owned assets in 2023, and has considered for its asset portfolio the evolution of the recoverable value of these assets compared to the values included in the appraisals obtained in previous years.

Meliá Hotels International, S.A. in 2022 entrusted the valuation of the assets owned by its Group. These assets were valued by the worldwide firm specialised in hotel investment and consultancy services CBRE Valuation Advisory, S.A. according to the RICS (Royal Institution of Chartered Surveyors) global standards in force at the date of valuation. This valuation determined their market value at 31 July 2022, and comprised 54 assets that were fully consolidated in the Financial Statements and 7 assets recognised under Investment Property in the Consolidated Balance Sheet, of which 12 assets were owned by the Company. The valuation of these assets resulted in a Gross Asset Value (GAV) of EUR 4,041 million, of which EUR 408.3 million related to assets owned by the Company.

At the end of the current fiscal year, no significant differences have been detected with respect to the values of the assets valued in the financial year 2022.

Note 8. Investment Property

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

The breakdown of the gross value and accumulated depreciation of investment property for 2023 is as follows:

(thousand €)	31/12/2022	Additions	Disposals	31/12/2023
Gross value	32,162	1,117	(4,064)	29,215
Accumulated depreciation	(15,078)	(584)	3,077	(12,585)
Impairment	(164)			(164)
Net carrying value	**16,920**			**16,466**

The additions during 2023 mainly relate to the purchase of 6 apartments in 2 apartment owners' associations.

Disposals during 2023 mainly relate to the sale of a property for an amount of EUR 1.6 million, generating a net capital gain of EUR 0.6 million.

There are no fully depreciated buildings at year-end 2023, at year-end 2022 fully depreciated buildings amounted to EUR 1.5 million.

In 2023, dividends generated by apartments in apartment owners' associations have been recognised for the amount of EUR 0.5 million; EUR 78 thousand in 2022.

For comparison purposes, the breakdown of these movements in 2022 was as follows:

(thousand €)	31/12/2021	Additions	Disposals	31/12/2022
Gross value	34,764	817	(3,419)	32,162
Accumulated depreciation	(15,876)	(605)	1,403	(15,078)
Impairment	(836)		672	(164)
Net carrying value	**18,052**			**16,920**

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

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

Note 9. Financial Instruments

9.1 Financial Assets

The following table shows the breakdown by categories of non-current and current assets for 2023 and 2022:

(thousand €)	31/12/2023			31/12/2022		
	Long term	Short term	Total	Long term	Short term	Total
1. Financial assets at cost:						
- Equity instruments	1,152,175		1,152,175	1,075,403		1,075,403
2. Financial assets at fair value through profit or loss:						
- Equity instruments	20,953	112	21,065	19,847	1,479	21,326
3. Financial assets at amortised cost:						
- Loans and other financial assets to group companies, associates and joint ventures	464,777	383,672	848,449	488,556	389,230	877,786
- Loans to third parties	10,424	15,127	25,551	15,685	2,408	18,093
- Other financial assets to third parties	10,283	25,262	35,545	9,480	19,230	28,710
4. Derivatives and hedges:						
- Financial derivative assets	389	2,698	3,087	3,240	4,062	7,302
Total	**1,659,001**	**426,871**	**2,085,872**	**1,612,211**	**416,409**	**2,028,620**

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

a) Financial assets at cost

Equity instruments:

Annex I attached to these annual accounts includes the information about the equity situation of group companies, associates and joint ventures as at 31 December 2023 and 2022, which is obtained from the financial statements provided by the respective companies. Such annex also provides information broken down by company on the net carrying value and provisions made for each investment. Annex II includes direct and indirect shareholdings, activity and country of operation.

The activity carried out by most of these companies relates to the hotel and restaurant business.

These companies' shares are not listed in a regulated market.

In 2023, the Company has recognised dividends from group companies, associates and joint ventures for the amount of EUR 53.5 million; EUR 20.4 million in 2022.

The breakdown of gross value and accumulated impairment of equity instruments in 2023 is as follows:

(thousand €)	31/12/2022	Additions	Disposals	Transfers	31/12/2023
Equity instruments in group companies (gross value)	996,496	23,437	(3)	6,043	1,025,973
Outstanding payments on shares	(17)		17		
Impairment	(121,545)	(6,296)	29,442		(98,399)
Equity instruments in associates and joint ventures (gross value)	215,772	38,218	(6,082)	(6,043)	241,865
Outstanding payments on shares		(4,350)			(4,350)
Impairment	(15,304)	(17,291)	19,681		(12,914)
Total	**1,075,403**	**33,719**	**43,053**		**1,152,175**

The most relevant additions in equity instruments in group companies in 2023 relate to the non-cash contribution to the equity of Prodigios Interactivos, S.A. for the amount of EUR 11.6 million and the capitalisation of the debt of MHI UK Ltd. for the amount of EUR 10.6 million.

With regard to transfers during the year, the Company acquired the remaining 50.07% of the shares in the company Detur Panamá, S.A. As a result of this share acquisition, the stake in this company was transferred to equity instruments in group companies for an amount of EUR 6 million.

Additions in equity instruments in associates and joint ventures in 2023 mainly relate to the acquisition of 20% of the shares in Fuerteventura Beach Property, S.L., Santa Eulalia Beach Property, S.L. and Hoteles Marmel, S.L. for a total amount of EUR 17.5 million; and also to the cash contribution to the equity of Homasi, S.A. for the amount of EUR 7.2 million, with EUR 4.4 million pending disbursement in the long term and EUR 1.5 million in the short term. In addition, the merger by absorption of Mosaico, S.A. into Homasi, S.A. was recorded as disposal and addition respectively for the amount of EUR 3.5 million. Finally, these also include the cash contribution to the equity of Holazel, S.L. for the amount of EUR 1.5 million, as well as contributions from shareholders to Evertmel, S.L. and Jamaica Devco, S.L. for the amount of EUR 3.7 million and EUR 4.8 million, respectively.

Regarding impairment, the provisions recognised during the year for the amount of EUR 23.6 million mainly relate to the depreciation of the underlying recoverable amount of the investees. Disposals include reversals recognised in 2023 amounting to EUR 38.1 million mainly as a result of the restatement of the underlying recoverable amount of investees (see Annex I).

For comparison purposes, the breakdown of these movements in 2022 was as follows:

(thousand €)	31/12/2021	Additions	Disposals	31/12/2022
Equity instruments in group companies (gross value)	994,947	3,077	(1,529)	996,496
Outstanding payments on shares		(17)		(17)
Impairment	(124,684)	(6,495)	9,635	(121,545)
Equity instruments in associates and joint ventures (gross value)	212,094	3,713	(36)	215,772
Impairment	(28,865)	(1,833)	15,394	(15,304)
Total	**1,053,492**	**(1,554)**	**23,465**	**1,075,403**

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

Regarding provisions for impairment, the release of the provision recognised in that year for the amount of EUR 25 million mainly derived from the restatement of the underlying carrying amount of the investees.

b) Financial assets at fair value through profit or loss

Long-term equity instruments:

Movements in 2023 were as follows:

(thousand €)	31/12/2022	Additions	Transfers	31/12/2023
Equity instruments (gross value)	19,926	1,106	(79)	20,953
Provisions	(79)		79	
Total	19,847	1,106		20,953

Additions in 2023 relate to the increase in the fair value of the Victoria Group, in which the Company holds a 7.5% stake through the company Victoria Hotels & Resorts, S.L., in which it has no significant influence.

The equity situation as at 31 December 2023, 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	(691)	2,883	2,748	2,634
Inveragua RD, S.A.S. (*)	14.24 %	837	(153)	(4)	97	131
Port Cambrils Inversions, S.L.	10.00 %	6,000	957	382	734	980
Valle Yamuri, S.A. (*)	8.00 %	4,970	(1,570)	192	287	279
Victoria Hotels & Resorts, S.L. (**)	7.50 %	15,340	181,434	(807)	14,698	16,927
Other companies (*)		3			3	3
Total		39,050	179,977	2,646	18,567	20,953

(*) Balance sheets as at 31 December 2023 for these companies are not available.

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

These companies are not listed in the stock market.

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

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

For comparison purposes, movements for year 2022 were as follows:

(thousand €)	31/12/2021	Additions	31/12/2022
Equity instruments (gross value)	19,622	304	19,926
Provisions	(79)		(79)
Total	19,543	304	19,847

Likewise, the equity situation as at 31 December 2022, 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	3,174	2,850	3,495	2,634
Inveragua RD, S.A.S. (*)	14.24 %	864	(158)	(5)	100	131
Port Cambrils Inversions, S.L.	10.00 %	6,000	813	187	700	980
Valle Yamuri, S.A. (*)	8.00 %	4,970	(1,814)	245	272	279
Victoria Hotels & Resorts, S.L. (**)	7.50 %	15,340	192,109	3,183	15.797	15,821
Other companies (*)		3			3	3
Total		39,077	194,124	6,460	20,367	19,847

(*) Balance sheets as at 31 December 2022 for these companies were not available.
(**) Victoria Group is made up of the companies Victoria Hotels & Resorts, S.L., Crisalian, S.L.U., and Lierinto, S.L.U.

c) *Financial assets at amortised cost*

Set out below is a breakdown by nature of financial assets included in this item as at 31 December 2023 and 2022:

(thousand €)	31/12/2023			31/12/2022		
	Long term	Short term	Total	Long term	Short term	Total
Loans and other financial assets to group companies	411,271	323,946	735,216	450,641	329,112	779,753
Loans and other financial assets to associates and joint ventures	53,507	59,726	113,233	37,915	60,118	98,033
Other loans	10,424	15,127	25,551	15,685	2,408	18,093
Created deposits and guarantees	10,283	854	11,137	9,480	754	10,234
Other loans and receivables		24,408	24,408		18,477	18,477
Total	485,485	424,061	909,546	513,720	410,868	924,589

Balances recorded as Loans and other financial assets to group companies, associates and joint ventures mainly relate to loans granted for the financing of activities within the hotel business, including the hotel acquisition and renovation. 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. These balances are broken down in Note 17.

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

- Loans granted to various unrelated companies with which the Company maintains commercial relationships for the amount of EUR 6.8 million.
- Loans to owners of several hotels operated by the Company under lease, management and franchise for the amount of EUR 18.8 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 2023 for the amount of EUR 23.4 million, and at the end of 2022, these amounted to EUR 17.3 million.

a) *Derivative assets*

The balances under financial derivative assets are broken down in Note 9.3. Cash flow hedge activities relate to interest rate swaps.

9.2 Financial Liabilities

The following table shows the breakdown by categories of the financial liabilities, for 2023 and 2022:

(thousand €)	31/12/2023			31/12/2022		
	Long	Short term	Total	Long	Short term	Total
1. Financial liabilities at amortised cost:						
- Bonds and other negotiable securities	52,082	24,585	76,667	52,026	23,963	75,989
- Bank loans	756,243	255,085	1,011,328	893,501	119,749	1,013,250
- Other financial liabilities	958	37,424	38,382	618	12,833	13,451
- Payables to group companies, associates and joint ventures	284,396	223,077	507,473	241,437	189,911	431,348
2. Derivatives and hedges:						
- Derivative liabilities					25	25
Total	**1,093,679**	**540,171**	**1,633,850**	**1,187,582**	**346,481**	**1,534,063**

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

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

a) Bonds and other negotiable securities

At the end of 2023 and 2022, the breakdown of Bonds and other negotiable securities is as follows:

(thousand €)	31/12/2023			31/12/2022		
	Long	Short term	Total	Long	Short term	Total
Non-convertible bonds	52,082		52,082	52,026		52,026
Other marketable debt securities (ECP)		24,381	24,381		23,759	23,759
Interests, bonds and other marketable securities		204	204		204	204
Total	**52,082**	**24,585**	**76,667**	**52,026**	**23,963**	**75,989**

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

Issue price:	€30,000,000.00
Face amount:	€100,000.00
Maturity::	12 years
Debt rank:	Senior unsecured
Issue price:	100 %
ISIN code:	ES0276252014
Issue date:	19 November 2018
Maturity date:	19 November 2030
Coupon:	Fixed 3.30%
Repayment price:	100 %

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

Euro-Commercial Paper Programme (ECP)

In June 2023, the commercial paper programme ("Euro-Commercial Paper Programme" or ECP) was renewed, with maturity date on 2 June 2024, subject to English law, for the maximum amount of EUR 300 million, whereby debt instrument issues can be made in Europe with a maturity of less than 364 days, up to the said amount.

In 2023, issues were made for a total amount of EUR 212 million, and there were outstanding issues for the amount of EUR 24.8 million of face amount at year end (see Note 5.4).

b) *Bank loans*

The breakdown of the Company's bank borrowings analysed by nature and maturity at year-end 2023 and 2022 is as follows:

	31/12/2023			31/12/2022		
(thousand €)	Long term	Short term	Total	Long term	Short term	Total
Bank loans	564,374	244,569	808,943	765,030	108,514	873,543
Mortgage loans	23,321	2,074	25,395	25,395	7,020	32,414
Credit facilities	168,549	3,073	171,622	103,077		103,077
Leasing					7	7
Interest		5,368	5,368		4,209	4,209
Total	756,244	255,084	1,011,328	893,501	119,749	1,013,250

At year end, the maximum limit of credit facilities is EUR 341.5 million. In 2022, the maximum limit was EUR 333.5 million. The total amount of credit facilities drawn down was EUR 171.6 million; EUR 103.1 million in 2022; and at the end of 2023 an additional balance of EUR 169.9 million was available; EUR 230.4 million in 2022.

Average interest rate accrued in 2023 on previous loans, credit facilities and leasing is 4.87%. Average interest rate accrued in 2022 was 2.82%.

The detail of the maturities at year-end 2023 and 2022 is as follows:

(thousand €)	31/12/2023
2024	255,084
2025	135,333
2026	495,683
2027	103,586
2028	18,065
2029 and subsequent years	3,578
Total	1,011,329

(thousand €)	31/12/2022
2023	119,749
2024	290,000
2025	171,833
2026	216,144
2027	199,925
2028 and subsequent years	15,599
Total	1,013,250

c) *Other financial liabilities*

At the end of 2023 and 2022, the breakdown of Other financial liabilities is as follows:

	31/12/2023			31/12/2022		
(thousand €)	Long term	Short term	Total	Long term	Short term	Total
Trade bills payable		1,511	1,511	11	3,550	3,561
Other payables	94	1,461	1,555		3,020	3,020
Guarantees and deposits received	864	12	876	607	8	615
Other current accounts		34,440	34,440		6,255	6,255
Total	958	37,424	38,382	618	12,833	13,451

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

Likewise, Other current accounts mainly include debts relating to the centralised management of collections made by the Company, as well as debts with the company owning 15 hotels which were operated under lease by the Company, and which became to be operated under management in 2023.

The detail of maturities at the end of 2023 and 2022 is as follows:

(thousand €)	31/12/2023
2024	37,424
2029 and subsequent years	958
Total	38,382

(thousand €)	31/12/2022
2023	12,833
2028 and subsequent years	618
Total	13,451

d) Debts with Group companies, associates and joint ventures

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

e) Derivative liabilities

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

9.3 Hedge Activities and Derivatives

The fair values of the Company's derivative financial instruments at the end of 2023 and 2022 are analysed below by maturity:

	31/12/2023			31/12/2022		
(thousand €)	Long term	Short term	Total	Long term	Short term	Total
Hedging derivative assets	278	1,880	2,158	2,534	2,961	5,495
Other derivative assets	111	818	929	705	1,101	1,807
Total	389	2,698	3,087	3,240	4,062	7,302
Other derivative liabilities					25	25
Total					25	25

Maturity by year is as follows:

	31/12/2023	
(thousand €)	Hedge	Others
2024	1,880	818
2025	268	111
2026	10	
Total	2,158	929

	31/12/2022	
(thousand €)	Hedge	Others
2023	2,961	1,076
2024	2,178	635
2025	340	71
2026	14	
Total	5,495	1,782

a) *Accounting Hedges*

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

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

At the end of 2023, these derivative financial instruments have been measured and recorded in assets for the amount of EUR 2.2 million (EUR 5.5 million in assets in 2022). 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 income for the amount of EUR 3.6 million because of interest rate hedging; an expense for the amount of EUR 45 thousand in 2022. These amounts have been recorded in the financial expenses item, as well as the hedged item.

Likewise, as at 31 December 2023, the notional value of the interest rate swaps that qualify as hedges amounts to EUR 100.8 million, and as at 31 December 2022 such value amounted to EUR 125.8 million (see Note 5.1).

b) *Other derivatives*

Other derivative assets and liabilities recognised at the end of 2023 relate to interest rate swaps contracted in the framework of the interest rate risk management performed by the Company (see Note 5.1). Interest rate swaps are not deemed to be accounting hedges, since they were contracted in the framework of a debt restructuring and thus, they do not meet the requirements for the application of hedge accounting according to the Chart of Accounts.

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

The Company has recognised in the year's income statement EUR 0.1 million of expenses due to the change in fair value of such interest rate swaps; EUR 2.5 million of income in 2022. These amounts are recognised under heading Change in fair value of financial instruments.

As at 31 December 2023, the notional value of these financial instruments amounts to EUR 33.5 million, and as at 31 December 2022 such value amounted to EUR 51.9 million.

Note 10. Current Assets

10.1 Inventories

The breakdown is as follows:

(thousand €)	31/12/2023	31/12/2022
Goods	75	117
Others	3,061	3,405
Advances to suppliers	150	174
Total	3,286	3,696

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

10.2 Trade and Other Receivables

The breakdown of this heading is as follows:

(thousand €)	31/12/2023	31/12/2022
Customers	60,216	38,080
Trade bill receivable	2,036	2,088
Doubtful trade receivables	12,553	12,544
Impairment for trade operations	(24,512)	(20,770)
Total trade receivables	**50,293**	**31,942**
Trade receivables, group companies, associates and joint ventures	93,223	67,993
Sundry debtors	2,627	1,534
Staff	168	52
Current tax assets	8,907	2,705
Public Administrations	3,962	5,810
Total other receivables	**108,887**	**78,094**
Total	**159,180**	**110,036**

At the end of 2023 and 2022, the receivable balances arising from the sale of rooms and other services provided, associated with the hotel business, are included under the heading Customer receivables for sales and services.

Trade receivables, group companies, associates and joint ventures heading mainly relates to commercial transactions for the provision of services and management at market prices. Breakdown by companies is shown in Note 17.2.

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

10.3 Cash and Other Cash Equivalents

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

The breakdown of the balances under this heading for 2023 and 2022 is as follows:

(thousand €)	31/12/2023	31/12/2022
Cash	3,777	2,883
Other cash equivalents	874	437
Total	**4,651**	**3,320**

This heading includes balances in currencies other than the Euro, in particular, the US dollar and the British pound (see Note 16.6).

Note 11. Equity

11.1 Equity

a) Share Capital

The Company's share capital as at 31 December 2023 and 2022 stipulated in the Bylaws is EUR 44,080,000 corresponding to 220,400,000 shares with a par value of Euro 0.20 each. The shares are fully subscribed and paid-up, and constitute a single class and series.

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

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

The voting rights held by the main shareholders with direct and indirect stake in the Company as at 31 December 2023 and 2022, are as follows:

Shareholders	31/12/2023	31/12/2022
	% Shareholding	% Shareholding
Hoteles Mallorquines Consolidados, S.L.	24.37	24.37
Hoteles Mallorquines Asociados, S.L.	13.76	13.76
Hoteles Mallorquines Agrupados, S.L.	11.29	11.29
Tulipa Inversiones 2018, S.A.	5.39	5.39
Global Alpha Capital Management Ltd.	13.23	9.17
Rest of shareholders (less than 3% individual)	31.97	36.03
Total	100.00	100.00

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

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

b) Share premium

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

c) Reserves

The following table shows the breakdown of the Reserves heading at the end of 2023 and 2022:

(thousand €)	31/12/2023	31/12/2022
Legal reserve	8,816	8,816
Revaluation reserves Royal Decree-Law 7/1996, of 7th June	1,190	1,190
Reserves for actuarial gains and losses	(5,693)	(5,035)
Voluntary reserves	306,725	308,608
Translation reserves	12,555	12,356
Total	**323,593**	**325,935**

Legal reserve

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

At the end of 2023 and 2022 this reserve is fully constituted.

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

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

Reserves for actuarial gains and losses

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

Voluntary reserves

These reserves are unrestricted, after offsetting losses.

Translation reserves

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

d) Treasury stock and shares

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

(thousand €)	No. shares	Average price (euros)	Balance
Balance as at 31/12/2022	**334,014**	**11.78**	**3,936**
Liquidity contract acquisitions	11,307,075		
Liquidity contract disposals	(11,393,075)		
Balance as at 31/12/2023	**248,014**	**6.51**	**1,615**

At the end of 2023 and 2022, the Company does not have securities loan agreements.

As at 31 December 2023, the total number of treasury shares held by the Company is 248,014, which represents 0.113% of the share capital; 0.152% in 2022. In any case, the treasury shares do not exceed the 10% limit established by the revised text of the Spanish Corporate Enterprises Act.

The price of the Company's shares at the 2023 year end was EUR 5,96. At the 2022 year end the share price amounted to EUR 4.578.

For comparison purposes, movements for year 2022 were as follows:

(thousand €)	No. shares	Average price (euros)	Balance
Balance as at 31/12/2021	277,014	12.99	3,599
Liquidity contract acquisitions	12,556,461		
Liquidity contract disposals	(12,499,461)		
Balance as at 31/12/2022	334,014	11.78	3,936

11.2 Measurement Adjustments

Details and movements of the measurement adjustments in 2023 and 2022 are as follows:

(thousand €)	2023	2022
Hedging operations:		
Opening balance	3,803	(1,022)
Results attributed to equity	390	6,389
Transfers to results	(3,554)	45
Tax effect	790	(1,609)
Closing balance	1,429	3,803

11.3 Grants, Donations and Bequests Received

Capital grants mainly relate to grants to finance property, plant and equipment purchases, which will be progressively transferred to the income statement depending on the useful life of such property, plant and equipment. In 2023, the total amount recorded in the income statement for this item is EUR 61 thousand; the same amount in 2022.

Movements in 2023 and 2022 are as follows:

(thousand €)	2023	2022
Opening balance	886	931
Transfers to results	(62)	(61)
Tax effect	16	16
Closing balance	840	886

At the end of 2023 and 2022, the Company meets the conditions laid down in the grant awards.

Note 12. Provisions and Contingencies

12.1 Provisions

The balance sheet includes a balance for the amount of EUR 126.3 million in respect of provisions, EUR 88.2 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 €)	31/12/2022	Additions	Disposals	31/12/2023
Provision for retirement, seniority bonus and personnel obligations	8,113	1,522	(2,330)	7,305
Provision for onerous contracts	12,196	206		12,401
Provision for negative own funds	53,417	43,982	(5,927)	91,472
Provision for liabilities	14,434	2,622	(1,966)	15,091
Total	88,160	48,332	(10,223)	126,269

In respect of commitments established in supra-enterprise collective agreements, in 2023 an actuarial study has been performed to assess the past services, as defined in Note 4.10, which have been estimated at EUR 7.6 million; EUR 8.3 million in 2022. The value of assets associated with outsourced commitments in compliance with the legislation in force amounts to EUR 0.3 million; EUR 0.2 million in 2022.

The assessment of these commitments undertaken by the Company has been conducted in accordance with the actuarial assumptions of the model which pertains to it, using the calculation method known as the Projected Unit Credit and the demographic assumptions established by the PER2020 tables, using a capitalisation rate of 3.70%, and a salary increase assumption of 3.04%. In addition, the probability of tenure of employees until retirement has also been applied, based on the 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	4.91
45-55	2.75
>55	2.64

Changes during the fiscal year include an impact recognised in equity for the amount of EUR 0.7 million; EUR 0.3 million in 2022 (see Note 11.1 c), due to some changes occurred in the actuarial assumptions used during the calculations made.

The balance of the provision for onerous contracts at the end of 2023 amounts to EUR 12.4 million; EUR 12.2 million at the end of 2022. This provision was calculated for the hotels that in 2023 presented negative net cash flows, after discounting the relevant lease instalments. To calculate this provision, it is considered that the costs of compliance with the agreements correspond to the present value of the projected cash flows, including lease commitments, and they are compared with the costs of non-compliance with the various agreements, the lower of both amounts being allocated to the provision. The estimate of the cash flows expected for these hotels has been carried out internally by the Company, on the basis of the operating budget for 2024 and projecting the results until the termination of the contract (without considering any extensions that have not yet been signed), based on increases in the average price of rooms according to the business plan established for 2024. The discount rate used in Spain has been 9.8%.

In the provisions for negative equity section, the additions in the fiscal year mainly relate to Sol Group Exhol, S.L., for the amount of EUR 42.2 million, and disposals mainly relate to Sol Maninvest, B.V. and Melia Europe & Middle East, S.L for the amount of EUR 5 million. In 2022, the additions mainly related to Sol Group Exhol, S.L., for the amount of EUR 5.8 million, and disposals related to Markserv B.V. for the amount of EUR 32.1 million.

Movements in 2022 were as follows:

(thousand €)	31/12/2021	Additions	Disposals	31/12/2022
Provision for retirement, seniority bonus and personnel obligations	8,187	747	(821)	8,113
Provision for onerous contracts	24,205		(12,009)	12,196
Provision for negative own funds	102,638	8,215	(57,436)	53,417
Provision for liabilities	10,786	3,648		14,434
Total	145,816	12,610	(70,266)	88,160

12.2 Guarantee Commitments to Third Parties and Other Contingent Liabilities

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

Through various contracts, the Company:

- Secures lease payments in favour of several hotel owners through bank guarantees for the total amount of EUR 81.06 million and through corporate guarantee for the amount of EUR 23.88 million; EUR 79.42 million and EUR 23.2 million respectively in the previous year.
- Acts as joint and several guarantor of EUR 59.82 million for several bank loans to one group company; EUR 61.65 million in the previous year.
- Secures several operations on behalf of its subsidiary companies, associates and joint ventures through bank guarantees, amounting to EUR 37.90 million; EUR 38.10 million in the previous year.
- Secures several operations through bank guarantees and for various items, for the total amount of EUR 8.97 million; EUR 8.61 million in the previous year.

12.3 Operating Leases

As at 31 December 2023, the Company operates under operating lease a total of 32 hotels; 47 hotels at the end of 2022. This decrease is mainly due to the fact that 15 hotels became to be operated under management in 2023. as mentioned in Note 7.

The average term of these operating lease contracts is 8.06 years. These lease contracts have a contingent component relating to the consumer price index (CPI) and, certain agreements, other contingent component relating to the evolution of the result obtained by each hotel establishment, which is not considered in the calculation of minimum lease payments, which are broken down in the table included in this Note. The contingent instalment in 2023 amounted to EUR 1 million due to the evolution of the CPI; EUR 2.6 million in 2022.

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

(thousand €)	31/12/2023	31/12/2022
Less than 1 year	59,417	55,422
Between 1 and 5 years	211,692	154,921
More than 5 years	95,061	114,711
Total	366,170	325,054

12.4 Contingent Assets

The Company has claims brought against third parties for compensation for damages suffered as a result of hotel closures during the 2020 health pandemic, on which it considers there are reasonable technical grounds to obtain a favourable ruling in court. However, the Company's Directors, on the basis of prudence, do not consider that the requirements established in the applicable regulations for their recognition in the balance sheet have been met for the time being.

Note 13. Trade Creditors and Other Payables

The breakdown of this heading at the end of 2023 and 2022 is as follows:

(thousand €)	31/12/2023	31/12/2022
Suppliers	12,005	8,376
Suppliers, group companies, associates and joint ventures	17,400	6,950
Sundry creditors	64,096	80,660
Accrued wages and salaries	36,497	36,707
Public Administrations	11,790	12,608
Prepayments from customers	13,985	12,575
Total	155,773	157,876

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

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

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

No. of days	2023	2022
Average period of payment to suppliers	53.84	57.10
Ratio of operations paid	50.27	47.68
Ratio of outstanding operations	130.88	129.00
(thousand €)	2023	2022
Total payments made	349,825	295,343
Total outstanding payments	16,214	38,731

According to the ICAC Resolution on 29 January 2016, 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 in each year have been considered.

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

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

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

(thousand €)	2023	2022
Monetary volume	186,967	52,619
Percentage of total payments made	53.43 %	17.82 %
Number of invoices	39,494	14,336
Percentage of total invoices	16.90 %	6.72 %

Note 14. Tax Situation

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

In 2023 and 2022, 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 consolidation Tax Group comprises 40 companies which fulfil the requirements laid down for that purpose in the regulations governing taxation on consolidated profits of Groups of companies. The companies within the mentioned Tax Group jointly determine the group's tax result, which is distributed among them, according to the criterion established by the Instituto de Contabilidad y Auditoría de Cuentas as for recognition and determination of individual tax liability.

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

"Pillar Two" Draft Legislation

The Government of Spain, where the parent company is incorporated, has published a draft legislation - pending parliamentary procedure - for the implementation in Spain of the 15% minimum taxation (EU) Directive (the "Pillar Two Draft Legislation"), which provides for its application in respect of financial years beginning after 31 December 2023. Pursuant to this Pillar Two Draft Legislation, the parent company will be obliged to pay, in Spain, a supplementary tax on the profits of its subsidiaries that are taxed at an effective tax rate of less than 15%. In addition, some of the jurisdictions in which the Group operates have Pillar Two rules sufficiently implemented, which allow a domestic minimum tax to be levied on the tax shortfall up to 15%.

The Group has analysed the potential exposure to additional taxation arising from the Pillar Two Draft Legislation, based on country-by-country reports and financial statements of the Group companies. According to the analysis performed, the effective tax rate for Pillar Two purposes in most of the jurisdictions in which the Group operates is above 15%. However, the Group believes that the safe harbour rules may not apply in Cuba, where the effective rate may be less than 15%. Nevertheless, the Group does not expect exposure to additional taxation arising from Pillar Two rules to be significant in any jurisdiction.

The Group continues to assess the impact of the future Supplementary Tax rule in Spain and the Pillar Two rules in the jurisdictions in which it operates on its future financial performance.

Unconstitutionality and invalidity of Royal Decree-Law 3/2016, of 2 December, adopting tax measures aimed at consolidating public finances and other urgent social measures ("RD-Law 3/2016").

The Constitutional Court has considered RD-Law 3/2016 as unconstitutional and invalid in its ruling of 18 January 2024 (unconstitutionality issue 2577-2023).

Among others, the mentioned RD-law established greater restrictions on the offsetting of negative tax bases (BINS [according to its acronym in Spanish]) from previous years; the obligation to include a minimum annual reversal in the 2016-2020 financial years of impairment losses on holdings regardless of the evolution of the investee's equity and results; the establishment of greater limitations on the application of deductions to avoid double taxation; and a restriction on the deductibility of certain negative income deriving from the transfer of holdings.

As a result of this ruling, the Group has determined the following accounting treatment for income tax in Spain:

- Recognition of current tax liabilities and assets for the year 2023:

The Group has determined the 2023 Income Tax in accordance with the applicable tax legislation, excluding the provisions declared as unconstitutional.

- Recognition of deferred tax assets for the carryforward of unused tax losses or unused tax credits:

The Group has reassessed the probability of having future taxable profit against which unused tax losses or unused tax credits can be carried forward under the applicable regulations, excluding the provisions declared as unconstitutional.

- The Group expects to recover certain tax credits as a result of challenging Corporate Income Tax assessments:

The Group has challenged the Corporate Income Tax assessments for 2017 to 2019, with an expectation of recovering approximately EUR 8 million. The Group has not recognised an asset for this item to the extent that, based on an analysis of the specific circumstances of these challenges, it is estimated that the probability of recovery is not virtually true.

14.1 Current Balances Receivable from and Payable to Public Administrations

As at 31 December 2023, the Company's main balances receivable from Public Administrations are: EUR 3.9 million relating to value added tax (VAT); and EUR 8.9 million relating to Corporate Income Tax, an amount that mainly relates to the Corporate Income Tax for 2023.

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

(thousand €)	31/12/2023	31/12/2022
Income tax		
Current tax assets	8,907	2,705
Total	8,907	2,705
Other taxes / rates		
Tax Authorities, VAT receivable	3,938	5,810
Total	3,962	5,810
Total assets	12,869	8,515
Other taxes / rates		
Tax Authorities, IGIC Tax payable	348	271
Tax Authorities, IRPF (Income Tax) payable	2,805	2,696
Tax Authorities, payables	3,562	3,070
Payables to Social Security bodies	5,075	6,571
Total	11,790	12,608
Total liabilities	11,790	12,608

14.2 Years Open to Tax Inspections and Audits

According to the legislation in force, taxes cannot be deemed definitively settled until the returns submitted are audited by the tax authorities or the four-year statute of limitations has lapsed. As at 31 December 2023, 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	2020-2022
I.G.I.C (General Indirect Canary Islands Tax)	2020-2023
VAT	2020-2023
I.R.P.F. (Income Tax)	2020-2023

General inspection procedure for the financial years 2017 to 2019

At year-end, the Company had completed a verification and inspection procedure by the Agencia Estatal de la Administración Tributaria (State Tax Administration Agency) covering Corporate Income Tax for the years 2017 to 2019, the Value Added Tax and Withholdings and Income on Account for the periods between November 2017 and December 2019.

In relation to Corporate Income Tax and as a result of valuation differences in certain transactions between Group companies, a tax assessment has been formalised with an agreement which resulted in a tax payable of EUR 2.7 million. This adjustment has had no impact on the Group's income statement as the corresponding risk provision was applied.

In relation to Value Added Tax and Withholdings and Income on Account, tax assessments have been formalised without any adjustment and with no impact on the Group's income statement.

According to the principles of the Group's Tax Strategy, as well as the recommendations of the Code of Good Tax Practices to which the Company adheres, the Company has proceeded to self-correct the corporate income tax settlements for 2020 and 2021 in accordance with the value criteria arising from the tax audit procedure, without this self-correction having had an impact on the income statement.

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. In any case, the Company considers that these additional liabilities, should they arise, would not significantly affect the income statement and the balance sheet.

14.3 Corporate Income Tax

Benefits, determined in accordance with the tax legislation, are subject to taxation at the rate of 25% on the tax base. However, in accordance with Article 30 bis of the LIS, a minimum taxation of 15% is established for the tax base reduced or increased, as appropriate and as applicable, by the amounts derived from Article 105 of this Law and reduced by the Investment Reserve as regulated in Article 27 of Law 19/1994, of 6 July, amending the Economic and Fiscal Regime of the Canary Islands.

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

(thousand €)	Income Statement		Income and expenses recognised directly in equity		Total
Balance of income and expenses of the fiscal year					
Continuing operations		**8,384**		**(3,078)**	**5,306**
	Increases (I)	Decreases (D)	Increases (I)	Decreases (D)	
Income tax		(20,863)	(1,025)		**(21,888)**
Permanent differences	110,729	(87,866)			**22,863**
Temporary differences:					
Arising in the fiscal year	39,677	(77,560)			**(37,883)**
Arising in previous fiscal years	2,833			4,102	**6,935**
Offset of tax loss from previous years		(51,571)			**(51,571)**
Tax base (tax result)					**(76,238)**

The Company's most significant decreases due to permanent differences relate to value adjustments to the Group's shareholdings and equity for the amount of EUR 37 million and the application of the international double taxation exemption for dividends for the amount of EUR 49.5 million.

The increases due to temporary differences relate mainly to value adjustments to the Group's shareholdings and equity amounting to EUR 64 million, to the 50% limitation on the offsetting of tax losses established in the 19th Additional Provision of the LIS amounting to EUR 26 million and to non-deductible provisions in the current year, which will be deductible for tax purposes at the time of payment or when the obligation becomes due.

The decreases due to temporary differences mainly relate to non-deductible financial expenses in prior periods amounting to EUR 40 million and to provisions deductible in the current year.

For comparison purposes, the reconciliation of the net amount of income and expenses of the fiscal year 2022 and the tax base (tax result) of the corporate income tax was as follows:

(thousand €)	Income Statement		Income and expenses recognised directly in equity		Total
Balance of income and expenses of the fiscal year					
Continuing operations		**(22,402)**		**5,050**	**(17,352)**
	Increases (I)	Decreases (D)	Increases (I)	Decreases (D)	
Income tax		(19,514)	1,682		**(17,832)**
Permanent differences	11,184	(16,427)			**(5,243)**
Temporary differences:					
Arising in the fiscal year	20,684				**20,684**
Arising in previous fiscal years	1,396	(36,609)		(6,731)	**(41,944)**
Tax base (tax result)					**(61,687)**

The information shown in the changes in equity relates to income and expenses directly recognised in equity. In 2023 and 2022, none of these amounts affect the tax base of the Company.

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

(thousand €)	2023		2022	
	Income statement	Income and expenses recognised in equity	Income statement	Income and expenses recognised in equity
Accounting profit/loss before tax	**(12,479)**	**(4,103)**	**(41,916)**	**6,732**
Theoretical tax burden (25% rate)	(3,120)	(1,025)	(10,479)	1,682
Permanent differences	5,716		(1,311)	
Temporary differences	(10,636)		(3,074)	
Tax loss and tax credits	(15,096)			
Non-capitalised tax losses for the year			15,422	
Income tax from previous years	1,934		(1,004)	
Foreign withholding tax	339		148	
Offset of tax liabilities of the tax group			(19,216)	
Effective tax expense/(income)	**(20,863)**	**(1,025)**	**(19,514)**	**1,682**

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

(thousand €)	2023		2022	
	Allocation to income statement	Allocation to equity	Allocation to income statement	Allocation to equity
Current tax	(18,991)		(20,071)	
Deferred tax	(1,872)	(1,025)	557	1,682
Total corporate income tax expense / (income)	**(20,863)**	**(1,025)**	**(19,514)**	**1,682**

The calculation of Corporate Income Tax is as follows:

Euro	Amount
Current tax	(19,060)
Rebates and deductions	(2,203)
Net tax liability	(21,263)
Withholdings and payments on account	(2,536)
Instalment payments	(7,091)
Corporate income tax liability	**(23,799)**

14.4 Deferred Tax Assets and Liabilities

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

(thousand €)	31/12/2023	31/12/2022
Deferred tax assets		
Credits for tax losses available for carry forward	22,769	4,618
Tax credit carryforwards	147	9,791
Tax value of goodwill	762	762
Financial instruments	(17)	26
Amortisation costs pending deduction	967	969
Adjustments for the limitation on deductibility of financial expenses		23,645
Provisions that are tax-deductible at the time of payment or when the liability arises	23,363	26,334
Credit for limitation on the offset of tax losses in tax groups	6,558	
Total	**54,549**	**66,145**
Deferred tax liabilities		
Finance lease operations	10,309	10,488
Land restatement and revaluation	24,585	24,650
Sales under reinvestment deferral	3,309	3,445
Non-refundable grants	198	214
Financial instruments	539	1,373
Other deferred tax liabilities	555	13,818
Total	**39,495**	**53,988**

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

(thousand €)	2023		2022	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Opening balance	**66,145**	**53,988**	**64,018**	**49,622**
Variations reflected in Income Statement:				
Credits for tax losses available for carry forward	18,150		(6,875)	
Tax credits carryforwards	(9,643)		4,904	
Provisions that are tax-deductible at the time of payment or when the liability arises	(3,192)		8,534	
Tax value of goodwill			(3,808)	
Finance lease operations		(98)		(213)
Land restatement and revaluation		(65)		(65)
Amortisation costs pending deduction			(483)	
Sales under reinvestment deferral		(136)		(136)
Adjustments for the limitation on deductibility of financial expenses	(23,645)			
Other deferred tax liabilities		(13,262)		3,422
Credit for limitation on the offset of tax losses in tax groups	6,558			
Variations reflected in equity:				
Financial instruments	(43)	(916)	(234)	1,373
Non-refundable grants		(16)		(15)
Provisions that are tax-deductible at the time of payment or when the liability arises- Actuarial gains and losses	219		89	
	54,549	**39,495**	**66,145**	**53,988**

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

14.5 Tax Group's Tax Loss

At the year end, the Tax Group has tax losses that may be offset in future years, with the offsetting not being limited in time, for the amount of EUR 227 million.

14.6 Tax Group's Deductions and Rebates

Tax Group's deductions and rebates pending application as at 31 December 2023 amount to EUR 6 million. Type, breakdown and maximum application periods are as follows:

Type (thousand €)	Year of generation	Deductions pending application	Deductions applied	Deductions pending application	Deduction period
Deduction for double taxation	2019	216	216		2029
	2020	348	348		2030
	2021	310	310		2031
	2022	685	685		2032
	2023	998	998		
Deduction for donations to non-profit organisations	2019	110		110	2029
	2020	37		37	2030
	2021	30		30	2031
	2022	45		45	2032
Deduction for employment creation for disabled people	2019	51		51	2034
	2020	58		58	2035
	2021	58		58	2036
	2022	13		13	2037
	2023	94		94	2038
Credits for reinvestment	2013	1,076		1,076	2028
Credits for investments in new fixed assets in the Canary Islands	2019	211	211		2034
	2020	670	670		2035
	2021	173	173		2036
	2022	898	364	534	2037
	2023	1,005		1,005	
Credits for technological innovation activities	2017	100	100		2035
	2018	1,124	94	1,030	2036
	2019	1,192		1,192	
	2020	743		743	2038
Credits for reversal of temporary measures (3)	2020	132	132		
	2021	132	132		
	2022	132	132		
	2023	132	132		
Total		**10,773**	**4,697**	**6,076**	

Credits for reinvestment

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

(thousand €)	Year	Sale amount to reinv.	Reinvest. Year	Reinvest. made	Reinv. mat.	Reinvest. Deduc.	Pending application	Deductions mat.
	2013	50,000	2012-13	14,793	2016	1,076	1,076	2.028
Total		**50,000**		**14,793**		**1,076**	**1,076**	

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

The tax benefits obtained up to 2001 from the sale of assets earmarked for reinvestment are included in the tax base according to the depreciation period and a deferred tax has been created for this purpose.

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.

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

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

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

Note 15. Segment Reporting

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

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

The segmentation of net revenues in the income statement for 2023 and 2022 is detailed in the following table:

(thousand €)	2023	2022
Hotel business	506,751	437,926
Asset management	679	375
Management and structure	115,262	77,019
Total	622,692	515,320

Note 16. Income and Expenses

16.1 Revenue by Items

The Company's income allocated according to the diverse types of services provided for years 2023 and 2022 is the following:

(thousand €)	2023	2022
Room revenue	392,024	340,111
Food and beverage revenue	102,198	83,878
Management fees	51,740	41,255
Fees for transfer of brand use to subsidiaries	20,137	13,422
Fixed asset capital gains	679	379
Other revenue	55,955	36,377
Sales rebates	(41)	(103)
Net revenues	**622,692**	**515,320**
(thousand €)	**2023**	**2022**
Sundry revenue	36,403	28,131
Operating grants	1,252	1,754
One-off revenue	1,317	559
Operating revenues	**38,972**	**30,443**

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

Contract balances

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

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

16.2 Supplies

The breakdown of the balance of this caption in the income statement for 2023 and 2022 is as follows:

(thousand €)	2023	2022
Food and beverage consumptions	30,672	24,529
Changes in inventories	385	(264)
Ancillary materials and sundry purchases	10,918	9,552
Total	**41,975**	**33,817**

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

16.3 Staff Costs

Staff costs for 2023 and 2022 are broken down as follows:

(thousand €)	2023	2022
Wages and salaries	158,586	143,975
Termination benefits	1,574	118
Social Security	41,788	37,279
Contribution to complementary schemes	449	1,097
Other amounts	3,902	4,097
Total	**206,299**	**186,566**

The average number of employees in 2023 and 2022 is broken down by job category in the table below:

Category	No. Employees 2023	No. Employees 2022
Management	161	161
Middle management	925	696
Basic staff	4,006	3,657
Total	**5,092**	**4,514**

The distribution by gender categories at the end of 2023 and 2022 is as follows:

Category	2023			2022		
	Men	Women	Total	Men	Women	Total
Management	81	53	134	97	57	155
Middle management	395	444	839	316	340	656
Basic staff	1,312	1,610	2,922	1,422	1,786	3,208
Total	**1,788**	**2,107**	**3,895**	**1,835**	**2,183**	**4,019**

According to the amendments to Article 260 of the Corporate Enterprises Act, it is hereby informed that the average number of employed persons for years 2023 and 2022 with disabilities greater than or equal to 33% is as follows:

Category	No. Employees	No. Employees
Management		2
Middle management	2	1
Basic staff	22	29
Total	**24**	**32**

16.4 Other Operating Expenses

The breakdown of the balance of this caption in the income statement for 2023 and 2022 is as follows:

(thousand €)	2023	2022
Hotel rental	96,123	90,938
Sundry rentals	9,178	8,643
Maintenance and repairs	28,411	20,095
External services	87,023	67,822
Transport and insurance	3,924	4,049
Banking expenses	6,446	5,256
Advertising and promotions	25,347	29,540
Supplies	53,707	50,288
Travel and ticketing expenses	5,097	3,654
Other expenses	22,804	26,059
Tax	7,793	7,895
Losses, impairment and change of provisions	2,506	629
Other current operating expenses	11,223	15,082
Total	**359,582**	**329,950**

16.5 Financial Income and Expenses

The breakdown of financial income and expenses of the Company reflected in the income statement for 2023 and 2022 is as follows:

(thousand €)	2023	2022
Dividends shar. in equity instr. group companies, associates and joint ventures	53,499	20,447
Dividends shar. in equity instr. third parties	1,632	145
Interest on group companies, associates and joint ventures	39,483	17,312
Interest on third parties and bank accounts	820	530
Other financial income relating to third parties	224	418
Total financial income	**95,658**	**38,852**
Interest on payables to group companies, associates and joint ventures	25,374	8,924
Interest on obligations and bonds	4,412	2,383
Interest on bank loans	51,100	29,905
Interest on bank leasing		1
Other financial expenses relating to third parties	821	329
Total financial expenses	**81,707**	**41,542**

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

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

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

16.6 Foreign Currency

The exchange differences recognised in the income statement amount to EUR 3.6 million of profits; EUR 16.5 million of losses in 2022, which mainly arise from accounts payable and receivable to/from group companies, associates and joint ventures, 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 €)	31/12/2023	Currency	31/12/2022	Currency
Assets				
Loans to group companies and third parties l/t	102,086	Usd	115,488	Usd
	51,152	Gbp	53,349	Gbp
		Other	1,803	Other
Loans and other financial assets to group companies and third parties s/t	150,413	Usd	114,153	Usd
	156,630	Gbp	147,403	Gbp
	2,333	Other	1,478	Other
Cash and cash equivalents s/t	5,387	Usd	(2,128)	Usd
	455	Gbp	27	Gbp
Total assets	**257,886**	**Usd**	**227,513**	**Usd**
	208,237	**Gbp**	**200,779**	**Gbp**
	2,333	**Other**	**3,281**	**Other**
Liabilities				
Bank loans l/t	28,740	Usd	110,490	Usd
Payables to group companies l/t	104,032	Usd	66,190	Usd
Other liabilities l/t		Usd	105	Usd
Bank loans s/t	85,220	Usd	49,000	Usd
Other liabilities s/t	59,693	Usd	31,869	Usd
	2,433	Gbp	141	Gbp
	260	Other	964	Other
Total liabilities	**277,685**	**Usd**	**257,653**	**Usd**
	2,433	**Gbp**	**141**	**Gbp**
	260	**Other**	**964**	**Other**

Note 17. Transactions with Related Parties

17.1 Identification of Related Parties

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

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

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

17.2 Transactions with Group Companies, Associates and Joint Ventures

Commercial transactions

The attached tables show, for years 2023 and 2022, the amount recognised in the operating results in the income statement, and the balances outstanding at the year end:

	2023		31/12/2023	
(thousand €)	Revenues	Expenses	Assets	Liabilities
Group companies				
Apartotel, S.A.	5,199		270	
Aresol Cabos S.A. de C.V.	1,008	(16)	887	9
Colón Verona, S. A.	1,246	(22)	390	1
Comunidad de Prop. Hotel Melia Sol y Nieve	571	(5)	240	1
Comp. Tunis. Gest. Hot.			1,970	
Corporación Hotelera Hispano Mexicana	2,998	(41)	1,418	2
Dorpan, S.L.	11	(299)		
Hotelpoint, S.L.	4,423			
Ilha Bela - Gestão e Turismo, Unipessoal, Lda	3,241		1,693	
Inversiones Hoteleras La Jaquita, S.A.	3,873	(86)	1,154	5
Inversiones y Explot. Turísticas, S.A.	4,428	(283)	2,474	45
Lomondo, LTD	4,899	(1,834)	1,216	1,711
London XXI Limited	1,562	(62)	8,703	
Melia Brasil Administraçao Hoteleira	2,012	(6)	11,881	
Meliá Vietnam CO.LTD	468	(1,020)	1,615	
MHI UK, L.T.D.			15,666	
New Continent Ventures, Inc.	468		931	
Operadora Mesol	3,129	(3)	7,918	3
Prodigios Interactivos, S.A.		(69,691)	309	
Securisol, S.A.	13	(542)		23
Sol Melia Balkans EAD	1,287		1,286	
Sol Melia Deutschland, GMBH	10,579	(4,069)	6,999	3,917
Sol Melia France S.A.S.	2,339	(975)	1,418	933
Sol Melia Italia, S.R.L.	3,389	(1,722)	3,923	1,541
Sol Melia Hotel Management (Shanghai) CO. LTD	1,404		2,814	
Sol Melia Luxembourg, S.A.R.L.	1,261		1,769	
Sol Melia Perú, S.A.C.	210		1,437	
The Sol Group Corporation	972	(3,622)	1,902	186
Tryp Mediterranee			2,380	
Other group companies	11,946		5,378	
Impairment losses			(4,400)	
Total group companies	72,936	(89,845)	83,644	9,681

	2023		31/12/2023	
(thousand €)	Revenues	Expenses	Assets	Liabilities
Associates and joint ventures				
Altavista Hotelera, S. L. (J.V.)	34	(5,434)	172	
Grupo Evertmel (J.V.)	3,014	(365)	999	4
Grupo Melcom (J.V.)	41	(15,368)	1,384	
Grupo Producciones de Parques (J.V.)	1,845	(40)	1,014	10
Grupo Renasala (J.V.)	4,052	(100)	2,471	
Hoteles Marmel, S.L. (J.V.)	354	(5,745)	611	1,095
Nexprom, S.A.	1,365	(3)	838	
S'Argamassa Hotelera, S.L.	1,205	(19)	1,309	5
Turismo de Invierno, S.A.	434	(2)	538	
Other associates and joint ventures	4,431	(6,164)	243	84
Total associates and joint ventures	16,773	(33,240)	9,579	7,719
Total	89,709	(123,085)	93,223	17,400

(J.V.) Joint Ventures.

(thousand €)	2022 Revenues	2022 Expenses	31/12/2022 Assets	31/12/2022 Liabilities
Group companies				
Aparthotel Bosque, S.A.		(5)	3	
Apartotel, S.A.	4,081	(1)	231	
Colón Verona, S. A.	768	(23)	234	10
Comunidad de Prop. Hotel Melia Sol y Nieve	422	(11)	217	
Comp. Tunis. Gest. Hot.			1,970	
Corporación Hotelera Hispano Mexicana	851	(14)	227	2
Dorpan, S.L.	11	(578)		
Gesmesol, S.A.	68	(89)		
Ilha Bela - Gestão e Turismo, Unipessoal, Lda	1,725		1,725	
Inversiones Hoteleras La Jaquita, S.A.	3,296	(59)	1,089	10
Inversiones y Explot. Turísticas, S.A.	3,658	(250)	2,125	114
Lomondo, LTD	3,478	(65)	2,419	11
London XXI Limited	1,238	(58)	4,640	19
Melia Brasil Administraçao Hoteleira	2,510	(1)	9,869	
Meliá Vietnam CO.LTD	795	(1,234)		819
MHI UK, L.T.D.			12,228	
New Continent Ventures, Inc.	463		463	
Operadora Mesol	5,871		5,800	
Prodigios Interactivos, S.A.	1,271	(50,549)	306	
Prodisotel, S.A.	806	(4)	2	4
Securisol, S.A.	13	(452)		
Sol Melia Balkans EAD	1,178		1,178	
Sol Melia Deutschland, GMBH	6.325	(136)	8,834	8
Sol Melia France S.A.S.	1,950		1,863	
Sol Melia Italia, S.R.L.	2,070	(169)	504	4
Sol Melia Hotel Management (Shanghai) CO. LTD	1,153	(177)	2,097	
Sol Melia Perú, S.A.C.	(279)		1,240	
The Sol Group Corporation	430	(3,909)	915	957
Tryp Mediterranee			2,409	
Other group companies	7,313	4,386	2,752	15
Impairment losses			(4,429)	
Total group companies	51.465	(53,399)	60,912	1,972

(thousand €)	2022 Revenues	2022 Expenses	31/12/2022 Assets	31/12/2022 Liabilities
Associates and joint ventures				
Altavista Hotelera, S. L. (J.V.)	33	(5,150)	172	
Detur Panamá, S.A,	1		3,667	
Grupo Evertmel (J.V.)	2,823	(255)	1,175	134
Grupo Melcom (J.V.)	45	(14,623)	703	4,465
Grupo Producciones de Parques (J.V.)	1,486	(4)	819	12
Grupo Renasala (J.V.)	3,870	(276)	1,694	225
Nexprom, S.A.	1,319	(3)	944	
S'Argamassa Hotelera, S.L.	1,256	(30)	681	5
Turismo de Invierno, S.A.	353	(1)	444	
Other associates and joint ventures	129	(200)	270	137
Impairment losses			(3,489)	
Total associates and joint ventures	11,316	(20,542)	7,081	4,978
Total	62,781	(73,941)	67,993	6,950

(J.V.) Joint Ventures.

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

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

Financial transactions

There follows a breakdown of the financing or the centralised management of treasury or dividends maintained by the Group with group companies, associates and joint ventures at year-end 2023 and 2022:

	2023		31/12/2023	
(thousand €)	Revenues	Expenses	Assets	Liabilities
Group companies				
Adprotel Strand, S.L. (J.V.)	3,352		59,051	
Aparthotel Bosque, S.A.		(1,111)	533	22,473
Apartotel, S.A.		(157)		3,339
Bisol Vallarta, S.A.				182
Cala Formentor, S.A.		(3,689)		58,513
Casino Tamarindos, S.A.		(321)	237	6,807
Colón Verona, S.A.	1,574	(6)	28,528	
Comunidad de Prop. Hotel Melia Sol y Nieve	1,625		31,416	19
Corp. Hot. Hispano Mexicana, S.A. de C.V.		(84)		3,147
Desarrolladora del Norte, S.A.		(2,378)		37,121
Detur Panamá, S.A.	928		22,136	
Hogares Batle, S.A.	188	(2)	3,192	
Hotel Alexander, SAS				3,649
Hoteles Sol Meliá, S.L.	1,735		34,942	189
Hotelpoint, S.L.	25,466	(3,413)	6,737	54,873
Inversiones Hoteleras La Jaquita, S.A.	3,473	(275)	51,627	
Inversiones Inmobiliarias, IAR			1,091	
Inversiones y Explotaciones Turísticas, S.A.	6,613		21	844
Inversiones Agara, S.A.S.			33,321	
Inversiones Areito, S.A.S.			14,525	
Lomondo, LTD			36,476	
London XXI LTD	3,955		51,674	58
Meliá Europe & Middle East			947	140
Meliá Brasil Administraçao H.E.C.LTDA.	5,917		98,970	
Meliá Vietnam CO.LTD	16		830	
MHI UK LTD	3,176		124,282	
MIA Exhol, S.A.	176	(41)	4,868	123
Naolinco Aviation, S.L.			5,500	
Neale Expa Spain, S.A.U.	893		16,332	
Network Investments Spain, S.A.	1,677		24,103	211
New Continent Ventures	3,182		41,001	
Operadora Mesol, S.A.				46
Peturoliso, S.L.U.	13		984	1
Prodigios Interactivos, S.A.		(2,185)	9,768	87,128
Prodisotel, S.A.	81	(649)	90	8,417
Punta Cana Reservations, S.L.	90		1,788	9
Realizaciones Turisticas, S.A.	24	(9,153)	2,274	163,321
Soici Nefsol, S.L.U.	39		3,032	3
Sol Group Exhol, S.L.	158		2,966	20
Sol Maninvest B.V.	26		355	
Sol Melia Deutschland, GMBH		(731)	2,792	4,750
Sol Melia Europe, B.V.		(270)	30	177
Sol Melia France	2,401		43,605	
Sol Melia Funding			34,868	
Sol M. Greece H. And T. Enterprises, S.A.				2,534
Sol Melia Italia, S.R.L.	605		10,858	11,836
Sol Melia Luxembourg, SARL				631
Sol Melia V.C. Dominicana, S.A.			12,863	
Sol Melia V.C. España, S.L.	40	(532)		8,929
Sol Meliá VC México, S. A. de C. V.			1,626	
Sol Melia V.C. Panamá, S.A.			3,381	
Sol Melia V.C. Puerto Rico				3,907
Sol Melia Perú, S.A.			12,062	
Tenerife Sol, S.A.	630		12,335	211
The Sol Group Corporation	169		3,660	
Vacation Club Services, Inc.				533
Willet Reservations, S.L.U.		(223)		4,399
Other group companies	95	(155)	3,247	10,727
Impairment losses			(86,083)	
Total group companies	68,318	(25,374)	768,843	499,299

(thousand €)	2023 Revenues	2023 Expenses	31/12/2023 Assets	31/12/2023 Liabilities
Associates and joint ventures				
Altavista Hotelera, S.L. (J.V.)	534		10,493	
Grupo Evertmel (J.V.)	2,427		3,791	499
Grupo Melcom (J.V.)	1,608		37,322	1,021
Grupo Producciones de Parques (J.V.)	18		14	1,645
Grupo Renasala (J.V.)	1,000		23,489	1,431
Hoteles Marmel, S.L. (J.V.)	106		2,578	
S'Argamassa Hotelera, S.L.	6		5	83
Sierra Parima, S.A.			13,395	
Starmel Hotels JV, S.L. (J.V.)	17,045			
Other associates and joint ventures	1,921		10	3,494
Impairment losses			(11,490)	
Total associates and joint ventures	24,664		79,606	8,174
Total	92,982	(25,374)	848,449	507,473

(J.V.) Joint Ventures.

During the year, provisions for impairment of loans with Group companies, associates and joint ventures for the amount of EUR 32.5 million were recognised.

(thousand €)	2022 Revenues	2022 Expenses	31/12/2022 Assets	31/12/2022 Liabilities
Group companies				
Adprotel Strand, S.L. (J.V.)	1,587		59,701	
Aparthotel Bosque, S.A.		(445)	116	20,298
Apartotel, S.A.		(35)	325	2,841
Bisol Vallarta, S.A.				31
Cala Formentor, S.A.		(407)		35,901
Casino Tamarindos, S.A.		(116)	135	5,801
Colón Verona, S.A.	632		26,694	
Comunidad de Prop. Hotel Melia Sol y Nieve	489		31,427	18
Corp. Hot. Hispano Mexicana, S.A. de C.V.				2,315
Desarrolladora del Norte, S.A.		(817)		35,845
Gesmesol, S.A.	17,296			
Hogares Batle, S.A.	81		3,192	
Hotel Alexander, SAS				890
Hoteles Sol Meliá, S.L.	397		12,184	
Hotelpoint, S.L.		(903)	8,465	34,169
Inversiones Hoteleras La Jaquita, S.A.	1,377	(82)	59,165	
Inversiones Inmobiliarias, IAR			1,039	
Inversiones y Explotaciones Turísticas, S.A.	3			212
Inversiones Agara, S.A.S.			26,520	
Inversiones Areito, S.A.S.			5,226	
Lomondo, LTD			36,904	
London XXI LTD	1,693		44,823	
Meliá Europe & Middle East			1,058	
Meliá Brasil Administraçao H.E.C.LTDA.	2,039		109,518	
Meliá Vietnam CO.LTD	16		840	
MHI UK LTD	3,175		132,114	
MIA Exhol, S.A.	170	(37)	4,903	123
Neale Expa Spain, S.A.U.	377		15,137	
Network Investments Spain, S.A.		(46)	21,705	
New Continent Ventures	1,261		38,646	
Operadora Mesol, S.A.				7
Prodigios Interactivos, S.A.		(760)	6,258	79,792
Prodisotel, S.A.	17	(323)		11,009
Punta Cana Reservations, S.L.	33		1,698	
Realizaciones Turisticas, S.A.	31	(3,938)	963	155,223
Sol Maninvest B.V.	28		6	89
Sol Melia Deutschland, GMBH	978	(123)		11,005
Sol Melia Europe, B.V.		(847)		196
Sol Melia France	473		37,073	
Sol Melia Funding			37,243	
Sol M. Greece H. And T. Enterprises, S.A.				2,534
Sol Melia Italia, S.R.L.	253		10,253	1,978
Sol Melia Luxembourg, SARL			2,087	
Sol Melia V.C. Dominicana, S.A.			13,186	
Sol Melia V.C. España, S.L.	241			9,059
Sol Meliá VC México, S. A. de C. V.			1,678	
Sol Melia V.C. Panamá, S.A.			1,737	
Sol Melia V.C. Puerto Rico				4,544
Sol Melia Perú, S.A.			8,670	
Tenerife Sol, S.A.	156		9,348	60
The Sol Group Corporation	51		2,210	
Vacation Club Services, Inc.				550
Willet Reservations, S.L.U.				4,213
Other group companies	609	(43)	7,504	9,363
Impairment losses			(49,630)	
Total group companies	**33,465**	**(8,922)**	**730,124**	**428,067**

(thousand €)	2022		31/12/2022	
	Revenues	Expenses	Assets	Liabilities
Associates and joint ventures				
Altavista Hotelera, S.L. (J.V.)	200		10,029	
Detur Panamá, S.A. (J.V.)	373		19,301	
Grupo Evertmel (J.V.)	1,426		59,447	
Grupo Melcom (J.V.)	842		36,556	1,052
Grupo Producciones de Parques (J.V.)	2	(2)		712
Grupo Renasala (J.V.)	1,000		22,679	531
Grupo Starmel (J.V.)	415		6,966	259
S'Argamassa Hotelera, S.L.			80	
Sierra Parima, S.A.			7,991	
Other associates and joint ventures	36		9	728
Impairment losses			(15,396)	
Total associates and joint ventures	4,294	(2)	147,662	3,281
Total	37,759	(8,924)	877,786	431,348

(J.V.) Joint Ventures.

The breakdown by currency of assets and liabilities in group companies, associates and joint ventures for years 2023 and 2022 is as follows:

(thousand €)	31/12/2023		31/12/2022	
	Assets	Liabilities	Assets	Liabilities
Eur	437,641	345,871	506,231	307,535
Gbp	189,289	475	187,301	
Usd	221,455	160,856	226,845	123,565
Other currencies	63	271	1,436	248
Total	848,449	507,473	921,813	431,348

There follows a breakdown of the maturity dates of assets and liabilities in group companies, associates and joint ventures at year- end 2023 and 2022:

(thousand €)	31/12/2023	
	Assets	Liabilities
2024	383,672	223,077
2025	172,204	213,640
2026	7,536	
2027	82,717	17,824
2028	107,074	52,932
2029 and subsequent years	95,246	
Total	848,449	507,473

(thousand €)	31/12/2022	
	Assets	Liabilities
2023	389,230	189,911
2024	143,078	
2025	185,127	188,503
2026	2,308	
2027	63,150	20,057
2028 and subsequent years	138,920	32,877
Total	921,813	431,348

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 2023 has been 5.32% and in 2022 was 2%.

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

17.3 Transactions with Significant Shareholders

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

Name or corporate name of significant shareholder	Type of transaction	(thousand €)	
		2023	2022
Tulipa Inversiones 2018, S.A.	Receipt of services	103	318
Total		103	318

17.4 Transactions with Executives and Members of the Board of Directors

Remuneration and other benefits paid to directors and members of the senior management are detailed below.

The amount of fees for attendance to board meetings and delegated committees of the directors in 2023 and 2022 is as follows:

(thousand €)	2023	2022
External independent directors	**586**	**514**
Mr. Fco Javier Campo García	123	126
Mr. Fernando D´Ornellas Silva	126	126
Ms. Carina Szpilka Lazaro	102	102
Ms. Mª Cristina Henriquez de Luna	84	78
Ms. Cristina Aldamiz-Echevarría de Durana	78	54
Ms. Montserrat Trape Viladomat	75	27
Proprietary directors	**268**	**272**
Mr. Luis María Díaz de Bustamante y Terminel	123	114
Mr. Gabriel Escarrer Julia	27	38
Ms. María Antonia Escarrer Jaume		11
Hoteles Mallorquines Asociados S.L.	27	54
Hoteles Mallorquines Agrupados S.L.	60	54
Mr. Alfredo Pastor Bodmer	33	
Executive director	**60**	**54**
Mr. Gabriel Escarrer Jaume	60	54
Total	**914**	**839**

In June 2023, the Founder and Chairman of Meliá, Gabriel Escarrer Juliá, decided to complete the succession process that he himself promoted in 2016, and tendered his resignation as Chairman of the Board, which, after being accepted by the Board itself, appointed him Honorary Chairman, a representative position that he combines with his role as External Proprietary Director. In compliance with the succession plan, Gabriel Escarrer Jaume was appointed as Chairman, maintaining and combining this position with that of Chief Executive Officer.

In addition, the following changes have been made to the Board in 2023:

- Appointment of Mr. Alfredo Pastor Bodmer as an External Proprietary Director.
- Re-election of Ms Mª Cristina Henríquez de Luna Basagoiti as an External Independent Director.

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

Likewise, between the months of June and September 2023, the number of members of the senior management was increased from 6 to 7.

Remuneration of executive directors and members of the senior management in 2023 and 2022, considering accrued amounts, was as follows:

(thousand €)	2023		2022	
	Fixed remuneration	Variable remuneration	Fixed remuneration	Variable remuneration
Executive director	865	533	869	457
Mr. Gabriel Escarrer Jaume	865	533	869	457
Senior management	2,192	911	2,004	869
Total	3,057	1,444	2,874	1,326

The amount indicated in the total remuneration of senior management for 2023 does not include the part relating to the compensation accrued to outgoing members of senior management, which amounts to a total of EUR 1.5 million.

In addition, the amount of EUR 85 thousand was accrued to the Chairman and Chief Executive Officer (the only Executive Director of the Company) in 2023 in respect of long-term savings schemes and other items. The amount accrued for the same items in the fiscal year 2022 amounted to 85 thousand euros.

The Company has not assumed any obligation and has not granted any advance payment or 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 2023 for the amount of EUR 298,439.93; EUR 297,275.02 in 2022. There are no share-based payments.

Note 18. Other Information

18.1 Audit fees

For the years ended 31 December 2023 and 2022, 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 €)	2023	2022
Individual audit	174	167
Other services	183	287
Total	357	455

18.2 Environmental Risks

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

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

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

Progress made in the incorporation of sustainability in the entire value chain has allowed to enrich and improve the hotel renovation and building processes, designing a differential value proposal which promotes a new hotel experience that is more attractive, more responsible and more sustainable for customers, hotel owners and the various existing partners.

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

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

18.3 Situations of conflicts of interest in which directors are involved

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

Mr. Gabriel Escarrer Jaume (Chairman and CEO): In those resolutions or decisions of the Board of Directors relating to his remuneration (setting of his variable remuneration, etc.) and his appointment as a Chairman of the Board of Directors. In these matters, Mr. Gabriel Escarrer Jaume abstained from participating in the corresponding deliberation and vote.

Ms. Mª Cristina Henríquez de Luna Basagoiti: In those resolutions or decisions of the Board of Directors relating to the proposal for re-election as an External Independent Director. In these matters, the Director Ms Henríquez de Luna abstained from participating in the corresponding deliberation and vote.

Mr. Alfredo Pastor Bodmer: In those resolutions or decisions of the Board of Directors relating to the proposal for his appointment as an External Proprietary Director. In these matters, the Director Mr. Pastor abstained from participating in the corresponding deliberation and vote.

Direct 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 %	Honorary Chairman
Mr. Gabriel Escarrer Jaume	166,666	0.0756 %	Chairman and Chief Executive Officer
Hoteles Mallorquines Agrupados, S.L.	24,882,289	11.2896 %	Shareholder
Hoteles Mallorquines Asociados, S.L.	30,333,066	13.7627 %	Director
Mr. Jose María Vázquez Pena	72,500	0.0329 %	Director (Representative)
Mr. Luis Mª Díaz de Bustamante y Terminel	300	0.0001 %	Secretary and Director
Mr. Alfredo Pastor Bodmer	6,000	0.0026 %	Director
Ms. Montserrat Trapé Viladomat	14,500	0.0066 %	Director

The Directors and persons related to them, other than those already mentioned, or persons acting on their behalf, have not undertaken during the fiscal year other transactions with the parent company or other Group companies, which fall out of the scope of the Group's ordinary course of business, or which are not based on market conditions.

Note 19. Events After the Reporting Date

In February 2024, the Company entered into an agreement with an investment vehicle owned by Banco Santander, S.A., whereby, on 11 April 2024, this vehicle will acquire a 38.2% stake in the share capital of a subsidiary of the Meliá Group (the "Subsidiary"), through the creation of new type B preference company shares in the said Subsidiary.

Prior to that date, the Subsidiary will own, directly or through its subsidiaries, three hotel establishments, two in Spain operated by the Company under lease contracts and one in the United Kingdom also managed by the Company and operated under a lease contract by another subsidiary of the Group.

The disbursement to be made by the vehicle for the acquisition of the aforementioned minority shareholding will amount to EUR 300 million, which, at that date, will be the subject of a loan from the Subsidiary to the Company, under a loan agreement between companies of the same group.

This transaction is in line with the Company's strategic objectives to maintain the strength of its Consolidated Balance Sheet.

Annex I. Equity Situation of Group Companies, Associates and Joint Ventures

The equity situation as at 31 December 2023, 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 %	68,428	9,570	6,044	42,021	76,068		76,068
Aparthotel Bosque, S.A.	100.00 %	1,659	18,664	1,625	21,947	9,497		9,497
Apartotel, S.A.	99.79 %	962	5,261	1,332	7,539	4,150		4,150
Bedbank Trading, S.A.	100.00 %	72	4,433	17	4,523	65	(65)	
Casino Tamarindos, S.A.U.	100.00 %	3,005	2,475	749	6,228	13,532	(3,889)	9,643
Colón Verona, S.A.	100.00 %	15,000	4,534	5,767	25,300	43,075	(8,325)	34,750
Credit Control Corporation	100.00 %	45	694		739	41		41
Detur Panamá, S.A.	100.00 %	12,651	(36,317)	(1,778)	(25,445)	6,043	(881)	5,162
Dorpan, S.L.U.	100.00 %	1,202	86	464	1,751	1,623		1,623
Gesmesol, S.A.	100.00 %	45	81,513	154	81,712	1,803		1,803
Gestión Hotelera Turística Mesol, S.A.	100.00 %	60	18	3	81	61		61
Gonpons Inversiones, S.L.U.	100.00 %	3	(1)	(1)	1	3		3
Guarajuba Empreendimientos	100.00 %	2,614	(806)	(128)	1,680	8,755	(4,625)	4,130
Hogares Batle, S.A.	51.49 %	1,482	(26)	(171)	662	2,036	(868)	1,168
Hoteles Sol Meliá, S.L.	100.00 %	676	76,127	(1,135)	75,668	88,176		88,176
Hoteles Sol, S.L.	100.00 %	3	1	(1)	3	11		11
Hotelpoint, S.L.	100.00 %	3	9,659	19,435	29,097	1,003	(3)	1,000
Ilha Bela Gestao e Turismo, LTD.	100.00 %	49	12,944	5,646	18,639	3,698		3,698
Infinity Vacations Dominicana	0.03 %	82,035	48,115	19,725	45			
Inversiones Areito, S.A.S. (*)	64.54 %	11,263	(69,173)	(19,361)	(49,871)	25,513		25,513
Inversiones Hoteleras la Jaquita, S.A.	70.80 %	51,767	18,628	3,813	52,539	52,547		52,547
Inversiones Invermont, S.A.	100.00 %					23		23
Inversiones y Explotaciones Turísticas, S.A.	54.93 %	8,937	59,218	11,270	43,628	12,742		12,742
Melia Europe & Middle East	100.00 %	3	68	(824)	(752)	6,395	(6,107)	289
Melia Management, S.A.S.	99.99 %	16	624	507	1,146	17		17
Meliá Vietnam CO	100.00 %	738	(176)	(1,321)	(759)	777	(777)	
MHI UK LTD.	100.00 %	54,798	22,018	(3,886)	72,929	50,960		50,960
MIA Exhol, S.A.	82.26 %	26,673	638,100	6,105	551,863	186,120		186,120
Naolinco Aviation, S.L.	100.00 %	3	(1)	(1)		1,355	(1,338)	17
Operadora Mesol S.A. de C.V.	100.00 %	9,567	(5,184)	(6,996)	(2,613)	6,095		6,095
Peturoliso, S.L.U.	100.00 %	3		(16)	(13)	3		3
P.T. Sol Melia Indonesia	95.00 %	57	(248)	109	(77)	896	(896)	
Prodigios Interactivos, S.A.	100.00 %	42,216	53,477	32,911	128,605	76,971		76,971
Proyectos Financieros Hayman, S.A.	100.00 %	3	5,198	(17)	5,183	6,349	(141)	6,209
Punta Cana Reservations, S.L.	100.00 %	5	4,670	(55)	4,621	8,277		8,277
Realizaciones Turísticas, S.A.	95.97 %	7,210	177,160	6,887	183,549	42,236		42,236
René Egli, S.L.U.	100.00 %	4	1,833	37	1,874	3,832	(2,151)	1,681
Securisol, S.A.	100.00 %	66	242	129	437	66		66
Soici Nefsol, S.L.U.	100.00 %	3	3	(50)	(44)	3		3
Sol Group Exhol, S.L.	100.00 %	1,540	(503)	(119)	918	1,529	(1,529)	
Sol M. Greece H. And T. Enterprises, S.A.	100.00 %	5,586	(3,982)	(257)	1,346	5,586	(4,240)	1,346
Sol Maninvest B.V.	100.00 %	19	4,568	1,411	5,997	19	(19)	
Sol Melia Balkans E.A.D.	100.00 %	51	667	285	1,002	51		51
Sol Melia Deutschland, GMBH	100.00 %	1,023	(14.199)	831	(12,345)	5,216		5,216
Sol Melia Europe, B.V.	100.00 %	1,500	474	121	2,096	1,500		1,500
Sol Melia France S.A.S.	100.00 %	49,800	(36,344)	561	14,017	49,801		49,801
Sol Melia Hotel Management Shanghai	100.00 %	6,962	(6,311)	261	911	7,158	(5,267)	1,891
Sol Melia Investment Exhol, S.L.	100.00 %	23,795	23,511	(15)	47,291	58,183		58,183
Sol Melia Italia S.R.L.	100.00 %	100	84,604	7,858	92,562	93,185		93,185
Sol Melia Jamaica Ltd	100.00 %	3			3			
Sol Melia Luxembourg, SARL	100.00 %	200	(684)	338	(146)	206		206
Sol Melia Marroc S.A.R.L.	100.00 %	9	(844)	(8)	(843)	9		9
Sol Meliá Perú, S.A.	99.90 %	1	699	192	891			
Sol Melia VC Puerto Rico Corp.	100.00 %	67,180	(63,195)	64	4,049	60,921	(56,872)	4,049
Tenerife Sol. S.A.	50.00 %	2,765	13,222	(908)	7,539	1,386		1,386
Tryp Mediterranee, S.A.	85.40 %					407	(407)	
Total group companies		563,859	1,145,081	97,600	1,449,724	1,025,973	(98,399)	927,574

(thousand €)	Shareholding	Accounting Figures			Underlying Carrying Amount	Investment Value	Impairment	Net Value
		Capital	Reserves	Result				
Associates and joint ventures								
Altavista Hotelera, S.L.	7.55 %	47,252	29,124	2,472	5,953	14,420	(5,882)	8,538
Evertmel, S.L. (J.V.)	49.00 %	35,157	13,158	811	24,072	41,818		41,818
Fuerteventura Beach Property, S.L.	20.00 %	129	2,874	(1,754)	250	4,647		4,647
Hellenic Hotel Management, S.A.	40.00 %	587	(776)		(76)	245	(245)	
Holazel, S.L.	50.00 %	1,000	4,000	(1,415)	1,792	2,500	(708)	1,792
Homasi, S.A.	35.00 %	18,220	106,766	8,351	46,668	59,661		59,661
Jamaica Devco, S.L.	49.00 %	1,003	1,432	3,134	2,729	6,278	(685)	5,593
Melcom Joint Venture, S.L. (J.V.)	50.00 %	8,130	60,812	2,989	35,966	47,401		47,401
Nexprom, S.A.	17.50 %	4,591	27,462	7,378	6,900	1,081		1,081
Plaza Puerta del Mar, S.A.	12.60 %	9,000	10,855	4,029	3,009	1,904		1,904
Producciones de Parques, S.L. (J.V.)	50.00 %	39,884	(13,492)	(283)	13,055	27,680		27,680
Promedro, S.A.	20.00 %	1,455	33	(12)	295	292		292
Renasala, S.L.	30.00 %	4	37,181	(3,815)	10,011	14,176		14,176
Santa Eulalia Beach Property, S.L.	20.00 %	41	5,412	532	1,197	6,765		6,765
Sierra Parima, S.A.S.	50.00 %	6,177	(5,968)	(12,038)	(5,915)	5,394	(5,394)	
Starmel Hotels JV, S.L. (J.V.)	20.00 %	739	(41,898)	43,432	455	148		148
Hoteles Marmel, S.L.	20.00 %	3	19,193	(1,864)	3,466	6,099		6,099
Turismo de Invierno, S.A.	21.42 %	670	7,279	1,176	1,955	1,355		1,355
Outstanding payments on shares						(4,350)		
Total associates and joint ventures		174,043	263,447	53,123	151,782	237,515	(12,914)	224,601
Total		737,902	1,408,528	150,723	1,601,506	1,263,487	(111,312)	1,152,175

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

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

(thousand €)	Shareholding	Accounting Figures			Underlying Carrying Amount	Investment Value	Impairment	Net Value
		Capital	Reserves	Result				
Group companies								
Adprotel Strand, S. L. (J.V.)	50.00 %	67,005	12,796	202	40,002	76,068	(27,788)	48,280
Aparthotel Bosque, S.A.	100.00 %	1,659	18,301	363	20,323	9,497		9,497
Apartotel, S.A.	99.79 %	962	4,264	997	6,209	4,150		4,150
Bedbank Trading, S.A.	100.00 %	74	4,598	(311)	4,362	65	(65)	
Casino Tamarindos, S.A.U.	100.00 %	3,005	2,062	427	5,494	13,532	(4,545)	8,987
Colón Verona, S.A.	100.00 %	15,000	4,868	(967)	18,902	43,075	(9,323)	33,752
Credit Control Corporation	100.00 %	47	635	(17)	665	41		41
Dorpan, S.L.U.	100.00 %	1,202	54	32	1,288	1,623		1,623
Gesmesol, S.A.	100.00 %	47	82,400	12,147	94,593	1,803		1,803
Gestión Hotelera Turística Mesol, S.A.	100.00 %	60	17	1	78	61		61
Gonpons Inversiones, S.L.U.	100.00 %	3	(1)	25,297	25,298	3		3
Guarajuba Empreendimientos	100.00 %	2,475	(591)	99	1,984	8,755	(3,873)	4,882
Hogares Batle, S.A.	51.49 %	1,482	122	(149)	749	2,036	(868)	1,168
Hoteles Sol Meliá, S.L.	100.00 %	676	94,907	3,608	99,191	88,176		88,176
Hoteles Sol, S.L.	100.00 %	3	1	(18,780)	(18,776)	11		11
Hotelpoint, S.L.	100.00 %	3	9,969	(990)	8,982	1,003	(3)	1,000
Ilha Bela Gestao e Turismo, LTD.	100.00 %	51	3,377	1,391	4,819	3,698		3,698
Infinity Vacations Dominicana	0.03 %	87,192	32,678	(333)	36			
Inversiones Areito, S.A.S. (*)	64.54 %	11,971	(64,468)	52	(33,848)	25,513		25,513
Inversiones Hoteleras la Jaquita, S.A.	70.80 %	51,767	17,031	(1,571)	47,596	52,547		52,547
Inversiones Invermont, S.A.	100.00 %					23		23
Inversiones y Explotaciones Turísticas, S.A.	54.93 %	8,937	62,148	7,714	43,284	12,742		12,742
Melia Europe & Middle East	100.00 %	3		874	877	5,219	(4,082)	1,137
Melia Management, S.A.S.	99.99 %		659	(3,364)	(2,704)	17		17
Meliá Vietnam CO	100.00 %	782	146	(3,105)	(2,178)	777		777
MHI UK LTD.	100.00 %		24,665	(1,810)	22,855	40,321		40,321
MIA Exhol, S.A.	82.26 %	26,673	635,338	(3,112)	542,010	186,120		186,120
Naolinco Hoteles, S.L.	100.00 %	3		1,751	1,753	1,355	(1,338)	17
Operadora Mesol S.A. de C.V.	100.00 %	8,600	(1,208)		7,392	6,095		6,095
P.T. Sol Melia Indonesia	95.00 %	59	38	16,083	15,371	896	(896)	
Prodigios Interactivos, S.A.	100.00 %	42,216	22,604		64,821	65,355		65,355
Proyectos Financieros Hayman, S.A.	100.00 %	3	5,226	(1,300)	3,929	6,349		6,349
Punta Cana Reservations, S.L.	100.00 %	5	4,734	25	4,765	8,277		8,277
Realizaciones Turísticas, S.A.	95.97 %	7,210	174,522	2,637	176,940	42,236		42,236
René Egli, S.L.U.	100.00 %	4	1,657	811	2,471	3,832	(1,232)	2,600
S.M. Hotel Management (Shanghai) Co. Ltd	100.00 %	7,335	(4,651)	(688)	1,996	7,158	(5,124)	2,034
Securisol, S.A.	100.00 %	66	148	98	312	66		66
Sol Group Exhol, S.L.	100.00 %	1,540	(499)	(28)	1,013	1,529	(1,529)	
Sol M. Greece H. And T. Enterprises, S.A.	100.00 %	5,586	(3,893)	(181)	1,511	5,586	(3,969)	1,617
Sol Maninvest B.V.	100.00 %	19	9,435	(188)	9,265	19	(19)	
Sol Melia Balkans E.A.D.	100.00 %	51	644	1,702	2,398	51		51
Sol Melia Deutschland, GMBH	100.00 %	1,023	(9,429)	18,994	10,587	5,216		5,216
Sol Melia Europe, B.V.	100.00 %	1,500	390	(5,818)	(3,928)	1,500		1,500
Sol Melia France S.A.S.	100.00 %	49,800	(32,473)	(643)	16,685	49,801		49,801
Sol Melia Investment, N.V.	100.00 %	23,795	23,512	2,762	50,069	58,183		58,183
Sol Melia Italia S.R.L.	100.00 %	100	78,765	(2,009)	76,856	93,185		93,185
Sol Melia Jamaica Ltd	100.00 %	3			3			
Sol Melia Luxembourg, SARL	100.00 %	200	(398)	(89)	(287)	206		206
Sol Melia Marroc S.A.R.L.	100.00 %	9	(826)		(817)	9		9
Sol Meliá Perú, S.A.	99.90 %	1	586	(951)	(364)			
Sol Melia VC Puerto Rico Corp.	100.00 %	69,311	(65,138)	(2,905)	1,268	60,921	(56,484)	4,437
Tenerife Sol. S.A.	50.00 %	2,765	14,419	(2,033)	7,575	1,386		1,386
Third Project 2012, S.L.	100.00 %	3	2	850	856	3		3
Tryp Mediterranee, S.A.	85.40 %					407	(407)	
Outstanding payments on shares						(17)		
Total group companies		502,284	1,164,142	47,576	1,384,531	996,479	(121,544)	874,935

(thousand €)	Shareholding	Accounting Figures Capital	Reserves	Resul	Underlying Carrying Amount	Investment Value	Impairment	Net Value
Associates and joint ventures								
Altavista Hotelera, S.L.	7.55 %	47,252	23,840	(314)	5,344	14,420	(6,365)	8,055
Detur Panamá, S.A. (J.V.)	49.93 %	13,052	(35,727)	118	(11,263)	6,043	(6,043)	
Evertmel, S.L. (J.V.)	49.00 %	35,157	9,851	19,369	31,545	38,126		38,126
Hellenic Hotel Management, S.A.	40.00 %	587	(776)		(76)	245	(245)	
Holazel, S.L.	50.00 %	1,000	1,000		1,000	1,000		1,000
Homasi, S.A.	35.00 %	18,220	83,307	6,853	37,933	48,953		48,953
Jamaica Devco, S.L.	49.00 %	1,003	(2,384)	177	(590)	1,471	(496)	975
Melcom Joint Venture, S.L. (J.V.)	50.00 %	8,130	57,548	3,264	34,471	47,401	(818)	46,583
Mosaico, B.V.	35.00 %	2,000	4,207	139	2,221	3,458	(1,337)	2,121
Nexprom, S.A.	17.50 %	4,591	22,530	5,186	5,654	1,081		1,081
Plaza Puerta del Mar, S.A.	12.60 %	9,000	12,183		2,669	1,904		1,904
Producciones de Parques, S.L. (J.V.)	50.00 %	39,884	(15,426)	733	12,596	27,680		27,680
Promedro, S.A.	20.00 %	1,635	53		338	292		292
Renasala, S.L.	30.00 %	4	40,292	(323)	11,992	14,176		14,176
Sierra Parima, S.A.S.	50.00 %	6,565	209	81	3,428	5,394		5,394
Starmel Hotels JV, S.L. (J.V.)	20.00 %	739	6,755	2,481	1,995	2,772		2,772
Turismo de Invierno, S.A.	21.42 %	670	6,142	1,175	1,711	1,355		1,355
Total associates and joint ventures		189,490	213,605	38,939	140,968	215,772	(15,304)	200,468
Total		691,774	1,377,747	86,515	1,525,499	1,212,251	(136,848)	1,075,403

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

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

There follows the list of subsidiaries, associates and joint ventures of the Group as at 31 December 2023:

Subsidiaries

		HOTEL OPERATING COMPANIES	ADDRESS	COUNTRY	DIR S.	IND S.	TOTAL
	(F1)	APARTHOTEL BOSQUE, S. A.	Camilo José Cela, 5 (Palma de Mallorca)	Spain	100.00 %		100.00 %
(A)		ARESOL CABOS S.A. de C.V.	Km 19,5 Ctra. Cabo San Lucas (S.Jose del Cabo)	Mexico		99.69 %	99.69 %
(A)		AYOSA HOTELES, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		49.00 %	49.00 %
(A)		BISOL VALLARTA, S. A. de C. V.	Paseo de la Marina Sur (Puerto Vallarta)	Mexico		99.68 %	
						0.01 %	99.69 %
(A)		CALA FORMENTOR, S. A. de C. V.	Boulevard Kukulkan (Cancún)	Mexico		92.80 %	
						6.89 %	99.69 %
(A)		CARIBOTELS DE MEXICO, S. A. de C. V.	Playa Santa Pilar, Aptdo 9 (Cozumel)	Mexico		16.41 %	
						29.63 %	
						53.70 %	99.74 %
(A)		CIBANCO SA IBM FIDEICOMISO EL MEDANO	Playa El Medano s/n, (Cabo San Lucas)	Mexico		100.00 %	100.00 %
(A)	(F1)	COLÓN VERONA,S.A.	Canalejas, 1 (Sevilla)	Spain	100.00 %		100.00 %
		COM.PROP. SOL Y NIEVE (*)	Plaza del Prado Llano (Sierra Nevada)	Spain	94.14 %		94.14 %
(A)		CORP.HOT.HISP.MEX., S. A. de C. V.	Boulevard Kukulkan km.12,5 (Cancún)	Mexico		9.22 %	
						90.47 %	99.69 %
(A)		CORP.HOTELERA METOR, S. A.	Faustino Sánchez Carrión s/n (Lima)	Peru		75.87 %	75.87 %
(A)		DESARROLLOS SOL, S.A.S.	Lope de Vega, 4 (Santo Domingo)	Dom. Rep.		61.79 %	
						37.90 %	99.69 %
		DETUR PANAMÁ S. A.	Antigua Escuela Las Américas (Colón)	Panama	100.00 %		100.00 %
(A)	(F2)	HOTEL ALEXANDER, S. A. S.	20, Rue du sentier 75002 (Paris)	France		100.00 %	100.00 %
(A)	(F2)	HOTEL COLBERT S.A.S.	20, Rue du sentier 75002 (Paris)	France		100.00 %	100.00 %
(A)	(F2)	HOTEL FRANCOIS S.A.S.	20, Rue du sentier 75002 (Paris)	France		100.00 %	100.00 %
(A)	(F2)	HOTEL MADELEINE PALACE, S.A.S.	8, Rue Cambon 75001 (Paris)	France		100.00 %	100.00 %
(A)	(F2)	HOTEL ROYAL ALMA S.A.S.	20, Rue du sentier 75002 (Paris)	France		100.00 %	100.00 %
(A)		INFINITY VACATIONS DOMINICANA	Instal.Hotel Circle,Avda.Barceló,Bávaro (P.Cana)	Dom. Rep.		100.00 %	100.00 %
		INNSIDE VENTURES, LLC	1029, Orange St. Wilmington (Delaware)	USA		100.00 %	100.00 %
(A)	(F7)	INVERS. EXP. TURISTICAS, S. A.	Mauricio Legendre, 16 (Madrid)	Spain	54.93 %		54.93 %
(A)		INVERS. INMOB. IAR 1997, C. A.	Avenida Casanova con C/ El Recreo (Caracas)	Venezuela		99.69 %	99.69 %
(A)		INVERSIONES AGARA, S.A.	Lope de Vega, 4 (Santo Domingo)	Dom. Rep.		99.69 %	99.69 %
(A)		INVERSIONES AREITO, S.A.	Avda. Barceló, s/n (Bávaro)	Dom. Rep.	64.54 %	35.46 %	100.00 %
(A)	(F1)	INV. HOTELERAS LA JAQUITA, S.A.	Avda. de los Océanos, s/n (Tenerife)	Spain	70.08 %	29.36 %	99.44 %
(A)		LOMONDO Limited	Albany Street-Regents Park (London)	Great Britain		100.00 %	100.00 %
(A)		LONDON XXI Limited	336-337 The Strand (London)	Great Britain		100.00 %	100.00 %
(A)	(F1)	MELIÁ HOTELS INTERNATIONAL, S.A.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain			100.00 %
		MELIA HOTELS ORLANDO, LLC.	Brickell Avenue Suite 1000, 800	USA		50.00 %	50.00 %
	(F1)	PETUROLISO, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00 %		100.00 %
(A)	(F1)	PRODISOTEL, S.A.	Mauricio Legendre, 16 (Madrid)	Spain		100.00 %	100.00 %
	(F1)	REALIZACIONES TURÍSTICAS, S.A.	Mauricio Legendre, 16 (Madrid)	Spain	95.97 %	0.30 %	96.27 %
(A)		S' ARGAMASSA HOTELERA S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		50.00 %	50.00 %
	(F1)	SOICI NEFSOL, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00 %		100.00 %
		SOL MELIÁ DEUTSCHLAND, gmbh	Am Schimmersfeld 5 (Ratingen)	Germany	100.00 %		100.00 %
(A)		SOL MELIÁ ITALIA S.R.L.	Via Masaccio 19 (Milán)	Italy	100.00 %		100.00 %
(A)		SOL MELIÁ LUXEMBOURG, S.A.R.L.	1 Park Drai Eechelen, L1499	Luxembourg	100.00 %		100.00 %
(A)	(F1)	TENERIFE SOL, S. A.	Playa de las Américas (Tenerife)	Spain	50.00 %	48.13 %	98.13 %

		MANAGEMENT COMPANIES	ADDRESS	COUNTRY	DIR S.	IND S.	TOTAL
	(F1)	APARTOTEL, S. A.	Mauricio Legendre, 16 (Madrid)	Spain	99.79 %		99.79 %
		GESMESOL, S. A.	Elvira Méndez, 10 - Edif. Bco do Brasil	Panama	100.00 %		100.00 %
		ILHA BELA GESTAO E TURISMO, Ltd.	31 de Janeiro, 81 (Funchal - Madeira)	Portugal	100.00 %		100.00 %
		MELIÁ BRASIL ADMINISTRACAO	Avenida Cidade Jardim, 1030 (Sao Paulo)	Brazil		99.69 %	99.69 %
(A)		MELIÁ MANAGEMENT, S.A.	Lope de Vega, 4 (Santo Domingo)	Dom. Rep.	99.99 %	0.01 %	100.00 %
(A)		MELIA VIETNAM COMPANY LIMITED	13th Floor, Plaza Saigon Building, 39 Le Duan Street, Ben	Vietnam	100.00 %		100.00 %
		NEW CONTINENT VENTURES, Inc.	800 Brickell Avenue Suite 1000 (Miami)	USA		100.00 %	100.00 %
(A)		OPERADORA MESOL, S. A. de C. V.	Blvd. Kukulkan Km 16.5 No 1 T.5. Zona Hot (Cancún)	Mexico	100.00 %		100.00 %
		PT SOL MELIÁ INDONESIA	Ed.Plaza Bapindo-Menara Mandiri Lt.16	Indonesia	95.00 %	5.00 %	100.00 %
	(F1)	SOL MANINVEST, B. V.	Strawinskylaan 915 WTC, Toren A,1077 XX (Amsterdam)	Netherlands	100.00 %		100.00 %
(A)		SOL MELIÁ BALKANS EAD	Región de Primorski,Golden-Sands-Varna	Bulgaria	100.00 %		100.00 %
(A)		SOL MELIÁ HOTEL MANAG. SHANGHAI CO, LTD.	Suite 13-1A1,13th Floor,Hang Seng Bank Tower,1000	China	100.00 %		100.00 %
		SOL MELIÁ GREECE, HOTEL & TOURISTIC	14th Chalkokondili Str & 28th October str (Atenas)	Greece	100.00 %		100.00 %
		SOL MELIÁ PERÚ, S. A.	Av. Salaberri, 2599 (San Isidro - Lima)	Peru	99.90 %	0.10 %	100.00 %
		COMPANIES OF DIFFERENT ACTIVITIES	**ADDRESS**	**COUNTRY**	**DIR S.**	**IND S.**	**TOTAL**
(A)	(F1)	ADPROTEL STRAND, S.L.	Mauricio Legendre, 16 (Madrid)	Spain	50.00 %	25.00 %	75.00 %
		BAJA SERVICIOS ADMINISTRATIVOS S.A	Ctra Transpeninsular, km 19,5 (Los Cabos)	Mexico	100.00 %		100.00 %
	(F1)	CASINO TAMARINDOS, S. A.	Retama, 3 (Las Palmas)	Spain	100.00 %		100.00 %
		CREDIT CONTROL CORPORATION	Brickell Avenue, 800 (Miami)	USA	100.00 %		100.00 %
	(F1)	DORPAN, S. L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00 %		100.00 %
		GUARAJUBA EMPREENDIMENTOS, S.A.	Avda. Jorge Amado s/n, Bahía	Brazil	100.00 %		100.00 %
	(F1)	HOGARES BATLE, S.A.	Gremio Toneleros, 42 (Palma de Mca.)	Spain	51.49 %	46.70 %	98.19 %
(A)	(F2)	HOTEL METROPOLITAN, S.A.S.	20, Rue du sentier 75002 (Paris)	France		100.00 %	100.00 %
(A)	(F1)	HOTELPOINT, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00 %		100.00 %
		IMPACT HOSPITALITY V3NTURES, LLC	Celebration Place, 225 (Miami)	USA		100.00 %	100.00 %
(A)		INMOBILIARIA DISTRITO CIAL., C. A.	Avda. venezuela con Casanova (Caracas)	Venezuela		89.26 %	89.26 %
(A)	(F1)	MELIA EUROPE & MIDDLE EAST, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00 %		100.00 %
	(F1)	NAOLINCO AVIATION,S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00 %		100.00 %
	(F1)	NETWORK INVESTMENTS SPAIN, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		100.00 %	100.00 %
(A)	(F1)	PRODIGIOS INTERACTIVOS, S.A.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00 %		100.00 %
	(F1)	PROYECTOS FINANCIEROS HAYMAN, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00 %		100.00 %
	(F1)	RENÉ EGLI, S.L.U.	Playa La Barca, Pájara (Las Palmas de G.Canaria)	Spain	100.00 %		100.00 %
	(F1)	SECURISOL, S. A.	Avda.Notario Alemany s/n Hotel Barbados (Calviá)	Spain	100.00 %		100.00 %
(A)		SEGUNDA FASE CORP.	Carretera 3, Intersecc. 955 (Rio Grande)	Puerto Rico		100.00 %	100.00 %
		SERVICIOS ARTEMISA, S.A.de C.V.	Boulevard Kukulkan Km 12 (Cancún)	Mexico	100.00 %		100.00 %
		SERVICIOS INTEGRALES DE PERSONAL IRIS, S.A.de C.V.	Paseo de la Marina Sur (Puerto Vallarta)	Mexico	100.00 %		100.00 %
		SERVICIOS PERSONALES ORFEO, S.A.de C.V.	Boulevard Kukulkan Km 16,5 (Cancún)	Mexico	100.00 %		100.00 %
		SERVICIOS PITEO, S.A.de C.V.	Avda Tulum 200, Sm 4 (B.Juarez)	Mexico	100.00 %		100.00 %
		SOL CARIBE TOURS, S. A.	Vía Grecia - Edif. Alamanda 6B (Panamá)	Panama		100.00 %	100.00 %
		SOL GROUP CORPORATION	800 Brickell Avenue, Suite 1000, FL, 33131 (Miami)	USA		100.00 %	100.00 %
	(F1)	SOL MELIÁ EUROPE, B. V.	Eduard Van Beinumstraat, 40 1077 CZ (Amsterdam)	Netherlands	100.00 %		100.00 %
		SOL MELIÁ FUNDING	Regatta Office Park West Bay Road P.O.Box 31106	Cayman Islands		100.00 %	100.00 %
(A)		SMVC DOMINICANA, S.A.	Lope de Vega, 4 (Santo Domingo)	Dom. Rep.		100.00 %	100.00 %
	(F1)	SMVC ESPAÑA S.L.	Mauricio Legendre,16 (Madrid)	Spain		100.00 %	100.00 %
(A)		SMVC MÉXICO, S.A de C.V.	Boluevard Kukulkan (Cancún)	Mexico		100.00 %	100.00 %
		SMVC PANAMÁ S.A.	Antigua escuela las Américas, Lago Gatún	Panama		100.00 %	100.00 %
		VACATION CLUB SERVICES INC.	Bickell Avenue, 800 (Miami)	USA		100.00 %	100.00 %
	(F1)	WILLET RESERVATIONS	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		100.00 %	100.00 %

		HOLDING COMPANIES	ADDRESS	COUNTRY	DIR S.	IND S.	TOTAL
(A)	(F2)	CADSTAR FRANCE, S.A.S.	12, Rue du Mont Thabor (Paris)	France		100.00 %	100.00 %
	(F1)	DESARROLLOS HOTELEROS SAN JUAN EXHOL, S. L.	Sarria, 50, 08029 Barcelona	Spain		99.69 %	99.69 %
	(F1)	DOMINICAN INVESTMENTS, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		99.69 %	99.69 %
	(F1)	FARANDOLE, B. V.	Eduard Van Beinumstraat, 40 1077 CZ (Amsterdam)	Netherlands		99.69 %	99.69 %
	(F1)	HOTELES SOL MELIÁ, S. L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00 %		100.00 %
	(F1)	INVERS. HOTELERAS LOS CABOS, S.A.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		99.69 %	99.69 %
(A)		MELIÁ HOTELS INTERNAT. UK LIMITED	Albany Street , Regents Park, London NW1 3UP	Great Britain	100.00 %		100.00 %
	(F1)	MIA EXHOL, S. A.	Sarria, 50, 08029 Barcelona	Spain	82.26 %	17.43 %	99.69 %
	(F1)	NEALE EXPA SPAIN, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		99.69 %	99.69 %
	(F1)	PUNTA CANA RESERVATIONS, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00 %		100.00 %
	(F1)	SAN JUAN INVESTMENTS EXHOL, S. L.	Sarria, 50, 08029 Barcelona	Spain		99.69 %	99.69 %
	(F1)	SOL GROUP EXHOL, SL.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00 %		100.00 %
(A)	(F2)	SOL MELIÁ FRANCE, S.A.S.	20 Rue du Sentier (Paris)	France	100.00 %		100.00 %
	(F1)	SM INVESTMENT EXHOL, S. L.	Sarria, 50, 08029 Barcelona	Spain	100.00 %		100.00 %
		SOL MELIA VACATION CLUB LLC.	Bickell Avenue, 800 (Miami)	USA		100.00 %	100.00 %
		COMPANIES WITH NO ACTIVITY	**ADDRESS**	**COUNTRY**	**DIR S.**	**IND S.**	**TOTAL**
		BEDBANK TRADING, S.A.	Rue St.Pierre, 6A (Fribourg)	Switzerland	100.00 %		100.00 %
		COMP. TUNISIENNE GEST. HOTELIÉRE	18 Boulevard Khézama n° 44, 4051 Sousse (Túnez)	Tunisia		100.00 %	100.00 %
(A)		DESARROLLADORA DEL NORTE, S. en C.	PMB 223, PO Box 43006, (Rio Grande)	Puerto Rico		49.85 %	
						49.85 %	99.69 %
	(F1)	GEST.HOT.TURISTICA MESOL	Gremio Toneleros, 42 (Palma de Mallorca)	Spain	100.00 %		100.00 %
	(F1)	GONPONS INVERSIONES, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00 %		100.00 %
	(F1)	HOTELES SOL, S. L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00 %		100.00 %
		INVERSIONES INVERMONT, S. A.	Av. Venezuela, Edif. T. América (Caracas)	Venezuela	100.00 %		100.00 %
(A)		SMVC PUERTO RICO	Sector Coco Beach, 200 Carretera 968 (Río Grande)	P. Rico	100.00 %		100.00 %
		SOL MELIA JAMAICA, LTD.	21, East Street (Kingston CSO)	Jamaica	100.00 %		100.00 %
		SOL MELIÁ MARROC, S.A.R.L.	Rue Idriss Al-Abkar, 4 - 1° Etage	Morocco	100.00 %		100.00 %
		SOL MELIÁ SERVICES, S. A.	Rue de Chantemerle (Friburgo)	Switzerland		100.00 %	100.00 %

(A) Audited companies

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

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

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

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

Associates and Joint Ventures

		HOTEL OPERATING COMPANIES	ADDRESS	COUNTRY	DIR S.	IND S.	TOTAL
		C.P.APARTOTEL M.CASTILLA (*)	Capitán Haya, 43 (Madrid)	Spain	32.56 %	0.09 %	32.65 %
		C.P.APARTOTEL M.COSTA DEL SOL (*)	Paseo Marítimo 11 (Torremolinos)	Spain	4.99 %	18.71 %	23.70 %
		HOLAZEL, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	50.00 %		50.00 %
		NEXPROM, S. A. (JV)	Avda. del Lido s/n (Torremolinos)	Spain	17.50 %	2.50 %	20.00 %
		PLAZA PUERTA DEL MAR, S.A.	Plaza Puerta del Mar, 3 (Alicante)	Spain	12.60 %	7.81 %	20.41 %
(A)	(F5)	PRODUCCIONES DE PARQUES, S.L. (JV)	Avda. P.Vaquer Ramis , s/n (Calviá)	Spain	50.00 %		50.00 %
(A)	(F3)	STARMEL HOTELS OP, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		30.00 %	30.00 %
(A)		HOTELES MARMEL, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	20.00 %		20.00 %
(A)	(F5)	TERTIAN XXI, S.L.U. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		50.00 %	50.00 %
		TURISMO DE INVIERNO, S.A.	Plaza Pradollano, s/n Sierra Nevada (Granada)	Spain	21.42 %		21.42 %
		HOTEL OPERATING COMPANIES	**ADDRESS**	**COUNTRY**	**DIR S.**	**IND S.**	**TOTAL**
(A)	(F7)	ALTAVISTA HOTELERA, S.L.	Avda. Pere IV, 272 (Barcelona)	Spain	7.55 %	41.19 %	48.74 %
(A)	(F4)	BELLVER PROPERTY, S.L.U. (JV)	C/ Recoletos 3, 1° (Madrid)	Spain		50.00 %	50.00 %
		EL RECREO PLAZA & CIA., C.A. (JV)	Avda.Fco.de Miranda Torre Oeste,15 Of.15(Caracas)	Venezuela		1.00 %	
						18.94 %	19.94 %
(A)	(F6)	EVERTMEL, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	49.00 %		49.00 %
(A)		FOURTH PROJECT 2012, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		50.00 %	50.00 %
(A)		FUERTEVENTURA BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	20.00 %		20.00 %
		MELIA HOTELS FLORIDA, LLC. (JV)	Brickell Avenue Suite 1000, 800	USA		50.00 %	50.00 %
	(F6)	MONGAMENDA, S.L. (JV)	Alexandre Rosselló, 15 (Palma de Mallorca)	Spain		49.00 %	49.00 %
(A)	(F3)	PALMANOVA BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		30.00 %	30.00 %
(A)	(F4)	PELÍCANOS PROPERTY, S.L.U. (JV)	C/ Recoletos 3, 1° (Madrid)	Spain		50.00 %	50.00 %
(A)	(F3)	PUERTO DELCARMEN BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		30.00 %	30.00 %
(A)	(F3)	SAN ANTONIO BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		30.00 %	30.00 %
(A)		SANTA EULALIA BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	20.00 %		20.00 %
(A)	(F3)	TORREMOLINOS BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		30.00 %	30.00 %
		COMPANIES OF DIFFERENT ACTIVITIES	**ADDRESS**	**COUNTRY**	**DIR S.**	**IND S.**	**TOTAL**
(A)		INVERSIONES GUIZA, S. A.	Avda. Lope de Vega, 4 (Sto. Domingo)	Dom. Rep.		49.84 %	49.84 %
(A)		JAMAICA DEVCO S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	49.00 %		49.00 %
	(F6)	KIMEL MCA, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		49.00 %	49.00 %
(A)		SIERRA PARIMA, S.A.	Avda. Barceló, s/n (Bávaro)	Dom. Rep.	50.00 %		50.00 %
		YAGODA INVERSIONES, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		50.00 %	50.00 %
		COMPANIES WITH NO ACTIVITY	**ADDRESS**	**COUNTRY**	**DIR S.**	**IND S.**	**TOTAL**
		HELLENIC HOTEL MANAGEMENT	Panepistimiou, 40 (Atenas)	Greece	40.00 %		40.00 %
		HOLDING COMPANIES	**ADDRESS**	**COUNTRY**	**DIR S.**	**IND S.**	**TOTAL**
		EL RECREO PLAZA, C.A. (JV)	Avda.Fco.de Miranda Torre Oeste,15 Of.15(Caracas)	Venezuela		19.94 %	19.94 %
		HOMASI, S.A.	C/ Cavanilles 15,Pl.baja (Madrid)	Spain	34.99 %		34.99 %
	(F4)	MELCOM JOINT VENTURE (JV)	C/ Recoletos 3, 1° (Madrid)	Spain	50.00 %		50.00 %
		MELIA HOTELS USA, LLC. (JV)	Brickell Avenue Suite 1000, 800	USA		50.00 %	50.00 %
		PROMEDRO, S. A. (JV)	Avda. del Lido s/n (Torremolinos)	Spain	20.00 %		20.00 %
(A)	(F3)	RENASALA, S.L. (JV)	Zurbarán, 9 (Mad rid)	Spain	30.00 %		30.00 %
(A)		STARMEL HOTELS JV, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	20.00 %		20.00 %

(A) Audited companies.

(JV) Joint Ventures.

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

(F4) Companies which comprise the consolidated tax group with Melcom Joint Venture, S.L.

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

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

(*) Shareholding in these companies is through the ownership of apartments.

Management Report for the Year Ended 31 December 2023

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

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

1. Situation of the Company

1.1 Organisational Structure

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

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

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

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

Governance Model

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

The Group's corporate governance structure is detailed below:

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

BOARD OF DIRECTORS

Functions of the Board of Directors

During 2023, the Board of Directors has exercised various functions relating to:

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

Diversity

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

Since 2021, the Board of Directors of Meliá Hotels International consists of four female directors, out of a total of eleven members, which results in 36.36% of women in the Board.

Assessment of the Board of Directors

Annually, the Board of Directors assesses the functioning and composition of the Board itself and the Committees, as well as the performance of the Top Executive of the Group. The Appointments, Remuneration and Sustainability Committee is responsible for approving and initiating this process. The report that includes the results of the assessment for 2023 is submitted to the meeting of the Board of Directors during the first quarter of the following year, at which the relevant action plan, if any, shall be discussed and approved.

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

As a result of the self-assessment process in 2022, during 2023, a training plan in sustainability, non-financial risks and cyber security has been made available to the Board.

SPECIALISED COMMITTEES

In 2023, the functioning and functions of the two specialised Committees were consolidated and aligned with the recommendations on good governance.

Appointments, Remuneration and Sustainability Committee

Functions:

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

In 2023, it is worth mentioning the Committee’s focus on appointments and re-elections, because during this year several changes in the composition of the Board were made and, in particular, in the succession plan of the Chairman of the Board.

Auditing & Compliance Committee

Functions:

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

In 2023, the Committee has focused particularly on the selection process of the external auditor and on the System of Internal Control over Non-Financial Reporting (ICNFR).

Senior Executive Team (SET)

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

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

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

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

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

With these changes, the SET has increased from 6 to 7 members.

1.2 Strategy - Roadto2024

It has been two years since the launch of the Roadto2024 Strategic Plan, communicated at the end of 2021 for a three-year period. Year 2023 marked the recovery of the tourism sector after the COVID-19 crisis. Today we can celebrate that the Company has achieved results similar to those prior to the health crisis and, in some cases, with ratios higher than those obtained before the pandemic.

The strategic vision is based on four strategic pillars and a firm commitment to advance the principles that underpin this Roadto2024 strategic vision: economic excellence, operational efficiency and economic, social and environmental sustainability, as essential precepts to consolidate our position in the market and the present and future challenges.

1.3 Responsible Business

During 2024, the last year of our Responsible Business strategic pillar, we will undertake various actions to reinforce our model under the four dimensions of sustainability.

- **Environmental sustainability**
  - To continue to take measures to reduce the negative impact on the planet, making progress in fulfilling our public commitments aligned with SBTi and reducing waste generation with operations as a key player. We will also undertake an analysis of climate risks to be identified per hotel asset and we will complete the requirements in terms of Environmental Taxonomy.

- **Social sustainability**
  - To strengthen our commitment to promoting diversity, equality and inclusion and reinforce our impact positioning in local communities.
  - To update two important topics for the Company, such as the CSA (Control Self-Assessment) in terms of Human Rights and the double materiality analysis, a first exercise from a financial perspective.

- **Governance sustainability**
  - To adapt our management report and reporting model to the new sustainability regulations, aligned with the CSRD (Corporate Sustainability Reporting Directive) of the European Union. In addition, we will strengthen our reporting system by making progress in identifying new targets for the main indicators associated with the social dimension.

2. Business Evolution and Performance

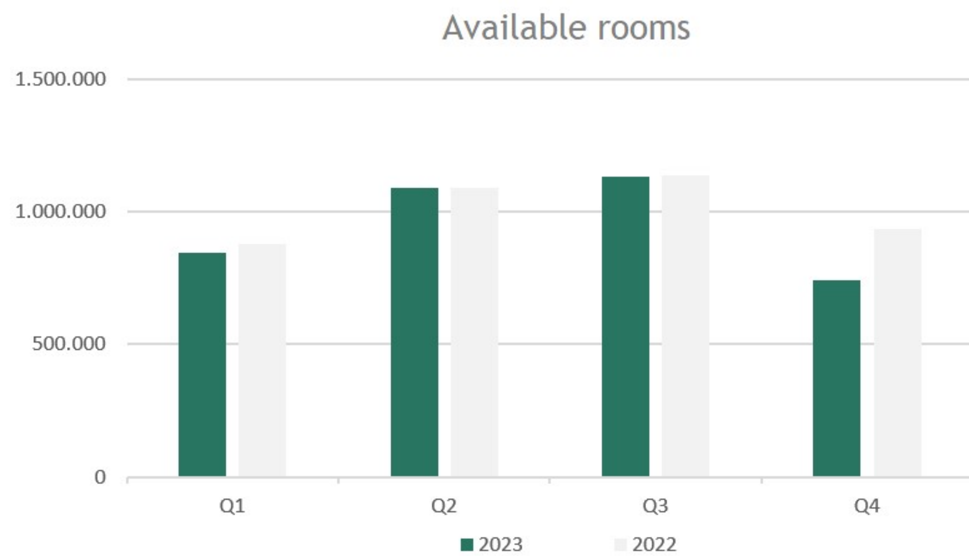
The evolution of occupancy, average room rate (ARR) and revenues per available room (RevPAR) in 2023 compared to that in 2022 for the Company's hotels is included below:

HOTELS	OCCUPANCY		ARR		RevPAR	
	%	Δ (pp)	€	Δ%	€	Δ%
Urban	72.6 %	7.4	148.3 €	12.3 %	107.7 €	25.0 %
Holiday	76.5 %	7.5	124.7 €	6.4 %	95.5 €	17.9 %
TOTAL HOTELS SPAIN	74.1 %	7.5	126.7 €	9.9 %	103.1 €	22.3 %

BRANDS	OCCUPANCY		ARR		RevPAR	
	%	Δ (pp)	€	Δ%	€	Δ%
Me by Melia	61.9 %	11.1	313.9 €	18.8 %	194.3 €	44.9 %
Gran Meliá	62.1 %	5.5	385.0 €	3.6 %	239.0 €	13.8 %
Meliá	73.2 %	6.8	152.7 €	6.6 %	111.9 €	17.6 %
Innside	76.2 %	2.3	150.8 €	8.4 %	114.9 €	11.7 %
Sol	79.0 %	10.1	95.7 €	8.7 %	75.6 €	24.7 %
Affiliated by Meliá	73.2 %	7.0	113.0 €	5.3 %	82.8 €	16.3 %
TOTAL	74.1 %	7.5	139.2 €	9.9 %	103.1 €	22.3 %

ZEL brand is not reported due to the low number of hotels

The evolution of rooms available in 2023 compared to 2022 was as follows:



Performance

In Spain, tourism has consolidated its recovery, with the main institutions in the sector estimating a contribution of tourism to the Spanish economy of around 12.8% of GDP, the highest in the historical series. These good figures are accompanied by a record number of tourist arrivals in our country, which stands at more than 84 million, with an increase in average expenditure per stay.

Regarding urban hotels, the beginning of the year has been positive, with a significant growth in revenues. This trend has continued throughout the year, with rate increases and turnover recovering gradually. In the year as a whole, there was a balanced distribution by segments, where tour operators, MICE and Corporate showed clear signs of recovery and strength. Important conferences that were held during the year in cities such as Madrid, Barcelona, Valencia, Seville and Palma de Mallorca contributed to their good performance.

In our holiday hotels, 2023 recorded positive results, mainly driven by the recovery in the first quarter after the negative impact of the Omicron variant in the first months of 2022. In general terms, the mix of nationalities has returned to historical records, with the fastest growth in customers from UK and Spain in our hotels. In addition, it is also noteworthy the greater anticipation of reservations together with a lower cancellation rate, already close to pre-pandemic records. By segments, our direct customer and the tour operation showed the largest increases while at the MICE and groups level we are already improving figures of 2019, especially with the attraction of many groups at the beginning and the end of the season. The summer season was particularly positive with our coastal and Balearic destinations performing the best. The good pace of demand and the pleasant weather also made it possible to extend the season. The year end was led by the positive performance of our hotels in the Canary Islands, which have materialised the good prospects that were anticipated. Special mention should be made of the year 2023 in terms of our products, with the arrival of the ZEL brand developed together with the tennis player Rafa Nadal and the opening of Paradisus Salinas, which will become the second Paradisus hotel in Europe.

Outlook for the beginning of 2024

In Spain, in urban hotels the forecasts are positive. We estimate growth in both rates and volumes from the beginning of the year. By destinations, Barcelona and Madrid are the cities with the highest growth, combining the good end of the year for the corporate customer and an important MICE events calendar. In the case of Barcelona, the opening of Gran Meliá Torre Melina hotel in January stands out, which together with the Palacio de Congresos will undoubtedly provide a positive combination of bleisure, corporate and MICE customers. Meliá Hotels International's commitment to innovation and positioning of its urban products will undoubtedly be relevant in 2024 and the coming years.

Regarding our holiday hotels, for the first quarter of the year the Canary Islands shows an improvement in both rates and occupancy compared to 2023, with the last minute demand for superior rooms standing out. In other regions such as our coastal hotels, the groups confirmed for the start of the season allow for positive occupancy and rate perspectives. By segments, our Direct Channel shows the highest growth in revenues, also contributing the largest increase in rates. It is worth mentioning the fact that some hotels that have historically closed in winter have not done so this year, a factor that is combined with the plan to bring forward the opening of hotels in the Balearic Islands to the end of March for the second year in a row.

3. Risk Management

Risk management is a cross-cutting and global component in the Company's governance model. The risk management culture comprises a set of values essential to all operations and activities, which are shared and experienced by all employees.

Since 2009, the Company has fostered a culture of risk management, both from an external and internal perspective, associated with the hotel business model, driven by the Risk Control & Compliance Officer, reporting directly to the Auditing and Compliance Committee, a delegated committee of the Board of Directors.

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

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

The Risk Management Model, based on the COSO methodology, is cross-cutting to the entire organisation, involving a total of 66 executives in 2023, representing all the aforementioned areas and organisational structures.

The model is developed through the following phases or stages:

- Identification of risks that may affect the strategy or objectives.
- Assessment of the risks identified in terms of their probability of occurrence.
- Response to risks through action plans.
- Monitoring and control of risks and the measures taken to mitigate them.
- Regular communication and reporting to the governing bodies and the rest of the organisation.

The risks identified are included in six different types, depending on their nature. This risk inventory is reviewed and updated annually and serves as the basis for updating the Risk Map, analysing both external sources (experts' reports and publications) and the internal view of the organisation's key areas (SET, Strategic Planning, Sustainability, etc.).

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

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

4. Acquisition and Disposal of Treasury Shares

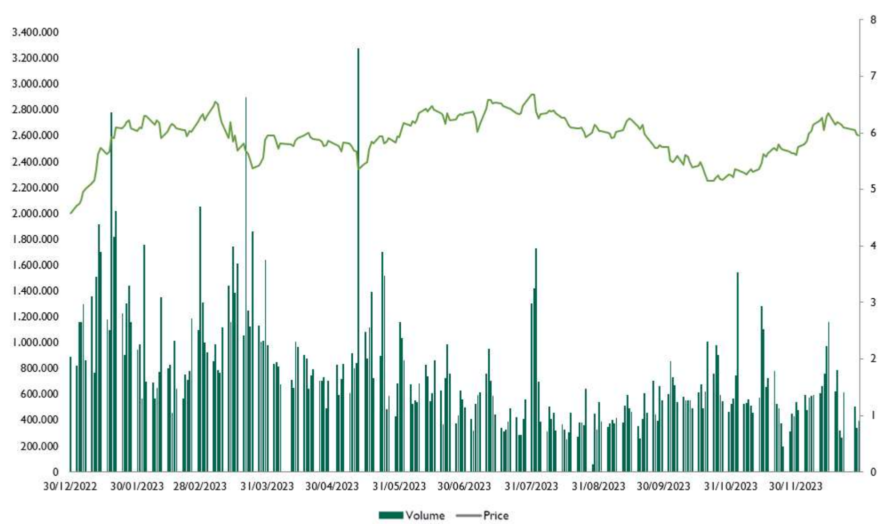
As at 31 December 2023, the number of treasury shares held by the Company is 248,014, which represents 0.113% of the share capital. As at 31 December 2022, the number was 334,014, which represented 0.152% of the share capital.

The price of Meliá Hotels International, S.A.'s shares at year end was EUR 5.96. At the 2022 year end the share price amounted to EUR 4.578.

5. Other Information

5.1 Meliá's Shares

In 2023, the shares of Meliá Hotels International, S.A. have registered an increase in value of 30.2% while the IBEX-35 has appreciated by 22.8%. The stock's performance was particularly positive in the first half of the year, after fears of the onset of a recession at the beginning of 2023 were allayed. The strength of demand and the good prospects for the different seasons that have materialised throughout the year have met the market's expectations. In addition, in order to contain the rise in inflation, the European Central Bank and the FED in the United States have raised interest rates throughout the year. In the final part of the year, however, stock markets in general recorded an increase, partly due to the expectations of the end of the tightening cycle and rising interest rates.



Source: Bloomberg.

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

	Dec-23	Dec-22
Number of shares (million)	220.4	220.4
Daily average volume (thousands of shares)	780.2	1,038.6
Maximum price (euro)	6.68	8.09
Minimum price (euro)	4.71	4.13
Last price (euro)	5.96	4.58
Market capitalisation (EUR million)	1,313.6	1,009.0
Dividend (euro)	—	—

5.2 Dividend Policy

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

After a fiscal year 2023 of normal operations throughout the year and following the suspension of dividend distributions in recent years to strengthen the Balance Sheet, the Board of Directors agreed on 29 February 2024 to propose to the General Shareholders' Meeting the distribution of dividends charged to the Company's available reserves.

In the previous year, the Board of Directors, in order to strengthen the solvency and liquidity of the Company, proposed to the General Shareholders' Meeting not to distribute dividends during that year.

5.3 Environmental Risks

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

5.4 Average Payment Period to Suppliers

As set forth in the relevant note to the annual accounts, the average period of payment to suppliers of Meliá Hotels International, S.A. was 47.86 days in 2023; 57.1 days in 2022.

5.5 Headcount Evolution

This is detailed in Note 16.3 to the annual accounts.

5.6 Events After the Reporting Date

In February 2024, the Company entered into an agreement with an investment vehicle owned by Banco Santander, S.A., whereby, on 11 April 2024, this vehicle will acquire a 38.2% stake in the share capital of a subsidiary of the Meliá Group (the "Subsidiary"), through the creation of new type B preference company shares in the said Subsidiary.

Prior to that date, the Subsidiary will own, directly or through its subsidiaries, three hotel establishments, two in Spain operated by the Company under lease contracts and one in the United Kingdom also managed by the Company and operated under a lease contract by another subsidiary of the Group.

The disbursement to be made by the vehicle for the acquisition of the aforementioned minority shareholding will amount to EUR 300 million, which, at that date, will be the subject of a loan from the Subsidiary to the Company, under a loan agreement between companies of the same group.

This transaction is in line with the Company's strategic objectives to maintain the strength of its Consolidated Balance Sheet.

6. Annual Corporate Governance Report

In accordance with the provisions of Article 538 of the Spanish Corporate Enterprises Act, the Annual Corporate Governance Report for 2023 is part of the Consolidated Management Report and is published on the website of the Comisión Nacional del Mercado de Valores (www.cnmv.es) and on the Company's corporate website (www.meliahotelsinternational.com).

7. Annual Report on the Remuneration of Directors

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

Preparation of the Annual Accounts and Management Report for 2023

At the meeting of the Board of Directors of Meliá Hotels International, S.A. held on 29 February 2024 (Thursday) at E-07009-Palma (Mallorca) and at the registered address, Calle de Gremio Toneleros nº 24; previously called timely and in due form and according to the provisions of Article 35 and related articles of the Company Bylaws and Article 17 and related articles of the Regulations of the Board of Directors, the Annual Accounts and Management Report of Meliá Hotels International, S.A. for 2023 have been prepared and approved, which also incorporate by reference to a separate document the Annual Corporate Governance Report and the Annual Report on Remuneration of Directors, following the format and labelling requirements laid down by Delegated Regulation EU 2019/815 of the European Commission, unanimously by all the members of the Board of Directors.

By means of this Statement, all the members comprising the Board of Directors attending the meeting hereby prepare and unanimously approve the mentioned Annual Accounts and Management Report for 2023, for verification by the auditors and subsequent approval by the General Shareholders' Meeting.

In Palma (Mallorca) on 29 February 2024.

Signed Mr. Gabriel Escarrer Juliá

Honorary Chairman

Signed Mr. Gabriel Escarrer Jaume

Chairman and Chief Executive Officer

Signed Ms Cristina Aldamiz Echevarría González de Durana

Director

Signed Ms Carina Szpilka Lázaro

Director

Signed Mr. Fernando d'Ornellas Silva

Director

Signed Mr. Francisco Javier Campo García

Director

Signed Mr. Alfredo Pastor Bodmer

Director

Signed Hoteles Mallorquines Agrupados, S.L.

(Represented by Mr. José Mª Vázquez-Pena Pérez)

Director

Signed Ms Montserrat Trape Viladomat

Director

Signed Ms Mª Cristina Henríquez de Luna Basagoiti

Director

Signed Mr. Luis Mª Díaz de Bustamante y Terminel

Secretary and Director

MELIÁ HOTELS INTERNATIONAL, S.A.

STATEMENT OF RESPONSIBILITY

The undersigned members of the Board of Directors state, to the best of their knowledge, that the Annual Accounts of Meliá Hotels International, S.A. for 2023, prepared unanimously at the meeting held on 29 February 2024 and drafted pursuant to the applicable accounting principles, provide a true image of the equity, the financial situation and the profit and loss of the Company, and that the Management Report approved unanimously together with the mentioned annual accounts, which includes by reference to a separate document the Annual Corporate Governance Report and the Annual Report on the Remuneration of Directors, include a true analysis of the evolution, the business results and the situation of Meliá Hotels International, S.A., including the main risks and uncertainties faced by the Company.

Palma (Mallorca), on 29 February 2024.

Mr. Gabriel Escarrer Juliá, Honorary Chairman ____________________

Mr. Gabriel Escarrer Jaume, Chairman and
Chief Executive Officer ____________________

Mr. Alfredo PASTOR BODMER ____________________

HOTELES MALLORQUINES AGRUPADOS, S.L.,
Represented by Mr. Jose María VÁZQUEZ PENA PÉREZ ____________________

Mr. Francisco Javier CAMPO GARCÍA ____________________

Mr. Fernando d´ORNELLAS SILVA ____________________

Ms Cristina ALDÁMIZ ECHEVARRÍA GONZÁLEZ DE DURANA ____________________

Ms Mª Cristina HENRÍQUEZ DE LUNA BASAGOITI ____________________

Ms Carina SZPILKA LÁZARO ____________________

Ms Montserrat TRAPÉ VILADOMAT ____________________

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