Meliá Hotels International, S.A.

Financial Statements for the year ended 31 December 2021 and Directors' Report, together with Independent Auditor's Report

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

Deloitte, 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

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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

Report on the Financial Statements

Opinion

We have audited the financial statements of Meliá Hotels International, S.A. ("the Company"), which comprise the balance sheet as at 31 December 2021, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2021, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.1 to the accompanying financial statements for 2021) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

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

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

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

Key Audit Matters

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

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

Impairment test on assets associated with the hotel activity

Description

As described in Notes 1, 4 and 5 to the accompanying financial statements, in 2021 the Company's business activities, consisting of the management and operation of hotels (owned, leased, managed and franchised) in Spain, continued to be affected by the effects of the covid-19-related crisis, which has led to the closure of hotels and reduced customer numbers as a result of mobility restrictions, as well as other significant challenges, although certain signs of recovery were apparent with respect to 2020.

At the end of each reporting period, management performs an impairment test in order to determine the recoverable amount of the assets associated with the hotel activity, which include property, plant and equipment, intangible assets and investment property with an aggregate carrying amount of EUR 380 million at 31 December 2021.

In order to calculate the recoverable amount of each cash-generating unit ("CGU"), management generally considers the calculation of the value in use of each of those units based on the estimate of future cash flow generation, whilst still taking into consideration the impacts of covid-19, and applying growth and discount rates adjusted for Spain.

In this context, the circumstance described represents a key audit matter, given the significance of the carrying amount of the assets associated with the hotel activity in the balance sheet, and given that the valuation methods used require the use of significant estimates involving a significant degree of uncertainty exacerbated by the ongoing presence of covid-19, such as certain operating assumptions, including the reopening of hotels, the recovery of occupancy rates and the containment of both costs and investments, and financial assumptions such as the discount rate and the long-term growth rate.

Procedures applied in the audit

Our audit procedures included, among others, evaluating the accounting policies for determining the recoverable amount of the assets associated with the hotel activity described in Notes 4.4 and 4.10 to the accompanying financial statements for 2021, in order to evaluate their consistency with the applicable regulatory financial reporting framework.

Also, in order to identify possible bias in management's assumptions, we retrospectively reviewed the estimates made in the previous year, evaluating the degree to which they were realised, as well as those made in prior years, checking them against historical information. Moreover, we obtained the impairment tests performed by management on the Company's hotel assets, and we verified their clerical accuracy and the appropriateness of the valuation methodology used in each case, with the assistance of our internal valuation specialists. We also obtained the most recent budgets approved by the directors, adjusted to the current circumstances of the market in which the Company operates, and, for the hotels with indicators of impairment, we evaluated the reasonableness of their main operating assumptions compared with macroeconomic and industry forecasts, taking into account the existing uncertainty with regard to overcoming the pandemic and the gradual recovery of the Company's business activities, and, for the long-term projections, their reasonableness compared with the hotels' historical data. Additionally, we analysed the reasonableness of the discount rates and the long-term growth rates applied, also with the assistance of our valuation specialists, and we reviewed the sensitivity analyses performed in relation to these assumptions, after having performed our own independent sensitivity analysis to evaluate other less favourable potential scenarios.

Lastly, we evaluated whether the disclosures made by the Company in relation to these matters, which are included in Notes 7, 8, 9 and 13.1 to the accompanying financial statements, contained the information required by the applicable accounting regulations, including an appropriate level of transparency regarding the consequences of the pandemic and the uncertainty existing in relation to the recovery of the business activities and, as the case may be, regarding the impacts on the determination of the recoverable amount of the assets associated with the hotel activity.

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

Description

The Company has ownership interests in the share capital of various companies that form the Group of which it is the parent, which engage mainly in the operation of hotels, owned both by it and by third parties, operated under a lease, management or franchise arrangement, and with which it also has receivables and payables with varying maturity dates. The carrying amount of the Company's net investment in these companies, recognised mainly under "Non-Current Investments in Group Companies and Associates", "Current Investments in Group Companies and Associates", "Non-Current Payables to Group Companies and Associates" and "Current Payables to Group Companies and Associates" in the accompanying balance sheet as at 31 December 2021 amounts to EUR 1,601 million. In accordance with the applicable regulatory framework, at year-end the directors performed an impairment test on the aforementioned investment, determining its recoverable amount as the equity of the investees adjusted by unrealised gains, in particular the difference between the present value of the future cash flows of the investees, estimated still considering the impacts of covid-19, and the carrying amount of their net assets. As a result of the test performed, the Company recognised impairment losses on the investments in Group companies and associates and an addition to the provision for the investees' equity deficit for a net amount of EUR 14.7 million.

This was a key matter in our audit due to the significance of the investment with respect to the total volume of the Company's assets and liabilities, and because the calculation of the recoverable amount is complex and depends on significant estimates involving a significant degree of uncertainty, exacerbated by the ongoing presence of covid-19, such as certain operating and financial assumptions.

Procedures applied in the audit

Our audit procedures included, among others, the review of the accounting policies relating to the measurement of investments in Group companies, associates and joint ventures disclosed in Note 4.5 to the accompanying financial statements for 2021, in order to evaluate their consistency with the applicable regulatory financial reporting framework.

Also, with a view to identifying possible bias in management's assumptions, we conducted a retrospective review of the cash flow estimates of the investees for 2021, and we obtained the impairment test performed by Company management on the net investment in Group companies and associates, verifying its clerical accuracy and the appropriateness of the valuation method used in relation to the investment held, as well as the consistency of the equity of the investees with their accounting records.

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

Lastly, we evaluated whether the disclosures included in Notes 5.2, 10.1, 13.1 and 18 and Appendix I to the accompanying financial statements for 2021 in connection with this matter were in conformity with those required by the applicable accounting regulations.

Liquidity situation

Description

As indicated in Note 5.3 to the accompanying financial statements for 2021, the crisis caused by covid-19 has continued to have a negative impact on the profit or loss and liquidity situation of the Company and of its Group. At 31 December 2021, the Company's bank borrowings, as well as its debt instruments and other marketable securities and other financial liabilities, amounted to EUR 1,108 million, while the net financial position with its investees was an account receivable of EUR 548 million. Following the transactions entered into in 2020 to cover its working capital requirements and to adapt the maturity of its debt to its capacity to generate cash projected at 2020 year-end, in 2021 the Company carried out an asset rotation transaction amounting to EUR 188.5 million and issued debt for an amount lower than the repayments made under the financing agreements in force, whilst maintaining significant amounts of undrawn credit facilities and available funding.

In this regard, the Company's directors prepared the Group cash budget, considering the obligations assumed at the end of the reporting period and the cash flows to be generated in adverse scenarios in view of the uncertainty existing with respect to the recovery of the business activities, and taking into account potential liquidity improvement measures to be taken should they be necessary.

In the preparation of the aforementioned cash budget, as described in Notes 4.4 and 5.3 to the accompanying financial statements, the Company's directors had to apply a high level of judgement and significant estimates, taking into account the Group business plan, which contains relevant operating and financial assumptions, and the probability that, if necessary, the potential liquidity improvement measures could be taken, in order to assess the Company's ability to meet the liquidity needs and, therefore, the situation described was considered to be a key matter in our audit.

Procedures applied in the audit

Our audit procedures included, among others, the evaluation of the overall reasonableness of the estimates made by the Company's directors in relation to the business plan and the approved cash budget, including the evaluation of the degree to which the previous year's predictions were realised, and the sufficiency of the net inflows of funds envisaged in the aforementioned estimates to cover the financial needs and obligations of the Company and of its Group.

Also, we reviewed the documentation of the asset rotation transaction and the inflow of funds therefrom, obtained confirmations from banks regarding both the cash balances and bank borrowings and the undrawn credit facilities held at 31 December 2021, and checked the financing agreements entered into in 2021 and subsequent to year-end, in order to gain an adequate understanding of the milestones and repayment obligations assumed by the Company and the Group and to check their consistency with the projections of debt maturities and liquidity needs included in the cash budget.

In addition, we analysed the Company's ability to meet its obligations in the event of variances from its projections through liquidity improvement measures, evaluating the reasonableness of these measures and the probability of their materialising for the amounts and in the time periods envisaged, by, inter alia, checking the minutes of the meetings of the managing bodies held up to the date of this report, reviewing the documents associated with the various alternatives considered and checking them with senior executives of the Company through meetings with them.

Lastly, we checked that the disclosures included in Note 5 to the accompanying financial statements in connection with this matter were in conformity with those required by the applicable accounting regulations.

Other Information: Directors' Report

The other information comprises only the directors' report for 2021, the preparation of which is the responsibility of the Company's directors and which does not form part of the financial statements.

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

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

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

Based on the work performed, as described above, we observed that the information described in section a) above was furnished as provided for in the applicable legislation and that the other information in the directors' report was consistent with that contained in the financial statements for 2021 and its content and presentation were in conformity with the applicable regulations.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital file in European Single Electronic Format (ESEF) of Meliá Hotels International, S.A. for 2021, which comprises an XHTML file including the financial statements for 2021, which will form part of the annual financial report.

The directors of Meliá Hotels International, S.A. are responsible for presenting the annual financial report for 2021 in accordance with the format requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation"). Our responsibility is to examine the digital file prepared by the Company's directors, in accordance with the audit regulations in force in Spain. Those regulations require that we plan and perform our audit procedures in order to ascertain whether the content of the financial statements included in the aforementioned file corresponds in full to that of the financial statements that we have audited, and whether those financial statements were formatted, in all material respects, in accordance with the requirements established in the ESEF Regulation.

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

Additional Report to the Audit and Compliance Committee

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit and compliance committee dated 25 February 2022.

Engagement Period

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

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

Pablo Hurtado March
Registered in ROAC under no. 20408

28 February 2022

Appendix to our auditor's report

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

MELIÃ HOTELS INTERNATIONAL | Leisure at heart, business in mind

Individual Annual Accounts And Management Report

2021

Notes to the Annual Accounts

Management Report

Preparation of the Annual Accounts and Management Report for 2021

Balance Sheet as at 31 December 2021

(thousand €)			ASSETS	Notes	31/12/2021	31/12/2020
A			NON-CURRENT ASSETS		2.029.671	2.074.135
	I		**Intangible Assets**	7	**41.315**	**37.809**
		1	Patents, licences, trademarks and similar rights		33	40
		2	Software		27.789	26.261
		3	Other intangible assets		13.493	11.508
	II		**Property, plant and equipment**	8	**320.695**	**413.107**
		1	Land and buildings		275.985	348.213
		2	Plant and other fixed assets		44.510	64.595
		3	Fixed assets under construction and advances		200	299
	III		**Investment property**	9	**18.052**	**18.777**
		1	Land		1.803	1.803
		2	Buildings		16.249	16.974
	IV		**Long-term investments in group companies and associates**	10.1	**1.540.947**	**1.514.868**
		1	Equity instruments		1.053.492	1.038.118
		2	Loans to companies	18	487.455	476.750
	V		**Long-term financial investments**	10.1	**44.644**	**19.521**
		1	Equity instruments		19.543	4.026
		2	Loans to companies		15.384	5.653
		3	Derivatives		40	
		4	Other financial assets		9.677	9.842
	VI		**Deferred tax assets**	15.4	**64.018**	**70.053**
B			CURRENT ASSETS		503.381	435.397
	I		**Inventories**	11.1	**3.474**	**4.300**
		1	Trade		129	177
		2	Raw materials and other supplies		3.129	3.910
		3	Advances to suppliers		216	213
	II		**Trade and other receivables**	11.2	**79.422**	**108.447**
		1	Trade receivables for sales and services		26.182	16.332
		2	Trade receivables, group companies and associates	18.2	45.945	48.787
		3	Sundry debtors		1.112	3.813
		4	Staff		42	112
		5	Current tax assets	15.1	1.062	16.121
		6	Other receivables from Public Administrations	15.1	5.079	23.282
	III		**Short-term investments in group companies and associates**	10.1,18	**410.694**	**306.152**
		1	Loans to companies		21.717	10.829
		2	Other financial assets		388.977	295.323
	IV		**Short-term financial investments**	10.1	**7.675**	**12.848**
		1	Equity instruments		82	76
		2	Loans to companies		2.433	2.155
		3	Other financial assets		5.160	10.617
	V		**Short-term accruals and deferrals**		**460**	**1.466**
	VI		**Cash and other cash equivalents**	11.3	**1.656**	**2.184**
		1	Cash		883	1.193
		2	Other cash equivalents		773	991
			TOTAL ASSETS		2.533.052	2.509.532

Notes 1 to 20 described in the attached notes to the annual accounts are an integral part of the balance sheet as at 31 December 2021.

Balance Sheet as at 31 December 2021

(thousand €)		EQUITY AND LIABILITIES	Notes	31/12/2021	31/12/2020
A		EQUITY		766.192	845.117
I		**Equity**	12.1	**766.284**	**846.762**
	1	Capital		44.080	44.080
	2	Share premium		1.079.054	1.079.054
	3	Reserves		325.181	324.683
	4	Treasury stock and shares		(3.599)	(3.382)
	5	Prior-year results (profit/loss)		(597.674)	(583.546)
	6	Profit or loss for the period	3	(80.758)	(14.127)
II		**Measurement adjustments**	12.2	**(1.023)**	**(2.620)**
	1	Hedging operations		(1.023)	(2.620)
III		**Grants, donations and bequests received**	12.3	**931**	**975**
B		NON-CURRENT LIABILITIES		1.295.507	1.240.037
I		**Long-term provisions**	13	**145.816**	**130.692**
	1	Long-term employee benefit liabilities		8.187	9.146
	2	Other provisions		137.629	121.546
II		**Long-term payables**	10.2	**916.911**	**861.602**
	1	Bonds and other negotiable securities		51.971	29.665
	2	Bank loans		863.729	828.317
	3	Derivatives		648	2.987
	4	Other financial liabilities		563	633
III		**Long-term payables to group companies and associates**	10.2, 18	**178.698**	**188.873**
IV		**Deferred tax liabilities**	15.4	**49.622**	**57.525**
V		**Long-term accruals and deferrals**		**4.460**	**1.345**
C		CURRENT LIABILITIES		471.353	424.378
I		**Short-term payables**	10.2	**190.991**	**235.000**
	1	Bonds and other negotiable securities		77.565	117
	2	Bank loans		104.460	222.088
	3	Derivatives		1.656	1.985
	4	Other financial liabilities		7.310	10.810
II		**Short-term payables to group companies and associates**	10.2, 18	**171.546**	**93.565**
III		**Trade creditors and other payables**	14	**107.921**	**95.680**
	1	Suppliers		7.372	9.761
	2	Suppliers, group companies and associates	18.2	2.594	18.603
	3	Sundry creditors		50.917	32.075
	4	Accrued wages and salaries		27.620	16.732
	5	Other payables to Public Administrations	15.1	10.634	8.926
	6	Prepayments from customers		8.784	9.583
IV		**Short-term accruals and deferrals**		**895**	**133**
		TOTAL EQUITY AND LIABILITIES		2.533.052	2.509.532

Notes 1 to 20 described in the attached notes to the annual accounts are an integral part of the balance sheet as at 31 December 2021.

Income Statement for the Year Ended 31 December 2021

(thousand €)		Notes	2021	2020
A	CONTINUING OPERATIONS			
1	**Net revenues**	17.1	**227.866**	**132.412**
a	Sales		191.391	111.969
b	Provision of services		36.475	20.443
2	**In-house work on assets**		**171**	**20**
3	**Supplies**	17.2	**(16.230)**	**(9.625)**
a	Consumption of goods		1.659	2.065
b	Consumption of raw materials and other consumables		(17.889)	(11.690)
4	**Other operating income**	17.1	**37.125**	**27.767**
a	Non-core and other current operating income		16.393	16.959
b	Operating grants included in profit/(loss) for the year		20.732	10.808
5	**Staff costs**	17.3	**(118.067)**	**(109.242)**
a	Wages, salaries and similar items		(86.619)	(75.285)
b	Social charges		(31.448)	(33.957)
6	**Other operating expenses**	17.4	**(213.473)**	**(218.982)**
a	External services		(197.553)	(201.402)
b	Tax		(12.556)	(7.879)
c	Losses on, impairment of and change in trade provisions		(2.898)	(1.633)
d	Other current operating expenses		(466)	(8.068)
7	**Depreciation**	7, 8, 9	**(44.334)**	**(50.322)**
8	**Allocation of grants for non-financial fixed assets and other grants**	12.3	**61**	**62**
9	**Impairment and profit/(loss) on disposal of fixed assets**		**5.455**	**(32.259)**
a	Impairment and losses	8, 9	5.455	(32.689)
b	Profit/(loss) on disposals and other disposals			430
A.1	OPERATING INCOME		(121.426)	(260.169)
10	**Financial income**	17.5	**19.819**	**358.914**
a	From equity interests		3.364	343.516
b	From negotiable securities and other financial instruments		16.455	15.398
11	**Financial expenses**	17.5	**(34.493)**	**(36.037)**
a	On payables to group companies and associates		(7.136)	(12.193)
b	On payables to third parties	18.2	(27.357)	(23.844)
12	**Change in fair value of financial instruments**		**(711)**	**(137)**
a	Trading portfolio and other financial instruments		(711)	(137)
13	**Exchange differences**	17.6	**8.665**	**517**
14	**Impairment and profit/(loss) on disposals of financial instruments**		**27.283**	**(93.838)**
a	Impairment and losses	10.1,13.1	(14.744)	(93.838)
b	Profit/(loss) on disposals and other disposals	10.1	42.027	
A.2	NET FINANCIAL PROFIT (LOSS)		20.563	229.419
A.3	NET PROFIT (LOSS) BEFORE TAX		(100.863)	(30.750)
15	**Income tax**	15	**20.105**	**16.623**
A.4	PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		(80.758)	(14.127)
A.5	PROFIT/(LOSS) FOR THE YEAR	3	(80.758)	(14.127)

Notes 1 to 20 described in the attached notes to the accounts are an integral part of the income statement as at 31 December 2021.

Statement of Changes in Equity for the Year Ended 31 December 2021

a) Statement of recognised income and expenses

(thousand €)	Notes	2021	2020
A) Income statement results		(80.758)	(14.127)
Income and expenses directly attibuted to equity			
I On cash flow hedges	10.3	963	(2.099)
II Actuarial gains and losses and other adjustments	13.1	(536)	(377)
III Tax effect	15	(102)	615
B) Total income and expenses directly attributed to equity		325	(1.861)
Transfers to income statement			
IV For valuation of financial instruments			19.979
1 Other income/expenses			19.979
V On cash flow hedges	10.3	1.167	1.862
VI Grants, donations and bequests received	12.3	(61)	(62)
VII Tax effect	15	(280)	(330)
C) Total transfers to income statement		826	21.449
Total recognised income and expenses		(79.607)	5.462

b) Statement of changes in equity

(thousand €)	Notes	Share capital	Share premium	Reserves	Treasury shares	Prior-year profit / (loss)	Profit / (loss) for the fiscal year	Measurement adjustments	Grants, donations and bequests received	Total
A) BALANCE AT THE END OF YEAR 2019		45.940	1.107.135	332.332	(28.191)	(606.870)	23.324	(2.558)	1.022	872.134
B) ADJUSTED BALANCE, BEGINNING OF THE YEAR 2020		45.940	1.107.135	332.332	(28.191)	(606.870)	23.324	(2.558)	1.022	872.134
I. Total recognised income and expenses				**19.696**			**(14.127)**	**(62)**	**(46)**	**5.462**
II. Operations with shareholders or owners		**(1.860)**	**(28.081)**	**(27.344)**	**24.809**					**(32.477)**
1. Operations with treasury shares		(1.860)	(28.081)	(28.191)	24.809					(33.324)
2. Other operations with shareholders or owners				846						846
III. Other changes in equity						**23.324**	**(23.324)**			
C) BALANCE AT THE END OF THE YEAR 2020		44.080	1.079.054	324.683	(3.382)	(583.546)	(14.127)	(2.620)	975	845.117
D) ADJUSTED BALANCE, BEGINNING OF THE YEAR 2021		44.080	1.079.054	324.683	(3.382)	(583.546)	(14.127)	(2.620)	975	845.117
I. Total recognised income and expenses				**(402)**			**(80.758)**	**1.597**	**(44)**	**(79.607)**
II. Operations with shareholders or owners				**1.143**	**(217)**					**926**
1. Operations with treasury shares	12.1				(217)					(217)
2. Increase (decrease) in equity resulting from a merger between group companies				1.143						1.143
III. Other changes in equity				**(243)**		**(14.127)**	**14.127**			**(243)**
E) BALANCE AT THE END OF YEAR 2021		44.080	1.079.054	325.181	(3.599)	(597.674)	(80.758)	(1.023)	931	766.192

Notes 1 to 20 described in the attached notes to the annual accounts are an integral part of the statement of changes in equity as at 31 December 2021.

Cash Flow Statement for the Year Ended 31 December 2021

(thousand €)	Notes	2021	2020
A) OPERATING ACTIVIES CASH FLOW			
1. Result (profit/loss) for the fiscal year before taxes		(100.863)	(30.750)
2. Result adjustments		17.811	(111.568)
a) Depreciation	7, 8, 9	44.334	50.322
b) Value adjustments for impairment	10.1,11.2	12.186	126.926
c) Change in provisions		438	35.236
d) Allocation of grants	12.3	(61)	(62)
e) Profit/loss on disposal of fixed assets			(430)
f) Profit/loss on disposal of financial instruments	10	(42.027)	
g) Financial income	17.5	(19.819)	(358.914)
h) Financial expenses	17.5	34.493	36.037
i) Exchange rate differences		(8.665)	(517)
j) Change in fair value of financial instruments	10	711	137
k) Other income and expenses		(3.780)	(303)
3. Changes in working capital		28.201	(87.880)
a) Inventories	11.1	144	196
b) Trade and other receivables	11.2	14.812	(35.384)
c) Other current assets	11.3	1.006	594
d) Creditors and other payables	14	8.465	(42.125)
e) Other current liabilities			(3.264)
f) Other non-current assets and liabilities		3.775	(7.897)
4. Other cash flows from operating activities		(6.186)	290.798
a) Interest paid		(28.430)	(24.451)
b) Dividends received		6.145	313.583
c) Interest received		43	1.618
d) Collections (payments) on income tax		16.056	48
5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)		(61.038)	60.600
B) CASH FLOWS FROM INVESTMENT			
6. Payments on investments		(104.708)	(186.439)
a) Group companies and associates	10.1	(64.211)	(151.980)
b) Intangible assets	7	(15.946)	(7.564)
c) Property, plant and equipment	8	(14.042)	(22.434)
d) Investment property	9	(239)	(1.063)
e) Other financial assets	10	(10.270)	(3.397)
7. Collections on divestments		189.068	5.522
a) Group companies and associates	10.1	188.558	4.228
b) Property, plant and equipment	8		496
c) Other financial assets	10	510	798
8. Cash flows from investment (7-6)		84.361	(180.917)
C) CASH FLOWS FROM FINANCING			
9. Collections and payments on equity instruments		(217)	(33.324)
a) Acquisition of own equity instruments	12.1,10.1	(217)	(33.324)
10. Collections and payments on financial liability instruments		(23.391)	10.728
a) Issuance		**387.509**	**612.139**
1. Bonds and other negotiable securities	10.2	171.670	95.600
2. Bank loans	10.2	209.979	516.539
3. Other debts		5.860	
b) Redemption and repayment of		**(410.900)**	**(601.411)**
1. Bonds and other negotiable securities	10.2	(71.600)	(95.600)
2. Bank loans	10.2	(304.738)	(61.959)
3. Payables to group companies and associates	18.2	(34.562)	(443.852)
11. Cash flows from financing (+/-9+/-10)		(23.608)	(22.596)
D) EFFECT OF CHANGES IN EXCHANGE RATES		(243)	846
E) NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS (+/-5+/-8+/-11+/-D)		(529)	(142.067)
F) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2.184	144.251
G) CASH AND CASH EQUIVALENTS AT THE YEAR-END	11	1.656	2.184

Notes 1 to 20 described in the attached notes to the annual accounts are an integral part of the cash flow statement as at 31 December 2021.

Notes to the Annual Accounts for the Year Ended 31 December 2021

Note 1. Company's Activity

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

Meliá Hotels International, S.A. is the parent company of Meliá Hotels International Group (hereinafter, the "Group"). On 28 February 2022, as required by the Commercial Code, the Group's consolidated annual accounts as at 31 December 2021 are prepared, pursuant to the International Financial Reporting Standards (IFRS) published by the International Accounting Standard Board (IASB) and adopted by the European Union, which show a consolidated loss attributable to the parent company for the amount of EUR 192.9 million and a consolidated equity attributed to the parent company for the amount of EUR 303.3 million.

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

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

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

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

With over 60 years of history, the Group has consolidated its international presence with 316 hotels in 36 countries, mainly Spain, Latin America, Europe and Asia. With a solid experience in seven brands to attend the different demands of its customers, which evidences its leadership in vacation hotel and bleisure sectors, the Group aims to position itself amongst the world's leading hotel groups in the upper-medium segment, as well as to be recognised as a world leader in terms of excellence, responsibility and sustainability.

Merger by absorption of wholly-owned companies

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

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

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

According to the information required, Annex III of these Annual Accounts incorporates the last balance sheets of the absorbed companies, included in the accounts of the absorbing company by merger, as appear in the various notes to these annual accounts under columns "Merger Additions / Disposals" and "Merger Balances", mainly in Note 10.1 concerning shareholdings in Group companies and associates.

Note 2. Basis of Presentation of the Annual Accounts

2.1 Regulatory Framework for Financial Reporting Applicable to the Company

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

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

Royal Decree 1/2021 of 12th January has introduced changes and amendments in the following matters:

- Amendment to the Conceptual Framework regarding the concept and definition of “Fair Value”.
- Amendment to the 9th Recognition and Measurement Standard: “Financial Instruments”.
- Amendment to the 10th Recognition and Measurement Standard: “Inventories”.
- Amendment to the 11th Recognition and Measurement Standard: “Foreign Currency”.
- Amendment to the 14th Recognition and Measurement Standard: “Revenue from Sales and Services Rendered”.

The Company has adopted the above-mentioned amendments, although their impact was not significant on these annual accounts.

According to the amendment to the 9th Standard on financial instruments, new criteria for measurement and classification of financial instruments have been defined. The assets previously classified under heading loans and other receivables, are now fully included under heading financial assets at amortised cost, since they relate to cash flows deriving only from collection of principal and interest. In addition, the amounts in relation to equity investments in Group companies and associates are now recognised under heading financial assets at cost.

Following the analysis of the new classification of financial assets and liabilities, no additional changes other than those already mentioned have been identified. The relevant breakdowns are provided in Note 4.5.1 and Note 4.5.2, respectively.

Regarding amendment to the 14th Standard on recognition of revenues, the Company recognises the revenues from hotel customers as long as the obligations thereto are satisfied, and the revenues relating to the services provided in the hotel (whether making available the rooms or other services) are recognised daily. Therefore, the implementation of the 5 steps based on the transfer of control of the assets or services committed to the customer, has had no significant impacts on the Company’s accounts. Further details are included in Note 4.17.

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

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

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

2.2 True Image

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

2.3 Comparability

For comparison purposes, the annual accounts include the figures of each of the items in the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes to the annual accounts for year 2021 and for the previous year, which were part of the notes to the annual accounts for 2020.

2.4 Critical Issues on Measurement and Estimate of Uncertainty

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

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

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

Provision for income tax

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

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

Fair value of derivatives

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

Estimated impairment loss on non-financial assets

The Company verifies annually whether there is an impairment loss in respect of fixed assets, in accordance with Notes 4.4, 7, 8 and 9. The estimate of the recoverable amount of the asset is based on the valuations made by independent experts, which mainly use the discounted cash flow as a valuation criterion.

Post-employment benefits

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

The valuation of these commitments has been calculated by reputable independent experts using actuarial valuation techniques. Note 13.1 gives details of the assumptions used to calculate these commitments.

Provision for onerous contracts

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

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

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

Recoverable amount of equity investments in Group companies and associates

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

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

2.5 Cash Flow Statement

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

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

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

2.6 Statement of Changes in Equity

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

Note 3. Allocation of Results

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

(thousand €)	2021
Basis of distribution	
Gains and losses (year's losses)	(80.758)
Allocation	
To prior years' losses	(80.758)

Given the continuation of the Covid-19 impacts, the Board of Directors will not propose to the General Shareholders' Meeting the distribution of dividends charged to reserves, as it did in 2020.

Note 4. Recognition and Measurement Standards

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

4.1 Intangible Assets

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

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

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

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

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

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

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

4.2 Property, Plant and Equipment

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

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

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

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

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

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

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

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

4.3 Investment Property

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

Property, plant and equipment criteria are used for the measurement and depreciation of investment properties, as described in Note 9. Unbuilt land is measured at acquisition cost plus fitting-out costs. Buildings are measured at acquisition or production cost, including the additional expenses incurred until initial operation.

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

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

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

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

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

In assessing value in use, the Company projects future cash flows by considering the budget approved by its governing bodies for 2022, and applying growth assumptions that are consistent with the market in which the asset operates and its historical performance for a period of 5 years and estimating a residual value according to a long-term growth rate not higher than the expected growth of the economy and the sector in which the asset operates. Estimated future cash flows are discounted using a discount rate before taxes which reflects changes in the value of money over time in the current market and the specific risks of the asset which have not been adjusted in the estimated future cash flows, mainly the risks of the business and the country in which the asset is located, as well as the significant climate risks that may affect it.

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

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

4.5 Financial Instruments

4.5.1 Financial Assets

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

Following the entry into force of Royal Decree 1/2021, the assets previously classified under heading loans and other receivables, are now included under heading financial assets at amortised cost, since they relate to cash flows deriving only from collection of principal and interest.

a) *Financial assets at cost*

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

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

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

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

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

c) *Financial assets at amortised cost*

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

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

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

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

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

d) *Derecognition of financial assets*

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

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

e) *Impairment of financial assets*

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

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

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

4.5.2 Financial Liabilities

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

a) *Issuance of debentures and other marketable securities*

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

b) *Bank loans*

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

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

c) *Debts with group companies and associates*

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

d) *Derecognition of financial liabilities*

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

4.5.3 Hedge Activities and Derivatives

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

a) *Accounting hedges*

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

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

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

b) *Derivatives not qualifying for hedge accounting*

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

4.6 Inventories

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

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

4.7 Cash and Other Cash Equivalents

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

4.8 Treasury Shares

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

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

4.9 Grants, Donations and Bequests Received

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

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

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

4.10 Provisions and Contingencies

Provisions are recognised when the Company:

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

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

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

Onerous contracts

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

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

Post-employment benefits

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

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

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

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

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

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

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

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

4.11 Leases

Finance Leases

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

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

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

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

Operating leases

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

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

4.12 Trade Creditors and Other Payables

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

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

4.13 Corporate Income Tax

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

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

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

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

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

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

4.14 Current and Non-Current Items

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

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

4.15 Transactions in Foreign Currency

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

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

4.16 Assets of an Environmental Nature

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

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

4.17 Income and Expenses

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

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

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

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

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

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

Sale of rooms and other related services

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

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

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

Provision of hotel management services

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

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

Sale of fixed assets

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

Lease income

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

Interest income

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

Dividends

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

4.18 Transactions with Related Parties

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

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

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

4.19 Termination Benefits

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

4.20 Business Combinations

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

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

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

Note 5. Impacts of Covid-19

The health crisis in 2021 continued to be an additional market variable, at both national and international level, with constant ups and downs throughout the year. Despite this, in 2021, a partial recovery of the activity has been observed, which allows to glimpse the beginning of the overcoming of the pandemic. However, the emergence of other variants at the end of 2021, reflects the volatility of the situation and the high degree of uncertainty on the evolution of the economic activity.

The Company continues to be focused on “the day after”, relying on the comprehensive digital transformation, sustainability and evolution of a more efficient organisational model, because in the post-Covid environment, tourism is more demanding in terms of responsibility and awareness of the environment, more digital, more focused on experiences and safety and, therefore, much more competitive. Thus, a new strategic roadmap has been defined which purpose is to promote the commercial and distribution strength, the growth of quality, profitability and sustainability, and the evolution of experiences that are offered to customers under a “total revenue” model or comprehensive revenue management.

The impacts and measures that the Group continues to apply for the management of Covid-19 are shown below:

5.1 Impact on the Business and on Alternative Performance Measures

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

In this sense, Spain has shown a dual evolution, which is positive in vacation destinations and very positive in destinations with a higher volume of national customers. However, destinations that are more dependent on British customers have registered a lesser degree of recovery. The consolidation of last-minute reservations and the preference for superior rooms stand out.

As a result of the above and considering the recovery signs observed during the year, operating revenues of hotel assets under ownership and under lease, as well as revenues from management fees increased by 80% compared to 2020. On the other hand, the Company’s RevPaR has increased by 18% this year. The occupancy rate has increased by 2.6 points and the number of available rooms increased by more than 1 million, i.e. by 56.1% compared to the previous year.

It is worth mentioning that, in order to maximise the well-being and safety in the Company’s hotels, and adapting to the new needs and demands from customers, the Company already implemented in 2020 the programme Stay Safe With Meliá, which is certified by Bureau Veritas, in order to manage the necessary preventive measures to be applied against Covid-19.

Considering the current uncertainty scenario, the directors continue to assess and monitor the ongoing implementation of additional measures or the modification of the existing ones to adapt the Company’s operations to the pandemic evolution, reviewing and/or adjusting estimates that may affect the carrying value of assets and liabilities in the balance sheet, as well as certain financial risks: market risk (exchange rate risk and interest risk), credit risk and liquidity risk.

In that sense, they have carried out an assessment which is consistent with the best information available, the results of which include the following noteworthy aspects:

5.2 Estimates and Recoverable Value of Fixed Assets

Considering the complexity and volatility of the current situation, the directors and the Management of the Company continue to review the value of its assets in case there is an indication of impairment loss, such as significant changes in the economic environment with adverse impact.

Hotel assets under ownership

Regarding hotels under ownership, which include owned hotel assets as well as investment property, the Company has obtained in 2021 appraisals of certain assets located in different geographic areas in which the activity is developed. Such appraisals made by an independent expert did not have significant impacts on the financial statements.

The valuations were carried out following the RICS Global Valuation Standards and were based on the discounted cash flows criterion, and they indicate the estimate of the potential impact that this pandemic may have on net revenues, growth expectations and discounts of each asset owned by the Group.

For the other assets, changes in value have been applied to the appraisals made by the independent expert and have been compared to the carrying value at year end, with the resulting amount not being significant. Therefore, during this year, no additional impairments or reversals for this type of assets have been recognised.

Lease contracts on hotel assets

Regarding hotels under lease, the Company has restated the recoverable value of the rights of use and other assets associated with each contract, including associated goodwill, based on the updated forecasts included in the estimated business plan.

In assessing such value in use, the Company has taken as a basis the mentioned updated business plan, projecting the future cash flows per hotel and estimating a residual value according to a long-term growth rate not higher than the expected growth of the economy and the sector in which the asset operates. Estimated future cash flows are discounted using a discount rate before taxes, which has been reviewed with regard to that used as at 31 December 2020, in order to reflect changes in the value of money over time in the current market and the specific risks of the asset which had not already been adjusted in the estimated future cash flows, mainly the risks of the business and the countries in which the assets are located.

The discount rate used for Spain was 7.75%.

The uneven development of the various lease contracts resulted in a net positive impact on the income statement for the amount of EUR 10.7 million, of which EUR 5.8 million was recognised in the net variation of the provision for onerous contracts (Note 13.1) and EUR 4.9 million in the net variation of impairment of property, plant and equipment (Note 8).

Equity instruments in Group companies and associates

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

As a result of this analysis, a net negative impact has been recognised in the income statement for the amount of EUR 14.7 million, of which EUR 23.1 million resulted in a greater provision for negative equity of investees (Note 13.1).

5.3 Risk Management

Liquidity risk

In response to the negative impact that the crisis generated by Covid-19 has continued to have on the cash flows from operating activities during 2021, many actions have been adopted in order to increase liquidity and strengthen the financial position of the Company. These actions include:

- Asset rotation transaction: As mentioned in Note 8, during the first half of 2021, the Company entered into an asset rotation transaction for a sales price of EUR 188.5 million, as reflected in heading Investment flows in the Cash Flow Statement.
- Personnel cost reduction through the adoption of measures that, according to the legal framework established from time to time in Spain, have allowed a better adaptation to the situation.
- The Board of Directors will not propose to the General Shareholders' Meeting the distribution of dividends charged to reserves (Note 3). Financing transactions for the total amount of EUR 381.6 million, without the need of increasing the number of mortgaged hotels. In addition, debt repayments during the year were carried out (see Financing flows in the Cash Flow Statement).
- Completion of a strategic agreement with the main European operator of infrastructures of wireless telecommunications, whereby the payments for 20 years have been capitalised, thus increasing liquidity by more than EUR 4.6 million.
- Within the framework of European subsidies implemented for the support of business solvency as a result of the pandemic, EUR 6.2 million of funds were received.

The directors and the Management of the Company are constantly monitoring the evolution of the situation, as well as the impacts that it may have on the credit market and they consider that, without prejudice to possible improvements and adaptations that may be applied, the liquid assets included in the balance sheet, as well as the availability of loan agreements and credit facilities, the applied borrowing policies and the amount of cash flows generated in the worst scenarios, ensure that the Company will meet the obligations included in the balance sheet as at 31 December 2021 with solvency, and there is no significant uncertainty on the Company's ability to continue as a going concern.

Credit risk

The directors have considered the impact of the Covid-19 crisis in assessing the expected credit losses over the entire useful life of the financial assets derived from the balances with customers. However, due to the nature of the main sector in which the Company operates, the insolvency risk of hotel segment customers is very low.

In relation to its other financial assets exposed to credit risk, mainly relating to loans to associates and third parties, the directors have assessed the existing risk in each case.

However, in order to monitor any potential credit risk that may arise in the current scenario, the Company has continued to implement during the year the following measures that were already implemented in 2020:

- Thorough control and communication with Credit & Insurance department in order to anticipate possible temporary receivership, as well as to report immediately any payment default, so that joint actions may be taken.
- To reinforce the monitoring and claim for the payment of receivables, as well as to shorten the periods for claiming debts in order to, as far as possible, shorten the collection periods. Thus, in 2021, the average collection period has been reduced by 13 days.
- To facilitate the management of customer deposits among the Group companies through offsetting between them in order to avoid refunds.

As a result of these measures and the positive evolution of the activity during the year, no significant additional impairments have been recognised in the Income Statement.

5.4 Other Effects

Lease renegotiation

Given the uncertainty regarding the opening and closing of hotels in a very volatile context, the Company has continued to apply the lease renegotiation policy already initiated in 2020. The savings from lease renegotiations executed in the previous year with effect in the first half of 2021 amount to EUR 7.7 million; while the savings agreed in 2021 amount to EUR 4.0 million.

Note 6. Financial Risk Management Policy

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

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

The financial risks associated with the Company's activity are: market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

In addition to Note 5 regarding the impact of the Covid-19 pandemic on the Company's financial risk management, additional information about these risks is provided below:

6.1 Interest rate risk

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

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

The structure of the debt with third parties as at 31 December 2021 and 2020, without considering the heading of Other financial liabilities, is as follows (these face amounts do not include interest payable):

	31/12/2021			31/12/2020		
(thousand €)	Fixed interest	Variable interest	Total	Fixed interest	Variable interest	Total
Bank loans	483.452	428.817	912.269	327.436	520.052	847.488
Mortgage loans	37.633		37.633	30.051	8.484	38.534
Credit facilities		20.349	20.349		165.168	165.168
Leasing		335	335		1.071	1.071
ECP		77.570	77.570			
Simple bonds	52.500		52.500	30.000		30.000
Total	573.585	527.070	1.100.656	387.487	694.775	1.082.262

The variable interest rate debt is basically tied to Euribor.

As at 31 December 2021, the Company has various interest rate swaps contracted, with a notional value of EUR 143.1 million, considered as cash flow hedging instruments, as stated in Note 10.3. At the 2020-year end, the notional value of the swaps contracted was EUR 189.7 million. The variable rate bank loans and mortgages hedged by these swaps are shown in the Fixed Interest column for the part of the capital hedged.

The sensitivity, in thousand euro, of 2021 and 2020 profit or loss to interest rate variations (in base points) is as follows:

Variation	2021	2020
+ 25	1.124	1.325
- 25	(1.124)	(1.325)

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

6.2 Foreign Exchange Risk

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

The following items may be affected by foreign exchange risks:

- Debt and liquid assets denominated in currencies other than the Euro.
- Collections and payments for supplies, services and investments in currencies other than the Euro.
- Transactions in foreign currency arranged by group companies and associates (see Note 17.6).

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

6.3 Credit Risk

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

The credit periods established by the Company range between 21 and 90 days. The average period of collection of the Company's receivables in 2021 was 43.46 days; 56.40 days in 2020.

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

(thousand €)	31/12/2021	%	31/12/2020	%
Less than 90 days	23.446	90%	7.122	44%
More than 90 and less than 180	1.887	7%	3.275	20%
More than 180 and less than 365	848	3%	5.936	36%
Total	26.182	100%	16.332	100%

6.4 Liquidity Risk

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

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

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

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

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

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

6.5 Capital Management Policy

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

The financial position is also backed by the strong support of the banks and the Company's asset base. The positive perception of, and support to, the Group by the banks was demonstrated during the serious economic crisis that began in 2020, during which the banks provided it with greater liquidity without requiring any mortgage securities on the assets that were not mortgaged at the beginning of the year. At present, 21.9% (19.1% at the 2020 year end) of the total debt is secured by the Group's assets.

6.6 Estimate of Fair Value

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

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

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

Note 7. Intangible Assets

The breakdown of the cost and accumulated amortisation of intangible assets for 2021 is as follows:

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

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

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

For comparison purposes, the situation as at 31 December 2020 was as follows:

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

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

The breakdown of intangible assets fully amortised for years 2021 and 2020 is as follows:

(thousand €)	31/12/2021	31/12/2020
Patents, licences, trademarks and similar rights	4.338	4.338
Software	26.672	19.236
Total	31.009	23.574

Note 8. Property, Plant and Equipment

The breakdown of the cost and accumulated depreciation of property, plant and equipment for 2021 is as follows:

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

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

Disposals for the period include those deriving from the derecognition of 4 hotels under ownership, in the net amount of EUR 58.5 million, a transaction that is included in the Group's asset rotation strategy, thus meeting the commitment of increasing liquidity after the crisis caused by Covid-19 (see Note 5.3). Such transaction is detailed in Note 10.1.

Impairment heading includes basically the provision and reversal of impairment relating to fixed assets associated with hotels under lease contracts (Note 5.2), as well as the reversal of impairment relating to lease contracts cancelled during the year.

For comparison purposes, the situation as at 31 December 2020 was as follows:

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

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

Other considerations

The net carrying value of the assets of the Company that are financed through finance lease agreements amounts to EUR 2.6 million at 2021 year end, and to EUR 2.8 million in 2020. These finance leases relate mainly to buildings, facilities and furniture.

There are 2 owned properties that have been mortgaged to secure several loans at the year end, as in the previous fiscal year, and their net carrying value amounts to EUR 104 million; EUR 106 million in 2020.

As at 31 December 2021 and 2020 the Directors consider that there is sufficient insurance coverage for the Company's assets.

The breakdown of property, plant and equipment fully depreciated for years 2021 and 2020 is as follows:

(thousand €)	31/12/2021	31/12/2020
Buildings	17.355	38.643
Plant and machinery	93.766	113.043
Furniture and other fixed assets	99.963	118.106
Total	211.084	269.792

Revaluation of assets

The Company, in different processes, has merged several companies owning hotels, with the revaluation of land and properties being carried out. As at 31 December 2021 and 2020 the difference between the carrying value and the tax value of the revalued elements is as follows:

(thousand €)	Land	Buildings
Revalued net carrying value at 31/12/2019	113.280	8.064
Depreciation		(260)
Revalued net carrying value at 31/12/2020	113.280	7.804
Depreciation		(260)
Disposals	(21.962)	
Revalued net carrying value at 31/12/2021	91.318	7.544

Disposals relate to the asset rotation transaction mentioned in this Note.

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

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

The net carrying value of the assets subject to the revaluation according to the balance sheet restatement approved by Royal Decree 7/96 amounts to EUR 0.6 million at the end of 2021, EUR 0.8 million in 2020, with the value of the fully depreciated assets being EUR 7.4 million at the end of 2021 and EUR 16 million in 2020. The impact of this restatement on the provision for depreciation amounts to EUR 26 thousand (EUR 28 thousand in 2020).

Asset valuation

As mentioned in Note 4.4, the Company periodically obtains valuations made by independent experts. In this sense, the Company received appraisals of certain owned assets in 2021, and given the current situation, it has considered for its asset portfolio the evolution of the recoverable amount thereof compared to the values included in the appraisals received in previous years.

Note 9. Investment Property

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

The breakdown of the gross value and accumulated depreciation of investment property for 2021 is as follows:

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

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

The amount of the buildings fully depreciated in 2021 and 2020 was EUR 1.5 million.

Income from the lease of offices located in Madrid, operated under lease, amounts to EUR 119 thousand in 2021 and in 2020. In 2021 and 2020 no dividends generated by apartments in apartment owners' associations have been recognised.

For comparison purposes, the breakdown of these movements in 2020 was as follows:

(thousand €)	31/12/2020	Additions	Bajas	31/12/2021
Gross value	31.922	2.638	(35)	34.525
Accumulated depreciation	(14.629)	(618)		(15.247)
Impairment		(500)		(500)
Net carrying value	18.777			18.778

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

Note 10. Financial Instruments

10.1 Financial Assets

The following table shows the breakdown by categories of non-current and current assets for 2021 and 2020:

(thousand €)	31/12/2021			31/12/2020		
	Long term	Short term	Total	Long term	Short term	Total
1. Financial assets at cost:						
- Equity instruments	1.053.492		1.053.492	1.038.118		1.038.118
2. Financial instruments at fair value through profit or loss:						
- Equity instruments	19.543	82	19.625	4.026	76	4.102
3. Financial assets at amortised cost:						
- Loans and other financial assets to group companies and associates	487.455	410.694	898.149	476.750	306.152	782.902
- Loans to third parties	15.384	2.433	17.817	5.653	2.155	7.808
- Other financial assets to third parties	9.677	5.160	14.837	9.842	10.617	20.459
4. Derivatives and hedges:						
- Financial derivative assets	40		40			
Total	1.585.591	418.369	2.003.960	1.534.389	319.000	1.853.389

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

a) *Financial assets at cost*

Equity instruments:

Annex I attached to these annual accounts includes the information about the equity situation of group companies and associates as at 31 December 2021 and 2020, which is obtained from the financial statements provided by the respective companies, indicating direct and indirect shareholding, activity and country in which this is exercised. Such annex also provides information broken down by company on the net carrying value and provisions made for each investment.

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

During 2021, the Company has recognised dividends from group companies and associates for the amount of EUR 3.4 million; EUR 343.5 million in 2020. Due to the crisis resulting from the Covid-19 pandemic, the Company, in order to reinforce its solvency, agreed that certain subsidiaries approved a dividend in 2020. Particularly, the subsidiaries that approved such dividend were fully owned, directly or indirectly, by the Company. Likewise, such approval was not subject to restrictions under the regulations setting forth limitations to dividend distribution for certain companies which availed themselves of the Temporary Lay-Off Regime (ERTE) for Covid-19 related reasons.

The breakdown of gross value and accumulated impairment of equity instruments in 2021 is as follows:

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

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

As a result of this transaction, the Company has received EUR 188.6 million, as reflected under Collections on divestments in Group companies and associates in the Cash Flow Statement, thus meeting its commitment to increase liquidity after the crisis caused by Covid 19 (see Note 5). Likewise, a net capital gain for the amount of EUR 42 million under heading Impairment and profit/(loss) on disposals of financial instruments in the Income Statement was recognised.

The company holds a 7.5% shareholding without significant influence in the resulting company Victoria Hotels & Resorts, S.L., formerly named Melia Zaragoza, S.L. (Note 10.1.b)). The hotels involved in this transaction will continue to be operated by Meliá Hotels International, S.A. through long-term hotel management contracts.

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

For comparison purposes, the breakdown of these movements in 2020 was as follows:

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

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

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

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

Equity instruments:

Movements in 2021 were as follows:

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

Additions relate to the 7.5% shareholding in the company Victoria Hotels & Resorts, S.L. (see Note 10.1 a)).

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

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

(*) Balance sheets as at 31 December 2021 for these companies are not available.
(**) Victoria Group is made up of the companies Victoria Hotels & Resorts, S.L., Crisalian, S.L.U., and Lierinto, S.L.U.

These companies are not listed in the stock market.

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

COMPANIES	ADDRESS	COUNTRY	ACTIVITY	DIR S.
Hotelera Sancti Petri, S.A.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	Hotel owner and operator	19,50%
Inveragua RD, S.A.S.	Avda. Lope de Vega, 4 (Santo Domingo)	Dominican Rep.	Holding	14,24%
Port Cambrils Inversions, S.A.	Rambla Regueral, 11 (Tarragona)	Spain	Hotel owner and operator	10,00%
Valle Yamuri, S.A.	Velázquez, 106 (Madrid)	Spain	Holding and owner	8,00%
Victoria Hotels & Resorts, S.L.	Paseo del Club Deportivo, 1 (Madrid)	Spain	Hotel owner and operator	7,50%

For comparison purposes, no movements were recognised in 2020.

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

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

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

c) *Financial assets at amortised cost*

Set out below is a breakdown by nature of financial assets included in this item as at 31 December 2021 and 2020:

(thousand €)	31/12/2021 Long term	Short term	Total	31/12/2020 Long term	Short term	Total
Loans to group companies	403.701	370.217	773.918	398.958	231.299	630.258
Loans to associates and joint ventures	83.753	40.478	124.231	77.792	74.853	152.645
Other loans	15.384	2.433	17.817	5.653	2.155	7.808
Created deposits and guarantees	9.677	654	10.331	9.842	693	10.535
Other loans and receivables		4.506	4.506		9.924	9.924
Total	512.516	418.287	930.803	492.245	318.924	811.169

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

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

✓ Loans granted to various unrelated companies with which the Company maintains commercial relationships for the amount of EUR 14 million.
✓ Loans to owners of several hotels operated by the Company under lease and management, for the amount of EUR 3.6 million.

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

Heading Other loans and receivables mainly includes the dividends receivable as at 31 December 2021 for the amount of EUR 4.5 million, and at the end of 2020, these amounted to EUR 9.9 million.

d) *Derivative assets*

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

10.2 Financial Liabilities

The following table shows the breakdown by categories of the financial liabilities, for 2021 and 2020:

(thousand €)	31/12/2021			31/12/2020		
	Long term	Short term	Total	Long term	Short term	Total
1. Financial liabilities at amortised cost:						
- Bonds and other negotiable securities	51.971	77.565	129.536	29.665	117	29.782
- Bank loans	863.729	104.460	968.189	828.317	222.088	1.050.405
- Other financial liabilities	563	7.310	7.873	633	10.810	11.443
- Payables to group companies and associates	178.698	171.546	350.244	188.873	93.565	282.438
2. . Derivatives and hedges:						
- Derivative liabilities	648	1.656	2.304	2.987	1.985	4.972
Total	1.095.609	362.537	1.458.146	1.050.475	328.565	1.379.040

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

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

a) *Bonds and other negotiable securities*

At the end of 2021 and 2020, the breakdown of Bonds and other negotiable securities is as follows:

	31/12/2021			31/12/2020		
(thousand €)	Long term	Short term	Total	Long term	Short term	Total
Non-convertible bonds	51.971		51.971	29.665		29.665
Other marketable debt securities (ECP)		77.358	77.358			
Interests, bonds and other marketable securities		206	206		117	117
Total	51.971	77.565	129.536	29.665	117	29.782

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

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

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

Euro-Commercial Paper Programme (ECP)

In May 2021, the commercial paper programme ("Euro-Commercial Paper Programme" or ECP) was renewed, with maturity date on 26 May 2022, subject to English law, for the maximum amount of EUR 300 million, whereby debt instrument issues can be made in Europe with a maturity of less than 364 days, up to the said amount.

In 2021, issues were made for the total amount of EUR 149.2 million, and there were outstanding issues for the amount of EUR 77.6 million at year end (see Note 6.4).

b) *Bank loans*

The breakdown of the Company's bank borrowings analysed by nature and maturity at year-end 2021 and 2020 is as follows:

	31/12/2021			31/12/2020		
(thousand €)	Long term	Short term	Total	Long term	Short term	Total
Bank loans	810.968	96.305	907.273	686.296	157.203	843.500
Mortgage loans	32.404	5.074	37.478	34.272	4.061	38.333
Credit facilities	20.349		20.349	107.415	57.753	165.168
Leasing	7	328	335	334	727	1.061
Interest		2.754	2.754		2.344	2.344
Total	863.728	104.461	968.189	828.317	222.088	1.050.405

Maximum limit of credit facilities is EUR 326.5 million. In 2020, the maximum limit was EUR 376.5 million. The total amount of credit facilities drawn down was EUR 20.3 million; EUR 165.2 million in 2020; and at the end of 2021 an additional balance of EUR 360.2 million was available; EUR 211.3 million in 2020.

Average interest rate accrued in 2021 on previous loans, credit facilities and leasing is 2.51%. Average interest rate accrued in 2020 was 2.57%.

The detail of the maturities at year-end 2021 and 2020 is as follows:

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

(thousand €)	31/12/2020
2021	222.088
2022	118.031
2023	242.696
2024	208.834
2025	107.588
2026 and subsequent years	151.168
Total	1.050.405

c) *Other financial liabilities*

At the end of 2021 and 2020, the breakdown of Other financial liabilities is as follows:

	31/12/2021			31/12/2020		
(thousand €)	Long term	Short term	Total	Long term	Short term	Total
Trade bills payable	11	1.186	1.197	21	1.311	1.332
Other payables		1.070	1.070	5	5.397	5.402
Guarantees and deposits received	553	25	577	606	24	630
Other current accounts		5.029	5.029		4.078	4.078
Total	563	7.310	7.873	632	10.810	11.443

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

The detail of maturities at the end of 2021 and 2020 is as follows:

(thousand €)	31/12/2021
2022	7.310
2023	11
2024	
2025	
2026	
2027 and subsequent years	553
Total	7.873

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

d) *Debts with group companies and associates*

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

e) *Derivative liabilities*

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

10.3 Hedge Activities and Derivatives

The fair values of the Company's derivative financial instruments at the end of 2021 and 2020 are analysed below by maturity:

(thousand €)	31/12/2021			31/12/2020		
	Long term	Short term	Total	Long term	Short term	Total
Hedging derivative assets	40		40			
Hedging derivative liabilities	95	711	806	2.068	1.278	3.346
Other derivative liabilities	553	945	1.498	919	707	1.626

Maturity by year is as follows:

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

(thousand €)	31/12/2020	
	Hedge	Others
2021	1.278	707
2022	1.013	531
2023	725	290
2024	255	98
Total	3.271	1.626

a) *Accounting hedges*

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

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

At the end of 2021, these derivative financial instruments have been measured and recorded in assets for the amount of EUR 0.04 million and in liabilities for the amount of EUR 0.8 million (EUR 3.3 million in 2020). To determine these fair values, discounted cash flow techniques have been used based on the embedded amounts determined by the interest rate curve in accordance with the market conditions at the measurement date. The measurements of these swaps have also been carried out by the financial institutions from which these products are obtained, as independent experts in the measurement of financial instruments.

The Company has transferred to the income statement of the year an amount of EUR 0.9 million because of interest rate hedging; EUR 1.9 million in 2020. These amounts have been recorded in the financial expenses item, as well as the hedged item.

Likewise, as at 31 December 2021, the notional value of the interest rate swaps that qualify as hedges amounts to EUR 143.1 million, and as at 31 December 2020 such value amounted to EUR 189.7 million (see Note 6.1).

b) *Other derivatives*

Other derivative liabilities recognised at the end of 2021 relate to interest rate swaps contracted in the framework of the interest rate risk management performed by the Company (see Note 6.1). interest rate swaps are not deemed to be accounting hedges, since they were contracted in the framework of a debt restructuring and thus, they do not meet the requirements for the application of hedge accounting according to the Chart of Accounts.

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

The Company has recognised in the year's income statement EUR 966 thousand of expense due to the change in fair value of such interest rate swaps, EUR 481 thousand of expense in 2020. These amounts are recognised under the heading Change in fair value of financial instruments.

As at 31 December 2021, the notional value of these financial instruments amounts to EUR 72.9 million, and as at 31 December 2020 such value amounted to EUR 36.4 million.

Note 11. Current Assets

11.1 Inventories

The breakdown is as follows:

(thousand €)	31/12/2021	31/12/2020
Goods	129	177
Others	3.129	3.910
Advances to suppliers	216	213
Total	3.474	4.300

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

11.2 Trade and Other Receivables

The breakdown of this heading is as follows:

(thousand €)	31/12/2021	31/12/2020	Merger balances
Customers	32.079	20.459	
Trade bill receivable	1.946	1.644	
Doubtful trade receivables	12.508	11.830	
Impairment for trade operations	(20.350)	(17.600)	
Total trade receivables	26.182	16.332	
Trade receivables, group companies and associates	45.945	48.787	129
Sundry debtors	1.112	3.813	
Staff	42	112	
Current tax assets	1.062	16.121	11
Public Administrations	5.079	23.282	
Total other receivables	53.240	92.115	140
Total	79.422	108.447	140

At the end of 2021 and 2020, the receivable balances arising from the sale of rooms and other services provided, associated with the hotel business, are included under the heading Customer receivables for sales and services.

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

On 30 November 2021, the Company proceeded with the early termination of such Factoring agreement, therefore, as at 31 December 2021, there is no balance assigned by the Company in this regard. As at 31 December 2020 the balance was for the amount of EUR 0.3 million.

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

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

11.3 Cash and Other Cash Equivalents

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

The breakdown of the balances under this heading for 2021 and 2020 is as follows:

(thousand €)	31/12/2021	31/12/2020
Cash	882	1.193
Other cash equivalents	774	991
Total	1.656	2.184

The decrease in the above table is due to the liquidity risk management as a result of Covid-19 (see Note 5).

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

Note 12. Equity

12.1 Equity

a) Share capital

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

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

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

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

The voting rights held by the main shareholders with direct and indirect stake in the Company as at 31 December 2021 and 2020, are as follows:

Shareholders	31/12/2021	31/12/2020
	% Shareholding	% Shareholding
Hoteles Mallorquines Consolidados, S.L.	24,37	24,37
Hoteles Mallorquines Asociados, S.L.	13,76	13,76
Hoteles Mallorquines Agrupados, S.L.	10,83	10,83
Tulipa Inversiones 2018, S.A.	5,39	5,39
Global Alpha Capital Management Ltd	5,12	3,15
Rest of shareholders (less than 3% individual)	40,54	42,51
Total	100,00	100,00

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

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

b) Share premium

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

c) Reserves

The following table shows the breakdown of the Reserves heading at the end of 2021 and 2020:

(thousand €)	31/12/2021	31/12/2020
Legal reserve	8.816	8.816
Revaluation reserves Royal Decree-Law 7/1996, of 7th June	1.190	1.380
Reserves for actuarial gains and losses	(5.303)	(4.901)
Voluntary reserves	308.608	307.275
Translation reserves	11.870	12.113
Total	325.181	324.683

Legal reserve

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

At the end of 2021 and 2020 this reserve is fully constituted.

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

This reserve will be available to eliminate recognised losses and to increase the share capital of the Company and as of 31 December 2006 (10 years following the date of the balance sheet in which the restatement operations were reflected) it may be taken to unrestricted reserves, as the revalued assets are fully depreciated or are disposed of by other means. The balance of the reserve shall not be distributed, directly or indirectly, unless the related capital gain has been realised through the sale or total depreciation of the revalued assets, which reflects the reduction recognised in the year for the amount of EUR 0.2 million.

Reserves for actuarial gains and losses

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

Voluntary reserves

These reserves are unrestricted, after offsetting losses.

Translation reserves

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

d) Own equity instruments

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

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

At the end of 2021 and 2020, the Company does not have securities loan agreements.

As at 31 December 2021, the total number of treasury shares held by the Company is 277,014, which represents 0.126% of the share capital; 0.106% in 2020. In any case, the treasury shares do not exceed the 10% limit established by the revised text of the Spanish Corporate Enterprises Act.

The price of the Company's shares at the 2021 year end was EUR 6.002. At the 2020 year end the share price amounted to EUR 5.72.

For comparison purposes, movements for year 2020 were as follows:

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

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

In executing such Buy-Back Programme, the Company acquired a total of 7,846,246 treasury shares in 2020 and 2019, representing 3.416% of the share capital, and invested a total of EUR 46,051,882.
On 10 July 2020, the Board of Directors, according to the delegation granted in its favour by the General Shareholders' Meeting held on the same day, agreed to execute the capital reduction through the redemption of 9,300,000 treasury shares.

12.2 Measurement Adjustments

Details and movements of the measurement adjustments in 2021 and 2020 are as follows:

(thousand €)	2021	2020
Hedging operations:		
Opening balance	(2.620)	(2.558)
Results attributed to equity	963	(2.099)
Transfers to results	1.167	1.862
Tax effect	(532)	176
Closing balance	(1.023)	(2.620)

12.3 Grants, Donations and Bequests Received

Capital grants mainly relate to grants to finance property, plant and equipment purchases, which will be progressively transferred to the income statement depending on the useful life of such property, plant and equipment. In 2021 the total amount recorded in the income statement for this item is EUR 61 thousand; EUR 62 thousand in 2020.

Movements in 2021 and 2020 are as follows:

(thousand €)	2021	2020
Opening balance	975	1.022
Transfers to results	(61)	(62)
Tax effect	16	15
Closing balance	931	975

At the end of 2021 and 2020, the Company meets the conditions laid down in the grant awards.

Note 13. Provisions and Contingencies

13.1 Provisions

The balance sheet includes a balance for the amount of EUR 145.8 million in respect of provisions, EUR 130.7 million in the previous year. As indicated in Note 4.10, this heading includes the Company's commitments with staff, as well as the provisions recorded to cover the various risks and contingencies arising from transactions carried out, commitments acquired and guarantees to group companies and third parties, risks for legal claims and lawsuits, as well as potential liabilities deriving from the possible different interpretations to which the applicable legislation is open.

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

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

In respect of commitments established in supra-enterprise collective agreements, in 2021 an actuarial study has been performed to assess the past services, as defined in 4.10, which have been estimated at EUR 8.4 million; EUR 9.5 million in 2020. The value of assets associated with outsourced commitments in compliance with the legislation in force amounts to EUR 0.2 million; EUR 0.4 million in 2020.

The assessment of these commitments undertaken by the Company has been conducted in accordance with the actuarial assumptions of the model which pertains to it, using the calculation method known as the Projected Unit Credit and the demographic assumptions established by the PER2020 tables, using a capitalisation rate of 0.73%, and a salary increase assumption of 2.10%. In addition, the probability of tenure of employees until retirement has also been applied, based on the Company's experience in respect of employees leaving the Company, giving rise to the following rotation ratios according to the employee's current age:

Rotation	
Age range	%
<45	7,72
45-55	3,65
>55	2,89

Changes during the fiscal year include an impact recognised in equity for the amount of EUR 0.4 million; EUR 0.3 million in 2020 (see Note 12.1c)), due to some changes occurred in the actuarial assumptions used during the calculations made.

The balance of the provision for onerous contracts at the end of 2021 amounts to EUR 24.2 million; EUR 31.1 million at the end of 2020. This provision was calculated for the hotels that in 2021 presented negative net cash flows, after discounting the relevant lease instalments. To calculate this provision, it is considered that the costs of compliance with the agreements correspond to the present value of the projected cash flows, including lease commitments, and they are compared with the costs of non-compliance with the various agreements, the lower of both amounts being allocated to the provision.

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

In the provisions for negative equity section, the additions in the fiscal year mainly relate to Sol Group B.V. and Bedbank Trading, S.A., for the amount of EUR 20.9 million and EUR 2.2 million respectively (see Annex I). In 2020, additions mainly related to Markserv B.V., Sol Group B.V. and Sol Maninvest B.V., for the amount of EUR 16.3 million, EUR 12 million and EUR 7.6 million, respectively.

Movements in 2020 were as follows:

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

In relation to the investigation opened by the European Commission in March 2017 on the compliance with antitrust rules in the hotel distribution sector, it is worth mentioning that in May 2020, the fine for the amount of EUR 6.7 million imposed by the mentioned body was paid, an amount for which a provision was made the previous year. Thus, such investigation process came to an end.

13.2 Guarantee Commitments to Third Parties and Other Contingent Liabilities

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

- Secures lease payments in favour of several hotel owners through bank guarantees for the total amount of EUR 84 million and through corporate guarantee for the amount of EUR 18.1 million.
- Acts as joint and several guarantor of EUR 59.5 million for several bank loans to one group company.
- Secures several operations on behalf of its subsidiary companies and associates through bank guarantees, amounting to EUR 32.1 million.
- Secures several operations through bank guarantees and for various items, for the total amount of EUR 9 million.

13.3 Operating Leases

As at 31 December 2021, the Company operates under lease a total of 50 hotels; 52 hotels in 2020.

The average term of these operating lease agreements is 4.2 years. These lease agreements have a contingent component relating to the consumer price index (CPI) and, certain agreements, other contingent component relating to the evolution of the result obtained by each hotel establishment, which is not considered in the calculation of minimum lease payments, which are broken down in the table included in this Note. The contingent instalment in 2021 amounted to EUR 0.2 million negative due to the evolution of the CPI, since many hotels were applied a negative CPI; EUR 0.7 million in 2020.

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

(thousand €)	31/12/2021	31/12/2020
Less than 1 year	90.993	77.624
Between 1 and 5 years	171.628	167.364
More than 5 years	112.282	96.215
Total	374.903	341.203

Note 14. Trade Creditors and Other Payables

The breakdown of this heading at the end of 2021 and 2020 is as follows:

(thousand €)	31/12/2021	31/12/2020	Merger balances
Suppliers	7.372	9.761	
Suppliers, group companies and associates	2.594	18.603	
Sundry creditors	50.917	32.075	13
Accrued wages and salaries	27.620	16.732	
Public Administrations	10.634	8.926	
Prepayments from customers	8.784	9.583	
Total	107.921	95.680	13

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

The balance of Suppliers, group companies and associates is detailed in Note 18.2, and that of Public Administrations in Note 15.1.

Regarding Accrued wages and salaries, the variation is due to the decrease in the number of employees under Temporary Lay-Off Regime (ERTE) in 2021.

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

No. of days	2021	2020
Average period of payment to suppliers	64,94	68,63
Ratio of operations paid	65,46	65,33
Ratio of outstanding operations	59,14	95,30
(thousand € €)	2021	2020
Total payments made	256.858	174.811
Total outstanding payments	23.029	21.645

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

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

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

Given the negative economic impact associated with the Covid-19 pandemic which resulted in a decrease in revenues, mainly because of the occupancy levels in the hotel establishments and other business units, certain payment deferrals have been maintained with the Group's main suppliers, therefore, such measure has improved, although it is expected that these will continue to be reduced in the coming months thanks to the business recovery.

Note 15. Tax Situation

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

In 2021 and 2020, the Company has filed consolidated tax returns pursuant to Law 27/2014, of 27th November, on Corporate Income Tax (hereinafter, "LIS" according to its acronym in Spanish), under the Group number 70/98 of which Meliá Hotels International, S.A is the Parent Company.

The consolidated tax Group is made up of 39 companies, with the company Proyectos Financieros Hayman, S.L. having been included during this year. The companies of the mentioned tax group jointly determine the group's tax result, which is distributed among them, according to the criterion established by the ICAC as for recognition and determination of individual tax liability.

In 2021, the merger by absorption of the companies Expamihso Spain, S.A.U., and Impulse Hotel Development, S.L.U, (Note 1) was carried out, which qualified for taxation under the tax-neutrality regime provided for by Chapter VII of Title VII of Law 27/2014 of 27th November on Corporate Income Tax, and according to the said regulation, the Tax Administration was notified in the form and within the time periods established in the regulations.

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

15.1 Current Balances Receivable from and Payable to Public Administrations

As at 31 December 2021, the Company's main balances receivable from Public Administrations are: EUR 4.9 million relating to value added tax (VAT); and EUR 1 million relating to Corporate Income Tax.

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

(thousand €)	31/12/2021	31/12/2020
Income tax		
Current tax assets	1.062	16.121
Total	1.062	16.121
Other taxes / rates		
Tax Authorities, IGIC (General Indirect Canary Islands) Tax receivable	112	106
Tax Authorities, VAT receivable	4.897	23.170
Other receivables from Public Administrations	69	6
Total	5.079	23.282
Total assets	6.141	39.403
Other taxes / rates		
Tax Authorities, IGIC Tax payable	183	
Tax Authorities, IRPF (Income Tax) payable	1.602	1.375
Tax Authorties, payables	3.687	3.660
Payables to Social Security bodies	5.162	3.890
Total	10.634	8.926
Total liabilities	10.634	8.926

15.2 Years Open to Tax Inspections and Audits

According to the legislation in force, taxes cannot be deemed definitively settled until the returns submitted are audited by the tax authorities or the four-year statute of limitations has lapsed. As at 31 December 2021, the years open to review by the tax authorities for the main applicable taxes to which the Company is subject are as follows:

	Years
Corporate Income Tax	2017-2020
I.G.I.C (General Indirect Canary Islands Tax)	2018-2021
VAT	2017-2021
I.R.P.F. (Income Tax)	2017-2021

As at the date of preparation of these annual accounts, the Tax Administration had already commenced a tax audit and inspection regarding the Corporate Income Tax from 2017 to 2019 and the Value Added Tax and Withholdings and Income on Account for the period between November 2017 and December 2019.

The Company has covered the possible obligations derived from the inspection. However, as a result, among others, of the different interpretations of the current tax legislation, additional liabilities may arise from an inspection. The Group assesses the uncertain tax treatments and reflects the effect of the uncertainty on the taxable profit (tax loss), tax bases, unused tax losses or unused tax credits. On this account, the Company has recognised an amount of EUR 9.4 million under Other deferred tax liabilities.

15.3 Corporate Income Tax

Benefits, determined in accordance with the tax legislation, are subject to taxation at the rate of 25% on the tax base. In 2021, the Company generated tax losses and, therefore, no current tax expense has been recognised.

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

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

Decreases in permanent differences mainly relate to value adjustments of shareholdings in Group companies for the amount of EUR 11 million.

Increases in temporary differences arising in the year include EUR 21 million for application of market value to lucrative transfers according to article 14 of the LIS.

Increases in permanent differences include EUR 24 million for incorporation of negative income derived from the share transfer.

For comparison purposes, the reconciliation of the net amount of income and expenses of the fiscal year 2020 and the tax base (tax result) of the corporate income tax was as follows:

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

The information shown in the changes in equity relates to income and expenses directly recognised in equity. In 2021 and 2020, none of these amounts affect the tax base of the Company.

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

(thousand €)	2021		2020	
	Income statment	Income and expenses recognised in equity	Income statment	Income and expenses recognised in equity
Accounting profit/(loss) before tax	**(100.863)**	**1.533**	**(30.750)**	**(19.874)**
Theoretical tax burden (25% rate)	(25.216)	383	5.259	(4.969)
Permanent differences	3.880	116	(82.235)	4.683
Temporary differences	2.387		12.309	
Tax loss and tax credits				
Non-capitalised tax losses for the year	16.542		52.876	
Income tax from previous years	(83)		860	
Foreign withholding tax	278		805	
Offset of tax liabilities of the tax group	(17.893)		(6.497)	
Effective tax expense/income	(20.105)	499	(16.623)	(286)

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

(thousand €)	2021		2020	
	Allocation to income statement	Allocation to equity	Allocation to income statement	Allocation to equity
Current tax	(17.698)		(4.833)	
Deferred tax	(2.407)	382	(11.790)	(286)
Total corporate income tax expense / (income)	(20.105)	382	(16.623)	(286)

15.4 Deferred Tax Assets and Liabilities

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

(thousand €)	31/12/2021	31/12/2020
Deferred tax assets		
Credits for tax losses available for carry forward	11.493	5.942
Tax credit carryforwards	4.887	4.887
Tax value of goodwill	4.570	8.378
Financial instruments	261	949
Amortisation costs pending deduction	1.452	1.936
Adjustments for the limitation on deductibility of financial expenses	16.176	18.232
Provisions that are tax-deductible at the time of payment or when the liability arises	25.179	29.729
Other deferred tax assets		
Total	64.018	70.053
Deferred tax liabilities		
Finance lease operations	10.701	12.505
Land restatement and revaluation	24.715	30.271
Sales under reinvestment deferral	3.581	3.717
Non-refundable grants	229	245
Other deferred tax liabilities	10.396	10.787
Total	49.622	57.525

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

(thousand €)	2021		2020	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Opening balance	70.053	57.525	58.865	58.414
Variations reflected in Income Statement:				
Credits for tax losses available for carry forward	5.551		(1.471)	
Tax credit carryforwards				
Provisions that are tax-deductible at the time of payment or when th	(4.685)		19.724	
Tax value of goodwill	(3.808)		(3.808)	
Finance lease operations		(1.804)		(281)
Land restatement and revaluation		(5.556)		(65)
Amortisation costs pending deduction	(483)		(483)	
Sales under reinvestment deferral		(136)		(136)
Adjustments for the limitation on deductibility of financial expenses	(2.056)		(3.044)	
Other deferred tax liabilities		(391)		(391)
Variations reflected in equity:				
Financial instruments	(688)		176	
Non-refundable grants		(16)		(15)
Provisions that are tax-deductible at the time of payment or when the liability arises- Actuarial gains and losses	134		94	
Closing balance	64.018	49.622	70.053	57.525

The Company has established a business plan covering 10 years for the purposes of determining the recoverable value of tax credits, according to the deadlines set by tax legislation, and consequently, it has determined the existence of deferred tax assets that will be applied within this period. Based on this criterion, the directors consider that it is probable that future taxable profit may lead to the recovery of all deferred tax assets, within a reasonable period and never exceeding the periods allowed by the current legislation. The Company has recognised deferred tax assets under such heading amounting to EUR 5.5 million.

15.5 Tax Group's Tax Loss

At the year end, the tax losses of the consolidated tax group amount to EUR 301 million, of which EUR 30 million was generated during this year.

In particular, the Company has recognised deferred tax assets under such heading amounting to EUR 11.5 million.

15.6 Tax Group's Deductions and Rebates

Tax Group's deductions and rebates pending application as at 31 December 2021 amount to EUR 13 million. Type, breakdown and maximum application periods are as follows:

Type (thousand €)	Year of generation	Deductions pending application	Deduction period
Deduction for double taxation	2019	965	2029
	2020	347	2030
	2021	310	2031
Deduction for donations to non-profit organisations	2019	110	2029
	2020	37	2030
	2021	30	2031
Deduction for employment creation for disabled people	2019	51	2029
	2020	58	2030
	2021	23	2031
Credits for reinvestment	2013	1.076	2028
Credits for investments in new fixed assets in the Canary Islands	2019	2.167	2024
	2020	670	2025
	2021	173	2026
Credits for technological innovation activities	2010	39	2028
	2011	181	2029
	2012	230	2030
	2013	250	2031
	2014	321	2032
	2015	767	2033
	2016	998	2034
	2017	1.252	2035
	2018	1.893	2036
	2019	1.192	2037
Credits for reversal of temporary measures (3)	2020	132	
	2021	132	
Total		**13.405**	

Credits for reinvestment

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

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

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

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

Credits for technological innovation activities

In 2021, the Tax Group has carried out technological innovation projects which will generate tax credits. The Company recognises the credit once the reasoned report is available.

Credits for reversal of temporary measures

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

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

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

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

Note 16. Segment Reporting

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

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

The segmentation of net revenues in the income statement for 2021 and 2020 is detailed in the following table:

(thousand €)	2021	2020
Hotel business	191.671	109.362
Management and structure	36.195	23.050
Total	227.866	132.412

Note 17. Income and Expenses

17.1 Revenue by Items

The Company's income allocated according to the diverse types of services provided for years 2021 and 2020 is the following:

(thousand €)	2021	2020
Room revenue	143.389	77.981
Food and beverage revenue	38.052	25.029
Management fees	17.003	7.382
Fees for transfer of brand use to subsidiaries	3.018	
Other revenue	26.433	22.069
Sales rebates	(30)	(50)
Net revenues	227.866	132.412
(thousand €)	2021	2020
Sundry revenue	12.480	12.989
Operating grants	20.732	10.808
One-off revenue	3.914	3.970
Operating revenues	37.125	27.767

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

In 2021 and 2020, the discount in the payment of Social Security contributions of employees under Temporary Lay-Off Regime (ERTE) due to force majeure, has been recognised as an operating grant.

17.2 Supplies

The breakdown of the balance of this caption in the income statement for 2021 and 2020 is as follows:

(thousand €)	2021	2020
Food and beverage consumptions	10.315	5.428
Changes in inventories	829	53
Ancillary materials and sundry purchases	5.086	4.144
Total	16.230	9.625

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

17.3 Staff Costs

Staff costs for 2021 and 2020 are broken down as follows:

(thousand €)	2021	2020
Wages and salaries	85.819	70.691
Termination benefits	800	4.594
Social security	28.618	31.496
Contribution to complementary schemes	438	485
Other amounts	2.392	1.976
Total	118.067	109.242

The average number of employees in 2021 and 2020 is broken down by job category in the table below:

Category	No. Employees 2021	No. Employees 2020
Management	139	123
Middle management	505	382
Basic staff	1.853	1.384
Total	2.497	1.888

The table above, in relation to fiscal year 2021 and 2020, includes the average number of employees weighted by the period of reduction in the number of working hours of those employees under Temporary Lay-Off Regime (ERTE) or similar situations.

The Temporary Lay-Off Regimes (ERTE) involves compliance with certain obligations by the Company, which, as at the end of 2021 and 2020, are deemed to be fulfilled, therefore, no potential contingencies are expected in future periods.

The distribution by gender categories at the end of 2021 and 2020 is as follows:

Category	2021			2020		
	Men	Women	Total	Men	Women	Total
Management	87	49	136	84	38	122
Middle management	237	229	467	161	132	293
Basic staff	632	713	1.345	326	296	622
Total	956	992	1.948	571	465	1.037

According to the amendments to Article 260 of the Corporate Enterprises Act, it is hereby informed that the average number of employed persons for years 2021 and 2020 with disabilities greater than or equal to 33% is as follows:

Category	No. Employees 2021	No. Employees 2020
Middle management	1	1
Basic staff	8	8
Total	9	9

17.4 Other Operating Expenses

The breakdown of the balance of this caption in the income statement for 2021 and 2020 is as follows:

(thousand €)	2021	2020
Hotel rental	70.925	101.137
Sundry rentals	7.056	6.491
Maintenance and repairs	16.420	9.719
External services	37.969	28.033
Transport and insurance	3.832	2.444
Banking expenses	2.832	2.265
Advertising and promotions	11.659	7.047
Supplies	28.441	20.125
Travel and ticketing expenses	1.439	1.311
Other expenses	16.981	22.829
Tax	12.556	7.879
Losses, impairment and change of provisions	2.898	1.633
Other current operating expenses	466	8.068
Total	213.473	218.982

17.5 Financial Income and Expenses

The breakdown of financial income and expenses of the Company reflected in the income statement for 2021 and 2020 is as follows:

(thousand €)	2021	2020
Dividends shar. in equity instr. group companies and associates	3.342	343.493
Dividends shar. in equity instr. third parties	22	23
Interest on group companies and associates	16.089	13.488
Interest on third parties and bank accounts	342	408
Other financial income relating to third parties	24	1.502
Total financial income	19.819	358.914
Interest on payables to group companies and associates	7.136	12.193
Interest on obligations and bonds	2.141	1.086
Interest on bank loans	24.983	20.532
Interest on bank leasing	9	21
Other financial expenses relating to third parties	224	2.205
Total financial expenses	34.493	36.037

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

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

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

17.6 Foreign Currency

The exchange differences recognised in the income statement amount to EUR 8.7 million of losses; EUR 0.5 million in 2020, which arise mainly from accounts payable and receivable to/from group companies, associates and third parties, as well as short-term cash and other cash equivalents, in a currency other than Euro, mainly including US dollars and British pounds.

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

(thousand €)	31/12/2021	Currency	31/12/2020	Currency
Assets				
Loans to group companies and third parties l/t	110.263	Usd	90.606	Usd
	41.909	Gbp	22.651	Gbp
Loans and other financial assets to group companies and third parties s/t	70.544	Usd	59.961	Usd
	151.100	Gbp	128.137	Gbp
	3.082	Otras	2.975	Otras
Cash and cash equivalents s/t	250	Usd	(4.916)	Usd
	81	Gbp	48	Gbp
Total assets	181.057	Usd	145.652	Usd
	193.091	Gbp	150.836	Gbp
	3.082	Other currencies	2.975	Other currencies
Liabilities				
Bank loans l/t	119.900	Usd	119.700	Usd
Payables to group companies l/t	5.919	Usd	32.327	Usd
Bank loans s/t	44.526	Usd	33.913	Usd
Other liabilities s/t	84.110	Usd	39.160	Usd
	442	Gbp	463	Gbp
	1.044	Otras		
Total liabilities	254.456	Usd	225.101	Usd
	442	Gbp	463	Gbp
	1.044	Other currencies		

Note 18. Transactions with Related Parties

18.1 Identification of Related Parties

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

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

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

18.2 Transactions with Group Companies, Associates and Joint Ventures

Commercial transactions

The attached tables show, for years 2021 and 2020, the amount recognised in the operating results in the income statement, and the balances outstanding at the year end:

	2021		31/12/2021	
(thousand €)	Revenues	Expenses	Assets	Liabilities
Group companies				
Aparthotel Bosque, S.A.	31	(3)	6	
Apartotel, S.A.	1.861		153	
Colón Verona, S. A.	148	(19)		5
Comunidad de Prop. Hotel Melia Sol y Nieve	130	(8)	79	5
Corporación Hotelera Hispano Mexicana	860	(38)	248	24
Dorpan, S.L.	11		14	19
Gesmesol, S.A.	67		1.736	
Inversiones Hoteleras La Jaquita, S.A.	1.693	(47)	465	13
Inversiones y Explot. Turísticas, S.A.	1.921	(45)	2.475	88
Lomondo, LTD	843	(365)	767	9
London XXI Limited	675	(5)	4.277	1
Melia Brasil Administraçao Hoteleira	12		7.438	
Meliá Vietnam CO.LTD		(1.143)		838
MHI UK, L.T.D.			9.639	
Operadora Mesol	2.356		1.709	
Prodigios Interactivos, S.A.	411	(31.471)	231	19
Prodisotel, S.A.	285	(1)	21	1
Securisol, S.A.	13	(378)	21	399
Sol Melia Deutschland, GMBH	2.980	(78)	2.467	
Sol Melia Italia, S.R.L.	879	(68)	884	
Sol Melia Shanghai CO LTD	(63)		941	
The Sol Group Corporation	158	(3.721)	444	851
Tryp Mediterranee			2.480	
Other group companies	4.802	(4.068)	4.135	17
Total group companies	20.075	(41.459)	40.630	2.290

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

(J.V.) Joint Ventures.

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

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

(J.V.) Joint Ventures.

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

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

Financial transactions

There follows a breakdown of the financing or the centralised management of treasury or dividends maintained by the group with group companies and associates at year-end 2021 and 2020:

	2021		31/12/2021	
(thousand €)	Revenues	Expenses	Assets	Liabilities
Group companies				
Adprotel Strand, S.L. (J.V.)	1.729		71.696	
Aparthotel Bosque, S.A.	87	(141)	3.837	24.057
Apartotel, S.A.		(35)	175	1.883
Bisol Vallarta, S.A.		(222)		704
Cala Formentor, S.A.		(83)		7.339
Casino Tamarindos, S.A.		(76)	988	6.065
Colón Verona, S.A.	581		24.239	12
Comunidad de Prop. Hotel Melia Sol y Nieve	507		33.908	19
Corp. Hot. Hispano Mexicana, S.A. de C.V.	25			5.554
Desarrolladora del Norte, S.A.		(660)		32.894
Hogares Batle, S.A.	88	(5)	3.206	
Hotel Alexander, SAS			13.219	
Hoteles Sol Meliá, S.L.	407		16.278	
Hotelpoint, S.L.		(209)	3.166	21.459
Inversiones Hoteleras La Jaquita, S.A.	1.467		67.919	78
Inversiones Inmobiliarias, IAR			1.024	
Inversiones y Explotaciones Turísticas, S.A.				3.362
Lomondo, LTD			28.180	
London XXI LTD	1.079		30.895	29
Meliá Europe & Middle East	16		1.134	
Meliá Brasil Administraçao H.E.C.LTDA.	1.811		103.287	
Meliá Vietnam CO.LTD	15		781	
MHI UK LTD	3.233		139.685	
MIA Exhol, S.A.	769	(219)	8.807	583
Neale Expa Spain, S.A.U.	289		13.223	
Network Investments Spain, S.A.	11		851	711
New Continent Ventures	830		29.536	
Operadora Mesol, S.A.			594	
Prodigios Interactivos, S.A.		(775)		44.623
Prodisotel, S.A.	40	(157)		12.756
Punta Cana Reservations, S.L.	23		1.665	
Realizaciones Turisticas, S.A.		(3.643)	3.834	155.362
Sol Maninvest B.V.			2.003	
Sol Melia Deutschland, GMBH	854	(105)	48.612	5.401
Sol Melia Europe, B.V.		(761)	115	4.975
Sol Melia France			26.712	
Sol Melia Funding			35.345	
Sol M. Greece H. And T. Enterprises, S.A.				2.534
Sol Melia Italia, S.R.L.	57		10.578	
Sol Melia Luxembourg, SARL			2.340	
Sol Melia V.C. Dominicana, S.A.			9.103	
Sol Melia V.C. España, S.L.	217	(4)	11.400	52
Sol Melia V.C. Panamá, S.A.			1.617	
Sol Melia V.C. Puerto Rico				4.324
Sol Melia Perú, S.A.			5.036	
Tenerife Sol, S.A.	83		6.278	
The Sol Group Corporation	43		1.908	16
Other group companies	526	(41)	10.747	6.200
Total group companies	**14.786**	**(7.136)**	**773.918**	**340.992**
	2021		31/12/2021	
(thousand €)	Revenues	Expenses	Assets	Liabilities
Associates				
Altavista Hotelera, S.L. (J.V.)	200		9.972	
Detur Panamá, S.A. (J.V.)	105		17.429	
Grupo Evertmel (J.V.)	1.550		47.912	
Grupo Melcom (J.V.)	861		36.565	1.052
Grupo Producciones de Parques (J.V.)				2.021
Grupo Renasala (J.V.)	1.000		20.226	2.609
Grupo Starmel (J.V.)	686		6.629	1.917
S'Argamassa Hotelera, S.L.				1.068
Other associates	244		509	584
Impairment losses			(15.011)	
Total associates	**4.645**		**124.231**	**9.252**
Total	**19.431**	**(7.136)**	**898.149**	**350.244**

(J.V.) Joint Ventures.

Revenues column includes revenue from dividends.

(thousand €)	2020 Revenues	2020 Expenses	31/12/2020 Assets	31/12/2020 Liabilities
Group companies				
Adprotel Strand, S.L. (J.V.)	2.291		78.525	
Aparthotel Bosque, S.A.	29		3.417	3
Apartotel, S.A.	1.480	(39)		1.812
Bisol Vallarta, S.A.		(1.507)	24	23.542
Cala Formentor, S.A.		(442)	195	10.734
Colón Verona, S.A.	387		22.254	1
Comunidad de Prop. Hotel Melia Sol y Nieve	539		30.487	
Corp. Hot. Hispano Mexicana, S.A. de C.V.	24		1.191	
Desarrolladora del Norte, S.A.		(871)		25.536
Expamihso Spain, S.A.U.	123.894	(1.319)	1.218	
Gesmesol, S.A.	2.619		13	
Hogares Batle, S.A.	72		3.469	
Hotel Alexander, SAS			18.088	
Hoteles Sol Meliá, S.L.	11.179		16.046	
Hotelpoint, S.L.	17.684	(1.053)	1.429	6.801
Inversiones Hoteleras La Jaquita, S.A.	1.349		72.152	14
Inversiones Inmobiliarias, IAR			1.023	
Inversiones y Explotaciones Turísticas, S.A.				1.185
Lomondo, LTD			7.162	
London XXI LTD	249		12.554	
Markserv, BV	1.875	(34)	7	
Meliá Brasil Administraçao H.E.C.LTDA.	2.508		76.765	417
Meliá Vietnam CO.LTD	14		706	
MHI UK LTD	3.053		129.143	
MIA Exhol, S.A.	3.609		30.703	
Neale Expa Spain, S.A.U.	23		10.529	
Network Investments Spain, S.A.			1.970	
New Continent Ventures	658		18.508	
Prodigios Interactivos, S.A.		(297)		34.752
Prodisotel, S.A.	18	(232)		15.496
Punta Cana Reservations, S.L.	163.538	(2.652)	1.629	
Realizaciones Turisticas, S.A.	1.147	(1.908)	292	136.577
Sol Maninvest B.V.	6.289			
Sol Melia Deutschland, GMBH		(187)	18.051	5.262
Sol Melia Europe, B.V.	440	(769)	84	4.871
Sol Melia France			6.106	
Sol Melia Funding			33.220	
Sol M. Greece H. And T. Enterprises, S.A.				2.534
Sol Melia Italia, S.R.L.	50		2.248	1.414
Sol Melia V.C. Dominicana, S.A.			8.600	
Sol Melia V.C. España, S.L.	246	(2)	10.724	48
Sol Melia V.C. Panamá, S.A.			1.533	
Sol Melia V.C. Puerto Rico				3.863
Tenerife Sol, S.A.	30.063	(616)	824	
The Sol Group Corporation	65		1.719	15
Other group companies	4.662	(42)	7.648	4.565
Total group companies	**380.053**	**(11.971)**	**630.258**	**279.444**
	2020		31/12/2020	
Associates				
Altavista Hotelera, S.L. (J.V.)	173		10.275	
Detur Panamá, S.A. (J.V.)	102		8.927	
Grupo Evertmel (J.V.)	1.096		47.039	
Grupo Melcom (J.V.)	864		37.368	1.082
Grupo Producciones de Parques (J.V.)				631
Grupo Renasala (J.V.)	1.002		20.228	271
Grupo Starmel (J.V.)	716		6.073	360
Homasi, S.A.U.	2.823			
Meliá Zaragoza, S.L. (J.V.)	189		35.240	
Mosaico Hoteles, S.A.			498	
Sierra Parima, S.A.		(222)		
S'Argamassa Hotelera, S.L.				71
Other associates	19		534	581
Impairment losses			(13.538)	
Total associates	**6.984**	**(222)**	**152.645**	**2.995**
Total	**387.037**	**(12.193)**	**782.902**	**282.438**

(J.V.) Joint Ventures.

Revenues column includes revenue from dividends.

The breakdown by currency of assets and liabilities in group companies and associates for years 2021 and 2020 is as follows:

(thousand €)	31/12/2021		31/12/2020	
	Assets	Liabilities	Assets	Liabilities
Eur	536.890	237.997	490.119	190.530
Gbp	181.993	296	144.594	131
Usd	177.905	111.698	146.935	91.520
Other currencies	1.361	254	1.254	257
Total	898.149	350.244	782.902	282.438

There follows a breakdown of the maturity dates of assets and liabilities in group companies and associates at year-end 2021 and 2020:

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

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

For the purposes of optimising the financial resources generated, the Company performs centralised management of collections and payments between Group companies through current account, including debit or credit balances, depending on the circumstances of each subsidiary, and the return thereof is made according to the needs. These balances accrue interest at market rates, which is settled annually based on the daily balance of the account, so such collections and payments are deemed to be financing flows in the cash flow statement. The interest rate applied in 2021 and 2020 is 2%.

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

18.3 Transactions with Significant Shareholders

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

Name or corporate name of significant shareholder	Type of transaction	(thousand €)	
		2021	2020
Tulipa Inversiones 2018, S.A.	Receipt of services	25	100
Total		25	100

18.4 Transactions with Executives and Members of the Board of Directors

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

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

(thousand €)	2021	2020
External independent directors	525	470
Mr. Luis Mª Díaz de Bustamante y Terminel	107	104
Mr. Francisco Javier Campo García	119	107
Mr. Fernando d´Ornellas Silva	111	110
Ms. Carina Szpilka Lazaro	95	83
Ms. Cristina Henríquez de Luna Basagoiti	78	68
Ms. Cristina Aldámiz-Echevarría González de Durana	16	
Proprietary directors	217	208
Mr. Gabriel Escarrer Juliá	43	54
Ms. María Antonia Escarrer Jaume	37	
Mr. Sebastián Escarrer Jaume		11
Hoteles Mallorquines Consolidados,S.L.	28	68
Hoteles Mallorquines Asociados, S.L.	54	54
Hoteles Mallorquines Agrupados, S.L.	54	22
Other external directors	38	77
Mr. Juan Arena de la Mora (*)	38	77
Executive director	54	54
Mr. Gabriel Escarrer Jaume	54	54
Total	834	809

(*) Mr. Juan Arena de la Mora was an External Independent Director in 2020.

In 2020, the External Proprietary Director, Mr. Sebastián Escarrer Jaume resigned and Hoteles Mallorquines Agrupados S.L. was appointed in his place as External Proprietary Director, with Mr. Jose Maria Váquez- Pena being its natural person representative.

Remuneration of executive directors and members of the senior management in 2021 and 2020, considering accrued amounts, was as follows:

(thousand €)	2021		2020
	Fixed remuneration	Variable remuneration	Fixed remuneration
Executive directors	694	457	578
Mr. Gabriel Escarrer Jaume	694	457	578
Senior management	1.759	837	1.467
Total	2.453	1.294	2.045

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

- The Vice Chairman & Chief Executive Officer, as well as the SET (Senior Executive Team), continued with a reduction in their fixed remuneration by 25% during the first half of 2021 (from January to May 2021).
- By the same token, the remuneration of the members of the Board of Directors for attendance at the Delegated Committees (attendance fees) was reduced by 50% during the first half of 2021.
- The long-term remuneration scheme of the Chief Executive Officer was suspended in 2021. However, the Board of Directors, at the proposal by the Appointments, Remuneration and CSR Committee, set the objectives of short-term variable remuneration of the CEO in the second half of the year.

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

On the other hand, the Company has arranged a civil liability policy (D&O) for the Group's directors and executives, under the terms and conditions that are common in insurance policies of this nature, with a premium for 2021 for the amount of EUR 282,359; EUR 250,000 in 2020.

Note 19. Other Information

19.1 Audit Fees

For the years ended 31 December 2021 and 2020, the fees charged in relation to audit services and other services provided by Deloitte, S.L., the Company's auditor, or by any company linked to the auditor by means of common ownership, control or management, have been the following (fees for the audit of the consolidated annual accounts are not included):

(thousand €)	2021	2020
Individual audit	142	129
Other services	221	181
Total	363	309

19.2 Environmental Risks

The Company has taken the challenge of being an international benchmark for excellence, responsibility and sustainability in line with the society's demands for receiving a responsible and sustainable service which is committed to preserving the planet. The Company's commitment, therefore, takes on a special significance given the nature of the activity developed and the importance of tourism in the world economy, as well as its high level of dependence on social and environmental factors, such as the climate and natural resources.

In 2021, management and reporting to the recommendations of TCFD (Taskforce on Climate-related Financial Disclosures) were carried out through an in-depth assessment of the risks and opportunities arising from the climate change in 4 of our main destinations: Europe, Mexico, the Dominican Republic and the United Kingdom, thus facilitating decision making and strategic focus on their management. In addition, in terms of management of water resources, the Company uses the tool Aqueduct Water Risk Atlas, which allows to identify areas with higher risk of hydric stress globally, monitor our portfolio located in such areas and adopt the necessary preventive measures. Additionally, for the third consecutive year, the Group has voluntarily participated in the CDP Water Security, an internationally renowned ranking which measures water security and quality.

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

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

According to the requirements of Articles 229 and 230 of the Revised Text of the Spanish Corporate Enterprises Act, the members of the Board of Directors of Meliá Hotels International, S.A., confirmed that neither they, nor any persons with whom they have ties, as referred to in Article 231 of the aforesaid Law, carry out any activities on their own account or for third parties which may involve any effective competition, present or future, with the Company or which, in any way whatsoever, would place them in a position of permanent conflict with the interests thereof, except for that mentioned below. The Vice Chairman and Chief Executive Officer, as well as two Directors of the Company (Mr. Luis María Díaz de Bustamante y Terminel and Ms María Cristina Henríquez de Luna Basagoiti) have refrained themselves from participating in the discussions and voting of the matters considered at the meetings of the Board of Directors in relation to decisions regarding which they, or one person linked to them, had a potential conflict of interest, direct or indirect, with the Company.

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

Shareholder / Director	No. of direct or indirect voting rights	% of total voting rights	Position on the Board
Mr. Gabriel Escarrer Juliá	11.874.749	5,3878%	Chairman
Mr. Gabriel Escarrer Jaume	166.666	0,0756%	Vice-Chairman and Chief Executive Officer
Hoteles Mallorquines Agrupados, S.L.	23.861.289	10,8264%	Director
Hoteles Mallorquines Asociados S.L.	30.333.066	13,7627%	Director
Mr. Jose María Vázquez-Pena Pérez	42.500	0,0190%	Director
Mr. Luis Mª Díaz de Bustamante y Terminel	300	0,0001%	Secretary and Director
Mr. Alfredo Pastor Bodmer	6.000	0,0026%	Director

Note 20. Events after the Reporting Date

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

Annex I. Equity Situation of Group Companies and Associates

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

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

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

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

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

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

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

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

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

There follows the list of Subsidiaries, Associates and joint ventures of the Group as at 31 December 2021:

Subsidiaries

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

		MANAGEMENT COMPANIES	ADDRESS	COUNTRY	DIR S.	IND S.	TOTAL
	(F1)	APARTOTEL, S. A.	Mauricio Legendre, 16 (Madrid)	Spain	99,79%		99,79%
		GESMESOL, S. A.	Elvira Méndez, 10 - Edif. Bco do Brasil	Panama	100,00%		100,00%
(A)		ILHA BELA GESTAO E TURISMO, Ltd.	31 de Janeiro, 81 (Funchal - Madeira)	Portugal	100,00%		100,00%
	(F1)	MARKSERV, B. V.	Eduard Van Beinumstraat, 40 1077 CZ (Amsterdam)	Netherlands	51,00%		
						49,00%	100,00%
		MELIÁ BRASIL ADMINISTRACAO	Avenida Cidade Jardim, 1030 (Sao Paulo)	Brazil		20,00%	
						80,00%	100,00%
(A)		MELIÁ MANAGEMENT, S.A.	Lope de Vega, 4 (Santo Domingo)	Dom. Rep.		100,00%	100,00%
(A)		MELIA VIETNAM COMPANY LIMITED	13th Floor, Plaza Saigon Building, 39 Le Duan Street	Vietnam	100,00%		100,00%
		NEW CONTINENT VENTURES, Inc.	800 Brickell Avenue Suite 1000 (Miami)	USA		100,00%	100,00%
		OPERADORA COSTARISOL, S.A.	Avenida Central, 8 (San José)	Costa Rica	100,00%		100,00%
(A)		OPERADORA MESOL, S. A. de C. V.	Blvd. Kukulkan Km 16.5 No 1 T.5. Zona Hot (Cancún)	Mexico	100,00%		100,00%
		PT SOL MELIÁ INDONESIA	Ed.Plaza Bapindo-Menara Mandiri Lt.16	Indonesian	95,00%		
			Jl.Jend.Sudirman Kav.54-55 (Jakarta)			5,00%	100,00%
	(F1)	SOL MANINVEST, B. V.	Strawinskylaan 915 WTC, Toren A,1077 XX (Amsterd.)	Netherlands	100,00%		100,00%
(A)		SOL MELIÁ BALKANS EAD	Región de Primorski,Golden-Sands-Varna	Bulgaria	100,00%		100,00%
(A)		SOL MELIÁ HOTEL MANAG. SHANGHAI CO, LTD.	Suite 13-1A1,13th Floor,Hang Seng Bank Tower,1000	China	100,00%		100,00%
		SOL MELIÁ GREECE, HOTEL & TOURISTIC	14th Chalkokondili Str & 28th October str (Atenas)	Greece	100,00%		100,00%
						0,10%	
		SOL MELIÁ PERÚ, S. A.	Av. Salaberri, 2599 (San Isidro - Lima)	Peru	99,90%		100,00%
		COMPANIES OF DIFFERENT ACTIVITIES	ADDRESS	COUNTRY	DIR S.	IND S.	TOTAL
(A)	(F1)	ADPROTEL STRAND, S.L.	Mauricio Legendre, 16 (Madrid)	Spain	50,00%	25,00%	75,00%
(A)		BAJA SERVICIOS ADMINISTRATIVOS S.A	Ctra Transpeninsular, km 19,5 (Los Cabos)	Mexico	100,00%		100,00%
	(F1)	CASINO TAMARINDOS, S. A.	Retama, 3 (Las Palmas)	Spain	100,00%		100,00%
		CREDIT CONTROL CORPORATION	Brickell Avenue, 800 (Miami)	USA	100,00%		100,00%
	(F1)	DORPAN, S. L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
		GUARAJUBA EMPREENDIMENTOS, S.A.	Avda. Jorge Amado s/n, Bahía	Brazil	100,00%		100,00%
	(F1)	HOGARES BATLE, S.A.	Gremio Toneleros, 42 (Palma de Mca.)	Spain	51,49%		
						46,70%	98,19%
(A)	(F2)	HOTEL METROPOLITAN, S.A.S.	20, Rue du sentier 75002 (Paris)	France		100,00%	100,00%
(A)	(F1)	HOTELPOINT, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
		IMPACT HOSPITALITY V3NTURES, LLC	Celebration Place, 225 (Miami)	USA		100,00%	100,00%
		INFINITY VACATIONS S.A. DE C.V.	Bvld.Kukulcan Km 16,5 Benito Juarez (Cancún)	Mexico	0,01%		
						99,99%	100,00%
(A)		INMOBILIARIA DISTRITO CIAL., C. A.	Avda. venezuela con Casanova (Caracas)	Venezuela		89,26%	89,26%
	(F1)	MELIA EUROPE & MIDDLE EAST, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
	(F1)	NAOLINCO AVIATION,S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
	(F1)	NETWORK INVESTMENTS SPAIN, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		100,00%	100,00%
(A)	(F1)	PRODIGIOS INTERACTIVOS, S.A.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
	(F1)	PROYECTOS FINANCIEROS HAYMAN, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100,00%		100,00%
	(F1)	RENÉ EGLI, S.L.U.	Playa La Barca, Pájara (Las Palmas de G.Canaria)	Spain	100,00%		100,00%
	(F1)	SECURISOL, S. A.	Avda.Notario Alemany s/n Hotel Barbados (Calviá)	Spain	100,00%		100,00%
(A)		SEGUNDA FASE CORP.	Carretera 3, Intersecc. 955 (Rio Grande)	Puerto Rico		100,00%	100,00%
(A)		SERVICIOS ARTEMISA, S.A.de C.V.	Boulevard Kukulkan Km 12 (Cancún)	Mexico	100,00%		100,00%
(A)		SERVICIOS INTEGRALES DE PERSONAL IRIS, S.A.de C.V.	Paseo de la Marina Sur (Puerto Vallarta)	Mexico	100,00%		100,00%
(A)		SERVICIOS PERSONALES ORFEO, S.A.de C.V.	Boulevard Kukulkan Km 16,5 (Cancún)	Mexico	100,00%		100,00%
(A)		SERVICIOS PITEO, S.A.de C.V.	Avda Tulum 200, Sm 4 (B.Juarez)	Mexico	100,00%		100,00%
		SOL CARIBE TOURS, S. A.	Vía Grecia - Edif. Alamanda 6B (Panamá)	Panama		100,00%	100,00%
		SOL GROUP CORPORATION	800 Brickell Avenue, Suite 1000, FL, 33131 (Miami)	USA		100,00%	100,00%
	(F1)	SOL MELIÁ EUROPE, B. V.	Eduard Van Beinumstraat, 40 1077 CZ (Amsterdam)	Netherlands	100,00%		100,00%
		SOL MELIÁ FUNDING	Regatta Office Park West Bay Road P.O.Box 31106	Cayman Islands		100,00%	100,00%
(A)		SMVC DOMINICANA, S.A.	Lope de Vega, 4 (Santo Domingo)	Dom. Rep.		100,00%	100,00%
	(F1)	SMVC ESPAÑA S.L.	Mauricio Legendre,16 (Madrid)	Spain		100,00%	100,00%
(A)		SMVC MÉXICO, S.A de C.V.	Boluevard Kukulkan (Cancún)	Mexico		100,00%	100,00%
		SMVC PANAMÁ S.A.	Antigua escuela las Américas, Lago Gatún	Panama		100,00%	100,00%
		VACATION CLUB SERVICES INC.	Bickell Avenue, 800 (Miami)	USA		100,00%	100,00%

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

(A) Audited companies

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

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

(F7) Companies included in the consolidated tax group together with Inversiones y Explotaciones Turísticas, S.A.

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

Associates and Joint Ventures

		HOTEL OPERATING COMPANIES	ADDRESS	COUNTRY	DIR S.	IND S.	TOTAL
(A)		C.P.APARTOTEL M.CASTILLA (*)	Capitán Haya, 43 (M adrid)	Spain	32,14%	0,09%	32,23%
		C.P.APARTOTEL M.COSTA DEL SOL (*)	Paseo Marítimo 11 (Torremolinos)	Spain	3,29%	18,75%	22,04%
		DETUR PANAMÁ S. A.	Antigua Escuela Las Américas (Colón)	Panama	49,93%		49,93%
(A)		NEXPROM, S. A. (JV)	Avda. del Lido s/n (Torremolinos)	Spain	17,50%	2,50%	20,00%
		PLAZA PUERTA DEL MAR, S.A.	Plaza Puerta del Mar, 3 (Alicante)	Spain	12,60%	7,81%	20,41%
(A)	(F5)	PRODUCCIONES DE PARQUES, S.L. (JV)	Avda. P.Vaquer Ramis , s/n (Calviá)	Spain	50,00%		50,00%
(A)	(F3)	STARMEL HOTELS OP, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		30,00%	30,00%
(A)	(F4)	STARMEL HOTELS OP 2, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		20,00%	20,00%
(A)	(F5)	TERTIAN XXI, S.L.U. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		50,00%	50,00%
		TURISMO DE INVIERNO, S.A.	Plaza Pradollano, s/n Sierra Nevada (Granada)	Spain	21,42%		21,42%
		COMPANIES OWNING HOTELS	ADDRESS	COUNTRY	DIR S.	IND S.	TOTAL
(A)	(F7)	ALTAVISTA HOTELERA, S.L.	Avda. Pere IV, 272 (Barcelona)	Spain	7,55%	41,19%	48,74%
(A)	(F8)	BELLVER PROPERTY, S.L.U. (JV)	C/ Recoletos 3, 1° (Madrid)	Spain		50,00%	50,00%
		EL RECREO PLAZA & CIA., C.A. (JV)	Avda.Fco.de Miranda Torre Oeste,15 Of.15(Carac as)	Venezuela	1,00%	18,94%	19,94%
(A)	(F6)	EVERTMEL, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	49,00%		49,00%
(A)		FOURTH PROJECT 2012, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		50,00%	50,00%
(A)	(F4)	FUERTEVENTURA BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		20,00%	20,00%
		MELIA HOTELS FLORIDA, LLC. (JV)	Brickell Avenue Suite 1000, 800	USA		50,00%	50,00%
	(F6)	MONGAMENDA, S.L. (JV)	Alexandre Rosselló, 15 (Palma de Mallorca)	Spain		49,00%	49,00%
(A)	(F3)	PALMANOVA BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		30,00%	30,00%
(A)	(F8)	PELÍCANOS PROPERTY, S.L.U. (JV)	C/ Recoletos 3, 1° (Madrid)	Spain		50,00%	50,00%
(A)	(F3)	PUERTO DELCARMEN BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		30,00%	30,00%
(A)	(F3)	SAN ANTONIO BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		30,00%	30,00%
(A)	(F4)	SANTA EULALIA BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		20,00%	20,00%
(A)	(F3)	TORREMOLINOS BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		30,00%	30,00%
		COMPANIES OF DIFFERENT ACTIVITIES	ADDRESS	COUNTRY	DIR S.	IND S.	TOTAL
	(F5)	GOLF KATMANDU, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		50,00%	50,00%
(A)		INVERSIONES GUIZA, S. A.	Avda. Lope de Vega, 4 (Sto. Domingo)	Dom. Rep.		49,84%	49,84%
(A)		JAMAICA DEVCO S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	49,00%		49,00%
	(F6)	KIMEL MCA, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		49,00%	49,00%
(A)		SIERRA PARIMA, S.A.	Avda. Barceló, s/n (Bávaro)	Dom. Rep.	50,00%		50,00%
		COMPANIES WITH NO ACTIVITY	ADDRESS	COUNTRY	DIR S.	IND S.	TOTAL
		HELLENIC HOTEL MANAGEMENT	Panepistimiou, 40 (Atenas)	Greece	40,00%		40,00%
		YAGODA INVERSIONES, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		50,00%	50,00%
		HOLDING COMPANIES	ADDRESS	COUNTRY	DIR S.	IND S.	TOTAL
		EL RECREO PLAZA, C.A. (JV)	Avda.Fco.de Miranda Torre Oeste,15 Of.15(Caracas)	Venezuela		19,94%	19,94%
		HOMASI, S.A.	C/ Cavanilles 15,Pl.baja (Madrid)	Spain	34,99%		34,99%
	(F8)	MELCOM JOINT VENTURE (JV)	C/ Recoletos 3, 1° (Madrid)	Spain	50,00%		50,00%
		MELIA HOTELS USA, LLC. (JV)	Brickell Avenue Suite 1000, 800	USA		50,00%	50,00%
		MOSAICO HOTELES, S. A.	C/ cavanilles, 15 - Bajo Madrid 28000	Spain	20,00%		20,00%
		PROMEDRO, S. A. (JV)	Avda. del Lido s/n (Torremolinos)	Spain	20,00%		20,00%
(A)	(F3)	RENASALA, S.L. (JV)	Zurbarán, 9 (Mad rid)	Spain	30,00%		30,00%
	(F8)	SISTEMAS RIBEY CLOUD, S.L.U. (JV)	C/ Recoletos 3, 1° (Madrid)	Spain		50,00%	50,00%
(A)	(F4)	STARMEL HOTELS JV, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	20,00%		20,00%

(A) Audited companies
(JV) Joint Ventures
(F3) Companies included in the consolidated tax group together with Renasala, S.L.
(F4) Companies included in the consolidated tax group together with Starmel Hotel JV, S.L.
(F5) Companies included in the consolidated tax group together with Producciones de Parques, S.L.
(F6) Companies included in the consolidated tax group together with Evertmel, S.L.
(F7) Companies included in the consolidated tax group together with Inversiones y Explotaciones Turísticas, S.A.
(F8) Companies included in the consolidated tax group together with Melcom Group.
(*) Shareholding in these companies is through the ownership of apartments representing 32.2% and 22.04%, respectively.

Annex III. Merger Balance Sheets

The merger balance sheet of the company Expamihso Spain, S.A.U., as at 31 December 2020

PAPEL EXCLUSIVO PARA DOCUMENTOS NOTARIALES

05/2021

TIMBRE DEL ESTADO

0,15 €

GC7206097

ARMANDO MAZAIRA PEREIRA
NIHIL PRIUS FIDE
NOTARIO DE PALMA

EXPAMIHSO SPAIN S.A.
(Sociedad Unipersonal)

Balance Abreviado al 31 de Diciembre de 2020

Euros		ACTIVO	Notas	2020	2019
A		ACTIVO NO CORRIENTE		2.196.123,22	100.264.417,44
	I	Inversiones en empresas del grupo y asociadas a largo plazo	5	2.196.123,22	100.231.472,09
	II	Inversiones financieras a largo plazo	5.2		32.945,35
B		ACTIVO CORRIENTE		486.290,69	31.799.530,79
	I	Existencias		41,01	99,08
	II	Deudores comerciales y otras cuentas a cobrar	5.4	129.340,31	30.165.389,29
	1	Clientes por ventas y prestaciones de servicios	10	129.340,31	30.157.290,58
	2	Otros deudores			8.098,71
	III	Inversiones en empresas del grupo y asociadas a corto plazo	5, 10	356.909,37	1.634.042,42
		TOTAL ACTIVO		2.682.413,91	132.063.948,23
Euros		PATRIMONIO NETO Y PASIVO		2020	2019
A		PATRIMONIO NETO		1.378.837,85	131.276.699,03
	I	Fondos propios		1.378.837,85	131.276.699,03
	1	Capital	7.1	5.248.895,18	5.248.895,18
	2	Reservas	7.2	2.693.381,35	123.011.977,41
	3	Dividendo a cuenta		(560.000,00)	
	4	Resultado del ejercicio	3	(6.003.438,68)	3.015.826,44
B		PASIVO CORRIENTE		1.303.576,06	787.249,20
	I	Deudas con empresas del grupo y asociadas a corto plazo	6, 10	1.303.535,30	787.238,38
	II	Acreedores comerciales y otras cuentas a pagar		40,76	10,82
	1	Otros acreedores		40,76	10,82
		TOTAL PATRIMONIO NETO Y PASIVO		2.682.413,91	132.063.948,23

Las Notas 1 a 12 descritas en la memoria adjunta forman parte integrante del balance abreviado al 31 de diciembre de 2020.

Cuenta de Pérdidas y Ganancias Abreviada correspondiente al Ejercicio Anual Terminado el 31 de Diciembre de 2020

Euros			Notas	2020	2019
A		OPERACIONES CONTINUADAS			
	1	Otros ingresos de explotación		41.575,28	139.020,82
	2	Otros gastos de explotación	9.1	(1.140.953,56)	(11.552,94)
		A.1 RESULTADO DE EXPLOTACIÓN		(1.099.378,28)	127.467,88
	3	Ingresos financieros	9.2	1.761.919,86	3.395.673,87
	4	Gastos financieros	9.2		(54.120,35)
	5	Diferencias de cambio		(400.741,12)	292.278,10
	6	Deterioro y resultado por enajenaciones de instrumentos financieros		(5.753.886,20)	
		A.2 RESULTADO FINANCIERO		(4.392.707,46)	3.633.831,62
		A.3 RESULTADO ANTES IMPUESTOS		(5.492.085,74)	3.761.299,50
	7	Impuesto sobre beneficios	8	(511.352,94)	(745.473,06)
		A.4 RESULTADO DEL EJERCICIO PROCEDENTE DE OPERACIONES CONTINUADAS		(6.003.438,68)	3.015.826,44
		A.5 RESULTADO DEL EJERCICIO	3	(6.003.438,68)	3.015.826,44

Las Notas 1 a 12 descritas en la memoria abreviada adjunta forman parte integrante de la cuenta de pérdidas y ganancias abreviada del ejercicio terminado el 31 de diciembre de 2020.

Dª. María del Pilar Dols Company
Secretaria Consejera

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Merger balance sheet of the company Impulse Hotel Development, S.L.U., as at 31 December 2020

IMPULSE HOTEL DEVELOPMENT, S.L.
(Sociedad Unipersonal)

Balance Abreviado al 31 de Diciembre de 2020

Euros	ACTIVO	Notas	2020	2019
A	ACTIVO NO CORRIENTE		29.636.712,21	29.636.712,21
	I Inversiones en empresas del grupo y asociadas a largo plazo	5.1	29.636.712,21	29.636.712,21
B	ACTIVO CORRIENTE		16.004,68	396.858,29
	I Deudores comerciales y otras cuentas a cobrar	5.2	11.029,00	147,42
	1 Otros deudores		11.029,00	147,42
	II Inversiones en empresas del grupo y asociadas a corto plazo	10.2	4.975,68	375.432,39
	III Efectivo y otros activos líquidos equivalentes	5.4		21.278,48
	TOTAL ACTIVO		29.652.716,89	30.033.570,50

	PATRIMONIO NETO Y PASIVO			
A	PATRIMONIO NETO		29.625.313,35	1.226.073,30
	I Fondos propios	7	29.625.313,35	1.226.073,30
	1 Capital		18.500,00	18.500,00
	2 Reservas		3.700,00	
	3 Resultados de ejercicios anteriores			1.244.031,10
	4 Otras aportaciones de socios		29.548.050,05	
	5 Resultado del ejercicio		55.063,30	(36.457,80)
B	PASIVO CORRIENTE		27.403,54	28.807.497,20
	I Deudas con empresas del grupo y asociadas a corto plazo	10.2	14.678,10	
	II Acreedores comerciales y otras cuentas a pagar		12.725,44	28.807.497,20
	1 Proveedores	10.2		28.794.467,82
	2 Otros acreedores	6	12.725,44	13.029,38
	TOTAL PATRIMONIO NETO Y PASIVO		29.652.716,89	30.033.570,50

Las Notas 1 a 12 descritas en la memoria abreviada adjunta forman parte integrante del balance abreviado al 31 de diciembre de 2020.

Cuenta de Pérdidas y Ganancias Abreviada correspondiente al Ejercicio Anual Terminado el 31 de Diciembre de 2020

Euros		Notas	2020	2019
A	OPERACIONES CONTINUADAS			
	1 Otros gastos de explotación	9	(673,10)	(1.172,07)
A.1	RESULTADO DE EXPLOTACIÓN		(673,10)	(1.172,07)
	2 Ingresos financieros		5.007,80	6.723,00
	3 Diferencias de cambio		54.377,70	(54.137,33)
A.2	RESULTADO FINANCIERO		59.385,50	(47.414,33)
A.3	RESULTADO ANTES IMPUESTOS		58.712,40	(48.586,40)
	4 Impuesto sobre beneficios	8	(3.649,10)	12.128,60
A.4	RESULTADO DEL EJERCICIO PROCEDENTE DE OPERACIONES CONTINUADAS		55.063,30	(36.457,80)
A.5	RESULTADO DEL EJERCICIO	3	55.063,30	(36.457,80)

Las Notas 1 a 12 descritas en la memoria abreviada adjunta forman parte integrante de la cuenta de pérdidas y ganancias abreviada correspondiente al ejercicio anual terminado el 31 de diciembre de 2020.

Dª. María del Pilar Dols Company
Secretaria Consejera

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Management Report for the Year Ended 31 December 2021

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

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

1. Situation of the Company

1.1 Organisational Structure

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

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

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

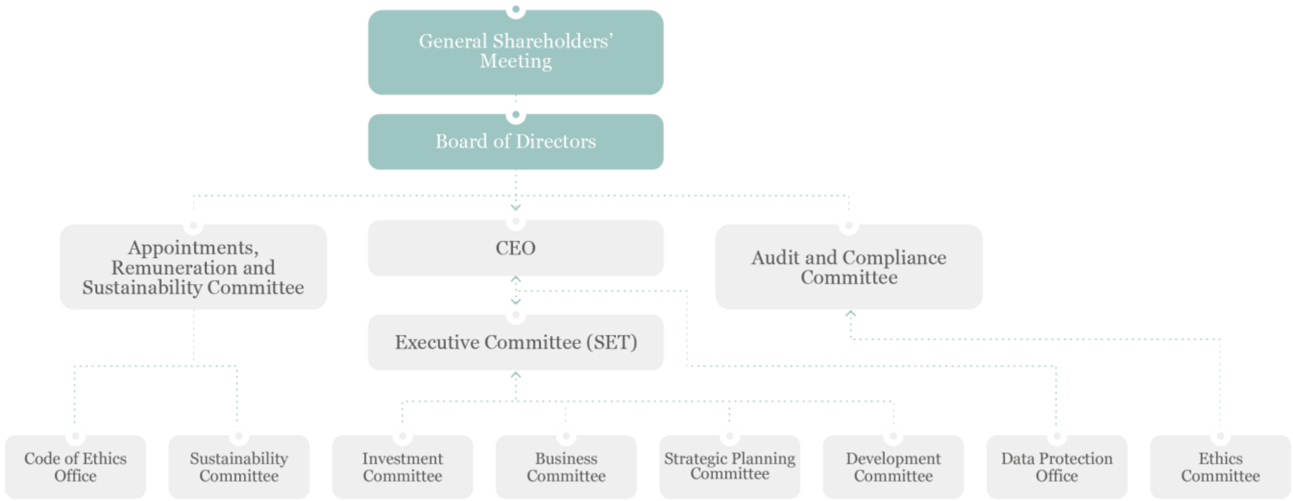
- ✓ *Hotel management*: This relates to the fees received for operating hotels under management and franchise agreements. It also includes the intra-group charges to the Group's hotels that are under ownership or under lease.
- ✓ *Hotel business*: The results obtained from the operation of hotel units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

Governance Model

Our regulatory structure consists of, and is implemented through, a set of regulations, rules, policies, protocols, processes and procedures based on the principles of transparency and corporate governance best practices, which govern and regulate mainly the following issues:

a. Structure, composition and functioning of the Group's Governance Model.
b. Principles and commitments of the Code of Ethics, as well as the Group's main activity sectors. Likewise, the corporate governance is implemented through the various Policies approved by the Board of Directors, outstanding among which are those providing for key aspects in terms of corporate governance which directly affect the shareholders.
c. Policy for Communication and Relationship with Shareholders, Investors and Proxy Advisors and Corporate Communication.
d. Treasury Stock Policy.
e. Stakeholder Relationships Policy.

The Company's corporate governance structure is detailed below:



BOARD OF DIRECTORS

In June 2021, the Board of Directors approved the amendment of Article 5 of the Regulations of the Board and reorganised the functions of this body in the following classification:

a. Functions concerning the General Shareholders' Meeting and the involvement of shareholders.
b. Functions concerning the policies and strategies of the Company and the Group.
c. Functions concerning the organisation of the Board of Directors.
d. Functions concerning information to be provided by the Company.
e. Functions concerning renumeration of Directors and Executives.

Annually, the Board assesses the functioning and composition of the Board itself and the Committees, as well as the performance of the Top Executive of the Company. The Appointments, Remuneration and Sustainability Committee is responsible for approving and initiating this process. The report with the results of the assessment for 2021 was submitted to the Board at the meeting held on 28 February 2022.

Regarding compliance with recommendation number 36 of the Good Governance Code of Listed Companies which relates to the help of an external advisor in the process for assessment of the Board, and due to the continuation of the pandemic effects during this year, the Company considered it appropriate not to outsource the assessment process. However, as in 2020, the Appointments, Remuneration & Sustainability Committee was assisted by Human Resources and Corporate Governance Departments in the review and update of the assessment forms, in which certain improvements have been included in line with the applicable recommendations and best practices in this field.

As a result of this assessment process in 2021, a sustainability training programme has been approved for 2022.

SPECIALISED COMMITTEES

It is worth mentioning that in 2021 and given the circumstances, most of the meetings of the Board and the Committees were held by telematic means.

Likewise, the Committee formerly named “Appointments, Remuneration and Corporate Social Responsibility Committee” has changed its name to “Appointments, Remuneration and Sustainability Committee”, in line with best practices in this field. This change will be completed with the relevant amendment to the Regulations of the Board of Directors and the Company Bylaws in 2022.

Appointments, Remuneration and Sustainability Committee

Its functions include preparing the proposals for appointments and re-elections of directors and senior executives, as well as their remuneration. Furthermore, it reports on transactions that involve or may involve conflicts of interest, and leads the regular assessment of the structure, size, composition and actions of the Board and its specialised committees, making the appropriate recommendations in each case.

In addition, it is the main governing body with functions and responsibilities in terms of sustainability, since it is responsible for following up the strategy and practices in this field and assessing the level of compliance, in cooperation with the Sustainability Committee, which, in turn, is the body responsible for ensuring the integration of ESG criteria in the business strategy, promoting the implementation and execution of projects or initiatives that may be necessary for compliance with the principles and objectives laid down in the Sustainability Policy.

In 2021, the Committee’s focus on remuneration stands out, since it has continuously monitored the measures adopted in terms of remuneration of the Chief Executive Officer (reductions in fixed remuneration, analysis and setting of variable remuneration), as well as the preparation of the Directors’ Remuneration Policy for 2022-2024, which was submitted to the 2021 General Shareholders’ Meeting for approval.

Auditing & Compliance Committee

This Committee is responsible for supporting the Board in monitoring the effectiveness of the internal control and risk management systems of the Company, serving as a communication channel with the internal and external auditors; monitoring the preparation and presentation process of financial and non-financial information to the Board, as well as compliance with legal provisions and internal regulations.

During this year, the Committee has continued to follow up the impact of COVID-19 on the business and on the financial statements of the Group, regularly reviewing the liquidity situation of the Company and the various measures and projects developed by the management team. In addition, it has promoted and followed up the transformation of the Group’s internal audit function.

Executive Committee (SET)

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

Given the global pandemic, the SET has taken a special role in ensuring the appropriate management of the crisis in the Company. Thus, it has fostered, coordinated and ensured the implementation of all the measures adopted to meet the needs resulting from the COVID-19 crisis. As in 2020, the SET’s activities, as well as those of the other Bodies within the Company, have intensively increased, combining in-person and telematic meetings.

In 2022, the amendment to the Company Bylaws is planned to be submitted to the General Shareholders' Meeting for approval in order to adapt them to the last reform of the Corporate Enterprises Act in terms of long-term involvement of shareholders. In this sense, it is planned to include, among other proposals, the holding of general meetings only by telematic means.

The Code of Ethics is also planned to be updated, as well as certain affected policies, in order to adapt them to the European Directive on Due Diligence, among other trends and recommendations.

1.2 Strategic Priorities

2021 began as the previous year ended, with a high uncertainty due to the successive pandemic waves and the resulting travel restrictions, however, the vaccination process, a few months before the beginning of the year, represented a significant difference in the perspectives of our industry and the medium-term recovery expectations.

Thus, we maintained our Resilience Plan, namely "The Day After", in force during the first quarter and the beginning of the second quarter, until the improvement of the situation and the significant "retained" demand resulted in an increase in reservations from May, but maintaining the necessary caution.

In the third quarter, our strength in the vacation and bleisure segment, which was the first segment to react to the lifting of the restrictions, and our digital leadership in distribution (with an own channel, such as Melia.com, which channelled 55% of the reservations in 2021), allowed us to benefit from a higher pace of recovery in the mentioned segment, with an upward curve at the reservation level week after week, and which continued until the fourth quarter, before the appearance of the Omicron variant and the so-called "sixth wave" in Spain.

Preparing "The Day After"

Given this context, we maintained "The Day After" plan, thus weighing and managing a double vision. On the one hand, to promote the tactical management of a limited hotel operation that was influenced by the pandemic, in which every decision is key to optimise the results; and, on the other hand, our firm commitment to "look forward" and progress in the lines that will help us to emerge stronger from this pandemic, such as the three strategic pillars: organisational evolution, focus on digitalisation and a sustainable management.

Thus, the launching of a new organisational model, called Leading a New Future, represented the search for the alignment with a new environment in which agility and efficiency as recovery drivers prevail over uncertainty. A new model that is more digital, more dynamic and more flexible, and which adapts to a disruptive and ever-evolving context.

In 2021 the definition of this new model was completed in the corporate and business areas, with the clear purpose of aligning the organisation in order to offer a more effective and appropriate service adapted to the hotels, promoting cross-functionality and a relation of trust and cooperation between Hotel Operations and Hotel Services, which ensures its effectiveness and efficiency.

The implementation of the model meant the creation of eleven areas of operations and that departments, such as Business Development, which is in charge of the commercial, marketing and revenue functions, were totally adapted to this model in the second half of the year, as well as the creation and implementation of several operation centres in America, Spain and EMEA, with an important critical mass of hotels, thus ensuring a closer, more flexible and more efficient management of the business units.

Secondly, throughout 2021, we maintained our focus on digitalisation, with investment levels similar to those in years previous to Covid 19, being aware that the technological progress will provide differential advantage in the hyper-competitive environment of recovery. In this context, driven by the digital transformation programme Be Digital 360, our commitment has been to expand this progress to all the areas, both Front and Back-of-the-office, as well as to continue to invest in a top-level digitalised distribution, structuring the Programme in 12 clear projects and with perfectly defined and measurable milestones.

Finally, "The Day After" plan was focused on promoting a responsible and sustainable management, since we are convinced that, given our leadership in the sector and the importance acquired thanks to sustainability during the pandemic in the public eye and the regulatory field, the responsible commitment will be, more than ever, a strategic factor to promote our resilience and recovery. Thus, in 2021 we continued to promote initiatives related to environment, social and governance issues, as detailed below.

2022, the return to the strategy

More than 12 months after the outbreak of the pandemic, the arrival of summer 2021, the vaccine development and the gradual removal of restrictions, marked a significant turning point, which led us to consider again the need to re-establish our strategic priorities, based on action points in which short- and long-term initiatives were brought together and activated through “The Day After”.

Being aware of the major changes in the environment, we undertook an active listening process in which stakeholders were involved, analysing in depth threats and opportunities, in a highly volatile market, as well as the movements from our competitors, shaping the Strategic Road Map which will determine the priorities of this new year.

Some of the basic premises of the road map are the creation of differential value for our stakeholders and to become a global benchmark in leisure and bleisure hotels under a profitable and streamlined business model that is focused on excellence through sustainability and which, on the basis of the lessons learned, will lead us to strengthen our balance sheet at levels similar to those existing in the pre-covid era, as well as to increase efficiency and competitiveness.

To this effect, the new Strategic Road Map establishes four main strategic priorities:

- More profitable
- More efficient
- More managers
- More sustainable

These priorities incorporate an ambitious Cultural Transformation Programme to ensure the commitment of our people, providing continuity to the programmes already included in “The Day After”, such as Be Digital 360 and Leading a New Future; as well as new action lines focused on creating a purpose-driven culture together with a value proposal for the people.

The strategic projects are grouped in three programmes:

MANAGEMENT COMPANY MODEL
To place value on our brands, our talent, our capacity of distribution, management and generation of income to make qualitative and sustainable progress in asset-light models.

MANAGEMENT EFFICIENCY
To combine the flexibility of an operating model more digital and efficient, with greater productivity thanks to the implemented digitalisation models, providing us with the dynamism and transparency of our analytical and reporting model.

RESPONSIBLE BUSINESS
To lead the transformation of the tourism model towards a more sustainable model that ensures the integration of ESG criteria, to ensure the generation of economic, environmental and social value in the long term.

We believe that the initiatives included in the strategic programmes will become levers to promote a strong and lasting recovery, thus contributing to consolidate our position as a more resilient, responsible, digital and efficient company in all of its processes; a true winner of the post-covid era.

Sustainability strategy

Sustainability has already broken the barrier of the good intentions, in a society that is ever more demanding towards the companies, and with a complex agenda marked by the global challenges of the 2030 Agenda and the new regulatory environment. In this context, we cannot leave aside the new reality of prioritisation of health, safety and the increasing need of managing an unprecedented economic and social situation, in which recovery the companies will play a key role.

And while the global context has already evidenced major future challenges, 2021 has been the year in which the so-called regulatory tsunami has started, which will, no doubt, shape the agenda for 2022 and the coming years. Through this regulatory package, the EU will focus on encouraging the companies to compete in an increasingly complex and global environment, especially in terms of green and digital transition.

Thus, the drive of our management model, which is responsible and with a long term vision, acquires a special relevance given our objective of consolidating an ethical, transparent and responsible management, being a benchmark in the transformation towards a sustainable tourism model, which contributes to the needs of the planet and the economic and social development in our destinations, and which is implemented in the Group through a foundation called ESG IMPACT.

Its development has led us to promote the sustainability integration as a key lever for the creation of value in our core business, allowing us to progress in our sustainable strategy taking as a point of reference our 2030 Vision by means of which we aim to position ourselves among the first hotel groups in the world in the upper-medium urban and vacation segment, consolidating our leadership in leisure and bleisure markets, while being recognised as a world benchmark in excellence, responsibility and sustainability. Thus, we combine "double speed" approaches. On the one hand, long-term approaches and commitments, which are aligned with our Vision and global challenges, and, on the other hand, short- and medium-term approaches aimed at building a foundation for our model in order to gradually draw closer to our objective of Moving towards a sustainable future from a responsible present.

We have achieved important progresses from our first approaches in 2008, which led us to define increasingly ambitious objectives. We made progress from very operational approaches focused on meeting public commitments, which are global in terms of sustainability and aligned with supra corporate objectives, allowing us to assume new commitments and achieve new milestones in ESG this year. Our development has been evidenced by being awarded the 2nd global position in the CSA of S&P Global and the first position in Spain and Europe (Silver Class).

And while making progress towards sustainability is a long, global vision and long-term journey, we consider that every achievement helps to come closer to our aim, ensuring that sustainability creates value in the three aspects considering that in the Group:

"As a Company, we pursue a triple objective: i.e. to be economically feasible, socially profitable and environmentally responsible".

Thus, in a context in which COVID-19 presents important challenges for the entire tourism industry, in the Group we consider it also an opportunity to listen to our stakeholders, understand the issues that most concern them and align our strategic priorities with their expectations to address the changes that we have to face. Therefore, in 2021, we have updated our Materiality Analysis, considering matters linked to the changes that will arise from this new context, achieving a 27% participation (+2 points compared to 2019).

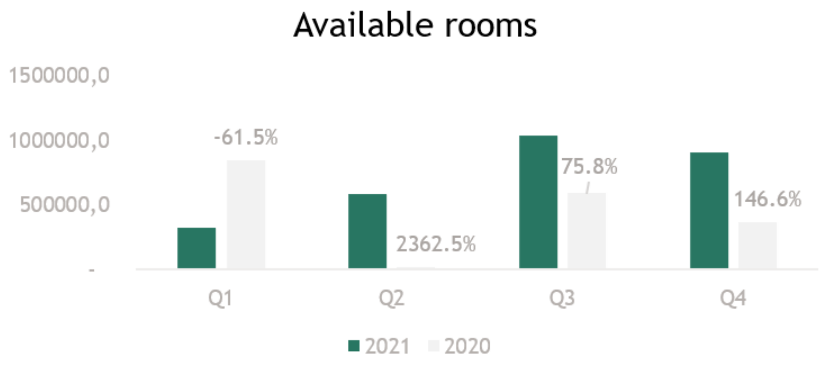
2. Business Evolution and Performance

The evolution of occupancy, average room rate (ARR) and revenues per available room (RevPAR) in 2021 compared to that in 2020 for the Company's hotels is included below:

HOTELS	OCCUPANCY		ARR		RevPAR	
	%	Δ (pp)	€	Δ%	€	Δ%
	47,6%	2,6	105,7 €	11,2%	50,3 €	17,7%
Urban	47,6%	5,3	96,1 €	3,3%	45,7 €	16,3%
Holiday	47,7%	(2,3)	123,4 €	25,8%	58,8 €	20,0%

BRANDS	OCCUPANCY		ARR		RevPAR	
	%	Chg pts.	€	Chg %	€	Chg %
Paradisus						
Me by Melia	34,1%	(26,1)	165,1 €	0,4%	56,3 €	-43,1%
Gran Meliá	55,2%	4,8	349,2 €	37,6%	192,8 €	50,8%
Meliá	47,0%	3,4	120,3 €	8,0%	56,5 €	16,5%
Innside	47,8%	(13,5)	117,5 €	4,5%	56,2 €	-18,5%
Tryp by Wyndham	68,6%	9,0	48,3 €	-31,0%	33,2 €	-20,5%
Sol	46,0%	(3,4)	89,5 €	21,8%	41,1 €	13,5%
Affiliated by Meliá	50,3%	7,4	81,6 €	2,7%	41,0 €	20,3%
TOTAL	47,6%	2,6	105,7 €	11,2%	50,3 €	17,7%

The evolution of rooms available in 2021 compared to 2020 was as follows:



Performance

Regarding urban hotels, during the first quarter of the year, the MICE segment was paralysed as a consequence of the restrictive policies, therefore, cities such as Barcelona, Madrid and Palma de Mallorca were affected adversely. During this period, a minimum number of hotels were open in each destination. In April, a gradual recovery in occupancy was observed, which allowed the opening of our hotels. The main customers were national, arising from our own channels; with hardly any presence of the MICE segment, some destinations welcomed sport groups, small business groups and crews.

In summer, secondary “bleisure” destinations were particularly successful, closing the third quarter with occupancy rates higher than those of year 2019, in some cases, thanks to the local market. Hotels linked to MICE were the most affected due to the lack of events, although in September, a mild recovery was observed in the segment, with meetings for small groups. At the end of September almost the entire urban portfolio was open.

The last quarter of the year started with a higher “On the Books” compared to previous months, while last minute sales continued to be very significant, and month by month the difference with respect to 2019 has been narrowing. It is worth mentioning the increase in the “Corporate” segment, which has recovered some anticipation and volume. In public holidays and prolonged weekends, there has been a strong recovery of occupancy linked to leisure. At the beginning of December, the number of reservations began to slow down, and the number of cancellations began to increase as a result of the evolution of the omicron variant.

Regarding vacation hotels, the year was marked by their reopening in May and June. Sales trend was getting better and better each week from May with the reopening of hotels, with a high dependence on national customers at the beginning of the summer, as well as direct customer and OTAS. As the restrictions were decreasing in the various countries (especially in the United Kingdom), a gradual improvement in international demand and the main tour operators was observed, except for the last days of December, when the last infection wave occurred.

The positive results of upscale hotels stood out, especially in the case of senior rooms, with a strong demand, in which we achieved higher income in summer months compared to 2019, with some of these hotels exceeding the figures of the average historical price.

Outlook for 2022

While having many difficulties in terms of visibility, the beginning of the year was significantly affected by omicron variant, with an important impact on reservation cancellations in January and February, and with a foreseeable recovery from March. However, “On The Books” levels for summer season of vacation hotels in Spain exceed the levels of 2019 in terms of revenues, especially as a result of the improvement in the average price.

In Spain, the quarter started with low visibility, as mentioned above, on the evolution of reservations due to omicron; at the urban level, we continued to depend on the national customer, registering at the beginning of January cancellations for groups in the short term (January - February 2022), which had an impact mainly on the hotels that are most dependent on the MICE segment. One positive example here is the business evolution of snow hotels. During this first quarter, Canary Islands were affected by a decrease in reservations due to the last infection wave, hindering the positive progress they were having, although, from the third week of January, we are observing an improvement in sales, with direct customers and tour operators providing the largest volume, especially the United Kingdom market, thanks to the decision to remove the PCR test before returning to the country.

3. Risk Management

The Company has a Risk Control and Management System which allows to identify, assess and manage the main risks that may affect the Company's strategy and objectives. The system is based on 3 essential pillars:

- A Risk Control Policy approved by the Board of Directors and last updated in October 2020, which defines the core principles and the general framework for action in terms of risk management. This Policy is developed by an Internal Regulation that establishes the rules, guidelines and criteria to be followed by the risk management system, so that it is completely aligned with the strategy.
- An organisational structure and Governance Bodies entrusted with specific functions and responsibilities in this field.
- The segregation and independence of functions followed by the model of three lines of defence, in which the second and the third line of defence directly depend on the Auditing and Compliance Committee, thus ensuring maximum independence in the management of risks:

  - *1st Line of defence*: Business and organisational units
    To identify and assess the risks; To define and implement the necessary measures to manage risks.
  - *2nd Line of defence*: Risk Control and Compliance
    To ensure compliance with the Policy and the Regulation and the functioning of the System; To support in the identification. Analysis and assessment of risks; Control and monitoring of Key Risks; Reporting to Governance Bodies.
  - *3rd Line of defence*: Internal Audit
    To audit the risk control and management process; To align the Annual Audit Plan with the Risk Map.

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

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

4. Acquisition and Disposal of Treasury Shares

As at 31 December 2021, the total number of treasury shares held by the Company is 277,014, which represents 0.126% of the share capital; 0.106% in 2020. In any case, the treasury shares do not exceed the 10% limit established by the revised text of the Spanish Corporate Enterprises Act (see Note 12.1 d)).

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

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

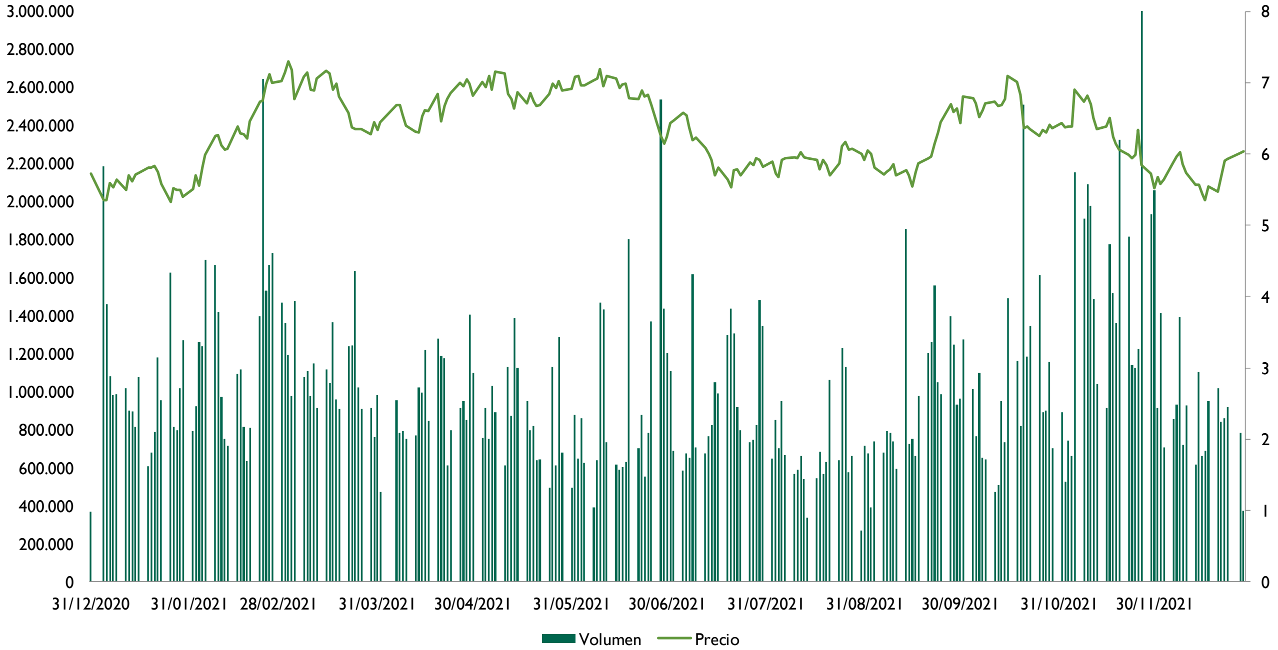
On 10 July 2020, the Board of Directors, according to the delegation granted in its favour by the General Shareholders' Meeting held on the same day, agreed to execute the capital reduction through the redemption of 9,300,000 treasury shares.

The price of Meliá Hotels International, S.A.'s shares at year end was EUR 6. At the 2020 year end the share price amounted to EUR 5.72.

5. Other Information

5.1 Meliá's Shares

So far this year, our shares rose by +4.9%, while IBEX rose by 7.9%.



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

	Dec-21	Dec-20
Number of shares (*million*)	220,4	220,4
Average daily volume (thousands of shares)	1.018,9	1.486,5
Maximum price (*euros*)	7,3	8,3
Minimum price (*euros*)	5,3	2,7
Last price (*euros*)	6,0	5,7
Dividend (*euros*)		

5.2 Dividend Policy

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

During this year and due to the difficult situation faced by the sector as a result of the pandemic, the Board of Directors, in order to strengthen the Company's solvency and liquidity, at its meeting held on 25 February 2021, has proposed to not distribute dividends.

5.3 Environmental Risks

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

5.4 Average Payment Period to Suppliers

As set forth in the relevant note to the annual accounts, the average period of payment to suppliers of Meliá Hotels International, S.A. was 64.94 days in 2021; 68.63 days in 2020.

Given the negative economic impact associated with the Covid-19 pandemic which resulted in a decrease in revenues, mainly because of the occupancy levels in the hotel establishments and other business units, certain payment deferrals have been maintained with the Group's main suppliers, therefore, such measure has improved, although this ratio has not yet reached the 60 days period. Pending the recovery of the business in the coming months, the purpose is to get back to the ratio established.

5.5 Headcount Evolution

This is detailed in note 17.3 to the annual accounts.

5.6 Events After the Reporting Date

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

6. Annual Corporate Governance Report

The Company's Consolidated Management Report includes the Annual Corporate Governance Report of the Company for 2021, according to Article 49.4 of the Code of Commerce. Likewise, such report will be available from the date of publication of these annual accounts on the corporate website (www.melia.com) and on the website of the CNMV (www.cnmv.es).

7. Annual Report on the Remuneration of Directors

The Company's Consolidated Management Report includes the Annual Report on the Remuneration of Directors of the Company for 2021, according to Article 538 of the Corporate Enterprises Act. Likewise, such report will be available from the date of publication of these annual accounts on the corporate website (www.melia.com) and on the website of the CNMV (www.cnmv.es).

Preparation of the Annual Accounts and Management Report for 2021

The Board of Directors of Meliá Hotels International, S.A., in compliance with the commercial regulations in force, on 28 February 2022 prepared the Annual Accounts and Management Report for 2021, following the format requirements set out in the Delegated Regulation EU 2019/815 of the European Commission.

The members comprising the Board of Directors of Meliá Hotels International, S.A. by means of this Statement hereby sign these Annual Accounts and the Management Report for 2021 prepared unanimously, for verification by the auditors and subsequent approval by the General Shareholders' Meeting.

Signed Mr. Gabriel Escarrer Juliá
Chairman

Signed Mr. Fernando d'Ornellas Silva
Director

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

Signed Ms. Carina Szpilka Lázaro
Director

Signed Ms. María Antonia Escarrer Jaume
Director

Signed Ms. Cristina Henríquez de Luna Basagoiti
Director

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

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

Signed Mr. Francisco Javier Campo García
Director

Signed Ms. Cristina Aldámiz-Echevarría González de Durana
Director

In witness whereof, this Statement is signed by all the members who comprise the Board of Directors of the Company.

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

MELIÁ HOTELS INTERNATIONAL, S.A.

STATEMENT OF RESPONSIBILITY

The undersigned members of the Board of Directors state, to the best of their knowledge, that the individual annual accounts of Meliá Hotels International, S.A. for 2021, prepared unanimously at the meeting held on 28 February 2022 and drafted pursuant to the applicable accounting principles, provide a true image of the equity, the financial situation and the profit and loss of the Company, and that the Management Report approved unanimously together with the mentioned annual accounts includes a true analysis of the evolution, the business results and the situation of Meliá Hotels International, S.A., including the main risks and uncertainties faced by the Company.

Palma (Mallorca), on 28 February 2022.

Mr. Gabriel ESCARRER JULIÁ, Chairman	______________________
Mr. Gabriel ESCARRER JAUME, Vice Chairman and Chief Executive Officer	______________________
Ms Mª Antonia ESCARRER JAUME	______________________
HOTELES MALLORQUINES ASOCIADOS, S.L., Represented by Mr. Alfredo PASTOR BODMER	______________________
Mr. Francisco Javier CAMPO GARCÍA	______________________
Mr. Fernando d´ORNELLAS SILVA	______________________
Ms Carina SZPILKA LÁZARO	______________________
Ms Cristina HENRÍQUEZ DE LUNA BASAGOITI	______________________
HOTELES MALLORQUINES AGRUPADOS, S.L., Represented by Mr. Jose María Vázquez-Pena Pérez	______________________
Ms Cristina ALDÁMIZ - ECHEVARRÍA GONZÁLEZ DE DURANA	______________________
Mr. Luis Mª DÍAZ DE BUSTAMANTE Y TERMINEL, Secretary	______________________