

## TO THE *COMISIÓN NACIONAL DEL MERCADO DE VALORES*

In compliance with the provisions of Article 226 of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October, and its complementary regulations, NH Hotel Group, S.A. (hereinafter, “**NH Hotel Group**” or the “**Company**”) hereby notifies the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) the following

### INSIDER INFORMATION

With regard to the Insider Information submitted by the Company on 28<sup>th</sup> April 2020, with number 194 of registry, NH Hotel Group informs that following the notice of call for the Shareholder’s Annual Meeting approved by the Board of Directors during the meeting held today, the Board has approved the alternative proposal of application of profits. In this regard, the Company encloses the letter from the auditor referred to in article 40.6 bis of Royal Decree Law 8/2020, including justifying note from the Board of Directors regarding the underlying reasons of replacing the proposal of application of profits of the year 2019.

Madrid, 11 June 2020.

Carlos Ulecia  
General Counsel



***Free translation of the letter originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails.***

11 June 2020

NH Hotel Group, S.A.  
Calle Santa Engracia, 120  
28003 Madrid

To the Board of Directors of NH Hotel Group, S.A.:

Dear Sirs

The Board of Directors of NH Hotel Group, S.A., in its meeting of 25 February 2020, agreed the following proposal for the distribution of profits (thousand euro):

Profit for the year: 158,940

Distribution:

To the legal reserve: 15,894

To distribution of dividends: 58,771

To voluntary reserves: 84,275

This proposal is similarly included in note 3 to the individual and consolidated annual accounts for the year ended 31 December 2019 that were authorised for issue by the Board of Directors in said meeting and on which on 25 February 2020 we issued our audit reports, which included an unqualified opinion.

As figures in the accompanying documentation, the Board of Directors, in its meeting of 11 June 2020, took the decision to replace the proposal for the application of profits initially agreed with that which figures in the reasoned explanation prepared by the directors which is attached to this letter, titled "Explanatory report regarding the amendment of the proposed application of profit of 2019"

Within this context, we confirm that this decision would not have changed our audit opinion included in the audit reports dated 25 February 2020 which we issued on the annual accounts of NH Hotel Group, S.A. and NH Hotel Group, S.A. and subsidiaries for the year ended 31 December 2019, had the new proposal been known at the time of its signature.

This letter refers solely to the decision to change the proposal for the application of profits which will be submitted to the General Shareholders' Meeting for approval. Since 25 February 2020, date on which we issued our audit reports, we have carried out no audit procedures whatsoever on any other matters or subsequent events that could have occurred since that date.

This letter is issued at the request of the Board of Directors of NH Hotel Group, S.A., for the purposes of informing the General Shareholders' Meeting of NH Hotel Group, S.A. in accordance with the requirements of article 40.6.bis of Royal Decree Law 8/2020 and may not be used for any other purpose.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by Mariano Cortés Redín

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## EXPLANATORY REPORT REGARDING THE AMENDMENT OF THE PROPOSED APPLICATION OF PROFITS OF 2019

The Board of Directors of NH HOTEL GROUP, S.A. in its meeting of 25 February 2020 agreed the proposed application of profits included in note 3 to the individual and consolidated Annual Accounts for the year ended 31 December 2019, stating as follows:

### 3. PROPOSED DISTRIBUTION OF PROFITS

The proposed distribution of profits for the year prepared by the Company's Directors and that will be submitted for approval by the Shareholders at The General Shareholders' Meeting is as follows (in thousands of euros):

|                              | Year 2019      |
|------------------------------|----------------|
| To legal reserve             | 15,894         |
| To distribution of dividends | 58,771         |
| To voluntary reserves        | 84,275         |
| <b>Total</b>                 | <b>158,940</b> |

Nonetheless, in its meeting of 28 April 2020 and in view of the situation arising from COVID-19, the Board of Directors subsequently agreed to withdraw the proposal for the application of profits that provided for the distribution of a gross dividend of 0.15 euros per share, which was included in the notes to the Annual Accounts for 2019, published on 25 February 2020.

During said meeting it was also decided that, at the time of calling the General Shareholders' meeting, the Board of Directors would formulate an alternative proposal for the application of profits, adjusted to the new situation, and would make available to the shareholders the letter from the auditor referred to in article 40.6 bis of Royal Decree-Law 8/2020. All the foregoing was duly communicated as Inside Information to the National Securities Market Commission on 28 April 2020, under registration number 194.

As a result of the foregoing, the Board of Directors of NH HOTEL GROUP, S.A. in its meeting of 11 June 2020 decided to replace the proposal for application of profits that was initially approved and included in note 3 to the Annual Accounts with the one described below:

#### **BASIS OF DISTRIBUTION:**

- Profit for 2019: 158,939,572.49 euros

#### **DISTRIBUTION:**

- Legal reserve: 15,893,957.25 euros
- Voluntary reserve: 143,045,615.24 euros

This new proposal for the application of profits that will be submitted to the General Shareholders' Meeting is the result of the current economic scenario without precedent triggered by the COVID-19 pandemic, that has forced the massive closure of hotels in all countries and

*Free translation from original in Spanish language*

generated uncertainties with regard to the recovery of the hotel sector in the short and medium term. Considering the foregoing, the Board of Directors considers that the conditions for considering the distribution of dividends no longer exist. This measure together with the contingency plan and the operational and financial flexibility that has been established will strengthen the liquidity of the Company and its sustainability.

The Board of Directors has agreed not to restate the individual and consolidated Annual Accounts, considering that this new proposal for the application of profits does not affect the understanding of the Annual Accounts already authorised for issue and implies a more prudent position regarding the Company's liquidity.

Madrid, 11 June 2020

The Chairman of the Board

Mr. Alfredo Fernández Agras

Secretary of the Board

Mr. Carlos Ulecia Palacios