Meliá Hotels International, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2023, together with Report on Limited Review

Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Note 2). In the event of a discrepancy, the Spanish-language version prevails.

Deloitte, S.L.
Avda. Comte de Sallent, 3
07003 Palma de Mallorca
España

Tel: +34 971 71 97 27
Fax: +34 971 71 00 98
www.deloitte.es

Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Note 2). In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Meliá Hotels International, S.A., at the request of the Board of Directors:

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Meliá Hotels International, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the condensed consolidated balance sheet as at 30 June 2023 and the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for preparing these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the audit regulations in force in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

Based on our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2023 are not prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial statements, pursuant to Article 12 of Royal Decree 1362/2007.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª.
C.I.F.: B-79104469. Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Emphasis of Matter

We draw attention to Note 2 to the accompanying interim financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2022. Our conclusion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2023 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the aforementioned directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2023. Our work was confined to checking the interim consolidated directors' report with the scope mentioned in this paragraph and did not include a review of any information other than that drawn from the accounting records of Meliá Hotels International, S.A., and Subsidiaries.

Other matters

This report was prepared at the request of the Board of Directors of Meliá Hotels International, S.A. in relation to the publication of the half-yearly financial report required by Article 119 of the Consolidated Spanish Securities Market Law, approved by Legislative Royal Decree 4/2015, of 23 October, and implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

10856065L PABLO HURTADO (R: B79104469)

Digitally signed by 10856065L PABLO HURTADO (R: B79104469)
Date: 2023.09.04 10:19:45 +02'00'

Pablo Hurtado March

31 July 2023

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND CONDENSED CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE FIRST HALF OF YEAR 2023

NOTICE: This document is a translation of a duly approved Spanish-language document and is provided only for information purposes. In the event of any discrepancy between the text of the original, Spanish-language document shall prevail. Periodic information and its templates regarding the first half of the year required by CNVM, have not been translated.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated Balance Sheet

(Thousand €)	Note	30/06/2023	31/12/2022
NON-CURRENT ASSETS			
Goodwill	8	27,101	27,940
Other intangible assets	8	59,853	52,288
Property, Plant and Equipment	8	1,603,497	1,619,825
Right of use	8	1,425,154	1,370,817
Investment property		115,116	114,893
Investments measured using the equity method	9	232,684	206,192
Other non-current financial assets	10.1	175,807	203,473
Deferred tax assets		295,689	300,824
TOTAL NON-CURRENT ASSETS		**3,934,902**	**3,896,250**
CURRENT ASSETS			
Inventories		32,193	30,186
Trade and other receivables		239,037	183,356
Current tax assets		24,668	22,670
Other current financial assets	10.1	107,576	67,411
Cash and other cash equivalents		145,636	148,680
TOTAL CURRENT ASSETS		**549,110**	**452,303**
TOTAL GENERAL ASSETS		**4,484,012**	**4,348,554**
EQUITY			
Share capital	11.1	44,080	44,080
Share premium		1,079,054	1,079,054
Reserves		432,901	435,552
Treasury shares	11.2	(1,209)	(3,936)
Retained earnings		(918,154)	(1,027,440)
Translation differences		(232,091)	(228,618)
Other measurement adjustments		2,901	3,803
Profit/(loss) for the year attributed to parent company		42,494	110,694
NET INCOME ATTRIBUTED TO THE PARENT COMPANY		449,975	413,189
Non-controlling shareholdings		46,870	32,662
TOTAL NET EQUITY		**496,846**	**445,851**
NON-CURRENT LIABILITIES			
Bonds and other negotiable securities	10.2	51,995	52,026
Bank loans	10.2	1,025,639	1,131,463
Lease liabilities	10.2	1,353,908	1,313,728
Other non-current financial liabilities	10.2	33,249	7,746
Capital grants and other deferred income		307,108	313,612
Provisions	15.1	35,407	30,198
Deferred tax liabilities		174,333	176,946
TOTAL NON-CURRENT LIABILITIES		**2,981,639**	**3,025,720**
CURRENT LIABILITIES			
Bonds and other negotiable securities	10.2	68,568	24,042
Bank loans	10.2	230,269	151,561
Lease liabilities	10.2	154,450	148,838
Trade creditors and other payables		534,037	500,764
Current tax liabilities		3,980	7,755
Other current financial liabilities	10.2	14,223	44,022
TOTAL CURRENT LIABILITIES		**1,005,527**	**876,983**
TOTAL GENERAL LIABILITIES AND NET EQUITY		**4,484,012**	**4,348,554**

Consolidated Income Statement

(Thousand €)	Note	30/06/2023	30/06/2022
Operating income	6	909,730	741,477
Total Operating income and Results from assets sale	**6**	**909,730**	**741,477**
Supplies		(100,052)	(82,313)
Staff costs		(266,466)	(217,268)
Other expenses		(308,204)	(272,601)
Total Operating expenses		**(674,722)**	**(572,181)**
EBITDAR		**235,009**	**169,295**
Leases		(16,482)	(5,980)
EBITDA		**218,526**	**163,314**
Amortisation and impairment of PPE and intangible assets	8	(55,132)	(58,755)
Amortisation and impairment of Right of use	8	(71,320)	(64,420)
EBIT / Results from operating activities	**6.1**	**92,074**	**40,139**
Exchange differences		2,406	(7,693)
Borrowings		(35,064)	(19,655)
Financial lease expenses	10.2	(15,644)	(15,220)
Other financial income		6,805	5,612
Net financial income (expense)		**(41,498)**	**(36,957)**
Profit /(Loss) of associates and joint ventures	**9**	**10,999**	**1,802**
NET PROFIT (LOSS) BEFORE TAX		**61,575**	**4,985**
Income Tax	13	(15,394)	(1,246)
NET PROFIT / (LOSS)		**46,181**	**3,739**
a) Attributed to parent company		42,494	2,981
b) Attributed to minority interests		3,688	758
BASIC EARNINGS PER SHARE IN EUROS		0.19	0.01
DILUTED EARNINGS PER SHARE IN EUROS		0.19	0.01

Consolidated Statement of Comprehensive Income

(Thousand €)	30/06/2023	30/06/2022
Net consolidated (loss) income	**46,181**	**3,739**
Other comprehensive income		
Items that will not be transferred/reclassified to results		
Actuarial gains and losses in post-employment plans	(810)	465
Equity consolidated companies	(579)	(880)
Other results attributed to equity	(388)	(2,442)
Total Items that will not be transferred to results	**(1,776)**	**(2,856)**
Items that may be subsequently transferred/reclassified to results		
Cash flow hedges	(1,275)	5,060
Translation differences	(2,784)	7,979
Equity consolidated companies	(255)	2,867
Tax effect	318	(1,265)
Total ittems that may be transferred to results	**(3,997)**	**14,641**
Total Other comprehensive results	**(5,773)**	**11,785**
TOTAL COMPREHENSIVE (LOSS) INCOME	**40,408**	**15,523**
a) Attributed to the parent company	36,325	13,461
b) Attributed to minority interests	4,083	2,063

Consolidated Statement of Changes in Equity

(Thousand €)	Note	Capital	Share premium	Other reserves	Treasury shares	Retained earnings	Measurement adjustments	Net income of parent company	Total result	Minority interest	Total NET EQUITY
BALANCE AT 01/01/2023		**44,080**	**1,079,054**	**435,552**	**(3,936)**	**(1,027,440)**	**(224,814)**	**110,694**	**413,189**	**32,662**	**445,851**
Total recognised income and expenses				**(592)**		**(1,201)**	**(4,375)**	**42,494**	**36,325**	**4,083**	**40,408**
Operations with treasury shares	11.2			(2,058)	2,727				669		669
Other operations with shareholders/owners						64			64	10,125	10,189
Operations with shareholders or owners				**(2,058)**	**2,727**	**64**			**733**	**10,125**	**10,858**
Distribution 2022 net income						110,694		(110,694)			
Other variations						(272)			(272)		(272)
Other variations in net equity						**110,423**		**(110,694)**	**(272)**		**(272)**
BALANCE AT 30/06/2023		**44,080**	**1,079,054**	**432,901**	**(1,209)**	**(918,154)**	**(229,190)**	**42,494**	**449,975**	**46,870**	**496,846**
BALANCE AT 01/01/2022		**44,080**	**1,079,054**	**435,431**	**(3,599)**	**(835,481)**	**(223,236)**	**(192,900)**	**303,349**	**22,306**	**325,655**
Total recognised income and expenses				**238**		**112**	**10,129**	**2,981**	**13,461**	**2,063**	**15,523**
Distribution of dividends	7										
Operations with treasury shares	11.2				(198)				(198)		(198)
Other operations with shareholders/owners						93			93		93
Operations with shareholders or owners					**(198)**	**93**			**(106)**		**(106)**
Distribution 2021 net income						(192,900)		192,900			
Other variations						101			101	18	119
Other variations in net equity						**(192,798)**		**192,900**	**101**	**18**	**119**
BALANCE AT 30/06/2022		**44,080**	**1,079,054**	**435,670**	**(3,798)**	**(1,028,075)**	**(213,107)**	**2,981**	**316,805**	**24,386**	**341,191**

Consolidated Cash Flow Statement

(Thousand €)	Note	30/06/2023	30/06/2022
1. OPERATING ACTIVITIES			
Net Income before tax		61,575	4,985
Result adjustments:			
Amortisation /depreciation and impairment	8	126,452	123,175
Profit/(loss) from companies carried by the equity method	9	(10,999)	(1,802)
Net financial income		41,498	36,957
EBITDA		218,526	163,315
Results from assets sale			
Other result adjustments		(4,997)	1,924
Trade and other receivables		(50,706)	(92,496)
Other assets		(2,007)	(3,896)
Trade creditors and other payables		12,753	93,342
Other Liabilities		(1,889)	
Income taxes paid (collected)		(8,698)	(3,722)
Total net cash flows from operating activities (I)		**162,982**	**158,467**
2. INVESTMENT ACTIVITIES			
Dividends received		9,196	
Investment (-):			
Loans to associates and joint ventures, net of cash		(22,767)	(2,025)
Property, plant and equipment, intangible assets and investment property	8	(43,538)	(48,655)
Other financial investments		(9,648)	(2,404)
Divestments (+):			
Loans to associates and joint ventures, net of cash		7,208	7,000
Other financial investments		1,361	54
Total net cash flows from investment activities (II)		**(58,188)**	**(46,030)**
3. FINANCING ACTIVITIES			
Treasury stock	11.2	669	(199)
Debt interest paid (-)	10.2	(30,086)	(17,119)
Debt issue	10.2	68,531	136,157
Debt redemption and repayment	10.2	(53,271)	(80,243)
Leases	10.2	(90,566)	(105,890)
Other financial liabilities (+/-)		1,109	(5,282)
Total net cash flows from financing activities (III)		**(103,614)**	**(72,576)**
4. GROSS INCREASE/ DECREASE IN CASH OR EQUIVALENTS (I+II+III)		**1,180**	**39,861**
5. Effect of exchange rate changes in cash or equivalents (IV)		**(4,224)**	**(4,038)**
6. NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III-IV+VI)		**(3,044)**	**35,823**
7. Cash and cash equivalents at the beginning of the year		**148,680**	**97,858**
8. Cash and cash equivalents at the year end (6+7)		**145,636**	**133,681**

Explanatory Notes to the Condensed Consolidated Interim Financial Statements

Note 1. Group's Corporate Information

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

Meliá Hotels International, S.A. and its subsidiaries and associates (hereinafter, the "Group" or the "Company") form a Group comprising companies that are mainly engaged in tourist activities in general, and more specifically, in the management and operation of hotels under ownership, lease, management or franchise arrangements, as well as in vacation club operations. The Group is also engaged in the promotion of all types of businesses related to the tourism and hotel industry or leisure and recreational activities, as well as the participation in the creation, development and operation of new businesses, establishments or companies, in the tourism and hotel industry or any other recreational or leisure activities. Likewise, some companies within the Group also carry out real estate activities by taking advantage of the synergies obtained in hotel development as a result of the dynamic expansion process undertaken.

In any event, the 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.

With over 65 years of history, Meliá Hotels International has consolidated its international presence with 347 hotels in 38 countries, mainly Spain, Latin America, rest of Europe and Asia. With a solid experience in ten brands to attend the different demands of its customers, which demonstrates its leadership in vacation hotel industry and bleisure, Meliá Hotels International aims to position itself amongst the world's leading hotel groups in the upper-medium segment, as well as to be recognised as a world leader in terms of excellence, responsibility and sustainability.

Note 2. Basis of Presentation of the Interim Financial Statements

These Condensed Consolidated Interim Financial Statements for the first six months to 30 June 2023 have been prepared in accordance with IAS 34, "Interim Financial Reporting" and should be read together with the consolidated annual accounts for the year ended 31 December 2022.

The Meliá Hotels International Group's Condensed Consolidated Interim Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and their interpretations (IFRIC) in force as at 30 June 2023, published by the International Accounting Standards Board (IASB) and adopted by the European Union.

The present Condensed Consolidated Interim Financial Statements will be formulated by the Board of Directors of Meliá Hotels International, S.A. at its meeting to be held on 31 July 2023. Likewise, these financial statements have been subjected to a limited review by an auditor.

The figures on the Interim Balance Sheet, the Interim Income Statement, the Interim Statement of Comprehensive Income, the Interim Statement of Changes in Equity, the Interim Cash Flow Statement, all of them in a condensed and consolidated form, as well as these explanatory notes to the accounts are stated in Euro, rounded to thousands, except where otherwise indicated.

The Group's Condensed Consolidated Interim Financial Statements have been prepared on a historical cost basis, understood as the fair value of the consideration given or received in exchange for goods and services, except for those items listed under heading investment property, and for financial instruments classified as financial assets and financial liabilities at fair value through profit or loss, and at fair value through other comprehensive income, which are measured at fair value. It should be mentioned that the balances from the Venezuelan Group companies have been restated at current cost, in accordance with IAS 29, since Venezuelan economy is considered as hyperinflationary.

2.1. Changes in Accounting Policies

The accounting policies applied by the Group are consistent with those of the previous year, and the corresponding interim reporting period.

This fiscal year, the Group has adopted the standards approved by the European Union which application was not obligatory in 2022:

- IFRS 17: "Insurance Contracts".
- Amendment to IAS 1: "Disclousure of accounting policies".
- Amendment to IAS 8: "Definition of accounting estimates".
- Amendment to IAS 12: "Deferred tax related to assets and liabilities arising from a single transaction".
- Amendment to IAS 17: "Insurance Contracts - Initial application of IFRS 17 and IFRS 9. Comparative information".

These standards have had no material effects on the Condensed Consolidated Interim Financial Statements or the financial position of the Group, except for the impacts of the amendment to IAS 12 disclosed in Note 13.

There are no standards and no amendment to standards issued and approved for use by the EU prior to the date of preparation of these condensed consolidated interim financial statements, and which will enter into force in subsequent dates.

2.2. True Image

The Condensed Consolidated Interim Financial Statements have been prepared on the basis of the internal accounting records of the Parent Company, Meliá Hotels International, S.A., and the accounting records of the other companies included in the scope of consolidation as at 30 June 2023, duly adjusted according to the accounting principles established in the IFRS, and fairly present the equity, financial position and the results of operations of the Company.

2.3 Comparability

The comparison of the Interim Financial Statements refers to six-month periods ended 30 June 2023 and 2022, except for the Consolidated Balance Sheet, which compares the period ended 30 June 2023 with that of 31 December 2022.

2.4 Alternative Performance Measures

The paragraphs below include additional breakdowns on the alternative performance measures (APM) used by the Company, updating the calculations provided at the end of 2022 with their corresponding figures at the closing date of these Interim Financial Statements.

Other financial indicators

- EBITDAR and EBITDA without capital gains: In the first half of 2023 and of 2022, the reconciliation of EBITDAR and EBITDA without capital gains in relation to the subtotals reported in the Consolidated Income Statement, is not included since there are no differences between both magnitudes.

- EBITDAR and EBITDA margin without capital gains: The summary of the calculation of the EBITDAR and EBITDA margin without capital gains for the first half of the financial years 2023 and 2022 is shown in the table below:

(Thousand €)	2023	2022
Income without capital gains	909,730	741,477
EBITDAR without capital gains	235,009	169,295
EBITDAR margin without capital gains	**25.83%**	**22.83%**
EBITDA without capital gains	218,526	163,314
EBITDA margin without capital gains	**24.02%**	**22.03%**

- Net Debt: The calculation in which the relevant figures at the Balance Sheet date are included is shown below:

(Thousand €)	30/06/2023	31/12/2022
Bonds and Other Negotiable Securities	120,563	76,068
Bank Loans	1,255,908	1,283,024
Lease liabilities	1,508,358	1,462,567
Cash and other cash equivalents	(145,636)	(148,680)
Net Debt	**2,739,193**	**2,672,979**

- Net Debt Ratio over EBITDA: This indicator is not calculated for the Interim Financial Statements because the EBITDA figure does not correspond to the full financial year.

Hotel management stats:

- Occupancy rate: The calculation details of the occupancy rate of hotels operated under lease and under ownership by the Group at the end of the first half of 2023 and 2022 are shown in the table below:

(Rooms)	30/06/2023	30/06/2022
Available Rooms	5,221,813	5,224,664
Occupied Rooms	3,439,972	2,914,097
Occupancy Rate	**65.88%**	**55.78%**

- ARR (Average room rate): The result of the ARR calculation for the first half of 2023 and 2022 is as follows:

	30/06/2023	30/06/2022
Room Income (Thousand €)	521,082	400,816
Occupied Rooms (n° rooms)	3,439,972	2,914,097
ARR (euros)	**151.48**	**137.54**

- RevPar (Revenue per available room): The result of the RevPAR calculation for the first half of 2023 and 2022 is as follows:

	30/06/2023	30/06/2022
Room Income (Thousand €)	521,082	400,816
Available Rooms (nº rooms)	5,221,813	5,224,664
RevPAR (euros)	**99.79**	**76.72**

2.5. Accounting Valuations and Estimates

The Directors of the parent company have prepared the Group's Condensed Consolidated Interim Financial Statements using judgements, estimates and assumptions which have an effect on the application of the accounting policies as well as on assets, liabilities, income and expenses and the breakdown of contingent assets and liabilities at the issuance date of the present Condensed Consolidated Interim Financial Statements.

The main judgements made by the Directors when applying the Group's accounting policies and the main sources of uncertainty in the estimate were the same as those applied in the Consolidated Annual Accounts for the year ended 31 December 2022, except for:

Corporate income tax expense

Tax accrued on the results of the interim period is calculated on the basis of the best estimate of the weighted average tax rate expected to be applicable at the end of the financial year. The estimated amounts for the corporate income tax expense for the interim period may vary in subsequent periods provided that the estimates of the annual rate also vary.

Recoverable value of fixed assets

As a result of the evolution of operations during the first half of 2023, the Group, as at 30 June 2023, has re-estimated the future cash flow forecasts of the hotels under lease.

Regarding hotels under ownership and investment property, no evidence that would lead to a significant re-estimation of the market value thereof was identified during the first half of 2023.

Note 3. Accounting Policies

The applied accounting policies are consistent with those of the preceding year.

The exceptional items are presented and described separately in the corresponding notes to the Condensed Consolidated Interim Financial Statements when necessary to provide a better understanding of the Group's results. These are significant items of income or expense that have been presented separately due to the importance of their nature or amount.

Note 4. Risk Management Policy

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

The Group's activities are mainly exposed to several risks: market risk (foreign exchange risk, interest rate risk and price risks), credit risk, liquidity risk, environmental risks and several geopolitical risks. Meliá Hotels International Group, through the management applied, tries to minimise the adverse effects that these risks would have had on its Consolidated Financial Statements.

There follows additional information on these risks:

Environmental Risks

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

In this regard, the Group's main objectives are to promote a certified environmental management system, carry out investments that contribute to decarbonisation objectives, management of water footprint and sustainable mobility.

Geopolitical Risks

The Russia-Ukraine conflict that began in 2022 remains a geopolitical risk. However, since the Group has no direct exposure to the countries involved in the armed conflict, there are no signs of a slowdown as a result of the conflict.

However, the Group's Directors and Management remain alert to the potential impacts of such conflict.

Liquidity risk

As a result of the recovery in activity this year, operating cash flows in the first half of 2023 have reached pre-pandemic levels, which has enabled the Group to avoid having to take extraordinary measures to maintain liquidity.

The Directors and the Management of the Parent Company continue to constantly monitor the evolution of the liquidity situation, as well as the impacts that it may have on the credit market, and they consider that, without prejudice to possible improvements and adaptations that may be applied, the liquid assets included in the Consolidated Balance Sheet, as well as the availability of loan agreements and credit facilities (for the amount of EUR 215.6 million as at 30 June 2023), the applied borrowing policies and the amount of cash flows generated in the worst scenarios, ensure that the Group will meet the obligations included in the Consolidated Balance Sheet as at 30 June 2023 with solvency, and there is no significant uncertainty on the Group's ability to continue as a going concern.

Credit risk

Due to the nature of the main sector in which the Group operates, the insolvency risk of hotel segment customers is very low, and in relation to Vacation Club customers, the Group can terminate the contracts, therefore, the impact of the cancellation of such receivable would also imply the derecognition of the assumed liabilities in the consolidated balance sheet.

The average collection period has decreased compared to the end of the previous year by 0.98 days.

Interest rate risk

The Group 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. Of the total financial debt tied to variable interest rates, 20% thereof is protected with hedging instruments.

There follows a breakdown of the debt structure according to the interest rate (these amounts do not include accrued interest that has not been paid or lease liabilities):

(Thousand €)	Variable Interest	Fixed Interest	Total
Bank Loans	538,952	326,658	865,609
Mortgage Loans	168,287	103,483	271,769
Simple Bonds		52,500	52,500
Euro Commercial Paper Programme		67,900	67,900
TOTAL	**707,238**	**550,541**	**1,257,779**

The breakdown of short- and long-term debts at variable interest rate is as follows:

(Thousand €)	Variable Interest Short Term	Fixed Interest Long Term	Total
Bank Loans	120,609	418,343	538,952
Mortgage Loans	19,809	148,477	168,287
TOTAL	140,418	566,820	707,238

Foreign exchange risk

Despite of not having financial instruments contracted (swaps, exchange insurances), in order to mitigate the possible foreign exchange risks, which arises from commercial, financial, investment and translation transactions, the Group develops policies aimed at maintaining a balance between collections and payments in cash of assets and liabilities denominated in foreign currency.

Almost all the mentioned loans and credit facilities were executed in Euros. In this sense, the financial debt of the Group as at 30 June 2023 is 76% denominated in Euros, 74% in 2022, thus adjusting to the cash generation in different currencies and managing a natural debt hedging, given the cash generation in these currencies.

Price risk

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

Likewise, the Group is exposed to equity price risks of financial investments in equity instruments. Given the reduced percentage of ownership interest therein, in case of variations not exceeding 10% of the fair value of the assets of the entities in which the Group holds equity instruments without exercising significant influence, these would not significantly affect the carrying amount of these investments in the consolidated balance sheet. On the other hand, the Group has no relevant investments in equity instruments of listed companies.

Note 5. Scope of Consolidation

The most significant changes in the Group's scope of consolidation during the first half of 2023 are detailed below:

5.1. Business Combinations

In the first half of 2023 and during the same period in 2022 no business combinations took place.

5.2. Other Scope Changes

Additions

On 31 May 2023 the companies Fuerteventura Beach Property, S.L., Santa Eulalia Beach Property, S.L. and Starmel Hotels OP2, S.L. were included in the consolidated Meliá Group using the equity method with a valuation of EUR 17.5 million, an amount that was paid by Meliá Hotels International. The said amount includes 4.2 million of contributions from shareholders. These 3 companies own 2 hotels in Fuerteventura and 1 hotel in Ibiza, which now are operated by Meliá Group under lease.

Disposals

During the first half of 2023 the company Golf Katmandú, S.L, has been dissolved, which was 50% owned by Producciones de Parques Group and which was accounted for using the equity method.

On the other hand, the winding-up of the company Third Project 2012, S.L., which was 100% owned by Meliá Group, also took place.

These disposals did not have a significant impact on the Group.

Acquisition of additional stake in companies accounted for using the equity method

During the first half of the year, the Group has increased its stake by 0.329% in the Owners' Association of Meliá Costa del Sol hotel through the purchase of two apartments. This transaction had no significant impacts on the Condensed Consolidated Interim Financial Statements.

For comparison purposes, the changes in the scope of consolidation during the first half of 2022 are shown below:

Acquisition of additional stake in companies accounted for using the equity method

During the first half of 2022, the Group increased its stake by 0.718% in the Owners' Association of Meliá Costa del Sol hotel through the purchase of several apartments. This transaction had no significant impacts on the Condensed Consolidated Interim Financial Statements.

Note 6. Segment Reporting

The identified business segments, which are the same as those detailed in the Consolidated Annual Accounts for 2022, constitute the organisational structure of the Group and their results are reviewed by the Group's highest decision-making authority.

6.1. Information by Operating Segments

The following table shows the information by segments on the volume of revenue and profit or loss for the first half of 2023:

	Hotel							
(Thousand €)	Hotel Management	Hotel business	Other business assoc with hotel management	Vacation Club	Real Estate	Corporate	Eliminations	Balance at 30/06/2023
Operating income	146,269	791,904	53,032	37,799	3,816	58,704	(181,794)	909,730
EBIT	**39,664**	**75,142**	**3,537**	**6,264**	**(882)**	**(31,650)**		**92,074**

Under the Hotel Management segment, EUR 69 million of management fees are recorded, of which EUR 6 million relates to associates.

The main inter-segment transactions relate to the hotel management activity, which includes EUR 99.7 million mainly invoiced to the Hotel Business segment for management fees and booking commissions. Likewise, the Corporate segment includes income from inter-segment transactions for a total amount of EUR 37.5 million.

For comparison purposes, the following table shows the information by segments for the first half of 2022:

	Hotel							
(Thousand €)	Hotel Management	Hotel business	Other business assoc with hotel management	Vacation Club	Real Estate	Corporate	Eliminations	Balance at 30/06/2022
Operating income	110,462	663,511	21,611	31,175	3,607	40,918	(129,807)	741,477
EBIT	**14,122**	**63,467**	**1,029**	**3,027**	**85**	**(41,591)**		**40,139**

Under the Hotel Management segment, EUR 54.7 million of management fees were recorded, of which EUR 4 million related to associates.

Operating income of Hotel Business included EUR 40 million relating to direct government subsidies to offset part of the business losses during the pandemic.

The main inter-segment transactions were related to the hotel management activity and included EUR 77.6 million mainly invoiced to the Hotel Business segment for management fees and booking commissions. The Corporate segment included income from inter-segment transactions for a total amount of EUR 32.7 million.

6.2. Information by Geographic Areas

The following table shows the segmentation by geographic areas of the volume of operating revenues generated during the first half of 2023 and 2022:

(Thousand €)	30/06/2023	30/06/2022
Spain	471,869	350,560
EMEA (*)	220,253	196,596
America	336,709	274,877
Asia	3,807	2,872
Eliminations	(122,907)	(83,428)
Total income	**909,730**	**741,477**

(*) EMEA (Europe, Middle East, Africa) :
It includes areas of Africa, Middle East and Europe, excluding Spain

Note 7. Paid Dividends

The Parent Company of the Group paid no dividends during 2022 and during the first half of 2023.

The Board of Directors, in order to strengthen the Company's solvency and liquidity, decided not to propose to the General Shareholders' Meeting the distribution of dividends for 2022, as it did in 2022 with the distribution of profit for 2021.

Note 8. Property, Plant and Equipment, Rights of Use and Intangible Assets

The movements recorded during the first half of 2023 are broken down in the table below:

(Thousand €)	Goodwill	Other intangible assets	Property, Plant and Equipment	Right of use
Balance at 01/01/2023	27,940	52,288	1,619,825	1,370,817
Additions		16,066	26,229	119,518
Disposals			(1,220)	
Depreciation and impairment	(886)	(8,537)	(45,709)	(71,320)
Transfers			2,669	(2,669)
Exchange differences	47	36	1,704	8,809
Balance at 30/06/2023	**27,101**	**59,853**	**1,603,497**	**1,425,154**

Section Additions of Other Intangible Assets includes EUR 3.8 million of software applications, within the technological innovation project developed by the Company for the creation of a new technology framework for hotel management, and through which the Company is improving the technological services offered to its customers.

EUR 11 million is also included for the payment of a transfer right related to the operation of 7 hotels and 3 leisure centres in Mallorca.

Regarding Property, plant and equipment, the amount of EUR 25.4 million in Additions relates to investments and renovations in hotels, of which 11.9 million has been recognised in Spain. In addition, an impairment loss for the amount of EUR 5.5 million was recognised in relation to a centre in the Dominican Republic due to the demolition of part of its structure.

Regarding Rights of use, the variations caused by the amendments of the terms and conditions of the already existing contracts for the amount of EUR 74.8 million are included in Additions, as well as the variation of lease payments subject to CPI and the addition of 3 new lease contracts of hotels located in Spain for the amount of EUR 13.5 million. Additions derived from contractual amendments affected 12 hotels, of which 11 are located in Spain and 1 in Germany.

Regarding heading Provision for depreciation/amortisation and impairment, an impairment reversal for the amount of EUR 5.7 million relating to 10 centres is included, as a result of the activity recovery during the period.

Exchange differences have increased the value of tangible assets and rights of use mainly due to the appreciation of the British pound against the Euro.

For comparison purposes, the changes for the first half of 2022 were as follows:

(Thousand €)	Goodwill	Other intangible assets	Property, Plant and Equipment	Right of use
Balance at 01/01/2022	28,031	49,034	1,589,041	1,429,100
Additions		8,058	28,973	102,176
Disposals			(1,416)	(1,839)
Depreciation and impairment		(8,462)	(50,293)	(64,420)
Exchange differences	(45)	78	38,333	(4,112)
Balance at 30/06/2022	**27,986**	**48,708**	**1,604,639**	**1,460,905**

Section Additions of Other intangible assets included EUR 6.6 million of software applications, within the technological innovation project developed by the Company.

Regarding Property, plant and equipment, the amount of EUR 29 million in Additions related to investments and renovations in hotels, of which 6 million were recognised in Spain and 12.6 million in Dominican companies.

Regarding Rights of use, the additions were due to the amendments of the terms and conditions of the already existing contracts, as well as the variation of lease payments subject to CPI. The early derecognition of a centre in Germany occurred, without relevant impacts on the Income Statement. Regarding heading Provision for depreciation/amortisation and impairment, an impairment reversal for the amount of EUR 23.1 million relating to 41 centres was included, as a result of the activity recovery during the period.

Additions derived from contractual amendments that affect the payment commitments and/or maturity date amounted to EUR 71.1 million and affected 26 hotels, of which 20 are located in Spain, 3 in Germany, 2 in Italy and 1 in the United States.

Exchange differences increased the value of tangible assets and decreased the value of rights of use due to the appreciation of the US dollar and the depreciation of the British pound against the Euro.

Note 9. Investments Measured Using the Equity Method

The financial investments representing shareholdings in associates and joint ventures have been measured by applying the equity method.

The following table shows the changes in these shareholdings during the first half of 2023 and 2022:

(Thousand €)	2023	2022
Balance on January 1	**206,192**	**175,241**
Profit / (Loss) on associates and joint ventures	10,999	1,802
Additions	27,558	4,763
Disposals	(12,237)	(8)
Exchange differences	172	618
Balance at June 30th	**232,684**	**182,415**

The increase in heading Profit / (Loss) on associates and joint ventures is mainly due to the profit generated by the company Starmel Hotels JV, S.L. on the sale of its 3 subsidiaries, which own and operate 3 holiday hotels in Fuerteventura and Ibiza, generating a profit attributable to the Group of EUR 8.9 million.

The additions during the period mainly relate to the inclusions and contributions from shareholders of the companies Fuerteventura Beach Property, S.L., Santa Eulalia Beach Property, S.L. and Starmel Hotels OP2, S.L., for the amount of EUR 17.5 million (see Note 5) and contributions from shareholders made to the companies of Evertmel Group for the amount of EUR 9.2 million. In this regard, at 30 June 2023, the majority shareholder of the companies comprising the Evertmel Group has sold its total stake in these companies, with the Meliá Group maintaining the same percentage stake it already held in these companies at 31 December 2022.

Disposals mainly relate to the distribution of dividends and reimbursement of shareholder contributions carried out by the company Starmel Hotels JV, S.L. for the amount of EUR 9.2 million.

Additions in the first half of 2022 mainly included impacts on Other comprehensive income due to accounting hedges or interest rate swaps for the amount of EUR 3 million.

Note 10. Other Financial Instruments

10.1. Financial Assets

The following table shows the breakdown by financial instrument categories included in heading Other financial assets under non-current and current assets in the Balance Sheet as at 30 June 2023 and 31 December 2022:

(Thousand €)	30/06/2023			31/12/2022		
	Long term	Short term	Total	Long term	Short term	Total
1. Financial instruments at amortised cost:						
- Loans to associates	50,121	81,408	131,529	90,169	40,935	131,105
- Other loans	36,334	3,275	39,609	26,293	2,902	29,196
- Other	67,054	4,594	71,648	63,054	3,907	66,961
2. Financial instruments at fair value with changes in Other Comprehensive Income						
- Cash flow hedges	2,051	3,293	5,344	3,403	3,303	6,706
3. Financial instruments at fair value through profit or loss:						
- Trading portfolio		233	233		1,594	1,594
- Derivatives in trading portfolio	400	14,773	15,173	705	14,769	15,474
- Unlisted equity instruments	19,848		19,848	19,848		19,848
TOTAL	175,807	107,576	283,383	203,473	67,411	270,884

Heading Other financial instruments subsequently stated at amortised cost includes EUR 3.5 million in additions relating to the sales derived from the reactivation of the Club Melia business segment.

10.2. Financial Liabilities

The table below shows the breakdown by categories of financial instruments, recorded in headings Bonds and other marketable securities, Bank borrowings, Other financial liabilities and Lease liabilities of current and non-current liabilities in the Balance Sheet as at 30 June 2023 and 31 December 2022:

(Thousand €)	30/06/2023			31/12/2022		
	Long term	Short term	Total	Long term	Short term	Total
1. Financial instruments at fair value with changes in Other Comprehensive Income						
- Cash flow hedges						
2. Financial instruments at fair value through profit or loss:						
- Derivatives in trading portfolio					25	25
3. Other financial liabilities at amortised cost:						
- Bonds and Other negotiable securities	51,995	68,568	120,563	52,026	24,042	76,068
- Bank debts	1,025,639	230,269	1,255,908	1,131,463	151,561	1,283,024
- Lease liabilities	1,353,908	154,450	1,508,358	1,313,728	148,838	1,462,567
- Other financial liabilities	33,249	14,223	47,472	7,746	43,997	51,743
TOTAL	2,464,791	467,510	2,932,301	2,504,963	368,464	2,873,428

The net variation in headings Bank borrowings and Bonds and other marketable securities includes EUR 14.8 million of use of credit facilities and EUR 53.7 million of new financing (of which EUR 43.7 million relate to issuance of ECPs), as well as EUR 53.3 million of repayments and EUR 30.1 million of payment of interest and commissions, as reflected in the Consolidated Cash Flow Statement.

The heading Lease liabilities has increased by EUR 119.5 million due to the variations caused by the amendments of the terms and conditions of the already existing contracts, the variation of lease payments subject to CPI and the addition of 3 new lease contracts of hotels located in Spain (see Note 8). The financial expense and the variation of the exchange rate increased liabilities by EUR 15.6 million and EUR 5.3 million respectively.

In addition, as indicated in the Cash Flow Statement, payments for the amount of EUR 94.6 million have been made, of which 90.5 million relates to lease payments.

Note 11. Equity

11.1.Share Capital

As at 30 June 2023 and 31 December 2022 the share capital of Meliá Hotels International, S.A. is EUR 44,080,000 which consists of 220,400,000 shares of EUR 0.20 par value each. The shares are fully subscribed and paid-up, and constitute a single class and series.

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

The voting rights held by the major shareholders with a direct and indirect shareholding in Meliá Hotels International, S.A. as at 30 June 2023, compared to the end of 2022, are as follows:

Shareholder	30/06/2023 Shareholding %	31/12/2022 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.	10.14	9.17
Other (less than 3% individual)	35.06	36.03
TOTAL	100.00	100.00

11.2.Treasury Shares

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

	Shares
SHARES AT 31/12/2022	334,014
Liquidity contract purchases	6,506,504
Liquidity contract disposals	(6,636,504)
SHARES AT 30/06/2023	204,014
Average Price €	5.93
BALANCE AT 30/06/2023 (Thousand €)	1,209

There are no securities loaned to banks as at 30 June 2023.

As at 30 June 2023, the total number of shares held by the Company is 204,014, which represent 0.093% of the share capital. Treasury shares do not exceed the 10% limit established by the Spanish Corporate Enterprises Act.

The price of Meliá Hotels International, S.A.'s shares at the end of the first half of 2023 is EUR 6.35. At the 2022 year end, the share price amounted to EUR 4.578.

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

	Shares
SHARES AT 31/12/2021	277,014
Liquidity contract purchases	6,049,553
Liquidity contract disposals	(6,017,553)
SHARES AT 30/06/2022	309,014
Average Price €	12.29
BALANCE AT 30/06/2022 (Thousand €)	3,798

As at 30 June 2022, the total number of shares held by the Company was 309,014, which represented 0.14% of the share capital.

Note 12. Evolution of the Average Staff Numbers

The average number of employees in the Group during the first half of 2023 and 2022 is shown in the table below:

	30/06/2023	30/06/2022
Men	9,694	8,845
Women	8,270	7,051
TOTAL	17,964	15,896

The table above, in relation to the first half of 2022, includes the average number of employees weighted by the reduction in working hours period of those employees who availed themselves of the Spanish ERTE (temporary lay-offs of staff) or similar situations.

Note 13. Tax Situation

Corporate income tax is recognised based on the Management's estimate of the weighted average annual income tax rate expected for the full financial year. The average annual income tax rate estimated for the year as at 31 December 2023 is 25%.

In June 2023, the Company and the Spanish Tax Agency formalised deeds with agreement, conformity and non-conformity relating to Corporate Income Tax and other tax items of the tax group headed by Meliá Hotels International, S.A., for the years 2017 to 2019. The main elements regularised by the Inspection have been of a value nature, without sanctions of any kind. The final result has not had a material impact on the Company's equity, and the provision for tax risks recorded in previous years has been applied for this purpose.

In relation to the provisions of the Amendment to IAS12, as at 30 June 2023 the Deferred tax liabilities heading includes an amount of EUR 3.4 million netted against deferred tax assets impact of EUR 3.4 million relating to the new lease contracts signed as of 1 January 2022.

Note 14. Information on Related Parties

The following are considered to be related parties:

- Associates and joint ventures accounted for using the equity method.
- Significant shareholders of the parent company.
- Members of the Board of Directors and members of the SET.

All transactions with related parties are arm's length transactions under market conditions.

14.1.Transactions with Associates and Joint Ventures

Commercial transactions

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

During the first half of 2023, the Group has continued its commercial transactions in relation to associates and joint ventures as it has been doing in 2022.

Financing transactions

During the first half of 2023, the Group has continued its financing transactions in relation to associates and joint ventures as it has been doing in 2022.

Guarantees and Deposits

Regarding guarantees held by the Group in relation to liabilities recognised in associates and joint ventures, it is worth mentioning that this half of the year no significant variations took place.

At the end of June 2023, the Group has guarantees with associates and joint ventures for the amount of EUR 0.9 million (EUR 0.6 million at the end of 2022).

14.2.Transactions with Significant Shareholders

Balances by type of transaction carried out with significant shareholders of the Group during the first half of the year are as follows:

(Thousand €)	Transaction type	30/06/2023	30/06/2022
Tulipa Inversiones 2018, S.A.	Leases	85	92
Tulipa Inversiones 2018, S.A.	Services received	326	558
TOTAL		410	651

14.3.Transactions with Executives and Members of the Board of Directors

Remuneration and other benefits paid to Directors and Senior Management during the first half are as follows:

(Thousand €)	30/06/2023	30/06/2022
Attendance fees	423	435
Executive directors remuneration	777	834
Senior management remuneration	1,663	1,668
TOTAL	2,863	2,936

The Company has not assumed obligations nor has granted any advance payments or loans to Directors.

In 2023, the payment of the short-term variable remuneration accrued in 2022 is included.

Note 15. Provisions and Contingencies

15.1.Provisions

The breakdown of the balance by type of obligations for the periods ending 30 June 2023 and 31 December 2022, respectively, is as follows:

(Thousand €)	30/06/2023	31/12/2022
Provision for retirement, seniority bonus and personnel obligations	12,580	11,187
Provision for liabilities and taxes	22,827	19,011
Total	35,407	30,198

As at 30 June 2023, the Group assesses the commitments established in collective agreements based on actuarial studies and an accrued amount of EUR 13 million has been estimated. As at 31 December 2022, the accrued amount was EUR 11.6 million.

Moreover, the balance of the externalised commitments was EUR 0.4 million in June 2023, with liabilities being recorded at their net amount. At the end of 2022, the balance for this item also amounted to EUR 0.4 million.

The technical interest rate applied for the assessment of such commitments as at 30 June 2023 was 3.73%, while as at 31 December 2022, this rate was 3.23%.

15.2.Contingencies

The Group has commitments to third parties not recognised in the Balance Sheet, due to the limited probability that they will entail an outflow of funds in the future.

During the first half of 2023 a guarantee with the subsidiary Corporación Hotelera Hispano Mexicana, S.A. de C.V was renewed with a total impact of EUR 7 million. In addition, during the year new guarantees were granted to Group subsidiaries for EUR 1 million.

During the first half of 2022, guarantees were cancelled for the amount of EUR 5.9 million (EUR 1.5 million relating to Group subsidiaries and EUR 4.4 million of guarantees of an administrative nature in the parent company). On the other hand, during the year a guarantee with the subsidiary Corporación Hotelera Hispano Mexicana, S.A. de C.V was renewed with a total impact of EUR 5 million.

Note 16. Events after the Reporting Date

Following the closing of the Balance Sheet and prior to the submission of these Condensed Consolidated Interim Financial Statements, no transactions with significant impacts on such Financial Statements have been carried out.

Condensed Consolidated Interim Management Report

1. Company's Situation

During the first half of 2023 there have been no significant changes in relation to those aspects related to the organisation structure of Meliá Hotels International, S.A. and its subsidiaries, its organisation chart as well as in the Company's operations, therefore, the information available in the 2022 Consolidated Annual Accounts and its corresponding Management Report, is considered the most up-to-date information.

2. Business Evolution and Performance

There follows a breakdown for each of the operating segments in which the Company is structured.

2.1. Hotel Business

The evolution of the hotel business for the entire Company is summarised in the following KPIs, broken down by type of management:

€ Millions	H1 2023	H1 2022	% Change
Total aggregated Revenues	**791.9**	**663.5**	**19.4%**
Owned	391.7	319.8	22.5%
Leased	400.2	343.7	16.4%
Of which Room Revenues	**521.1**	**400.8**	**30.0%**
Owned	222.8	177.1	25.8%
Leased	298.3	223.8	33.3%
EBITDAR	**205.5**	**180.5**	**13.9%**
Owned	100.0	79.4	25.9%
Leased	105.5	101.1	4.4%
EBITDA	**189.3**	**174.6**	**8.4%**
Owned	100.0	79.4	25.9%
Leased	89.2	95.1	(6.2%)
EBIT	**75.1**	**63.5**	**18.4%**
Owned	63.1	44.8	40.9%
Leased	12.0	18.7	(35.6%)

The evolution of the hotel management model by revenue source is summarised in the table below:

€ Millions	H1 2023	H1 2022	% Change
Total Management Model Revenues	**146.3**	**110.5**	**32.4%**
Third Parties Fees	28.2	19.9	41.4%
Owned &Leased Fees	40.8	34.8	17.3%
Other Revenues	77.3	55.7	38.7%
Total EBITDA Management Model	**41.0**	**15.1**	**171.9%**
Total EBIT Management Model	**39.7**	**14.1**	**180.9%**

Regarding Other businesses linked to the hotel management, the evolution has been the following:

€ Millions	H1 2023	H1 2022	% Change
Revenues	53.0	21.6	145.4%
EBITDAR	4.3	1.9	126.4%
EBITDA	4.0	1.8	121.1%
EBIT	3.5	1.0	243.7%

Occupancy rates, ARR and RevPAR by business model, are broken down in the table below, including the (%) change compared to the same period last year:

	OWNED & LEASED					
	Occupancy		ARR		RevPAR	
	%	Chg.(Pts)	€	% Change	€	% Change
Total Hotels	65.9%	10.1	151.5	10.1%	99.8	30.1%
Total Hotels (same store basis)	66.6%	9.9	156.9	8.5%	104.5	27.5%
America	61.9%	4.3	160.8	10.5%	99.6	18.8%
EMEA	61.6%	14.6	175.0	13.6%	107.8	48.7%
Spain	70.3%	10.3	135.3	6.9%	95.1	25.2%

Available Rooms in H1 2023 for Owned & Leased hotels were 5,221.8 millions (5,224.7 millions in H1 2022) in PA

	OWNED,LEASED & MANAGED					
	Occupancy		ARR		RevPAR	
	%	Change (Pts)	€	% Change	€	% Change
Total Hotels	56.5%	7.6	124.9	3.3%	70.6	19.5%
Total Hotels (same store basis)	57.4%	8.8	125.6	3.2%	72.1	21.9%
America	58.7%	3.7	149.3	16.8%	87.6	24.5%
EMEA	60.2%	13.4	176.8	11.0%	106.3	42.9%
Spain	67.0%	9.7	122.6	6.6%	82.1	24.8%
Cuba	40.9%	7.0	84.9	(27.8%)	34.7	(12.9%)
Asia	44.1%	10.4	83.5	8.6%	36.8	42.1%

Available Rooms in H1 2023 for Owned,Leased & Managed hotels were 12,436k (11,209.3k millions in H1 2022) in PAG

The number of hotels and rooms by business model at the end of the first half of 2023 and 2022 is as follows:

	Current Portfolio			
	30/06/2023		31/12/2022	
	Hotels	Rooms	Hotels	Rooms
Global Hotels	347	91,490	347	90,916
Owned	37	11,919	37	11,923
Leased	103	22,015	100	21,176
Management	148	44,195	151	44,456
Franchise	59	13,361	59	13,361

On the other hand, the hotel pipeline for the upcoming years is as follows:

	Pipeline									
	2023		2024		2025		Onwards		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Global Hotels	13	1,914	18	4,811	19	3,881	13	3,842	63	14,448
Leased	1	84	1	271	0	0	1	149	3	504
Management	11	1,747	17	4,540	15	3,435	8	2,765	51	12,487
Franchise	1	83	0	0	4	446	4	928	9	1,457

2023 is definitely the year of the return to normal after the Covid-19 pandemic at the operational level. The tourism sector is experiencing a year of continuous growth with prospects improving as they materialise. With no longer any restrictions on movement, the willingness to travel has remained one of the priorities where the post-pandemic economic effects, coupled with the stalemate in the war in Ukraine, are now the main challenges. However, there is no sign of a slowdown in daily bookings.

The first half of the year confirms the positive trend that began just over a year ago. The strength of the leisure segment and bleisure destinations has been remarkable, helped by an increasing growing volume of MICE events. As for Corporate, its return to normal is taking place at a slower pace, affecting the urban destinations most linked to this segment.

Compared to the same period of the previous year, the impact in Q1 2022 of Omicron variant should be considered, which allows for an easier comparison.

Highlights by region are the following:

In Spain, in urban hotels, the first half of the year was very positive, mainly due to the impact of the Omicron variant in 2022. The first quarter of the year showed significant qualitative growth in revenues thanks to the average rate, with the trend continuing in the second quarter. Generally, all segments show growth, with Corporate being the only segment that has not yet recovered pre-pandemic volumes. Major events such as the Mobile World Congress in Barcelona and FITUR in Madrid generated the expected volume of bookings, in the latter case with record figures. The performance of cities such as Palma de Mallorca is also noteworthy thanks to the dynamism of the MICE segment and several group and congress operations. The good trends seen at the beginning of the year were maintained, especially on important dates such as Easter and the Seville Fair, which generated a high volume of bookings.

In our resort hotels in Spain, we also see very positive results compared to the previous year, due to the impact of Omicron. The first quarter started strong thanks to last minute bookings and higher average prices. In the case of the Canary Islands, the occupancy figures recorded in 2019 were already exceeded at that time, maintaining the strength in rates and demand for superior rooms. The start of the second quarter was marked by a strong demand during Easter, where beach destinations matched the occupancy levels of 2019 while maintaining a double-digit increase in rates. In addition, promotional campaigns such as "Wonder Week" have performed very well, with the best records to date. In terms of source markets, the trend of the first quarter was confirmed, with the recovery of the mix of pre-pandemic nationalities. The end of the first half of the year has been marked by the launch of our Paradisus brand in Gran Canaria, marking the arrival of Paradisus in Europe.

In EMEA, Germany was one of the markets with a more complex start of the year. While the half-yearly comparison with 2022 is positive due to the Omicron effect, there is a double speed depending on the destinations. Destinations more dependent on the Corporate sector in the north of the country suffered from lower demand, which was not compensated by leisure customers. In addition, in respect of MICE events, exhibitor and visitor numbers did not recover in such cities. On the other hand, cities with more tourist attractions such as Berlin and Hamburg performed better thanks to their bleisure positioning. This trend continued in the second quarter with a general recovery in all segments, including major events that contributed to the increase in average rates, even in cities linked to the business sector. However, we continue to see an uneven evolution in general, as the more traditional Corporate destinations have not recovered pre-pandemic volumes.

In France, the half year saw a recovery in volume with price increases in all hotels, especially in The Meliá Collection hotels. Despite a start of year partly affected by the period of strikes in the capital, these did not have a significant impact except for cancellations of some events and MICE. Despite of these effects, our Direct and Corporate segments performed very well. The first half saw the consolidation of the return of US customers, as well as a return of Asian customers in the last months of the period. In addition, trade fairs in the capital and the celebration of Roland Garros and the Paris Air Show boosted prices and bookings, leading to a record month of June in the city.

In the UK, the comparison with the first half of 2022 is positive. The first quarter of 2023 had a slow start, with European and local source markets below expectations, partly affected by strikes in different sectors in the country. The second quarter showed a turnaround, exceeding the 2022 occupancy by a wide margin. Regionally, the London city has shown a strong improvement compared to last year, helped by events in the second quarter such as the King's coronation which generated a large number of bookings. As for our hotels in the north of the country, the MICE and Corporate segments have performed very well. Numerous groups of different events and concerts generated a large volume of bookings in this region of the country.

Our hotels in Italy have had a very positive first half of the year, closing every month with rate increases compared to the previous year, thanks to the general boost of MICE and OTAS. The end of the second quarter stands out with May and June reporting a large increase of the US market and a slight upturn of the Asian market.

In the Americas region, in Mexico all segments show positive numbers compared to 2022, where MICE segment has shown great strength, being the segment with the highest growth. Passenger traffic in the region increased by double digits, an aspect that has been positive. In terms of nationalities, the main customer continues to be the US, with a lastminute booking trend.

In the Dominican Republic, we show an increase in both rates and occupancy compared to 2019 and in line with the previous year. The market with the strongest presence is once again the United States, where the MICE and Tour Operator segment performed well, with double-digit rate growth. Our commitment to the positioning of our hotels allows us to maintain our commitment to average quality rates.

In the US, Orlando has maintained stable operations, ending the quarter with figures above pre-pandemic levels, with a strong first quarter thanks to an improvement in all indicators, in all segments, together with the return of sporting events and special events in the area. As for New York, we see growth in room revenue vs 2022 over 40%, also exceeding the 2019 figure. Leisure and domestic travel continue to perform strongly, and both the Group and Corporate segments expect to maintain this performance for the rest of 2023.

The first half of the year in Cuba, although it was positive compared to 2022, is still not back to pre-pandemic figures. However, it is worth noting the recovery of air traffic capacity, which has maintained the upward trend since the beginning of the year. By segment, tour operators continue to be the main source of bookings, while the direct channel shows solid growth, ranking as the second largest segment. By region, Canadian customers were the most relevant in both quarters, followed by the rest of the Americas and Europe, which maintained the upward trend. In the second quarter of the year, we see a gradual recovery of the Russian market, which is regaining air connectivity with the country. It should be mentioned that the prosperity of foreign markets contrasts with a large contraction of the domestic market in the second quarter of the year. The devaluation of the Cuban peso and the country's difficult economic situation explain this fact and the large drop in domestic demand.

In Asia, the evolution of China at the beginning of the first half of the year was marked by the end of the anti-Covid restrictions, which were be lifted at the end of 2022. Although borders reopened internationally, the first quarter of the year was mainly fuelled by domestic tourism. Subsequently, occupancy figures and rates were increasing, far exceeding those of the year 2022. The good performance of the MICE and Corporate segments made a significant contribution to improving results. It should be noted that the international market remains a minority compared to the local customer. In Southeast Asia, we see a positive trend during the first half of the year, exceeding the figures for 2022 and 2019. The recovery of the Korean and Chinese markets during the period boosted bookings and improved occupancy figures and rates. For hotels in Vietnam, pre-pandemic revenues are not yet being reached, partly because local demand is moving to other regions without being replaced for the time being by international demand, which is below forecasts.

Outlook

Once again, we have ahead of as a promising summer season, where the willingness to travel remains strong, generating positive prospects for tourism. The post-Covid economic consequences, exacerbated by the war in Ukraine, remains in place and although inflation is high, but in a moderation phase, we have seen no signs of a slowdown in our daily bookings.

For our urban hotels in Spain, our forecast is to outperform 2022. By segment, there is a slight decline in online channels, while the Tour Operation is the best performing segment. Most destinations show revenue growth, thanks to the bleisure nature of these destinations at a time of the year when the corporate customer decreases.

Resort hotels are about to start a new summer season with very positive expectations, thanks to a combination of solid On the books demand and an increase in our main markets. The British market is improving compared to the figures for 2022 thanks to advance sales, while the US market is the fastest growing and contributes the most to the improvement in average rates, especially in the Balearic Islands. Regarding the Canary Islands, the increase in rates is also noteworthy, increasing occupancy. In this second quarter of 2023, Paradisus Salinas starts its operations as the second hotel of the Paradisus brand in Europe, as well as the new Zel Mallorca under the new brand created together with Rafa Nadal.

In EMEA, German destinations with leisure components such as Berlin, Aachen and Hamburg will benefit from urban tourism, with a performance that is expected to be strong. For cities more focused on the Corporate segment, such as Düsseldorf or Frankfurt, these are low season months with limited demand, although it is expected to recover in September with the return of activity with trade fairs and MICE events. In France, the good trend of the previous quarter has continued, with a higher number of On the books bookings compared to the previous year. This increased anticipation is also combined with lastminute bookings which continue to be important. The month of July is expected to be very positive with a combination of corporate and leisure customers, although at the end of August there is a shift towards resort hotels. September is expected to be very positive with important events in the city. In the UK, the third quarter is expected to be substantially better than last year, driven by all segments. With regard to London, the city will host a number of key events that will help to further boost the On the books position. Hotels in the north of the country expect to increase their production mainly thanks to the strong MICE and OTAS outlook. In Italy, expectations for the quarter are positive thanks to a rate increase in July, which is a key month for the high season. With regard to Milan, leisure demand is expected to be strong combined with a good outlook for September thanks to various events.

In the Americas, in Mexico the mix of nationalities continues to be stable, except for a decline in the Canadian market due to a decrease in air connectivity. By segments, the contribution also remains stable, with our direct customer leading the way, accounting for 35% of the volume for the time being. However, since the first week of March, a slight decline in demand from the United States began to be recorded, mainly due to competition with European destinations and the English Caribbean. We continue with strategies to strengthen our direct channel through marketing and commercial campaigns.

In the Dominican Republic, the quarter started with rate improvements where the Direct Channel is the largest converter of superior rooms and the segment with the highest rate contribution to date. In addition, the rest of the segments are growing, with a good performance in particular in MICE, thanks to the holding of medical congresses and local market events, which serve as a basis for the improvement in rates.

In the United States, Orlando shows a stabilisation in the pick-up compared to 2022. Bookings in this case remain in the short term, with domestic and leisure travel being the main source of business. In New York, the positive trend of the year continues thanks to the Tour Operation and Direct Customer segments, which are the fastest growing segments in a market that still seems to have more room for growth. We expect double-digit revenue growth in July and August, stabilising in September when the City's corporate season kicks off.

In Cuba, the quarter is expected to continue with the same trend as the previous one, with improvements in international arrivals but combined with the contraction of the domestic market. On the books bookings are up on last year in all major foreign markets, including Russia. Two new hotels will open in Havana in the third quarter.

In Asia, China is expected to maintain the positive trend thanks to the summer holidays. Family leisure travel will drive demand at our urban resorts across the country. On the other hand, city events, corporate travel and MICE will continue their recovery. International connectivity will continue to increase, which will benefit demand in the industry. In Southeast Asia, the hotels with better contribution will be Melia Bali and Melia Koh Samui, where the capitalisation of international demand is achieved. In the case of Vietnam, an even greater upturn is expected in the Korean market, where the performance of the Melia Vinpearl Hue and the gradual recovery of the Melia Hanoi, especially in the MICE and Corporate segments, stand out. The Chinese market is expected to recover by the end of the year, with Thailand being its country of choice. Two hotels have recently opened in the area, one in Vietnam and one in Thailand.

Other Businesses

Circle and Club by Meliá

Sales during the first half increased by 11.1% compared to the same period of the previous year, thanks to the sales team's strategy of optimising customer acquisition, by informing and identifying potential customers. We also note a slight increase in the average purchase price.

In terms of revenues (IFRS 15), the variation in the quarter was +24.2% compared to the same period of the previous year, continuing the improvement in the bookings by Members and their conversion ratio.

+11.1%
Evolution 1H 2023
Circle by Meliá Sales

+24.2%
Evolution 1H 2023
IFRS 15 revenues
Circle by Meliá

Real Estate Business

During this first half of the year, no transactions for the sale of assets were carried out. The Company continues to work on asset rotation operations.

3. Non-Financial Information

Responsible Business

This report is a new opportunity for Meliá to communicate the progress made in integrating sustainability into our business model, a key lever for creating value for our stakeholders and with the ambition of being recognised as a global benchmark in excellence, responsibility and sustainability.

Throughout the first half of the year, Meliá has worked on and promoted a series of initiatives and projects in the three dimensions of sustainability, among which the following stand out:

Climate Change and Environment

Progress in the Fight Against Climate Change and Environmental Issues

Certified portfolio

Promoting a management system verified by a third party is a demonstration of the internal commitment that allows us to provide visibility, to all our stakeholders, of the progress we have made in environmental issues in the Company's portfolio.

At the end of 2022, we defined a reactivation plan that we have initiated during the first half of this year. Twenty-eight hotels are involved in this process, supported by Earthcheck. In addition, twenty-seven hotels under management have been incorporated into this initiative.

Energy efficiency investments

We focus our investment planning so that our investments contribute directly to our decarbonisation targets. In 2019, we designed a plan to make progress in the optimisation of energy resources with the CO2PERATE project.

With the main objective of optimising electricity consumption from air conditioning, this initiative is based on the use of technology for the monitoring, control and management of our installations, which can be monitored remotely, constantly and even operate automatically through artificial intelligence.

Currently implemented in 64 hotels in Spain, Italy, United Kingdom, Germany, Dominican Republic and Mexico, the project includes the monitoring of 80% of the electrical energy installations and a continuous service of analysis of the energy performance of the installations. This initiative is also part of our value proposition to the owners of 25 hotels under management.

During the first half of 2023, CO2PERATE has enabled us to identify improvements and energy savings that are reflected in the results shown below:

CO2PERATE PROJECT	UNITY	H1 2023	H1 2022	CHANGE
Financial savings	Euros	817,425	864,647	-5.5%
Energy savings	Kwh	5,555,696	5,097,565	9.0%
CO2 Emissions	Kg	1,755,004	1,598,576	9.8%

Despite an increase in the volume of energy savings, as a result of increased activity (9%), economic savings are reduced by the fall in the kWh price (-13%).

Progress in water footprint management: Magnum project

We are aware that water management is at a crucial moment due to the effects of climate change and, therefore, it is vital to study and adopt new paradigms to sustainably manage this resource. It is our responsibility to explore ways of sustainable innovation in order to reduce the environmental impact of our operations and to contribute to the conservation of water, a scarce resource in many of the destinations where we operate.

This is the context of the Magnum project, presented in 2022 to obtain European funds and with the aim of promoting sustainable water management. In collaboration with renowned partners such as Cetaqua, IDP and Aquatec, this project will develop a tool based on the elaboration of a virtual replica of the water infrastructure, with two establishments located in the Canary Islands and Mallorca participating as pilot hotels. The aim of this collaborative project is to improve efficiency in water consumption, identify anomalies and areas for improvement in order to achieve sustainable use of water resources in hotel facilities.

During the first half of this year, the main advances of the project took place in the evaluation of the different sources of information available in the hotels, the analysis of their integration in the tool to be developed and the study of the options available in terms of digitalisation of meters and water flow monitoring in the rooms. These are the initial phases of study and evaluation necessary to develop the architecture of the digital solution.

Balearic Islands (Spain) Circularity Plan

In compliance with the provisions of Law 3/2022, of 15 June, on urgent measures for the sustainability and circularity of tourism in the Balearic Islands, circularity plans have been defined in the 19 hotels located in the Balearic Islands.

Each circularity plan, which is valid for 5 years, sets out the priorities and lines of action, with the ambition of integrating planning, consumption, production and circular commitment guidelines in the hotel operation, and includes all the necessary elements for a correct circular planning and evaluation.

Commitment to sustainable mobility

One of our objectives is to involve our different stakeholders in the fight against climate change, by facilitating the integration of projects in our strategy with the aim of mitigating our impact on the environment.

In 2021, we signed an alliance with WENEA, a company specialising in the installation of charging points for electric vehicles, providing these points in hotels where we have parking facilities. At the end of the first half of this year, we had installed 57 active charging points, obtaining a total charge of 19,314 kWh and 6,393 kgCO2 avoided emissions.

We have also involved our employees by promoting the Meliá Carpool initiative, in alliance with Hoop Carpool, a Spanish platform that connects drivers and passengers who share similar journeys to offer an efficient and sustainable solution.

This initiative is a mobility solution that consists of car sharing between coworkers, fostering relationships between employees, saving money on transportation and reducing CO2 emissions.

Since its implementation at our corporate offices, we have managed to save more than 1,200 kg of CO2, the same amount that 60 trees absorb, and more than 9,200 kilometres have been covered in carpooling.

Social Dimension

Progress in talent management

In the last two years, possibly one of the biggest human resources challenges facing the hotel industry has been the talent attraction. In order to generate a pride of belonging to our sector, we have updated our employer brand with a people-inspired vision, channelling it through a new approach called Very Inspiring People, a programme created with the mission of empowering our industry, increasing its attractiveness and recognition through a differential proposal for new talent, strengthened by the culture and essence of the brand Meliá Hotels International itself. Our aim is to offer an attractive value proposition to attract new professionals who are interested in starting a career in an industry in a continuous process of transformation.

Thus, throughout this first half of the year, we have focused our value proposition with a twofold objective: to attract new professionals with the already famous Talent Days, and to directly attract young university talent through the VIP Summer Season Experience programme.

In the first case, we have offered more than 1,000 vacant positions through 12 recruitment days that have allowed the direct participation of 549 people globally. With a recruitment rate of 23.8%, candidates have experienced experiential and high-impact recruitment days. The quality of these events has been recognised by the participants with an eNPS of 89.11 (Net Promoter Score).

Secondly, we are committed to promoting youth and university employment by offering job opportunities during non-academic periods. We offer students the opportunity to develop new skills, competences and language skills that will enrich their future professional profile.

The intense process of technological transformation that the company is currently undergoing has also allowed it to update its website of job opportunities, careers.melia.com. Available in 6 languages, the new version incorporates the technology needed to enhance the candidate experience through a more efficient and streamlined selection process. The improvements made to the new website have been recognised with a significant increase in visitor traffic, + 230% compared to 2022, exceeding 529,000 visitors and 48,000 subscribers interested in receiving information and news about job opportunities.

Employment creation

In terms of employment generation, during this first half of the year, the Company has incorporated a total of 4,324 new hires, -40.1% compared to the first half of 2022 due to, among other reasons, the stability of our operating portfolio, currently comprising 140 hotels, and after a year in which we have recovered almost all of our employed staff (99.4%).

Despite living in a context of recruitment complexity as a result of the aforementioned competition for talent, the commitment to the incorporation of female talent has been evident throughout this period. 52.4% of new hires, at all levels, are women, with a 57.6% representation in management and leadership positions.

As a result of the impact of the numerous initiatives promoted by Meliá's teams, a total of 2,067 FTE's have been incorporated, with the increase in the number of core staff being the most significant with 14.4% compared to 2022. One of the reasons for this increase is to ensure excellence in customer service, a hallmark recognised worldwide by our customers.

Meliá Hotels International currently operates a diverse portfolio of brands, with a weight of 66% under luxury or premium brands. This new reality has demanded the redesign of our Feel the Beat Service Culture programmes and the creation of internal teams capable of providing in-house training in important destinations such as Mexico, the Dominican Republic, the United Kingdom and Germany.

Training and continuous development

Last June, the company completed its first edition of the MBA Business Analytics & Hospitality Performance, the result of a nine-month collaboration agreement signed the previous year with the prestigious international tourism school VATEL Spain.

The first graduating class has completed the theoretical and practical training in a real working environment, taught by professionals from the company and trainers from the tourism school located in Spain. The second edition is scheduled to start next October.

This programme responds to the need for profiles with analytical skills, as a result of the digital transformation process that the company has been promoting for several years now, and with the need to acquire a transversal vision of the hotel business and the use of technological advances. The students have completed more than 700 practical hours and 540 theoretical hours.

The breakdown of new recruitments is as follows:

GENDER	MANAGEMENT STAFF	MANAGEMENT STAFF	MIDDLE MANAGEMENT	CORE STAFF	TOTAL
M	2023	4	66	1,987	2,057
	2022	4	83	3,496	3,583
F	2023	10	85	2,172	2,267
	2022	0	50	3,583	3,633
TOTAL	**2023**	**14**	**151**	**4,159**	**4,324**
	2022	**4**	**153**	**7,079**	**7,216**

The breakdown of the total average staff is as follows:

GENDER	H1 2023	MANAGEMENT STAFF	MIDDLE MANAGEMENT	CORE STAFF	TOTAL
M	2023	196	887	8,611	9,694
	2022	193	853	7,798	8,844
F	2023	88	829	7,354	8,271
	2022	85	812	6,156	7,053
TOTAL	**2023**	**284**	**1,716**	**15,.965**	**17,965**
	2022	**278**	**1,665**	**13,954**	**15,897**

Below is a breakdown of the average active and employed staff:

REGION	H1 2023	ACTIVE STAFF	STAFF EMPLOYED
AMERICA	2023	8,179	8,179
	2022	7,419	7,419
APAC	2023	53	53
	2022	49	49
EMEA	2023	2,306	2,306
	2022	1,959	1,959
SPAIN	2023	7,426	7,531
	2022	6,470	6,624
TOTAL	**2023**	**17,964**	**18,069**
	2022	**15,897**	**16,051**

Corporate Governance

Changes in the composition of the Board of Directors

The following changes in the composition of the Board of Directors took place during the first half of 2023:

- Resignation of Mr. Gabriel Escarrer Juliá as Chairman of the Board, and subsequent appointment as Honorary Chairman.
- Appointment of Mr. Gabriel Escarrer Jaume as the new Chairman of the Board, becoming Chairman and Chief Executive Officer.
- Re-election of Mr. Gabriel Escarrer Juliá as External Proprietary Director.
- Appointment of Mr. Alfredo Pastor Bodmer as External Proprietary Director.
- Re-election of Ms Cristina Aldámiz-Echevarría González de Durana as External Independent Director.

With the new composition, the Board maintains 54.54% of independent directors and 36.36% of female directors. Both the Appointments, Remuneration and Sustainability Committee and the Board are aware of the 40% target established in the CNMV's Good Governance Code for Listed Companies and the Diversity Directive, and, therefore, wish to emphasise their willingness to incorporate more women on the Board in future selection processes.

Likewise, taking into account the appointment of Mr. Gabriel Escarrer Jaume as Executive Chairman, and in compliance with recommendation number 34 of the Good Governance Code for Listed Companies, the position and functions of Mr. Fernando d'Ornellas as Independent Lead Director take on greater relevance.

The appointment of Mr. Gabriel Escarrer Jaume as new Chairman of the Board has been carried out within the framework of the Succession Plan unanimously approved in December 2016 by the Board of Directors.

Changes in the composition of the Senior Executive Team (SET)

At the end of May 2023, and with effect from 5 June 2023, the following changes in the composition of the SET took place:

- Appointment of Ms Sonia Jerez Burdeus as new Chief Financial Officer of the Company, replacing Ms Pilar Dols Company, who will lead the Family Office of the Escarrer Family.
- Appointment of Mr. Juan Ignacio Pardo García as new Chief Real Estate Officer, replacing Mr. Mark Hoddinott.
- Appointment of Mr. Mariano Pérez de Cáceres as new Chief Legal & Compliance Officer, replacing Mr. Juan Ignacio Pardo García.
- Appointment of Mr. Carlos González Santolaya as new Chief Strategy Officer.

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

- Mr. Gabriel Escarrer Jaume – Chairman of the Board and Chief Executive Officer.
- Mr. André P. Gerondeau – Chief Operating Officer – responsible for the areas of hotel operations and the Group's Vacation Club.
- Mr. Juan Ignacio Pardo García - Chief Real Estate Officer – responsible for the areas of real estate portfolio, asset management, construction, maintenance and procurement.
- Ms Sonia Jerez Burdeus - Chief Financial Officer – responsible for the areas of finance, tax, IT, investor relations, administration and management control.
- Mr. Gabriel Cánaves Picornell – Chief Human Resources Officer – responsible for Human Resources and operations in Cuba.
- Mr. Mariano Pérez de Cáceres - Chief Legal & Compliance Officer – responsible for the areas of legal advice, internal audit, risk, compliance and corporate governance.
- Mr. Carlos González Santolaya - Chief Strategy Officer – responsible for the strategy area, MHS (Melia Hospitality Services) and innovation (Bedigital360).

General Shareholders' Meeting

During the year, the quorum for attendance at the Meeting was increased from 77.31% (2022) to 78.10% of the share capital with voting rights.

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

At the General Shareholders' Meeting held on 22 June 2023, the delegations to the Board regarding the capital increase (including the exclusion of pre-emptive subscription rights) and the issue of simple and convertible debt were renewed.

Diversity Policy

On 22 June 2023, the Board of Directors, at the proposal of the Appointments, Remuneration and Sustainability Committee, approved the new Diversity Policy. This Policy establishes the principles, guidelines and main lines of action in terms of diversity and inclusion which will govern Meliá'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 defending diversity and inclusion as values to be protected and consolidated in the workplace. In addition, the Director Selection Policy has been amended, updating the gender diversity objective for the Board: 40% of women by 2024.

REPUTATION AND RECOGNITION

Product, Service and Brand Strength

Traveler Review Awards 2023 (Booking.com)

More than 200 hotels of the company have been recognised for their value proposition, brand evolution and attributes to adapt their offer to the new traveller. These hotels have obtained a satisfaction rating of more than 8 points based on the opinions that thousands of real customers have shared on the online booking platform.

Palacio de los Duques Gran Meliá Hotel, best luxury hotel in Madrid according to TripAdvisor

Palacio de los Duques Gran Meliá Hotel has been selected as the best luxury hotel out of the top 500 hotels in the city thanks to a luxury experience that goes far beyond its exceptional architecture and setting. Customer reviews have highlighted the friendliness, close and personalised service.

Meliá Hotels International, Spain's strongest brand according to Brand Finance

The latest Brand Finance ranking places Meliá Hotels International as the strongest brand in Spain in absolute terms. Up to one hundred companies have been analysed, and the Company headed by Gabriel Escarrer has been the best rated in this section.

Environment and Sustainability

Falcon's Resorts by Meliá – Ocean Conservancy

Falcon's Resort by Meliá became the first hotel in the Dominican Republic to obtain bronze recognition from the Ocean Conservancy, an NGO with more than five decades dedicated to ocean education and conservation. This recognition highlights its commitment to coastal clean-up and its commitment to achieve litter-free seas and oceans.

Supplier Engagement Leader by CDP

Meliá Hotels International has once again been recognised as a Supplier Engagement Leader by the international organisation CDP (Carbon Disclosure Project), which specialises in environmental impact. The recognition assesses the active involvement of the Group's suppliers in the reduction of CO2 emissions, being the only Spanish hotel company to obtain this recognition, achieving the maximum rating (A).

Business Travel Sustainability Awards Europe (United Kingdom)

Together with its partner JoinUp, Meliá is promoting sustainable mobility for customer and employee travel in Spain, helping to reduce its carbon footprint. The award-winning project aims to be an example to encourage industry to activate alliances with shared goals that transcend business and have a positive impact on the environment.

Los más Ecoistas Award

Meliá Hotels International has been awarded in recognition of its work to promote sustainability in the tourism sector. This award is part of the Piñero Group's promotion of the firm commitment acquired by the agents of the sector in areas related to the fight against climate change and the protection of the environment.

Corporate Reputation and Leadership

Gabriel Escarrer: Personality of the Year at the Spain's Sustainable Media Awards

Organised by Turespaña through its Department of Tourism in London, the first edition of the event recognised the leadership of Gabriel Escarrer Jaume in the area of sustainability, highlighting his career and his example of business leadership aimed at transforming towards sustainable values, in addition to the international recognition by the sector and his enhancement of Meliá Hotels International's commitment to sustainability.

MERCO Companies

Meliá is once again positioned as a leading tourism company in corporate reputation, reaching 21st place in the ranking, improving its position compared to the previous year (+4) and demonstrating the positive assessment from its different stakeholders.

MERCO Leaders

Gabriel Escarrer Jaume once again confirms his reputation and leadership in MERCO Leaders ranking, positioning himself among the top 30 best business leaders in Spain and the first in his sector.

Talent Management

TOP EMPLOYER 2023 Company

Meliá's people management efforts have enabled us to achieve certification for our best practices in talent management in Spain, Mexico, the Dominican Republic, Italy and Germany, countries that account for 92% of our workforce.

Best Companies to Work For (Forbes)

Forbes has recognised us as one of the 100 best Spanish companies to work for, being one of the only two tourism companies in this ranking.

MERCO Talent

Meliá leads the Merco Talent ranking as the most attractive tourism company to work for.

Main Indicators

INDICATOR	UNITY	H1 2022	H1 2023	DIFFERENCE 06.2023-06.2022
E- ENVIRONMENT		PER STAY		
E1. ENERGY MANAGEMENT				
GHG Emissions Scope 1 & 2	CO2e Kg	11.67	11.01	-5.60%
Diesel (Scope 1)	L	0.07	0.08	11.30%
Propane (Scope 1)	Kg CO_2e	0.30	0.29	-3.30%
Natural Gas (Scope 1)	M_3	0.76	0.61	-19.50%
Energy (Scope 2)-Location Based	Kwh	28.62	27.55	-3.70%
Energy (Scope 2)-Market Based	Kwh	15.85	15.19	-4.20%
E2. WATER MANAGEMENT				
Water consumption	M_3	0.68	0.70	3.20%
S- SOCIAL - Labor practices and social development				
S1. TALENT MANAGEMENT				
Average Staff	FTE	15,897	17,964	13.00%
Temporary contracting	FTE	20.00%	13.00%	-0.07
Full-time contracting	FTE	98.00%	97.00%	-0.01

4. Liquidity and Capital Resources

At the end of June, net debt stood at EUR 2,739.2 million, which means an increase of + EUR 66.2 million during the first half of the year. During the same period, net financial debt pre IFRS 16 increased by + EUR 20.4 million, amounting to EUR 1,230.8 million.

The Company remains committed to reduce debt throughout the year through operating cash generation, as well as through other alternatives such as the sale of assets.

The liquidity position (including cash and undrawn credit facilities) amounts to approximately EUR 361.4 million, which is sufficient to cover upcoming debt commitments.

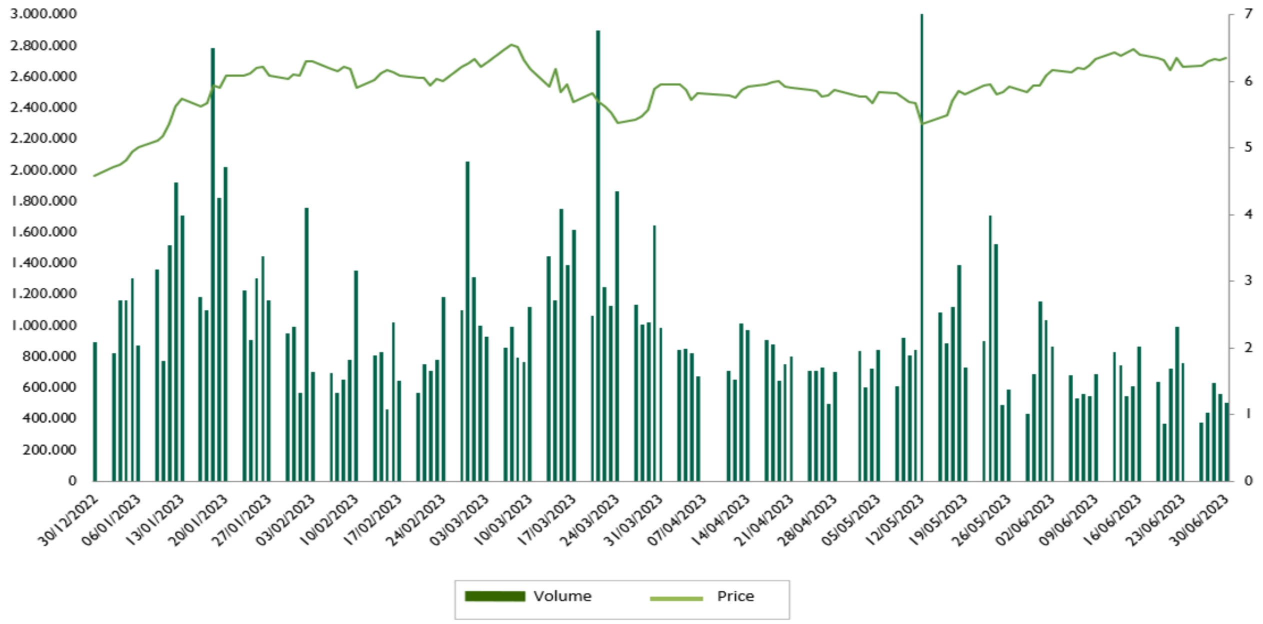
The Company presents the following maturity schedule. The figures shown below (million EUR) exclude credit facilities drawn down and European Commercial Papers (ECP's):

	2,023	2,024	2,025	2,026	2,027	> 5 years	TOTAL
Bank loans & others	58.7	334.6	210.5	255.9	133.2	144.6	1,137.4
Capital Markets	-	-	-	-	-	52.5	52.5
TOTAL DEBT (no policies and ECP)	58.7	334.6	210.5	255.9	133.2	197.1	1,189.9

5. Other Information

Stock Information

The following table shows the evolution of Meliá's stock price during the first half of the year:



	Q1 2023	Q2 2023	2023
Average Daily Volume (Thousand Shares)	1,178.23	814.53	1,001
Melia performance	29.97%	6.72%	38.71%
IBEX 35 performance	12.19%	3.90%	16.57%

	H1 2023	H1 2022
Number of Shares (Millions)	220.40	220.40
Average Daily Volume (Thousand Shares)	1,000.7	1,052.6
Maximum Share Price (euros)	6.56	8.09
Minimum Share Price (euros)	4.71	5.62
Last price (euros)	6.35	6.06
Market capitalization (million euros)	1,399.5	1,334.52

Fuente: Bloomberg
Note: Meliá's shares are listed on Ibex 35 and on the FTSE4Good Ibex.

Dividend Policy

The Board of Directors, in order to strengthen the solvency and liquidity of the Company, decided not to propose to the General Shareholders' Meeting the distribution of dividends, as it did in 2022 with the distribution of benefits for 2021.

Environmental Risks

These Condensed Consolidated Interim Financial Statements do not include any item relating to environmental information that should be included pursuant to Order of the Ministry of Justice dated 8 October 2001.

6. Events After the Reporting Date

As mentioned in Note 16 to the Condensed Consolidated Interim Financial Statements, following the closing of the Balance Sheet and prior to the submission of these Condensed Consolidated Interim Financial Statements, no transactions with significant impacts have been carried out.

PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND MANAGEMENT REPORT FOR THE FIRST HALF OF YEAR 2023

CERTIFICATE OF PREPARATION OF FINANCIAL STATEMENTS. I, the Director-Secretary of the Board of Directors of MELIÁ HOTELS INTERNATIONAL, S.A., hereby issue this certificate to place on record that at the meeting of the Board of Directors of the Company held on 31 July 2023 (Monday); previously convened in a proper and timely manner 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; with address/head office for this purpose in the registered office at Calle Gremio Toneleros, No.24 of E-07009-Palma (Majorca), the attached condensed consolidated interim financial statements and management report have been prepared and approved unanimously by all the members of the Board of Directors, except for Mr. Gabriel Escarrer Juliá, Honorary Chairman of the Board of Directors of Meliá Hotels International, S.A., who did not attend the mentioned meeting following medical instructions, which prevented him from signing the mentioned Interim Financial Statements and Management Report.

The said document (the Condensed Consolidated Interim Financial Statements and the Condensed Consolidated Interim Management Report) is issued in 37 sheets (pages from 1 to 37) and has been signed electronically by me, the Secretary of the Board of Directors.

In witness whereof and for all pertinent legal and formal purposes, I, the Secretary, hereby certify the above information in Palma on 31 July 2023.

Luis Mª Díaz de Bustamante y Terminel
Director-Secretary of
MELIÁ HOTELES INTERNATIONAL, S.A.