

## **NH Hotel Group, S.A. and Subsidiaries**

Audit Report,  
Consolidated Annual Accounts and  
Consolidated Management Report  
at 31 December 2022



**Free translation of the independent auditor's report on the consolidated annual accounts originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails.**

## **Audit report on the consolidated annual accounts issued by an independent auditor**

To the shareholders of NH Hotel Group, S.A

### **Report on the consolidated annual accounts**

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#### **Opinion**

We have audited the consolidated annual accounts of NH Hotel Group, S.A (the parent company) and subsidiaries (the Group), consisting of the consolidated statement of financial position at 31 December 2022, the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flow and the notes to the consolidated annual accounts for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the Group's consolidated equity and financial position at 31 December 2022 and its consolidated financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

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#### **Basis for opinion**

Our audit has been carried out in accordance with prevailing Spanish auditing regulations. Our responsibilities under these regulations are described below in the section *Responsibilities of the auditor in relation to the audit of the consolidated annual accounts*.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, applicable to our audit of the consolidated annual accounts in Spain, as required by auditing regulations. In this respect, we have not provided any services other than audit services, nor have any situations or circumstances arisen that, in accordance with those regulations, might have undermined said independence.

We consider that the audit evidence obtained provides a sufficient and appropriate basis for our opinion.

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#### **Key audit matters**

Key audit matters are those that, in our professional judgement, were of most significance in the audit of the consolidated annual accounts for the current period. These matters have been addressed in the context of our audit of the consolidated annual accounts as a whole and in the preparation of our opinion thereon, and we do not express a separate opinion on these matters.

Key audit matters	How the matters were addressed in the audit
<p data-bbox="277 454 874 510"><b>Recoverability of assets associated with the hotel business</b></p> <p data-bbox="277 544 874 824">The Group carries out its business through 350 hotels. All assets associated with the hotel business include goodwill, right-of-use assets, property, plant and equipment and other intangible assets whose carrying amounts at 31 December 2022 total EUR 89 million (note 8), EUR 1,584 million (note 7), EUR 1,479 million (note 6) and EUR 120 million (note 9), respectively, representing 80% of total assets.</p> <p data-bbox="277 857 874 1093">The Group assesses its assets for indications of a decline in value each year and if they exist, and in any event, with respect to the recoverability of goodwill, it assesses whether there is impairment requiring the write-down of the carrying amounts of the assets, calculated as described in notes 4.2, 4.4 and 10 to the consolidated annual accounts.</p> <p data-bbox="277 1126 874 1373">When estimating the recoverable amount of each cash generating unit (CGU), Group Management considers the higher of fair value less costs to sell and value in use. Value in use is calculated based on future cash flows estimated by applying expected discount and growth rates, in accordance with the business plans approved by management.</p> <p data-bbox="277 1406 874 1529">As recognised in the consolidated statement of comprehensive income, the Group has recognised a net reversal of impairment losses amounting to EUR 6.8 million (note 10.3).</p> <p data-bbox="277 1563 874 1798">In view of the significance of the judgements made by the Group and the significant estimates made to perform such calculations and having regard to the quantitative relevance of such assets, we consider the assessment of the recoverability of the assets associated with the hotel business to be a key audit matter (note 2.7).</p>	<p data-bbox="882 544 1479 577">Our audit procedures included, among others</p> <p data-bbox="882 611 1479 701">Understanding the methodology employed and evaluating the controls in place in the Group's asset recovery analysis processes</p> <p data-bbox="882 734 1479 857">Obtaining from management the impairment tests performed, with respect to which we applied the following procedures, assisted by our internal experts:</p> <ul data-bbox="882 891 1479 1619" style="list-style-type: none"> <li data-bbox="882 891 1479 981">• Verifying the reasonableness of the procedures and methods used to perform impairment testing.</li> <li data-bbox="882 1014 1479 1227">• Assessing the reasonableness of the key assumptions and estimates included in the model in relation to future cash flow forecasts and the key aspects considered in estimating cash flows, and the methodology applied to estimate discount rates within an acceptable range.</li> <li data-bbox="882 1261 1479 1496">• Arithmetic verification of the calculations taken into consideration in the impairment test and assessment of the sensitivity analyses, including the ranges within which the key model assumptions should fluctuate in order to give rise to the impairment of assets or the reversal of existing provisions.</li> <li data-bbox="882 1529 1479 1619">• Evaluating the sufficiency of the related information disclosed in the consolidated annual accounts.</li> </ul> <p data-bbox="882 1653 1479 1742">The results of the procedures carried out have allowed us to achieve the audit objectives for which the procedures were designed.</p>



Key audit matters	How the matters were addressed in the audit
<p data-bbox="277 454 711 483"><b>Recoverability of deferred tax assets</b></p> <p data-bbox="277 517 858 725">As recognised in the accompanying consolidated statement of financial position, at 31 December 2022 deferred tax assets amount to EUR 258 million, of which, according to note 17 to the accompanying consolidated annual accounts, EUR 132 million relates to available tax losses.</p> <p data-bbox="277 761 858 1059">In assessing whether the amount recognised in the consolidated annual accounts for these assets is recoverable, Group management takes into account, as outlined in notes 4.10 and 17 to the accompanying consolidated annual accounts, forecasts of future tax profits, using the method defined to analyse the recovery of its assets, based on the evaluation of estimates of the results of each entity or tax group in accordance with the Group's strategic direction.</p> <p data-bbox="277 1095 858 1290">In view of the significance of the judgements made by the Group and the significant estimates made to perform such calculations, and having regard to the quantitative relevance of such assets, we consider assessing the recoverability of deferred tax assets to be a key audit matter (note 2.7).</p>	<p data-bbox="887 510 1430 539">Our audit procedures included, among others:</p> <p data-bbox="887 573 1430 692">Understanding of the methodology employed and evaluation of the controls in place in the Group's deferred tax asset recovery analysis processes.</p> <p data-bbox="887 725 1463 813">Obtaining the deferred tax asset recovery plans, with respect to which we applied the following procedures:</p> <ul data-bbox="887 846 1463 1144" style="list-style-type: none"> <li data-bbox="887 846 1463 1025">• Analysing, with the support of our tax experts, the recoverability plans for such assets and obtaining evidence of the reasonableness of the projections and tax profits for future years budgeted and included in the recoverability plans.</li> <li data-bbox="887 1059 1463 1144">• Evaluation of the sufficiency of the related information disclosed in the consolidated annual accounts.</li> </ul> <p data-bbox="887 1178 1463 1272">The results of the procedures carried out have allowed us to achieve the audit objectives for which the procedures were designed.</p>

### Other information: Consolidated management report

Other information refers exclusively to the consolidated management report for 2022, the preparation of which is the responsibility of the parent company's directors, and is not an integral part of the consolidated annual accounts.

Our opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility for the consolidated management report, in accordance with prevailing audit legislation consists of:

- a) Solely verifying that the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Director Compensation Report, referred to in the Audit Act, have been provided as established in applicable legislation and, if not, disclosing this fact.
- b) Assessing and reporting on the consistency of the other information included in the consolidated management report with the consolidated annual accounts, based on our knowledge of the Group obtained during the audit of the accounts, as well as evaluating and reporting on whether the content and presentation of this part of the consolidated management report are consistent with applicable legislation. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.



On the basis of the work performed, as described above, we have verified that the information mentioned in paragraph a) is provided in the manner stipulated in applicable legislation and the other information contained in the consolidated management report is consistent with that of the consolidated annual accounts for 2022 and its content and presentation comply with applicable legislation.

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**Responsibility of the directors and the Audit and Control Committee in relation to the consolidated annual accounts**

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The directors of the parent company are responsible for the preparation of the accompanying consolidated annual accounts such that they present fairly the Group's consolidated equity, financial situation and results in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and the internal control considered necessary to permit the preparation of consolidated annual accounts free from material misstatements, due to fraud or error.

In preparing the consolidated annual accounts, the parent company's directors are responsible for assessing the Group'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 wind up the Group or to cease trading, or have no realistic alternative but to do so.

The parent company's Audit and Control Committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

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**Responsibilities of the auditors in relation to the audit of the consolidated annual accounts**

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Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report containing our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations 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 the consolidated annual accounts.

As part of an audit conducted in accordance with prevailing auditing standards in Spain, we apply our professional judgement and maintain an attitude of professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the consolidated annual accounts 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 material misstatement due to fraud is higher than in the case of a material misstatement due to error, as fraud may involve collusion, forgery, deliberate omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Group's internal control.

- We assess whether the accounting policies applied are appropriate and the reasonableness of the accounting estimates and the related disclosures by the parent company's directors.
- We conclude on the appropriateness of the parent company's directors' use 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated annual accounts 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 audit report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and assess whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient and adequate evidence in relation to the financial information of the companies or the business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for managing, overseeing and carrying out the Group's audit. We are the solely responsible for our audit opinion.

We communicate with the parent company's audit and control committee in relation to, among other matters, the planned scope and timing of the audit and the significant audit findings, as well as any major internal control weakness that we identify in the course of our audit.

We also provide the parent company's audit and control committee with a statement to the effect that we have complied with applicable ethical requirements, including those of independence, and we have notified the Audit Committee of any issues that could reasonably pose a threat to our independence and, if appropriate, the relevant safeguards.

Among the matters notified to the parent company's audit and control committee, we determine those that have been of the greatest significance in the audit of the consolidated annual accounts for the current period and which therefore are key audit matters.

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

## **Report on other legal and regulatory requirements**

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### **European single electronic format**

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We have examined the digital files of the European Single Electronic Format (ESEF) of NH Hotel Group, S.A and subsidiaries for 2022, consisting of the XHTML file, which includes the consolidated annual accounts for the year and the XBRL files with the entity's labels, that will form part of the annual financial report.

The directors of NH Hotel Group S.A are responsible for presenting the annual financial report for 2022 in accordance with the format and markup requirements contained in EU Delegated Regulation 2019/815 of 17 December 2018 of the European Commission (hereinafter ESEF). In this regard, the Annual Corporate Governance Report and Annual Director Compensation Report have been included as a reference in the consolidated management report.





NH Hotel Group, S.A. and subsidiaries

Our responsibility consists of examining the digital files prepared by the parent company's directors, in accordance with prevailing audit legislation in Spain. Such legislation requires that we plan and carry out our audit procedures in order to verify whether the content of the consolidated annual accounts included in such digital files fully agrees with the consolidated annual accounts that we have audited and whether the format and markups of such consolidated annual accounts and files agree, in all material respects, with ESEF requirements.

In our opinion, the digital files examined fully agree with the audited consolidated annual accounts and these are presented and marked up, in all material respects, in accordance with ESEF requirements.

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#### **Additional report for the parent company's audit and control committee**

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The opinion expressed in this report is consistent with the content of our additional report for the company's audit and control committee dated 22 February 2023.

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#### **Term of engagement**

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We were appointed auditors of the Group for a three-year period at the annual general meeting of shareholders held on 30 June 2022, that is, as from the year ended 31 December 2022.

We were previously appointed under a resolution adopted by the annual general meeting of shareholders for a period of three years and we have been auditing the annual accounts uninterruptedly since the year ended 31 December 2019.

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#### **Services provided**

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Non-audit services provided to the audited Group are detailed in note 24.2 to the accompanying consolidated annual accounts.

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PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish signed by Mariano Cortés Redín (21829)

22 February 2023



NH | HOTEL GROUP  
PART OF

MINOR  
HOTELS

Anantara Plaza Nice Hotel  
Nice, France

2022

NH HOTEL GROUP  
AND SUBSIDIARIES

Consolidated Annual Accounts and  
Consolidated Management Report  
at 31 December 2022



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NH HOTEL GROUP, S.A. AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 December 2022 AND 31 December 2021

(Thousands of euros)

ASSETS	Note	31/12/2022	31/12/2021
<b>NON-CURRENT ASSETS:</b>			
Property, plant and equipment	6 and 10	1,478,548	1,518,859
Right-of-use assets	7 and 10	1,583,611	1,592,345
Investment property		2,318	2,905
Goodwill	8 and 10	89,488	96,127
Other intangible assets	9 and 10	120,270	126,948
Deferred tax assets	17	258,345	294,005
Investments accounted for using the equity method	11	41,935	40,922
Other non-current financial assets	12	36,782	30,206
<b>Total non-current assets</b>		<b>3,611,297</b>	<b>3,702,317</b>
<b>CURRENT ASSETS:</b>			
Inventories		12,589	9,576
Trade and other receivables	13	166,034	131,522
Current income tax assets	17	10,974	4,740
Other current assets		6,642	13,227
Cash and cash equivalents	14	301,763	243,930
<b>Total Current Assets</b>		<b>498,002</b>	<b>402,995</b>
<b>TOTAL ASSETS</b>		<b>4,109,299</b>	<b>4,105,312</b>
<b>EQUITY:</b>			
Share capital	15.1	871,491	871,491
Share premium	15.1	776,452	776,452
Other Reserves	15.3	107,555	90,749
Treasury shares	15.4	(273)	(308)
Retained earnings	15.5	(871,986)	(724,776)
Currency translation reserve	15.6	(135,978)	(147,865)
Profit for the year attributable to the Parent Company		100,308	(133,667)
<b>Equity attributed to the Parent Company</b>		<b>847,569</b>	<b>732,076</b>
Non-controlling interests	15.7	53,157	48,998
<b>Total Equity</b>		<b>900,726</b>	<b>781,074</b>
<b>NON-CURRENT LIABILITIES</b>			
Debt instruments and other marketable securities	16	396,363	395,020
Bank borrowings	16	135,834	389,943
Lease liabilities	7	1,641,972	1,673,018
Deferred tax liabilities	17	192,030	186,359
Non-current liabilities	19	42,003	44,061
Other non-current liabilities	18	22,693	21,864
<b>Total Non-current liabilities</b>		<b>2,430,895</b>	<b>2,710,265</b>
<b>CURRENT LIABILITIES:</b>			
Debt instruments and other marketable securities	16	6,567	6,803
Bank borrowings	16	71,913	21,281
Lease liabilities	7	253,620	252,335
Trade and other payables	20	347,389	288,281
Current income tax liabilities	17	14,580	1,361
Current liabilities	19	7,339	3,475
Other current liabilities	21	76,270	40,437
<b>Total current liabilities</b>		<b>777,678</b>	<b>613,973</b>
<b>Total liabilities</b>		<b>3,208,573</b>	<b>3,324,238</b>
<b>TOTAL NET EQUITY AND LIABILITIES</b>		<b>4,109,299</b>	<b>4,105,312</b>

Notes 1 to 30 set out in the Consolidated Annual Report and Annexes I/II are an integral part of the Consolidated Statement of Financial Position at 31 December 2022. The Consolidated Statement of Financial Position at 31 December 2021 is presented solely for the purposes of comparison.

NH HOTEL GROUP, S.A. AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEARS 2022 AND 2021

(Thousands of euros)

	Note	2022	2021
Revenue	24.1	1,722,357	746,484
Other income	24.1	38,027	86,940
Net gains on disposal of non-current assets	6,7,9 y 24.1	2,771	65,108
<b>TOTAL INCOME</b>		<b>1,763,155</b>	<b>898,532</b>
Procurements		(70,803)	(32,073)
Staff costs	24.2	(441,143)	(268,614)
Other operating expenses	24.2	(719,205)	(318,596)
Net Profits/(Losses) from asset impairment	6, 7, 8, 9 y 10	6,815	2,131
Right of use amortisation	7	(174,344)	(172,774)
Property, plant and equipment and other intangible assets amortisation	6 y 9	(102,979)	(107,454)
<b>OPERATING PROFIT/LOSS</b>		<b>261,496</b>	<b>1,152</b>
Financial income		6,492	3,411
Financial expenses on debt		(39,783)	(61,381)
Financial expenses on leases		(81,073)	(83,048)
Other financial expenses		(19,776)	(7,944)
Other financial profit/(loss)		26,442	146
Results from exposure to hyperinflation (NIC 29)		4,384	3,151
Net exchange differences (Income/(Expense))		(2,123)	703
<b>FINANCIAL PROFIT/LOSS</b>	<b>24.3</b>	<b>(105,437)</b>	<b>(144,962)</b>
Share of profit/(Loss) from entities accounted for the equity method	11	(449)	(1,447)
<b>NET PROFIT/(LOSS) BEFORE TAX</b>		<b>155,610</b>	<b>(145,257)</b>
Corporate income tax	17	(53,066)	9,327
<b>PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS</b>		<b>102,544</b>	<b>(135,930)</b>
<b>PROFIT (LOSS) FOR THE YEAR</b>		<b>102,544</b>	<b>(135,930)</b>
Profit/(Loss) for the year attributable to:			
Parent Company Shareholders		100,308	(133,667)
Non-controlling interests		2,236	(2,263)
<b>BASIC PROFIT/(LOSS) PER SHARE IN EUROS</b>	<b>5</b>	<b>0.230</b>	<b>(0.331)</b>
<b>Diluted Profit/(Loss) per share in euros</b>	<b>5</b>	<b>0.230</b>	<b>(0.331)</b>

Notes 1 to 30 set out in the Consolidated Annual Report and Annexes I/II form an integral part of the consolidated statement of profit and loss for 2022. The Consolidated statement of profit and loss for 2021 is presented solely for the purposes of comparison.

NH HOTEL GROUP, S.A. AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS 2022 AND 2021

(Thousands of euros)

	Note	2022	2021
<b>PROFIT (LOSS) FOR THE YEAR</b>		<b>102,544</b>	<b>(135,930)</b>
Conversion differences	15.6	14,126	17,886
<b>Total other comprehensive gains (losses) to be registered to profit/(loss) in later periods</b>		<b>14,126</b>	<b>17,886</b>
Actuarial gains (losses) for pension plans and similar obligations - Net of tax	19	5,462	1,632
<b>Total other comprehensive gains (losses) not to be registered to profit/(loss) in later periods</b>		<b>5,462</b>	<b>1,632</b>
<b>OTHER COMPREHENSIVE PROFIT/(LOSS)</b>		<b>19,588</b>	<b>19,518</b>
<b>TOTAL COMPREHENSIVE PROFIT/(LOSS)</b>		<b>122,132</b>	<b>(116,412)</b>
Comprehensive Profit / (Loss) attributable to:			
Parent Company Shareholders		117,657	(116,968)
Non-controlling interests	15.7	4,475	556

Notes 1 to 30 set out in the Consolidated Annual Report and Annexes I/II form an integral part of the consolidated statement of comprehensive income for 2022. The Consolidated statement of comprehensive income for 2021 is presented solely for the purposes of comparison.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2022 AND 2021

(Thousands of euros)

	Capital (Note 15.1)	Issue premium (Note 15.1)	Other reserves (Note 15.3)	Treasury shares (Note 15.4)	Accumulate d Gains (Note 15.5)	Conversion differences (Note 15.6)	Profit for the year attributable to the Parent Company	Equity attributed to the Parent Company	Non- controlling interests (Note 15.7)	Total Equity
<b>Balance at 1.1.21</b>	<b>784,361</b>	<b>756,990</b>	<b>90,749</b>	<b>(367)</b>	<b>(282,640)</b>	<b>(162,932)</b>	<b>(437,159)</b>	<b>749,002</b>	<b>49,582</b>	<b>798,584</b>
Profit/(loss) for the year	—	—	—	—	—	—	(133,667)	(133,667)	(2,263)	(135,930)
Other comprehensive profit/(loss)	—	—	—	—	1,632	15,067	—	16,699	2,819	19,518
<b>Total comprehensive profit/(Loss)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,632</b>	<b>15,067</b>	<b>(133,667)</b>	<b>(116,968)</b>	<b>556</b>	<b>(116,412)</b>
Capital increase	87,130	19,462	—	—	(153)	—	—	106,439	—	106,439
Distribution of profit (loss) 2020-	—	—	—	—	(437,159)	—	437,159	—	—	—
Remuneration scheme in shares	—	—	—	759	(2,286)	—	—	(1,527)	—	(1,527)
Distribution of dividends	—	—	—	—	—	—	—	—	(166)	(166)
Other movements	—	—	—	(700)	(4,170)	—	—	(4,870)	(974)	(5,844)
<b>Balance at 31.12.21</b>	<b>871,491</b>	<b>776,452</b>	<b>90,749</b>	<b>(308)</b>	<b>(724,776)</b>	<b>(147,865)</b>	<b>(133,667)</b>	<b>732,076</b>	<b>48,998</b>	<b>781,074</b>
<b>Balance at 1.1.22</b>	<b>871,491</b>	<b>776,452</b>	<b>90,749</b>	<b>(308)</b>	<b>(724,776)</b>	<b>(147,865)</b>	<b>(133,667)</b>	<b>732,076</b>	<b>48,998</b>	<b>781,074</b>
Profit/(loss) for the year	—	—	—	—	—	—	100,308	100,308	2,236	102,544
Other comprehensive profit/(loss)	—	—	—	—	5,462	11,887	—	17,349	2,239	19,588
<b>Total comprehensive profit/(Loss)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5,462</b>	<b>11,887</b>	<b>100,308</b>	<b>117,657</b>	<b>4,475</b>	<b>122,132</b>
Distribution of profit (loss) 2021-	—	—	16,806	—	(150,473)	—	133,667	—	—	—
Remuneration scheme in shares	—	—	—	506	(2,231)	—	—	(1,725)	—	(1,725)
Other movements	—	—	—	(471)	32	—	—	(439)	(316)	(755)
<b>Balance at 31.12.22</b>	<b>871,491</b>	<b>776,452</b>	<b>107,555</b>	<b>(273)</b>	<b>(871,986)</b>	<b>(135,978)</b>	<b>100,308</b>	<b>847,569</b>	<b>53,157</b>	<b>900,726</b>

Notes 1 to 30 described in the consolidated Annual Report and Appendices I/II form an integral part of the consolidated statement of changes in equity for the year 2022. The consolidated statement of changes in equity for the year 2021 is presented for comparison.

NH HOTEL GROUP, S.A. AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CASH FLOW FOR 2022 AND 2021

(Thousands of euros)

	Note	2022	2021
<b>OPERATING ACTIVITIES</b>			
<b>Consolidated profit (loss) before tax and discontinued operations:</b>		<b>155,610</b>	<b>(145,257)</b>
<b>Adjustments:</b>			
Property, plant and equipment and other intangible assets amortisation (+)	6 y 9	102,979	107,454
Right of use Amortisation (+)	7	174,344	172,774
Net Profits/(Losses) from asset impairment (+/-)	6, 7, 8 y 9	(6,815)	(2,131)
Net gains on disposal of non-current assets (+/-)	6, 7, 9 y 24.1	(2,771)	(65,108)
Share of profit/(Loss) from entities accounted for the equity method (+/-)	11	449	1,447
Financial income (-)	24.3	(6,492)	(3,411)
Change in fair value of financial instruments	24.3	(831)	(1,815)
Financial expenses on debt, leases and others (+)	24.3	140,632	152,373
Results from exposure to hyperinflation (NIC 29)	24.3	(4,384)	(3,151)
Net exchange differences (Income)/(Expense))	24.3	2,123	(703)
Profit (loss) on disposal of financial investments	24.3	(23,560)	966
Impairment on financial investments (+/-)		(2,051)	703
Other non-monetary items (+/-)		41,033	(48,702)
<b>Adjusted profit (loss)</b>		<b>570,266</b>	<b>165,439</b>
<b>Net variation in assets / liabilities:</b>			
(Increase)/Decrease in inventories		(3,013)	(1,619)
(Increase)/Decrease in trade debtors and other accounts receivable		(38,112)	(1,538)
(Increase)/Decrease in other current assets		(128)	13,757
Increase/(Decrease) in trade payables		22,734	71,328
Increase/(Decrease) in other current liabilities		32,575	10,780
Increase/(Decrease) in provisions for contingencies and expenses		(3,291)	(10,031)
(Increase)/Decrease in non-current assets		(9,800)	(312)
Increase/(Decrease) in non-current liabilities		(750)	436
Income tax paid		(9,545)	444
<b>Total net cash flow from operating activities</b>		<b>560,936</b>	<b>248,684</b>
<b>INVESTMENT ACTIVITIES</b>			
<b>Other interest/dividends received</b>		<b>1,876</b>	<b>816</b>
<b>Investments (-):</b>			
Tangible and intangible assets and investments in property	6 y 9	(49,394)	(36,837)
Financial investments and other current financial assets		7,437	(7,527)
		<b>(41,957)</b>	<b>(44,364)</b>
<b>Disinvestment (+):</b>			
Group companies, joint ventures and associates	2.9.5 y 11	46,145	—
Tangible and intangible assets and investments in property		20,635	128,160
Other assets		2,087	7,415
		<b>68,867</b>	<b>135,575</b>
<b>Total net cash flow from investment activities</b>		<b>28,786</b>	<b>92,027</b>
<b>FINANCING ACTIVITIES</b>			
<b>Dividends paid out (-)</b>		<b>—</b>	<b>(143)</b>
<b>Interest paid on debts (-)</b>		<b>(53,576)</b>	<b>(55,888)</b>
Interest paid by means of payment		(19,749)	(7,929)
Interest paid by financing and other		(33,827)	(47,959)
Proceeds from share issues (+)	15.1	—	6,318
Payments for transactions with minority shareholders (-)	15.7	(554)	—
Payments for transactions with treasury shares (-)	15.4	(508)	(770)
Proceeds for bonds and other tradeable securities +		—	400,000
Payment for debt instruments and other marketable securities (-)		—	(356,850)
Proceeds for loans from credit institutions (+)		—	2,484
Payments for loans from credit institutions (-)	16	(206,135)	(241,355)
Proceeds for loans from related entities (+)	15.1 y 16	—	100,000
Payments for lease liabilities (-)	7	(271,188)	(271,847)
Payments for other financial liabilities (+/-)		(108)	(102)
<b>Total net cash flow from financing activities</b>		<b>(532,069)</b>	<b>(418,153)</b>
<b>GROSS INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>57,654</b>	<b>(77,442)</b>
<b>Effect of exchange rate variations on cash and cash equivalents</b>		<b>179</b>	<b>521</b>
<b>NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS</b>		<b>57,833</b>	<b>(76,921)</b>
<b>Cash and cash equivalents at the start of the financial year</b>		<b>243,930</b>	<b>320,851</b>
<b>Cash and cash equivalents at end of year</b>		<b>301,763</b>	<b>243,930</b>

Notes 1 to 30 set forth in the Consolidated Annual Report and Annexes I /II form an integral part of the Consolidated Statement of Cash Flow for 2022. The consolidated statement of cash flow for 2021 is presented for the purposes of comparison.

# Report on the Consolidated Financial Statements for 2022

## I.- ACTIVITY AND COMPOSITION OF THE PARENT COMPANY

NH HOTEL GROUP, S.A. (hereinafter the Parent Company) was incorporated as a public limited company in Spain on 23 December 1881 under the trade name "Material para Ferrocarriles y Construcciones, S.A.", which was subsequently changed to "Material y Construcciones, S.A." (MACOSA) and later to "Corporación Arco, S.A."

In 1992, Corporación Arco, S.A. took over Corporación Financiera Reunida, S.A. (COFIR), while at the same time adopting the trade name of the company taken over and amending its corporate purpose to the new activity of the Parent Company, which focused on the management of its shareholding portfolio.

During 1998, Corporación Financiera Reunida, S.A. (COFIR) merged with Grupo Catalán, S.L. and its subsidiaries and Gestión NH, S.A. through the absorption of these companies by the former. Subsequently, Corporación Financiera Reunida, S.A. (COFIR) took over NH Hoteles, S.A., adopted its trade name and broadened its corporate purpose to allow for the direct performance of hotel activities, activities in which it had already been engaged indirectly through its subsidiaries.

Information on these mergers can be found in the financial statements of the years in which said transactions took place.

The General Shareholders' Meeting of 21 June 2014 agreed to change the company's name from "NH Hoteles, S.A." to "NH Hotel Group, S.A."

The Parent Company heads up a group of subsidiary companies which, together with NH Hotel Group, S.A., make up the NH Hotel Group (hereinafter, the "Group" or "NH Group" - see Appendices I and II) which is dedicated to running hotels, on its own, either owning or leasing the hotels, or via third parties, with management, offering a wide range of functions from its corporate head office and regional offices.

NH Hotel Group's shares are traded on the Madrid, Barcelona, Valencia and Bilbao Stock Markets' Continuous Market.

On 11 June 2018, MHG Continental Holding (Singapore) Pte Ltd made a public offer to acquire 100% of the shares making up NH Hotel Group, S.A.'s company capital, the result of which was that Minor International Public Company Limited ("MINT") acquired, via its wholly owned subsidiary, MHG Continental Holding (Singapore) Pte. Ltd., shares representing 94.13% of the share capital of NH Hotel Group, S.A.

At the end of the financial year, the Group was operating hotels in 30 countries, with 350 hotels and 54,820 rooms, of which around 72% are located in Spain, Germany, Italy and the Benelux countries.

NH Hotel Group, S.A. has its registered address at Calle Santa Engracia, 120 - 7th floor, Madrid, Spain. Furthermore, the name of the Parent Company did not change in this financial year or in the previous one.



## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATION PRINCIPLES

### 2.1 Basis of presentation of the Consolidated Financial Statements

The consolidated annual accounts were prepared using the accounting records of NH Hotel Group, S.A. and the consolidated entities. The consolidated annual accounts for the 2022 financial year were prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU), other provisions within the financial reporting standards framework which are applicable and with the requirements for format and framework provided for in the Delegated Regulation EU 2018/815 of the European Commission, Regulation (EC) No. 1606/2002 of the European Parliament and by Law 62/2003, of 30 December on tax, administrative and social measures, as well as the applicable rules and circulars of the National Securities Market Commission and the other Spanish accounting regulations that may be applicable, with the purpose of showing a true image of NH Hotel Group, S.A. and its subsidiaries' consolidated equity and consolidated financial position at 31 December 2022, and the consolidated financial performance, consolidated cash flows and consolidated changes in equity for the financial year ended on that date.

The Group adopted the IFRS-EU on 1 January 2004 and, on that date, applied IFRS 1 "First-time adoption of International Financial Reporting Standards".

The Directors of the Parent company consider that the consolidated annual accounts for the 2022 financial year, which were drawn up on 22 February 2023, will be approved by the General Shareholders Meeting without amendment. The consolidated financial statements for 2021 were approved by the shareholders at the Annual General Meeting held on 30 June 2022 and filed with the Companies Registry of Madrid.

Since the accounting standards and valuation criteria applied in the preparation of the Group's consolidated financial statements may differ from those used by some of its component companies, the necessary adjustments and reclassifications have been made to standardise them and adapt them to the EU-IFRS.

### 2.2 Standards and interpretations effective in this period

During the year, new accounting standards came into force and were therefore taken into account when preparing the accompanying consolidated financial statements, but which did not give rise to a change in the Group's accounting policies:

#### I) New obligatory regulations, amendments and interpretations for the year commencing 01 January 2022:

New standards, amendments and interpretations		Obligatory application in the years beginning on or after:
Approved for use in the European Union		
Amendments and/or interpretations		
Amendment to IFRS 3: "Reference to the conceptual framework"	Updates IFRS 3 to bring the definitions of assets and liabilities in a business combination into line with those contained in the conceptual framework.	01 January 2022
Amendment to IAS 16 Tangible assets: income obtained prior to the intended use.	This prohibits deduction of any proceeds from the sale of articles produced from the cost of a tangible fixed asset while the entity is preparing the asset for its intended use. Income from the sale of such samples, along with production costs, is now recognised in profit and loss.	01 January 2022
IAS 37 Onerous contracts: costs of performing a contract.	The amendment explains that the direct cost of fulfilling a contract includes the incremental costs of performing that contract and an accrual of other costs that are directly related to the performance of contracts.	01 January 2022
Improvements to IFRS 2018-2020 cycle	Minor amendments to IFRS 1, IFRS 9, IFRS 16, and IAS 41	01 January 2022

These amendments have been applied to these consolidated financial statements with no significant impacts on either the reported figures or the presentation and breakdown of the information.

## 2) New regulations, amendments and interpretations which will be obligatory in the years following the year commencing 1 January 2022

The following standards and interpretations had been published by the IASB on the date the consolidated financial statements were drawn up but had not yet entered into force, either because the date of their entry into force was subsequent to the date of these consolidated financial statements or because they had not yet been adopted by the European Union:

### Aprobadas para su uso en la Unión Europea

#### Modificaciones y/o interpretaciones:

Amendment to IAS 1 Breakdown of accounting policies.	IAS 1 has been amended to improve breakdowns of accounting policies so that they provide more useful information to investors and other main users of the financial statements.	01 January 2023
Amendment to IFRS 17 Initial application of IFRS 17 and IFRS 9.. Comparative information	Amendment to the IFRS 17 transition requirements for insurance companies applying IFRS 17 and IFRS 9 for the first time, simultaneously.	01 January 2023
Amendment to IAS 12 Deferred taxes arising from assets and liabilities in a single transaction	Classifications of how entities should record the deferred tax generated in transactions such as leases and decommissioning obligations.	01 January 2023
Amendment to IAS 8 Definition of accounting estimates	Amendments and clarifications on what should be understood to be a change in accounting estimates.	01 January 2023

#### New Standards:

IFRS 17 Insurance contracts	Replaces IFRS 4 and reflects the principles of registration, valuation, presentation and breakdown of insurance contracts with the objective that the entity provides relevant and reliable information which allows users of the information to determine the effect which contracts have on the financial statements.	01 January 2023
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### Awaiting approval for use in the European Union as of the date of publication of this document<sup>1</sup>

#### Amendments and/or interpretations

Amendment to IAS 1 Classification of liabilities as current or non-current and classification of non-current liabilities with covenants	Clarifications regarding presentation of liabilities as current or non-current.	01 January 2024
Amendment to IFRS 16 Lease liabilities in a sale with subsequent leasing	This amendment clarifies the subsequent accounting for lease liabilities arising from transactions for sale with subsequent leasing.	01 January 2024
Amendment to IFRS 10 and IAS 28 Sale or contribution of assets between and investor and its associates or joint ventures	These amendments clarify the accounting treatment of the sales and contributions of assets between an investor and its associates and joint ventures that will rest on if the non-monetary assets sold or contributed to an associate or joint venture constitute a "business".	Pending approval

1) The approval status of the standards can be consulted on the EFRAG website.

## 2.3 Accounting correction

During 2022, there were no corrections of errors.

## 2.4 Accounting criteria change

In 2022 there were no significant changes in accounting criteria.

## 2.5 Comparison of information

As required by IAS 1, the information on 2021 contained in this consolidated annual report is presented for solely comparative purposes with the information on 2022 and consequently does not in itself constitute the Group's consolidated financial statements for 2021.

In the current year, the Group decided to make several changes to the presentation of the financial statements with the intention of presenting more relevant information and make it easier to understand them. Therefore, the Group has chosen to present the consolidated statement of profit and loss and the statement of comprehensive income (which includes conversion differences and actuarial gains on pension plans) in two different sections.

The Group also decided to change the grouping of items in the financial statement affecting the consolidated statement of financial position, consolidated statement of profit/(loss) and consolidated statement of changes in net equity. These changes have occurred without undermining the information shown and making the changes needed to the details included in the report, as well as in the comparative information, in the event that it was necessary.

In this respect, it is worth pointing out the change in the presentation of equity, where it was decided to regroup the parent company's profit/(loss) for previous years and the accumulated gains for the remaining companies included within the consolidation perimeter by the various consolidation methods, from when they were incorporated into it, under the

“accumulated gains” entry. Furthermore, the presentation of the headings on the consolidated profit/(loss) statement was changed, creating headings that add relevant information for analysis of the Group’s evolution.

## 2.6 Foreign currency transactions and balances

### 2.6.1 Working currency and presentation currency

The consolidated annual accounts are presented in thousands of euros, rounded to the nearest thousand, which is the Parent company’s working and presentation currency.

### 2.6.2 Foreign currency transactions, balances and cash flows

Transactions in foreign currencies are converted to the working currency using the exchange rates for the working currency and the foreign currency on the dates on which the transactions are carried out.

Cash assets and liabilities in foreign currencies have been converted into euros using the rate at the end of the financial year, while non-cash valued at historic cost are converted using the exchange rates applicable on the date the transaction took place. The conversion to euros of non-cash assets which are valued at fair value has been carried out using the exchange rate on the date when they were quantified.

In the presentation of the consolidated statement of cash flows, the flows from transactions in foreign currencies were converted to euros using the exchange rates on the date they occurred. The effect of exchange rate change on cash and other cash equivalents in foreign currency is presented separately in the cash flow statement as “The effect of exchange rate differences on cash”.

The differences appearing in settling transactions in foreign currency and the conversion of foreign currency cash assets and liabilities to euros is recognised in profit and loss. Nevertheless, exchange rate differences occurring in cash entries forming a part of the net business investment abroad are recorded as conversion differences in other global profit and loss.

Losses or gains from exchange rate differences relating to foreign currency cash financial assets or liabilities are also recognised in profit and loss.

The exchange rates for the euro (EUR) for the main Group company currencies for the years ended 31 December 2022 and 2021 were as follows:

	31/12/2022		31/12/2021	
	Closing rate	Accumulated average rate (1)	Closing rate	Accumulated average rate (1)
US dollar (USD)	1.07	1.05	1.13	1.18
Argentine peso (ARS)	189.04	189.04	116.82	116.82
Uruguayan peso (UYU)	42.44	43.38	50.84	51.52
Chilean peso (CLP)	909.09	917.43	970.87	900.90
Mexican peso (MXN)	20.86	21.18	23.14	23.99
Colombian peso (COP)	5,263.16	4,545.45	4,545.45	4,347.83
Czech koruna (CZK)	24.11	24.56	24.86	25.64
Hungarian florin (HUF)	401.61	392.16	369.00	358.42

(1) In Argentina the closing exchange rate is used as a result of Argentina being considered to be a hyper-inflationary economy..

### 2.6.3 Conversion of business abroad

The following criteria have been different applied for converting into euros the different items of the consolidated statement of financial position and the consolidated statement of profit and loss of foreign companies included within the scope of consolidation:

- Assets and liabilities have been converted by applying the effective exchange rate prevailing at year-end.
- Equity has been converted by applying the historical exchange rate. The historical exchange rate existing at 31 December 2003 of any companies included within the scope of consolidation prior to the transitional date has been considered as the historical exchange rate.

- The consolidated statement of profit and loss was translated at the average exchange rate for the year, except for the companies in Argentina whose economy was declared hyperinflationary and therefore, in accordance with IAS 29, their consolidated statement of profit and loss was translated at the year-end exchange rate.

Any difference resulting from the application these criteria have been included in the "Translation differences" item under the "Equity" heading.

Any adjustments arising from the application of IFRS at the time of acquisition of a foreign company with regard to market value and goodwill are considered as assets and liabilities of such company and are therefore converted using the exchange rate prevailing at year-end.

## 2.6.4 Foreign operations in hyper-inflationary economies

In 2018, Argentina was declared a hyperinflationary economy due, among other causes, to the fact that the accumulated inflation rate of its economy exceeded 100% over a continuous period of three years.

As a result, the Group began to apply IAS 29 to the financial statements of Argentine companies with retroactive effect from 1 January 2018. Applying the standard involves the following exceptions:

- Adjusting the historical cost of non-monetary assets and liabilities and the different equity items from the acquisition date or inclusion on the consolidated statement of financial position until year-end to reflect the changes in currency's purchasing power resulting from the inflation.
- Reflecting the loss or gain corresponding to the impact of inflation for the year on the net monetary position in the profit and loss account.
- Adjusting the various items of the consolidated statement of profit and loss and the consolidated statement of cash flow for the inflationary index since its generation, with a counterpart in financial results and in a reconciliation item on the statement of cash flow, respectively.
- Converting all components of the financial statements of Argentine companies at the closing exchange rate.

## 2.7 Responsibility for the information, estimates made and sources of uncertainty

The Directors of the Parent Company are responsible for the information contained in these consolidated financial statements.

Estimates made by the management of the Group and of the consolidated entities have been used in preparing the Group's consolidated financial statements to quantify some of the assets, liabilities, revenue, expenses and undertakings recognised. These estimates essentially refer to:

- The useful life of the tangible and intangible assets. The Group increases the amount for depreciation/amortisation when service lives are less than those previously estimated, and will cancel or reduce the value of obsolete assets which have been abandoned or sold (Note 4.1 and 4.3).
- The assessment of possible impairment losses on certain non-financial assets that require an estimate of the future evolution of business and the most suitable discount rates. The Group considers that its estimates in this area are appropriate and coherent with the current economic climate and reflect its plans for investment and best available estimates for its future income and profit/(loss) based on the sector's recovery. It considers that its discount rates reflect the risks relating to each cash generating unit appropriately (Note 4.4).
- The market value of specific assets.
- The valuation of consolidation goodwill.
- The estimates for impairment to accounts receivable (Note 4.6).
- The hypotheses used in the actuarial calculation of liabilities for pensions and other undertakings made to the workforce; The Group has made certain assumptions to calculate the liability arising from commitments to employees (Note 4.11 and 4.13).
- Calculation of provisions and evaluation of contingencies. To do so, the Group assesses certain legal, tax or other types of proceedings that are not closed off at the date the Consolidated Annual Statements are drawn up (Note 4.15).
- For the calculation of corporation tax, the Group is subject to it in various jurisdictions. To calculate the provision at worldwide scale, issue of significant judgments is required (Note 4.10).
- The recoverability of capitalised tax credits. The Group only recognises deferred tax assets in as far as their future realisation or use is sufficiently guaranteed. As future circumstances are unsure and partially escape the Group's control,

assumptions must be made to estimate future taxable benefits and the period in which deferred tax is recovered (Note 4.10).

The Group's strategy takes into account the targets set in relation to climate change (Note 28), for which reason they are also taken into account when preparing these consolidated annual statements. Therefore, in the context of preparing these consolidated annual statements, the effect of the commitments taken on by the Group was taken into account when calculating the service life of assets, closing costs and analysing impairment to non-financial assets.

In spite of the fact that these estimates were carried out using the best information available at 31 December 2022 on events analysed, it is possible that events may take place in the future which compel their amendment (upwards or downwards) in years to come. This will be done in accordance with the provisions of IAS 8, prospectively.

## 2.8 Going concern

As a result of applying the IFRS 16 accounting standard, the Group has recognised a short-term liability corresponding to the current value of the lease payment commitments to be made in the next twelve months that, at 31 December 2022, amounted to 253,620 thousand euros (252,335 thousand euros at December 2021) meaning that, at 31 December 2022, in part, current liabilities are 279,676 thousand euros higher than current assets (210,978 thousand euros at December 2021).

Excluding this effect on grounds of a purely accounting focus (non-financial) (Note 16), the current liabilities are higher than the current assets of 26,056 thousand euros, which is mainly explained by the early, voluntary repayment of 200,000 thousand euros of the Syndicated ICO backed loan during 2022, which was made with the Group's available cash (Note 16), and by the increase in current liabilities as a result of the increase in debts becoming due in 2023. This does not involve any impediment to the normal business development due to the consequent cash generation and that, in turn, the Group has credit lines available for a total of 267,000 thousand euros.

Based on expectations for the business and consequent cash generation in 2023, in January 2023 the Parent Company, voluntarily and in advance, paid off the Syndicated ICO backed loan maturing in 2026 in the amount of 50,000 thousand euros (Note 30).

The Directors have prepared the Consolidated Annual Statements bearing in mind the going concern principle as they understand that the future perspectives of the Group's business will allow positive results and positive cash flows to be obtained in the next financial years.

## 2.9 Consolidation principles applied

### 2.9.1 Subsidiaries (Appendix I)

Subsidiaries are considered as any company included within the scope of consolidation in which the Parent Company directly or indirectly controls their management due to holding the majority of voting rights in the governance and decision-making body, with the ability to exercise control. This ability is shown when the Parent Company has the power to direct an investee entity's financial and operating policy in order to obtain profits from its activities. Subsidiaries are consolidated from the date control is transferred to the group and they cease to be consolidated from the date on which control ceases.

The purchase method of accounting is used by the group to account for business combinations.

The financial statements of subsidiaries are consolidated with those of the Parent Company by applying the full consolidation method. Consequently, all significant balances and effects of any transactions taking place between them have been eliminated in the consolidation process. If necessary, adjustments are made to the financial statements of the subsidiaries to adapt the accounting policies used to those used by the Group.

Non-controlling interests on the subsidiaries' profit and loss and equity are shown separately on the consolidated statement of profit and loss, the consolidated statement of changes in equity and on the consolidated financial statement, respectively.

The profit or loss of any subsidiaries acquired or disposed of during the financial year are included in the consolidated statement of profit and loss from the effective date of acquisition or until to the effective date of disposal, as appropriate.

### 2.9.2 Business combinations

The Group applied the exception contemplated in IFRS 1 "First-time adoption of International Financial Reporting Standards", so that only business combinations carried out from 1 January 2004—the transition date to IFRS-EU—have been recorded using the acquisition method. Acquisitions of entities prior to that date were recorded in accordance with the previous Generally Accepted Accounting Principles, taking the necessary corrections and adjustments on the transition date into account.

The Group has applied IFRS 3 "Business Combinations"—revised in 2008—to transactions carried out from 1 January 2010.



The acquisition date is the date on which the Group gains control of the acquired business.

The purchase method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the purchase of a subsidiary includes:

- the fair value of the assets transferred
- the fair value of the assets transferred
- the liabilities incurred with the previous owners of the business acquired
- the holdings in the equity issued by the group
- the fair value of any asset or liability arising from a contingent consideration agreement, and
- the fair value of any prior holding in the subsidiary's equity.

The identifiable assets acquired, the liabilities and the contingent liabilities assumed in a business combination are, with limited exceptions, initially valued at their fair value on the acquisition date. The group recognises any non-controlling interest in the entity acquired on a basis of acquisition at fair value, or by the proportional part of the non-controlling interest of the net identifiable assets of the entity acquired.

The costs relating to the acquisition are recognised as expenses when they are incurred.

The excess of:

- the consideration transferred
- the amount of any non-controlling interest in the entity acquired, and
- the fair value of any prior holding in the equity of the entity acquired on the acquisition date

over the fair value of the net identifiable assets acquired is recorded as goodwill. If these amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is directly recognised in profit and loss as a bargain purchase.

When payment of any part of the consideration in cash is deferred, the amounts payable in the future are discounted at their actual value on the exchange date. The discount rate used is the entity's incremental borrowing rate of interest, being the rate at which a similar loan may be obtained from an independent financier under comparable terms and conditions.

The contingent consideration is classified as equity or a financial liability. The amounts classified as a financial liability are subsequently revalued at fair value with the changes in fair value being recognised in profit and loss.

If the business combination is carried out in stages, the book value at the date of acquiring the previously held equity holding is revalued at fair value on the acquisition date, and any gain or loss is recognised in profit and loss.

### 2.9.3 Non-controlling interests

Non-controlling interests in subsidiaries acquired after 1 January 2004 are recorded by the percentage holding at the acquisition date at the fair value of the net identifiable assets. Non-controlling interests in subsidiaries acquired prior to the transition date are recognised by the percentage holding in their equity on the date of first consolidation.

Excess losses attributable to non-controlling interests prior to 1 January 2010 but not allocated to them as they exceeded the total amount of the holding in the equity of the subsidiary, are recorded as a decrease in equity attributable to the Parent Company shareholders, except in cases where the non-controlling interests have a binding obligation to assume a part or all of the losses and they have the capacity to make the necessary additional investment. Profit obtained in subsequent financial years is allocated to the equity attributable to Parent Company shareholders until the total losses absorbed in previous accounting period relating to non-controlling interests are recovered.

From 1 January 2010, profit and loss and each item on the other comprehensive results, are allocated to equity attributable to the Parent Company shareholders and the non-controlling interests in proportion to the holding, even if this involves a debtor balance for non-controlling interests. Agreements entered into between the Group and the non-controlling interests are recognised as a separate transaction.

### 2.9.4 Associates (Appendix II)

Associates are considered as any companies in which the Parent Company has the ability to exercise significant influence, though it does not exercise either control or joint control. In general terms, it is assumed that significant influence exists

when the percentage stake (direct or indirect) held by the Group exceeds 20% of the voting rights, as long as it does not exceed 50%.

Associates are accounted using the equity method in the consolidated annual accounts.

The profit (loss) net of tax of the associate companies is included in the Group's consolidated statement of profit and loss, in the item "Share of profit/(Loss) from entities accounted for the equity method", according to the percentage of the Group's stake.

If, as a result of the losses incurred by an associate company, its equity was negative, in the Group's consolidated statement of financial position it would be nil; unless there were an obligation on the part of the Group to support it financially.

At each year-end, the existence of indicators of a potential impairment of the investment in the associate is assessed in order to recognise the related impairment loss, where appropriate. In order to calculate the fair value of investments in companies whose sole asset is property stock, valuations have been obtained from an independent expert. For the remaining companies, cash flow discount valuations made in-house have been used, similar to those described in Note 4.4.

### 2.9.5 Changes in the scope of consolidation

#### Additions to the scope of consolidation

During 2022, there were no additions to the scope of consolidation.

During the 2021 financial year the company Grupo Operadores de Hoteles Santa Fe, S.A. de C.V. was incorporated. This company is not currently trading.

#### Disposals

In December 2022 the Group sold 100% of its investment in the company Immo Hotel BCC N.V., owner of the NH Brussels Louise hotel in Belgium. The sale involved a cash entry of 34 million euros. The net result of the transaction was a consolidated profit of 15.5 million euros.

Moreover, on 1 July 2022, the sale was completed of the minority shareholding in the company Kensington Hotel Value Added I, Ltd, owner of a hotel in the United Kingdom, for the price of 12 million euros. The net result of the transaction was a consolidated profit of 11 million euros.

The company NH France, S.A. was liquidated during the year. This transaction did not have a significant impact on the profit/(loss) for the year.

#### Mergers and divisions

During the financial year, the company Hotel Aukamm Wiesbaden, GmbH & Co.KG was merged. with the company Astron Immobilien, GmbH, this operation has not had a significant impact on the result of the year.

During 2022, there were no mergers or divisions.

## 3. PROPOSED DISTRIBUTION OF PROFITS

The proposed distribution of the profit (loss) for the year prepared by the Parent 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):

	Exercise 2022
To legal reserve	2,236
To Prior years' profits (losses)	20,124
<b>Total</b>	<b>22,360</b>

## 4. ACCOUNTING POLICIES

The main principles, accounting policies and valuation standards applied by the Group to draw up these consolidated financial statements, which comply with IFRS in force on the date of the relevant financial statements, have been the following:

### 4.1 Property, plant and equipment

Tangible fixed assets are valued at their original cost. They are subsequently valued at their reduced cost resulting from cumulative depreciation and, as appropriate, from any impairment losses they may have suffered.

Due to the transition to IFRS, the Group reappraised the value of some land to its market value on the basis of appraisals made by an independent expert. The reappraised cost of such land was considered as a cost attributed to the transition to the IFRS. The Group followed the criterion of not re-valuing any of its tangible fixed assets at subsequent year-ends.

Enlargement, modernisation and improvement costs entailing an increase in productivity, capacity or efficiency or a lengthening of the assets' useful life are recognised as increases in the cost of such assets. Conservation and maintenance costs are charged against the consolidated statement of profit and loss for the year in which they are incurred.

Withdrawn assets and items, whether arising as a result of a modernisation process or due to any other cause, are accounted for by derecognising the balances presented in the corresponding cost and accumulated depreciation accounts.

The Group depreciates its property, plant and equipment following the straight line method, distributing the cost of the assets over their estimated useful lives, in accordance with the following table:

	Estimated years of useful life
Buildings	33-50
Plant and machinery	10-30
Other plant, fixtures and furniture	5-10
Other fixed assets	4-5

These items are depreciated based on their estimated useful life or the remaining term of the lease, if this is less than the useful life.

The profit or loss resulting from the disposal or withdrawal of an asset is calculated as the difference between the profit from the sale and the asset's book value, and is recognised in the consolidated statement of profit and loss.

### 4.2 Goodwill

Goodwill is determined from the criteria set out in the section on business combinations.

Goodwill is not amortised, but its impairment is checked annually or earlier if there are indications of a potential loss in asset value. For these purposes, the goodwill resulting from the business combination is assigned to each of the Group's cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the combination and have the criteria referred to in section 4.4 (impairment) applied. After initial recognition, goodwill is valued at cost less accumulated impairment losses.

At the time of the disposal of a subsidiary or jointly controlled entity, the amount attributable to the goodwill is included when determining the profits or losses arising from the disposal.

Goodwill arising on the acquisition of companies with a functional currency other than the euro is valued in the functional currency of the acquired company, with the conversion to euros being made at the exchange rate prevailing at the date the financial statements were closed.

Internally generated goodwill is not recognised as an asset.

### 4.3 Other intangible assets

Other intangible assets are considered to be any specifically identifiable non-monetary assets which have been acquired from third parties or developed by the Group. Only those whose cost can be estimated in an objective way and from which future economic profits are expected are recognised.

Other intangible assets are initially recognised at acquisition or production cost and are subsequently measured at cost less, as appropriate, their accumulated amortisation and any impairment losses they have suffered.

Any assets deemed to contribute indefinitely to the generation of profits are considered to have an indefinite useful life. The remaining intangible assets are considered have a "finite useful life".

Other intangible assets with an indefinite useful life are not amortised and are hence subjected to the "impairment test" at least once a year (Note 4.4).

Other intangible assets with a finite useful life are amortised according to the straight-line method on the basis of the estimated years of useful life of the asset in question.

The following are the main items recognised under the "Other intangible assets" heading:

- I. Usufruct Rights: As a consequence of entering into the consolidation of Hoteles Royal, S.A., the Group recognised operating rights of the hotel portfolio for 35 years within this concept. Furthermore, in the 2020 financial year, with the entry of the "Boscolo Hotels" Group (operating 8 hotels in privileged areas of Rome, Florence, Venice, Prague, Nice and Budapest) into the scope of consolidation, operating rights of the hotels where operation commenced with this business combination were recognised lasting 31 years.
- II. Concessions, patents and trademarks: basically reflect the disbursements made by Gran Círculo de Madrid, S.A. for the refurbishment and remodelling of the building where the Casino de Madrid is located. The amortisation of such works is calculated on a straight-line basis by taking into account the term of the concession for operating and managing the services provided in the building where the Casino de Madrid is located, which finalises on 1 January 2037. Furthermore, this item includes the brands of the Grupo Royal with a useful life of 20 years.
- III. Computer applications: include the costs incurred by the Group Companies in the acquisition and development of various computer software programmes acquired by the different consolidated companies. The amortisation of software applications is performed using the straight-line method at a rate of 20-25% per year.
- IV. Other rights: include rights relating to lease agreements as a result of business combinations.

#### 4.4 Impairment to non-financial assets subject to amortisation or depreciation

The Group evaluates the possible existence of a loss of value each year that would oblige it to reduce the carrying amounts of its tangible and intangible assets. A loss is deemed to exist when the recoverable value is less than the carrying amount.

The recoverable value of the assets is the greater of their fair value less the costs of transfer or disposal by another means and their value in use.

Moreover, and regardless of the existence of any indication of impairment, the Group, at least once a year, checks potential impairment that may affect goodwill.

The recoverable value should be calculated for an individual assets, unless the asset does not generate cash entries which are, by and large, independent of those relating to other assets or groups of assets. If this is the case, the recoverable value is calculated for the Cash-Generating Unit (CGU) it belongs to. As a general rule, the Group has defined each of the hotels it operates as cash-generating units, according to the real management of their operations.

If there are signs of impairment in a CGU that goodwill could not be allocated to goodwill, the Group checks, in the first place, the impairment to the CGU, without including goodwill and recognises, as appropriate, the impairment loss at the level of the CGU. Subsequently, the Group checks the impairment in the group of CGUs to which goodwill was allocated and recognises, as appropriate, the impairment loss at the level of the groups of CGUs.

In the case of Hoteles Royal, S.A., where the whole business of Grupo Royal was acquired and whose purchase was effective in 2015, the cash-generating unit corresponds to the Group as a whole (Colombian, Chilean and Ecuadorian market).

In 2020, with the acquisition of the Boscolo Hotels Group, goodwill was generated which was allocated to a single cash generating unit that relates to the entire Group.

The operating result for each CGU is obtained at the end of the year without taking non-recurring results (if any) or financial results into account. Once the operating result is obtained for each CGU, the impairment test is performed for those in which there are indications of impairment. Among others, the Group considers that a CGU has indications of impairment if it meets the following conditions: it has negative operating results and its business is stable (it has been open for 3 years). In the current context, the Group has decided to analyse the recoverability of all its CGUs.

Losses due to impairment of the CGU initially, if appropriate, reduce the value of the goodwill allocated to it, and subsequently to the CGU's other assets, pro rata depending on the book value of each one of the assets, with the limit for each one of them of the greater of their fair value less the costs of disposal and its value in use.



On each closing date the Group assesses whether there are any indications that impairment losses recognised in previous years no longer exist, or may have decreased. Impairment losses relating to goodwill are not reversible. Impairment losses on the remaining assets are only reversed if a change has occurred in the calculations used to determine the asset's recoverable value. Reversal of the impairment loss is recorded as a credited to profit and loss.

The value in use is calculated from the estimated future cash flows, discounted at a discount rate after tax that reflects the current market valuation with respect to the value of money and the specific risks associated with the asset, covering a five-year period and a perpetual value, except in the case of leased hotels that correspond to the term of the lease, a perpetual value therefore not being considered in the latter.

The Group periodically requests valuations of hotel assets it owns from independent experts. These valuations are used to determine fair value. In the years where valuations are not obtained from independent experts, the Group assesses their fairness and, where necessary, this is supplemented by internal calculations.

Depreciation of assets subject to impairment is affected depending on their book value net of impairment. In the event that an impaired asset reaches a recoverable value that is higher than its net book value, the impairment loss will be reversed but will not exceed the book value that could have been obtained (net of depreciation) if a value impairment loss had not been recognised for that asset in previous years.

## 4.5 Leases

At the beginning of a contract, the Group assesses whether it contains a lease. A contract is, of contains, a lease if it gives the right to control the use of the asset identified during a period of time in exchange for a consideration. Leases are recognised as a right-of-use asset and the corresponding liability on the date the leased asset is available for use by the group.

Assets and liabilities arising from a lease are initially valued based on their present value. Lease liabilities include the net present value of the following leasing payments:

- Fixed payments (including fixed payments in essence), less any lease incentive collectable.
- Variable payments for leases that reply on an index or rate, initially valued according to the index or rate on the start date.
- Amounts expected to be paid by the group for residual value guarantees.
- The price to exercise a purchase option if the group is reasonably certain that it will exercise that option.
- Penalty payments terminating the lease if the term of the lease reflects the group exercising that option.

In order to determine the term of the lease contracts, the Group has taken as non-cancellable the initial term of each contract, taking the possible unilateral extensions at the option of the Group only in those cases in which it has been reasonably considered certain that they will be exercised, and only the cancellation options whose exercise has been reasonably considered certain have been taken into account.

The general determination of not including unilateral extension of contracts as a part of their term, is based on the Group's historical experience. The windows for renewal have historically been used as renegotiation windows, unless the market situation was clearly favourable for the Group. Therefore, given that hotel rental agreements are normally signed with a first term that is higher than a macroeconomic cycle (5 years), our experience shows that is it highly probable that some unknown event may occur on the date the agreement is signed, and which may significantly affect such judgment. The attacks in Europe, in Brussels or in Nice, serve as an example, as does the Covid-19 pandemic itself, as they changed the economic paradigm and affected the frameworks for negotiating rent. Furthermore, to determine the term for lease agreements, the term for recovering the investments made in it are taken into account.

To determine lease terms, there are no penalties for not exercising the extensions mentioned above, nor have early terminations with penalties been included.

Contracts may contain leasing and non-leasing components. The Group assigns the consideration in the contract to the leasing and non-leasing components based on their relative independent prices. For real estate leases in which the Group cannot separate the leasing and non-leasing components, it accounts for them as a single leasing component.

Leasing payments are discounted using the implicit interest rate in the lease. If this rate cannot be easily determined, which is generally the case for the group's leases, the incremental interest rate is used. The incremental interest rate is the interest rate that the lessee would incur at the commencement of the lease if it borrowed, over a period of time, with similar guarantees and in a similar economic environment. The interest was calculated as a combination of the following elements:

- CDS curve of the economic environment
- Euribor Swap Rate Curve.

■ Synthetic NH CDS curve.

These elements were combined to obtain an interest rate curve for each contract based on its geoeconomic specificities and from which the calculation process consists of bringing each of the discounted flows to the present value at the interest rate corresponding to each maturity within said curve and calculating which single equivalent rate would be used to discount said flows.

Potential future increases in variable payments for leases based on an index or rate are not included in lease liabilities until they take effect. When the adjustments to the leasing payments based on an index or rate take effect, the leasing liability is assessed again and set against the asset for right of use.

Leasing payments are allocated between principal and financial cost. The financial cost is charged to profit/(loss) during the leasing period in a manner that creates a periodic interest rate on the remaining balance of the liability for each period.

Right-of-use assets are valued at cost that comprises the following:

- The initial valuation amount of the leasing liability.
- Any leasing payment made on or before the state date, less any incentive to lease received.
- Any initial indirect cost.
- Restoration costs.
- Incentives to lease received from the lessor.
- Provision on onerous contracts

In application of IFRS 16, all rent that does not come under the definition of fixed payments in substance and, therefore, is outside the Group's maximum compulsory commitment, as they are not inevitable, is recorded as an operational expense for the year.

Therefore, the Group records variable rent that is linked to exploitation of the underlying assets as an expense, along with those arising from percentages of sales and other similar reference points. Moreover, all rent that, in application of IFRS 16, are outside the Group's maximum compulsory commitment are recorded as an operational expense for the year.

Variable rents that are not, in essence, fixed and the way in which they may involve a liability for the Group would be that the flows arising from exploitation of the CGU are estimated to be negative and, therefore, the Group would be obliged to record a provision for onerous contracts.

In the event that the Group carries out the sale of a hotel asset with subsequent leasing of it, the value of the leasing liability is calculated in accordance with the criteria set out above, but the value of the asset will be calculated according to the part of the previous book value for the asset retained. Therefore, only the amount of any loss or gain referring to the rights transferred to the purchase/lessor will be recorded as profit/(loss) for the sale. Any substantial amendment to the contract after the transaction for sale and subsequent leasing will be treated in the same way as any contractual change, without affecting the profit/(loss) recorded for the sale.

## 4.6 Financial Instruments

### 4.6.1 Financial assets

Financial assets are recognised in the consolidated statement of financial position when they are acquired and initially recognised at their fair value. The financial assets held by Group companies are classified as follows:

- Financial assets at fair value through comprehensive profit or loss or consolidated profit and loss: are those assets acquired by the companies with the objective of obtaining the contractual flows and selling them; or those assets that do not consist exclusively of the payment of the principal and interest and the management model is the sale of the same, in general terms, practically all of the variation in the fair value of the Group's financial assets are recorded with a charge to the consolidated statement of changes in equity. Interest income, exchange rate differences and impairment losses are recognised in the income statement and other gains or losses are recognised in the consolidated statement of profit and loss. Any cumulative gain or loss recognised in equity is reclassified to profit or loss at the time of derecognition.
- Financial assets at amortised cost: assets whose contractual cash flows consist exclusively of principal and interest payments and, if the management model of such assets is to hold them to obtain the contractual flows. In this case, the Group records any changes in value with a charge to the consolidated statement of profit and loss.

Transaction costs at the time of acquisition are recognised as an increase in acquisition cost or as an expense, depending on whether the financial asset being transacted is considered at fair value with changes in the comprehensive profit and loss or consolidated profit and loss.

Fair value of a financial instrument on a given date is construed as the amount for which it could be bought or sold on that same date by two knowledgeable parties acting freely and prudently under conditions of mutual independence.

Interest accrued on financial assets at amortised cost is recognised in the consolidated comprehensive statement of profit and loss on the basis of the effective interest rate. Amortised cost is construed as the initial cost minus any collections or amortisation of the principal, taking into account any potential reductions based on expected loss.

As regards valuation corrections made to trade and other accounts receivable in particular, the criterion used by the Group to calculate the corresponding valuation corrections, if any, generally consists of provisioning according to the expected loss based on the credit risk of the customer portfolio.

The Group derecognises financial assets when the cash flow rights of the corresponding financial asset have expired or have been transferred and the risks and rewards incidental to its ownership have been substantially all transferred.

Conversely, the Group does not derecognise financial assets and recognises a financial liability for an amount equal to the consideration received in the transfers of financial assets in which the risks and rewards inherent in its ownership are substantially all retained.

### **Trade debtors and other receivables**

Accounts receivable arising from trading operations are initially recorded at their transaction price and, subsequently, a value correction is made for expected credit losses. Expected credit losses—due to the fragmentation of the Group's trade debtors—are estimated taking the history of losses due to non-payment with respect to the Group's sales and open items into account. For the value correction, in the current situation of uncertainty caused by Covid-19, a detailed analysis is being carried out. To do so, all entries considered to be at risk are being monitored and plans for collecting their payment are being made, or provisions being made for those considered to be at risk of recovery.

Furthermore, the group's credit risk tools are being used, with a default insurance policy for the clients included in the policy, and for which, in the event of there not being certainty about payment, the requirements of the policy to claim the amounts as an "incident" are being followed.

### **4.6.2 Cash and cash equivalents**

"Cash and Cash Equivalents" in the consolidated statement of financial position includes cash, demand deposits and other short-term, highly liquid investments that can be realised in cash quickly and are not subject to a risk of changes in value.

### **4.6.3 Financial liabilities**

#### **Issues of bonds and other securities**

Debt issues are initially recognised at the fair value of the consideration received, less the costs directly attributable to the transaction. They are subsequently valued at their amortised cost using the effective interest rate method. Bonds with a maturity date greater than twelve months are classified under non-current liabilities, while those with a maturity date of less than twelve months are included in current liabilities.

In the case of renegotiations, if they were considered non-substantial and consequently did not require the de-recognition of the financial liabilities, the carrying amount of the amortised cost of those financial liabilities at the date of renegotiation is recalculated and a gain or loss due to changes in profit or loss is recognised.

Convertible bond issues are recognised at the time of their issue, distributing the fair value of the consideration received between their equity and liability components, assigning the residual value obtained after deducting the amount established separately for the liability component, from the fair value of these instruments as a whole, to the equity instrument. The value of any derivative embedded in the compound financial instrument other than the equity component will be included in the liability component.

#### **Bank loans**

Loans received from banking institutions are recognised at the amount received, net of costs incurred in the transaction. They are subsequently valued at amortised cost. These costs incurred in the transaction and the financial expenses are recognised on an accrual basis in the consolidated statement of profit and loss using the effective interest rate method, and their amount is added to liabilities to the extent to which they are not settled in the period they were produced.



In the case of renegotiations, if they were considered non-substantial and consequently did not require the de-recognition of the financial liabilities, the carrying amount of the amortised cost of those financial liabilities at the date of renegotiation is recalculated and a gain or loss due to changes in profit or loss is recognised.

### Trade and other payables

Trade accounts payable are initially recognised at fair value and are subsequently valued at amortised cost using the effective interest rate method.

The Group has contracted confirming operations with various financial entities to manage the payment to suppliers. Trade payables whose payment is managed by financial entities are shown under the entry for trade creditors and other accounts payable, in as far as the Group has only assigned payment management to the financial entities and remains primarily obliged to pay the debt to trade creditors.

### Valuation techniques and assumptions applying to the measurement of fair value

The fair values of financial assets and liabilities are determined as follows:

- The fair value of financial assets and liabilities under standard terms and conditions which are traded in active liquid markets are based on market prices.
- The fair value of other financial assets and liabilities (excluding derivatives) is determined in accordance with generally accepted valuation models on the basis of cash flow discounting using the price of observable market transactions and contributor listings of similar instruments.
- In order to determine the fair value of interest rate derivatives, cash flow discounting is used based on the implicit flow determined by the interest rate curve according to market conditions. In order to determine the fair value of options, the Group uses the Black-Scholes valuation model and its variants, using for this purpose market volatilities for the strike and maturity prices of said options.

Any financial instruments valued after their initial recognition at fair value are classified as level 1 to 3 based on the extent to which fair value can be observed:

- Level 1: includes any instruments indexed to listed prices (without adjustment) of identical assets or liabilities in active markets.
- Level 2: includes any instruments indexed to other observable inputs (which are not the listed prices included under Level 1) for assets or liabilities, be it directly (i.e., prices) or indirectly (i.e., derived from prices).
- Level 3: includes any instruments indexed to valuation techniques, which include inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

### 4.6.4 Equity instruments

An equity instrument represents a residual interest in the equity of the Parent Company once all its liabilities are subtracted.

Equity instruments issued by the Parent Company are recognised in equity for the amount received, net of the issue expenses.

### 4.7 Classification of financial assets and debts into current and non-current

In the attached consolidated statement of financial position, financial assets and debts are classified on the basis of their maturity; in other words, those with a maturity date equivalent to or less than twelve months are classified as current and those with a maturity date exceeding this are non-current.

### 4.8 Income and expenses

Income and expenses are recognised on an accrual basis, i.e. when the control of goods and services they represent has been transferred, irrespective of the moment when the monetary or financial flows deriving from them arise.

More specifically, income is calculated at the fair value of the consideration to be received and represents the amounts to be collected for the goods and services delivered within the ordinary framework of operations, subtracting any discounts and taxes.

## Sale of rooms and other related services

Income from the sale of rooms and other related services is recognised daily based on the services provided by each hotel, including customers who are still staying at the hotel at the close of each day. In this respect, the Group recognises the income when the service is considered to be provided and, therefore, fulfils the obligation for performance assumed on check-in. Due to this, for example, in the case of an accommodation service that covers several nights, the income is recognised on a daily basis for each one of the overnight stays.

The consideration received is distributed among the contracted services. These include direct services such as room, food, drink and other consumption, and others related to banquets, events and the rental of spaces. Therefore, the obligations are completely separate and they are recorded at the time they occur.

In the case of the sale of several services together, such as, for example, an accommodation service with one for breakfast, the Group, when it makes the offer, sets the price for each one of the obligations assumed, for which reason at the time the services are considered to be provided the income is recorded at the price set beforehand. Solely in the case of promotions where the service is provided “free-of-charge” with the other one, the Group applies a methodology where the consideration is divided using a ratio calculated by hotel based on the costs of the service at that hotel plus an additional margin.

## Provision of services

The Group recognizes the income from its hotel management contracts in the year in which the services are provided, based on the evolution of the variables that determines this income and which are mainly the total income and the gross operating profit of each hotel managed by the Group.

## Loyalty programme

With regarding to the accounting treatment of the “NH Rewards” customer loyalty programme, we consider that if awarding points gives a significant right to the customer, then it effectively pays the company for future goods or services in advance, and the company should recognise the income from ordinary activities when the points are redeemed or when they expire.

Therefore, when the significant right is generated, the Group records a provision for the estimated equivalent value, partly lowering the income from the sale coupled with the issue of the right. When points are redeemed the income from the transaction is recorded and the provision is derecognised.

The estimated value of the significant right is calculated, showing the discount the customer would receive when exercising the option (one Euro for each point the customer has collected) and taking the two following aspects into account:

- any discount the customer may receive without exercising the option; and
- the probability that the option will be exercised.

The amount of the provision relating to the loyalty programme is recorded in current liabilities on the consolidated statement of financial position.

On 1 July 2022 the Group joined the Global Hotel Alliance (GHA) which runs the multi-brand loyalty programme Discovery, and “NH Rewards” became “NH Discovery”. This has meant that the loyalty programme has been outsourced and is now managed by GHA, involving a change to its accounting treatment. Therefore, the Group is no longer responsible for the significant right given to the customer with the award of points, for which reason there is no provision relating to the loyalty programme. The existing provision at 31 December 2022 relates to the rights given to customers generated under the previous loyalty programme. These rights expire in a maximum of 1 year from the close of this year.

## 4.9 Official subsidies

Group companies follow the criteria set out below in recognising official subsidies:

- Non-reimbursable capital subsidies (connected with assets) are valued at the amount granted, recognised as deferred income and taken into profit and loss in proportion to the depreciation of the assets financed by such subsidies during the financial year.
- Operating subsidies are recorded depending on the grounds for them being granted, either as a reduction in the expenses they finance, or as other income.

## 4.10 Income tax

The cost of the year’s gains tax is calculated through the sum of the current tax resulting from applying the tax rate to the taxable income for the year and then applying the relevant tax adjustments according to the law plus any changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities include temporary differences, being any amounts expected to be payable or recoverable due to differences between the carrying amounts of the assets and liabilities and their tax value, as well as tax loss carry-forwards and any credits resulting from unapplied tax deductions. Said amounts are recognised by applying to the relevant temporary difference or credit the tax rate at which they are expected to be recovered or settled.

In some countries, the tax rate varies depending on whether a transfer of assets is made. In these cases, the Group's policy consists of applying the effective tax rate at which they are expected to be recovered or settled. In the opinion of the Parent's Directors, the deferred tax thus calculated covers the amount which may eventually be settled, if any, in the foregoing case.

Deferred tax liabilities for all taxable temporary differences are recognised, except for those in which the temporary difference arises from the initial recognition of goodwill amortisation of which is not tax-deductible or the initial recognition of other operating assets and liabilities which do not affect either the tax or accounting result.

Deferred tax assets identified as temporary differences are recognised only if it is deemed probable that the consolidated entities will make sufficient tax profits in the future to realise them and they do not come from the initial recognition of other assets and liabilities in a transaction which does not affect either the tax or accounting result. Other deferred tax assets (tax loss carry-forwards and tax credits) are recognised only if it is likely that the consolidated companies will make sufficient tax profits in the future to be able to apply them.

The Group offsets deferred tax assets and liabilities if there is a legal right to offset with the tax authorities and such assets and liabilities relate to the same tax authority, and the same taxpayer, or several taxpayers, who intend to settle or realise current tax assets and liabilities for their net amount, or realise assets and settle liabilities simultaneously, in each one of the future years where is expected to settle or recover significant amounts of deferred tax assets or liabilities.

At each year-end, deferred taxes (both assets and liabilities) are reviewed in order to verify that they remain in force and the relevant corrections are made in accordance with the outcome of the analyses conducted.

#### **4.11 Obligations to employees**

Spanish hotel companies are obliged to make a specific number of monthly salary payments to those employees who leave the company due to retirement, permanent disability or upon reaching a certain age and having a certain number of years of service and fulfilling certain pre-established requirements.

In this regard and in compliance with Royal Decree-Law 16/2005, the Group has outsourced its pension obligations for its employees' pension plans.

Also, in accordance with Italian law, employees of Italian companies have the right to compensation if they resign or are dismissed.

Its obligations to personnel also include those arising from contracting pension funds for certain employees, which in the Group, mainly affects the business units of Italy and the Netherlands.

Therefore, to provide for these obligations to future payments to personnel, the Group has recognised a liability under "Provisions" (Note 19).

#### **4.12 Onerous contracts**

The Group considers onerous agreements to be those in which the inevitable costs of fulfilling the obligations they entail exceed the economic benefits expected from them.

The Group follows the principle of recording a provision at the present value of the aforementioned differences between the costs and benefits of the contract, or the compensation foreseen for abandonment of the contract, if such is decided.

#### **4.13 Share-based Remuneration Schemes**

These schemes, which are settled in shares, are valued at the time of granting, using a financial method based on a binomial model which takes into consideration the strike price, volatility, the exercise period, the expected dividends, the risk-free interest rate and the assumptions made concerning the financial year.

In accordance with IFRS 2, the above-mentioned valuation is recognised in profit or loss under personnel expenses during the period established as a requirement for the employee to remain in the company before exercising the option. Said value is recognised on a straight-line basis in the consolidated statement of profit and loss from the date the option is granted until the date on which it is exercised.

On each subsequent closing date, the Group reviews the estimates regarding the number of options expected to be exercisable, adjusting the equity figure if necessary.



The third and last cycle (2019-2021) of the second long-term incentive plan was settled in the first half of 2022 and, at the close of 2022, there is no remuneration plan referenced to the current share value (Note 23).

#### 4.14 Treasury shares

Pursuant to IAS 32, treasury shares are presented by reducing the Group's equity. Treasury shares are recognised at the value of the consideration paid and are deducted directly from equity. Gains and losses on the acquisition, sale, issue or retirement of treasury shares are recognised directly in equity and in no case are they recognised in the consolidated statement of profit and loss.

#### 4.15 Provisions for risks and charges

The Group follows the policy of provisioning for the estimated amounts arising from ongoing litigation, indemnities or obligations, as well as for any sureties or guarantees granted by Group companies which could involve the Group in a payment obligation (either legal or implicit), provided the amount can be reliably estimated.

Provisions are quantified based on the best information available on the position and evolution of the events that cause them and are re-estimated at the end of each reporting period, being totally or partially reversed when these obligations cease to exist or decrease.

Contingent liabilities, except in business combinations, are not recognised in the consolidated financial statements, but are reported in the notes to the financial statements, in accordance with the requirements of IAS 37.

#### 4.16 Environmental policy

Investments arising from environmental activities are valued at their original cost and capitalised as increases in the cost of fixed assets or inventory in the financial year in which they are incurred.

Any expenses arising from environmental protection and improvement are recognised in the consolidated statement of profit and loss for the year in which they are incurred, irrespective of the moment when the cash or financial flows deriving from them arise.

Provisions for likely or certain liabilities, ongoing litigation and outstanding indemnities or obligations of an indeterminate amount connected with the environment and not covered by the insurance policies taken out are established at the time the liability or obligation linked to the indemnities or payment arises.

#### 4.17 Consolidated statement of cash flow

The following terms with their corresponding explanation are used in the consolidated statement of cash flow prepared using the indirect method:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operational activities: the typical activities of the entities forming the consolidated group, along with other activities that cannot be classified as investing or financing activities. The group presents confirming activities for trade payables as an operational activity.
- Investing activities: the acquisition and disposal of long-term 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 that are not operating activities.

## 5. PROFIT/(LOSS) PER SHARE

Profit (Loss) per share is calculated by dividing the net profit or loss attributable to the Group in a period by the weighted average number of shares in circulation during the period, excluding the average number of treasury shares held during the same period.

In accordance with this:

	2022	2021
Net Profit/(Loss) for the year (thousands of euros)	100,308	(133,667)
Weighted average number of shares in circulation (thousands of euros)	435,642	403,288
<b>Basic and diluted Earnings/(Losses) per share in euros</b>	<b>0.230</b>	<b>(0.331)</b>

## 6. PROPERTY, PLANT & EQUIPMENT

The breakdown and movements in the year were as follows:

	Thousands of euros				
	Land and buildings	Plant and machinery	Other fixtures, tools, furniture and others	Property, plant and equipment in progress	Total
Cost, deemed cost, revalued cost	1,619,396	869,889	456,270	17,758	2,963,313
Accumulated amortisation and Impairment losses	(490,347)	(598,485)	(355,622)	—	(1,444,454)
<b>Net Book Value at 01 January 2022</b>	<b>1,129,049</b>	<b>271,404</b>	<b>100,648</b>	<b>17,758</b>	<b>1,518,859</b>
<b>Cost, deemed cost, revalued cost</b>					
Inclusions	688	14,756	9,705	23,166	48,315
Retirements	(21,222)	(17,098)	(16,180)	(251)	(54,751)
Changes in the scope of consolidation	(19,362)	(5,132)	(1,512)	—	(26,006)
Transfers	2,325	6,965	2,113	(8,551)	2,852
Exchange differences and IAS 29 impact	32,078	13,704	5,376	14	51,172
<b>Accumulated amortisation and Impairment losses</b>					
Inclusions	(20,291)	(41,761)	(27,574)	—	(89,626)
Retirements	3,056	16,421	15,730	—	35,207
Reversal/(Accrual) of impairment losses recognised in profit and loss (Note 10)	5,227	(1,970)	1,606	(436)	4,427
Changes in the scope of consolidation	1,850	4,577	1,469	—	7,896
Transfers	528	6	731	(1,265)	—
Exchange differences and IAS 29 impact	(8,830)	(6,408)	(4,559)	—	(19,797)
<b>Balance at 31/12/2022</b>	<b>1,105,096</b>	<b>255,464</b>	<b>87,553</b>	<b>30,435</b>	<b>1,478,548</b>
Cost, deemed cost, revalued cost	1,613,903	883,084	455,772	32,136	2,984,895
Accumulated amortisation and Impairment losses	(508,807)	(627,620)	(368,219)	(1,701)	(1,506,347)
<b>Net Book Value at 31 December 2022</b>	<b>1,105,096</b>	<b>255,464</b>	<b>87,553</b>	<b>30,435</b>	<b>1,478,548</b>

	Thousands of euros				
	Land and buildings	Plant and machinery	Other fixtures, tools, furniture and others	Property, plant and equipment in progress	Total
Cost, deemed cost, revalued cost	1,608,309	850,825	447,447	85,586	2,992,167
Accumulated amortisation and Impairment losses	(467,915)	(570,111)	(338,217)	—	(1,376,243)
<b>Net Book Value at 01 January 2022</b>	<b>1,140,394</b>	<b>280,714</b>	<b>109,230</b>	<b>85,586</b>	<b>1,615,924</b>
<b>Cost, deemed cost, revalued cost</b>					
Inclusions	699	11,361	5,930	10,019	28,009
Retirements	(54,696)	(28,068)	(13,597)	(2,132)	(98,493)
Transfers	41,594	23,201	12,310	(80,946)	(3,841)
Exchange differences and IAS 29 impact	23,490	12,570	4,180	5,231	45,471
<b>Accumulated amortisation and Impairment losses</b>					
Inclusions	(19,372)	(43,461)	(29,664)	—	(92,497)
Retirements	7,093	17,281	12,771	—	37,145
Reversal/(Accrual) of impairment losses recognised in profit and loss (Note 10)	138	2,892	854	—	3,884
Transfers	(4,609)	2,446	2,097	—	(66)
Exchange differences and IAS 29 impact	(5,682)	(7,532)	(3,463)	—	(16,677)
<b>Balance at 31/12/2022</b>	<b>1,129,049</b>	<b>271,404</b>	<b>100,648</b>	<b>17,758</b>	<b>1,518,859</b>
Cost, deemed cost, revalued cost	1,619,396	869,889	456,270	17,758	2,963,313
Accumulated amortisation and Impairment losses	(490,347)	(598,485)	(355,622)	—	(1,444,454)
<b>Net Book Value at 31 December 2022</b>	<b>1,129,049</b>	<b>271,404</b>	<b>100,648</b>	<b>17,758</b>	<b>1,518,859</b>

The main additions occurring during the financial year relate to hotel refurbishment and opening new hotels. Highlights in Southern Europe are, in Spain, the works to the NH Collection Barcelona Gran Hotel Calderón, in France, the Anantara Plaza Nice Hotel and NH Lyon Airport and, in Portugal, the Tivoli Avenida Liberdade Lisbon. In Italy, the refurbishment of the NH Collection Roma Vittorio Veneto, NH Collection Torino Santo Stefano, NH Collection Grand Hotel Convento di Amalfi, NH Napoli Panorama and NH Collection Roma Centro, as well as the NH Milano Corso Buenos Aires and NH Collection Milano City Life openings. In Benelux, the works to the Anantara The Marker Dublin and nhow Amsterdam Rai hotels. In Central Europe, the openings of the nhow Frankfurt and NH Collection Frankfurt Spin Tower (planned for February 2023) in Germany, and the refurbishment of the Anantara New York Palace Budapest Hotel and NH Collection Budapest City Centre in Hungary, are highlights. In Latin America, mainly the refurbishment of the NH Collection Monterrey San Pedro (Mexico) and NH Ciudad de Santiago (Chile).

The main derecognitions for the financial year were the sales of NH Naarden in Holland and NH Wiesbaden in Germany. The hotels were sold for €18.9 million.

In 2021 the main derecognition was the sale of the NH Collection Barcelona Gran Hotel Calderón in Spain with a sale and leaseback transaction. The hotel was sold for 125.5 million euros with a linked 20 year lease agreement, with NH having the option of additional extensions.

Within the changes in scope of consolidation heading, the derecognition of all the assets owned by the property company "Immo Hotel BCC, N.V." stands out as it was sold during the year (Note 2.9.5.).

The effect on the profit and loss account of assets de-recognised, replaced or disposed of to third parties outside the Group was a profit of 1,267 thousand euros (a profit of 66,402 thousand euros in 2021), recognised under "Profit/(loss) on the disposal of non-current assets" in the 2022 consolidated statement of profit and loss.

At 31 December 2022, there were mortgages on tangible fixed asset elements with a net book value of 149 million euros (158 million euros in 2021) (Note 16).

The Group has taken out insurance policies to cover any possible risks to which the different elements of its tangible fixed assets are subject, and to cover any possible claims that may be filed against it in the course of its activities. These policies sufficiently cover the risks to which the Group is exposed.

At 31 December 2022, firm investment undertakings amounted to 69.2 million euros. These investments will be made between 2023 and 2024 (26.8 million euros in 2021).

## 7. LEASES

The breakdown and movements under this heading were as follows:

	Thousands of euros		
	Real estate	Premiums for contracts and other rights	Total
Cost	4,135,869	73,267	4,209,136
Accumulated amortisation and Impairment losses	(2,566,873)	(49,918)	(2,616,791)
<b>Net Book Value at 01 January 2022</b>	<b>1,568,996</b>	<b>23,349</b>	<b>1,592,345</b>
<b>Cost</b>			
Inclusions	168,022	—	168,022
Retirements	(156,122)	—	(156,122)
Transfers	(2,866)	—	(2,866)
Currency translation difference	9,587	—	9,587
<b>Accumulated amortisation and Impairment losses</b>			
Inclusions	(171,717)	(2,627)	(174,344)
Retirements	153,725	—	153,725
Reversal/(Accrual) of impairment losses recognised in profit and loss (Note 10)	1,249	—	1,249
Transfers	—	—	—
Currency translation difference	(7,985)	—	(7,985)
<b>Balance at 31/12/2022</b>	<b>1,562,889</b>	<b>20,722</b>	<b>1,583,611</b>
Cost	4,154,490	73,267	4,227,757
Accumulated amortisation and Impairment losses	(2,591,601)	(52,545)	(2,644,146)
<b>Net Book Value at 31 December 2022</b>	<b>1,562,889</b>	<b>20,722</b>	<b>1,583,611</b>



	Thousands of euros		
	Real estate	Premiums for contracts and other rights	Total
Cost.	4,132,468	73,267	4,205,735
Accumulated amortisation and Impairment losses	(2,464,946)	(46,969)	(2,511,915)
<b>Net Book Value at 01 January 2021</b>	<b>1,667,522</b>	<b>26,298</b>	<b>1,693,820</b>
<b>Cost</b>			
Inclusions	103,807	—	103,807
Retirements	(110,585)	—	(110,585)
Reclassifications	3,631	—	3,631
Conversion differences	6,548	—	6,548
<b>Accumulated amortisation and Impairment losses</b>			
Inclusions	(169,825)	(2,949)	(172,774)
Retirements	72,998	—	72,998
Reversal/(Accrual) of impairment losses recognised in profit and loss (Note 10)	424	—	424
Conversion differences	(5,524)	—	(5,524)
<b>Balance at 31/12/2021</b>	<b>1,568,996</b>	<b>23,349</b>	<b>1,592,345</b>
Cost	4,135,869	73,267	4,209,136
Accumulated amortisation and Impairment losses	(2,566,873)	(49,918)	(2,616,791)
<b>Net Book Value at 31 December 2021</b>	<b>1,568,996</b>	<b>23,349</b>	<b>1,592,345</b>

	Balance at 1/1/2022	Expenses for interest (Note 24.3)	Changes	Rent payments	Exchange rate differences	Balance at 31/12/2022
Lease liabilities	1,925,353	81,073	157,965	(271,188)	2,389	1,895,592

	Net 1/1/2021	Expenses for interest (Note 24.3)	Changes	Rent payments	Exchange rate differences	Net 31/12/2021
Lease liabilities	2,059,739	83,048	53,832	(271,847)	581	1,925,353

The main recognitions for the year are due to the opening of several hotels on a lease basis. Therefore, it is worth pointing out the opening of nhow Frankfurt in Germany, NH Milano Corso Buenos Aires and NH Collection Milano City Life in Italy and Anantara Plaza Nice Hotel in France. During the year NH Frankfurt Mörfelden Conference Center and NH Frankfurt Villa in Germany, NH Logroño and NH Amistad de Murcia in Spain, NH Hotel de Ville and NH Waalwijk in Holland, NH London Kensington in the United Kingdom and NH Milano Concordia in Italy.

The main impacts on the statement on the consolidated statement of profit and loss related to the application of IFRS 16 are a higher financial expense of 81,073 thousand euros (83,048 thousand euros in 2021) (Note 24.3), a net loss on the disposal of non-current assets of 1,385 thousand euros (a loss of 1,294 thousand euros in 2021), due mainly to the amendment to the term of a contract in Italy, that had no cash impact and a reversal for asset impairment of 1,249 thousand euros (allotment for impairment of 424 thousand euros in 2021).

The amounts recorded as right-of-use assets correspond to properties where the Group is a lessee for its operation as a hotel.

Short-term leases and low-value leases are recognised as an expense in the consolidated profit and loss account on a straight line basis. A short-term lease contract is one where the period is less than or equal to 12 months. A "low value contract" is one whose underlying asset assigned in use would have a new value of under 5 thousand euros. The impact

recorded on the attached consolidated statement of profit and loss for the leases totals an expense of 126,541 thousand euros (16,692 thousand euros income in 2021) (Note 24.2).

Furthermore, in the lease agreements, there are no restrictions or imposed clauses and no sales transactions with subsequent leasing were carried out during the financial year.

Future cash output that the lessee is potentially exposed to, and which are not shown in the valuation of lease liabilities, exclusively relate to payments for variable leasing. Therefore, future gross payments estimated for the next 5 years total 1,123 million euros. Nevertheless, these expenses will result in higher income and produce higher profits.

The Group has not granted any options to extend and terminate, or guarantees of residual value. There do exist leases that have not commenced, for which the Group has undertaken gross lease payments of 49,854 thousand euros in a period of 1 to 5 years, and 214,539 thousand euros in a period of over 5 years.

## 8.- GOODWILL

The balance included under this item corresponds to the net goodwill arising from the acquisition of businesses of certain companies, and breaks down as follows:

	Thousands of euros	
	2022	2021
NH Hoteles Deutschland, GmbH and NH Hoteles Austria, GmbH	55,921	58,888
Grupo Royal	19,427	22,494
Boscolo Hotels	10,920	11,571
Others	3,220	3,174
<b>Total</b>	<b>89,488</b>	<b>96,127</b>

The movements in this heading of the consolidated statement of financial position in the financial year were as follows:

	Thousands of euros			
	Goodwill 1/1/2022	Currency translation difference	Impairment (Note 10)	Goodwill 31.12.22
NH Hoteles Deutschland, GmbH and NH Hoteles Austria, GmbH	58,888	—	(2,967)	55,921
Grupo Royal	22,494	(3,067)	—	19,427
Boscolo Hotels	11,571	(651)	—	10,920
Others	3,174	46	—	3,220
<b>Total</b>	<b>96,127</b>	<b>(3,672)</b>	<b>(2,967)</b>	<b>89,488</b>

	Thousands of euros				
	Goodwill 1/1/2021	Currency translation difference	Business combinations	Impairment (Note 10)	Goodwill 31.12.21
NH Hoteles Deutschland, GmbH y NH Hoteles Austria, GmbH	61,114	—	—	(2,226)	58,888
Grupo Royal	24,539	(2,045)	—	—	22,494
Boscolo Hotels	11,554	25	(8)	—	11,571
Otros	3,862	2	—	(690)	3,174
<b>Total</b>	<b>101,069</b>	<b>(2,018)</b>	<b>(8)</b>	<b>(2,916)</b>	<b>96,127</b>

Details of the cash-generating units to which such goodwill arising on consolidation has been allocated is shown below:

	Thousands of euros	
	2022	2021
Grupo Royal CGUs	19,427	22,494
Group CGUs (Boscolo Hotels)	10,920	11,571
CGU 6	13,587	13,587
CGU 21	9,929	9,929
CGU 12	6,272	6,272
CGU 5	2,996	2,996
CGU 13	5,286	5,624
CGU 2	5,023	5,023
CGUs with goodwill allocated individually < €4 M	16,048	18,631
<b>Total</b>	<b>89,488</b>	<b>96,127</b>

## 9. OTHER INTANGIBLE ASSETS

The breakdown and movements under this heading were as follows:

	Thousands of euros				
	Rights of use	Concessions, patents and trademarks	Software applications	Other rights	Total
Cost, deemed cost, revalued cost	92,292	36,814	105,484	17,039	251,629
Accumulated amortisation and Impairment losses	(8,484)	(34,917)	(79,223)	(2,057)	(124,681)
<b>Net Book Value at 01 January 2022</b>	<b>83,808</b>	<b>1,897</b>	<b>26,261</b>	<b>14,982</b>	<b>126,948</b>
<b>Cost, deemed cost, revalued cost</b>					
Inclusions	—	147	6,906	—	7,053
Retirements	(1,044)	—	(343)	—	(1,387)
Changes in the scope of consolidation	(88)	—	—	—	(88)
Transfers	—	32	141	—	173
Exchange differences and IAS 29 impact	(3,678)	(544)	37	—	(4,185)
<b>Accumulated amortisation and Impairment losses</b>					
Depreciation and amortisation charge	(2,401)	(424)	(10,482)	—	(13,307)
Retirements	—	—	92	—	92
Impairment losses recognised in profit and loss	—	3,622	—	484	4,106
Changes in the scope of consolidation	28	—	—	—	28
Transfers	—	(283)	(128)	252	(159)
Exchange differences and IAS 29 impact	826	202	(32)	—	996
<b>Balance at 31/12/2022</b>	<b>77,451</b>	<b>4,649</b>	<b>22,452</b>	<b>15,718</b>	<b>120,270</b>
Cost, deemed cost, revalued cost	87,482	36,449	112,225	17,039	253,195
Accumulated amortisation and Impairment losses	(10,031)	(31,800)	(89,773)	(1,321)	(132,925)
<b>Net Book Value at 31 December 2022</b>	<b>77,451</b>	<b>4,649</b>	<b>22,452</b>	<b>15,718</b>	<b>120,270</b>

	Thousands of euros				
	Usufruct Rights	Concessions, patents and trademarks	Software applications	Other rights	Total
Cost, deemed cost, revalued cost	84,215	37,489	101,118	17,039	239,861
Accumulated amortisation and Impairment losses	(6,458)	(34,843)	(67,627)	(2,796)	(111,724)
<b>Net Book Value at 01 January 2021</b>	<b>77,757</b>	<b>2,646</b>	<b>33,491</b>	<b>14,243</b>	<b>128,137</b>
<b>Cost, deemed cost, revalued cost</b>					
Inclusions	9,848	155	4,397	—	14,400
Retirements	(20)	(460)	(309)	—	(789)
Transfers	—	—	275	—	275
Exchange differences and IAS 29 impact	(1,751)	(370)	3	—	(2,118)
<b>Accumulated amortisation and Impairment losses</b>					
Depreciation and amortisation charge	(2,468)	(502)	(11,939)	—	(14,909)
Retirements	—	299	223	—	522
Impairment losses recognised in profit and loss	—	—	—	739	739
Changes in the scope of consolidation	—	—	—	—	—
Transfers	—	(120)	120	—	—
Exchange differences and IAS 29 impact	442	249	—	—	691
<b>Balance at 31/12/2021</b>	<b>83,808</b>	<b>1,897</b>	<b>26,261</b>	<b>14,982</b>	<b>126,948</b>
Cost, deemed cost, revalued cost	92,292	36,814	105,484	17,039	251,629
Accumulated amortisation and Impairment losses	(8,484)	(34,917)	(79,223)	(2,057)	(124,681)
<b>Net Book Value at 31 December 2021</b>	<b>83,808</b>	<b>1,897</b>	<b>26,261</b>	<b>14,982</b>	<b>126,948</b>

## 9.1 Software applications

The most significant additions in this financial year were a result of investments made in digitisation and improvement to the customer journey experience, and digitisation and optimisation of operating processes to gain sustainability, mobility and include customer care.

## 9.2 Other rights

Other rights: include rights relating to lease agreements as a result of business combinations in Italy.

## 10. IMPAIRMENT

The Group evaluates the possible existence of a loss of value each year that would oblige it to reduce the carrying amounts of its tangible and intangible assets or reverse them, if appropriate. A loss is deemed to exist when the recoverable value is less than the carrying amount. The recoverable value of the assets is the greater of their fair value less the costs of transfer or disposal by another means (mainly used for hotel assets in ownership) and their value in use.

The value in use is calculated from the estimated future cash flows, discounted at a discount rate after tax that reflects the current market valuation with respect to the value of money and the specific risks associated with the asset, covering a five-year period and a perpetual value, except in the case of leased hotels that correspond to the term of the lease, a perpetual value therefore not being considered in the latter. Value in use has been calculated for all the CGUs.

For the purposes of determining fair value for the owned hotels in 2021, the Group made a valuation of the greater part of the hotel assets in ownership. The valuation was made by a global firm specialising in valuation and consultancy services. In order to calculate the value of the assets, the most used valuation criteria was discounted cash flow, due to the fact that the hotel investments are valued depending on their potential future income.

The Group analysed whether there were indications of impairment to the assets subject to the valuation made in 2021. Therefore, the improvement to the profit/(loss) and the estimates for the hotel assets allowed the conclusion that, in the majority of cases, there are no changes that may significantly affect the valuations.

### 10.1 Key assumptions used

The evolution of the key assumptions in the analysed hotels has taking the business knowledge of Group Management into account as well as the continued recovery expected in the sector. Therefore, the projections assumed are based on



performance of the budget prepared by the Group for 2023, which assume an increase in income compared to 2022, mostly explained by the impact of the Omicron variant during the first quarter of 2022.

On the other hand, the increase in inflation in 2022 was taken into account and its future forecast to estimate the costs of the projections and, therefore, operational margins, with the increase seen in the price of supplies of products and services, particularly energy, being the most significant as they have drastically increased in Europe due to the geopolitical situation in Eastern Europe, and are reflected in the services with a high energy use, for example, laundry. Other operational costs affected by the pressure of inflation are salaries, due to the increase in the minimum wage, and the rents for leased hotels, amongst others.

The strong positioning of the countries where the Group has a presence, the good locations of the portfolio and the high level of recognition of its brands are key factors for continuing with a business strategy that focusses on maximising average rates per room, as well as identifying measures for efficiency in operational costs based on continuous investment in digitisation and systems, supporting ourselves on the economy of scale due to the extensive presence in the main countries.

There are a number of factors that are considered by the Group's Management to make the projections, which are:

- Estimate of external sources specialising in the hotel sector, along with investment banks with reference to the recovery of the hotel sector.
- Knowledge of the business/asset/local situation of the local Management of each Business Unit to which each CGU belongs.
- Historical results obtained by the CGUs.
- Investments in repositioning the CGUs.

These factors are reflected in the cash flows through the following working hypotheses used to obtain the projections:

- Income from accommodation is projected as the product of percentage occupation, and average rate per room ("ADR" Average Daily Rate: is the ratio of the total income from rooms in a specific period divided by the rooms sold in that specific period) and the total rooms available per year.
- The other revenues are projected based on the average of the relationship between the revenue from accommodation and those revenues.
- Personnel expenses are calculated on the basis of the average cost for personnel plus the relevant increase in each country referenced to the collective employment agreement for each year.
- Fixed expenses increase with the inflation forecast in each country according to the International Monetary Fund (IMF) estimate in its report published in October each year for the next 5 years, and variable expenses are projected on the basis of the evolution of income. With respect to energy expenses, a gradual correction downwards has been estimated for 2024-2026 until a return to normal levels prior to the geopolitical conflict in Eastern Europe.
- For its part, tax is calculated from the tax rates applicable in each country.

The discount rates were calculated by a third party using the Weighted Average Cost of Capital (WACC) methodology: Weighted Average Cost of Capital (WACC), as follows:

$$WACC = K_e * E / (E + D) + K_d * (1 - T) * D / (E + D)$$

Where:

$K_e$ : Cost of Equity

$K_d$ : Cost of Debt

$E$ : Equity Amount

$D$ : Debt Amount

$T$ : Tax Rate

The Capital Asset Pricing Model (CAPM) is used to estimate the cost of equity ( $k_e$ ).

The main variables used by a third party to calculate the discount rate are as follows:

- Risk-free rate: the WACC calculation is based on an increased risk-free rate. The risk-free rate is standardised to show the average sustainable performance of the long-term bonds issued by governments and considered to be "safe" (usually those classified as AAA by the main ratings agencies).

- For European countries, a rate of 2% was taken into account as the performance of German government bonds at 15 years, on the valuation date, and a 3% standardisation was extended.
- For non-European countries, the performance of American sovereign debt at 20 years was taken into account which, at the valuation date, was 3.7%. In these countries, the differential of inflation to the USA is also applied.
- Market risks premium: defined at 5.5% for rates in EUR and 6% for USD, based on a wide range of financial information, multiple methodologies and economic and financial market conditions at December 2022.
- Beta or systematic risk: Using a sample of listed companies whose businesses are comparable, the sector's risk differential is estimated in relation to the average risk on the global market. In order to calculate the WACC, a sample of traditional hotel companies is included as a comparison and, in addition, a sample of real estate investment trusts (REITs), for the purpose of reflecting the property contribution to the business. Bloomberg's historic betas were taken as a reference (weekly data at 2 years). Given that these betas are leveraged, they have been de-leveraged taking into account the average historical debt/capital structure for each company over 2 years.
- The capital structure applied was estimated on the basis of the capital structure of the comparable companies, taking the proportion of debt with interest, preferential capital and ordinary capital of these companies that are listed on the stock exchange into consideration. The average capital structure applied is 57% for Own Funds and 43% for Debt.
- In addition, the local rate for corporation tax on the valuation date in each country was considered.
- In order to calculate the Cost of the debt, a debt differential of 2.2% is applied, calculated as the average spread of the group's bond emissions with comparables.

Below are the pre-tax discount rates of the major countries:

Discount rate before taxes:					
	Germany	Netherlands	Italy	Spain	Colombia
2022	9,89% - 10,64%	7,43% - 8,43%	11,58% - 12,58%	10,29% - 11,29%	15,47%
2021	6,36% - 8,73%	6,17% - 8,35%	8,24% - 10,47%	7,61% - 9,86%	15,02% - 15,98%

The evolution of the key assumptions in hotels with indications of impairment at 31 December in the major countries in euros was as follows:

	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Germany		Netherlands		Italy		Spain		Colombia	
Post-tax WACC	5,5% - 6,25%	4,5% - 6,0%	5,5% - 6,5%	4,5% - 6,25%	7,5% - 8,5%	6,25% - 8,0%	7% - 8%	5,75% - 7,5%	11,5%	10,75% - 11,25%
Growth rate (g)	1.95%	2.03%	2.00%	1.90%	2.00%	1.39%	1.70%	1.70%	2.96%	2.91%
Average ADR (years of projection)	127.6	104.2	91.1	65.6	166.2	136.7	115.3	97.2	63.7	58.9
Average Occupancy Rate (years of projection)	70.8%	72.1%	62.2%	64.4%	68.9%	70.7%	75.0%	73.9%	69.7%	67.2%

The after-tax discount rates used by the Group for these purposes range in Europe from 3.75% (Denmark) to 15.75% (Hungary) (4.5% and 10.25% in 2021) and in Latin America from 9.25% to 17% (9.0% and 14.5% in 2021) without taking into account Argentina, whose after-tax discount rate has been calculated taking into account its hyperinflationary economic situation and varies between 91.75% in 2023 and 35.50% in 2027, and standardised to 17.0% for the perpetuity calculation based on the estimate of inflation. In this regard, the cash flows resulting from the impairment tests were also calculated after tax. In addition, the book value to which the value-in-use is compared does not include any deferred tax liabilities which could be associated with the assets.

Using a post-tax discount rate and post-tax cash flows is consistent with paragraph 51 of IAS 36, which states that "estimated future cash flows will reflect assumptions that are consistent with the manner of determining the discount rate". In addition, the result of the post-tax flows updated at a post-tax discount rate would obtain uniform results with respect to the impairment test if a pre-tax rate were used and, therefore, the impairment and reversion accounting records would be uniform.

## 10.2 Sensitivity analysis

Furthermore, the Group has carried out a sensitivity analysis for each of the CGUs, and for the groups of CGUs where goodwill is allocated.

For each scenario, each hypothesis has been considered individually, recording the impact on impairment for each of them. Scenario 1 is a negative one where the discount rate is raised 100 b.p. above the rate used in the test and a growth rate lower

by 100 b.p., i.e. with minimum growth, and falls in occupancy of 100 b.p. and ADR of 1% which would lead to additional impairment to that registered in 2022.

In the case of Scenario 2, this is a positive one where the discount rate is 100 b.p. below the rate used in the test, a growth rate of 100 b.p., with increases in occupancy of 100 b.p. and ADR of 1% which would lead to lower impairment to that registered in 2022.

A sensitivity analysis of the results of the impairment analysis given variations in the following scenarios, including the impacts that the amendment of each scenario would have without affecting the rest, for the main goodwill, is set out below:

NH Hoteles Deutschland, GmbH and NH Hoteles Austria, GmbH

	Average values				
	Impairment test	Assumption Scenario 1	Results Scenario 1	Assumption Scenario 2	Results Scenario 2
After-tax discount rate:	6,25%-7,00%	7,25%-8,00%	(1,436)	5,25%-6,00%	1.663
Growth rate	1,95%-2,00%	0,95%-1,00%	(2,440)	2,95%-3,00%	2.637
Occupancy rate	72,32%-74,93%	71,32%-73,93%	(1,429)	73,32%-74,93%	1.97
ADR (euros)	150,97-157,71	152.8	(1,349)	155.9	1.556

Grupo Royal

	Average values				
	Impairment test	Assumption Scenario 1	Results Scenario 1	Assumption Scenario 2	Results Scenario 2
After-tax discount rate:	9,50%-17,00%	10,50%-18,00%	—	—	—
Growth rate	1,00%-3,00%	0,00%-2,00%	—	—	—
Occupancy rate	68.8%	67.8%	—	—	—
Average ADR	77.48	76.7	—	—	—

Boscolo Group

	Average values				
	Impairment test	Assumption Scenario 1	Results Scenario 1	Assumption Scenario 2	Results Scenario 2
After-tax discount rate:	7,25%-9,5%	8,25%-10,5%	—	—	—
Growth rate	1,56%-3,19%	0,56%-2,19%	—	—	—
Occupancy rate	73.7%	72.7%	—	—	—
Average ADR	358.40	354.8	—	—	—

In addition, a sensitivity analysis of the results of the impairment analysis of the most significant CGUs that have associated property, plant and equipment, intangible assets and rights of use is set out below:

Sensitivity analysis of tangible and intangible assets and rights of use

	Average values				
	Impairment test	Assumption Scenario 1	Results Scenario 1	Assumption Scenario 2	Results Scenario 2
After-tax discount rate:	5,50%-91,75%	6,50%-92,75%	(7.963)	4,50%-90,75%	24.69
Growth rate	1,00%-4,80%	0,00%-3,80%	(7.944)	2,00%-5,80%	17.358
Occupancy rate	69.7%	68.7%	(5.111)	70.1%	6.136
ADR (euros)	147,14	145.7	(4.609)	148.6	2.986

### 10.3 Impairment losses

If the recoverable amount of an asset is estimated to be lower than its carrying amount, the latter is reduced to the recoverable amount by recognising the corresponding reduction through the consolidated statement of profit and loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the limit of the original value at which such asset was recognised before the loss of value was recognised.

The Group recognised a net reversal of impairment losses of 6,815 thousand euros (2,131 thousand euros accrual for impairment in 2021) as summarised below:

- **Property, Plant and Equipment:** an impairment loss of 17,457 thousand euros was recorded in 2022 for certain property, plant and equipment. This impairment mainly relates to hotels in Argentina as a result of the impact of the hyperinflationary economic situation on the net book value of the hotels and cash flows (26,998 thousand euros in 2021). On the other hand, there was a reversal of 21,884 thousand euros resulting from the improvement in future expectations for cash flows, mainly in Southern Europe, recorded under the heading "Gains/(Net losses) from asset impairment" on the consolidated income statement for 2022 (30,882 thousand euros in 2021).
- **Right-of-use assets:** an impairment reversal was recorded for Rights of use of 1,413 thousand euros and an accrual to impairment of 164 thousand euros (Right-of-use impairment reversal of 1,834 thousand euros and an accrual to impairment of 1,410 thousand euros in 2021) (Note 7).
- **Goodwill:** the Group recognised an impairment loss of 2,967 thousand euros on goodwill for NH Hoteles Deutschland, GmbH and NH Hoteles Austria, GmbH (2,916 thousand euros in 2021). This impairment arises from their worsening expectations of future cash flows mainly due to the opening of competitor hotels and the worsening of the outlook.
- **Other intangible assets:** reversals of impairment losses of 4,106 thousand euros (reversals of 739 thousand euros in 2021) were recognised under "Net Gains/(Losses) on asset impairment" of the consolidated income statement for 2022.

The balance of impairment to property, plant and equipment at 31 December is as follows:

	Thousands of euros	
	2022	2021
Spain	3,460	5,129
Italy	36,380	45,831
Germany	9,529	15,759
Benelux	10,674	17,860
Latin America	20,548	6,438
Others	—	66
<b>Total impairment</b>	<b>80,591</b>	<b>91,083</b>



The recoverable amount of the CGUs subject to impairment or reversal (not the entire portfolio of the Group) is as follows:

	Thousands of euros
	2022
<b>TOP 10</b>	
UGE 35	73.3
CGU 30	35.0
CGU 36	28.0
CGU 37	26.9
CGU 29	24.4
CGU 32	18.9
CGU 38	14.8
CGU 39	14.7
CGU 40	12.5
CGU 41	9.1
<b>Subtotal</b>	<b>257.6</b>
<b>Other CGUs by country</b>	
Spain	14.5
Italy	34.6
Benelux	12.4
Germany	12.9
LatAm	39.1
Other Countries	2.3
<b>Subtotal</b>	<b>115.8</b>
<b>Total</b>	<b>373.4</b>

## II. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associated companies at the close of the year are shown below:

Company	Activity centre	Share percentage	Relationship nature	Thousands of euros	
				2022	2021
Mil Novecientos Doce, S.A. de C.V.	CDMX, México	25 %	Associate	2,068	2,000
Consorcio Grupo Hotelero T2, S.A. de C.V.	CDMX, México	10 %	Associate	1,931	1,567
Inmobiliaria 3 Poniente, S.A. de C.V.	Puebla, México	17 %	Associate	139	—
Hotelera del Mar, S.A.	Mar de Plata, Argentina	20 %	Associate	482	645
Borokay Beach, S.L.	Madrid, España	50 %	Associate	929	929
Sotocaribe, S.L.	Madrid, España	36 %	Associate	36,386	35,781
<b>Total</b>				<b>41,935</b>	<b>40,922</b>

The impact recorded on the consolidated statement of profit and loss for the financial year due to consolidation of these holdings was losses of 449 thousand euros (1,447 thousand euros loss in 2021), recorded under the heading "Share of profit/(Loss) from entities accounted for the equity method". In addition, these holdings increased in 2022 by 1,462 thousand euros due to the effect of the exchange differences and accruals (596 thousand euros in 2021).

On 1 July 2022, the sale was completed of the minority shareholding in the company Kensington Hotel Value Added I, Ltd, for the price of 12 million euros. The net result of the transaction was a consolidated profit of 11 thousand euros (Note 2.9.5). This investment was fully impaired at the end of the 2021 financial year.

The Group's policy on holdings in associated companies consists of ceasing to book losses in these companies if the associated company's consolidated losses attributable to the Group are equivalent to or exceed the cost of its holding in them, provided there are no additional contingencies or guarantees connected with existing losses.

The financial statement of these key companies accounted for using the equity method at year-end is as follows:

Company	Thousands of euros				Equity	Net Profit (Loss)
	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities		
Mil Novecientos Doce, S.A. de C.V.	495	5,992	2,375	7	4,106	(588)
Consorcio Grupo Hotelero T2, S.A. de C.V.	6,395	17,522	2,946	6,995	13,976	1,901
Inmobiliaria 3 Poniente, S.A. de C.V.	903	12,630	546	4,993	7,994	(623)
Hotelera del Mar, S.A.	694	3,462	480	750	2,926	—
Borokay Beach, S.L.	963	1,104	95	115	1,857	—
Sotocaribe, S.L.	10,595	245,484	32,503	48,606	174,970	(494)

## 12. OTHER NON-CURRENT FINANCIAL ASSETS

The composition of this heading on the financial statement was as follows:

	Thousands of euros	
	2022	2021
Financial assets at fair value with change in profit/loss (Note 12.1)	1,340	2,334
Other financial assets at amortised cost (Note 12.2)	35,442	27,872
	<b>36,782</b>	<b>30,206</b>

### 12.1 Financial assets at fair value with change in profit/loss

The breakdown of this heading is as follows:

	Thousands of euros	
	2022	2021
NH Panamá, S.A.	3,767	3,767
Other investments	758	757
Impairment	(3,185)	(2,190)
<b>Total</b>	<b>1,340</b>	<b>2,334</b>

In regard to the fair value of financial assets, it does not differ significantly from its cost.

### 12.2 Other financial assets at amortised cost

The breakdown of this heading is as follows:

	Thousands of euros	
	2022	2021
Subordinated loans to companies owning hotels operated by the Group through leases	10,627	13,038
Loans to associates (Note 25)	—	148
Long-term deposits and sureties	23,016	12,843
Others	1,799	1,843
<b>Total</b>	<b>35,442</b>	<b>27,872</b>

The “Subordinated loans to companies owning hotels operated by the Group through leases” item includes a series of loans granted by the Group to companies which own hotels in countries such as Germany, Austria, the Netherlands, Italy and Spain, and which are operated by the Group under a leasing agreement.

The main features of these agreements are as follows:

- Hotel rentals are not subject to evolution of the inflation rate or to that of any other index.
- The aforementioned subordinated loans accrue interest at a fixed rate of 3% per annum.
- Lease agreements establish a purchase right on properties subject to agreements that, as a general rule, may be executed in the fifth, tenth and fifteenth year from the entry into force of the agreement.
- The model used for these lease agreements has been analysed and independent experts consider them to be operating leases. These hotels are covered by the scope of IFRS 16 and, therefore, from the transition date involve recording a right of use asset and a leasing liability.

The increase in the “Long-term deposits and sureties” line is explained by the advance payments on energy contracts recorded by the Group.

### 13. TRADE DEBTORS AND OTHER RECEIVABLES

This item reflects different accounts receivable from the Group's operations. Its detail is as follows:

	Thousands of euros	
	2022	2021
Trade receivables for services provided	110,290	56,283
Less: impairment on accounts receivable	(4,398)	(7,319)
<b>Trade receivables</b>	<b>105,892</b>	<b>48,964</b>
<b>Other non-trade debtors</b>	<b>24,385</b>	<b>50,341</b>
<b>Public administration receivables (Note 17)</b>	<b>33,343</b>	<b>31,032</b>
<b>Accounts receivable from related entities (Note 25)</b>	<b>2,414</b>	<b>1,185</b>
<b>Total</b>	<b>166,034</b>	<b>131,522</b>

As a general rule, these receivables do not accrue interest and are due at less than 90 days with no restrictions on how they may be availed.

The movement for impairment on accounts receivable during the year was as follows:

	Thousands of euros	
	2022	2021
Balance at 1 January	7,319	9,025
Conversion differences	6	70
Additions	1,182	1,390
Applications	(4,109)	(3,166)
<b>Balance at 31 December</b>	<b>4,398</b>	<b>7,319</b>

The analysis of the ageing of financial assets in arrears but not considered impaired in the financial year is as follows:

	Thousands of euros	
	2022	2021
Less than 30 days	12,733	2,618
From 31 to 60 days	10,101	3,002
More than 60 days	11,261	3,217
<b>Total</b>	<b>34,095</b>	<b>8,837</b>

In this regard, the impairments recorded take into account all the expected losses on the balances of trade receivables on the financial statement. The remaining accounts included under the accounts receivable heading do not have assets that have undergone impairment.

## 14. CASH AND CASH EQUIVALENTS

The breakdown of this heading is as follows:

	Thousands of euros	
	2022	2021
Cash and banks	183,111	243,930
Short term deposits maturing in under three months	118,652	—
<b>Total</b>	<b>301,763</b>	<b>243,930</b>

These assets are recognised at their fair value.

The Group's liquidity position at 31 December 2022 is based on the following points:

- The group had cash and cash equivalents amounting to 301,763 thousand euros (broken down above).
- Available undrawn credit facilities of 267,000 thousand euros (Note 16).

There are no restrictions on how cash may be used. There are 3,432 thousand euros reserved in accordance with a firm commitment with the co-owners of Hoteles Royal (2,424 thousand euros in 2021) for future investments in the hotels.

As a result of the enactment of Royal Decree 1558/2012 of 15 November, of Article 42 bis of Royal Decree 1065/2007 of 27 July, approving the General Regulations on tax management, inspection and procedures, and implementing the common rules of the procedures for applying taxes, which establishes certain reporting obligations with regard to overseas assets and rights, among others, it is disclosed that some members of the NH Hotel Group S.A. Board of Directors have the right, as representatives or authorised officials, to dispose of bank accounts located abroad, which are in the name of Group companies. The reason certain Board members have the right to dispose of overseas bank accounts is that they are directors or board members of said subsidiaries.

NH Hotel Group S.A. holds other accounting documents, namely the consolidated annual accounts, from which sufficient data can be extracted in relation to the aforementioned accounts.

## 15. EQUITY

### 15.1 Subscribed share capital and issue premium

#### Subscribed capital

NH Hotel Group, S.A. share capital at the end of 2022 comprised 435,745,670 fully subscribed and paid up bearer shares with a par value of 2 euros each. All these shares carry identical voting and economic rights and are traded on the Continuous Market of the Spanish Stock Exchanges.

The Company increased its share capital and premium by 106.6 million euros in the 2021 financial year with the offset of loans from the main shareholder and preferential subscription rights for the other shareholders, by virtue of the resolutions of the General Shareholders' Meeting held on 30 June 2021.

According to the most recent notifications received by the Parent Company and the communications submitted to the Spanish National Securities Market Commission (CNMV) prior to the end of each reporting period, the main shareholdings at 31 December were as follows:

	2022	2021
Minor International Public Company Limited ("MINT")	94,13%	94,13%

The aforementioned (indirect) shareholding of MINT in NH Hotel Group, S.A. is the result of the IPO made by MHG Continental Holding (Singapore) Pte Ltd. on 11 June 2018 for 100% of the shares that were part of the share capital of NH Hotel Group, S.A., the result of which was that MINT acquired, through its wholly owned subsidiary MHG Continental Holding (Singapore) Pte. Ltd., shares representing 94.13% of the share capital of NH Hotel Group, S.A.

### Share premium

The Capital Companies Act expressly permits the use of the share premium to increase capital and does not establish any specific restrictions as to its use.

## 15.2 Dividends

In 2022 (as mentioned in note 3) and in 2021 the Parent Company did not distribute dividends.

## 15.3 Other Reserves

Sole relates to the legal reserve accrued in accordance with article 274 of the Consolidated Text of the Capital Companies Act, which provides that, in all cases, a figure equal to 10% of the profit for the financial year must go into it until it reaches at least 20% of the share capital.

It may not be distributed and, if it is used to offset losses, in the event that there are no other reserves that are sufficient for that purpose, it must be replenished with future profits.

At 31 December 2022 and 2021 the Parent Company had not accrued the minimum limit provided for in the Consolidated Text of the Capital Companies Act to this reserve.

## 15.4 Treasury shares

At 31 December 2022, the Group had 92,915 own shares, compared to 96,246 own shares at 31 December 2021. The reduction in treasury shares over the period can be explained by the following movement:

- On 10 April 2019, the Group signed a liquidity contract to manage its treasury shares with Banco Santander, which entered into force on 11 April 2019. The total number of shares allocated to the securities account associated with the new Liquidity Contract at 31 December 2022 is 92,915 shares and the current amount allocated to the cash account is 329,492 euros. At 31 December 2021, the number of shares assigned to the liquidity contract was 96,246 shares. The negative effect recorded in reserves for operations carried out in 2022 was (471) thousand euros.
- In 2022, the third, and final, cycle (2019-2021) of the Second Long-Term Incentive Plan 2019-2021 for certain executives and personnel was settled (Note 23), which was settled in the first quarter of 2022 with handover of the shares. A purchase of 150,351 treasury shares was made to settle the second cycle, with this amount matching the total number of shares handed over. The total recorded positive impact of these movements on equity was 506 thousand euros.

## 15.5 Accumulated Gains

This heading includes the parent company's profit/(loss) for previous years and the accumulated gains for the remaining companies included within the consolidation perimeter by the various consolidation methods, from when they were incorporated into it, under the "accumulated gains" entry.

The movement under this heading in 2022 mainly related to a decrease of 150 million euros due to the distribution of negative results in the previous year (437 million euros loss in 2021).



## 15.6 Currency translation difference

Exchange differences include the following equity effects: the equity effect caused when converting their respective financial statements to Euros, using the exchange rate conversion at the end of the financial year (8,301 thousand euros) and the re-expression of the financial statements of group Companies operating in hyperinflationary economies due to inflation (3,586 thousand euros).

## 15.7 Non controlling interests

The movements under this heading during the financial year are summarised below:

	Thousands of euros	
	2022	2021
Opening balance	48,998	49,582
Profit (Loss) for the year	4,475	556
Dividends paid to non-controlling interests	—	(166)
Other movements	(316)	(974)
<b>Closing balance</b>	<b>53,157</b>	<b>48,998</b>

The 2021 "Dividends paid to non-controlling interests" item recorded the dividends of 166 thousand euros paid out by the company NH Lagasca, S.A.

## 16. DEBT IN RESPECT OF BOND ISSUES AND BANK BORROWINGS

The balances of the "Bonds and other negotiable securities" and "Debts with credit institutions" items for the financial year were as follows:

	Thousands of euros			
	2022		2021	
	Non Current	Current	Non Current	Current
Guaranteed senior notes	400,000		400,000	
Borrowing costs		7,911		8,089
Arrangement expenses	(3,637)	(1,344)	(4,980)	(1,286)
<b>Debt instruments and other marketable securities</b>	<b>396,363</b>	<b>6,567</b>	<b>395,020</b>	<b>6,803</b>
Unsecured loans	71,690	58,021	326,119	5,089
Subordinated loans	40,000		40,000	
Mortgages	20,341	2,300	20,363	3,071
Credit lines	6,000	11,000	5,000	12,000
Arrangement expenses	(2,744)	(1,011)	(5,108)	(1,356)
Effect of renegotiation of debt NIIF 9	547	258	3,569	1,047
Borrowing costs		1,345		1,430
<b>Bank borrowings</b>	<b>135,834</b>	<b>71,913</b>	<b>389,943</b>	<b>21,281</b>
<b>Total</b>	<b>532,197</b>	<b>78,480</b>	<b>784,963</b>	<b>28,084</b>

The effect of debt movement on the Group's cash flows as reflected in the cash flow statement is affected by non-cash movements generated by exchange rate differences as the group has debts in currencies other than the euro.

### Secured senior bonds maturing in 2026

On 14 June 2021 the Parent Company offered guaranteed senior bonds, which mature in 2026, at the nominal value of 400,000 thousand euros. The nominal annual interest rate for the issue is 4% and the cost of arranging the issue of the bond was 6,896 thousand euros.

After the issue was paid up and closed on 28 June 2021, using the funds received from the issue, the Parent Company paid off the total guaranteed senior notes (the "Bonds") in the amount of 356,850 thousand euros maturing in 2023 early, with a payment of 100.938% of the nominal value of the Bonds subject to repayment.

The outstanding nominal amount at 31 December 2022 was 400,000 thousand euros.

### Secured credit line

On 22 September 2016, the Parent Company and NH Finance, S.A. entered into a revolving business credit with credit institutions amounting to 250,000 thousand euros ("syndicated credit line") with a maturity of three years, extendable to five years at the time of the refinancing of the guaranteed senior notes maturing in 2019. As a consequence of the refinancing of the guaranteed senior notes maturing in 2019, which took place in 2017, the maturity date of said financing was extended to 29 September 2021.

On 16 October 2020, the Parent Company and NH Finance, S.A. agreed the extension of the maturity of the finance to 29 March 2023, with a limit of 236,000 thousand euros.

On 29 June 2021, the Parent Company and NH Finance, S.A. agreed an additional extension of the maturity of the finance to 31 March 2026, with a limit of 242,000 thousand euros. On 1 December 2022, the company NH Finance S.A. was liquidated with the Parent Company being the sole borrower.

At 31 December 2022, the total amount of 242,000 thousand euros of this financing was available.

### Unsecured loans

#### ■ Syndicated ICO backed loan maturing in 2026

On 29 April 2020, the Group entered into a loan for 250,000 thousand euros over 3 years, with no repayments until maturity.

The contract, within the legal framework established by the Spanish government to mitigate the economic impact of Covid-19, received a guarantee granted by the Spanish state.

On 29 April 2021, on the basis of Royal Decree Law 34/2020 approved in November 2020, the Parent Company agreed the extension of this financing with the loan institutions until 2026, with no partial repayments until maturity.

In August 2022, the Parent Company requested voluntary early repayment of the loan for a total of 100,000 thousand euros. Furthermore, In December 2022, the Parent Company requested another voluntary early repayment of the loan for a total of 100,000 thousand euros. Both repayments were made with cash available at the Company.

At 31 December 2022, the outstanding nominal amount of this financing was 50,000 thousand euros, which was paid back in full in January 2023 (Note 30).

#### ■ Other non-guaranteed loans

- In May 2020, the parent company signed a bilateral loan for 10,000 thousand euros over 2 years, within the legal framework provided by the Spanish state to mitigate the economic impact of Covid-19 and, in this way, receiving the ICO guarantee. In May 2021, on the basis of Royal Decree Law 34/2020, the Parent Company agreed the extension of the maturity of this loan for a further 3 years, with a new maturity date of May 2025. At 31 December 2022, the outstanding nominal amount of this financing was 8,333 thousand euros.
- In July 2020, the parent company signed a bilateral loan for 7,500 thousand euros over 3 years, within the legal framework provided by the Spanish state to mitigate the economic impact of Covid-19 and, in this way, receiving the ICO guarantee. In April 2021, on the basis of Royal Decree Law 34/2020, the Parent Company agreed the extension of the maturity of this loan for a further 3 years, with a new maturity date of July 2026. At 31 December 2022, the outstanding nominal amount of this financing was 6,743 thousand euros..
- In October 2020 the Italian subsidiary NH Italia Spa signed a bilateral loan for 15,000 thousand euros over 6 years, within the legal framework provided by the Italian state to mitigate the economic impact of Covid-19 and, in this way, receiving the State guarantee (SACE). At 31 December 2022, the outstanding nominal amount of this financing was 15,000 thousand euros.
- Furthermore, various bilateral loans were signed between June and September 2020 in different regions (Portugal and Chile) to mitigate the economic impact of the pandemic. At 31 December 2022 the total amount drawn down from these loans was 2,155 thousand euros.

Subsidiaries of the Parent Company have other unsecured bilateral loans, including a loan from the American subsidiary of 50,000 thousand dollars (46,878 thousand euros at December 2022) signed in 2018, fully drawn down at 31 December 2022 and maturing in July 2023. These funds were used to finance the New York hotel's capex. The remaining bilateral loans are distributed amongst the companies in Colombia and, at 31 December 2022, the amount drawn down was 602 thousand euros.

## Subordinated loan

A loan amounting to 40,000 thousand euros fully drawn at 31 December 2022 and with a single maturity and repayment in 2037, are included in this item. The interest rate on this loan is the 3-month Euribor plus a spread.

## Mortgages

The detail of the mortgage loans and credits is as follows:

		Thousands of euros			
		2022			
	Mortgaged asset	Fixed rate	Variable interest	Total	Net book value of the mortgaged asset
Spain	Wilan Ander	3,362	—	3,362	4,218
	Wilan Huel	2,408	—	2,408	4,122
	NH Palacio de la Merced	—	2,018	2,018	15,031
<b>Total Spain</b>		<b>5,770</b>	<b>2,018</b>	<b>7,788</b>	<b>23,371</b>
Chile	NH Plaza de Santiago	14,853	—	14,853	14,888
<b>Total Other</b>		<b>14,853</b>	<b>—</b>	<b>14,853</b>	<b>14,888</b>
<b>Total</b>		<b>20,623</b>	<b>2,018</b>	<b>22,641</b>	<b>38,259</b>

		Thousands of euros			
		2021			
	Mortgaged asset	Fixed rate	Variable interest	Total	Net book value of the mortgaged asset
Spain	Wilan Ander	3,714	—	3,714	4,668
	Wilan Huel	2,661	—	2,661	4,985
	NH Palacio de la Merced	—	2,620	2,620	15,243
<b>Total Spain</b>		<b>6,375</b>	<b>2,620</b>	<b>8,995</b>	<b>24,896</b>
Chile	NH Plaza de Santiago	14,439	—	14,439	14,346
<b>Total Other</b>		<b>14,439</b>	<b>—</b>	<b>14,439</b>	<b>14,346</b>
<b>Total</b>		<b>20,814</b>	<b>2,620</b>	<b>23,434</b>	<b>39,242</b>

## Bilateral credit lines

At 31 December 2022, the balances under this item include the amount drawn down from credit facilities. The joint limit of these loan agreements and credit facilities at 31 December 2022 amounted to 42,000 thousand euros, of which 17,000 thousand euros had been drawn down at that date.

## Obligations required in the senior notes contracts maturing in 2026, the syndicated credit line and the syndicated loan with ICO guarantee maturing in 2026

The senior notes maturing in 2026, the syndicated credit line maturing in 2026 and the syndicated loan guaranteed by ICO maturing in 2026 require the fulfilment of a series of obligations and limitations of essentially homogeneous content as regards the assumption of additional borrowing or provision of guarantees in favour of third parties, the granting of real guarantees on assets, the sale of assets, investments that are permitted, restricted payments (including the distribution of dividends to shareholders), transactions between related parties, corporate transactions and disclosure obligations. These obligations are detailed in the issue prospectus for the aforementioned notes, as well as in the credit agreement of the syndicated credit line.

The syndicated credit line and the syndicated loan with the ICO guarantee require compliance with financial ratios (financial covenants); in particular, (i) an interest coverage ratio of > 2.00x, (ii) a net indebtedness ratio of < 5.50x.

Furthermore, the senior notes maturing in 2026 and the syndicated credit line require fulfilment of a Loan to Value ("LTV") ratio that depends on NH's net debt level at any time as shown below:

- Net debt-to-income ratio > 4.00x: LTV ratio = 70%
- Net debt-to-income ratios ≤ 4.00x: LTV ratio = 85%
- Net debt-to-income ratio ≤ 3.50x: LTV ratio = 100%

Until 31 December 2022, the Parent Company had a waiver on compliance with the financial covenants for the syndicated credit line and the syndicated loan with the ICO guarantee.

### Package of guaranteed senior bonds maturing in 2026 and syndicated credit line maturing in 2026

The guaranteed senior notes maturing in 2026 and syndicated credit line maturing in 2026 share the following guarantees: (i) pledge of shares: 100% of the share capital of (A) Diegem, (B) Immo Hotel Brugge NV, (C) Immo Hotel Diegem NV, (D) Immo Hotel Mechelen NV, (E) Immo Hotel Stephanie NV, (F) Onroerend Goed Beheer Maatschappij Van Alphenstraat Zandvoort, B.V. and (G) NH Italia, S.p.A.; (ii) first-tier mortgage guarantee on the following hotels located in the Netherlands: NH Conference Centre Koningshof owned by Koningshof, B.V.; NH Conference Centre Leeuwenhorst owned by Leeuwenhorst Congres Center, B.V.; NH Zoetermeer owned by Onroerend Goed Beheer Maatschappij Danny Kayelaan Zoetermeer, B.V.; NH Conference Centre SparreNHorst owned by SparreNHorst, B.V.; NH Capelle owed by Onroerend Goed Beheer Maatschappij Capelle aan den IJssel, B.V.; and the joint guarantee on first demand of the main operating companies in the group wholly owned by the Parent Company.

The net book value of the assets granted as mortgage security against the syndicated credit line (242,000 thousand euros fully available at 31 December 2022) and guaranteed senior notes in the amount of 400,000 thousand euros, maturing in 2026, can be broken down as follows:

	Thousands of euros
	Net book value
NH Conference Centre Leeuwenhorst	54,139
NH Conference Centre Koningshof	37,278
NH Conference Centre Sparrenhorst	6,116
NH Zoetermeer	7,052
NH Capelle	6,134
<b>Total</b>	<b>110,719</b>
<b>Net value of assets assigned as mortgage collateral</b>	<b>110,719</b>
<b>Value of guaranteed debt</b>	<b>400,000</b>
<b>Fixed interest</b>	<b>400,000</b>
<b>Variable interest</b>	—

### Limitation on the distribution of Dividends

The guaranteed "senior" bonds maturing in 2026, the revolving syndicated credit line maturing in 2026 and the ICO backed syndicated loan and bilateral loan maturing in 2026 described above contain clauses limiting the distribution of dividends.

In the case of the senior bonds maturing in 2026, in general, distribution of dividends is allowed as long as (a) there is no current non-compliance and one is not produced as a result of the distribution; (b) the interest coverage ratio pro forma taking into account the planned distribution would be  $> 2.0x$ ; and (c) the total restricted payments (including, amongst others, certain restricted investments, early repayments of subordinated debt, share buy-backs, payments in cash for subordinated debt to controlling shareholders, or persons associated with them, and other forms of remuneration to shareholders in their position as such) made from the offer date (14 June 2021) must be lower than the total of, amongst other entries, (i) 50% of NH Group's consolidated net income from the first day of the full quarter immediately prior to the offer date up to the date of the full quarter nearest to the distribution date for which the quarterly accounts are available, although when calculating the net income, 100% of the consolidated net losses for that period must be deducted, with the exception of losses prior to 31 March 2022 (this is what is known as the "CNI builder basket"), and (ii) 100% of the net contributions to NH Group's capital since the offer date.

Additionally, as an alternative and without having to be in compliance with the previous condition, NH Group may distribute dividends and make other restricted payments without any limit on the amount as long as the leverage ratio (gross debt/EBITDA) pro forma taking into account the intended restricted payment should not be higher than 4.5x.

Finally, and also alternatively and without having to be concurrent with the previous ones, the notes maturing in 2026 establish a franchise to be able to make restricted payments (including dividends) without needing to comply with any specific requirement, for a total aggregate amount of 25,000 thousand euros from the issue date.

In the case of the syndicated credit line, the distribution of dividends or other forms of remuneration to shareholders were not allowed while the waiver on complying with financial ratios (financial covenants) was in still in force until December 2022. After that date, according to the syndicated credit line, the distribution of a percentage of the NH Group's consolidated net profit from the previous year is allowed, provided that there has been no breach of the relevant financing agreement and the net financial debt (through the dividend payment or other type of distribution)/EBITDA ratio is less than

4.0x. The amount that may be distributed depends on the net financial debt/EBITDA ratio (pro forma taking into account the dividend payment or other type of distribution) in accordance with the following breakdown:

- Net Financial Debt/EBITDA  $\leq$  4.0x: Percentage of consolidated net profit: 75%
- Net Financial Debt/EBITDA  $\leq$  3.5x: Percentage of consolidated net profit: 100%
- Net Financial Debt/EBITDA  $\leq$  3.0x: Percentage of consolidated net profit: unlimited

All these metrics are calculated using consolidated data.

At 31 December 2022, the ratios for the distribution of dividends this year were met.

### Contractual maturity schedule

The details by maturity are as follows:

As of 31/12/2022				Maturity schedule					
Thousands of euros	Limit / granted	Available	Disposed	Year 1	Year 2	Year 3	Year 4	Year 5	Remainder
<b>Mortgage loans</b>	<b>22,641</b>	<b>—</b>	<b>22,641</b>	<b>2,300</b>	<b>6,011</b>	<b>1,336</b>	<b>866</b>	<b>885</b>	<b>11,243</b>
Fixed rate	19,415	—	19,415	1,636	5,338	649	650	813	10,329
Variable interest	3,226	—	3,226	664	673	687	216	72	914
<b>Subordinated loans</b>	<b>40,000</b>	<b>—</b>	<b>40,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>40,000</b>
Variable interest	40,000	—	40,000	—	—	—	—	—	40,000
<b>Guaranteed senior notes mat. in 2026</b>	<b>400,000</b>	<b>—</b>	<b>400,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>400,000</b>	<b>—</b>	<b>—</b>
Fixed rate	400,000	—	400,000	—	—	—	400,000	—	—
<b>Unsecured loans</b>	<b>129,711</b>	<b>—</b>	<b>129,711</b>	<b>58,021</b>	<b>9,674</b>	<b>7,855</b>	<b>54,161</b>	<b>—</b>	<b>—</b>
Fixed rate	7,075	—	7,075	2,172	1,872	1,905	1,126	—	—
Variable interest	122,636	—	122,636	55,849	7,802	5,950	53,035	—	—
<b>Secured credit line</b>	<b>242,000</b>	<b>242,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Variable interest	242,000	242,000	—	—	—	—	—	—	—
<b>Credit lines</b>	<b>42,000</b>	<b>25,000</b>	<b>17,000</b>	<b>11,000</b>	<b>5,000</b>	<b>1,000</b>	<b>—</b>	<b>—</b>	<b>—</b>
Variable interest	42,000	25,000	17,000	11,000	5,000	1,000	—	—	—
<b>Indebtedness at 31/12/2022</b>	<b>876,352</b>	<b>267,000</b>	<b>609,352</b>	<b>71,321</b>	<b>20,685</b>	<b>10,191</b>	<b>455,027</b>	<b>885</b>	<b>51,243</b>
Arrangement expenses	(8,737)	—	(8,737)	(2,356)	(2,455)	(2,556)	(1,073)	(30)	(267)
IFRS 9	806	—	806	258	243	230	75	—	—
Borrowing costs	9,256	—	9,256	9,256	—	—	—	—	—
<b>Adjusted total debt at 31/12/2022</b>	<b>877,677</b>	<b>267,000</b>	<b>610,677</b>	<b>78,479</b>	<b>18,473</b>	<b>7,865</b>	<b>454,029</b>	<b>855</b>	<b>50,976</b>
<b>Adjusted total debt at 31/12/2021</b>	<b>1,080,047</b>	<b>267,000</b>	<b>813,047</b>	<b>28,084</b>	<b>57,713</b>	<b>13,841</b>	<b>9,198</b>	<b>654,074</b>	<b>50,137</b>

At 31 December 2022, the average cost of the gross drawdown amount of the Group was 4.2% (3.5% in 2021).

The detail for maturities of the debt for operating leases without discounting is as follows (in thousands of euros):

	Total liabilities	Maturities						
		2022	2023	2024	2025	2026	2027	Resto
Gross lease payments 31/12/2022	2,698,525	—	258,657	244,428	226,713	210,891	182,315	1,575,521
Gross lease payments 31/12/2021	2,728,004	250,149	236,321	222,303	206,872	191,944	164,584	1,455,830



## Net Debt

The detail of net debt at 31 December 2022 was as follows:

Net Debt	Thousands of euros	
	2022	2021
Cash and cash equivalents	301,763	243,930
Financial debt (Long and short term)	(610,677)	(813,047)
Lease liabilities (Note 8)	(1,895,592)	(1,925,353)
<b>Net Debt</b>	<b>(2,204,506)</b>	<b>(2,494,470)</b>
<b>Cash and liquid investments</b>	<b>301,763</b>	<b>243,930</b>
Gross debt – fixed interest rates	(2,325,085)	(2,355,153)
Gross debt – variable interest rates	(181,184)	(383,247)

## 17.- TAX NOTE

### Tax consolidation scheme

The Group operates in many countries and is therefore subject to the regulations of different tax jurisdictions regarding taxation and corporate income tax.

NH Hotel Group, S.A. and the companies with tax domicile in Spain in which it held a direct or indirect stake of at least 75% during the 2022 tax period are subject to the tax consolidation scheme governed by Title VII, Chapter VI of Law 27/2014 on Corporate Income Tax.

The companies belonging to the tax group have signed an agreement to share the tax burden. Hence, the Parent Company settles any credits and debts which arise with subsidiary companies due to the negative and positive tax bases these contribute to the tax group.

The companies that make up the tax consolidation group are the following:

NH Hotel Group, S.A.	NH Europa, S.L.
Latinoamericana de Gestión Hotelera, S.L.	NH Atardecer Caribeño, S.A.
NH Central Reservation Office, S.A.	Gestora Hotelera del Siglo XXI, S.A.
NH Hoteles España, S.A.	Nuevos Espacios Hoteleros, S.A.
NH Hotel Ciutat de Reus, S.A.	Coperama Holding, S.L.
Gran Círculo de Madrid, S.A.	Coperama Spain, S.L.
Iberinterbrokers, S.L.	NH Las Palmas, S.A.
Wilan Ander, S.L.	NH Lagasca, S.A.
Palacio de la Merced, S.A.	Wilan Huel S.L.
NH Cash Link, S.L.U.	

Corporation tax is calculated on the financial or accounting profit or loss resulting from the application of generally accepted accounted standards in each country, and does not necessarily coincide with the tax result, this being construed as the tax base.

In 2022, Spanish companies pay taxes at the general tax rate of 25% irrespective of whether they apply the consolidated or separate taxation schemes. The foreign companies are subject to the prevailing tax rate in the countries where they are domiciled. In addition, taxes are recognised in some countries at the estimated minimum profit on a complementary basis to Corporation Tax.

The prevailing corporation tax rates applicable to Group companies in the different jurisdictions where the Group has significant operations are as follows:

Country	Nominal Rate	Country	Nominal Rate
Germany	30%	Italy	24%
Argentina	25%-35%	Luxembourg	24.9%
Austria	25%	Mexico	30%
Belgium	25%	Netherlands	25.8%
Brazil	34%	Poland	19%
Chile	27%	Portugal	21%
Colombia	35%	Romania	16%
Czech Rep	19%	South Africa	28%
Dominican Rep.	27%	Spain	25%
Ecuador	25%	Switzerland	8.5%
France	25%	United Kingdom	19%
Hungary	9%	Uruguay	25%
Ireland	12.5%	USA	21%

### Financial years subject to tax inspection

In accordance with Spanish tax legislation, the years open for review to the Consolidated Tax Group are:

Tax	Tax loss carryforwards
Corporation	2018 a 2021
VAT	2019 a 2022
IRPF (personal income tax)	2019 a 2022
Non-resident Income Tax	2019 a 2022

In Germany, an inspection procedure has been opened which is reviewing the amount of negative tax bases still to be offset by the companies. Furthermore, a verification file, initiated in 2021, is still open for all the taxes in some of the German companies which covers the 2015 to 2018 financial years.

In Switzerland, a verification file, initiated in 2021, is still open for Corporation tax which covers the 2016 to 2020 financial years.

Finally, an inspection procedure has been opened in Colombia focused on the deductions of certain Corporation Tax expenses.

The Group's Directors do not expect any significant contingencies to arise from the conclusions of the inspections.

Regarding the financial years open to inspection in the rest of the group, contingent liabilities not susceptible to objective quantification may exist, which are not significant in the opinion of the Group's Directors. Moreover, the Company considers that there are no significant uncertain tax positions.

## Balances with Public Administrations

The composition of the asset balances with Public Administrations at 31 December is as follows:

	Thousands of euros	
	2022	2021
<b>Deferred tax assets</b>		
Tax credits	132,343	162,789
Tax assets due to asset impairment	46,648	46,205
Tax withholdings of workforce	2,495	2,647
Other prepaid taxes	1,080	1,346
IFRS 16	75,779	81,018
<b>Total</b>	<b>258,345</b>	<b>294,005</b>

	Thousands of euros	
	2022	2021
<b>Short-term taxes receivable</b>		
Current income tax paid	10,974	4,740
Value Added Tax	28,017	27,504
Other tax receivables	5,326	3,528
<b>Total</b>	<b>44,317</b>	<b>35,772</b>

The movements of the "Deferred tax assets" heading in the year were as follows:

	Thousands of euros	
	2022	2021
<b>Opening balance</b>	<b>294,005</b>	<b>273,013</b>
Asset impairment	443	4,350
Generation of assets due to tax losses	—	27,006
Settlements of assets due to tax losses	(30,446)	(1,897)
IFRS 16 (Note 7)	(5,239)	(13,402)
Others	(418)	4,935
<b>Total</b>	<b>258,345</b>	<b>294,005</b>

All these impacts have had an effect on the consolidated statement of profit and loss except for some non-significant impacts that have resulted in changes to the consolidated statement of changes in equity.

The decrease in deferred tax assets is mainly due to the generation of assets due to tax losses and the deferral associated with IFRS 16.

At 31 December 2022, the Group had assets resulting from tax losses and deductions amounting to 132,343 thousand euros (162,789 thousand euros in 2021). Out of the total tax credits, 74,490 thousand euros (77,170 thousand euros in 2021) relate to credits activated in Spain.

In 2022, the movement of tax credit assets that impacted the consolidated statement of profit and loss was 30,446 thousand euros, caused by the cancellation of assets, mainly in Italy (22,052 thousand euros), Holland (3,103 thousand euros), Spain (2,680 thousand euros), Germany (1,032 thousand euros), Latin America (972 thousand euros) and Portugal (598 thousand euros).

At 31 December 2022, the Group had tax loss and non-deductible financial expenses carryforwards worth 205,656 thousand euros (204,723 thousand euros at 31 December 2021) and deductions amounting to 2,577 thousand euros (2,823 thousand euros in 2021) that had not been entered in the accompanying consolidated statement of financial position because the

Directors considered they did not meet accounting standard requirements. These assets are grouped as follows (rate amount):

	Thousands of euros	
	2022	2021
Non-deductible financial expenses in Spain	55,665	58,558
Negative tax bases generated by the Spanish entities before their inclusion in the Spanish consolidation group	25,703	25,703
Spanish consolidation group tax loss carryforwards	33,856	33,845
Negative tax bases generated in Belgium	6,343	6,242
Negative tax bases generated in Luxembourg	3,543	10,664
Negative tax bases generated in Germany	33,288	34,697
Negative tax bases generated in Austria	10,702	10,204
Negative tax bases generated in Switzerland	1,948	1,886
Negative tax bases generated in Latin America	3,896	4,545
Negative tax bases USA	9,363	8,817
Negative tax bases France	4,907	5,058
Other negative tax bases	16,442	4,504
<b>Total credit for negative tax bases and financial expenses</b>	<b>205,656</b>	<b>204,723</b>
Deductions generated in Spain	2,577	2,823
<b>Total deductions</b>	<b>2,577</b>	<b>2,823</b>
<b>Total non-activated tax credits</b>	<b>208,233</b>	<b>207,546</b>

The amount of credit for finance costs, which are not considered deductible in the Spanish corporate income tax when exceeding 30% of the operating revenue of the tax group calculated in accordance with Article 16 of Law 27/2014 of 27 December, on Corporate Income Tax, amounted to 55,665 thousand euros at 31 December 2022 (58,558 thousand euros in 2021). There is no deadline for offsetting non-deductible finance costs.

The composition of the liability balances with Public Administrations at 31 December is as follows::

	Thousands of euros	
	2022	2021
<b>Deferred tax liabilities</b>		
Assets revaluation	192,030	186,359
<b>Total</b>	<b>192,030</b>	<b>186,359</b>

	Thousands of euros	
	2022	2021
<b>Short-term taxes payable</b>		
Current income tax paid	14,580	1,361
Value Added Tax	4,641	1,538
Personal Income Tax	7,797	4,544
Tax on Income from Capital	1,074	1,129
Social Security	9,028	7,783
Others	15,385	15,785
<b>Total</b>	<b>52,505</b>	<b>32,140</b>

The movements in deferred tax liabilities during the year were as follows:

	Thousands of euros	
	2022	2021
<b>Opening balance</b>	<b>186,359</b>	<b>171,519</b>
IAS 29 Hyperinflationary economies	8,622	5,435
Update rate change in Argentina	—	9,915
Others	(2,951)	(510)
<b>Closing balance</b>	<b>192,030</b>	<b>186,359</b>

The increase in deferred tax liabilities is mainly due to the increase in deferred tax associated with the revaluation of assets in Argentina, due to application of IAS29, amounting to 8,622 thousand euros (5,435 thousand euros in 2021).

With respect to deferred tax liabilities, in the United States a deferred tax liability has arisen for 11,086 thousand euros as a result of applying accelerated depreciation to some assets. For its part, the temporary negative adjustment has generated a larger negative tax base that will be applied when the company reverses the temporary adjustment, involving a net effect for the Group.

All these impacts have had an effect on the Consolidated statement of profit and loss except for some non-significant impacts that have resulted in changes to the consolidated statement of changes in equity.

The detail, by country and item, of these deferred taxes is as follows:

	2022			
	Thousands of euros			
	Tax credits	Prepaid Taxes	Total Assets	Liabilities
Spain	74,490	27,602	102,092	19,765
Benelux	18,600	24,979	43,579	17,979
Italy	5,285	21,281	26,566	92,204
Germany	21,697	40,829	62,526	1,900
Others	12,271	11,311	23,582	60,182
<b>Total</b>	<b>132,343</b>	<b>126,002</b>	<b>258,345</b>	<b>192,030</b>

	2021			
	Thousands of euros			
	Tax credits	Prepaid Taxes	Total Assets	Liabilities
Spain	77,170	32,670	109,840	20,041
Benelux	21,703	27,521	49,224	18,768
Italy	27,337	15,139	42,476	91,855
Germany	22,729	44,027	66,756	3,023
Others	13,850	11,859	25,709	52,672
<b>Total</b>	<b>162,789</b>	<b>131,216</b>	<b>294,005</b>	<b>186,359</b>

## Reconciliation of the accounting result to the tax result

The reconciliation between the accounting profit or loss, the corporation tax base, current and deferred tax for the year, is as follows:

	2022						2021		
	Thousands of euros						Thousands of euros		
	Central Services/ Southern Europe and USA	Italy	Benelux	Central Europe	Latin America	TOTAL	Central Services/ Southern Europe and USA	Other Companies	TOTAL
<b>Consolidated statement of profit and loss before taxes</b>	<b>61,298</b>	<b>80,846</b>	<b>43,300</b>	<b>(25,402)</b>	<b>(4,432)</b>	<b>155,611</b>	<b>(34,586)</b>	<b>(110,671)</b>	<b>(145,257)</b>
Adjustments to consolidated profit and loss:									
Due to permanent differences	(40,737)	(52,142)	(13,757)	36,138	(29,663)	(100,161)	64,374	112,592	176,966
Due to temporary differences	(2,793)	(7,090)	(7,891)	(1,914)	38,161	18,472	(4,070)	4,115	45
<b>Tax base (Taxable profit or loss)</b>	<b>17,768</b>	<b>21,614</b>	<b>21,652</b>	<b>8,822</b>	<b>4,066</b>	<b>73,922</b>	<b>25,718</b>	<b>6,036</b>	<b>31,754</b>
Current taxes to be refunded / (to pay)	6,452	(4,884)	(7,505)	(1,017)	3,348	(3,606)	859	2,520	3,379
Total current tax income / (expense)	(4,425)	(5,187)	(5,552)	(1,715)	(1,281)	(18,160)	(6,376)	(1,395)	(7,771)
Total deferred tax income / (expense)	(6,960)	(25,376)	(4,304)	(3,291)	4,984	(34,947)	6,750	10,509	17,259
Total other income / (expense)	(28)	7	7	2	53	41	(89)	(72)	(161)
<b>Total Gains Tax income / (expense)</b>	<b>(11,413)</b>	<b>(30,556)</b>	<b>(9,849)</b>	<b>(5,004)</b>	<b>3,756</b>	<b>(53,066)</b>	<b>285</b>	<b>9,042</b>	<b>9,327</b>

## Deductions generated by the consolidated tax group of the Parent Company

At 31 December 2022, the Tax Group held the following tax credits carryforwards:

Year of origin	Deduction pending application	Amount in thousands of euros
2007 a 2011	Deduction to encourage certain activities	632
2014 a 2021	IT Deduction	1,945
2013 a 2014	Other	277
		<b>2,854</b>

## Pillar 2 Directive

On 15 December, the Pillar 2 Directive was adopted (Directiva UE2022/2523) according to which large multi-nationals with an overall turnover of more than 750 million euros in at least two of the four previous financial years will be subject to a minimum level of taxation of 15% in all territories they are located in. This comes into force on 1 January 2024.

At this time, the Directive is pending transposition in the Member States. It is expected that the first year affected by this regulation will be the year beginning January 1, 2024. The Group is assessing its potential future impact, although, given that it is awaiting transposition, and at a very incipient stage of the regulation (subject to the interpretation of certain considerations in the calculations) no quantitative information is included in this regard.



## 18. OTHER NON-CURRENT LIABILITIES

The details under the “Other non-current liabilities” heading were as follows:

	Thousands of euros	
	2022	2021
At amortised cost:		
Capital subsidies	1,496	1,689
Investment acquisition liability	3,150	3,150
Other liabilities	18,047	17,025
<b>Total</b>	<b>22,693</b>	<b>21,864</b>

“Other liabilities” includes the deferral of various long-term commitments to public authorities for 12,556 thousand euros (10,915 thousand euros in 2021).

## 19. PROVISIONS

The breakdown of “Provisions” for the financial year, together with the main movements recognised were as follows:

	Thousands of euros				
	Balance at 1/1/2022	Additions	Applications/ Reversals	Transfers and other changes	Balance at 31/12/2022
<b>Non-current liabilities:</b>					
Provision for pensions and similar obligations	28,032	7,209	(11,118)	—	24,123
Other claims	16,029	3,568	(1,861)	144	17,880
	<b>44,061</b>	<b>10,777</b>	<b>(12,979)</b>	<b>144</b>	<b>42,003</b>
<b>Current liabilities:</b>					
Other Provisions	3,475	6,584	(2,576)	(144)	7,339
	<b>3,475</b>	<b>6,584</b>	<b>(2,576)</b>	<b>(144)</b>	<b>7,339</b>
<b>Total</b>	<b>47,536</b>	<b>17,361</b>	<b>(15,555)</b>	<b>—</b>	<b>49,342</b>

	Thousands of euros					
	Balance at 01/01/2021	Additions	Applications/ Reversals	Business combination	Transfers and other changes	Balance at 31/12/2021
<b>Non-current liabilities:</b>						
Provision for pensions and similar obligations	29,224	2,907	(4,327)	—	228	28,032
Other claims	18,031	1,374	(3,376)	—	—	16,029
	<b>47,255</b>	<b>4,281</b>	<b>(7,703)</b>	<b>—</b>	<b>228</b>	<b>44,061</b>
<b>Current liabilities:</b>						
Other Provisions	6,277	3,781	(6,207)	(148)	(228)	3,475
	<b>6,277</b>	<b>3,781</b>	<b>(6,207)</b>	<b>(148)</b>	<b>(228)</b>	<b>3,475</b>
<b>Total</b>	<b>53,532</b>	<b>8,062</b>	<b>(13,910)</b>	<b>(148)</b>	<b>—</b>	<b>47,536</b>

## Provision for pensions and similar obligations

The "Provisions for pensions and similar obligations" account mainly includes the pension fund of a certain number of employees of the Netherlands business unit, and the T.F.R. "Trattamento di fine rapporto" in Italy, an amount paid to all workers in Italy at the moment they leave the company for any reason. This is another remuneration element, whose payment is deferred and annually allocated in proportion to fixed and variable remuneration both in kind and in cash, which is valued on a regular basis. The annual amount to be reserved is equivalent to the remuneration amount divided by 13.5. The annual cumulative fund is reviewed at a fixed interest rate of 1.5% plus 75% of the increase in the consumer price index (CPI).

This section includes various retirement, performance related and/or long-stay awards considered in the Collective Bargaining Agreements that are applicable in Spain.

At the end of 2022, the liabilities entered against this item were of 24,123 thousand euros (28,032 thousand euros at 31 December 2021).

The provision includes the impact of changes in its actuarial calculation of 5,462 thousand euros net of tax, as detailed in the comprehensive consolidated statement (1,632 thousand euros in 2021).

The breakdown of the main assumptions used to calculate actuarial liabilities is as follows:

	2022		2021	
	Netherlands	Italy	Netherlands	Italy
Discount rates	3,75%	2,23% - 1,67%	1,0%	0,0% - 0,2471%
Expected annual rate of salary rise	2,75%	1,40% - 2,60%	0,50%	2,0%
Expected return from assets allocated to the plan	0,39%	0,04%	0,18%	1,6%

	2022	2021
	Spain	Spain
Discount rates	3,28% - 3,45%	0,39% - 0,76%
Expected annual rate of salary rise	2,5%	1,2%

In 2022, this section has also begun to record the two new long-term incentive plans aimed at the Group's management and personnel (Note 23). These plans consist of the promise to deliver a cash amount to the beneficiaries calculated as a percentage of the fixed salary in accordance with their level of responsibility.

## Other claims

The "Other claims" item includes provisions for disputes and risks that the Group considers likely to occur. Among the most significant are the provisions created on the basis of the action brought in the proceedings claiming breach of contract in a property development, as well as other claims received in relation to the termination of certain leases where certain amounts are claimed (Note 22).

## 20. COMMERCIAL CREDITORS AND OTHER ACCOUNTS PAYABLE

The breakdown of this item in the consolidated statement of financial position at 31 December is as follows:

	Thousands of euros	
	2022	2021
Trade and other payables	264,546	230,641
Advance payments from customers	42,891	26,036
Accounts payable from related entities (Note 25)	2,027	825
Public administration receivables (Note 17)	37,925	30,779
<b>Total</b>	<b>347,389</b>	<b>288,281</b>

"Commercial Creditors and Other Accounts Payable" covers the accounts payable derived from commercial activity typical of the Group. This heading includes 43,236 thousand euros (37,460 euros at 31 December 2021) relating to creditors from confirming transactions.

The "Advance payments from customers" item mainly includes customer deposits arising from the Group's hotel businesses.

## INFORMATION ON DEFERRED PAYMENTS TO SUPPLIERS. THIRD ADDITIONAL PROVISION. "DUTY TO REPORT" OF ACT 11/2013 OF 26 JULY

Below is the information required by Additional Provision Three of Law 15/2010 of 5 July and modified by the Resolution of 29 January 2016, of the Institute of Accounting and Auditing, and Law 18/2022, of 28 September, on the creation and growth of businesses, on the information to be incorporated in the record of annual financial statements relating to the average period for payment to suppliers in commercial transactions of Spanish companies.

	2022	2021
	Days	
AVERAGE PERIOD FOR PAYMENT TO SUPPLIERS	79	96
RATIO OF PAID TRANSACTIONS	80	97
RATIO OF TRANSACTIONS PENDING PAYMENT	63	80
	Amount (thousands of euros)	
TOTAL PAYMENTS MADE	315,527	271,179
TOTAL PAYMENTS PENDING	23,404	20,018

The above information on payments to suppliers of Spanish companies refer to those which by their nature are trade creditors due to debts with suppliers of goods and services. The table includes, therefore, the "Commercial Creditors and Other Accounts Payable" item in current liabilities of the consolidated statement of financial position.

During 2022 the monetary volume of the invoices paid in less time than the maximum provided for in the bad debt regulations was 139,876 thousand euros, representing 44% of the total monetary volume of the invoices, the number of invoices paid in less time than the maximum provided for in the bad debt regulations was 66 thousand euros, representing 41% of the total volume of invoices;

The average period for payment to suppliers has been calculated using the weighted average of the two ratios explained below:

- Ratio of paid transactions: average payment period of transactions paid in each year weighted by the amount of each transaction.
- Ratio of transactions pending payment: average period between the invoice date and the end of the year weighted by the amount of each transaction.

Due to the impact of the Covid-19 pandemic on the demand for hotels, the Company has exceeded the maximum period for payment to trade suppliers legally set at 60 days. This situation is considered to be remediable as various measures are being taken to temporarily resizing resources existing until now, and renegotiating lease agreements and other actions of different types aimed at minimising the impact of the Covid-19 pandemic, which, together with progressive recovery in demand and the business, will enable the legally established ratio to be recovered.

## 21. OTHER CURRENT LIABILITIES

At 31 December, this item is broken down as follows:

	Thousands of euros	
	2022	2021
Outstanding remuneration	60,911	28,695
Other creditors	15,241	11,681
Other liabilities	117	61
<b>Total</b>	<b>76,270</b>	<b>40,437</b>

Outstanding remuneration mainly includes the accrual of fixed and variable salaries which are unpaid, as well as provisions for holidays not taken.

## 22. THIRD-PARTY GUARANTEES AND CLAIMS IN PROGRESS

At 31 December 2022, the Group had a total of 39,114 thousand euros in economic or financial bank guarantees issued by various banks (44,715 thousand euros in 2021).

The decrease in the balance for financial guarantees at 31 December 2022, compared to the balance at 31 December 2021, is mainly due to the release of guarantees issued in favour of Social Security for the deferral of payments by several group companies requested at the beginning of 2021, and others linked to debt obtained in other countries during Covid-19 which were obtained in 2020 and are now fully repaid.

Of the 39,114 thousand euros in bank guarantees, 33,677 thousand euros guarantee leasing contract obligations and others related to the Group's usual operations in various countries, and 5,437 thousand euros are guarantees issued to public bodies for administrative and technical matters..

At 31 December 2022, the Group had taken out insurance policies to cover risks arising from damage to material goods, loss of profits and third-party liability. The capital insured sufficiently covers the assets and risks mentioned above.

### Commitments to third parties

- Within the framework of new development projects in the normal course of business, in which NH Group subsidiaries act as lessees or operators, the Group's parent company gives personal guarantees in favour of third parties to secure its contractual obligations, often issue promissory notes in payment of said obligations and agrees penalty clauses in case of breach of contract.
- Likewise, within the framework of the group's financing, personal and real guarantees have been granted to fulfil the obligations guaranteed under the financing agreements (Note 16).

### Claims in process

The Group's main contingent assets and liabilities on the date these consolidated financial statements were drawn up, are set out below:

- A claim has been filed against a Group company in Germany due to the termination of two lease agreements and claiming specific amounts, including damages.
- A claim has been filed against a Group company in Italy due to the early termination of a lease agreement; the ruling was favourable to the company's interests in the appeal, although it is in judicial review currently in progress.
- A Group company in Italy has been sued for damages under a service provision contract, with the claim being dismissed in the first instance. It is currently at the appeal stage.
- A Group company in South Africa was sued for damages as a result of the termination of a lease agreement, and an agreement was reached between the parties to end the claim.
- A claim has been filed against two of the Group's companies seeking payment fees to rights management from 1 January 2008 to 31 May 2013, in addition to an unspecified amount corresponding to the period thereafter until a judgment is issued, plus interest and costs. The proceedings finalised after the cassation appeal lodged by the claimant was no admitted, with the judgment on appeal that set a lower amount than that claimed became final and this is pending settlement.
- A claim has been filed against a Group company claiming payment in relation to the payment of a management entity's fees for the years 2018, 2019, with the claim in the first instance having been wholly dismissed. The proceedings are currently under appeal.
- A claim has been filed against a Group company for damages within the framework of a corporate relationship, which was wholly dismissed on appeal, although the judgment is still pending becoming final.
- Claims for payment, within the framework of the various processes of rent renegotiation that the Company is in, have been lodged where partially favourable judgments have been obtained, out-of-court settlements have been reached or they are still in progress.
- In the context of a legal proceeding in which the Company requested that the termination of a lease contract be declared lawful, the defendant has answered requesting, among other things, the payment of the rents unpaid as a consequence of the aforementioned termination, and the proceeding is currently pending trial.
- On the occasion of the agreements reached in 2014 for the sale of the shares held by NH Hotel Group, S.A in the company Sotogrande, S.A., the Group agreed to subrogate to the position of Sotogrande, S.A. for certain claims assuming all rights and obligations relating thereto, and are summarised as follows:

- Plaintiff in the proceedings against construction agents for construction defects in twenty-five homes and contractual liability, where partially favourable judgments have been obtained.
- Respondent in the process of claiming amounts from a real estate development due to construction defects, where a partially favourable judgment has been obtained.
- A former shareholder of the Group has requested the annulment of certain resolutions adopted by the Board of Directors. The claim was wholly dismissed and the proceedings are currently under appeal.
- As part of the contractual liability assumed by the Group in a hotel purchase contract in Holland, the buyers informed the Group of the requirement to pay the Dutch Transfer Tax. The Group and the purchasers reached an agreement whereby the Group assumed the control and results of the judicial procedure. In this matter, the purchasers submitted an appeal to the Dutch Treasury that was rejected and an appeal was filed with the Courts, with the hearing being held on 22 June 2022. As a result of the hearing, the parties reached an agreement to put an end to the claim which materialised as an act with an agreement in the last quarter of 2022. This was paid on 4 January 2023, amounting to 5,791 thousand euros, which was fully provided for at the close of the financial year (Note 19).

The Directors of the Parent Company consider that the hypothetical loss incurred by the Group as a result of such actions would not significantly affect the equity of the Group.

## 23. LONG-TERM INCENTIVE PLAN

On 29 June 2017, the Company's General Shareholders Meeting approved the second long-term share-based incentive plan ("the plan") aimed at the Group's management and personnel. The Plan was approved retroactively from 1 January 2017, it will have a total duration of five years, divided into three – independent of each other – three-year cycles.

The plan consisted of the grant of ordinary shares of NH Hotel Group, S.A. to the beneficiaries calculated as a percentage of the fixed salary, according to their level of responsibility. The number of shares to be granted was subject to the degree of fulfilment of the following objectives:

- TSR (total shareholder return) at the end of each of the Plan's cycles, comparing the performance of NH Hotel Group, S.A. shares with the STOXX® Europe 600 Travel & Leisure share index
- Revaluation of the Share
- Recurring Net Profit
- Recurring EBITDA

The beneficiaries must remain in the Group at the end of each cycle, notwithstanding the exceptions deemed appropriate, as well as achieving the minimum thresholds for each of the objectives.

The Plan targeted approximately 100 beneficiaries.

The current cycles at 31 December 2022 are:

	No. of Shares Assigned at the start of each cycle (Thousands)	No. of live shares at 31.12.2022 (Thousands)	Value of the allocation (Euros)
The first cycle began on 1/1/2017 (delivery in 2020 (concluded))	720,87	—	3,80
The second cycle began on 01/01/2018 (delivery in 2021 (concluded))	517,96	—	5,96
The third cycle began on 01/01/2019 (delivered in 2022 (concluded))	879,25	—	3,96

The second cycle (2019-2021) of the third, and final, long-term incentive plan was settled in the first half of 2022 with the delivery of 150,351 net shares at a fair value per unit of 3.62 euros. The settlement of this Plan was made net of taxes.

The maximum amount approved by the General Shareholders' Meeting for the three cycles of the second Plan is 16,200 thousand euros.

At the date this report is published there are no Long-Term share-based Incentives that have not been finalised and settled.

During the first quarter of 2022 two new Long-Term Incentive Plans were launched. A long-term Incentive Plan was approved for a total duration of five years, divided into three – independent of each other – three-year cycles. And a long-term Incentive Plan with a single cycle lasting two years.

Both plans consist of the promise to deliver a cash amount to the beneficiaries calculated as a percentage of the fixed salary in accordance with their level of responsibility. The final amount to be delivered is conditional on the level of Recurring EBITDA achievement in each year of the plan.

Furthermore, for yearly calculation of the achievement of the target EBITDA in both Long-Term schemes, it is an indispensable condition that the Recurring Net Profit for the year is zero or more. Otherwise, the level of achievement of the target EBITDA for the year will be 0.

The beneficiaries must remain in the Group at the end of each cycle, notwithstanding the exceptions deemed appropriate, as well as achieving the minimum thresholds for each of the objectives.

The Plan is aimed at approximately 100 beneficiaries.

The effect of these Plans on the consolidated statement of profit and loss for 2022 was 2,552 thousand euros (958 thousand euros in 2021).

## 24. INCOME AND EXPENSES

### 24.1 Income

The breakdown of these headings in the consolidated income statements is as follows:

	Thousands of euros	
	2022	2021
Hotel occupancy	1,260,486	522,778
Catering	302,450	146,680
Meeting rooms and others	109,566	52,169
Rentals and other services	49,855	24,857
<b>Revenue</b>	<b>1,722,357</b>	<b>746,484</b>
Operating subsidies	33,218	82,690
Other operating income	4,809	4,250
<b>Other income</b>	<b>38,027</b>	<b>86,940</b>
<b>Net gains on disposal of non-current assets</b>	<b>2,771</b>	<b>65,108</b>
<b>TOTAL INCOME</b>	<b>1,763,155</b>	<b>898,532</b>

The increase in net turnover arose from the recovery of the business after the pandemic caused by Covid-19.

Aid received of 33.2 million euros has been recorded under the Operating subsidies line, which mainly relates to subsidies received from the German and Italian governments to offset the drop in sales caused by Covid-19. Out these subsidies, 12 million euros recorded under the "Other non-trade debtors" are currently pending receipt.

"Rentals and Other Services" includes the income from fees invoiced to hotels operated on a management basis and the services provided by the Group to third parties.



The breakdown of net turnover by geographical markets is as follows:

	Thousands of euros	
	2022	2021
Italy	350,930	159,542
Southern Europe and USA	525,798	263,988
Central Europe	354,025	148,584
Benelux	372,333	128,777
Latin America	118,593	45,532
Central Services	678	61
<b>Total</b>	<b>1,722,357</b>	<b>746,484</b>

## 24.2 Operating profit (loss)

### Staff costs

This item in the consolidated statement of profit and loss is broken down as follows:

	Thousands of euros	
	2022	2021
Wages, salaries and similar	336,094	191,794
Social security contributions	79,315	48,802
Severance payments	937	9,941
Contributions to pension plans and similar	11,359	10,188
Other social expenses	13,438	7,889
<b>Total</b>	<b>441,143</b>	<b>268,614</b>

The increase in personnel expenses is explained by the contingency plans the Group made during the 2021 financial year to palliate the drop in sales, such as voluntary reductions in working hours and salary. In addition, less savings were recorded as a result of the subsidies or allowances received from the Governments, which were 12,103 thousand euros on the wages and salaries line and 498 thousand euros on the social security contributions line (42,302 thousand euros on the wages and salaries line and 26,849 thousand euros on the social security contributions line in 2021).

The average number of people employed by the Parent Company and the companies consolidated through full consolidation in the year broken down by professional category was as follows:

	2022	2021
Group's general management	8	8
Managers and heads of department	1,454	1,433
Technical staff	929	880
Sales representatives	699	631
Administrative staff	135	144
Rest of workforce	7,770	6,976
<b>Total</b>	<b>10,995</b>	<b>10,072</b>

In calculating the average number of employees, the Group has not taken into account employees whose contracts have a duration of less than two days. The increase in the average number of employees is explained by the reactivation of the business after Covid-19.

The breakdown of the personnel at 31 December, by gender and professional category, is as follows:

	2022		2021	
	Males	Females	Males	Females
Group's general management	6	2	7	1
Managers and heads of department	864	647	816	619
Technical staff	514	493	464	425
Sales representatives	257	580	175	470
Administrative staff	49	94	48	82
Rest of workforce	4,321	4,624	3,747	3,989
<b>Total</b>	<b>6,011</b>	<b>6,440</b>	<b>5,257</b>	<b>5,586</b>

The average number of people with disabilities equivalent to or greater than 33%, directly employed by the Parent Company and fully consolidated companies in Spain in the year, broken down by professional category, is as follows:

	2022	2021
Managers and heads of department	4	—
Technical staff	12	9
Sales representatives	2	2
Administrative staff	4	10
Rest of workforce	79	64
<b>Total</b>	<b>101</b>	<b>85</b>

The average age of the Group's workforce was approximately 40.6 and average seniority in the Group was 9.3 years (41.1 years and 10.5 years respectively in 2021).

## Other operating expenses

The composition of this consolidated income heading is as follows:

	Thousands of euros	
	2022	2021
Leasing (Note 7)	126,541	(16,692)
Outsourcing of services	124,356	57,063
Commissions and bonuses for customers	103,919	46,013
Supplies	69,999	48,182
Maintenance and cleaning	49,763	32,586
Laundry and related costs	38,647	19,152
Costs associated with information technologies	37,372	32,410
Marketing and merchandising	20,107	11,055
Taxes, insurance and levies	33,854	27,867
Advisory services	17,970	13,779
Other external services	96,677	47,181
<b>Total</b>	<b>719,205</b>	<b>318,596</b>

In 2022, the Group experienced an improvement to the level of activity in its hotel business, which led to an increase in some operational expenses directly related to the level of activity, such as the supplies, maintenance and cleaning and laundry service, among others. Also, the increase recorded in revenue per available room explains the increase in associated agency commission expenses and the cost of leases associated with variable rents. Nevertheless, and in spite of the improvement to

business, the Group has, since the start of the pandemic, a contingency plan in place to reduce fixed and variable costs directly related to the level of activity.

The increase under the leases heading is explained by the rent concessions and renegotiations achieved during 2021 to mitigate the impact of the pandemic significantly. In this sense, as a result of applying the IFRS 16 amendment published on 30 August 2021, the Group recorded savings of 28,625 thousand euros relating to rent concessions achieved.

Likewise, during 2021, as a result of the subsidies or bonuses received by the Governments to offset the losses produced by the fixed income, a saving of 13 million euros was recorded in leases.

During 2022 and 2021, the fees for account auditing and other services provided by the auditor of the Group's consolidated annual accounts and the fees for services invoiced by the entities related to it by control, shared ownership or management, were as follows:

	Thousands of euros	
	2022	2021
Auditing services	571	548
Other verification services	335	435
<b>Total auditing and related services</b>	<b>906</b>	<b>983</b>
Tax consulting services	—	—
Other services	91	61
<b>Total other services</b>	<b>91</b>	<b>61</b>
<b>Total professional services</b>	<b>997</b>	<b>1,044</b>

Additionally, entities associated with the international network of the consolidated annual accounts auditor have invoiced the Group for the following services:

	Thousands of euros	
	2022	2021
Auditing services	1,044	1,244
Other verification services	240	209
<b>Total auditing and related services</b>	<b>1,284</b>	<b>1,453</b>
Tax consulting services	120	254
Other services	192	312
<b>Total other services</b>	<b>312</b>	<b>566</b>
<b>Total</b>	<b>1,596</b>	<b>2,019</b>

During 2022, other auditing firms apart from the auditor of the consolidated annual accounts or entities associated with this company by control, shared ownership or management, have provided account auditing services to the companies making up the Group, for fees totalling 89 thousand euros (99 thousand euros in 2021). The fees accrued in 2022 by these firms for tax advice services were 324 thousand euros (468 thousand euros in 2021) and for other services, 508 thousand euros (242 thousand euros in 2021).

## 24.3 Financial profit/(loss)

### Financial income

The breakdown of the amount of financial income is as follows:

	Thousands of euros	
	2022	2021
Interest income	2,156	854
Other financial income	4,336	2,557
<b>Total</b>	<b>6,492</b>	<b>3,411</b>

Income corresponds to loans valued at amortised cost and remuneration of short term deposits (Note 14).

### Financial expenses

The breakdown of the amount of financial expenses is as follows:

	Thousands of euros	
	2022	2021
Expenses for interest	35,771	39,530
Amortisation of debt issuance expenses and fair value adjustments	4,012	21,851
<b>Financial expenses on debt</b>	<b>39,783</b>	<b>61,381</b>
<b>Financial expenses on leases (Note 7)</b>	<b>81,073</b>	<b>83,048</b>
Financial expenses for means of payment	19,749	7,928
Financial effect relating to restatement of provisions and other financial liabilities	27	16
<b>Other Financial expenses</b>	<b>19,776</b>	<b>7,944</b>

The decrease in the “Expenses for interest” line is mainly due to the payment, in 2021, of the premium for early repayment of the Bond maturing in 2023 in the context of the refinancing of the instrument in June 2021.

The decrease in the “Amortisation of debt arrangement expenses” line is due to early amortisation of the debt arrangement expenses associated with the financial liabilities cancelled during the 2022 financial year (Note 16), and the impact of recognition at fair value of the extension, for an additional 3 years, of the syndicated loan for 250,000 thousand euros with a partial guarantee from the Official Credit Institution (ICO) and repayment of the guaranteed senior bonds for 356,850 thousand euros maturing in 2023 during 2021.

The expenses for interest correspond to debts valued at amortised cost.

The “Financial expenses for means of payment” heading increased as a result of reactivation of the business and an increase in activity.

### Results from exposure to hyperinflation

This heading includes the net effect recognised in the consolidated statement of profit and loss arising from the application of accounting standards to the financial statements of Argentine subsidiaries from the date of first application since 2018 (Note 2.6.4).

## Other financial profit/loss

	Thousands of euros	
	2022	2021
Change in fair value of financial instruments	831	1,815
Profit/(loss) on financial transactions and others	23,560	(966)
Impairment on financial investments	2,051	(703)
<b>Total</b>	<b>26,442</b>	<b>146</b>

The “Profit/(loss) on financial transactions and others” heading records the net result of the sale of the investment in the company Immo Hotel BCC, owner of the NH Brussels Louise hotel in Belgium, and the result of the sale of the minority shareholding in the company Kensington Hotel Value Added I, Ltd (Note 2.9.5).

## 25. RELATED PARTY TRANSACTIONS

In addition to its subsidiaries, associates and joint ventures, the Group’s “related parties” are considered to be the “key management personnel” of the Parent Company (Board Members and Directors, along with their immediate relatives), as well as organisations over which key management personnel may exert significant influence or control.

Transactions carried out by the Group with its related parties during the year are stated below, distinguishing between major shareholders, members of the Board of Directors and Directors of the Parent Company and other parties that were related during the year even though there are no longer a shareholder at year-end. The conditions of the related-party transactions are equivalent to those of transactions carried out under market conditions:

Income and Expenses	Thousands of euros		
	2022		
	Significant shareholders	Associates or companies of the Group	Total
<b>Expenses:</b>			
Reception of services	2,084	—	2,084
Other expenses	1,547	—	1,547
	<b>3,631</b>	<b>—</b>	<b>3,631</b>
<b>Income:</b>			
Financial income	—	372	372
Management or cooperation agreements	5,184	1,679	6,863
Other income	1,204	—	1,204
	<b>6,388</b>	<b>2,051</b>	<b>8,439</b>

Income and Expenses	Thousands of euros		
	2021		
	Significant shareholders	Associates or companies of the Group	Total
<b>Expenses:</b>			
Financial expenses	1,838	—	1,838
Reception of services	1,365	—	1,365
Other expenses	820	—	820
	<b>4,022</b>	<b>—</b>	<b>4,022</b>
<b>Income:</b>			
Financial income	—	351	351
Management or cooperation agreements	1,480	877	2,357
Other income	744	—	744
	<b>2,224</b>	<b>1,228</b>	<b>3,452</b>

The heading “Management or cooperation agreements” referring to major shareholders includes the amounts that have accrued in the form of management fees payable to Grupo NH in the financial year by virtue of the hotel management agreement signed with Grupo Minor.

## Related party balances

	Thousands of euros	
	2022	2021
Accounts receivable from related entities (Note 13)	2,414	1,185
Accounts receivable from associated companies (long term) (Note 12)	—	148
Accounts receivable from associated companies (short term)	1,285	418
Loans to associates	10,969	10,543
Less: impairment	(9,502)	(9,502)
<b>Total Assets</b>	<b>5,166</b>	<b>2,792</b>

	Thousands of euros	
	2022	2021
Accounts payable from related entities (Note 20)	(2,027)	(825)
Accounts payable from associated companies	(152)	(9)
<b>Total</b>	<b>(2,179)</b>	<b>(834)</b>

At 31 December 2022, the Group has a net balance pending receipt of 387 thousand euros with the Minor Group (2,414 thousand euros recorded as an account receivable and 2,027 thousand euros as accounts payable). At 31 December 2021, the Group had a net balance pending receipt of 361 thousand euros with the Minor Group (1,185 thousand euros recorded as an account receivable and 824 thousand euros as accounts payable).

## 26. INFORMATION BY SEGMENTS

The Management Committee is the body responsible for making decisions on the Group's segments. The Management Committee monitors operational results on the basis of three geographical regions in order to make decisions on the accrual



of resources and performance assessments. Each one of the geographical regions is led by its own Managing Director, who reports to the Management Committee.

The way of managing the three geographical regions coming under corporate services, defines the Group's geographical segments:

BUSE (Southern Europe and USA): includes Italy, Spain, Portugal, France, Andorra, Tunisia and the USA. Within the segment, the information used for Management to manage it is presented separating Italy from the other countries.

■ BUNE: within the segment, management information is grouped between Central Europe (which includes: Germany, Austria, Czech Republic, Hungary, Poland, Romania, Slovakia and Switzerland) and Benelux (which includes: Holland, Belgium, Luxembourg, Ireland and the United Kingdom).

■ BUAM (Latin America, which includes: Argentina, Brazil, Chile, Colombia, Cuba, Ecuador, Haiti, Mexico and Uruguay).

The following table shows the breakdown of certain balances on the Group's consolidated income statement.

	Thousands of euros (2022)						
	BUSE		BUNE		BUAM	Central Services	TOTAL
	Italy	Southern Europe and USA	Central Europe	Benelux			
Ordinary income	350,930	525,798	354,025	372,333	118,593	678	1,722,357
Other income	13,431	1,377	17,538	3,446	305	1,930	38,027
Net Profits/(Losses) from asset impairment	6,812	4,330	1,875	6,936	(13,138)	—	6,815
Depreciation	(49,437)	(80,922)	(77,984)	(41,157)	(11,430)	(16,393)	(277,323)
Financial income	36	151	340	1	1,607	4,357	6,492
Financial expenses	(19,107)	(27,756)	(46,779)	(23,810)	(9,046)	(14,134)	(140,632)
Results from exposure to hyperinflation (IAS 29)	—	—	—	—	4,384	—	4,384
Share of profit/(Loss) from entities accounted for the equity method	—	—	—	—	(64)	(385)	(449)
Income tax	(30,556)	(11,595)	(5,004)	(9,849)	3,756	182	(53,066)

	Thousands of euros (2022)						
	BUSE		BUNE		BUAM	Central Services	TOTAL
	Italy	Southern Europe and USA	Central Europe	Benelux			
Ordinary income	159,542	263,988	148,584	128,777	45,532	61	746,484
Other income	532	1,282	79,402	4,069	122	1,533	86,940
Net Profits/(Losses) from asset impairment	23,367	2,070	(11,730)	(7,603)	(3,973)	—	2,131
Depreciation	(48,142)	(79,230)	(79,697)	(44,700)	(10,719)	(17,740)	(280,228)
Financial income	35	62	335	134	308	2,537	3,411
Financial expenses	(19,097)	(27,659)	(39,279)	(23,462)	(6,100)	(36,776)	(152,373)
Results from exposure to hyperinflation (IAS 29)	—	—	—	—	3,151	—	3,151
Share of profit/(Loss) from entities accounted for the equity method	—	—	—	—	(1,025)	(422)	(1,447)
Income tax	(6,135)	9,963	(265)	13,949	1,493	(9,678)	9,327

2022

	Thousands of euros						
	2022						
	TOTAL	BUSE		BUNE		BUAM	Central Services
		Italy	Southern Europe and USA	Central Europe	Benelux		
OTHER INFORMATION							
Inclusions of tangible fixed assets and other intangibles	55,368	10,809	9,727	11,436	10,797	6,571	6,028
Depreciation	(277,323)	(49,437)	(80,922)	(77,984)	(41,157)	(11,430)	(16,393)
Profits/(Losses) from asset impairment	6,815	6,812	4,330	1,875	6,936	(13,138)	—

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

##### ASSETS

Assets by segments	4,067,364	702,788	828,081	1,069,082	861,060	339,742	266,611
Investments accounted for using the equity method	41,935	—	929	—	—	4,620	36,386
<b>Total consolidated assets</b>	<b>4,109,299</b>	<b>702,788</b>	<b>829,010</b>	<b>1,069,082</b>	<b>861,060</b>	<b>344,362</b>	<b>302,997</b>

##### LIABILITIES

Liabilities and equity by segments	4,109,299	702,788	829,010	1,069,082	861,060	344,362	302,997
<b>Total Consolidated Liabilities and Equity</b>	<b>4,109,299</b>	<b>702,788</b>	<b>829,010</b>	<b>1,069,082</b>	<b>861,060</b>	<b>344,362</b>	<b>302,997</b>

2021

	Thousands of euros						
	2021						
	TOTAL	BUSE		BUNE		BUAM	Central Services
		Italy	Southern Europe and USA	Central Europe	Benelux		
OTHER INFORMATION							
Inclusions of tangible fixed assets and other intangibles	42,409	5,806	2,010	8,209	18,132	2,226	6,026
Depreciation	(280,228)	(48,142)	(79,230)	(79,697)	(44,700)	(10,719)	(17,740)
Profits/(Losses) from asset impairment	2,131	23,367	2,070	(11,730)	(7,603)	(3,973)	—

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

##### ASSETS

Assets by segments	4,064,390	710,942	793,029	1,038,647	1,002,412	309,521	209,839
Investments accounted for using the equity method	40,922	—	929	—	—	4,212	35,781
<b>Total consolidated assets</b>	<b>4,105,312</b>	<b>710,942</b>	<b>793,958</b>	<b>1,038,647</b>	<b>1,002,412</b>	<b>313,733</b>	<b>245,620</b>

##### LIABILITIES

Liabilities and equity by segments	4,105,312	710,942	793,958	1,038,647	1,002,412	313,733	245,620
<b>Total Consolidated Liabilities and Equity</b>	<b>4,105,312</b>	<b>710,942</b>	<b>793,958</b>	<b>1,038,647</b>	<b>1,002,412</b>	<b>313,733</b>	<b>245,620</b>

## 27. REMUNERATION AND OTHER STATEMENTS MADE BY THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Management Bodies of the Parent Company have the following composition at 31 December:

- Board of Directors: 10 members (9 members at 31 December 2022),
- Audit and Control Committee: 3 members (3 members at 31 December 2022),
- Appointments and Remuneration Committee: 3 members (3 members at 31 December 2022).

### 27.1 Remuneration of the Board of Directors

The amount accrued during the year by the members of the Parent Company's Board of Directors in relation to the remuneration of the Executive Directors, bylaw stipulated directors' fees and attendance fees and other items, is as follows:

Remuneration item	Thousands of euros	
	2022	2021
Fixed remuneration	1,288	1,003
Short-term variable remuneration	895	—
Long-term variable remuneration	714	—
Parent Company: allowances	3	3
Parent Company: attendance allowances	377	291
Transactions in shares and other financial instruments	—	190
Indemnifications/other	23	20
Life insurance premiums	12	49
<b>Total</b>	<b>3,312</b>	<b>1,556</b>

The Board of Directors had 10 members at 31 December 2022, one woman and nine men (9 members in 2021, all men).

It is noteworthy that Laia Lahoz, Chief Assets and Development Officer, was appointed Executive director of the Company in the general shareholders' meeting in June 2022. Her remuneration since 30 June 2022 appears as part of the Board of Directors and, prior to that date, as a part of Senior Management.

In relation to the heading, "Transactions on shares and/or other financial instruments", consideration has been given to the objective long-term remuneration accrued. The "Long-term variable remuneration" heading includes the Long-term Incentive Plan recorded in 2022 (Note 23). Remuneration in kind (vehicles and health insurance) is included under "Others".

Additional information in the Annual directors' Remuneration Report.

### 27.2 Remuneration of senior management

The remuneration of members of the Management Committee during the year, excluding those who simultaneously held office as members of the Board of Directors (whose remuneration has been set out above), is detailed below:

	Thousands of euros	
	2022	2021
Pecuniary remuneration	2,375	1,504
Remuneration in kind	110	120
Others	627	230
<b>Total</b>	<b>3,112</b>	<b>1,854</b>

There were 5 members of Senior Management at 31 December 2022 (6 members at 31 December 2021) excluding the CEO, the Chief Operations Officer and the Chief Assets and Development Officer due to their status as executive directors.

The remuneration of Laia Lahoz, Chief Assets and Development Officer, prior to being appointed Executive Director, is shown as Senior Management.

It is worth pointing out that the post of Chief People Officer has been held by Marta Pérez-Leirós since 1 June 2022 and her remuneration is included from her appointment date. Fernando Córdova, ex-Chief People Officer, left the company on 30 June 2022 and his remuneration is included up to his leaving date.

Remuneration in kind includes the vehicle and the cost of insurance.

The heading "Other" takes the long-term objective remuneration accrued in 2022 into consideration.

### 27.3 Information on conflicts of interest on the part of Directors

During 2022, Minor International Public Company Limited ("Minor"), an indirect majority shareholder of the Group (94.132%) and represented on the Board by four proprietary Directors, and the Group signed a series of Related Party Transactions, which are broken down in the Audit and Control Committee's Annual Report, and there were transactions arising from Related Transactions approved in previous years which are broken down in Note 25 of this Report. These Related Party Transactions have always been executed in strict compliance with the rules established in the applicable regulations and the Procedure for Conflicts of Interest and Related Party Transactions with Significant Shareholders, Directors and Senior Management of NH Hotel Group, S.A. approved by the Board of Directors on 11 November 2021. All transactions signed with Minor (and/or its group of companies) have counted on a report from the Audit and Control Committee, have been signed under market conditions and with the participation of external advisors, and in compliance with the provisions in the Framework Agreement signed between the parties on 7 February 2019, which regulates, among others, the scope of action of the respective hotel groups headed by the Group and Minor through the identification of preferred geographic areas or zones, the mechanisms necessary to prevent and deal with possible conflicts of interest, as well as to carry out operations with related parties and develop business opportunities. The aforementioned Framework Agreement was duly communicated to the Market via a Relevant Fact and is published in full on the Company's website.

During all Board Meetings dealing with issues related to Minor, the Proprietary Directors were absent when dealing with said matters and therefore did not participate in the adoption of the corresponding agreement.

## 28. ENVIRONMENTAL, SOCIAL AND GOVERNMENTAL RISKS

The Parent Company's Board of Directors is the body responsible for supervision of the risk management system, and the Audit and Control Committee supports the Board in supervising the effectiveness of the internal control, internal audit and the risk management systems.

The governing bodies receive information about the main risks the Group is exposed to and the capital resources available to face up to them at least every quarter, along with information about compliance with the limits set in the risk appetite.

Therefore, as in previous years, in 2022 the Audit and Control Committee supervised and validated the Risk Map update and the correct implementation of the action plans that fully or partially contribute to mitigating the main risks.

An analysis was carried out on the 80 risks appearing in the Group's risk catalogue for 2022 to identify those relating to ESG (Environmental, Social and Governance) criteria. The result was that 34% of all the risks identified were classified as such.

More information about the Group's risk management model in the Risk Management section of the Consolidated Non-Financial Information Statement 2022.

During 2022, an in-depth analysis was carried out to identify and quantify the climate-related risks and opportunities, following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

*All information on this analysis methodology, as well as the results thereof, is detailed in the section NH Hotel Group's Response to the Risks and Opportunities associated with climate change based on the Task Force on Climate-related Financial Disclosure (TCFD) of the Consolidated Statement of Non-Financial Information 2022.*

### Sustainable Business Strategy

The Group conducts its hotel business with the ambition of leading responsible behaviour, creating economic, social and environmental positive impact wherever it is present, conveying human rights and ethical business principles in the way it works throughout its value chain: shareholders, customers, partners, suppliers and employees, promoting responsible alliances through two main pillars: UP FOR PLANET and UP FOR PEOPLE.

As a significant milestone, in May 2022, the Sustainability Executive Committee was established, whose main function is to support the Board of Directors on its duty to supervise the Group's sustainability strategy. This committee is co-chaired by the Chief Assets & Development Officer and the Chief People & Sustainable Business Officer, and it is made up of members of the Company from different key areas with a direct impact on the NH Hotel Group strategy execution.

Convinced that it is going in the right direction to meet the next challenges set in relation to sustainability, the Company is aligned with the Sustainable Development Goals (SDG) it can contribute to and is therefore committed to continuing to create value in the long term and at global level, in the framework of the 2030 Agenda.

More information about this Model and its performance during 2022 is available in the Sustainable Business Strategy section of the Consolidated Statement of Non-Financial Information 2022.

## 29. EXPOSURE TO RISK

Group financial risk management is centralized in the Corporate Finance Division in accordance with the policies approved by the Board of Directors. This Division has put the necessary measures in place to control exposure to changes in interest and exchange rates on the basis of the Group's structure and financial position, as well as credit, liquidity risks and market prices. If necessary, hedges are made on a case-by-case basis. The main financial risks faced by the Group's policies are described below:

### Credit risk

The Group main financial assets include cash and cash equivalents (Note 14), as well as trade and other accounts receivable (Note 13). In general terms, the Group holds its cash and cash equivalents in entities with a high credit rating and part of its trade and other accounts receivable are guaranteed by deposits, bank guarantees and advance payments by tour operators.

The Group has no significant concentration of third-party credit risk due to the diversification of its financial investments as well as to the distribution of trade risks with short collection periods among a large number of customers.

The Group has formal procedures for detecting objective evidence of impairment in trade receivables for the provision of services. As a result of these, significant delays in payment terms and the methods to be followed in estimating the impairment loss based on individual analyses are identified. Impairment of trade receivables from customers for the provision of services at 31 December 2022 amounted to 4,398 thousand euros (7,319 thousand euros at 31 December 2021) (Note 13) and customer balances not included in this impairment have sufficient credit quality and, therefore, with this impairment, the credit risk of these trade receivable is considered covered.

### Interest rate risk

The Group's financial assets and liabilities are exposed to fluctuations in interest rates, which may have an adverse effect on its results and cash flows. With the aim of mitigating this risk, during 2022 the Group repaid, voluntarily and in advance, variable interest rate debt on the syndicated loan with ICO guarantee (100,000 thousand euros in August 2022 and 100,000 thousand euros in December 2022) and, in this way, reduced its exposure to interest rate fluctuations. It has also set up control policies and the greater part of its debt is at fixed rates with the issue of guaranteed senior debentures. At 31 December 2022, approximately 70% (53% at 31 December 2021) of the gross borrowings drawn down was tied to fixed interest rates (excluding lease liabilities).

In accordance with reporting requirements set forth in IFRS 7, the Group has conducted a sensitivity analysis on possible interest-rate fluctuations in the markets in which it operates, based on these requirements.

Through the sensitivity analysis, taking as a reference the outstanding amount of that financing that has variable interest, we estimated the increase in the interest that would arise in the event of a rise in the reference interest rates.

- In the event that the increase in interest rates were 25 b.p., the financial expense would increase by 0.457 thousand euros plus interest.
- In the event that the increase in interest rates were 50 b.p., the financial expense would increase by 0,914 thousand euros plus interest.
- In the event that the increase in interest rates were 100 b.p., the financial expense would increase by 1,829 thousand euros plus interest.

The results in equity would be similar to those recorded in the income statement but taking into account their tax effect, if any.

Lastly, the long-term financial assets set out in Note 12 of this annual report are also subject to interest-rate risks.

### Exchange rate risk

The Group is exposed to exchange-rate fluctuations that may affect its sales, results, equity and cash flows. These mainly arise from:

- Investments in foreign countries (essentially Mexico, Argentina, Uruguay, Colombia, Chile, Ecuador, the Dominican Republic, Brazil, Panama, the United States, Hungary and the Czech Republic).
- Transactions made by Group companies operating in countries whose currency is other than the euro (essentially Mexico, Argentina, Uruguay, Colombia, Chile, Ecuador, the Dominican Republic, Venezuela, Brazil, the United States, the United Kingdom Hungary and the Czech Republic).

In this respect, the detail of the effect on the currency translation difference of the main currencies in 2022 was as follows:

	Thousands of euros	
	Currency translation difference	Change vs 2021
Uruguayan peso	(4,096)	559
Mexican peso	(16,443)	3,615
Colombian peso	(41,929)	(2,745)
Chilean peso	14,733	666

The changes in the currency translation difference of the above currencies were mainly due to the movements in exchange rates between 31 December 2022 and 31 December 2021:

Year-end euro reference exchange rate	2022	2021	Change
Uruguayan peso	42.44	50.84	16.51 %
Mexican peso	20.86	23.14	9.85 %
Colombian peso	5,263.16	4,545.45	(15.79)%
Chilean peso	909.09	970.87	6.36 %

As can be observed in the table, the movements in the exchange rate of the currencies with respect to the end of the previous year is in line with the changes in equity associated with these currencies.

Below is a detail of the movements in the average exchange rate of the aforementioned currencies:

Average euro reference exchange rate in the year	2022	2021	Change
Uruguayan peso	43.38	51.52	15.80 %
Mexican peso	21.18	23.99	11.71 %
Colombian peso	4,545.45	4,347.83	(4.55)%
Chilean peso	917.43	900.90	(0.91)%

For these currencies an analysis was carried out to determine if it would be better to apply a monthly average or cumulative average exchange rate, and no significant difference resulted from this analysis.

### Liquidity risk

Exposure to adverse situations in debt or capital markets could hinder or prevent the Group from meeting the financial needs required for its operations and for implementing its Strategic Plan.

Furthermore, the continuous concentration in the banking system may make access to financial instruments, bank guarantees and financing working capital more difficult.

Management of this risk is focused on thoroughly monitoring the maturity schedule of the Group's financial debt, as well as on proactive management and maintaining credit lines that allow forecast cash needs to be met.

The Group's liquidity position at 31 December 2022 is based on the following points:

- The group had cash and cash equivalents amounting to 301,763 thousand euros.
- Available undrawn credit facilities of 267,000 thousand euros (Note 16).

The Group also has 45,400 thousand euros in confirming lines that it uses to manage part of its payments to trade creditors. These lines are distributed amongst several banks and cover trade suppliers in various countries in Europe (Spain, Germany, Holland, Italy, Belgium, Austria and Luxembourg)

Lastly, the Group makes cash flow forecasts on a systematic basis for each business unit and geographical area, depending on the capacity to generate positive cash flows from business, in order to assess their needs. This Group liquidity policy ensures payment undertakings are fulfilled without having to request funds at onerous conditions. In this way, the Group's liquidity position is continuously monitored.



### Market prices risk

The Group is exposed to risks related to price fluctuations of goods and services. These risks are managed mainly in the purchasing process.

In an inflation environment, the Group could be impacted in several ways, such as, for example, by increases in supplies of products and services, salary costs, the cost of renting the hotels leased. This inflation risk can be buffered by, amongst others, diversifying supplies providers, renegotiation of existing contracts that include protection clauses, a business strategy focussing on maximising the average price for the sale of hotel rooms and identification of efficiency measures for operational costs.

On the other hand, the disruptions to the supply chain, exacerbated by the geopolitical tensions and new waves of Covid-19, have caused upward pressure in the price of supplies of products and services, particularly energy, which has increased drastically in Europe and is reflected in the cost of these supply and the services with a high energy use, such as laundry services. As mentioned above, these risks are managed, among others, by diversification of supply providers, renegotiation of existing contracts and identification of operational cost efficiency measures.

## 30. SUBSEQUENT EVENTS

In January 2023, the Parent Company requested voluntary, early repayment of the Syndicated ICO backed loan maturing in 2026 amounting to 50,000 thousand euros. With this last voluntary repayment, the loan was fully repaid.

As indicated in Note 22, on 4 January 2023 the Tax act with agreement signed with the Dutch tax authority was paid, in accordance with the indications in that Note.

## APPENDIX I: SUBSIDIARIES

The data on the Parent company's subsidiaries at 31 December 2022 are presented below:

Investee company	Registered address of investee company	Main activity of the Investee Company	Parent company's % stake in investee company	% of voting rights controlled by parent company
Agaga, s.r.o.	Czech Republic	Hotel Business	100%	100%
Aguamarina S.A.	Dominican Republic	Corporate services	100%	100%
Airport Hotel Frankfurt-Raunheim, GmbH & Co. KG	Frankfurt	Real Estate	94%	94%
Artos Beteiligungs, GmbH	Munich	Holding company	100%	100%
Astron Immobilien, GmbH	Munich	Holding company	100%	100%
Atlantic Hotel Exploitation B.V.	The Hague	Hotel Business	100%	100%
Capredo Investments, GmbH	Switzerland	Holding company	100%	100%
Chartwell de México, S.A. de C.V.	Mexico City	Hotel Business	100%	100%
Chartwell de Nuevo Laredo, S.A. de C.V.	Nuevo Laredo	Hotel Business	100%	100%
Chartwell Inmobiliaria de Coatzacoalcas, S.A. de C.V.	Coatzacoalcas	Hotel Business	100%	100%
City Hotel, S.A.	Buenos Aires	Hotel Business	50%	50%
Columbia Palace Hotel, S.A.	Montevideo	Hotel Business	100%	100%
Coperama Benelux, B.V.	Amsterdam	Procurement network	100%	100%
Coperama Central Europe GmbH (*)	Berlin	Procurement network	100%	100%
Coperama Colombia S.A.S.	Bogotá	Procurement network	100%	100%
Coperama Holding, S.L.	Madrid	Procurement network	100%	100%
Coperama Italia S.R.L.	Milan	Procurement network	100%	100%
Coperama Mexico S.A. de C.V.	Mexico City	Procurement network	100%	100%
Coperama Portugal, Unipessoal Lda	Portugal	Procurement network	100%	100%
Coperama Spain, S.L.	Madrid	Procurement network	100%	100%
Dam 9 B.V.	Amsterdam	Corporate services	100%	100%
De Sparrenhorst, B.V.	Nunspeet	Hotel Business	100%	100%
Desarrollo Inmobiliario Santa Fe, S.A. de C.V.	Mexico City	Hotel Business	50%	50%
Eurotels Chile S.A.	Chile	Holding company	98%	98%
Exploitiemaatschappij Caransa Hotel, B.V.	Amsterdam	Without activity	100%	100%
Exploitiemaatschappij Hotel Best B.V.	Best	Without activity	100%	100%
Exploitiemaatschappij Hotel Doelen, B.V.	Amsterdam	Hotel Business	100%	100%
Exploitiemaatschappij Hotel Naarden, B.V.	Naarden	Hotel Business	100%	100%
Exploitiemaatschappij Hotel Schiller, B.V.	Amsterdam	Hotel Business	100%	100%
Franquicias Lodge, S.A. de C.V.	Mexico City	Hotel Business	100%	100%
GCS Hotel Ltd.	Dublin	Hotel Business	100%	100%

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Investee company	Registered address of investee company	Main activity of the Investee Company	Parent company's % stake in investee company	% of voting rights controlled by parent company
Gestora Hotelera del Siglo XXI, S.A.	Barcelona	Hotel Business	100%	100%
Gran Círculo de Madrid, S.A.	Madrid	Catering	99%	99%
Grupo Hotelero Monterrey, S.A. de C.V.	Mexico City	Hotel Business	100%	100%
Grupo Hotelero Querétaro, S.A. de C.V.	Querétaro	Hotel Business	69%	69%
Grupo Operador de hoteles Santa Fe, S.A de C.V	Mexico City	Hotel Business	50%	50%
Heiner Gossen Hotelbetrieb, GmbH (*)	Berlin	Hotel Business	100%	100%
Highmark Geldrop B.V.	Geldrop	Without activity	100%	100%
Highmark Hoofddorp B.V.	Hoofddorp	Hotel Business	100%	100%
Hispana Santa Fe, S.A. de C.V.	Mexico City	Hotel Business	50%	50%
Holding Onroerend Goed d'Vijff Vlieghe B.V.	Amsterdam	Without activity	100%	100%
Hotel de Ville B.V.	Groningen	Hotel Business	100%	100%
Hotel Expl. Mij. Amsterdam Noord B.V.	Amsterdam	Hotel Business	100%	100%
Hotel Expl. Mij. Leijenberghlaan Amsterdam B.V.	Amsterdam	Hotel Business	100%	100%
Hotel Expl. Mij. Capelle a/d IJssel, B.V.	Capelle a/d IJssel	Hotel Business	100%	100%
Hotel Expl. Mij. Stationsstraat Amersfoort B.V.	Amersfoort	Hotel Business	100%	100%
Hotel Exploitiemaatschappij Atlanta Rotterdam B.V.	Rotterdam	Hotel Business	100%	100%
Hotel Exploitiemaatschappij Danny Kayelaan Zoetermeer B.V.	Zoetermeer	Hotel Business	100%	100%
Hotel Exploitiemaatschappij Diegem N.V.	Diegem	Hotel Business	100%	100%
Hotel Exploitiemaatschappij Eindhoven B.V.	Hilversum	Hotel Business	100%	100%
Hotel Exploitiemaatschappij Epen Zuid-Limburg B.V.	The Hague	Hotel Business	100%	100%
Hotel Exploitiemaatschappij Flowermarket Amsterdam B.V.	Amsterdam	Without activity	100%	100%
Hotel Exploitiemaatschappij Forum Maastricht, B.V.	Maastricht	Hotel Business	100%	100%
Hotel Exploitiemaatschappij Jaarbeursplein Utrecht, B.V.	Utrecht	Hotel Business	100%	100%
Hotel Exploitiemaatschappij Janskerkhof Utrecht B.V.	Utrecht	Hotel Business	100%	100%
Hotel Exploitiemaatschappij Onderlangs Arnhem, B.V.	Arnhem	Hotel Business	100%	100%
Hotel Exploitiemaatschappij Spuistraat Amsterdam, B.V.	Amsterdam	Hotel Business	100%	100%
Hotel Exploitiemaatschappij Stadhouderskade Amsterdam, B.V.	Amsterdam	Hotel Business	100%	100%
Hotel Exploitiemaatschappij Van Alphenstraat Zandvoort, B.V.	Hilversum	Hotel Business	100%	100%
Hotel Leipzig-Messe, GmbH & Co. KG	Munich	Real Estate	94%	94%
Hotelera de Chile, S.A.	Santiago de Chile	Hotel Business	100%	100%
Hotelera de la Parra, S.A. de C.V.	Mexico City	Hotel Business	100%	100%
Hotelera Lancaster, S.A.	Buenos Aires	Hotel Business	50%	50%
Hotelera Norte Sur S.A	Chile	Real Estate	98%	98%
Hoteles Royal del Ecuador S.A. Horodelsa	Quito	Hotel Business	55%	55%
Hoteles Royal, S.A.	Bogota	Holding company	98%	98%

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Investee company	Registered address of investee company	Main activity of the Investee Company	Parent company's % stake in investee company	% of voting rights controlled by parent company
Hotelexploitatiemaatschappij Vijzelstraat Amsterdam, B.V.	Amsterdam	Hotel Business	100%	100%
Hotels Bingen & Viernheim, GmbH & Co. KG	Munich	Real Estate	94%	94%
HR Quántica SAS	Bogota	Hotel Business	51%	51%
Iberinterbrokers, S.L.	Barcelona	Corporate services	75%	75%
Immo Hotel Belfort N.V.	Diegem	Real Estate	100%	100%
Immo Hotel Brugge N.V.	Diegem	Real Estate	100%	100%
Immo Hotel Diegem N.V.	Diegem	Real Estate	100%	100%
Immo Hotel Gent N.V.	Diegem	Real Estate	100%	100%
Immo Hotel Gp N.V.	Diegem	Real Estate	100%	100%
Immo Hotel Mechelen N.V.	Diegem	Real Estate	100%	100%
Immo Hotel Stephanie N.V.	Diegem	Real Estate	100%	100%
Inmobiliaria Royal S.A	Chile	Real Estate	66%	67%
Inmobiliaria y financiera Chile S.A.	Santiago de Chile	Real Estate	100%	100%
Inversiones Chilenas, S.A.S	Bogotá	Hotel Business	98%	98%
Italian OpCo Roco Hospitality Group, S.R.L.	Italy	Hotel Business	100%	100%
Jan Tabak N.V.	Bussum	Hotel Business	83%	83%
Jolly Hotels Belgio S.A.	Brussels	Real Estate	100%	100%
Jolly Hotels Deutschland GmbH (*)	Berlin	Hotel Business	100%	100%
Jolly Hotels Holland N.V.	Amsterdam	Holding company	100%	100%
Jolly Hotels USA, Inc.	Wilmington	Hotel Business	100%	100%
Koningshof B.V.	Veldhoven	Hotel Business	100%	100%
Krasnapolsky Belgian Shares B.V.	Hoofddorp	Holding company	100%	100%
Krasnapolsky Hotels & Restaurants N.V.	Amsterdam	Holding company	100%	100%
Krasnapolsky Hotels Ltd.	Somerset West	Hotel Business	100%	100%
Krasnapolsky ICT B.V.	Hoofddorp	Without activity	100%	100%
Krasnapolsky International Holding B.V.	Hoofddorp	Holding company	100%	100%
Latina Chile, S.A.	Santiago de Chile	Hotel Business	100%	100%
Latina de Gestión Hotelera, S.A.	Buenos Aires	Hotel Business	100%	100%
Latina Holding S.A.U.	Buenos Aires	Holding company	100%	100%
Latinoamericana Curitiba Administracao De Hoteis Ltda	Curitiba	Hotel Business	100%	100%
Latinoamericana de Gestión Hotelera, S.L.	Madrid	Holding company	100%	100%
Leeuwenhorst Congres Center B.V.	Noordwijkerhout	Hotel Business	100%	100%
Liberation Exploitatie B.V.	Sprang Capelle	Hotel Business	100%	100%
Marquette Beheer B.V.	Hoofddorp	Holding company	100%	100%
Museum Quarter B.V.	Amsterdam	Hotel Business	100%	100%
Nacional Hispana de Hoteles, S.A.	Mexico City	Hotel Business	100%	100%
New York Palace KFT	Budapest	Hotel Business	100%	100%
NH Atardecer Caribeño, S.A.	Madrid	Corporate services	100%	100%

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Investee company	Registered address of investee company	Main activity of the Investee Company	Parent company's % stake in investee company	% of voting rights controlled by parent company
NH Belgium, cvba	Diegem	Holding company	100%	100%
NH Brasil Abrasil Administracao De Hoteis E Participadas Ltda.	Villa Olímpica	Corporate services	100%	100%
NH Caribbean Management B.V.	Hilversum	Management	100%	100%
NH Cash Link, S.L.	Madrid	Financial company	100%	100%
NH Central Europe Management, GmbH (*)	Berlin	Hotel Business	100%	100%
NH Central Europe GmbH & Co. KG (**)	Berlin	Hotel Business	100%	100%
NH Central Reservation Office, S.A.	Madrid	Call Centre	100%	100%
NH Ciutat de Reus, S.A.	Barcelona	Hotel Business	90%	90%
NH Europa, S.A.	Barcelona	Hotel Business	100%	100%
NH Financing Services S.a r.l.	Luxembourg	Financial company	100%	100%
NH Holding Srl	Italy	Holding company	100%	100%
NH Hotel Rallye Portugal, Lda.	Portugal	Hotel Business	100%	100%
NH Hotelbetriebs.-u. Dienstleistungs, GmbH (*)	Berlin	Hotel Business	100%	100%
NH Hotelbetriebs-u. Entwicklungs, GmbH (*)	Berlin	Hotel Business	100%	100%
NH Hoteles Austria GmbH	Vienna	Hotel Business	100%	100%
NH Hoteles Deutschland, GmbH (**)	Berlin	Hotel Business	100%	100%
NH Hoteles España, S.A.	Barcelona	Hotel Business	100%	100%
NH Hoteles France S.A.S.	France	Hotel Business	100%	100%
NH Hoteles Switzerland GmbH	Zurich	Hotel Business	100%	100%
NH Hotels Czequia, s.r.o.	Prague	Hotel Business	100%	100%
NH Hotels Polska, Sp. Zo.o.	Poznan	Hotel Business	100%	100%
NH Hotels USA Inc.	Houston	Hotel Business	100%	100%
NH Hungary Hotel Management, Ltd.	Budapest	Hotel Business	100%	100%
NH Italia Real Estate, S.r.l.	Milan	Real Estate	100%	100%
NH Italia, S.p.A.	Milan	Hotel Business	100%	100%
NH Lagasca, S.A.	Madrid	Hotel Business	75%	75%
NH Las Palmas, S.A.	Gran Canaria	Hotel Business	75%	75%
NH Management Black Sea Srl	Bucharest	Hotel Business	100%	100%
NH Marin, S.A.	Barcelona	Hotel Business	50%	50%
NH Private Equity, B.V.	Hoofddorp	Holding company	100%	100%
NH Strandgade APS	Copenhagen	Hotel Business	100%	100%
NH The Netherlands B.V.	Hoofddorp	Holding company	100%	100%
NH Wilhelminakade Holding B.V.	Hoofddorp	Without activity	100%	100%
Nhow Amsterdam, B.V.	Amsterdam	Hotel Business	100%	100%
Nhow London, Ltd.	London	Corporate services	100%	100%
Nhow Rotterdam, B.V.	Rotterdam	Hotel Business	100%	100%
Nuevos Espacios Hoteleros, S.L.	Madrid	Hotel Business	100%	100%
Olofskapel Monumenten B.V.	Amsterdam	Without activity	100%	100%
Onroerend Goed Beheer Maatschappij Atlanta Rotterdam, B.V.	Rotterdam	Real Estate	100%	100%
Onroerend Goed Beheer Maatschappij Capelle aan den IJssel, B.V.	Capelle a/d IJssel	Real Estate	100%	100%

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Investee company	Registered address of investee company	Main activity of the Investee Company	Parent company's % stake in investee company	% of voting rights controlled by parent company
Onroerend Goed Beheer Maatschappij Danny Kayelaan Zoetermeer, B.V.	Zoetermeer	Real Estate	100%	100%
Onroerend Goed Beheer Maatschappij Ijsselmeerweg Naarden, B.V.	Naarden	Real Estate	100%	100%
Onroerend Goed Beheer Maatschappij Kruisweg Hoofddorp, B.V.	Hoofddorp	Real Estate	100%	100%
Onroerend Goed Beheer Maatschappij Marquette Heemskerk, B.V.	Heemskerk	Without activity	100%	100%
Onroerend Goed Beheer Maatschappij Prins Hendrikkade Amsterdam, B.V.	Amsterdam	Without activity	100%	100%
Onroerend Goed Beheer Maatschappij Van Alphenstraat Zandvoort, B.V.	Zandvoort	Real Estate	100%	100%
Operadora Nacional Hispana, S.A. de C.V.	Mexico City	Hotel Business	100%	100%
Palacio de la Merced, S.A.	Burgos	Hotel Business	88%	88%
Palatium Amstelodamum N.V.	Amsterdam	Hotel Business	100%	100%
Restaurant D'Vijff Vlieghe B.V.	Amsterdam	Catering	100%	100%
Royal Hotels Inc.	USA	Without activity	98%	98%
Royal Santiago Hotel S.A.	Chile	Hotel Business	66%	67%
Servicios Chartwell de Nuevo Laredo, S.A. de C.V.	Nuevo Laredo	Hotel Business	100%	100%
Servicios Corporativos Chartwell Monterrey, S.A. de C.V.	Monterrey	Hotel Business	100%	100%
Servicios Corporativos Hoteleros, S.A. de C.V.	Mexico City	Hotel Business	100%	100%
Servicios Corporativos Krystal Zona Rosa, S.A. de C.V.	Mexico City	Hotel Business	100%	100%
Sociedad Hotelera Cien Internacional S.A.	Bogota	Hotel Business	63%	63%
Sociedad Hotelera Cotopaxi S.A.	Quito	Hotel Business	55%	55%
Sociedad Operadora Nh Royal Panama S.A.	Ciudad de Panamá	Hotel Business	98%	98%
The Marker Anantara Ltd.	Dublin	Holding company	100%	100%
Torale, S.A.	Montevideo	Hotel Business	100%	100%
Vela Secunda Omnium Primum VIII B.V.	Groningen	Hotel Business	50%	50%
Wilan Ander, S.L.	Madrid	Real Estate	100%	100%
Wilan Huel, S.L.	Madrid	Real Estate	100%	100%

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## APPENDIX II: ASSOCIATED COMPANIES

Investee company	Registered address of investee company	Main activity of the Investee Company	Parent company's % stake in investee company	% of voting rights controlled by parent company
Borokay Beach, S.L.	Madrid	Hotel Business	50%	50%
Consortio Grupo Hotelero T2, S.A. de C.V.	Mexico City	Hotel Business	10%	10%
Gente con actitud de servicios gecase, S.A. De C.V.	Puebla	Hotel Business	17%	17%
Hotelera del Mar, S.A.	Mar de Plata	Hotel Business	20%	20%
Inmobiliaria 3 Poniente, S.A. de C.V.	Puebla	Hotel Business	17%	17%
Mil Novecientos Doce, S.A. de C.V.	Mexico	Hotel Business	25%	25%
Servicios Corporativos 1912, S.A. DE C.V	Mexico	Hotel Business	25%	25%
Servicios Corporativos T2, S.A. DE C.V	Mexico City	Hotel Business	10%	10%
Sotocaribe, S.L.	Madrid	Holding company	36%	36%

# Consolidated management report for the financial year ended 31 December 2022

## EVOLUTION OF BUSINESS AND GROUP'S SITUATION

NH Hotel Group is an international hotel operator and one of the leading urban hotel companies worldwide in terms of number of rooms. The Group operates 350 hotels and 54,820 rooms in 30 countries, and has a significant presence in Europe.

The centralised business model allows it to offer a consistent level of service to its customers in different hotels in different regions. The corporate headquarters and regional offices offer hotels a wide range of functions such as sales, revenue management, reservations, marketing, human resources, financial management and systems development.

This flexible operational and financial structure has enabled the Group to overcome the huge challenges of previous years due to the low level of demand. In the medium term, the Group will continue to benefit from brand recognition, its excellent locations and strong market positioning in Europe. It should be pointed out that in 2022, according to the Brand Finance Hospitality study, we were recognised as the highest value Spanish brand, the fourth in Europe and 15th worldwide.

The recovery that began in 2021 after the economic crisis caused by the Covid-19 pandemic was consolidated during 2022. Therefore, the world economy grew by +3.4%, compared to +6.2% growth in the previous year (1).

The worldwide fight against inflation, the Russian war in Ukraine and the resurgence of Covid-19 in China slowed down worldwide economic activity in 2022 and the first two factors will continue to do so in 2023.

In spite of these negative factors, GDP growth can be classified as solid which is explained by several factors: higher consumption and private investment than that forecast in a context of a shortage of workforce and higher fiscal support than expected. Households spent more to meet pent-up demand, above all on services, partly resorting to their savings as the economies began to reopen. Business investment increased to meet the demand. On the offer side, pressures on prices gave way as the bottlenecks eased and transport costs decreased. The energy markets have adapted more quickly than forecast to the shock of the Russian invasion of Ukraine.

The four countries that bring the greatest proportion of the Group's sales and profits show rates of growth in 2022: Spain (+5.2% in 2022 vs. +5.5% in 2021), the Netherlands (+4.5% in 2022 vs. +4.9% in 2021), Germany (+1.9% in 2022 vs. +2.6% in 2021), and Italy (+3.9% in 2022 vs. +6.7% in 2021). On the other hand, growth in Latin America is expected to be +3.9% in 2022 vs. +7.0% in 2021.

The central banks' interest rate rises to combat inflation and the Russian war in Ukraine continue to hobble economic activity. The rapid spread of Covid-19 in China slowed growth in 2022, but, with the recent reopening, a faster recovery is expected. It is forecast that worldwide inflation will decrease from 8.8% in 2022 to 6.6% in 2023 and to 4.3% in 2024. These levels are still higher than those seen prior to the pandemic (2017-2019) of around 3.5%.

Therefore, the estimate is for +2.9% growth of world economic activity in 2023 (+3.4% in 2022 vs. +6.2% in 2021). Therefore, in the Euro zone +0.7% growth is estimated in 2023 (+3.5% in 2022 vs. +5.3% in 2021).

According to UNWTO data, more than 900 million tourists travelled internationally in 2022, double the figures for 2021, although this figure is still only 63% of the levels before the pandemic. All the regions in the world recorded notable increases in the figures for international tourists. The Middle East enjoyed the greatest relative increase, with arrivals reaching 83% of the pre-pandemic figures. Europe reached almost 80% of the pre-pandemic levels, with 585 million arrivals in 2022. Africa and the Americas recovered around 65% of the visitors pre-pandemic, while the Asia and Pacific region only recovered 23% as stricter measures were still in place in relation to the pandemic which have only started to be lifted in the last few months.

The increase in income from international tourism recorded in the majority of destinations has been notable and, in several cases, has exceeded the increase in arrivals. The increase in average spending per trip has contributed to this due to longer stays, travellers wishing to spend more at their destinations and the increase in travel costs due to inflation. Nevertheless, the economic situation may mean that tourists adopt a more cautious attitude in 2023, with lower spending, shorter trips and to places that are closer to home.

[1] Data and estimates from the IMF "World Economic Outlook" January 2023.

It is worth noting the Group's solid position with which to deal with the current situation after its operational and financial transformation in previous years. The excellent performance of the group in the years prior to the pandemic is the result of a complete transformation, particularly brand segmentation, portfolio optimisation, significant investment in repositioning and systems, the focus on efficiency and cost control, and the reduction of financial indebtedness.

In the first stage of this transformation, which began in 2014, the strategic plan focussed on brand segmentation, portfolio optimisation, heavy investment in repositioning and systems and an updated pricing policy. This led NH Hotel Group to a second phase, which began in 2017, based on the Company's strengths and boosting the key drivers in creating value in the business.

This Plan prioritised boosting the Company's income, increasing its efficiency and, at the same time, taking advantage of its strengths for new repositioning opportunities and organic expansion as an additional path to growth.

With the entrance of Minor International into the share capital at the end of 2018, a new era of opportunity opened up with the creation of a global hotel platform operating on five continents. In this way, a new stage began where additional opportunities arose, such as:

- The possibility of increasing the current customer base, attracting the growing Asian demand to the European markets.
- Economies of scale with business partners, travel agencies and suppliers.
- The ability to use a larger brand umbrella in new geographical areas, that is to say, take the NH brands into Minor geographical areas and vice versa.
- Access the luxury segment with new opportunities for brand change and opening and signing up new hotels in the segment.
- Boost the segment diversification strategy, integrating the resorts market into our cornerstones for growth.
- Integrate Tivoli operations in Europe under NH management.
- Contact the best teams, driving an exchange of talent.

Continuous improvement to the customer experience was boosted in 2019 with the launch of various initiatives: "Fastpass", a combination of three innovative services - Check-in Online, Choose Your Room and Check-out Online - which gives customers full control over their stay. Also a new service, "City Connection", where you can enjoy the city without limits. Under the slogan "Stay in one hotel, enjoy them all", the NH Hotel Group offered a range of services that allow customers to enjoy them in any hotel in the city they are in, regardless of the hotel they are staying in for the duration of their stay.

The lifting of mobility restrictions since the middle of 2021 was the key factor to the recovery of the hotel sector. The increase in the costs of supplies and operational costs, amongst which staff costs, energy costs and all costs linked to the CPI stand out, is playing an important role in the profitability of hotel businesses which is partly offset by the strategy to maximise prices.

Size continued to be an important factor as the economies of scale enable greater efficiency in operational management. The fragmentation of the hotel sector in Europe continues to be high and, therefore, opportunities will arise so that the concentration of the sector accelerates towards more efficient, sustainable business and management models with greater economies of scale.

Minor Hotels and NH Hotel Group have integrated their brands under a single corporate umbrella present in more than 50 countries around the world. In this way, a portfolio of more than 500 hotels under eight brands is organised: Anantara, Avani, Elewana, Oaks, NH Hotels, NH Collection, nhov y Tivoli, which completes a wide and diverse spectrum of hotel proposals connected to the needs and desires of global travellers. Both groups currently share their knowledge base and experience in the sector in order to materialise short-term opportunities, taking advantage of the complementarity of their hotel portfolios to define a global sales strategy, the implementation of economies of scale with a broader customer base, explore development pathways for all their brands in different geographical areas and access to shared talent.

During 2022, the NH Rewards loyalty programme became known as NH Discovery after the migration to the Global Hotel Alliance programme that Minor International is a part of. This enables us to take part in, and benefit from, a loyalty programme with more than 20 million members and more than 800 multi-brand hotels in more than 100 countries. The NH hotels and members are complementary to GHA's, which entails a huge advantage when it comes to gaining visibility on the main source markets and the various business segments.

In 2021, and in order to adapt to the new trends in business travellers, the Group launched a series of initiatives enabling:

- Extended Stay, with up to 35% discount on stays of more than 7 days for working away from home for an extended period.
- Smart Spaces, a new B2B offer, with exclusive spaces for working and organising small business meetings making the most of all the advantages of our hotels.

- Hybrid Meetings, to boost the value of events reaching a bigger audience from various destinations with a combination of in-person and virtual attendance.
- NH+, a new focus on the corporate segment towards SMEs, which were the first to resume business and have enabled us to extend this segment of corporate customers.

Digitisation has been and will be key to the sector's evolution. The customer experience is improved and efficiency increased using technology and digitisation. The digital component is key in responding to travellers' security needs and experience. Technology is a facilitator that complements our employees' work, freeing them up from administrative tasks so they can give more personal attention to customers.

It is worth highlighting that the NH Hotel Group continues to be at the forefront of innovation. The Group's Digital Transformation has allowed processes and systems to be made more efficient, increasing the capacity to be different from the competition, and continue improving the Company's basic processes. One of the greatest achievements was, therefore, centralising all its properties and functions into a single integrated system. This allows the NH Hotel Group to have a fully-integrated digital platform: NH Digital Core Platform. A pioneering technological solution in the sector that has allowed all the Group's hotel's systems to be integrated which has become the basis for the NH Hotel Group to expand its customer knowledge, maximise its efficiency and innovate on a large scale in all its value areas.

From the start of recovery after the pandemic, hotel businesses are experiencing difficulties finding staff, which suggests that the sector must go back to attracting talent with attractive professional career plans that boost training and job flexibility.

In its use of quality indicators, the NH Hotel Group focuses on measuring quality using new sources of information and surveys with a significant increase in the volume of reviews and number of assessments received. Its average score on TripAdvisor in 2022 was 8.4, the same as in December 2021. Additionally, its average Google Reviews score was 8.7, compared with 8.7 in December 2021. These average scores demonstrate the high levels of quality perceived by customers and the positive growth trend that the NH Hotel Group has had throughout the year.

On the other hand, in 2022, the Group started operating 8 new hotels in Milan, Andorra, Santiago del Estero, Frankfurt, Iquique, Cali and Nice with 1,125 rooms. The Group, therefore, reached a total of 350 hotels with 54,820 rooms at 31 December 2022.

The Group also signed-up 8 new hotels with 1,336 bedrooms in 2022. These sign-ups are under management and rental formulas in Andorra, Vila Viçosa, Berne, Tenerife, Alvor, Coimbra, Porto and Lisbon. The sign-ups are under the NH, NH Collection, Tivoli and Anantara brands.

Revenues in 2022 totalled 1,722.4 million euros, an increase of 131% (+975.9 million euros). The Profit for the year attributable to the Parent Company Shareholders was 100.3 million euros compared with (133.7) million euros in 2021. This increase is explained by the increase in activity after the impact of Covid-19 during 2021.

In this year gross borrowing decreased from 813.0 million euros in December 2021 to 610.7 million euros in December 2022. At 31 December 2022, cash and cash equivalents amounted to 301.8 million euros (243.9 million euros at 31 December 2021). Furthermore, this liquidity is complemented by the syndicated credit line for 242.0 million euros (fully available at the close of the 2022 and 2021 financial years) and some credit lines at the close of the 2022 financial year of 25.0 million euros (fully available at the close of the 2022 and 2021 financial years).

As a result of the business' strong recovery in the first part of the 2022 financial year, and the improvement to the financial position, NH Hotel Group's credit rating has been favourably revised by the Rating Agencies. At 12 May 2022, Fitch improved the corporate rating from "B-" to "B" with a stable outlook. In addition, on 7 July 2022, Moody's change NH Hotel Group's corporate rating outlook from negative to stable, confirming a "B3" rating. It should be noted that both agencies have stated that NH is managing the recovery with satisfactory financial flexibility and deleveraging capacity, with a significant portfolio of owned assets.

As a result of the public offering on 31 October 2018, along with the capital increase in September 2021, Minor currently owns 410,183,997 shares in NH Hotel Group, S.A. representing 94.13% of its share capital.

## 2022: Year of recovery

In 2022, the recovery that began in the second half of 2021 after the mobility restrictions were lifted has consolidated and accelerated. This recovery was partially interrupted by the appearance of the Omicron variant in the first months of the year. After Omicron, business recovery was faster than with the previous variants and this is explained by the reactivation of business customers which was added to strong demand from leisure customers.

The outbreak of the war in Ukraine has not affected our income and intra-European business as we do not have hotel exposure in the region or Russian customers.

The recovery, which has been much faster than expected since March, with excellent performance in business as well as the prices in all geographical areas, has meant that, since the second quarter of the year, NH has exceeded all the financial metrics in the 2019 statement of profit and loss.

The Group made the most of the speedy reactivation of leisure and business travellers, where the weight of domestic demand is a competitive advantage, implementing a solid pricing strategy and maintaining strict control over costs. This partially offset the growing pressure on costs, which are greatest for energy and outsourced services such as the cleaning and laundry services.

## ETHICS

### Compliance System

Since 2014, NH Hotel Group has deployed a Compliance unit whose scope includes the following key areas, amongst others:

- Code of Conduct.
- Criminal Risk Prevention Plan.
- Internal Rules of Conduct.
- Procedure for Conflicts of Interest.

NH Hotel Group currently continues to implement and reinforce measures to promote and place value on the culture of compliance and the importance of consolidating an ethical business culture, promoting awareness amongst all the employees about the relevance, not just of complying with the applicable regulations, but also of acting ethically and in accordance with the Company's principles and values.

### Code of Conduct

The impetus to compliance carried out by NH Hotel Group is based on the principles and values in its Code of Conduct, which is translated into ten languages, seven of which are published on the corporate web site and intranet, and is applied in all the countries where NH Hotel Group does business. Also, since 2017, NH employees can use the "My NH" app to access the Code of Conduct from their mobile devices. The staff at centres operating under NH Hotel Group brands also have a handbook and an FAQs document.

The aim of the Code of Conduct is to determine the principles, values and rules governing the behaviour and actions of every one of the Group's professionals and directors, as well as the members of the management bodies of the companies making it up and the interest groups that interact with NH Hotel Group, such as customers, suppliers, competitors and shareholders, as well as the communities where NH runs its hotels.

In line with its ethical commitment and the best practices of corporate governance, NH Hotel Group has carried out communication, awareness and training campaigns on Compliance since 2015. The Group's Board of Directors is responsible for approving the Code of Conduct.

The Code of Conduct summarises the professional behaviour expected of employees, senior management and Board Members of the NH Hotel Group and its group of companies, who commit to acting with integrity, honesty, respect and professionalism in the performance of their work.

The NH Group is committed to compliance with the laws and regulations of the countries and jurisdictions where it operates. This includes, amongst other things, laws and regulations on health and safety, discrimination, taxation, data privacy, human rights, competition, prevention of corruption and money laundering, and commitment to the environment.

The Code of Conduct is periodically reviewed by the Compliance Office in order to adapt and update its content in the event this is necessary. The Company's Board of Directors approved an update to the Code of Conduct at their meeting on 8 November 2022, in order to adapt the Code to the recent legislative developments, observe the new legal requirements and follow the standards and best practices referring to compliance, with the anonymisation of the Whistleblower Channel being a highlight. The head of Internal Audit manages the Confidential Channel for Complaints. The procedure for managing complaints received via the complaints channel are specified in detail in the Code of Conduct. This procedure guarantees confidentiality and respect in every phase, and protects against retaliation.

In 2022 there were 40 reports of alleged breaches of the Code of Conduct received, all of which were investigated, with appropriate disciplinary measures being taken in the 38 cases received.

### Compliance Committee

NH Hotel Group set up the Compliance Committee in 2014, and it is made up of certain members of the Management Committee who have appropriate knowledge about NH Hotel Group's activities and, at the same time, have the authority, autonomy and independence needed to ensure the credibility and binding nature of the decisions made. This body is empowered to supervise compliance in key areas of the Compliance System: the Group's Internal Rules of Conduct, Procedure for Conflicts of Interest, Code of Conduct and Criminal Risk Prevention Plan, among others.

The Compliance Committee supervises the work done by the Compliance Office and monitors all the internal processes and policies in place at the Company, their observance and compliance. It also has the power to impose disciplinary measures on employees in matters within its scope.

The Company has decided to roll out its crime prevention model to other countries (Germany, Holland, Belgium, United Kingdom, Colombia, Mexico and Argentina), having constituted local Compliance Committees in the business units covering the aforementioned countries. Furthermore, in 2022 NH Hotel Group has begun to implement its own compliance programme in Portugal.

In the course of 2022, there were three meetings of the Compliance Committee (in April, July and October).

### Compliance Office

The Compliance Office, led by the Compliance manager, reports directly to the Chief Legal & Compliance Officer at NH Hotel Group and to the Compliance Committee. It is in charge of disseminating and supervising compliance with the Code of Conduct, regular monitoring and supervising of the Criminal Risk Prevention Plan, creating and updating corporate policies and monitoring compliance with them, and managing queries about the Code of Conduct, amongst other duties.

### Anti-Corruption and Fraud Policy

NH Hotel Group has an anti-corruption and fraud policy which was initially approved by the Board of Directors in January 2018 and amended in May 2019. The general principles of the Anti-Corruption and Fraud Policy are:

- Zero tolerance of bribery and corruption in the private and public sectors
- Behaviour must be appropriate and legal
- Transparency, integrity and accuracy in financial information
- Regular internal control
- Local legislation shall take precedence if stricter

### Anti-money laundering policy

NH's Code of Conduct reflects a commitment to respect the applicable regulations on anti-money laundering policy, with special attention to diligence and care in the processes of evaluating and selecting suppliers, and in payments and collections in cash. Therefore, the Compliance Committee meeting of 19 December 2018 approved a policy that reinforces NH Hotel Group's commitment to anti-money laundering and combating the financing of terrorism, with the aim of detecting and preventing NH Hotel Group, S.A. and its Group companies from being used in money laundering or terrorist financing operations. The Policy was approved by the Board on 13 May 2019 and was updated during 2022 in order to adjust the new limit thresholds for payments in cash and the including of a business identification form.

The aforementioned Policies have been duly communicated to all Group employees and the corresponding online training has been made available to ensure their disclosure and understanding.

## RISK MANAGEMENT

### Risk management governance

The Company's Board of Directors is responsible for overseeing the risk management system, in line with the provisions of Article 5 of the Regulation of the Board of Directors. As regulated by Section 3 of article 25 b) of the Regulation of the Company's Board of Directors, the Audit and Control Committee supports the Board of Directors in supervising the effectiveness of the internal control, internal audit and the risk management systems, including tax risks. In this sense, during 2022, a control and monitoring process of the Company's main risks has been carried out.

On the other hand, amongst other functions, the Company's Management Committee manages and controls risks based on risk tolerance, assigns ownership of the main risks, periodically monitors their evolution, identifies mitigation actions as well as defining response plans. For these purposes, the Executive Risk Committee, made up from members of the Management Committee and Senior Executives, supports the Management Committee in such oversight, as well as promoting a culture of risks in the Company. For this, the Company has an internal risk management manual that details the principles, processes and controls in place.

Risk Management, integrated into the Internal Audit department, is responsible for ensuring the risk management and control system in the Company functions properly and is linked to the strategic objectives. To ensure that there are no conflicts of independence and that the NH risk management and control system works as set out in the Corporate Risk Management Policy, an independent third party periodically reviews its operation. Due to the exceptional situation caused by

Covid-19, the review has not been carried out since 2019, but it is planned to resume the external review at the end of 2023, or at the beginning of 2024.

As an additional guarantee of independence, Risk Management is independent of the business units and, as with Internal Audit, it maintains a functional reporting line to the Audit and Control Committee.

In line with the above, NH follows the Three Lines model published in July 2020 by the Global IIA:

- First line: carried out by each function (business and corporate units) that owns the risk and its management (Operations, Commercial, Marketing, etc.).
- Second line: performed by the functions responsible for risk supervision (Risk Management, Compliance, Data Protection, Internal Control, etc.)
- Third line: carried out by Internal Audit that affords independent assurance.

The NH Hotel Group's Corporate Risk Management Policy (approved by the Board of Directors in 2015), as well as the internal manual that implements it, aim to define the basic principles and the general framework of action to identify and control all types of risks that may affect the companies over which the NH Hotel Group has effective control, as well as ensuring alignment with the Company's strategy.

### Risk management model

NH Hotel Group's risk management system, rolled out at Group level, aims to identify events that may negatively affect achievement of the objectives of the Company's Strategic Plan, providing the maximum level of assurance to shareholders and stakeholders and protecting the Group's revenue and reputation.

The risk management model is based on the integrated COSO IV ERM (Enterprise Risk Management) framework, and includes a set of methodologies, procedures and support tools that allow the NH Hotel Group:

1. To adopt adequate governance in relation to the Company's risk management, as well as promoting an appropriate risk management culture.
2. To ensure that the Company's defined objectives are aligned with its strategy and risk profile.
3. To identify, evaluate and prioritise the most significant risks that could affect achievement of strategic objectives. To identify measures to mitigate these risks, as well as establish action plans based on the Company's tolerance to risk.
4. To follow-up on the action plans established for the main risks, within a continuous improvement model framework.

The Group's Risk Map is updated annually and approved by the Board of Directors once reviewed and validated by the Audit and Control Committee. In 2022, the Company updated its risk catalogue (80 risks) and its Risk Map, which was approved by the Board of Directors at their meeting on 26 July 2022.

Each of the main risks on the Company's Risk Map is assigned a Risk Owner who, in turn, is a member of the Management Committee. Each risk owner is responsible for mitigation measures, either existing or in progress, for their risks and the implementation status of action plans. The Risk Owners periodically submit the status of the main risks they are responsible for and the mitigating controls and actions plans for the future to the Audit and Control Committee (for example, Cyberrisk was submitted on 8 November 2022).

Each year, coinciding with the update of the Risk Map, Risk Management is responsible for reassessing the risk catalogue, both financial and non-financial. The final catalogue is validated with the Senior Executives who take part in the process, as well as with the bodies involved in its validation (Management Committee, Executive Risk Committee and Audit and Control Committee) and approval (Board of Directors). Additionally, Risk Owners can report/suggest a new risk to the Risk Office during the year.

In general, the risks to which the Group is exposed can be classified into the following categories.

- a. Financial Risks: events that affect financial variables (interest rates, exchange rates, inflation, liquidity, debt, credit, etc.).
- b. Compliance Risks: arising from possible regulatory changes as well as non-compliance with internal and external regulations.
- c. Business Risks: generated by inadequate management of procedures and resources, whether human, material or technological.
- d. Risks from External Factors: arising from natural disasters, pandemics, political instability or terrorist attacks.



- e. Systems Risks: events that could affect the integrity, availability or reliability of operational and financial information (including cyber).
- f. Strategic Risks: produced by difficulty accessing markets and difficulties in asset disinvestment.

Apart from this classification, the Company has identified emerging risks and ESG risks that it particularly monitors (described in the annual non-financial information report). At the start of 2022, NH Hotel Group strengthened its analysis of risks associated with Human Rights, the Environment and Fraud by the Sustainable Business and Risks Departments.

## SUSTAINABLE BUSINESS STRATEGY

NH Hotel Group runs its hotel business with the ambition of leading responsible behaviour, generating a positive social and environmental impact where it is present, conveying its human rights, ethical and corporate commitments in its way of working along its entire value chain: shareholders, customers, partners, suppliers and employees, while promoting responsible alliances with two pillars: UP FOR PLANET and UP FOR PEOPLE.

A noteworthy milestone was setting up the Sustainability Executive Committee in May 2022, whose main function is to support the Board of Directors in its work providing monitoring of NH Hotel Group's sustainability strategy. The committee is co-chaired by the Chief Assets & Development Officer and the Chief People and Sustainable Business Officer and all functions with a direct impact on implementing the strategy are represented.

Convinced it is moving in the right direction to achieve the next sustainability challenges, the Company is aligned with the Sustainable Development Goals (SDGs) to which it can contribute and undertakes to continue creating long-term and global value within the framework of the 2030 Agenda.

Information relating to performance of the Sustainable Business Strategy is published in the 2022 Non-Financial Information Statement, which is presented as a separate report and forms a part of this Consolidated Management Report.

## UP FOR PLANET

"A pillar supporting us to minimise environmental impact, from the design, construction, operations and refurbishment of our hotels. Focussing on reducing, reusing and recycling natural resources, such as water and energy, greenhouse gases, waste and replacing existing materials with alternatives that are more environmentally friendly, sustainable and innovative".

The Company is aware of the effects of its activity on the environment and works to prevent and anticipate possible environmental contingencies, as well as to integrate sustainability into all its processes. It is constantly working on reducing their impact.

The Company's environmental strategy is channelled through UP FOR Planet, where a route map is defined to comply with the commitments acquired for fighting climate change and advancing towards decarbonisation

### • SUSTAINABLE PRODUCTS AND ASSETS

At NH Hotel Group, the fight against climate change is a fundamental strategic value and this is why the NH Hotel Group continues working on its commitment to reduce its carbon emissions by 20% throughout its value chain by 2030, a target which is validated by the SBTi initiative. Setting this target marks NH Hotel Group's route map towards significant reduction of its activity's carbon footprint in the next few years, with the commitment to achieving status as a decarbonised company in 2050.

NH Hotel Group hotels operates with the ISO 14001 environmental management system and the ISO 50001 energy efficiency system, certified for accommodation, catering, meetings and events services. In 2022 NH Hotel Group had individual certification for 50% of the hotels in the portfolio. In addition, 336 of the Company's hotels have gained the Booking environmental award, 308 have the HRS Greenstay and 50 have the GHS Green Collection. It is worth pointing out that the whole portfolio has gained Bioscore classification, which is an independent assessment of a hotel for its level of sustainability via a classification based on ESG (environmental, social and corporate governance criteria), aligning the more relevant parameters of the internationally recognised eco-labelling principles to offer a global, standardised view of the efforts made by the hotels with regard to sustainability.

The reduction in emissions during the year was 20% of the emissions ratio per occupancy compared to 2021.

### • OPERATIONAL PROCESSES AND STANDARDS

A strategic pillar focussing on efficient management and responsible consumption of resources, prioritising the "4R" rule. Reduce, Reuse, Recycle and Replace while offsetting waste emissions and encouraging the evolution towards the circular economy and development of more sustainable products, but also the involvement of employees, suppliers, partners and customers as key players to achieve them.

It is worth highlighting that during the year the ratio of energy consumption per occupancy and the ratio of water use per occupancy decreased by 35% and 25%, respectively, when compared to the previous year.

## • SUSTAINABLE PURCHASING

With this pillar, NH Hotel Group strengthens its sustainable value chain, prioritising key alliances, increasing consumption from local producers and responsible organisations. NH Hotel Group's relationship with its suppliers is based on communication and transparency to promote the development of innovative, sustainable solutions.

During 2022 a total of 88 suppliers worldwide adhered to NH Hotel Group's and Coperama's Code of Conduct. Therefore, in 2022, the number of active suppliers who have signed up to the code reached a total of 1,760.

These lines of action and commitments allow the NH Hotel Group to position itself as a sustainable and environmentally friendly Company, thereby increasing the value of its brands.

## UP FOR PEOPLE

"With initiatives and projects promoting our employees' professional development, while at the same time creating a positive impact on the communities we are present in, to offer our customers the best experience, involving them in our commitments to sustainability"

## • EMPLOYEES

The Company considers its employees to be its main asset and understands that, to build a leading corporate culture, it is essential to manage attracting and developing talent, and sustain their motivation and pride in belonging to the NH Hotel Group.

The key projects were consolidated this year, completing implementation of the People pillar Strategic Plan and laying the foundations to launch the strategic initiatives which are grouped into 4 main pillars:

- In-house commitment.
- Talent management.
- Recruitment strategy.
- Employer brand.

It is noteworthy that, in 2022, the Company resumed highly important processes within the People strategy, such as the climate survey, talent calibrations, recognition, training and in-house development programmes, amongst others. These are all adapted to the Company's new reality. With all this, NH Hotel Group has continued to look after its teams and has given them tools to manage the uncertainty of past years, focussing on identifying, developing and retaining talent.

The number of FTEs employed by the Parent Company and consolidated companies during 2022 was 10,995 employees, located in 29 countries, where 51% are women and 49% are men.

NH Hotel Group's commitment to stable employment is shown by the high percentage of employees with permanent contracts. So, in 2022, an average of 84% of the women's contracts are permanent and an average of 83% of employees between 25 and 40 years old have permanent contracts. Furthermore, 6,491 new staff were recruited, of which 63% are employees under 35 years old and 53% are women.

NH Hotel Group uses its Code of Conduct to formalise its commitment to promoting non-discrimination due to the race, colour, nationality, social origin, age, gender, civil status, sexual orientation, ideology, political opinions, religion or any other personal, physical or social condition of its professionals, along with equal opportunities for all of them. The policies and actions for recruiting, employing, training and internal promotion of employees are based on criteria of ability, skills and professional merit.

In addition, the Company will continue to strengthen its commitment to its employees, creating optimal working environments to maximise its employees' contribution.

## • CUSTOMERS

In its commitment to sustainability, NH Hotel Group seeks to integrate customers and make them participants in its sustainable initiatives, whether by creating opportunities for social contribution or promoting responsible environmental behaviour.

The Company works on initiatives that improve quality and customers' experiences, while at the same time minimising the environmental impact of our hotels, such as, for example:

- FASTPASS, incorporating new technologies that enable services like biometrics and facial recognition.

- Tablets in reception, offering the best services to customers, enabling check in and check out using a tablet connected to a PMS.
- Chromecast: enables the customer to send content from their mobile, tablet or PC to the room's television.
- Mobile Guest Service: digitises information services and functions of the stay at the hotel.
- Sustainable product: alternative sustainable ideas for all the elements defined in our hotels' standards.

## • COMMUNITIES

NH Hotel Group seeks to create positive social and environmental impact in the communities we have a presence in via responsible alliances:

- Hotels with a Heart: free-of-charge accommodation programme for needy families with sick children.
- Together with Love: the Company's corporate volunteering worldwide.
- Youth employability, for young people at risk of exclusion.

With these projects, NH Hotel Group has benefited more than 60,700 people.

## Sustainability recognitions

For the third time, NH Hotel Group has been included in the "Sustainability Yearbook 2022" published by S&P Global. For the fourth time, the Company voluntarily took part in the Corporate Sustainability Assessment (CAS) carried out by the sustainable investment agency S&P Global as was recognised as TOP10%.

A demonstration of its commitment to gender equality, NH Hotel Group, for the fourth year running, was included on the Bloomberg GEI 2022 index, being the only Spanish hotelier in the 484 companies listed in the index. This reference index measures gender equality using five pillars: leadership and talent development, equality and parity of remuneration, inclusive culture, policies against sexual harassment and the brand image.

The NH Hotel Group has also reported its commitment to and strategy against climate change to CDP Climate Change since 2010 and received a B in its annual ranking. With this rating, the NH Hotel Group once again recognises its vision of placing sustainability as a strategic value of the corporation, which has acted as a lever of transversal value for the Group for over a decade.

Since 2013, the NH Hotel Group has been listed on the FTSE4GOOD index and renews its presence year after year thanks to the responsible management of the business and the improvements implemented.

## SHARES AND SHAREHOLDERS

NH Hotel Group, S.A. share capital at the end of 2022 comprised 435,745,670 fully subscribed and paid up bearer shares with a par value of 2 euros each. All these shares carry identical voting and economic rights and are traded on the Continuous Market of the Spanish Stock Exchanges.

According to the latest notifications received by the Company and the notices given to the National Securities Market Commission before the end of every financial year, the most significant shareholdings at 31 December 2022 and 2021 were as follows:

	2022	2021
Minor International Public Company Limited ("MINT")	94,13%	94,13%

The aforementioned (indirect) shareholding of MINT in NH Hotel Group, S.A. is the result of the IPO made by MHG Continental Holding (Singapore) Pte Ltd. on 11 June 2018 for 100% of the shares that were part of the share capital of NH Hotel Group, S.A., the result of which was that MINT acquired, through its wholly owned subsidiary MHG Continental Holding (Singapore) Pte. Ltd., shares representing 94.13% of the share capital of NH Hotel Group, S.A.

The average share price of NH Hotel Group, S.A. in 2022 was 3.25 euros per share (3.61 euros in 2021). The lowest share price of 2.27 euros per share (2.82 euros in December 2021) was recorded in October and the highest share price of 4.03 euros per share in June (4.35 euros in February 2021). The market capitalisation of the Group at the close of 2022 stood at 1,294.16 million euros.

At 31 December 2022, the Group had 92,915 own shares (all referring to the liquidity contract), compared to 96,246 own shares at 31 December 2021. The reduction in treasury shares in the period is wholly explained by the liquidity contract operation.

### Liquidity contract for treasury shares management

On 10 April 2019, the NH Board of Directors entered into a liquidity contract to manage its treasury shares with Banco Santander, S.A. The Contract became effective on 11 April 2019.

This contract is in accordance with the liquidity contract model in Circular 1/2017 of 26 April from the National Securities Market Commission on liquidity contracts for the purpose of its acceptance as a market practice.

The total number of shares allocated to the securities account associated with the Liquidity Contract at 31 December 2022 is 92,915 shares and the amount allocated to the cash account is 329,492 euros.

The Liquidity Contract was agreed upon by the Board of Directors at the proposal of the Proprietary Directors on behalf of the shareholder Minor as a measure to encourage and favour the liquidity of the Company's shares taking the current market conditions into account.

### Average period for payment

Below is the information required by Additional Provision Three of Law 15/2010 of 5 July and modified by the Resolution of 29 January 2016, of the Institute of Accounting and Auditing, and Law 18/2022, of 28 September, on the creation and growth of businesses, on the information to be incorporated in the record of annual financial statements relating to the average period for payment to suppliers in commercial transactions of Spanish companies.

	2022	2021
	Days	
Average period for payment to suppliers	79	96
Ratio of paid transactions	80	97
Ratio of transactions pending payment	63	80
	Amount (thousands of euros)	
Total payments made	315,527	271,179
Total payments pending	23,404	20,018

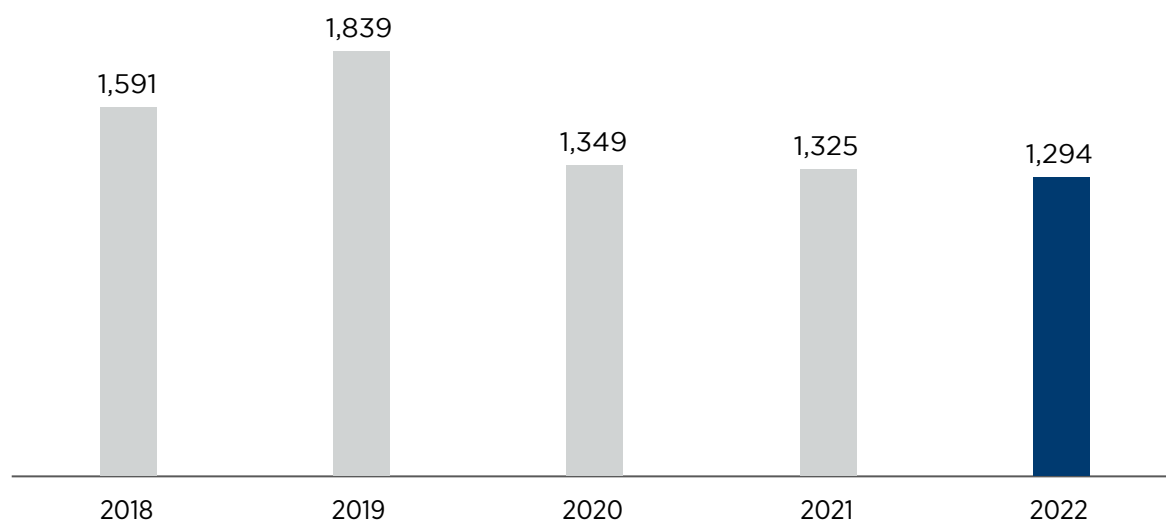
The above information on payments to suppliers of Spanish companies refer to those which by their nature are trade creditors due to debts with suppliers of goods and services. The table includes, therefore, the "Commercial Creditors and Other Accounts Payable" item in current liabilities of the consolidated statement of financial position.

During 2022 the monetary volume of the invoices paid in less time than the maximum provided for in the bad debt regulations was 139,876 thousand euros, representing 44% of the total monetary volume of the invoices, the number of invoices paid in less time than the maximum provided for in the bad debt regulations was 66 thousand euros, representing 41% of the total volume of invoices;

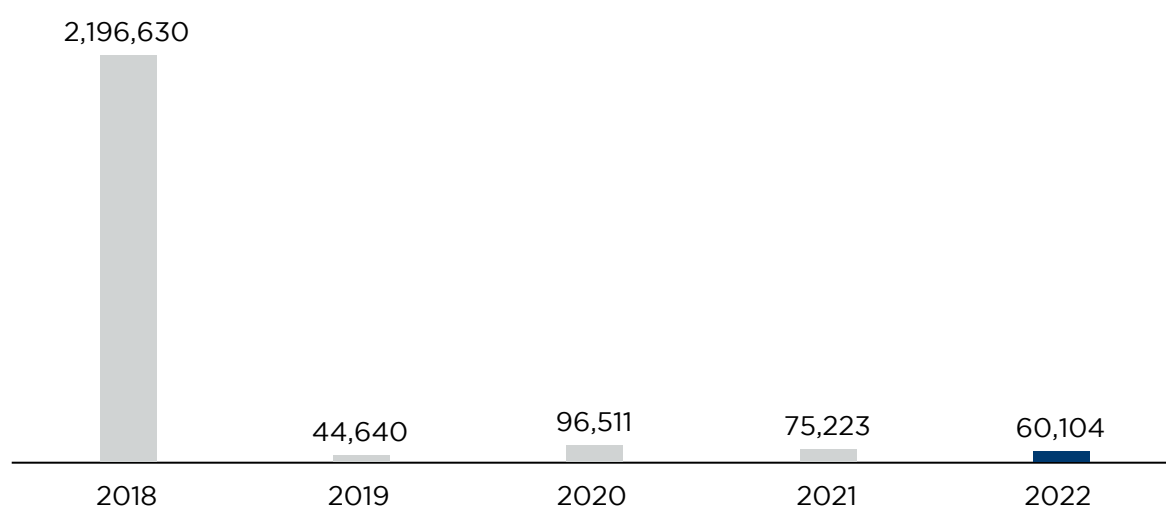
The average period for payment to suppliers has been calculated using the weighted average of the two ratios explained below:

- Ratio of paid transactions: average payment period of transactions paid in each year weighted by the amount of each transaction.
- Ratio of transactions pending payment: average period between the invoice date and the end of the year weighted by the amount of each transaction.

Due to the impact of the Covid-19 pandemic on the demand for hotels, the Company has exceeded the maximum period for payment to trade suppliers legally set at 60 days. This situation is considered to be remediable as various measures are being taken to temporarily resizing resources existing until now, and renegotiating lease agreements and other actions of different types aimed at minimising the impact of the Covid-19 pandemic, which, together with progressive recovery in demand and the business, will enable the legally established ratio to be recovered.

**Capitalization (at the end of each year in millions of euros)**

During 2022, 15,446,871 shares in NH Hotel Group, S.A. were traded on the Continuous Market (19,257,219 shares in 2021) with average daily share trading on the Continuous Market of 60,104 shares (75,223 shares in 2021).

**Average daily trading (in titles)**

## EVOLUTION NH HOTEL GROUP vs. IBEX 35

1 JANUARY 2017-31 DECEMBER 2022



## FUTURE OUTLOOK

There are indications that the tightening of monetary policy is starting to cool off demand and inflation, but the full impact will probably not materialise before 2024.

It is anticipated that world growth, which was estimated at 3.4% in 2022, will fall to 2.9% in 2023 and later bounce back to 3.1% in 2024. It is not forecast that world GDP or world GDP per capital will have negative growth, which is something that usually happens when a world recession occurs. Nevertheless, for 2023 and 2024, it is anticipated that world growth will be lower than the historic annual average (2000-2019) of 3.8%.

The prognosis for low growth in 2023 is due to the central banks' interest rate rises to combat inflation - particularly in advanced economies - and the war in Ukraine. The lower growth in 2023 when compared to 2022 is in line with the advanced economies. In emerging and developing market economies it is estimated the growth hit rock bottom in 2022. It is forecast that growth will reactivate in China due to it fully reopening in 2023. The forecast bounce back of both economic groups in 2024 reflects the gradual recovery from the effects of the war in Ukraine and inflation being restrained.

According to the UNWTO's prognosis for 2023, international tourist arrivals this year may be between 80% and 95% of pre-pandemic levels, depending on the extent to which economic slowdown occurs, how travel to Asia and the Pacific recovers and how the Russian offensive in Ukraine evolves, amongst others.

The UNWTO forecasts that recover will continue during 2023, although the sector is facing economic, health and geopolitical challenges. The recent lifting of travel restrictions caused by Covid-19 in China, the largest source market in the world in 2019, is a significant step for recovery of the tourist sector in Asia and the Pacific and worldwide. In the short term, resumption of travel from China could benefit the Asiatic destinations in particular. Nevertheless, the situation will change depending on the availability and cost of travel, regulations on visas and Covid-19 restrictions at destinations. By the middle of January, a total of 32 countries had imposed specific travel restrictions on travellers coming from China, particularly in Asia and Europe.

At the same time, strong demand from the USA, supported by the strong dollar, will continue to benefit destinations within it and other regions. Europe will continue to maintain abundant flows of travellers coming from the USA, mainly due to the weak euro against the dollar.

The last UNWTO confidence index shows a cautious optimism for January-April that is higher than for the same period in 2022. The optimism is backed up by Asia opening and the strong 2022 figures for expenditure in the traditional and emerging source markets, with good results being seen in France, Germany and Italy, as well as Qatar, India and Saudi Arabia.

## Non-financial Information Statement

The 2022 consolidated Non-Financial Information Statement, issued by the Board of Directors on 22 February 2023, contains all the non-financial information required by Law 11/2018 of 28 December 2018. This document is presented as a separate report, is part of this Consolidated Management Report and is available on the corporate website of the NH Group (<https://>

[www.nh-hoteles.com/corporate/](http://www.nh-hoteles.com/corporate/)), within the section on Annual reports included in financial information in the shareholders and investors section and as an annex to this document.

### **Annual Corporate governance report**

The Annual Corporate Governance report, which is a part of this consolidated management report, was prepared according to the provisions of article 49.4 of the Commercial Code. In addition, the report will be available from publication of these accounts on NH Group's corporate web site (<https://www.nh-hoteles.com/corporate/>) and on the CNMV web site ([www.cnmv.es](http://www.cnmv.es)).

### **Annual directors' remuneration report**

The annual directors' remuneration report for 2022, prepared by the Board of Directors on 22 February 2023, is presented as a separate report, forms a part of this Consolidated Management Report and is available as an annex to this document, as provided for in article 538 of Royal Legislative Decree 1/2010, of 2 July..

## **EVENTS AFTER THE REPORTING PERIOD**

In January 2023, the Parent Company requested voluntary, early repayment of the Syndicated ICO backed loan maturing in 2026 amounting to 50,000 thousand euros. With this last voluntary repayment, the loan was fully repaid.

As indicated in Note 22, on 4 January 2023 the Tax act with agreement signed with the Dutch tax authority was paid, in accordance with the indications in that Note.



NH HOTEL GROUP, S.A. and subsidiaries

**DIRECTORS' DECLARATION OF RESPONSIBILITY FOR THE PURPOSES OF THE PROVISIONS OF  
ARTICLE 118.2 of Legislative Royal Decree 4/2015 of 23 October, which approves the consolidated text of the  
Securities Market Law.**

The Directors of NH HOTEL GROUP, S.A., declare that, to the best of their knowledge, the consolidated Annual Accounts, the consolidated Management Report that includes the Annual Corporate Governance Report, the Annual Report on Directors' Remuneration and the Non-Financial Information Statement (presented in a separate document for reference) drafted at the meeting of the Board of Directors held on 22 February 2023, prepared in accordance with the applicable accounting principles, offer a true and fair view of the assets, financial situation and results of NH HOTEL GROUP, S.A., and of the companies included in the consolidation taken as a whole and that the Management Report includes a faithful analysis of the required information.

In compliance with the provisions of Article 253 of the Consolidated Text of the Capital Companies Act, the Directors of NH HOTEL GROUP, S.A., sign the Annual Accounts and Management Report of NH HOTEL GROUP, S.A. and Subsidiaries corresponding to year ended 31 December 2022.

.....  
D. ALFREDO FERNÁNDEZ AGRAS

.....  
D. RAMÓN ARAGONÉS MARÍN

.....  
D. JOSE MARÍA CANTERO DE MONTES-JOVELLAR

.....  
D. KOSIN KENNETH CHANTIKUL

.....  
D. STEPHEN ANDREW CHOJNACKI

.....  
D. WILLIAM ELLWOOD HEINECKE

.....  
D. FERNANDO LACADENA AZPEITIA

.....  
D<sup>a</sup>. LAIA LAHOZ MALPARTIDA

.....  
D. RUFINO PÉREZ FERNÁNDEZ

.....  
D. EMMANUEL JUDE DILLIPRAJ RAJAKARIER

DILIGENCE issued by the Secretary of the Board of Directors, to record that the previous Declaration of Responsibility has been signed by all the members of the Board of Directors in accordance with the Annual Accounts corresponding to the 2022 financial year of NH HOTEL GROUP, S.A. and Dependent Companies, which have been formulated at the Board of Directors meeting held on February 22, 2023, including the stamping of the signature together with the respective name and surname of the signing Director. It is hereby stated that Mr. Ramón Aragonés Marín affixes his signature in the name and on behalf of the Directors Mr. William Ellwood Heinecke, Mr. Emmanuel Jude Dillipraj Rajakarier, Mr. Stephen Andrew Chojnacki and Mr. Kosin Chantikul.

Mr. William Ellwood Heinecke delegated his representation and vote in the aforementioned Board of Directors to Mr. Stephen Andrew Chojnacki by virtue of express delegation. Mr. Emmanuel Jude Dillipraj Rajakarier, Mr. Stephen Andrew Chojnacki and Mr. Kosin Chantikul attended personally by videoconference, expressly authorizing Mr. Ramón Aragonés Marín during the Board of Directors session to sign as many documents as necessary in the framework of the preparation of the Annual Accounts.

Of all this, I attest.

Madrid, 22 February 2023.

Carlos Ulecia Palacios  
Secretary to the Board of Directors

**CONSOLIDATED STATEMENT OF  
NON-FINANCIAL INFORMATION  
2022  
SUSTAINABILITY REPORT**

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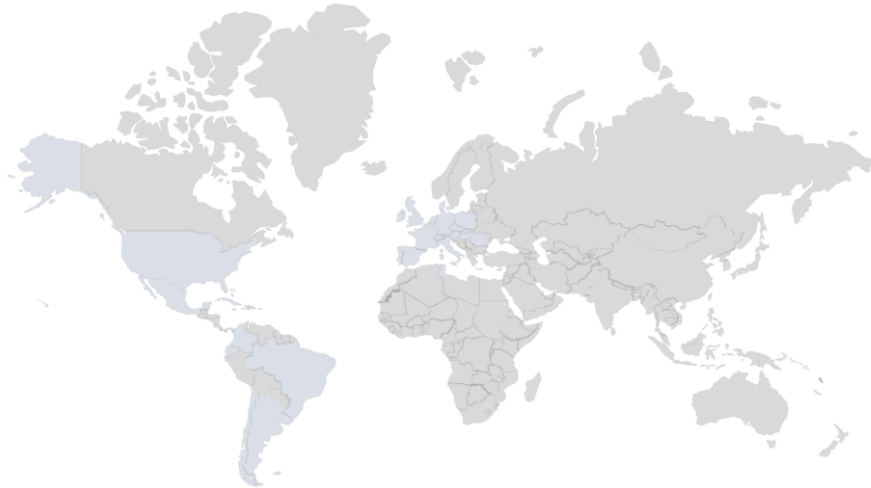
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## OUR PRESENCE IN THE WORLD 2022



<b>350</b>	<b>30</b>	<b>54,820</b>	<b>12,800*</b>	<b>38.9</b>
HOTELS	COUNTRIES	ROOMS	EMPLOYEES	MILLION GUESTS

Andorra • Argentina • Austria • Belgium • Brazil • Chile • Colombia  
Cuba • Czech Republic • Denmark • Ecuador • France • Germany • Haiti • Hungary  
Ireland • Italy • Luxembourg • Mexico • Netherlands • Poland • Portugal • Romania • Slovakia •  
Spain • Switzerland • Tunisia  
United Kingdom • Uruguay • USA

Figures as of 12.31.2022

Including hotels operated under management agreements, leased, owned and franchise.

\* FTEs and the figure does not include franchises.

**BU AMÉRICA**  
Argentina, Brazil, Chile, Colombia,  
Cuba, Ecuador, Haiti,  
Mexico and Uruguay

**BUNE**  
Austria, Belgium, Czech Republic,  
Denmark, Germany, Hungary,  
Ireland, Luxembourg, Netherlands,  
Poland, Rumania, Slovakia,  
Switzerland, United Kingdom

**BUSE**  
Andorra, France,  
Italy, Portugal, Spain,  
Tunisia and USA

58 hotels	119 hotels	173 hotels
7,654 rooms	23,168 rooms	23,998 rooms
9 countries	14 countries	7 countries

## **ABOUT THE NON-FINANCIAL INFORMATION STATEMENT**

This Consolidated Statement of Non-Financial Information 2022 (hereinafter SNFI or “the Report”) is presented as a separate report and forms part of the Consolidated Directors’ Report 2022 of NH Hotel Group. It deals extensively with the Company’s Responsible Business Strategy, concentrating in a single document:

- The Company’s response to the legal requirements of Act 11/2018 of 28 December 2018 on non-financial information and diversity, as well as Act 5/2021 of 12 April amending the consolidated text of the Capital Companies Act and the EU 2017/C215/01 guidelines for reporting its performance on non-financial information.
- The Sustainable Business Report, which follows the standards of the Global Reporting Initiative (GRI).
- Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18th, 2020, on the establishment of a framework to facilitate sustainable investment, the first delegated act of which establishes the obligation to disclose information on the manner and the extent to which the enterprise’s activities are associated to economic activities that are considered to be environmentally sustainable in relation to the climate change mitigation and adaptation goals. See the Chapter on ‘European Union Sustainable Activities Taxonomy’.
- The recommendations of the Task Force on Climate Related Disclosures (TCFD). See Appendix III: ‘Recommendations of the Task Force on Climate Related Disclosures (TCFD)’.
- Commitment to the Ten Principles of the United Nations Global Compact and the Sustainable Development Goals (SDGs) approved by the United Nations General Assembly, which NH Hotel Group integrates into its strategy and which are detailed in the section ‘NH Hotel Group and the 2030 Agenda’.

The SNFI was drawn up by the Board of Directors of NH Hotel Group on February 22nd, 2023, and was signed by all its members, with the specifications resulting from the Directors’ Statement of Responsibility for the purposes of the provisions of article 118.2 of Royal Legislative Decree 4/2015, of October 23rd, approving the Securities Market Act (Consolidating Act), recording the delegation by certain Board members of other Board members to sign on their behalf.

This Report and the previous Sustainable Business Reports are published in digital format and are available at [www.nhhotelgroup.com](http://www.nhhotelgroup.com)

## **Contents**

The definition of the contents of the Report is based on matters that are relevant for the activity of NH Hotel Group and its main stakeholders, based on the Materiality Analysis which is updated each year. The Group has different systems for dialog with its stakeholders, which are a source of analysis in defining the relevant content to be included in the report. The results of this communication allow mechanisms to be kept active in order to identify needs, as well as aspects of major relevance to include in the Report, and the monitoring of the commitments and success in dealing with the challenges presented in the previous year.

To update the Materiality Analysis, the Company’s strategy and objectives, the Sustainable Business strategy, and material issues at sector level defined by the Sustainable Hospitality Alliance and by UNWTO are taken into account, as well as the main social and sustainability trends, the requirements of different reporting and sustainability frameworks, such as the Global Reporting Initiative (GRI) and Act 11/2018 on Non-Financial and Diversity Reporting, which responds to Directive 2014/95/EU of the European Parliament.

As far as the quality of the information is concerned, NH Hotel Group seeks to convey a balance, reflecting both the positive and negative aspects of its performance in the key materiality areas identified in 2022, offering its stakeholders information on the progress in



## CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION 2022

### SUSTAINABILITY REPORT

material matters for their knowledge and to compare with other enterprises or industries. The complete Materiality Analysis can be consulted in the corresponding section of this Report.

### Scope

This Report sets out the sixteenth Annual Sustainable Business Report of NH Hotel Group. It includes the Group's activity and principal results in 2022, including its performance in the economic, environmental and social sphere.

The Report shows NH Hotel Group's management of the impacts, both positive and negative, that the Company generates, and its scope therefore contemplates two perimeters: consolidated scope (owned and leased hotels) and corporate scope (hotels under ownership, management and lease). It therefore includes information on all the hotels operated by the Company, in other words, hotels operated under lease, ownership and management.

In the case of information referring to the workforce, full-time equivalent (FTE) figures are included for all types of employees (except Outside Labor, Extra Labor and Trainees) considering hotels under ownership, lease, and management based on the data in NH Hotel Group's ERP SAP HCM management system.

In cases where the information is not disclosed broken down by both perimeters, this may be due to two cases: either it is not managed directly by the Company or there is no possibility of breaking down the information. Likewise, where the scope of the information varies from these criteria, this is indicated in a footnote.

### Geographic presence of NH Hotel Group in 2022

	Consolidated perimeter (hotels owned and leased)	Corporate perimeter (hotels under ownership, rental and management)
Number of hotels in the world	293	350
Number of countries in which NH Hotel Group has activity	23	30
Numbers of rooms	46,874	54,820
Employees*	10,995	12,800

\* Data from FTEs. Does not include franchises.

# **EUROPEAN UNION TAXONOMY OF SUSTAINABLE ACTIVITIES**

## **Introduction**

Over the last few years, the European Union has made great strides in building a sustainable financial ecosystem. Under this objective, last year the European Commission adopted Regulation (EU) 2020/852, also known as the "Taxonomy Regulation", which constitutes the basis for increasing transparency and providing tools that allow investors to identify sustainable investment opportunities, improving the flow of capital towards sustainable activities.

In this sense, beyond presenting a reporting obligation, the Taxonomy enables new development, renovation and maintenance projects of NH Hotel Group hotels to contribute positively to sustainable development from the early stages of their conceptualisation and throughout their entire life cycle.

This Regulation was followed by two Delegated Regulations that complement the previous one: firstly, Delegated Regulation 2021/2139 of 4 June 2021, which established the list of economic activities that contribute substantially to the objectives of climate change mitigation and adaptation and that do not cause significant damage to the other environmental objectives[1]. On the other hand, the Delegated Regulation of 6 July 2021 described the different key indicators to be reported.

For companies to make public the information that the capital market needs to incorporate sustainability criteria in their decision-making, the Delegated Regulations of the European Taxonomy oblige companies to carry out an analysis of the degree of compliance under two criteria - eligibility and alignment - and to report the results in their Non-Financial Information Statements (future corporate sustainability reports).

- Eligible activities: an economic activity is considered eligible as long as the Company complies with the description set out for each of the activities listed in Annexes I and II of Delegated Regulation 2021/2139 of 4 June 2021. In this sense, eligibility is of a "potential" nature, i.e. an eligible activity is one that could become green according to the European Taxonomy.
- Aligned activities: the alignment of an activity goes a step further by indicating that the company is making a substantial contribution to at least one of the defined environmental objectives. This contribution is measured through compliance not only with the requirements in the activity definitions, but also with the technical criteria for substantial contribution, the principle of no significant harm (DNSH) to the other environmental objectives and minimum social safeguards.

In this line, for the 2021 report, the obligation to disclose the key reference indicators in terms of eligibility was established. However, for the current financial year, progress must be made by additionally disclosing these indicators in terms of alignment.

In view of this, and in accordance with the provisions of the Delegated Regulations, the consolidated non-financial statements must present the following key performance indicators::

- The proportion of turnover derived from products or services related to economic activities that are considered environmentally sustainable (turnover).
- The proportion of total fixed assets (CapEx).
- The proportion of operating expenses related to assets or processes associated with economic activities that are considered environmentally sustainable (OpEx).

## **Eligibility analysis: identification of NH Hotel Group's sustainable activities**

For this purpose, NH Hotel Group has analysed all the activities listed in the Taxonomy, among which those that are linked to the Company's business have been identified:

- Activity "7.2. Building renovation".
- Activity "7.3. Installation, maintenance and repair of energy efficiency equipment".
- Activity "7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings".

NH Hotel Group's sustainable activities, in accordance with the latest update of Art. 8 of the Taxonomy Regulation, are managed from the corporate Construction, Engineering and Maintenance department.

The following is a brief summary of the focus of the activities within the Company and the correspondence with the activities of the European Taxonomy:

<b>Economic activity according to the Taxonomy</b>	<b>Description of the activity</b>
<b>7.2. Building renovation</b>	Renovation of hotels, including civil construction works for the adaptation of hotels, as well as envelope improvement works or refurbishment and remodeling of rooms.
<b>7.3. Installation, maintenance and repair of energy-efficient equipment</b>	Maintenance and renovation of enclosure elements (doors and windows) and lighting, HVAC systems (boilers and refrigeration and ventilation equipment), piping, kitchen equipment (ovens), batteries and other electrical appliances (washing machines, etc.).
<b>7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings.</b>	Commissioning, overhaul, repair or replacement of building energy consumption monitoring and control systems; probes, meters, thermostats, automation and control systems, among others.

## **Alignment analysis: compliance with technical criteria, DNSH and minimum social safeguards**

Following the process of identifying eligible activities, NH Hotel Group has carried out the alignment analysis by assessing compliance with:

- The technical criteria of substantial contribution to climate change mitigation as set out in Annex I of the Delegated Regulation of 4 June.
- Not to cause significant detriment to the rest of the environmental objectives based on compliance with the application appendices required for activities 7.2, 7.3 and 7.5. In this regard, it should be noted that the company complies with the requirements of Appendix A by having a physical climate risk analysis and an adaptation plan for the risks that have been identified as material. For further details, see chapter "NH Hotel Group's response to the risks and opportunities associated with climate change based on the Task Force On Climate-Related Financial Disclosure".

## CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION 2022

### SUSTAINABILITY REPORT

- Minimum social safeguards set out in Art. 18 of Delegated Regulation 2020/852 which identifies four broad areas:
  - Human Rights: NH Hotel Group is committed to compliance with Human Rights and works to prevent and manage the Risks associated with their violation; it therefore has various measures in place, such as the corporate Human Rights policy, as well as a Due Diligence process implemented in different phases. For further details, see chapter "Protection of Human Rights".
  - Corruption: the Group is committed to zero tolerance of corruption and therefore has various internal controls in place to comply with the Anti-Fraud and Corruption Policy, the Policy for the Prevention of Money Laundering and Terrorist Financing and the Gifts Policy. For further details see section "Zero tolerance for corruption".
  - Taxation: NH Hotel Group ensures compliance with its tax requirements as well as the application of best tax practices. Therefore, among other measures, the Group adheres to the Code of Best Tax Practices and has a tax policy that will be updated in 2022. For further details, see chapter "Tax Transparency: Profits and Taxes".
  - Fair competition: NH Hotel Group is committed to long-term success through fair competition in its Code of Conduct.

## Content and methodology of key performance indicators

The calculation of the indicators has been carried out following the same accounting criteria that govern NH Hotel Group's financial accounting, based on the information registered in the corporate Enterprise Performance Management application.

Due to NH Hotel Group's extensive hotel portfolio, the Company has resorted to a sampling technique to determine what percentage of its activity is eligible and aligned with the Taxonomy in terms of CapEx and OpEx. The specific sampling technique used for CapEx and OpEx is described below:

### Turnover

This indicator is defined as the ratio of Taxonomy-adjusted turnover (numerator) to the Company's total revenues (denominator). According to the Taxonomy criteria, none of the activities identified generate revenues for NH Hotel Group. Therefore, the key indicator referring to turnover is 0%.

### CapEx

This indicator is defined as the ratio of Taxonomy-adjusted CapEx (numerator) to total CapEx (denominator).

For its calculation, the investment items associated with the activities that comply with the Taxonomy -eligible with respect to activities 7.2, 7.3 and 7.5- have been selected. With this selection, the hotels in the portfolio have been ordered according to their brand, year of last renovation, geography and number of rooms. From this database, and thanks to a cluster analysis -a statistical procedure supported by a computerised data processing tool- the Company's hotels have been classified into a small number of groups with similar characteristics for sampling purposes.

For each of these groups, a specific number of hotels have been selected, which are representative of the rest of the hotels in the same cluster and which, therefore, allow the results on eligibility to be extrapolated to the whole group of hotels with similar conditions. This extrapolation has been carried out proportionally to the weight that each group

## CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION 2022

### SUSTAINABILITY REPORT

represents over the total of the Company's hotel portfolio, in order to obtain NH Hotel Group's eligible CapEx.

Based on the selected hotels, the eligible CapEx items that comply with the technical selection criteria associated with the taxonomic activities, as well as the principle of "Do not cause significant harm" and the minimum social safeguards, have been studied and contrasted internally. This analysis has made it possible to obtain the alignment percentage of the selected hotels and, as before, to extrapolate the percentage proportionally to all the Company's hotels as a whole, in order to obtain NH Hotel Group's aligned CapEx.

It is worth mentioning that the CapEx items dedicated to activities aligned with the Taxonomy have been computed by one area of the Company, which ensures that they have only been accounted for once in the analysis and that, therefore, in no case has double-counting of investments been incurred.

In the case of the denominator, additions to tangible and intangible assets, before amortisation and possible new valuations, including those resulting from revaluations and impairments, have been included for the financial year 2022, excluding changes in fair value. Additions to tangible and intangible assets resulting from business combinations, if any, would also have been included, covering costs that are accounted for in accordance with IAS 16 Property, plant and equipment and IFRS 16 Leases.

In accordance with NH Hotel Group's consolidated financial statements, the total CapEx is shown in Note 6, Note 7 and Note 9 of the Consolidated Financial Statements 2022.

### OpEx

This indicator is defined as the ratio of Taxonomy-adjusted CapEx (numerator) to total CapEx (denominator).

Taxonomy-adjusted OpEx has also been obtained from the control and monitoring records of OpEx 2022 items. In this case, in order to carry out the sampling, the hotels have been sorted into three groups according to their OpEx expenditure associated with the Taxonomy. For each of these groups, a sample of two hotels -the most representative in terms of maintenance and repair tasks- was selected, taking into account aspects such as the age of the hotels, the year of renovation, the type of equipment, as well as the geographical location within the Company's area of operation.

Based on the selection of the eligible OpEx items with respect to the Taxonomy in these representative hotels, the percentage of eligible OpEx of the sample has been calculated and extrapolated to all NH Hotel Group hotels.

To obtain the aligned OpEx, it has been estimated that the acquisition of equipment that meets the alignment criteria of the Taxonomy has occurred in a linear fashion over the last ten years (average depreciation period for the type of equipment in question), and therefore, that the maintenance and repair work on these has also occurred in a linear fashion over the last few years. This assumption has been applied when estimating the part of the eligible OpEx that is aligned with the Taxonomy.

The denominator reduces total operating expenses to non-capitalised direct costs that relate to research and development, building renovation measures, short-term leases, maintenance and repairs, as well as other direct expenses related to the day-to-day maintenance of property, plant and equipment assets by NH Hotel Group or a third party to whom activities are outsourced and that are necessary to ensure the continued efficient operation of these assets.

On the other hand, the numerator of this indicator would include the operating expenses included in the denominator that are allocated to eligible activities. This key indicator is

## **CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION 2022**

### **SUSTAINABILITY REPORT**

included in Note 25.4 in the maintenance and cleaning expenses line of NH Hotel Group's Consolidated Financial Statements 2022.

## **Performance of key indicators: Turnover, CapEx and OpEx**

### **Turnover**

In accordance with the above, NH Hotel Group has classified its activities in accordance with the criteria established in the most recent version of the European Taxonomy (Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021), so that none of the activities identified generate income for the Company. Therefore, the reference indicator relating to turnover takes on a value of 0%.

### **CapEx**

In relation to CapEx, NH Hotel Group registers a 4.05% that meets the requirements established with the objective of climate change mitigation in terms of eligibility. In terms of alignment, the percentage is 1.90% of the Company's total CapEx.

For further information, see Annex II: European Taxonomy, where details of the degree of eligibility and alignment of the CapEx of NH Hotel Group's taxonomic activities are presented.

### **OpEx**

Finally, in relation to OpEx and in terms of eligibility, 11.22% meet the requirements established in relation to the aforementioned climate objectives. In terms of alignment, the percentage is 1.97%.

For further information, see Annex II: European Taxonomy, which presents the details of the degree of eligibility and alignment of the OpEx of NH Hotel Group's taxonomic activities.

## **CHAIRMAN AND CEO'S MESSAGE**

### **Chairman's Message**

Dear stakeholders,

I am writing to you again, with great satisfaction, following my re-election to the post at the General Shareholders' Meeting of June 2022. Moving forward, I will continue with the same dedication and willingness to collaborate with the rest of the Board to hasten and maximize NH Hotel Group's great expectations as much as possible, thanks to the Company's perseverance and know-how.

In recent months, the reactivation of the hotel sector, and of our Company especially, has been faster than expected. Today, the desire to travel seems to have become consolidated among the business, cultural and social preferences of thousands of travelers, who also appear to be tending towards an experiences segment that matches what our group has to offer with its portfolio of hotels.

International tourism doubled in 2022, when 900 million people travelled, twice as many as the 450 million who had done so in 2021 but still 37% fewer than in 2019. The UN World Tourism Organization (UNWTO) expects this progression to keep up in 2023, although it still believes it will be difficult to exceed pre-pandemic worldwide figures, in light of underlying economic and geopolitical uncertainties. A better-than-expected recovery in travel to Asia and Pacific could improve global figures that, at the moment, show strong regional differences. Europe and the Middle East have already recovered more than four fifths of the travelers recorded in 2019, while figures for the Americas are 35% below these levels, and in Asia and the Pacific there are 77% fewer travelers, according to the first UNWTO Barometer in 2023.

Europa, the most active region in the world, welcomed 585 million of the 900 million international travelers in 2022. Intraregional demand was especially high in the summer, when two out of every three arrivals by air took place in this continent. If we focus our analysis on Spain, the outlook improves substantially. In its first report of the year, the Tourist Excellence Alliance, Exceltur, highlights that 2022 has seen the total recovery of tourism in Spain. Tourism GDP reached a nominal total of 159 billion euros, which is 1.4% higher than in 2019. The tourist sector represented 12.2% of the Spanish economy last year, still four tenths below its share in 2019, but still with very positive expectations for growth, according to the Exceltur analysis.

From the Board of Directors of NH Hotel Group, we have worked hand-in-hand with the management team to drive the Company's recovery as much as possible. I am especially satisfied with the incorporation as executive director of Laia Lahoz, who is also Chief Assets & Development Officer of the group. Her performance in renegotiating the contracts of hotels under lease during the pandemic, as well as in the growth policy undertaken since the second half of 2022 give her a perspective and decisive judgement for the new stage on which the Company is embarking. A new year in which NH Hotel Group continues with its unified brand architecture with Minor Hotels with the aim of becoming the international chain of confidence for Asian and American long-haul travelers who will once again massively choose Europe as their destination from this year onwards.

Attention must also be given to the Board's alignment in 2022 to continue the debt reduction process we started in 2021. Specifically, with respect to the Official Credit Institute loan, which totaled 250 million euros, in the course of last year we approved partial repayments of it and decided to repay it in full in the first days of this year. The Company resorted to borrowing at the height of the pandemic, as we understood that this was the most effective way to assure its viability. At the same time, its capital structure was strengthened with the capital increased subscribed both by Minor Hotels and by the minority shareholders and with the sale & leaseback operation on the NH Collection Barcelona Gran Hotel Calderón. Subsequently, with

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the gradual recovery of activity, we started to reduce the financial debt, which is clearly excellent news in light of a corporate future we expect to be active and exciting.

At the same time, the Board has encouraged and promoted transparency at the same level as the leading Spanish listed companies, with special interest in respecting environmental, social and governance criteria, commonly referred to as ESG. We have also followed with attention and full support the advances in innovation and digitalization achieved following the implementation of the NH Digital Core Platform. We have also striven to create incentives for measures to minimize environmental impact. The use of cleaner energy continues to increase, as proven by the fact that 64% of the electricity consumed throughout the Group now comes from completely renewable sources. In the hotels in the southern Europe business unit, the proportion is almost 100%.

We have also introduced new certified eco-responsible amenities with the EU Ecolabel. To mitigate food wastage, we have maintained our alliance with Too Good to Go and we have managed to save 34 metric tons of food during the year. The results have been promising and the Company's intention is to develop alliances with other partners and suppliers with the same sustainable goals.

Looking back on 2022, I am especially proud that our company has been included, for the fourth consecutive year, in the Bloomberg Gender Equality Index for its commitment to policies of equality and transparency in its performance as a listed company. Once again, we are at the top end of the ranking in the five aspects of gender equality rated by the index: female leadership and talent flow, salary equality, inclusive cultures, policies against sexual harassment and our commitment to women. We have also received express mentions for the corporate commitment to female leadership and the talent portfolio, as well as the Company's policies on pay equality and gender parity. We have been included for the third consecutive year in the S&P Sustainability Yearbook 2023, consolidating our position as one of the benchmark companies in sustainability in the hotel sector.

In short, these are relevant accolades as diversity, equality and sustainability are an inherent part of NH's culture and will be decisive aspects in assuring the Company's success. On these achievements, the Board will continue to be committed to our shareholders and the professionals of the Company, true to our mandate to encourage and drive the decisions of the management team to make NH Hotel Group a benchmark in the sector that benefits fairly all its stakeholders: customers, shareholders, executives and employees and the society we deal with in general.

We have already made considerable progress in the recognition of the service quality, customer services, pride in belonging and environmental and social care, as well as in the application of best corporate and governance practice. I am sure that, with everyone's support, every day and we will continue to achieve more and more ambitious goals.

Alfredo Fernández Agras  
Chairman NH Hotel Group



## CEO's Message

Dear stakeholders,

NH Hotel Group has experienced in 2022 one of the best years in its history. Since last April, revenues and occupancy at our group's hotels have been improving substantially month on month. The intention and the desire to travel have lead millions of people around the world to choose us. The constant efforts of our professionals have enabled us to match up to the preferences and priorities of each customer. Following the pandemic, and in the midst of a severe crisis, our Company has managed to reinforce its viability, tighten its financial and commercial management, and drive the recovery in the activity in each of the markets where we operate, and consolidate a notable and sustained capacity for growth. We should rightfully feel proud of this.

We had come from a successful 2019, with record-breaking revenues and profits. At that time, the Group had already started to apply its strategic transformation towards the upper-upscale and luxury segments. We had also simplified the organizational structure, advanced in technological innovation and completed the digitalization of customer service processes, services and systems. These previous advantages, added to the financial rigor and stricter control over spending, allowed us to preserve our corporate viability between March 2020 and March 2022; the two most inclement and difficult years for any hotel company. Since April, the sound position and accumulated traction have even made it possible for us to exceed the most optimistic expectations. NH Hotel Group's total revenues were slightly higher in 2022 than in 2019, reaching a new record of over 1.75 billion euros. The gross annual operating profit was 15% below the result in 2019, explained by the impact of the omicron variation in the first quarter of 2022. Excluding this impact, all the metrics of the income statement for the last three quarters of the year were higher than those for the same period in 2019.

The omicron effect has meant that occupancy over 2022 as a whole is slightly higher than 60%, but with strong recovery from April onwards, although still slightly below 2019. The same has not been the case of the average daily rate in 2022, which will be over 120 euros per night, which is almost 20% higher than in 2019. The recovery in prices has been constant since April, thanks in part to the excellent response from the demand, the increased role of our group in the most qualified niches of the market, and a commercial strategy for business customers focusing on small and medium-sized enterprises.

The luxury segment has proved to be extremely resilient, and our ad hoc specialization gives us an interesting competitive edge for the future. At the same time, we have also grown in the vacation segment, so that our portfolio will become progressively more balanced and compensated between countries. All of this combined with more than 20 years of experience in the urban segment, with emblematic locations in major cities, where our hotels are identified as both business and leisure hotels at the same time. A trait that is not commonly found or widespread in the tourist sector.

In short, the excellent evolution of our hotel activity has allowed us to speed up the significant reduction in debt that we have been implementing since 2021. In the last two years, NH Hotel Group has reduced its net financial debt to less than half, from 685 million at the end of 2020 to 308 million at the end of 2022. In turn, available liquidity totaled 569 million euros at the end of last year. In 2022, the strong cash generation allowed us to repay 200 million of the 250 million euros received in the syndicated ICO loan and the remainder has been paid in January 2023.

Our goal for this year is to continue on this path of debt reduction, convinced that low borrowing levels allow for more flexibility and a greater capacity to react in the face of any hypothetical difficulty. Being the owners of more than 20% of the hotel rooms in the assets we operate, many of them emblematic buildings, gives a very relevant additional security, both for the management of the Company and for the strength of the consolidated statement of

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financial position as an eventual source of liquidity, and therefore the comfort and return for our shareholders. On this basis, the Company will soon be in a position to resume its dividends policy.

The confidence and support received by our majority shareholder, Minor Hotels, have been decisive in consolidating and even improving the forecasts. Its support has been crucial to the success of the capital increase completed in 2021. Since then, we have also worked in more depth on synergies and the unification of our brand architecture - a conclusive aspect that makes us even more efficient and competitive in the medium and long term. Since 2022, we have had common quality standards throughout the world for the upper-upscale and luxury segments. The eight hotel brands operated by NH Hotel Group and Minor Hotels are easily identifiable and recognizable internationally. In Europe, the Anantara and Tivoli brands have substantially reinforced our positioning in luxury, one of the strengths of which our medium and long-term corporate growth will be based. In turn, our NH Hotels & Resorts and NH Collection brands will have their debt in new markets such as Thailand, China, Qatar and United Arab Emirates.

We propose to be one of the most activity hotel operators in the next two years. We will open 50 hotels around the world in conjunction with Minor Hotels, 27 of which will be operated by NH Hotel Group in Europe and Latin America. Among those, we want to give growing importance to our upper-upscale and luxury hotels, so that between 10% and 15% of our hotel portfolio will be of the Anantara and Tivoli brands. Having these luxury brands allows us to be part in Europe too of the exclusive hotel consortium 'Leading Hotels of the World'. We are already perceived by many members of the sector as the best option for travel in Europe and we are very proud of this.

Since June 2022, we have also been part of the Global Hotel Alliance and its GHA Discovery loyalty program, which brings together 40 luxury hotel brands, with 800 hotels distributed over 100 countries in the world. Furthermore, the greater segmentation and variety has helped us to extend our marketing agreements. They are now more global and help us to generate more synergies. Proof of this is that we have gained relevance, visibility and knowledge in Asian markets which have now become outbound markets, such as South Korea, the Middle East, China or India.

The huge progress made in recent months is the ideal basis for growing and expanding at a fast pace in the future. We are building up a very select and well-combined hotel portfolio. At the same time, we are building an asset-right model where every asset has specific management based on its quality or its value, and also depending on the specific market, country and city.

We propose to growth smoothly in structure and organization so that we can detect and decide on locations more quickly. To this end, we continue to reinforce lease alliances with the leading investors in the sector, with successful agreements for both parties and very good relations established. We therefore believe that having got so far marks the starting point towards a future that is more dynamic and attractive than ever.

Furthermore, to take advantage of opportunities and attain excellence in our activity we have to be committed to sustainability in our business, one of our corporate priorities to contribute positively to the environmental and social wellbeing of the planet. The fight against climate change is the biggest challenge and the social commitment to reverse it grows every year. With the ambition to operate in a decarbonized world, we are redefining our goal to reduce carbon emissions in our value chain by 20% by 2030, to align with the worldwide goal of avoiding temperature increases of more than 1.5 degrees Celsius.

In addition, as a member of the Spanish Network of the UN Global Compact, the Company is committed to continuing to show its contribution to the Sustainable Development Goals, focusing especially on those related directly to our activity, in the different pages of this Report.

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I end with what to me is the most relevant matter: the commitment, dedication and excellent performance of the more than ten thousand professionals who help to improve the NH Hotel Group brand every day. These last years have also been years of camaraderie, of shared efforts and solidarity. At NH Hotel Group, we have felt very close and more involved than ever. This pride and sense of belonging is the best incentive to continue forming part of a team and ensuring that we will continue to be the best hosts for each of our guests in each of the hotels we operate.

Thank you very much,

Ramón Aragonés  
CEO NH Hotel Group

## **MILESTONES 2022**

### JANUARY

- In January 2022, the Company was included for the third consecutive year in the Bloomberg Gender-Equality Index 2022, the only Spanish hotel chain in the 325 companies included in the index.
- NH Hotel Group received recognition for NH Mobile Guest Service, the digital platform adapted to any mobile device that provides easy and convenient access to the hotel's services and improves guest experience and safety.

### APRIL

- NH+, our new program for businesses, including SMEs and self-employed workers, offering savings of up to 25%.
- The NH Collection Copenhagen obtained the Gold-Certified Sustainable certificate in 2022, following an extensive renovation process in recent years.

### MAY

- The Nominations, Remuneration and Corporate Governance Committee approved the creation of the Sustainability Executive Committee, as a result of its awareness of the great importance of sustainability and its role as a key factor in the market.
- NH Hotel Group and Acciona Energía signed an agreement for the supply of 100% renewable energy to its hotels in Spain and Portugal. Under this agreement, ACCIONA Energía will supply more than 100GWh/year of renewable electricity to cover the hotel chain's energy needs in the Iberian Peninsula.

### JUNE

- Appointment by the General Shareholders' Meeting of Laia Lahhoz, NH Hotel Group Chief Assets & Development Officer, as a member of the Company's Board of Directors, as an executive director for a term of three years.
- Appointment of Marta Perez-Leirós as Chief People & Sustainable Business Officer. From June 1<sup>st</sup>, Marta Pérez-Leiros is the new Chief People & Sustainable Business Officer, reporting to Ramón Aragonés, Chief Executive Officer, and becoming a member of the Management Committee.

### AUGUST

- The nhow Frankfurt opened its doors in the center of the western banking district, in a 190m-high building at ONE Tower, belonging to CA Immo. The hotel was designed by the Spanish studio Rafael de La-Hoz and has 375 rooms, distributed over 11 floors.

### SEPTEMBER

- New launch of the engagement survey to all employees. The aim of this year's survey is to measure their perception of NH Hotel Group as a workplace, to find out what we are doing right, and identify where improvements could be made.

### OCTOBER

- Wins at the European Mission Awards 2022: During the event, the winners of the 22 award categories, chosen by a jury made up of international business managers, were revealed. NH Hotel Group won the award for "Best Hotel Chain of the Year for Business Travelers" and nhow Milano won the award for "Best Meetings and Events Space".
- NH Hotel Group was a winner at the Cego Human Resources awards, which are related to talent management. The Company received the award for its Hiring Toolkit program, a tool that ensures a uniform excellent candidate experience throughout NH.

### DECEMBER:

- the Company was included in "The Sustainability Yearbook 2023", published annually by S&P Global, obtaining TOP10% recognition.

## OUR VISION AND CULTURE

### Our vision

**One day, anyone planning a trip or a meeting in a city, for business or pleasure, will always ask: “is there an NH hotel at my destination?”**

NH Hotel Group focuses on customers; they are at the center of all decisions. This approach allows us to evolve towards a vision focused on the service culture, taking care of the details at all times and corporate values that foster sustainability, innovation and responsibility, based on people.

NH Hotel Group wants to be consumers' chosen destination, offering them memorable experiences that exceed their expectations and make them feel special. This vision, which is shared by all the people who form part of the Company, serves as a performance and commitment guide, while at the same time seeking to make NH Hotel Group the best option for investors and owners who wish to grow together with the Group, with a global and flexible proposal, with highly motivated and proud teams, efficient management tools and unique solutions.

To maximize the return for shareholders who have placed their trust in NH Hotel Group, the Company offers its investors the best management opportunities as a leading operator in both the urban and business segment.

### Our culture

A new culture has been defined that expresses who we are, what we want to do and how we do it.

To do so, the Company's beliefs have been identified, which will allow it to achieve the vision and become a benchmark in the sector worldwide.

These messages are an inspiration and motivation for Employees in achieving the goals of the Strategic Plan and guide NH Group's day-to-day activity, promoting change and evolution towards a leadership model.

1. Our priority is to deliver memorable experiences to our guests
2. We are proud to serve
3. We strive to be the best, even though we are not the biggest
4. We are responsible for our results
5. We care for our employees and our employees care for our guests
6. We are active in the communities where we live
7. We have a young mindset
8. We enjoy what we do

...and we do everything with a SMILE.

### As a reflection of our Company values...



The team at that NH Barajas Airport hotel got behind Sergio and his family, which wanted to make his dream come true and take him to Euro Disney to meet his favorite character: Goofy!! It was the family's first trip, and although they were excited, they felt a bit wary. Thanks to the team at the hotel, as soon as they arrived, they felt right at home. They loved the welcome they received, and the team had decorated their room to make them feel very special.



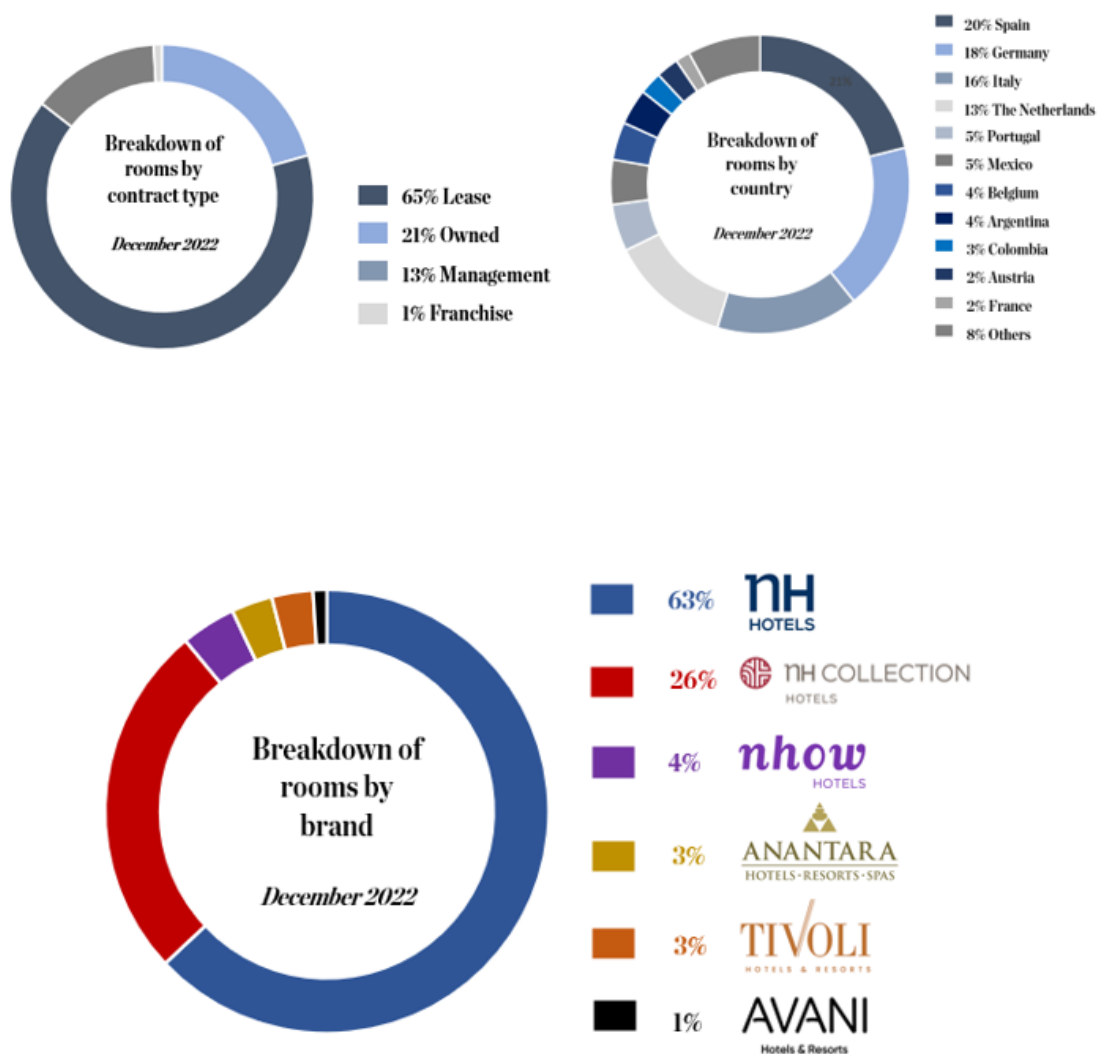
The team at the NH Collection Constanza hotel in Barcelona all pulled together to help the family of Abraham, a baby who had come to Barcelona for surgery, and thanks to NH they felt right at home. The family spent a very emotional stay and the team held them to cope at this difficult time.

## NH HOTEL GROUP BUSINESS MODEL

NH Hotel Group is a consolidated multinational operator and one of the leading urban hotel chains in the world. As of the end of 2022, the Group was present in 30 countries, operating 350 hotels and 54,820 rooms in three continents (Europe, America and Africa).

The centralized business model allows NH Hotel Group to offer its guests an excellent service in the various hotels in the different regions and geographical areas where it does business.

The corporate head office and the regional offices offer the hotels a wide range of functions such as sales, revenue management, booking, marketing, human resources, financial management and systems development.



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## Breakdown of the portfolio

	TOTAL		OWNED		LEASE		MANAGEMENT		FRANCHISED	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
<b>NH Hotel Group</b>	<b>350</b>	<b>54,820</b>	<b>69</b>	<b>11,280</b>	<b>224</b>	<b>35,594</b>	<b>51</b>	<b>7,461</b>	<b>6</b>	<b>485</b>
Argentina	16	2,241	12	1,524			4	717		
Brazil	1	178			1	178				
Chile	6	718	4	499			2	219		
Colombia	14	1,403			13	1,355	1	48		
Cuba	2	251					2	251		
Ecuador	1	124			1	124				
Haití	1	72					1	72		
Mexico	16	2,531	4	685	7	993	5	853		
Uruguay	1	136	1	136						
<b>BU AMERICA</b>	<b>58</b>	<b>7,654</b>	<b>21</b>	<b>2,844</b>	<b>22</b>	<b>2,650</b>	<b>15</b>	<b>2,160</b>	<b>0</b>	<b>0</b>
Austria	7	1,340			7	1,340				
Belgium	13	2,271	6	822	6	1,203	1	246		
Czech Republic	4	733			1	152	3	581		
Denmark	1	394			1	394				
Germany	52	9,958	4	870	48	9,088				
Hungary	3	483			3	483				
Ireland	1	187			1	187				
Luxembourg	1	148	1	148						
Netherlands	31	6,911	11	2,642	19	3,818	1	451		
Poland	1	93							1	93
Romania	1	83			1	83				
Slovakia	1	117			2	260				
Switzerland	2	260			2	260				
United Kingdom	1	190					1	190		
<b>BU NORTHERN EUROPE</b>	<b>119</b>	<b>23,168</b>	<b>22</b>	<b>4,482</b>	<b>91</b>	<b>17,268</b>	<b>6</b>	<b>1,468</b>	<b>1</b>	<b>93</b>
Andorra	2	100					2	100		
France	6	1,023			5	873	1	150		
Italy	57	8,624	13	1,944	40	6,087	4	593		
Portugal	16	2,753			5	854	11	1,899		
Spain	90	11,117	12	1,722	63	8,122	10	881	5	392
Tunisia	1	93					1	93		
United States	1	288	1	288						
<b>BU SOUTHERN EUROPE</b>	<b>173</b>	<b>23,998</b>	<b>26</b>	<b>3,954</b>	<b>113</b>	<b>15,936</b>	<b>29</b>	<b>3,716</b>	<b>5</b>	<b>392</b>
<b>TOTAL EUROPE</b>	<b>292</b>	<b>47,166</b>	<b>48</b>	<b>8,436</b>	<b>202</b>	<b>32,944</b>	<b>35</b>	<b>5,184</b>	<b>6</b>	<b>485</b>

\* Figures as of December 31<sup>st</sup>, 2022



## Expansion and portfolio optimization

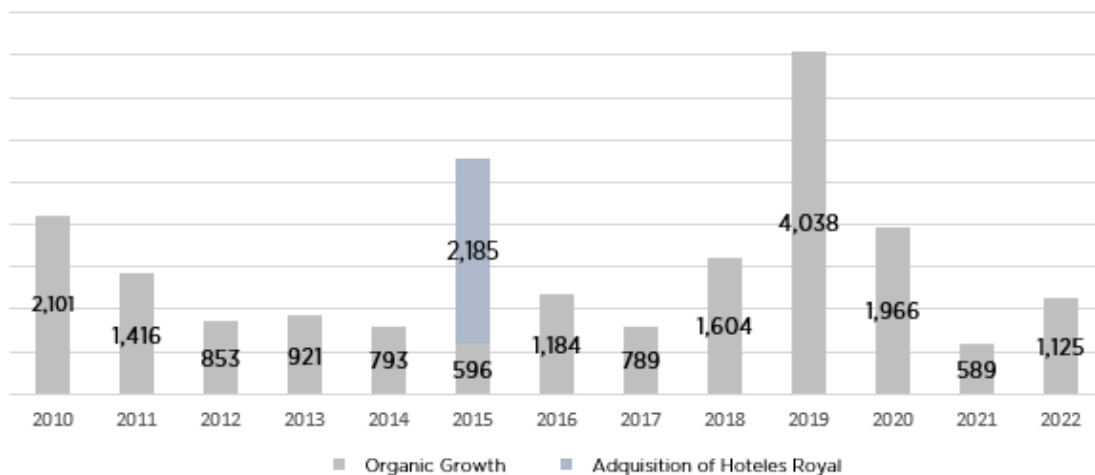
Our ambition as a Group is to continue growing, and to reinforce even more our position in tourist destinations and leadership in the urban sector. During this year, the combined and simultaneous commitment to leisure destinations and business trips has reinforced the Company's capacity for recovery.

During the year NH Hotel Group open 8 new hotels in different countries, with a total of 1,125 rooms. The opening in Nice of the Anantara Plaza Nice consolidates the Company's position in the luxury market, with 152 more rooms.

### Hotels opened between January 1<sup>st</sup> and December 31<sup>st</sup>, 2022

Hotel Name	Country	City	Category	Rooms
NH Santiago del Estero	Argentina	Santiago del Estero	****	97
NH Collection Milano City Life	Italy	Milan	****	185
NH Milano Buenos Aires	Italy	Milan	****	100
NH Collection Palomé	Andorra	La Massana	****	34
Anantara Plaza Nice Hotel	France	Niza	*****	152
nhov Frankfurt	Germany	Frankfurt	****	375
NH Cali Boulevard del Rio	Colombia	Cali	****	48
NH Iquique Pacifico	Chile	Iquique	****	134
				1,125

In recent years, the evolution of openings and incorporations, in number of rooms, has been as follows:



In addition, the Group has signed 8 new hotels in 2022 with 1,336 rooms. These signings have been under management and leasing formulas in Andorra, Vila Viçosa, Bern, Tenerife, Alvor, Coimbra, Porto and Lisbon. The signings were under the NH, NH Collection, Tivoli and Anantara brands. Of particular relevance is the addition of such an emblematic resort as La Caleta in Tenerife and the signing of the Tivoli Blue Alvor in the Algarve, allowing the Company to take a strategic step forward, adding these destinations to the brand's already existing ones in Portugal, Brazil, Qatar and China. Moving forward, expanding the presence of this brand through high quality resorts will be a priority for NH Hotel Group.

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## Exits from the portfolio

This year there have been eleven exits from the Group's portfolio. These hotels are no longer operated by NH Hotel Group because they were not strategic in generating value for the Company.

### Exits from the portfolio between January 1<sup>st</sup> and December 31<sup>st</sup>, 2022

Hotel Name	Country	City	Category	Rooms
NH Frankfurt Mörfelden Conference Center	Germany	Frankfurt	****	299
NH Concordia	Italy	Milan	****	155
NH Logroño	Spain	Logrono	***	110
NH Frankfurt Villa	Germany	Frankfurt	***	24
NH Naarden	Netherlands	Naarden	****	128
NH Kensington	United Kingdom	London	****	121
NH Hotel de Ville	Netherlands	Groningen	****	66
NH Waalwijk	Netherlands	Waalwijk	****	120
NH Amistad Murcia	Spain	Murcia	****	144
NH Wiesbaden	Germany	Wiesbaden	****	130
NH Schwerin	Germany	Schwerin	****	144
				1,441

## Global economic and tourist context

Throughout 2022, the recovery that started in 2021 following the economic crisis generated by the COVID-19 pandemic was consolidated. The world economy grew by +3.4% compared to growth of +6.2% in the previous year.

The worldwide battle against inflation, Russia's war in Ukraine and the resurgence of COVID-19 in China hampered worldwide economic activity in 2022, and the first two factors will continue to do so in 2023.

Despite these negative factors, growth in GDP can be described as sound due to several factors: higher than expected consumption and private investment in a context of scarcity of labor and greater fiscal support than expected. Households spent more to satisfy pent-up demand, especially in services, dipping partly into their savings as economies reopened. Business investment increased to meet demand. On the supply side, pressures on prices gave way once bottlenecks were overcome and transport costs fell. Energy markets have adapted more quickly than expected to the shock of the Russian invasion of Ukraine.

The four countries that account for the bulk of the Group's sales and results recorded growth rates in 2022: Spain (+5.2% in 2022 vs. +5.5% in 2021), the Netherlands (+4.5% in 2022 vs. +4.9% in 2021), Germany (+1.9% in 2022 vs. +2.6% in 2021) and Italy (+3.9% 2022 vs. +6.7% in 2021). On the other hand, growth in Latin America is expected to be +3.9% in 2022 vs. +7.0% in 2021.

The rise in interest rates by central banks to combat inflation and Russia's war in Ukraine continue to hamper economic activity. The rapid spread of COVID-19 in China caused growth to stall in 2022, but with the recent reopening a quicker recovery is expected. Worldwide inflation is expected to fall from 8.8% in 2022 to 6.6% in 2023 and to 4.3% in 2024, rates which are still higher than pre-pandemic levels (2017-19) of around 3.5%.

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Accordingly, the estimated growth in world economic activity in 2023 is +2.9% (+3.4% in 2022 vs. +6.2% in 2021). More specifically, forecast growth in the Eurozone is +0.7% in 2023 (+3.5% in 2022 vs. +5.3% in 2021).

According to the UNWTO, more than 900 million tourists took international trips in 2022, double the figure for 2021, although this still represents only 63% of pre-pandemic levels. All regions in the world recorded notable increases in international tourists. The Middle East enjoyed the highest relative increase, as arrivals reached 83% of pre-pandemic figures. Europe reached almost 80% of pre-pandemic levels, with 585 million arrivals in 2022. Africa and the Americas recovered around 65% of pre-pandemic visitors, while the Asia Pacific region only recovered 23%, as a result of maintaining stricter measures in relation to the pandemic which have only started to be eliminated in recent months.

The increase in revenues from international tourism recorded in most destinations has been notable, and in many cases has exceeded the increase in incoming tourists. The increase in average spending per journey due to longer stays has contributed to this, as a result of travelers' willingness to spend more at their destinations and the increase in travel costs due to inflation. However, the economic situation could mean that tourists adopt a more cautious attitude in 2023, with less spending, shorter trips and to destinations nearer to home.

### **Evolution of results**

Turnover for 2022 reached 1.7224 billion euros, showing growth of 131% (+975.9 million euros). Net income attributable to the Controlling Company totaled 100.3 million euros compared to (133.7) million euros in 2021. This increase is explained by the increase in activity after the impact of COVID-19 in 2021.

Gross debt this year fell from 813.0 million euros in December 2021 to 610.7 million euros in December 2022. Cash and cash equivalents as of December 31<sup>st</sup>, 2022 amounted to 301.8 million euros (243.9 million euros as of December 31<sup>st</sup>, 2021). This liquidity was also supplemented by a syndicated credit facility in the amount of 242.0 million euros (available in full at the end of 2022 and 2021) and credit facilities at the end of 2022 amounting to 25.0 million euros (available in full at the end of 2022 and 2021).

## **NH HOTEL GROUP STRATEGY**

In order to comply not only with the strategy defined by NH Hotel Group but also with the strategy of Minor Hotels International and meet the needs of shareholders, partners, guests and employees, NH Hotel Group has devised a series of strategic initiatives that will act as drivers to achieve the desired goals, centered around four major blocks:

### *1. The best offering for our guests*

One of the fundamental pillars of NH Hotel Group's strategy is focused on continuously perfecting products and developing differential services with the ultimate aim of improving guest satisfaction. In the framework of the Strategic Plan, there are mainly four initiatives that respond to this driver:

- Investment of resources in hotel repositioning/rebranding projects to maximize the value of the portfolio, offering guests products of impeccable quality and design.
- Defining a commercial strategy that enables us, on the one hand, to maximize revenues through price optimization (ADR) and integrity, a sound structure in terms of segments and channels and, on the other hand, to develop a value proposition for the B2B segment that is totally adapted to business needs.
- Migration to a new loyalty program that improves benefits for the most loyal guests by giving them access to a more extensive offer to redeem their points and a benefits program based on experiences.
- Implementation of digital tools, new concepts and personalization to respond better to what guests are demanding and to changing market trends.

### *2. Growing to scale up*

An ambitious expansion plan that will allow NH Hotel Group to consolidate in the markets where it is already present, and to explore new strategic regions, new segments and business models.

To grow in this way the Company will build on:

- Grown in current markets supported by the existing structure.
- Strengthening presence in attractive markets for the company.
- Studying opportunities in countries in which NH Hotel Group is not present, focusing always on the principal cities.
- Diversification towards highly profitable and resilient businesses such as the luxury sector, mainly through the Anantara Hotels, Resorts & Spas brand, which is highly regarded on the market, and resorts focusing on the Tivoli Hotels & Resorts brand, which has shown excellent results in this segment. To develop the lifestyle category, the Company will extend its value proposition with the Avani brand, as well as continuing to support the nhow hotels brand, both in Europe and Latam. The NH Hotels y NH Collection brands, which between them total more than 320 at present, will also continue to be fundamental for the development of the growth strategy in the upscale and *upper-upscale* segments.

### *3. Evolving the employee value proposition*

The perception of hospitality as an attractive sector has undergone a very important change, caused mainly by the Covid-19 crisis. The vulnerability of the sector to economic cycles and other external circumstances has been laid bare, and as a result it is becoming difficult to attract and retain talent in the Company. It is therefore more important than ever that the Company's strategy consider the evolution of the *Employee Value Proposition* by adapting it to the new situation, where aspects such as employees' career development, their personal wellbeing and remuneration become more important.

#### *4. Being a benchmark in sustainability*

Sustainability has gained even more relevance for NH Hotel Group, with the aim of contributing positively to the planet's environmental and social wellbeing.

In 2022, NH Hotel Group was recognized as one of the most sustainable companies in the sector according to the S&P Global Corporate Sustainability Assessment, and of the Company's aims is to continue to lead this ranking. To this end, a number of lines of work have been defined that will form the basis on which NH Hotel Group defines an action plan to operate in a decarbonized world in the long term.

### **Innovative projects in 2022**

- **Mobile Guest Service**

Digitalization of hotel information and services on a PWA that can be accessed from any guest device (cell phone, Tablet, PC), offering guests the possibility of having all the information on the hotel on their cell phone: from information on the hotel's facilities and hours, to the possibility of ordering room service or booking a table in the restaurant, requesting additional amenities, etc. An initiative that eliminates interactions, guarantees information in a safe manner during their stay, and generates benefits in terms of sustainability by digitalizing all the information. With a view to improving our guests' experience and internal efficiency, in 2022 we started to analyze the integration of the processes with our Hotel Management System, and this tool is already present in 325 hotels in all our brands present in all our business units.

- **FASTPASS**

An initiative that offers guests the possibility of online check-in, choose your room and online check-out, and give guests total control over their stay, allowing them to choose their own room by exploring the hotel's layout. This initiative will continue to evolve in the future with the analysis and incorporation of new technologies that will let these services go even further with biometrics and face recognition or digital keys.

- **Housekeeping Mobility App**

NH Hotel Group has continued to implement and improve a Housekeeping app that optimizes management of the department, as well as the check-in process. As soon as a room is clean and ready, the hotel's housekeeping staff can confirm this in real time using the app. This initiative represents an improvement allowing employees to manage room cleaning in an optimal and safer way. In 2022 it has been implemented in 30 more hotels.

- **Smart Tablets in reception**

With the aim of continuing to be at the forefront of innovation and offer the best services to its guests, NH Hotel Group has designed Smart Tablets in Reception, a new initiative that digitalizes all the phases of the check-in and check-out processes. In 2022, more than 60 hotels have implemented this initiative and training has been given to more than 30 teams. Thanks to this project we can save 2 million sheets of A4 paper which represent:

- 30.000 kg of wood saved
- 500 m3 of water not consumed
- 100,000 kWh of energy saved.
- 11 metric tons CO2 not emitted into the atmosphere.

## **CORPORATE GOVERNANCE**

The Corporate Governance system of NH Hotel Group is made up of the Bylaws, the Board of Directors' Regulations, the General Shareholders' Meeting Regulations and the Internal Regulations for Conduct on Securities Markets, as well as the other rules, codes, internal procedures and corporate policies approved by the competent bodies of the Company.

This System has been formalized in line with the highest standards of compliance with good practice in corporate governance, as defined by, among others, the Good Governance Code for listed companies (the "Good Governance Code"), approved by a Resolution of the Board of the CNMV on February 18<sup>th</sup>, 2015 and revised in June 2020, which is aligned with the recommendations on good governance of international markets.

### **Governance structure**

The functioning of the management bodies and the decision-making process is described in detail in the Annual Corporate Governance Report (ACGR), where the roles of the General Shareholders' Meeting and the Board of Directors are notable, as the Company's senior governance bodies.

### **Board of Directors of NH Hotel Group**

The Board of Directors is the Company's senior management and representation body. It is empowered, within the scope of the corporate object defined in the Bylaws, to carry out any acts of administration or disposal, under any legal title, except those reserved by law or by the Company's Bylaws to the exclusive competence of the General Shareholders' Meeting. Consequently, the Board of Directors is conceived basically as a supervisory and control body, while the ordinary management of the Company's business is entrusted to the executive bodies and the management team.

The functions of the Board of Directors and its Committees (Audit and Control Committee and Nominations, Remuneration and Corporate Governance Committee) are expressly reflected in articles 33, 47 and 48 of the Bylaws and articles 5, 25 and 26 of the Board Regulations, among others. At the General Meeting of the Shareholders of NH Hotel Group dated June 30<sup>th</sup>, 2021, and at the meeting of the Board of Directors of NH Hotel Group held on July 28<sup>th</sup> 2021, the Company approved the amendment of several articles of the Bylaws and of the Board Regulations in order to adapt their content, to Law 5/2021, of April 12, which amends Royal Legislative Decree 1/2010, of July 2<sup>nd</sup>, which approved the revised text of the Companies Act (Consolidating Act), in relation to the functions and powers of the Board of Directors and its Committees.

The Board of Directors discharges its duties in line with the corporate interest, which is understood to be the Company's interest; and in this regard it will act to safeguard the Company's long-term viability and to maximize its value, also weighing the many legitimate public or private interests involved in relation to any business activity.

For further information, please access the NH Hotel Group Board of Directors' Regulation on the corporate website: <https://www.nh-hoteles.es/corporate/accionistas-e-inversores/gobierno-corporativo>.

## Current composition of the Board of Directors

### Composition of the Board of Directors

As of December 31<sup>st</sup>, 2022

Name	Position on the Board	Category
Mr. Alfredo Fernández Agras	Chairman	Independent
Mr. Ramón Aragonés Marín	CEO	Executive
Mr. Stephen Andrew Chojnacki	Director	Proprietary
Mr. Jose María Cantero de Montes-Jovellar	Director	Independent
Mr. Kosin Chantikul	Director	Proprietary
Mr. William Ellwood Heinecke	Director	Proprietary
Mr. Emmanuel Jude Dillipraj Rajakarier	Director	Proprietary
Mr. Fernando Lacadena Azpeitia	Director	Independent
Mrs. Laia Lahoz Malpartida	Director	Executive
Mr. Rufino Pérez Fernández	Director	Executive
Mr. Carlos Ulecia Palacios	Secretary	Non-Director

The current composition is the result of:

- The re-election of the Directors:
  - Mr. Alfredo Fernández Agras, as an Independent Director.
  - Mr. Kosin Chantikul, as a Proprietary Director.
- The appointment of Ms. Laia Lahoz Malpartida as an Executive Director.

The re-elections and the appointment of these Directors were resolved at the Ordinary General Shareholders' Meeting of the Company held on June 30<sup>th</sup>, 2022.

Between December 31<sup>st</sup>, 2022 and the date of drawing up this Report, there have been no changes in the composition of the Board.

The complete profile of all the members of the Board of NH Hotel Group and its committees is public and can be consulted at the Corporate Governance section of the Company's corporate website.

## Board Committees

### ▪ Audit and Control Committee

Focused mainly, among other matters, on supervising the effectiveness of the Company's internal control and the process of drawing up and presenting statutory financial and non-financial information, ensuring the independence and effectiveness of the internal audit function and of the external audit.

## CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION 2022

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In 2022, Mr. Fernando Lacadena Azpeitia was appointed as chairman of the Audit and Control Committee, replacing Mr. José María Cantero de Montes-Jovellar, in compliance with the mandatory rotation established in article 25 of the Board of Directors Regulations.

#### **Composition of the Audit and Control Committee**

<b>Name</b>	<b>Position</b>	<b>Category</b>
Mr. Fernando Lacadena Azpeitia	Chairman	Independent
Mr. Stephen Andrew Chojnacki	Member	Proprietary
Mr. José María Cantero de Montes-Jovellar	Member	Independent
Mr. Carlos Ulecia Palacios	Secretary	Non-Director

#### ▪ **Nominations, Remuneration and Corporate Governance Committee.**

Focused mainly on proposing the appointment of Independent Directors or reporting on the suitability of other directors to be appointed, as well as analyzing and evaluating everything related to remuneration of both Board members and Senior Management, drawing up the corresponding policies. It is also responsible for supervising and controlling compliance with corporate governance rules and for environmental, social and financial, non-financial and corporate reporting policies, proposing the necessary Reports to the Board.

#### **Composition of the Nominations, Remuneration and Corporate Governance Committee As of December 31<sup>st</sup>, 2022**

<b>Name</b>	<b>Position</b>	<b>Category</b>
Mr. José María Cantero de Montes-Jovellar	Chairman	Independent
Mr. Stephen Andrew Chojnacki	Member	Proprietary
Mr. Alfredo Fernández Agras	Member	Independent
Mr. Carlos Ulecia Palacios	Secretary	Non-Director

### **Selection Policy for Director Candidates**

#### ▪ **Candidate Selection Objectives and Process**

On December 22<sup>nd</sup>, 2020, following a favorable report issued by the Nominations, Remuneration and Corporate Governance Committee, the Board of Directors approved modifications to the Director Selection Policy in line with the Good Governance Code, which ensures that proposed appointments of directors of the Company are based on a prior analysis of the Board's needs. To evaluate the candidates who participate in the selection process, the procedure takes into account the skills, experience, professionalism, suitability, gender, independence, knowledge, qualities, capacities and availability of members of the Board of Directors from time to time. The Nominations, Remuneration and Corporate Governance Committee plays a relevant role in this process.

This Policy seeks to avoid discrimination and ensure that merit is the governing selection principle in finding the best candidates for the Company.



- **Conditions that candidates must fulfil**

Candidates for the post of Director of the Company must meet requisites of qualification and professional and personal honorability. In particular, they must be suitable and prestigious individuals, of recognized professional capability, competence and experience, with sufficient qualifications, training and availability for the position. Candidates must show a commitment to their role, with a personal and professional history of respect for the law and commercial good practice, and they must comply with the obligations established by law at all times in order to be part of the Board of Directors. Furthermore, they must be professionals of integrity, whose conduct and career are aligned with the ethical principles and duties established in the Company's internal regulations, and they must share the Group's vision and values.

- **Promotion of Diversity**

NH Hotel Group is convinced that diversity in all its facets, at all levels of its professional team, is an essential factor to ensure the Company's competitiveness and a key element of its corporate governance strategy. In the candidate selection process, discrimination is avoided, and merit is the principal selection criterion, in the corporate interest, and the process is designed to seek the most qualified candidates.

However, and notwithstanding the above, every time a vacancy arises on the Board of Directors, and the corresponding selection process starts, at least one woman must participate as a candidate. As far as is compatible with the composition of the shareholders and the management body, the Company maintains the intention to comply with the 15th Recommendation of the Good Governance Code. For these purposes, in 2022, the Nominations, Remuneration and Corporate Governance Committee proposed the appointment as Director of Ms. Laia Lahoz, which was duly approved by a resolution of the Ordinary General Shareholders' Meeting held on June 30<sup>th</sup>, 2022, with the corresponding resolution to increase the number of Directors of the Company.

To reach this target, the Nominations, Remuneration and Corporate Governance Committee will ensure that the selection process does not suffer from any implicit bias that impedes the selection of female Directors and that the potential candidates include women who match the required professional profile.

## **Management Committee**

The NH Hotel Group Management Committee is conceived as a body that guarantees the viability of the business, seeking growth and establishing the Company's strategic framework, development talent and leadership.

The Management Committee meets on a weekly basis and is made up of the Chief Officers of the different areas:

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#### Composition of the Management Committee

##### As of publication date of SNFI 2022

Name	Position
Mr. Ramón Aragonés Marín	Chief Executive Officer
Mr. Alonso Escrivá de Romaní Arsuaga	Chief Strategy Officer
Mrs. Laia Lahoz Malpartida	Chief Assets & Development Officer
Mr. Isidoro Martínez de la Escalera Álvarez	Chief Marketing & Communication Officer
Mr. Luis Martínez Jurado	Chief Financial Officer
Mr. Rufino Pérez Fernández	Chief Operations Officer & Global Transformation Leader
Mrs. Marta Perez-Leirós Fernández	Chief People & Sustainable Business Officer
Mr. Carlos Ulecia Palacios	General Counsel & Chief Legal and Compliance Officer
Mr. Fernando Vives Soler	Chief Commercial Officer

#### Senior Management and Board Remuneration

The average remuneration of the Senior Management in 2022 is 421,004 Euros which includes: fixed salary, variable salary accrued in 2022, vehicle, health, life and accident insurance.

As of 31st December 2022, the Senior Management, excluding the Executive Directors, consists of 4 men and 1 woman. For confidentiality reasons, the average remuneration has not been broken down by gender. The gender pay gap for the Senior Management is -1.6%. For the calculation of the gender pay gap, the amounts of those members who have left or joined senior management during 2022 have been annualised.

In accordance with the Directors' Remuneration Policy, the Chairman of the Board of Directors receives a fixed annual allowance of 200,000 Euros, and the Chairmen of the Audit and Control Committee and the Nomination, Remuneration and Corporate Governance Committee receive a fixed annual allowance of 90,000 Euros. The fixed allowance for a member is 50,000 Euros.

Executive Directors do not receive any fixed annual remuneration or expenses for attending Board or Committee meetings.

As of 31st December 2022, the Executive Directors are 2 men and 1 woman. The average remuneration of the Executive Directors for their Senior Management duties in 2023 is 822,416 Euros which includes: fixed salary, variable salary accrued per 2022, vehicle, health, life and accident insurance. By gender, the average annual remuneration of male Executive Directors is 970,558 Euros and the average annual remuneration of female Executive Directors is 526,132 euros. For the calculation of the average remuneration by gender, the amounts of the Executive Director appointed as such on 30 June 2022 have been annualised.

Further information on the Remuneration Policies for the Board of Directors is available in the Annual Report on Remuneration of Directors of Listed Companies 2022. Specifically in section "C1. Individualized remuneration of each of the directors (including remuneration for the exercise of executive functions) accrued during the financial year.

#### Shareholder Structure

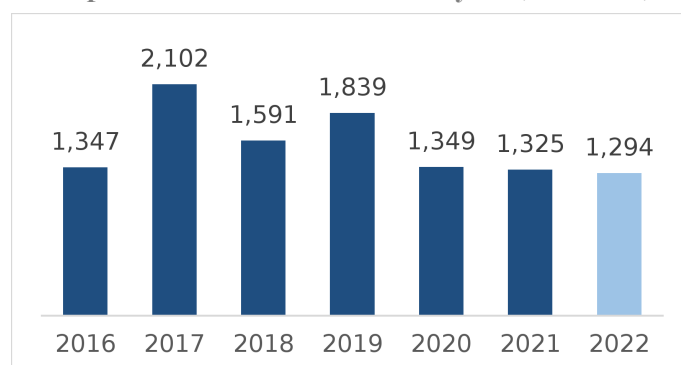
At the end of 2022, the share capital of NH Hotel Group, S.A. totals € 871,491,340 and was represented by 435,745,670 bearer shares with a par value of 2€ each, fully subscribed and paid in.

## CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION 2022 SUSTAINABILITY REPORT

According to the latest notifications received by the Company and the communications sent to the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores – CNMV) before the year end, the most significant shareholders at the end of the year were as follows:

	2022	2021
Minor International Public Company Limited (“MINT”) <sup>1</sup>	94.13%	94.13%

**Capitalisation at the end of each year (in million €)**



### Relations with shareholders and investors

Throughout 2022, NH Hotel Group has been in permanent contact with the Company’s analysts and investors in order to satisfy their needs concerning the Group’s general evolution. This contact with the market has taken place through individual meetings and in the participation in investors’ conferences organized by various financial institutions and individual call requests.

#### Key indicators on relations with shareholders and investors in 2022

Entities that performed analyses of NH Hotel Group	8
Queries from shareholders and investors handled	80
Individual meetings with shareholders and investors	100
Analyst follow-up reports	45

The Company produces consistent and transparent financial information on a regular basis, with the aim of permitting monitoring for the analysis and valuation of the Group.

As a listed company, NH Hotel Group publishes quarterly results for the market. At the time of the half-yearly and annual publications, a call / conference with the market is also carried out, attended on average by 50 participants between investors and analysts.

The quarterly results published detail the following:

- KPIs and drivers of results.
- Evolution by geographical areas.
- Evolution of costs.
- Breakdown of cashflow and financial debt position.

<sup>1</sup> MINT is the indirect shareholder through MHG Continental Holding (Singapore) Pte Ltd.

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In addition, the Investor Relations department is in permanent contact with the market through calls, trips, investors' conferences... in order to inform the investment community of the Company's evolution. All the information of interest to shareholders, including information on corporate governance and other information on General Meetings is available at all times on the NH Hotel Group website, [www.nh-hotels.es](http://www.nh-hotels.es), under "Shareholders and Investors".

## **ETHICAL COMMITMENT AND COMPLIANCE SYSTEM**

NH Hotel Group continues to implement measures to foster and highlight the compliance culture and the importance of consolidating an ethical business culture, raising awareness among all employees of the relevance not only of complying with the applicable legislation but also of acting ethically and in accordance with the Company's principles and values.

The aim pursued is that all employees be aware that not only what is done but also how it is done matters, and to this end a number of measures and tools have been put in place to work on this mission, the most important of which are described below.

The NH Group is committed to complying with laws and regulations in the countries and jurisdictions where it does business. This includes, among other matters, laws and regulations on health and safety, discrimination, tax, data privacy, competition, anti-corruption, prevention of money laundering and an environmental commitment. The key areas covered by the Code include:

<b>COMMITMENTS</b>	▪	to people
	▪	to customers
	▪	by suppliers
	▪	by competitors
	▪	to shareholders
	▪	to communities and the society
	▪	to the Group's assets, know-how and resources compared to the stock market.
<b>OBLIGATIONS</b>	▪	with respect to fraudulent or unethical practices

### **Code of Conduct**

NH Hotel Group continues to bolster the compliance function, based fundamentally on the principles and values contained in its Code of Conduct, which has been translated into ten languages, seven of which are published on the corporate website and the intranet, and is applied in all the countries where the NH Hotel Group is active. Furthermore, since 2017, through the "My NH" app, the Company's employees can access it from their mobile device. Employees of centers that operate under the NH Hotel Group brands also have a Practical Guide and a FAQs document.

The purpose of the Code of Conduct is to determine the principles, values and rules that are to govern the conduct and behavior of each of the professionals and executives of the Group, as well as members of the governing bodies of Group companies and stakeholders that interact with NH Hotel Group. The Code of Conduct summarizes the professional conduct that is expected of NH Hotel Group employees, who are committed to acting with integrity, honesty, respect and professionalism in performing their duties.

Employees are required to take a training course on the Code of Conduct in order to ensure that they have read and understood it. Completion of this course is recorded in the system.

The Code of Conduct is reviewed periodically by the Compliance Officer to adapt and update its contents when necessary.

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At its meeting held on November 8th, 2022. The Board of Directors approved an update of the Code of Conduct, to adapt it to recent legislative developments, comply with the new legal requirements and meet standards and best practice with regard to compliance, including the anonymization of the whistleblowing channel.

In addition to the NH Hotel Group Code of Conduct, there are a number of specific policies which are listed below:

Purchasing policy	Anti-fraud and corruption policy
Travel policy	Prevention of money laundering and terrorist financing policy
Energy and environment policy	Corporate social responsibility policy
Information security policy	Financial indebtedness policy
Credit policy	Board member selection policy
Corporate tax policy	Risk management policy
Corporate gift policy	Human Rights policy
Shareholder and investor communication Policy	Policy Subsidies policy

### Internal Rules of Conduct

These rules establish the minimum standards that apply to the purchase and sale of securities, as well as to privileged and confidential information, and how such information should be handled.

### Criminal Risk Prevention Model

It describes the principles applicable to the management and prevention of crimes within NH Hotel Group and defines the structure and operation of the control and oversight bodies established within the Company, systematizing existing controls for the purpose of preventing and mitigating the risk of crime in the different areas of the Company.

Monitoring, updating and evaluation of controls is performed periodically by the Compliance Office through the SAP GRC tool.

### Procedure for Conflicts of Interest

This establishes the rules to be followed in situations in which the interest of the Company or any of the Group companies comes into conflict with the direct or indirect personal interest of the directors or of persons subject to rules governing conflicts of interest.

This procedure was updated in 2021 -with a favorable report from the Audit and Control Committee and the approval of the Board of Directors - as a result of the changes made in Royal Legislative Decree 1/2010, of July 2<sup>nd</sup>, approving the Companies Act (Consolidating Act).

### Compliance Committee

Established in 2014, the Compliance Committee is made up of members of the Management Committee who have sufficient knowledge of the activities of NH Hotel Group and at the same

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time have the necessary authority, autonomy and independence to assure the credibility and binding nature of the decisions made.

This body is responsible for overseeing compliance with the key areas of the Compliance System: the Internal Rules of Conduct on Securities Markets, the Procedure for Conflicts of Interest, the Code of Conduct and the Criminal Risk Prevention Model, among others.

The Compliance Committee oversees the activity carried out by the Compliance Office and monitors all the internal processes and policies implemented in the Company, and observance and compliance with them. It also has the authority to take disciplinary measures against employees in relation to matters falling within its scope of competence.

Three meetings of the Compliance Committee were held in 2022.

### **Compliance Office**

The Compliance Office, under the leadership of the Compliance Officer, reports directly to the Chief Legal & Compliance Officer of NH Hotel Group and to the Compliance Committee and is responsible for spreading awareness of and monitoring compliance with the Code of Conduct, for monitoring and periodic supervision of the Criminal Risk Prevention Model, for creating and updating corporate policies as well as monitoring compliance with the Model and handling queries regarding the Code of Conduct, among other functions.

Furthermore, in 2022, NH Hotel Group has provided the head of the Compliance Office with the necessary resources for continuous training on compliance.

### **Whistleblowing Channel**

NH Hotel Group has a whistleblowing channel that allows employees, executives, members of the Management bodies, suppliers, customers or any stakeholders to report any breach of the Code of Conduct, guaranteeing confidentiality and respect for all the phases the procedure involves, as well as the absence of reprisals. Following the entry into effect on December 17<sup>th</sup>, 2021, of the new European legislation on whistleblowing channels, NH Hotel Group has decided to adapt its internal reporting protocol and handling of reports through the implementation of a new external platform in line with the local legislation in each country. This platform is available in 7 languages.

Access to and the email address of the whistleblowing channel are available on the NH Hotel Group website and the intranet. The Head of Internal Audit is responsible for managing the Whistleblowing Channel.

NH Hotel Group has also defined a procedure for reporting and dealing with possible misconduct and breaches of the Code of Conduct. The procedure sets out the principles that govern the Channel, a description of the parties involved in the reporting, the timing and the penalty procedure.

The Head of Internal Audit is responsible for managing the Whistleblowing Channel, which guarantees confidentiality, anonymity and respect throughout all the phases of the procedure, as well as the absence of reprisals. The procedure is specified in detail in the Code of Conduct.

There are currently no ongoing external investigations against NH Hotel Group related to the Code of Conduct or matters relating to corruption.

During 2022, 40 alleged breaches of the Code of Conduct received were reported. Likewise, the relevant measures have been implemented for those cases confirmed, having responded to

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all of the 38 queries received, none of them related to cases of human rights violations or workplace harassment.

After analyzing the queries and alleged breaches reported through the whistleblowing channel or other formal mechanisms of the compliance office, none of them has resulted in a breach under any of the following categories:

Breach category	No. of incidents	Nature	Fines (€)		Number handled through resolution mechanisms	Actions taken by NH
			2022	Cumulative 2017-2021		
Bribery and Corruption	0	NA	0	0	NA	NA
Anti-competition behavior	0	NA	0	0	NA	NA
Environmental regulations	0	NA	0	0	NA	NA
Human rights	0	NA	0	0	NA	NA
Discrimination	0	NA	0	0	NA	NA
Voluntary regulations and/or codes relating to the effects of products and services on health and safety	0	NA	0	0	NA	NA
Voluntary regulations and/or codes relating to information and labelling of products and services	0	NA	0	0	NA	NA
Voluntary regulations and/or codes relating to commercial communications, including advertising, promotion and sponsorship	0	NA	0	0	NA	NA
Complaints received on breaches of customer privacy	0	NA	0	0	NA	NA
Laws and Regulations in the social and economic scope	0	NA	0	0	NA	NA

In relation to these breach categories, the Company currently has no ongoing investigations initiated in 2022 or prior years and has not had to take any disciplinary action against any employee. Furthermore, it has not had to terminate any contract with any commercial partners due to incidents of corruption or any other type of incident included in the categories mentioned above.



### **Policy updates in 2022**

This year the Corporate Policy for the Prevention of Money Laundering and Terrorist Financing was updated to conform to the new thresholds for cash payments, and to include a company identification form.

Furthermore, on July 26<sup>th</sup>, 2022, the Corporate Tax Strategy was updated. This update was approved by the Board of Directors, after being reviewed and validated by the Audit and Control Committee on the same date.

The changes made have fundamentally consisted of (i) the introduction of an additional paragraph indicating that all transactions with related parties are arm's length, in line with Spanish tax legislation, the OECD guidelines and the Code of Conduct of the EU Joint Transfer Pricing Forum; and (ii) stating that since 2016 the NH Group has been signed up to the Code of Good Tax Practice of the Spanish Tax Agency.

## **Awareness of and training on ethics and conduct**

The Company has an online training tool for all NH Hotel Group employees with personalized mail through which they are provided with online courses on different matters, to ensure that they are correctly informed of, understand and consequently comply with them. This includes the following courses relating to ethics and conduct:

- Code of Conduct
- Crime Prevention
- General Data Protection Regulation
- Prevention of money laundering and terrorist financing
- Antifraud and corruption
- Human Rights

All courses on the above matters include an exam that measures employees' level of comprehension. NH Hotel Group also has a supervision and control system both for drawing up financial information (ICFR) and for criminal risks (CPM). This system is audited regularly.

Furthermore, all members of the Board of Directors have access to the NH University platform, through which they can access the available courses.

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## Compliance training 2022

	Consolidated perimeter	Corporate perimeter
	Online	
Training on the Code of Conduct		
Number of employees trained	2,180	2,643
Hours of training	2,255	2,736
Training on Criminal Risk Prevention Model		
Number of employees trained	659	716
Hours of training	2,185	2,395
Training on Prevention of Money Laundering and Terrorist Financing		
Number of employees trained	2,282	2,744
Hours of training	1,786.5	2,152.5
Anti-fraud Training		
Number of employees trained	2,187	2,642
Hours of training	1,142.5	1,378
Training on Human Rights*		
Number of employees trained	6,280	7,217
Hours of training	6,850	7,878

## Initiatives relating to Compliance in 2022

During 2022, the specific section in the internal newsletter “*Tell The World*” has continued to be used to issue capsules of information related to Compliance to all the Company’s employees.

With these monthly information capsules, the Company promotes knowledge and awareness among all NH Hotel Group employees of the importance of Compliance to continue reinforcing the Company’s ethical business culture.

## **TAX TRANSPARENCY: PROFITS AND TAXES**

The Tax Strategy for NH Hotel Group (available at [nh-hoteles.es/corporate/es](https://nh-hoteles.es/corporate/es) > Corporate Governance > Policies) was approved on July 27<sup>th</sup>, 2015. In July 2022, the tax policy was updated and approved by the Board of Directors, considering that one of the pillars underpinning the entire Group's business strategy should be avoiding or minimizing risks, including task risks.

The strategy is based on complying with tax legislation in all the jurisdictions in which NH Hotel Group is present, applying an interpretation of such legislation that fundamentally has due regard for the spirit and purpose of the laws.

NH Hotel Group S.A. has been signed up to the Spanish Tax Agency's Code of Good Tax Practice since 2016. The purpose of that Code is to promote a reciprocally cooperative relationship between the Tax Agency and the different companies that have signed up to the Code. This relationship is based on the principles of transparency and mutual trust, with the aim of reducing the legal uncertainty to which companies may be exposed with the tax authorities.

### **Guiding Principles of the Tax Strategy**

- Compliance with tax legislation in all locations where it is present.
- Prevention and reduction of significant tax risks.
- Collaboration, loyalty and good faith with the Tax Administrations.
- Reporting to the Board of Directors on the main tax implications of transactions and on any tax inspection processes in which Group companies are involved.

### **Monitoring and Control**

The Board of Directors, through the CEO and the Management Committee, drives the monitoring by the Group of the application of the principles and good practice concerning tax affairs.

Furthermore, the Board of Directors has the support of the Group's Audit and Control Committee, which oversees the effectiveness of the tax risk management and control systems and provides the pertinent information to the Board periodically.

The Company monitors and follows up its tax policy, complying with the mechanisms established by law, in its tax policy and in the control framework approved by the Board.

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**Profits of NH Hotel Group and income tax paid by country (thousands of euros)**

Tax Jurisdiction	2022		2021	
	Income / (losses) before Corporate Income Tax	Corporate Income Tax (settlement basis)	Income / (losses) before Corporate Income Tax	Corporate Income Tax (settlement basis)
Argentina	(5,251)	-	(6,212)	107
Austria	(-916)	-	(6,143)	0
Belgium	41,845	-	(14,316)	525
Brazil	(165)	1	(271)	1
Chile	654	252	(2,070)	179
Colombia	(148)	55	(2,681)	(391)
Czech Republic	(2,338)	-	641	2
Denmark	(2,907)	-	(1,081)	0
Dominican Republic	(206)	-	(124)	0
Ecuador	26	14	(283)	14
France	(4,719)	-	(5,438)	31
Germany	(14,268)	578	(21,591)	723
Hungary	(4,191)	-	(4,040)	0
Ireland	3,481	(728)	(90)	3
Italy	80,841	-	7,051	0
Luxembourg	(942)	-	(3,635)	0
Mexico	320	9	(7,999)	61
Netherlands	2,655	1,091	(46,096)	821
Poland	(6)	-	(9)	0
Portugal	1,925	22	(4,529)	(25)
Romania	(60)	-	(9)	10
South Africa	(59)	-	(88)	0
Spain	72,396	8,230	(16,652)	(2,652)
Switzerland	(3,429)	21	2,038	4
United Kingdom	(773)	-	(2,119)	0
United States	(8,405)	-	(7,967)	143
Uruguay	251	-	(1,544)	0
<b>Total countries</b>	<b>155,611</b>	<b>9,545</b>	<b>(145,257)</b>	<b>(444)</b>

*The pre-tax profits or losses and taxes paid per country described above are affected, in some cases, by circumstances such as the sale of assets, hotel departures, early depreciation of assets due to repositioning or the hyperinflationary situation in the case of Argentina. On the other hand, it should be noted that the corporate income tax shown in the table above corresponds to the cash basis.*

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Net revenue from business by country is detailed below:

#### Net revenue from Business by Country

<b>Tax jurisdiction</b>	<b>2022</b>	<b>2021</b>
Argentina	35,265	6,421
Austria	43,004	19,545
Belgium	73,912	24,246
Colombia	30,151	13,266
France	29,910	17,722
Germany	270,473	112,605
Hungary	24,538	9,675
Italy	350,930	159,542
Mexico	34,475	17,484
Portugal	69,135	26,686
Spain	410,357	214,252
The Netherlands	255,178	91,066
Others	95,029	33,974
<b>Total countries</b>	<b>1,722,357</b>	<b>746,484</b>

And the tax accrued during the year:

#### Accrued tax by country

<b>Tax jurisdiction</b>	<b>2022</b>	<b>2021</b>
Argentina	2,369	(1,937)
Colombia	653	791
Germany	(3,983)	381
Ireland	230	926
Italy	(30,556)	(6,135)
Mexico	(726)	1,912
Portugal	(513)	1,643
Spain	(11,125)	(1,508)
The Netherlands	(9,423)	12,746
Others	8	508
<b>Total countries</b>	<b>(53,066)</b>	<b>9,327</b>

### **New tax developments**

On July 26<sup>th</sup>, 2022, the Board of Directors of NH Hotel Group approved the updated Tax Transparency Policy, expressly stating that the Company is committed to applying good practice in its tax affairs:

- Not making use of artificial structure with the aim of minimizing the actual tax burden or carrying out transactions with related parties for the purpose of eroding taxable income or transferring profits to low-tax territories.
- In relation to international tax and transfer pricing, the Company will refer to the conclusions reached by the OECD's BEPS (Base Erosion and Profit Shifting) Project and the G-20.
- All related-party transactions are governed by the principle of free competition on Transfer Pricing and the Code of Conduct Transfer Pricing for associated companies in the European Unions.

## **RELATIONS WITH GOVERNMENTS AND POLITICAL INFLUENCE**

The Company manages its business in accordance with its corporate values and its ethical and conduct framework. It also ensures strict compliance with ruling legislation in each country.

In relation to local governments, the Company always acts independently of any political power, maintaining transparency in its dealings with public and administrative institutions.

NH Hotel Group is characterized by absolute political neutrality. The Company does not make economic or other contributions to political parties or candidates in elections.

NH Hotel Group does however form part of sectorial organizations or foundations linked to its activity or to the geographical area where it operates. Through its presence in these organizations, the Company aspires to contribute to the progress and development of the places where it is present.

### **Zero tolerance of corruption**

As stated above, NH Hotel Group has an Anti-Fraud and Corruption Policy, as well as its Policy for the prevention of Money Laundering and Terrorist Financing, applicable to all employees, executives and members of the Board of Directors of NH Hotel Group, under which, among others, funds, assets or other resources of the Group may not be used to make contributions or offer items of value to political candidates, political parties or party members (although anyone may participate in activities related to politics in their free time in a personal capacity).

In addition, NH has other internal procedures, such as the Gifts Policy, all of which contribute to establishing controls, internal processes and mitigating the associated risks.

The Company carries out continuous monitoring and control of the policies and internal procedures. The Crime Prevention Model sets out explicitly the due diligence measures established by the Company, as well as the investigation procedure and response in the event of breach, in accordance with the law concerning the criminal responsibility of legal persons.

As indicated above, the Compliance Committee, together with the Compliance Office, is responsible for managing crime prevention and, therefore, for the definition, implementation and supervision of the Crime Prevention Model.

## **INFORMATION SECURITY**

Cybersecurity is vital in the digital age. Information security incidents are currently one of the main risks to which businesses are exposed. Accordingly, at NH Hotel Group we focus on strengthening computer security mechanisms and protocols, through policies, rules, procedures and employee training.

Accordingly, cybersecurity and GDPR training is aimed at fostering a culture of information security in the Company that will serve to establish the bases for the protection of both our confidential information and that of our customers, suppliers and other stakeholders.

NH Hotel Group's strategy in relation to cybersecurity is under constant review in the committees of the Executive Management team that oversees the cybersecurity strategy. To achieve the goals that have been set, a range of initiative and measures are identified and planned, that are to be implemented to improve NH Hotel Group's security capabilities, and also to prevent and/or mitigate any risk that may arise.

On account of the pandemic, working from home has grown and, as a result, the use of devices away from the secure environment of businesses. The volume of cyberattacks has also grown exponentially. For this reason, NH Hotel Group continues to work on greater monitoring of the entire net, with new, more powerful and advanced tools that give greater control over possible improper accesses, as well raising awareness among employees and stakeholders in order to minimize the risk of such cyberattacks.

Guests also expect their data to be kept securely and processed ethically. Cybersecurity is integrated in our culture to promote behavior that protects the Company and our guests' information.

### **Data Privacy and Protection**

In a sector as competitive as the hotel business, the guest experience is a critical differential factor to ensure the satisfaction and loyalty of our customers. NH Hotel Group has mechanisms in place to protect data privacy, aware that this is a key aspect in generating trust.

With the entry into force of the new data protection regulations in 2018, NH Hotel Group has continued to adapt its personal data management and control systems to EU Regulation 679/2018 (GDPR) and Spanish Act 3/2018 (LOPDGDD). With regard to sensitive data, such as credit cards, NH has once again renewed its PCI Compliance certification, and has adapted procedures and systems in line with the new PSD2 legislation. NH Hotel Group's intention is to process the personal data of its customers, employees and suppliers with the utmost guarantees of respect for their privacy and complying at all times with the applicable legal obligations.

Accordingly, the data protection sections of legal disclaimers, both on websites and on documents provided to customers, have been updated. The Company has also implemented a series of measures to make these privacy policies and legal disclaimers accessible to customers at all times.

In the framework of this adaptation, the Company has implemented an additional information system that is available to end customers, so that they can discover each of the types of processing carried out by NH Hotel Group. All of this is set out in the NH Hotel Group privacy policy which can be accessed using the following link: [nh-hoteles.es/politica-privacidad](https://nh-hoteles.es/politica-privacidad).



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Security is integrated comprehensively across all areas of the Company, covering profiles from different areas of operation to guarantee effective risk management, with due regard to the sensitive and critical nature of each environment. There are also risk indicators on the main matters of interest regarding security, that serve to define and implement action plans aimed at reducing or eliminating the threats identified.

NH Hotel Group also has several email addresses in place for the management, on the one hand, of the data protection right matters raised, whether pertaining to customers, employees and/or suppliers, when personal data are obtained, and also an email address for reporting any kind of incident and/or complaint relating to data protection. Specifically, this last email address is the one created specifically for the Data Protection Officer. When a security matter is reported to the Data Protection Officer's email, a process of evaluation of the notification commences, in order to determine whether it is of relevant scope for protection purposes. If so, the incident is forwarded to the Departments of NH Hotel Group that could be involved, to assess the need for any communication to a Data Protection Supervisory Authority and/or to any data subjects that may have been involved in the incident. A written record is kept of this entire process.

As a Spanish company, the Supervisory Authority in relation to data protection for NH Hotel Group is the Spanish Data Protection Agency, with which relations are conducted habitually using that agency's Online Site.

As far as the Company's employees are concerned, in their capacity as users of personal data, they undergo mandatory training on data protection to ensure that they know how to process data in compliance with the regulations. This training is provided when they join the Company and is noted and supervised by the Human Resources Department.

As mentioned above, NH Hotel Group has a Data Protection Officer, whose duties are not just to comply with the requirements of the new regulations, but also to ensure, among other functions, that customers' rights in relation to data protection are always handled by the organization in accordance with the principles established in the new regulations, and to act as a point of contact throughout the Company to clear up any doubts that may arise in relation to data protection. Finally, NH Hotel Group has continued in 2022 with the improvement project in relation to the quality of data within the organization.

NH Hotel Group has integrated the controls related to compliance with these regulations in its compliance model. Consequently, the risk management and IT departments are ultimately responsible for overseeing these controls, receiving any communication related to information privacy and reporting on a regular basis to the Audit and Compliance Committee and to the Board of Directors.

The Group's compliance is supervised through periodic audits that ensure that NH Hotel Group complies in full with the requisites defined in the legislation on privacy, paying particular attention to the General Data Protection Regulation (GDPR).

The NH Hotel Group risk map contains a pillar called "compliance" linked to data privacy (GDPR) and information security and different management and control measures are in place such as:

- Periodic review and update of the risk matrix.
- "Privacy by Design" procedures.
- Creation of the Data Protection Office with the support of specialist advisors.
- GDPR training for employees.
- Existence of a whistleblowing channel to report possible security breaches related to data protection.
- Existence of a disaster recovery plan.

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NH Hotel Group also has a procedure to respond in the event of incidents in the information systems, which includes roles and responsibilities, steps to follow in order to restore operation of equipment and systems, recovery times, etc.

**“A total of 2,926 employees have been trained in Data Privacy and Protection, with a total of 3,192 hours of training”**

To date no procedures have been initiated that could result in a fine for the Company on account of a security breach affecting data protection.

## **PROTECTION OF HUMAN RIGHTS**

The principle of respect for and protection of Human Rights is integrated into the culture of NH Hotel Group and is applied to the activities carried on through the professionals, independently of the country or region where the activity is carried out. The Company is committed to complying with Human Rights and works to prevent and manage the risks associated to the breach of such rights. NH Hotel Group's international presence in countries where the defense of human rights needs to be boosted leads us to be transmitters of the concept and to ensure frameworks of relations and management are in place in which the defense of these rights is assured.

### **The Protection of Human Rights in NH Hotel Group**

NH Hotel Group carries out its activity in a framework of commitment to the society and environment where it operates, and therefore accepts the contents of national and international agreements and treaties, undertaking to promote and comply with them. These commitments will avoid or, as the case may be, mitigate any negative consequences that its activities might cause to Human Rights.

The commitments acquired on subscribing to these international agreements guide the conduct of all the employees in the Company.

Notable among these codes voluntarily accepted by the Company are the UN Global Compact, support and contribution to the Sustainable Development Goals (SDG) and the Global Code of Ethics for Tourism, approved in 1999 by the Assembly of the UN World Tourism Organization (UNWTO). This code comprises 10 principles designed to guide key players in tourist development, aspiring to help to maximize the sector's benefits while minimizing its impact on the environment, cultural heritage and local communities.

The Company rejects any tourist activity that might constitute an attack on human rights or human dignity, paying special attention to children. Accordingly, in September 2012 NH Hotel Group joined ECPAT (End Child Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes) for the protection of boys, girls and adolescents against sexual exploitation in tourism, also promoted by UNWTO and UNICEF.

### **Human Rights Policy of NH Hotel Group**

In 2020, the Board of Directors approved the NH Hotel Group Human Rights Policy, a document that sets out all the principles and commitments undertaken by the Company in this regard.

The Policy establishes our commitment to respect Human Rights in accordance with the highest international standards and works to PROTECT, RESPECT AND REMEDY (prevent and manage) the risks associated to the breach of such rights.

The guiding principles on which the policy is based are as follows:

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The policy reinforces a sound and responsible governance model, that fosters transparent and responsible management on the basis of a single corporate document with global scope that, among other aspects, will make it possible not only to manage better the risks wherever NH Hotel Group is present, but also ensure knowledge and integration of the policy in the value chain. Through this Policy, the Company undertakes to play an active role in the promotion of Human Rights and to work proactively to this end. The Policy reflects the commitments already undertaken in this regard and guarantees respect for the labor rights of all employees, customers, suppliers and partners, in all the countries where the Company is present, in accordance with ruling law in each country.

Relations with all stakeholders the Policy applies to should always be based on respect for human dignity and non-discrimination. The Company rejects all conduct, behavior or action likely to foster, promote or incite, directly or indirectly, hatred, hostility, discrimination or violence against a group for racist reasons or other reasons referring to the ideology, religion or beliefs, family situation, membership of an ethnicity, race or nation, national origin, gender, sexual orientation or identity, or due to illness or disability.

NH Hotel Group emphatically prohibits any kind of hostile or humiliating actions against people, the abuse of authority and any type of harassment, whether physical or psychological, as well as any other conduct that could generate an intimidating, offensive or hostile working environment. Furthermore, no child labor or forced labor is tolerated.

The Company also recognizes that the principle of equality of treatment and opportunities for addressees of the Code of Conduct is a principle that inspires its Human Resources policies and is applicable both to the hiring of employees and to training, career opportunities or salary levels, as well as all other aspects of labor relations with employees.

The Code of Conduct also prohibits the imposition on employees of health and safety conditions at work that damage, suppress or restrict their rights as recognized by legal provisions, collective agreements or individual contracts. No form of illegal traffic of labor or fraudulent emigration is permitted, and applicable legislation will be respected at all times with regard to the entry and transit of foreign nationals.

The Code also explicitly states that the exercise of the rights of protest, association, organization and collective bargaining in the framework of the rules regulating each of these fundamental rights and in accordance with international law and practice, in particular, the United Nations Universal Declaration of Human Rights and the principles proclaimed by the International Labor Organization, will not be unduly limited.

## **Compliance in relation to Human Rights**

As described above, in order to guarantee compliance with the Human Rights Policy, the Internal Audit department undertakes to supervise the principles and rules reflected in the Policy and, therefore, is responsible for analyzing any irregularity related to it.

NH Hotel Group has a whistleblowing channel, in order to make it easy to report any possible irregularity, breach or behavior contrary to ethics, law and the rules that govern the Company.

Possible breaches of Human Rights are handled through the Internal Audit department, which is responsible for managing the Group's Whistleblowing Channel (codeofconduct@nh-hotels.com).

The Company has also put in place a specific external communication channel to report, process and manage incidents reported by suppliers (codeofconduct@coperama.com).

The procedure for reporting and dealing with possible breaches of the Code of Conduct will be managed by the Group's Senior Vice President of Internal Audit.

In 2022, there were no reports relating to a possible breach of human rights.

## **Training on Human Rights**

Respect for Human Rights is one of the principles on which the activity is based in all the countries where NH Hotel Group is present. It is also materialized in the development and implementation of a Policy dedicated to respect for Human Rights that strengthens and extends the commitment already established in the Company's Code of Conduct.

In order to publicize this commitment and raise awareness about Human Rights and the actions that NH Hotel Group carries out to respect these rights, the "Human Rights" online course is available to all employees and is mandatory for them.

**“Throughout 2022, 7,878 training hours have been completed in Human Rights”**

Through this course, the Company promotes commitment to and knowledge, not just of its Human Rights policy, but also the due diligence process to identify, prevent, mitigate and report potential risks and consequences deriving from the daily actions of employees, suppliers or guests.

## **Human Rights Due Diligence**

NH Hotel Group continues with its Human Rights Risk Management project which has been implemented in different phases.

- Initially, in 2020, it carried out a process to identify the inherent human rights risks of its global operations; and the subsequent publication of the Policy that includes the commitment to respect and protect the rights identified in the Company.
- In 2021, a Corporate Due Diligence Guide for Human Rights was drawn up, as a support tool in applying the Protocol to all the Company's operations. This Guide serves as an instrument to increase the control over and the efficiency of processes, mitigate the risk of reputational damage and favor the correct public positioning of the Company. In December 2021, training in Human Rights was launched, to consolidate knowledge on human rights among all the Company's employees:

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- Initially, it was sent to the Company's General Managers and Front Office Managers, as these are the groups of employees whose job needs them to be more familiar with possible breaches of Human Rights, both to identify possible situations of risk and to know how to proceed when faced with an incident of this nature.
  - Training was then shared with all the Company's employees, providing access to the course through NH University.
- This year, an evaluation of the residual risk of breach of Human Rights in NH Hotel Group was carried out by assessing the level of compliance of the hotels with the commitments formalized in the Policy.

## 86% hotels assessed

Through this assessment, some more sensitive aspects were identified and will be monitored in more detail.

As part of this assessment, NH Hotel Group is analyzing the principal adverse impacts related to human rights through its own operation. Being this a starting point to draw up specific action and mitigation plans where applicable.

In addition, those Human Rights risks have proved to be the most significant in this analysis are included in the Company's risk map in the "Compliance" category, in order to monitor and control the pertinent mitigation or resolution processes.

## RISK MANAGEMENT

Risk management is part of the culture of NH Hotel Group and is integrated across all of the Company's operations.

### Responsibility for Risk Management

The Company's Board of Directors is the body responsible for supervision of the risk management system, in accordance with the provisions of article 5 of the Board Regulations.

As regulated in article 25 b) paragraph 3 of the Company's Board Regulations, the Audit and Control Committee provides support to the Board of Directors in the supervision of the effectiveness of internal control, internal audit and risk management systems, including tax risk management. In this regard, as in previous years, in 2022 the Audit and Control Committee has supervised and validated the update of the Risk Map and the correct implementation of the action plans that contribute to mitigating the main risks totally or partially.

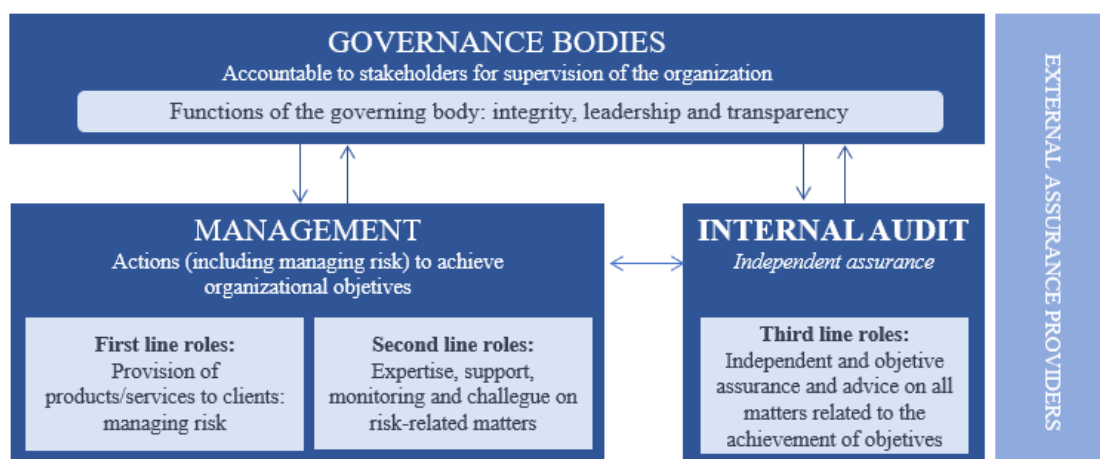
Furthermore, the duties of the Company's Management Committee include risk management and control based on tolerance to risk, assigning responsibility for the main risks, periodic monitoring of their evolution, identification of mitigating actions and the definition of response plans. For these purposes, the Executive Risk Committee, made up of members of the Management Committee and Senior Executives, provides support to the Management Committee in this supervision, as well as promoting a risk culture in the Company. To this end the Company has an internal risk management manual, updated in 2021, that details the principles, processes and controls currently in place.

The Risk Management function, integrated in the Internal Audit department, is responsible for ensuring that the Company's risk management and control system operates correctly and is linked to the strategic goals.

To ensure that there are no conflicts of independence and that the risk management and control system of NH Hotel Group works as planned in the Corporate Risk Management Policy, an independent third party periodically reviews its operation.

Furthermore, to ensure independence, the Risk Management function is independent of the Business Units and, like the Internal Audit department, is functionally dependent on the Audit and Control Committee.

In line with the above, NH Hotel Group follows the Three Lines of Defense model, updated in July 2020 by the Institute of Internal Auditors (IIA) on a worldwide level.



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- First line of defense: provided by the functions (hotels, business units and corporate units) that own the risks and their management (Operations, Sales, Marketing, Sustainable Business, etc.).
- Second line of defense: provided by the functions in charge of oversight of the risks (Risk Management, Compliance, Data Protection, Internal Control, etc.)
- Third line of defense: provided by the internal audit function which provides independent assurance.

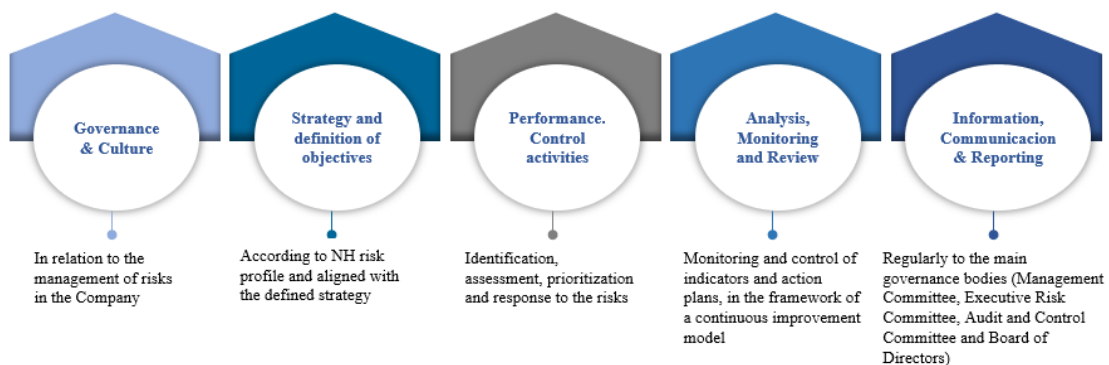
The object of the Corporate Risk Management Policy of NH Hotel Group (approved in 2015 by the Board of Directors), and the internal risk manual developing it, is to define the basic principles and the general framework of action for the identification and control of all kinds of risks that could affect the companies over which NH Hotel Group has effective control, and to assure alignment with the Company's strategy.

### Risk management model

The NH Hotel Group risk management model, which has been rolled out both at Group corporate headquarters and in the Business Units, seeks to identify events that could have a negative impact on the attainment of the Company's strategic goals, obtaining the highest possible assurance for shareholders and stakeholders, while protecting the Company's interests and its reputation in the short, medium and long term.

The model established for risk management is based on the COSO ERM 2017 integrated framework of Enterprise Risk Management and encompasses a range of methodologies, procedures and support tools, that allow NH Hotel Group to:

- Apply suitable governance in relation to risk management in the Company and promote an appropriate risk management culture.
- Ensure that the objectives defined in the Company are aligned with its strategy and its risk profile.
- Identify, assess and prioritize the most relevant risks that could affect the attainment of strategic goals. Identify measures to mitigate such risks and establish action plans in line with the Company's risk tolerance.
- Monitor periodically the actions plans established for the main risks, in the framework of a continuous improvement model.
- Report periodically to the Company's main governing bodies on the status of the main risks and action plans.



### Risk categories and identification, supervision and monitoring process

The Group's Risk Map is updated every year and approved by the Board of Directors, after being reviewed and validated by the Audit and Control Committee. In 2023, the Company has



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updated its Risk Map through a process in which 25 Senior Executives from all Corporate Departments and Business Units identified and assessed the main risks faced by the Company. The updated map was approved by the Board of Directors at its meeting held on July 26<sup>th</sup>, 2022.

Each of the main risks in the Company's Risk Map is assigned a risk owner, who is a member of the Management Committee.

For the main risks in the Risk Map, the Audit and Control Committee periodically supervises the status of the main risks and the implementation of the action plans through a presentation to the Audit and Control Committee by the Risk Owners.

Every year, when the Risk Map is updated, the Risk Management function undertakes a reassessment of the catalogue of risks, both financial and non-financial. The definitive catalogue is validated with the Senior Executives who participate in the process, as well as the bodies involved in its validation (Management Committee, Executive Risk Committee and Audit and Control Committee) and approval (Board of Directors). In addition, during the year the risk owners can report/suggest a new risk to the Risk Office if they consider it necessary.

The Risk Map sets out the main risks to which the Company is exposed, including those associated to climate change.

The six categories into which the risks NH Hotel Group is exposed to are classified are shown below:



In line with the COSO methodology, NH Hotel Group uses the concepts of inherent and residual risk. Inherent risk is considered to be the risk that exists without taking into account the mitigating effect of the controls put in place by the Company. Residual risk, however, does take into account the effect of these mitigating controls, and is therefore known as the risk level that persists after applying all the control measures in place in NH Hotel Group.

### ESG risks

Of the 80 risks identified in the Company's risk catalogue, an analysis was performed to identify the risks related to ESG (Environmental, Social and Governance) criteria.

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As a result, it was determined that 27 out of the 80 risks, 34% of the total, are concerned with Environmental, Social and Governance matters. Most of them come under the categories of “Business” and “Compliance” risks.

As it is integrated within the Company’s Risk Management Model, the ESG Risk Map follows the same phases of the process, including response to the risks, monitoring and control and mitigation measures adopted. All risks deriving from climate change are explained in detail in the chapter headed ‘TFCD Report’, in line with the recommendations of the Task Force on Climate-related Disclosures.



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## Risk factors and management and control measures

Risk Trend (TR)	
↑	Increase
↔	Stable
↓	Decrease

Category	Risk event	Description of the risk	RT	Control and management measures
<b>Business</b>	Labor legislation / collective agreements	New labor legislation or changes in conditions in collective agreements, as well as different interpretations of legislation could have a significant impact and affect financial conditions and business results.	↑	Presence in associations in the tourist sector. Presence on committees of sector experts. Institutional relations with various bodies. Presence of specialized HR personnel at the negotiation of collective agreements. Collaboration with HR consultants.
<b>Strategic</b>	Distribution channels (internal and external) and maximization of ADR (Average Daily Rate)	Online travel agencies (OTAs) and distributors continue to increase their market share and NH must put measures in place to counter this by increasing sales through direct channels (Hotel, Website, Central Reservation System) or by renegotiating commissions with OTAs The loss of control over the price in direct channels compared to other distribution channels should also be considered, in light of the liberalization of scraping/crawling tools and technologies in distribution and price. Finally, it is necessary to ensure that pricing projects are not delayed so that NH can maximize the net ADR. The capacity to negotiate commercial conditions should also be considered.	↑	Existence of a Revenue Management Committee. Optimized budgeting process Periodic analysis of results compared to budget and definition of action plans. Control process over intermediary commissions. Corporate commission policy. Definition of a Strategic Plan aimed at boosting sales through direct channels (Hotel, Website, Central Reservation System). NH DISCOVERY loyalty program. Analysis of price competitiveness (price parity compared to OTAs and distributors). Technological tools to improve pricing and revenue management. Optimized calculation of net ADR using Business Intelligence techniques. OTA diversification strategy and renegotiation of intermediation costs. Periodic analysis of competitors' results by market using external reports.
	Dependence on city and business segment	Any change in patterns in this segment will affect the Company with a limited possibility of mitigating the effect through other segments.	↑	Existence of an Expansion Committee. Periodic attendance at hotel sector investment conferences. Organization of regular meetings with possible investors to develop hotel projects.
	Inability to find additional growth	Inability to find additional ways of growing that permit sustainable and resilient growth that will safeguard the Company's future. NH should be capable of developing and executing a suitable Expansion/Growth Plan to counter the reaction of its competitors and assure continuous growth.	↔	Existence of a documented expansion process (lease and management agreements). Definition of a Strategic Plan aimed at boosting the Company's growth by geographical area, type of contract, brands, segments, etc. Implementation of the Office for Integration with Minor International (principal shareholder). Development of the NH brands in the Middle East and the Asia Pacific region and gradual implementation of the Anantara, Tivoli and Avani brands in Europe and the Americas.

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Category	Risk event	Description of the risk	RT	Control and management measures
<b>Compliance</b>	Data privacy (GDPR)	Possible breaches of the General Data Protection (GDPR), together with the uncertainty regarding the behavior and attitude of the regulator in the event of potential privacy breaches, could compromise the Company's objectives. Furthermore, the costs and risks deriving from inadequate data protection and management increase as the Companies face more and more advanced security breaches.	↑	Periodic review and update of the data processing activity matrix for each company in the NH Group "Privacy by Design" procedures. Existence of the Data Protection Office, supported by specialist advisors. Mandatory online GDPR training for all employees. Existence of a specific channel for reporting possible security breaches related to data protection. Existence of a Disaster Recovery Plan.
	Changes in accounting standards	New accounting standards and regulations (e.g. IFRS16, IAS29), as well as varying interpretations of accounting standards currently in force could have a significant impact on the Company's financial statements.	↔	Contract management using a computer tool that covers IFRS16. Specialist advising on new regulations. Periodic attendance at conferences on changes in accounting standards given by specialized advisors (external audit firms). Internal assessment of possible impacts of new accounting standards. Training courses on new accounting standards for the corresponding internal personnel.
<b>Financial</b>	Adverse effects of the exchange rate	NH operates in countries subject to fluctuations in exchange rates (Mexico, Colombia or Argentina) and therefore the financial results could be affected.	↔	Periodic monitoring of the impact of the exchange rate of the main local currencies. Specific cash repatriation plans from local currency to strong currency (e.g. USD). Specific strategies to manage the exchange rate effect by country (e.g. dollarization of revenues), giving priority to natural hedging (purchases in the same currency as revenues).
	Adverse effects of the inflation rate	This is a phenomenon which is present today not just in hyperinflationary economies. Obviously, this affects us on the costs side. Part of them can be recovered through prices, but it is possible that not all of the increase in costs can be absorbed in this way, which could affect the group's results. In 2022 inflation rates have risen considerably, and to deal with this situation very active price negotiation policies have been maintained by Procurement/Coperama. In 2023, experts indicate that inflation rates should become more moderate.	↔	Periodic monitoring of collective agreement negotiation. Analysis and review of the main sources of operating costs (housekeeping, food and beverages, energy, water, etc.).. Monitoring of the correct application of IAS29 due to hyperinflation in Argentina.

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Category	Risk event	Description of the risk	RT	Control and management measures
Financial (cont.)	Interest rate risk	<p>2022 has been a year of interest rate rises, which has had a twofold effect:  On the one hand, it affects the cost of the Company's debt structures. A rise in interest rates would cause an increase in the Group's financial expenses associated to debt with floating interest rates, which would affect results and cash flows. In this regard, to reduce its exposure, the Company has proceeded more quickly to repay the structured debt at variable rates (and therefore affected by the interest rate hikes), thanks to good cash situation generated by the business.</p> <p>At the end of 2022, 30% of the Group's financial debt is exposed to interest rate fluctuations (70% of the debt has fixed interest rates). As an estimate, an increase in interest rates of 25 basis points would lead to an increase in financial expenses of 0.5 million euros.</p> <p>On the other hand, the rise in rates may increase the cost of other products the Company uses, such as guarantees or confirming facilities, which are used to optimize working capital. In the case of guarantees, for example, the better situation of the sector, and of the Company in it, means that we can negotiate not to use this type of products in certain cases (replacing them with cost-free corporate security, which is not linked to any interest rate). In the case of confirming, the cost is not applied to NH but to the suppliers, but a scenario of rising interest rates causes them to lose interest in the product. The approach continues to be to negotiate these instruments while preferring traditional bank transfer as a payment method.</p>	↑	Assessment of interest rate hedging instruments and reasonability of the economic/commercial terms.
	Reduction in available credit facilities due to concentration in the banking system	Difficulties in increasing financial instruments such as bank security and WK (confirming) instruments to match the current size and future growth opportunities.	↔	<p>Continuous dialog with banks and financial institutions to identify new partners and find the best financing arrangement for NH. Continuous dialog with the present lender banks to increase this type of facility (in some cases, a reduction in other credit facilities is required as it is difficult to increase the exposure limit).</p> <p>Analyze new short-term capital market solutions (i.e. commercial paper). New local financial institutions should be identified at national level, as most current lenders are unwilling to increase their exposure.</p> <p>The Company's positioning in ESG may help to diversify financing products.</p>

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Category	Risk event	Description of the risk	RT	Control and management measures
<b>External factors</b>	Change in economic cycle	The contraction of the global economy (or low levels of economic growth) could have a negative effect on NH's revenues and profitability and slow the Company's future growth.	↑	Existence of a Commercial Strategic Plan aimed at diversification and strengthening of segments. Operational optimization and efficiency projects. Asset Repositioning Strategy.
	Geopolitical risks (terrorism and political instability)	NH operates in countries where there is a risk of suffering terrorist attacks. This could cause a reduction in sales due to the "panic effect" on tourism. It could impact travel/tourism patterns in the affected areas and lead to an increase in insurance premiums and in security costs. The occurrence of a terrorist attack could cause damage to one or more NH properties the value of which is not fully covered by the current insurance policy. NH also operates in certain countries subject to political instability or uncertainty that could affect business decisions or financial results (e.g. Brexit, Spain/Catalonia, Italy, Mexico, etc.) This also includes the possible impact of the Helms-Burton Act on possible lawsuits against NH in courts in the USA (Cuba, Sotocaribe, etc.).	↑	Existence of a communication protocol in the event of a crisis. Existence of a Business Continuity Plan and a Disaster Recovery Plan. Quarterly analysis of the economic and geopolitical situation in regions where NH operates and assessment of the impact on the Company's operations. Existence of an Executive Risk Committee. Documented Risk and Insurance Management process. Adaptation of the commercial strategy to mitigate the impact of certain outbound markets (for example, Russia, China)
	New competitors in the tourist sector	The use and popularity of collaborative economic service providers, such as Airbnb, has grown enormously in recent years. These companies compete against traditional suppliers of accommodation such as hotels or hostels and could impact demand for such traditional types of accommodation or even force traditional accommodation models to modify their business model or their cost structure in order to compete effectively. The uncertainty in the regulator's behavior and attitude towards these new accommodation models also has to be considered. Furthermore, NH is subject to intense competition from other hotel chains, and from specialist or independent hotel operators. The increase in hotel supply in some of the main cities where NH operates, as well as the creation of new business models or the repositioning of hotels are examples of initiatives by competitors. Finally, large market concentrations due to mergers and acquisitions could threaten NH's market share.	↑	Presence in local and/or national associations in the tourist sector. Presence on committees of sector experts. Institutional relations with various bodies. Pilot projects with technological tools to monitor results of collaborative economy service providers in the main city locations where the Company is present. Operational initiatives aimed at attracting families to NH accommodation and special initiatives launched to facilitate and increase the experience of corporate customers (for example, the NH+ Business Program website).

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Category	Risk event	Description of the risk	RT	Control and management measures
<b>Systems</b>	Cyberattacks	The number of cyberattacks continues to increase significantly as the attacks become more sophisticated and the methods of attack diversify. The damage deriving from such incidents may lead to financial losses or the loss of intellectual property, which makes it necessary to reinforce the current strategies for the mitigation of cyber risks. Cyberattacks could cause a loss of sensitive information of the business or customers (including credit card data), business interruptions, lawsuits deriving from system interruption, and other costs and liabilities.	↔	Existence of a corporate Security Policy. Periodic intrusion testing to detect vulnerabilities in systems and communications. Perimeter security measures. Periodic analysis of malware, viruses, etc. Cybersecurity awareness campaigns (training capsules). Online training in cybersecurity for all employees (mandatory). Information Security Management System based on international standards. Annual audit by an external firm of compliance with PCI-DSS regulations.
	Inability to keep up with technology	NH's current operations and its technological infrastructure may not be capable of meeting performance expectations in relation to quality, business operations, cost and innovation as effectively as our competitors, especially competitors that were "born in the digital age" and have a low cost structure for their operations, or even competitors with a long history and larger operations. Accordingly, NH needs to keep up to date in relation to the technological developments necessary to support its operations and its business adequately and compete effectively. Finally, the inability of NH's systems and processes to meet the Company's demands and the speed of its growth must also be taken into account, as well as the difficulty in having the necessary resources to face this challenge.	↔	Existence of periodic controls to monitor the performance of NH's technological platforms. Recurring analysis to ensure that versions of the systems are kept up to date. Attendance at events and meetings with suppliers and specialist consultants to keep abreast of new technological developments. Analysis of business and technological requirements and coordination between departments in projects for the integration of hotels in the portfolio. Performance analysis of the customer booking process on the NH website and using the mobile app. Recurring review of the NH web download time on mobile and desktop devices. FastPass initiative, combination of three innovative services: Online Check-in, Choose Your Room and Online Check-out. Existence of a Digital Evolution Plan (DER).
	SAP/website crashes	NH is currently operating with SAP systems both in back-office and front-office. If there is a crash in SAP, NH might not be able to bill its customers or might have to stop the activity of the administration department. Furthermore, NH's revenues depend on the success and availability of the website.	↔	Existence of a documented process that details the tasks and actions to be carried out at operational level in the event of system shutdowns (whether planned or unplanned) to mitigate the impact on the operation. The measures detailed above for the risk of cyberattacks (intrusion testing, perimeter security, analysis of malware and viruses, etc.).

## Emerging risks and new challenges

Emerging risks are risks that are expected to have a significant impact on the Company's operations and, therefore, on its financial results in the future in the medium term (2031-2050).

Accordingly, during the periodic process of supervision and monitoring of risks in the Executive Risk Committee and in the Audit and Control Committee, as well as during the annual risk identification and assessment process, the Company has adequate mechanisms to ensure that emerging risks and new challenges are taken into consideration and given an adequate response. The final result of this analysis is reflected in the corporate Risk Map which is submitted annually to the Board of Directors for approval.

Additionally, risk owners can report any emerging risks or new risks detected at any time, so that the Risk Office can proceed to analyze and consider them. These risks form part of our risk map, but the Company analyzes them in more depth to identify the potential long-term impacts and advance the pertinent mitigation measures.

## Emerging risks identified in 2022

### **Risk of Floods** | Physical Risk | Environmental Category

#### **Risk of extreme precipitation (torrential rains, hail and snowstorms)** | Physical Risk | Environmental Category

In most of the countries where the Company operates, the Group is exposed to the risk of extreme natural events, the frequency and/or gravity of which may be amplified by climate change.

Both risks are due to changes in precipitation patterns, both in frequency and intensity, that take the form of abundant rain and saturation due to an excess of water in the soil or overflowing river courses, flooding the surrounding land.

Among these extreme natural events, both risks are notable for the increase in their potential residual impact on the Company's business, taking into account the estimate of a likely increase in daily extreme precipitation of 7% for each degree Celsius that the global temperature rises. This results in a progressive intensification of the likelihood of floods in specific regions of the world, aggravated both by the increase in sea level and by the increase in intense precipitation.

With the increase in sea level and in intense precipitation and the consequent changes in the intensity of precipitation, the likelihood of floods has increased in some places and will continue to increase<sup>2</sup>. Among the countries most exposed to these risks are countries in northern Europe such as Germany and the Netherlands and in southern Europe such as Spain, France and Italy, where these adverse weather phenomena are becoming more and more intense due to the "tropicalization" of the Mediterranean Sea, with potentially damaging effects for NH Hotel Group, as it represents 49% of the portfolio.

The occurrence of such events could have a direct or indirect impact on guests and employees, but also on the Group's business and assets, affecting its activity negatively and compromising its financial situation. Protecting guests and employees is a priority for NH Hotel Group, so the Company is responding to these changes, analyzing the current situation of its hotels and future assets. According to the IPCC, in Spain alone the cost of the floods caused by extreme precipitation phenomena has been on average 800 million euros a year.

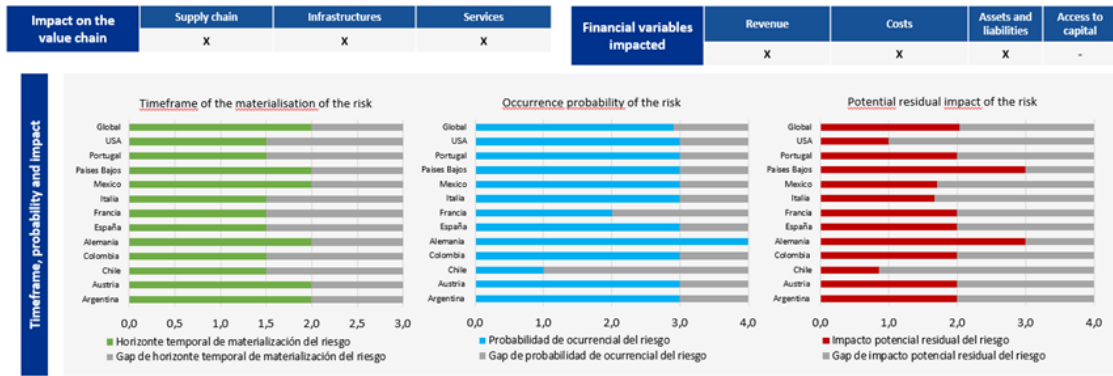
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<sup>2</sup> Source: Sixth Assessment Report (AR6), IPCC

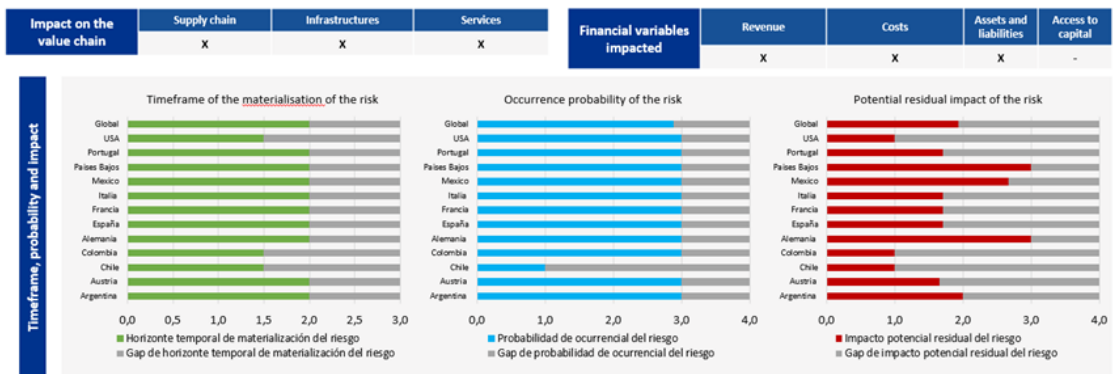


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*Risks of floods*



*Risk of extreme precipitation*

### Mitigation measures

- Design of contingency plans and action protocols in the event of floods in potentially exposed hotels, which will establish preventive and corrective actions, and investments in infrastructure and equipment (containment dykes, drainage, bilge pumps, cleaning of drains and sewers, correct channeling of bodies of water, etc.).
- Installation of watertight closing systems in the main doors and windows that could be affected by a sudden rise in water level (garages, street level...).
- Installation of high-resistance windows (tempered glass) to protect from potential impacts caused by hailstones.

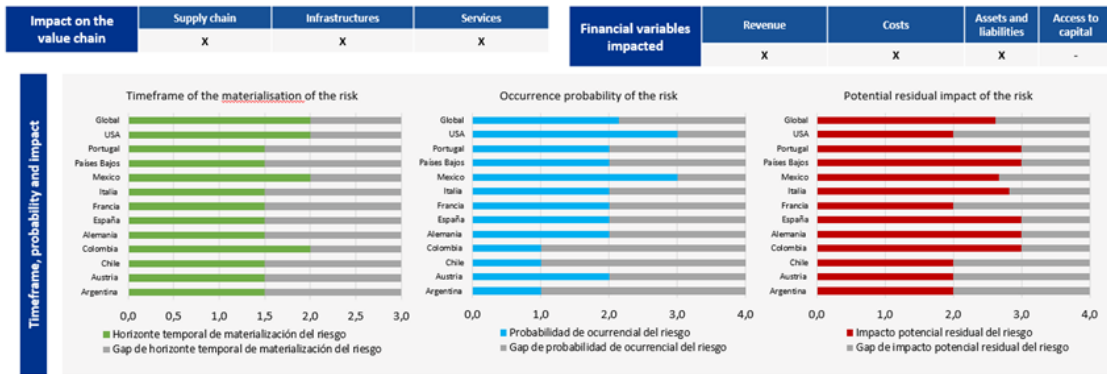
### Risks of extreme weather phenomena (cyclones, hurricanes, typhoons, tornadoes) | Physical Risk | Environmental Category

By 2050, both the average temperature of the earth's surface and the sea temperature will experience significant increases, especially in the basin that flows into the Adriatic Sea, causing an increase in the frequency and intensity of extreme weather phenomena such as cyclones, hurricanes, typhoons or tornadoes.

To study the likelihood and impact of this risk, the variations in average temperature, in relative humidity, sea temperature and wind speed and, finally, the number of consecutive dry days have been taken into account. As a result of these variations, there is a greater likelihood of occurrence in regions such as the USA and Mexico. However, considering that most of NH Hotel Group's assets are located in Europe, the residual potential impact could be greater in this geographical area. For example, it is likely that the Company's assets in Italy will be affected by prolonged periods of high temperatures and drought, as well as intense precipitation associated to more frequent systems such as long-term medicanes.

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### Mitigation measures

- Design of contingency plans and action protocols for extreme weather phenomena in potentially exposed hotels, that establish preventive and correction actions, and investments in infrastructure and equipment (protection systems for equipment and infrastructure, containment dykes, bilge pumps, etc.).

### Risks of increase in temperature | Physical Risk | Environmental Category

In recent decades there has been an increase in the frequency and intensity of extreme heat events which are expected to increase independently of the greenhouse gas emission scenario, with increases in average temperatures of between 1.3°C and 2.2°C between 2041 and 2060.

Independently of the greenhouse gas emission scenario, the frequency and intensity of extreme heat events have increased in recent decades and are forecast to continue to increase. The risk of such an increase in temperature is seen in the increase of stress caused to materials due to temperature, an increase in daily temperature variability, a rise in the number of hot nights per year or the increase in the frequency and intensity of heatwaves<sup>5</sup>.

This risk has a high probability of occurrence in all the countries in NH Hotel Group's portfolio, but it presents a higher residual potential risk in countries in southern Europe. Spain is among the potentially most affected countries, where greater impact of the increase in maximum temperature is observed with heatwaves in the central and southern areas of Spain. Assets located in these regions will be most affected by these variables in 2050 under climate scenario SSP1 -RCP2.6.



### Mitigation measures

- Development of energy efficiency studies in hotels to identify actions that will improve energy efficiency: change of windows, installation of façade coverings,

<sup>3</sup>Source: Sixth Assessment Report (AR6), IPCC

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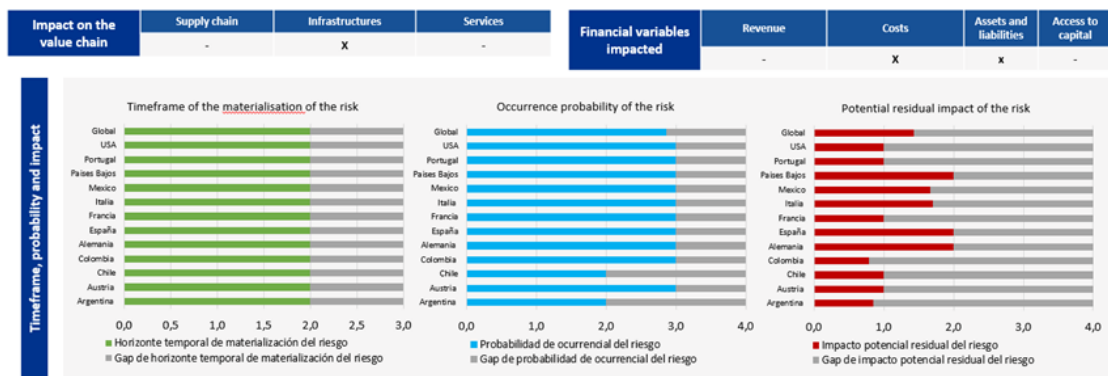
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replacement of climate control technologies, change of lighting elements, application of domotics, etc.

#### Risks related to new legal requisites concerning safety of infrastructure | Transitional Risk | Political-Legal Category

The Group's operations may be affected by the introduction of new legal requisites concerning safety that require actions to be carried out on infrastructure.

This risk shows the need for investments associated to improving the safety and resilience of infrastructure in the face of the physical effects of climate change, such as improving the resistance of windows, façade elements, roofs, doors and the construction of safe spots.



#### Mitigation measures

- Development of plans to adapt infrastructure in response to climate risks so that it is less susceptible to its impacts through specific actions: Construction of containment dykes, water evacuation systems, doors with flood-prevention mechanisms, etc.

## **NH HOTEL GROUP'S RESPONSE TO THE RISKS AND OPPORTUNITIES ASSOCIATED TO CLIMATE CHANGE BASED ON THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD)**

At NH Hotel Group, the fight against climate change is a fundamental strategic value, and with the aim of advancing in the definition of its climate strategy, in 2021 an analysis was carried out to determine the Company's situation with respect to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the steps that should be taken to align with them.

As a result of this analysis, an exercise was carried out to improve the current methodology for the identification of exposure to physical and transitory risks and the opportunities associated to Climate Change. This analysis included a greater level of detail of these risks, as well as short, medium and long-term time horizons.

### **Governance**

All climate-related matters that the Company has to address are included in the chapter "Planet" and in the chapter "Sustainable Business Strategy > Sustainable Business Governance"

### **Strategy**

During the first half of 2022, NH Hotel Group carried out an analysis to identify its exposure to the physical and transitory risks and the opportunities associated to Climate Change.

For each of the climate-related risks and opportunities considered in the analysis, the impacts in different terms associated to each of them which are expected to materialize significantly have been assessed. The assessment has been carried out considering the impact in 4 timeframes:

- Present (0-2 years: 2022-2024)
- Short-term (3 - 8 years: 2025-2030)
- Medium-term (9 - 28 years: 2031-2050)
- Long-term (> 29 years: beyond 2050)

The financial impact that these risks and opportunities could cause to NH Hotel Group and the effect they could have on its business, strategy and financial planning will be examined in the second phase of the work carried out to define the alignment with the TCFD recommendations.

The analysis encompasses the countries where NH Hotel Group's presence is most relevant in terms of volume of hotels owned or leased, their contribution to the Company's results and their strategic relevance: Argentina, Austria, Chile, Colombia, France, Germany, Italy, Mexico, the Netherlands, Spain, Portugal and the USA.

The definition of the universe of risks included in the analysis took into account the IPCC with regard to climate risk generating factors: "Principal climate impact drivers" and "Secondary climate impact drivers". The types of climate risks defined by the TCFD have also been taken into consideration: physical risks (acute and chronic) and transition risks (political and legal, technologies, market and reputational).

As a result, the risks analyzed were classified, following the TCFD inventory, according to their nature in two categories:

- Physical risks, analyzing the impacts of both acute and chronic risks on NH Hotel Group's activities throughout the entire value chain.

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- Transitory risks, assessing the political, legal, market, technological and reputational risks they could have on the Group's activities and/or its value chain.

**Risk universe analyzed**

<b>Physical</b>	Chronic	<ul style="list-style-type: none"> <li>• Increase in air temperature [SC; I; S]</li> <li>• Rise in sea level [I; S]</li> <li>• Reduction in availability of water resources [SC; I].</li> </ul>
	Acute	<ul style="list-style-type: none"> <li>• Extreme weather phenomena: Cyclones, hurricanes, typhoons, tornadoes, etc. [SC; I; S]</li> <li>• Extreme precipitation: torrential rain, hail, snowstorms, etc. [SC; I; S]</li> <li>• Floods [SC; I; S].</li> <li>• Extreme coastal phenomena [SC; I; S].</li> <li>• Wildfires [SC; I; S]</li> <li>• Alteration and imbalance of living organisms in marine ecosystems [SC; I; S].</li> <li>• Insect plagues [SC; I; S].</li> </ul>
<b>Transition</b>	Politics and regulation	<ul style="list-style-type: none"> <li>• Taxes linked to GHG emissions [SC; I; S].</li> <li>• New climate reporting requisites [SC; I].</li> <li>• New legal requisites concerning energy efficiency [SC; I; S].</li> <li>• New legal requisites related to the reduction of GHG emissions and climate risk management [SC; I; S].</li> <li>• New legal requisites related to infrastructure safety [I]</li> <li>• New legal requisites on protection of the environment [I; S]</li> <li>• Greater exposure to environmental litigation/breaches [I]</li> <li>• Restrictions to vehicle mobility [SC; I].</li> </ul>
	Market	<ul style="list-style-type: none"> <li>• Change in customer behavior/preferences [SC; I; S].</li> <li>• Variation in availability of resources [SC; S].</li> <li>• Geopolitical and social instability [SC; I; S].</li> <li>• Change in insurance conditions [I]</li> <li>• Inadequate insurance coverage [I]</li> <li>• Difficulties in access to financing [SC]</li> <li>• Loss in value of assets [I]</li> </ul>
	Technology	<ul style="list-style-type: none"> <li>• Transition to low-emission technologies [SC; I].</li> <li>• Increase in operational difficulties for equipment and facilities [I].</li> </ul>
	Reputation	<ul style="list-style-type: none"> <li>• Failure to achieve climate goals [SC; I; S].</li> <li>• Changes in customers' perception of the Company [SC; I; S].</li> <li>• Degradation of the image of the tourist industry [SC; I; S].</li> </ul>

*Impact on elements of value chain (supply chain [SC]; infrastructure management [I]; services [S])*

The inventory of opportunities analyzed was classified as follows:

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#### Opportunity universe analyzed

<b>Products and services</b>	<ul style="list-style-type: none"> <li>Changes in customer behavior/preferences [SC; I; S].</li> </ul>
<b>Efficiency of resources</b>	<ul style="list-style-type: none"> <li>Direct government incentives related to energy efficiency and consumption of resources [SC; I].</li> </ul>
<b>Energy source</b>	<ul style="list-style-type: none"> <li>Direct government incentives related to decarbonization of transport [I].</li> </ul>
<b>Markets</b>	<ul style="list-style-type: none"> <li>Access to financing [SC]</li> <li>Changes in customer perception [S]</li> <li>Changes in insurance conditions [SC]</li> <li>Improvement in the image of hospitality [SC; S].</li> <li>Differentiation from the competition [S]</li> <li>Opening of new markets [I; S]</li> <li>Indirect state incentives [SC; I; S].</li> <li>Asset capitalization [I]</li> </ul>
<b>Resilience</b>	<ul style="list-style-type: none"> <li>Direct government incentives related to the battle against climate change [I].</li> </ul>

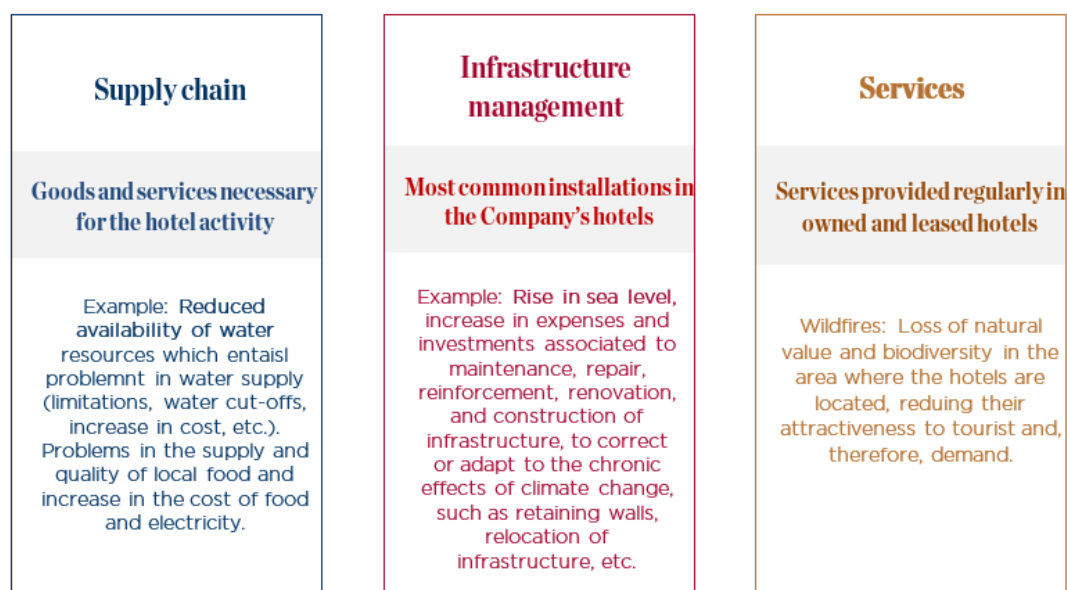
*Impact on elements of the value chain (supply chain [SC]; infrastructure management [I]; services [S])*

Once the risks and opportunities for the Company had been identified and defined, a more detail analysis of the impact on the value chain was carried out. This allows us to understand the specific impact of climate change on the activities of NH Hotel Group as a whole.

Three different areas were considered:

- Upstream – Supply chain [SC]
- Infrastructure management [I]
- Downstream – services [S]

The Company has analyzed separately the implication of each risk and opportunity for these three elements in order to assess the effects of climate change on NH Hotel Group's value chain. Thanks to this approach, NH Hotel Group knows in greater detail the impact on the business, on the strategy and on the financial plan.



In order to know how climate impacts affect financial planning, in the 2022 exercise, financial variables have been identified in line with the TCFD recommendations, quantifying financially the most relevant Risks and opportunities in a next step of the implementation to be done during 2023.

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#### Financial variables    Example of potential impact for NH Hotel Group

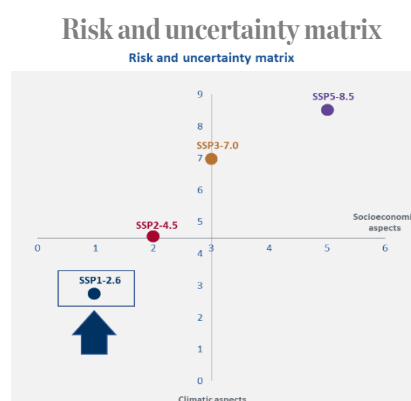
<b>Revenues</b>	Changes in customer behavior and preferences, such as the decline in tourism in certain areas affected by the physical risks of climate change, will affect the demand for the Company's services, which would lead to a reduction in the revenues obtained.
<b>Costs</b>	Increase in operating costs, such as the price of energy and staff costs. Furthermore, the greater exposure to environmental litigation/ breaches may give rise, in the event of non-compliance with these requisites, to an increase in the cost structure, as higher penalties would be faced.
<b>Assets and liabilities</b>	An increase in extreme coastal phenomena could lead to depreciation in the value of assets as a result of being exposed to greater risk. If the requisites of new legislation for the decarbonization of buildings are not met, assets would be affected negatively, which would reduce their market value.
<b>Access to capital</b>	The hotel sector's high exposure to climate change risks (physical or transition risks) could increase the requisites for access to and the price of financing

The assessment of risks and opportunities that has been carried out includes an analysis of climate scenarios considering both physical (RCP) and socioeconomic (SSP) factors.

The scenarios chosen, have been selected taking into account the objectives of the Paris Agreement, the new scientific updates of the latest IPCC Assessment Report (AR6) and the overall recommendations of the TCFD, not just the limitation of the temperature increase to 2° or less, but also their general characteristics: type, diversity, scope...

Out of the four scenarios, the one chosen for the analysis of climate risks and opportunities aligns both with the reality of the Company (realistic and consistent with its objectives and commitments) and with the evolution of the projections suggested by the trends analyzed by the scientific community for the world climate.

This scenario, known as SSP1 - RCP2.6, envisages a future in which society will shift gradually but extensively towards a more sustainable model than the current model, achieving more integrated development that respects the perceived environmental limits.



*Fig.3 – Scenario selection. The blue arrow is the scenario chosen for the analysis of climate risks and opportunities. Scenarios SSP1 -RCP2.6 has been chosen due to NH Hotel Group's commitments to reduce carbon emissions, Minor International's net zero emissions commitments, the TCFD recommendation to chose at least a scenario of 2° or less and the IPCC recommendations.*

The time horizon for the assessment of climate risks and opportunities ends in 2050. NH Hotel Group's climate strategy is based on this scenario and time horizon.

## **Risks Management**

To identify and assess the climate risks and opportunities that will affect NH Hotel Group, the following processes have been carried out:

- Analysis of climate scenarios: by choosing a climate scenario, to help the Company to assess the relevance of the climate risks and opportunities through heat maps.
- Analysis of the value chain: to identify and understand its operations regarded as a whole (supply chain, infrastructure management and services) where the Company, its strategy and its financial planning could be most affected by climate risks and opportunities.
- Definition of the universe of climate risks and opportunities: Based on the IPCC, the TCFD and the nature of NH Hotel Group, a universe of climate risks and opportunities has been defined, giving a preliminary view of the risks that could affect the Company.
- Assessment of climate risks and opportunities: Evaluation of the universe of risks and opportunities defined through the regulatory and cartographic analysis of the climate variations forecast in the selected scenario in 2050. Values for impact, likelihood of occurrence and time horizons are assigned to this evaluation to estimate whether or not the risk or opportunity will be significant for NH. The evaluation scales are established according to the Company's risk analysis corporate model.

The analysis of risks and opportunities carried out is based on the most recent IPCC updates (6th Assessment Report (AR6)). Most of the maps showing the evolution of climate variables (causing the physical risks) analyzed for the assessment of physical risks are based on the projections of the CMIP6 (Coupled Model Intercomparison Project).

Furthermore, to assess regulatory transition risks, a regulatory study has been carried out of each of the countries included in the assessment. The methodology followed is aligned with NH Hotel Group's risk management model, based on the Enterprise Risk Management (ERM) Methodology.

To determine the magnitude of the impact of the risks and opportunities identified, the inherent potential impact and likelihood of occurrence were also evaluated, following the Corporate Risk Scale. This lets the climate risk be integrated into the Corporate Risk Map. Furthermore, to prioritize the climate risks, the control environment has been evaluated to determine whether NH Hotel Group has risk control elements.

In this way, for each of the geographies where NH Hotel Group has hotels under ownership or lease the particular impact that climate change has on each of the risks and opportunities identified has been studied, as well as the current and future implications they have on the Company's activities.

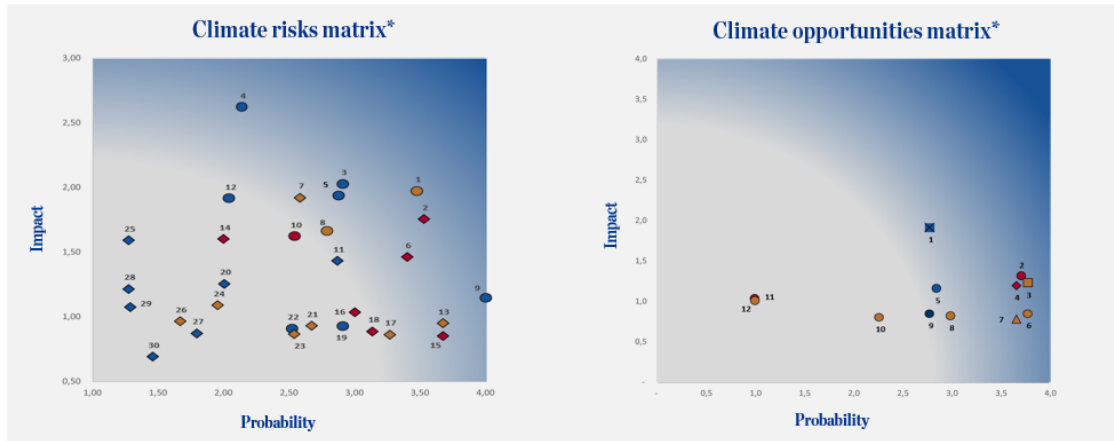
This study has made it possible to establish values for the materialization time horizon, likelihood of occurrence and potential impact, for the purpose of obtaining the global climate risk and opportunity matrices. In line with the integration of the risk identification, assessment and management processes, the scales used in the likelihood and impact analysis are the same scales as in the Company's traditional risk matrix, so that all the information can be integrated consistently.

For the analysis, overall values for the likelihood and potential impact of each of the risks and opportunities have been used.

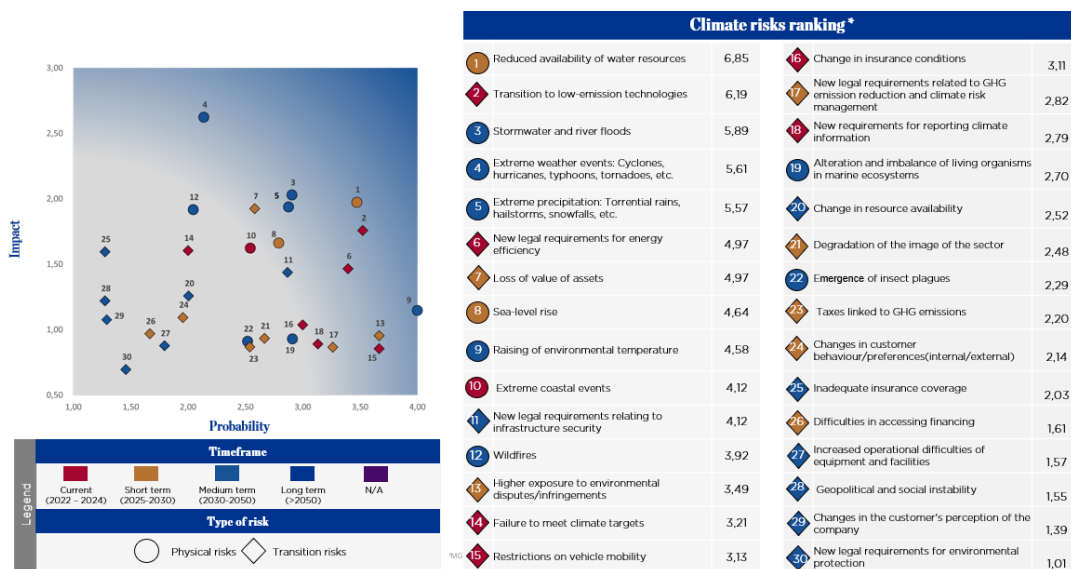
Giving as a result, the following climate risk matrix:



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\*Based on severity (likelihood  $\times$  impact).



\*Based on severity (likelihood  $\times$  impact).

Once the risks have been identified and assessed, adequate responses and controls will be designed with the aim of reaching an acceptable risk level for the Company.

If the risk level, after taking into account the controls and actions undertake to mitigate it, is not within comfort limits (the Organization's willingness to accept it), additional actions will be required through an Action Plan to reduce the risk level even further to an acceptable level. This Action Plan will be submitted to the Risk department and to the Executive Risk Committee for review and validation.

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**Conclusions on the main physical risks and their adaptation measures**

Risks	Response measures / Adaptation plan		
	Description	Short term (2025-2030)	Medium term (2031-2050)
Reduction in the availability of water resources	Adopt water-saving technologies to reduce consumption.	X	
Stormwater and river floods	Train employees to identify water saving measures	X	
	Develop a response mechanism for planning operations and taking preventive measures.	X	
	Design and implement appropriate mitigation measures.		X
Extreme weather events: Cyclones, hurricanes, typhoons, tornadoes, etc.	Evaluate prevention plans and incorporate mitigation measures for possible flooding.		X
	Consider extreme weather events in the emergency plan	X	
Extreme precipitation: Torrential rains, hailstorms, snowfalls, etc.	Develop a response mechanism for planning operations and taking preventive measures.	X	
	Design and implement appropriate mitigation measures.		X
Raising of environmental temperature	Environmental temperature control measures.	X	
	Consider extreme weather events in the emergency plan.		X

## Metrics and targets

All issues related to metrics and targets are listed in the Chapter "Planet > Sustainable Products and Assets > SBT Plan 2030".

## SUSTAINABLE BUSINESS STRATEGY



**NH Hotel Group conducts its hotel business with the ambition of leading responsible behaviour, creating shared economic, social and environmental value wherever it is present.**

The Company is aware of the effects of its activity on the environment, and works to prevent and anticipate possible environmental contingencies, as well as to integrate sustainability in all its processes, striving to reduce its impacts.

At NH Hotel Group, the fight against climate change is a fundamental strategic value, and with the aim of advancing in the definition of its climate strategy, during 2022 an analysis has been carried out to determine how the Company is in relation to the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) and what steps should be taken to be aligned with it in 2023.

In view of the ambition to operate in a decarbonised world, NH Hotel Group will redefine its carbon emissions reduction target across its value chain by 20% by 2030, with the purpose of aligning it with the global ambitions of keeping the temperature increase below 1.5 °C. For this purpose, NH Hotel Group has created the "SBT 2030" working group. The coordination of this working group is led by the Sustainable Business Department, with the participation of all areas with a key role in the decarbonisation of the company.

## Sustainable Business Model



NH Hotel Group conveys human rights and ethical business principles in the way it works throughout its value chain: shareholders, customers, partners, suppliers and employees, promoting responsible alliances through two main pillars: UP FOR PLANET and UP FOR PEOPLE.

The decalogue and pillars of NH Hotel Group's brands are as follows:

### MAIN PILLARS: PLANET & PEOPLE

#### PLANET

##### 01. PRODUCTS – HOTEL BUILDINGS

Battle against climate change and progress towards decarbonization, minimizing our environmental footprint while developing more sustainable hotels through buildings retro-fit.

##### 02. PROCESSES – OPERATIONAL STANDARDS

Manage resources carefully with a '4R' approach: Reduce - Reuse - Recycle - Replace, while setting residual footprint.

##### 03. PURCHASING

Strengthen our sustainable value chain, prioritizing key partnerships, local suppliers and responsible organizations.

#### PEOPLE

##### 04. EMPLOYEES

Promote a responsible culture for our teams, fostering diversity, ethics and wellbeing.

##### 05. CUSTOMERS

Provide excellent service through innovative sustainable solutions, while educating and actively involving customers in our projects and commitments.

##### 06. COMMUNITIES

Support our key partners, creating positive social and environmental impact on the local communities where we are present.

### OUR ENABLERS

#### PERFORMANCE

##### 07. COMPLIANCE

Leading position in industry standards (TCFD, SBT, S&P...) and actively communicate with stakeholders, disclosing information swiftly and transparently.

##### 08. CERTIFICATIONS & ENDORSEMENTS

Transformative ESG experiences and solutions endorsed by leading independent expert partners, relevant for our stakeholders.

#### PARTNERSHIPS

##### 09. INDUSTRY, GOVERNMENTAL & NGOs

Leading role fostering partnerships and hospitality networks.

##### 10. EDUCATION & MEDIA

Supportive role for universities & mass-media, providing educational content and nurturing key partnerships.

## **Sustainable Business Governance**

The Board of Directors of NH Hotel Group is responsible for supervising the Sustainable Business Strategy, defined as one of the pillars of the Company's strategy. This supervision and control task is articulated through two of the Committees of the Board of Directors:

- On one hand the Nominations, Remuneration and Corporate Governance Committee is responsible for monitoring the advances made in the Sustainable Business Strategy.
- On the other hand, the Audit and Control Committee is responsible for evaluating any matter related to risks, including climate risks.

The Chief People and Sustainable Business Officer and the Chief Operations Officer are responsible for environmental and climate aspects on the Management Committee and validate the Company's climate strategy as set out in the Sustainable Business model.

This coordinated function has been boosted since October 2<sup>nd</sup>, 2020, when the Chief Operations Officer was appointed as an executive member of the Board of Directors.

It should be noted that in May 2022 the Nominations, Remuneration and Corporate Governance Committee approved the creation of the Executive Sustainability Committee, as a result of its awareness of the major importance of sustainability and its role as a key factor in the market.

This Committee has the function of supporting the Board in its duty to supervise the Sustainable Business Strategy, providing the necessary resources to achieve the objectives and goals in this area. In order to ensure compliance with the long-term objective, the Company establishes annual intermediate objectives whose compliance and the actions to achieve them are monitored by the Executive Sustainability Committee.

Regarding the management of the environmental strategy, NH Hotel Group has a Corporate Sustainable Business Department that reports to the Chief People & Sustainable Business. Furthermore, in order to prevent and reduce environmental risks and impacts, and to implement the Company's commitments in this area, there is coordinated work between teams from different areas, both at corporate level and at business unit and hotel level.

The Company knows that in order to achieve its sustainable commitments, it is crucial to involve the entire company and materialise it through a "Sustainable Mindset". Therefore, it has identified those key areas that need to work together and join efforts to meet its ambition to be ready to operate in a decarbonised world.

Following the TCFD recommendations and as part of this decarbonisation commitment, from 2022 the remuneration of the CEO and COO is linked to the achievement of the annual carbon emissions target defined in the "SBT Plan 2030". In addition, all key functions responsible for activating the levers of this Plan have targets included in this regard as part of their variable remuneration.

### **Executive Sustainability Committee**

At its meeting held on May 12<sup>th</sup>, 2022, the Nominations, Remuneration and Corporate Governance Committee approved the creation of an executive sustainability committee ("Sustainability Committee") as a result of its awareness of the importance of sustainability in the business sector and its role as a key factor in the market. As evidence of the Company's commitment to Environmental, Social and Governance (ESG) parameters, this Committee is driven to promote all the actions and initiative carried out in this field and to make the main decisions relating to it.

This Committee has the function of supporting the Board in its duty to supervise the Sustainable Business Strategy, providing the necessary resources to achieve the objectives

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and goals in this area. Moreover, it is the body that must report to the Nominations, Remuneration and Corporate Governance Committee on progress in the Sustainable Business Strategy.

Additionally, in collaboration with the Executive Risks Committee, it must validate the process of identifying and evaluating GSA Risk Maps, including Climate-related Risk and Opportunity Maps. It is also responsible for validating the action plan to minimize identified Risks and maximize the value of opportunities. Finally, it is the body responsible for presenting the progress made in the application of the agreed action plans to the Audit and Control Committee.

The Executive Sustainability Committee is co-chaired by the Chief People and Sustainable Business Officer and the Chief Assets Officer, and it is made up of members of the Company from different key areas with a direct impact on the NH Hotel Group strategy, but who also represent the group overall. This Committee will meet periodically and as often as is considered advisable or necessary, establishing at least four meetings a year. Throughout 2022, the Executive Sustainability Committee held for meeting.

### **NH Hotel Group, recognized as one of the most sustainable companies in the world**

In 2022, NH Hotel Group participated for the fourth time in the Corporate Sustainability Assessment (CSA) performed by the sustainable investment agency S&P Global. The assessment generates a world ranking in sustainable performance by companies in different sectors.

NH Hotel Group has taken fourth place in the ranking, with respect to companies belonging to the Dow Jones Sustainability Index. The commitments in this area have led the Company to form part of the Sustainability Yearbook 2023 published by S&P Global.

This result consolidates NH Hotel Group as a benchmark in sustainable in the sector and underlines NH Hotel Group's sound performance in economic, environmental, and social aspects.

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#### Presence of NH Hotel Group in sustainability indices and rankings

NH Hotel Group, S.A.  
Hotels, Resorts & Cruise Lines

**Top 10%**  
S&P Global ESG Score 2022

**70** /100

As of February 7, 2023  
Positive and scores are industry specific and reflect disclosure  
scoring criteria. Learn more at [spglobal.com/esg/scorebook](https://spglobal.com/esg/scorebook)  
S&P Global Sustainable1

NH Hotel Group has achieved TOP10% recognition as one of the most sustainable hotel companies in the index, after being assessed by S&P Global, the sustainable investment agency that assesses the companies that composed the Dow Jones Sustainability Index. The commitments to sustainability have led the Company to form a part of the Sustainability Yearbook 2023 published by S&P Global.

This result consolidates NH Hotel group as one of the benchmarks in sustainability in the sector and underlines NH Hotel Group's sound performance in economic, environmental, and social aspects.



FTSE4Good

Since 2013, NH Hotel Group has been included in the FTSE4GOOD index and renews its presence year after year, thanks to the responsible management of the business and the improvements made. The index was created by the London Stock Exchange to help investors integrate environmental, social and corporate governance (ESG) factors in decision making.



NH Hotel Group has been included for the fourth time in the Bloomberg gender-equality index 2023 and is the only Spanish hotel company among the 484 companies included in the index.

The Company has obtained its best results in salary equality and parity, thanks to its compensation policies based on gender equality and on the fight against the pay gap. This has confirmed aspects that were already known, such as the positive presence of women at all levels of responsibility in the Company.

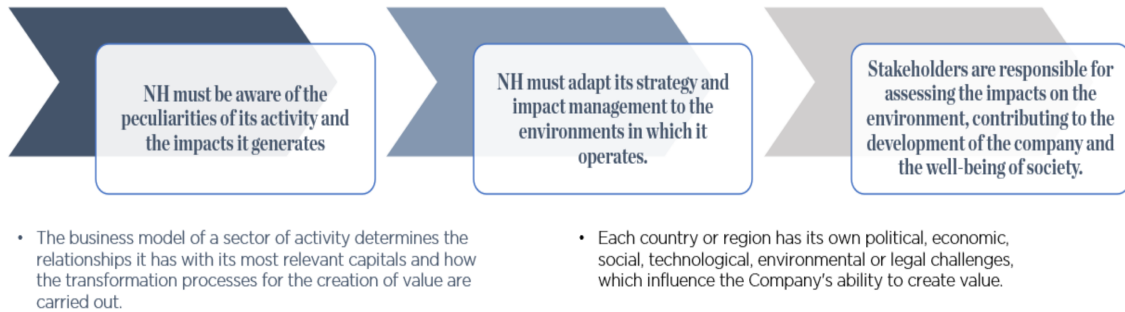


Carbon Disclosure Project recognizes the efforts made by leading global companies in the battle against climate change. In the latest report published in December 2022, NH Hotel Group obtained a rating of B in the annual ranking. With this rating, NH Hotel Group once again sees recognition of its pioneering vision to place sustainability as a strategic value that has acted as lever for value across the Group for more than a decade.

## Materiality Analysis

The materiality analysis is key in NH Hotel Group's Sustainable Business strategy management process. The analysis is updated annually and for this purpose the main risks, priorities and opportunities relating to ESG matters for the Company and the sector are identified.

The materiality of matters is determined by the combination of the activity that NH Hotel Group carries out and the impacts that the Company generates on the environment, the magnitude of the impact deriving from the particular features of the location where the activity is carried out and the sensitivity of the stakeholders receiving the impact.



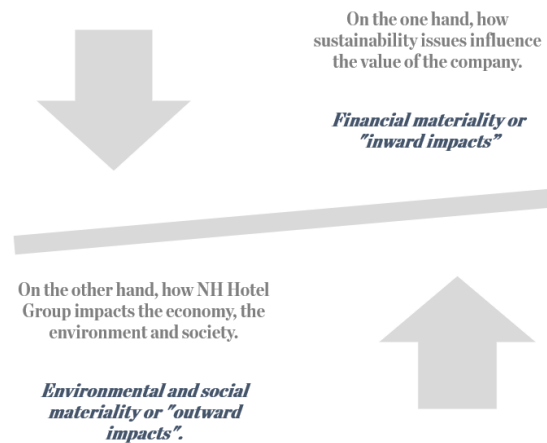
## The new concept of double materiality

As a new feature, NH Hotel Group has worked this year to integrate double materiality as part of its strategy, identifying the matters that have an impact on the value of the Company, society and the environment, as published on April 21<sup>st</sup>, 2021, in the European Union Corporate Sustainability Report Directive (CSRD).

In this way, the Company seeks to respond to the expectations of regulators and supervisory bodies (CNMV) and to current and future statutory reporting needs such as the standards of the Task Force on Climate-Related Financial Disclosures (TCFD); the Sustainability Accounting Standards Board (SASB); the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI), among others.

The aim is to determine which sustainability issues or sub-issues are relevant for the Company and for which adequate reporting must therefore be defined. A matter may be relevant from the standpoint of environmental or social impact or financial impact, or both.

The process for determining materiality takes into account:



- Impact materiality: identifying material matters when the Company is related to significant real or potential impacts on people or the environment in the short,

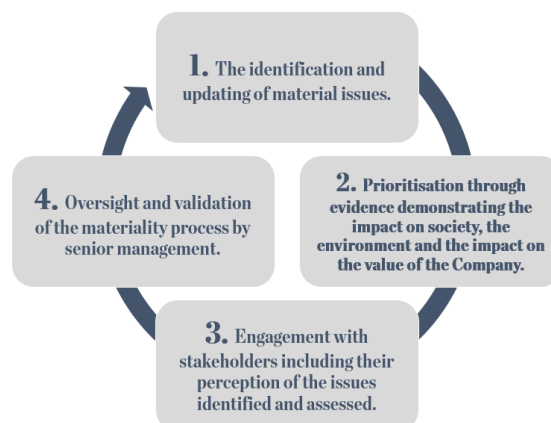
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medium and long term; both impacts caused directly by the Company or those that it may have throughout its value chain.

- Financial materiality: different from the materiality used in financial reports, this refers to identifying material matters that produce financial effects for the Company, i.e. that generate or could generate risks or opportunities that influence future cash flows and, therefore, the Company's value in the short, medium or long term.

Based on this double approach, the study phases are detailed below:



#### 1. Identification and update of relevant matters

The first step has been the identification of a broad universe of potentially material issues. Reference to multiple sources is essential to minimize the risk of overlooking any emerging issue and ensuring an exhaustive and credible analysis.

The Company has started from the material aspects identified in 2021 and updated in 2022, which have been validated and extended according to the Company's context, from sources of special relevance such as reporting standards, new regulations and matters conveyed by our stakeholders as investors.

For this year's update, 24 material matters were identified based on an analysis of the current context, ESG criteria, an analysis of global trends, Global Reporting Initiative (GRI) standards and the UN 2030 Agenda.

Subsequently, a semantic review of the matters was carried out with the aim of linking similar matters, concepts or areas and integrating them in the terms of NH Hotel Group and the hotel sector's business approach.

Relevant Issues 2022	Description
Agility and resilience of the business model	<ul style="list-style-type: none"> <li>Financial solvency, profitability and strength of the Company. Faster and more reliable operations and workflows, advanced technologies and automation to provide the intelligence to fuel new and flexible business models that can adapt to changing times.</li> </ul>
Regulatory environment	<ul style="list-style-type: none"> <li>Impact of new regulations such as EU Taxonomy or the Green Deal. Influence of regulatory and political instability in the countries where the Company is present. Participation in tourism lobbies to promote improvements in the sector.</li> </ul>
Corporate governance, business ethics and transparency	<ul style="list-style-type: none"> <li>Application of the code of good governance in the Company's governing bodies. Implementation of policies and mechanisms to prevent corrupt activities, fraudulent operations or any other non-compliance of a different nature. Actions to ensure a model of transparency with the different stakeholders, fair competition and adequate reporting to the CNMV. Implementation of the code of ethics and the whistle-blowing channel as detection tools.</li> </ul>
Cybersecurity and data protection.	<ul style="list-style-type: none"> <li>Protection of personal data, secure and responsible processing of payment method data, unauthorised installation or use of IT assets that may infringe intellectual and industrial property, IT damage, business continuity, privacy rights and unauthorised access.</li> </ul>



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Relevant Issues 2022	Description
Human and labour rights protection	<ul style="list-style-type: none"> <li>Application of Human Rights due diligence: policies, management system, monitoring and control mechanisms to ensure compliance with the Company's commitments on human and labour rights, as well as in its supply chain.</li> </ul>
Management of financial, non-financial and emerging risks	<ul style="list-style-type: none"> <li>NHHG's capacity to adapt to the main business risks. Management and prevention of the main global, sector, current or emerging risks and opportunities.</li> </ul>
Anticipation of climate change risks	<ul style="list-style-type: none"> <li>Actions and measures aimed at reducing the vulnerability of natural and human systems to the actual or expected effects of climate change. Management of the risks and opportunities arising from climate change, allowing for adequate adaptation and mitigation of its adverse effects.</li> </ul>
Digital transformation for operational efficiency	<ul style="list-style-type: none"> <li>Promotion and encouragement of innovative initiatives that enable the development of new products or services. Investment in R&amp;D and promotion of new hotel concepts. Improving connectivity and digitalisation of applications and systems implemented by the Company. Integrity of the Company's information platforms and systems. Evolution towards a digitalised operating model through innovation, technology and more efficient and intelligent processes.</li> </ul>
Combating climate change	<ul style="list-style-type: none"> <li>Reduction of NH Hotel Group's carbon footprint and mitigation of the long-term impacts of climate change on the natural environment, communities and the value chain. Decarbonisation of the Company's value chain, through initiatives to reduce and offset greenhouse gas emissions. Implement practices that reduce greenhouse gas emissions (such as green building design, operational efficiency and use of renewable energy) and increase resilience to climate change.</li> </ul>
Energy efficiency	<ul style="list-style-type: none"> <li>Promotion of an eco-efficient energy management system, certified under ISO 50001 criteria, which prioritises the purchase of certified green energy in NH Hotel Group's operations globally and contributes to the decarbonisation strategy.</li> </ul>
Responsible management of natural resources and biodiversity	<ul style="list-style-type: none"> <li>Efficient management and responsible use of resources (water, raw materials, natural capital...) by NH Hotel Group. Responsibility for preserving protected areas and species at risk. Associated impacts on the hotel business model.</li> </ul>
Waste management	<ul style="list-style-type: none"> <li>Management, measurement and control of waste, discharges and effluents generated by the different activities of the Company. Promotion of the circular economy in the hotel business to extend the life cycle of products. Management of food waste.</li> </ul>
Circular model in operations	<ul style="list-style-type: none"> <li>Production and consumption model that guarantees sustainable growth over time. Optimisation of resources, reduction in the consumption of raw materials and the use of waste. Making the most of the material resources available to us by extending the life cycle of products.</li> </ul>
Responsible water management	<ul style="list-style-type: none"> <li>Efficient use and management of water</li> </ul>
Culture of equality, diversity and inclusion	<ul style="list-style-type: none"> <li>Management of diversity and promotion of actions aimed at fostering work-life balance. Work environment that promotes equal opportunities regardless of gender, race, age, religion, disability, etc. and the inclusion of minority groups or those at risk of exclusion.</li> </ul>
Talent, training and professional development	<ul style="list-style-type: none"> <li>NH Hotel Group's ability to attract, retain and develop talent. Pride in belonging to its employees.</li> </ul>
Channels of communication and dialogue with stakeholders	<ul style="list-style-type: none"> <li>Encouragement of mechanisms for a transparent and empathetic dialogue with all the Company's stakeholders. Commitment to local communities. Provision of tools to collect information, requests, suggestions and complaints from stakeholders. NH Hotel Group's reputation.</li> </ul>
Employee engagement and participation	<ul style="list-style-type: none"> <li>Company's ability to attract, retain and develop talent. Pride in belonging to its employees. Fostering an optimal working environment that reinforces employee satisfaction and commitment. Team members are NH Hotel Group's raison d'être.</li> </ul>
Safety, health and well-being	<ul style="list-style-type: none"> <li>Mechanisms and action plans focused on the prevention of any type of risk associated with the work performance of employees, suppliers and customers. Promotion of healthy habits and safe working environments.</li> </ul>
Positive impact on the local community and culture	<ul style="list-style-type: none"> <li>Contribution of the Company to the development and empowerment of the communities in which it operates. Ensuring that NH Hotel Group's tourism activity respects society and the environment in which it operates and has a positive impact on the economic and social progress of the destinations, and on the sectors that form part of the Company's value chain.</li> </ul>

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Relevant Issues 2022	Description
Promotion of youth employment	<ul style="list-style-type: none"> <li>Training programmes to improve the employability of young workers.</li> </ul>
Sustainable partnerships	<ul style="list-style-type: none"> <li>The company's capacity to achieve lasting alliances with associations, NGOs or foundations.</li> </ul>
Responsible and local supply chain	<ul style="list-style-type: none"> <li>Development of a procurement strategy that minimises risks and implementation of mechanisms for supply chain management and control. Good practices in responsible purchasing and supplier certification. Encouraging the purchase of low-carbon goods and services and promoting local trade.</li> </ul>
Unique customer experiences: Sustainability, wellbeing, and comfort	<ul style="list-style-type: none"> <li>Company commitment and implementation of new experiences and products. Value proposition that seeks to achieve customer loyalty and trust. Commitment to sustainability to achieve improved economic results, increased customer satisfaction and therefore customer loyalty.</li> </ul>
Service quality and satisfaction	<ul style="list-style-type: none"> <li>Ensure the best quality standards in products and services.</li> </ul>

**2. Prioritization through evidence showing the impact on society and the impact on the value of the Company**

Double materiality consists of explaining why matters are relevant from a perspective of social and environmental and/or financial impact. To this end, the potentially material matters identified in the first step are analyzed so that they can be weighted and prioritized from two perspectives:

How the Company impacts the environment and society (environmental and social materiality):

- Global regulatory ESG context: analysis of international environmental, social and business governance regulations such as legal requisites, globally applicable local practice, etc.
- Analysis of sectorial and social prescribers to find out their evaluation and perception in relation to ESG matters.
- Press analysis.
- Benchmarking: comparative analysis of sector leaders.
- Analysis of investors: S&P Global Corporate Sustainability Assessment.
- Non-financial or sustainability reporting standards (GRI and SASB).
- External surveys of collaborating foundations and associations

How ESG matters influence the value of the Company (financial materiality):

- Contribution of Sustainable Business to the Company's strategy.
- Contribution of SDGs and the related targets.
- Impacts of ESG matters on the value of the Company: a questionnaire has been drawn up for key individuals in the Company to evaluate the priority and relevance of matters in financial terms.

**3. Commitment to stakeholders including their perception of the matters identified and assessed.**

The perception of the matters analyzed was the result of consultations with the foundations and NGOs that NH Hotel Group collaborates with through a questionnaire that was sent directly by the Sustainable Business department. For double materiality in 2021, we have reflected the importance that foundations and the press gave to each of the matters and the perception of NH's performance in each of them.

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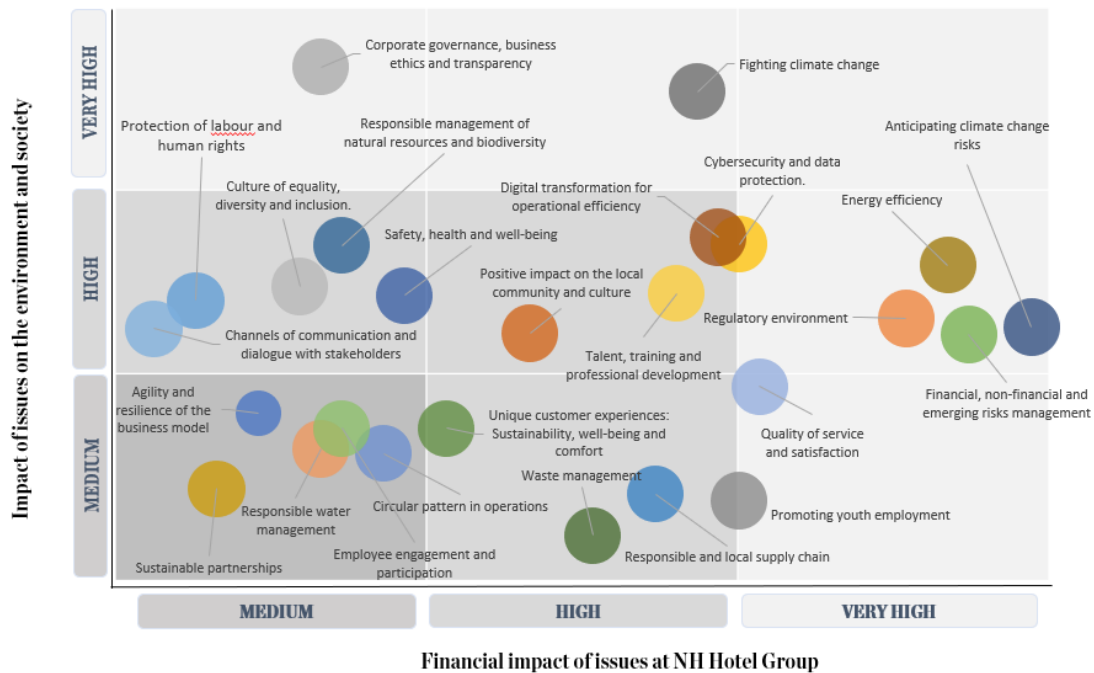
#### 4. Senior Management oversight and validation of the materiality process

In this phase, the results of the materiality analysis are submitted to the Sustainable Business Committee. The involvement of the key areas has played a crucial role in the process, as the double materiality has helped senior management to understand and distinguish between outward impacts and dependencies towards the interior of NH Hotel Group's business model.

The exercise has provided a broader and more complete view of the Company's situation, a sound basis on which to identify priority matters and emerging risks and opportunities.

### Double Materiality Matrix

For the analysis of the results, material matters have been considered from two perspectives: financial and environmental and social impact.



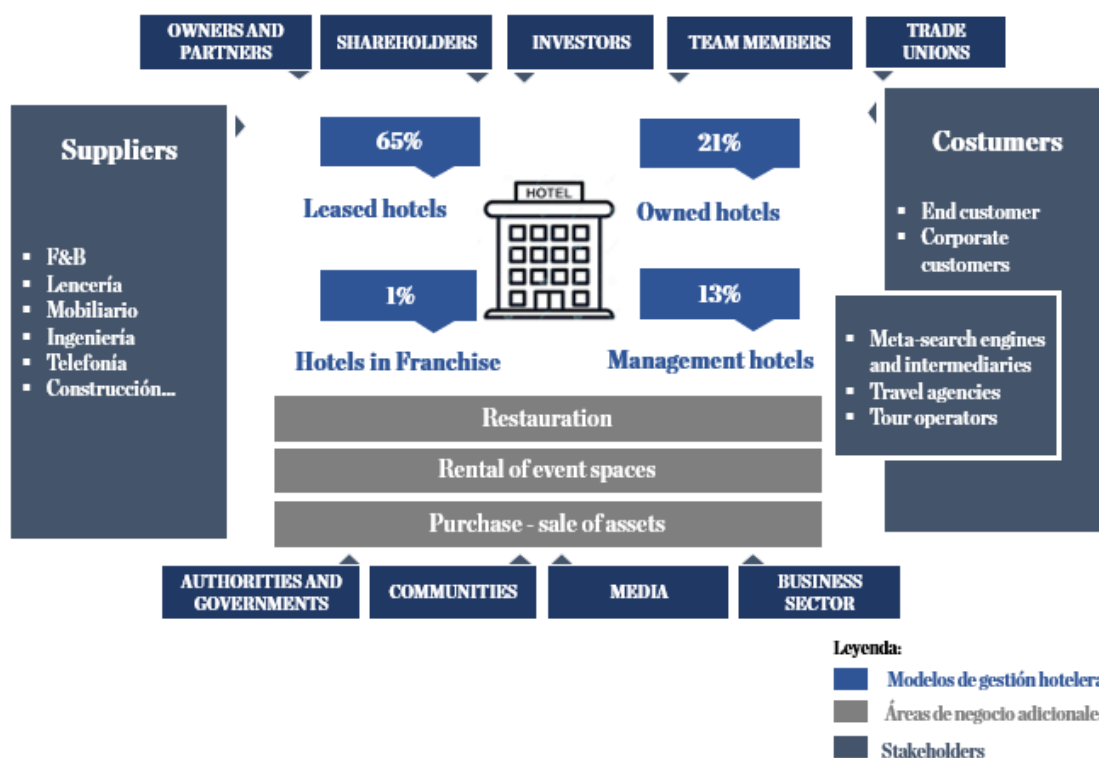
## Value creation for our stakeholders

The impact of NH Hotel Group influences the long-term success of our Company and our stakeholders.

### Dialogue with our stakeholders

The Company considers stakeholders to be the individuals or social groups affected by the Company's present or future actions. This definition includes both stakeholders that are part of the Company's value chain: shareholders, employees, investors, customers and suppliers, who are considered to be partners in the business, and external parties: administrations, governments, the media, business sector, trade unions and society as a whole, starting with the local communities where the Company carries out its business.

NH Hotel Group has identified ten main stakeholders, and with whom throughout 2022 it has continued to maintain a close relationship. Evidence of this can be seen in the update of our materiality analysis, our active presence in forums and meetings, direct response to requests for information, sharing knowledge or direct messages through our channels and social media among others.



### Commitment and communication channels

The opinion and needs of stakeholders are of great relevance for NH Hotel Group as they combine efforts to achieve common goals. In this regard, clear and continuous two-way communication with all of them is key.

NH Hotel Group holds a constant and fluid dialogue with its stakeholders, and gets involved in local communities, through multiple channels and formats, with the aim of keeping the Company up-to-date about new demands and needs, as well as of responding better to stakeholders' concerns and opinions.

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Stakeholders	Dialog and participation mechanisms
RELEVANCE	VERY HIGH
Employees	<ul style="list-style-type: none"> <li>Satisfaction / climate surveys</li> <li>Internal communication: Newsletters, Town Hall talks, intranet, MyNH App, sundry communications.</li> <li>Time For You (TFY)</li> <li>Non-Financial Information Statement</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>General Shareholders' Meeting</li> <li>Newsletters</li> <li>Proxy Advisors</li> <li>Roadshows</li> <li>Website</li> <li>Non-Financial Information Statement</li> </ul>
Owners and partners	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Organization of and participation in different forums, meetings, conferences, events, etc.</li> <li>Advertising and media</li> <li>Internal communication platform</li> <li>Website</li> </ul>
RELEVANCE	HIGH
Customers	<ul style="list-style-type: none"> <li>Satisfaction surveys</li> <li>Social media</li> <li>Loyalty programs: NH DISCOVERY.</li> <li>Corporate videos.</li> <li>Advertising campaigns</li> <li>Email for claims, complaints and suggestions</li> <li>Webinars</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Direct communication and face-to-face meetings</li> <li>Advertising and media</li> <li>Supplier approval platform</li> <li>Non-Financial Information Statement</li> </ul>
Media	<ul style="list-style-type: none"> <li>Social media</li> <li>Organization of and participation in different forums, meetings, conferences, events, etc.</li> <li>Institutional relations</li> <li>Forums and meetings</li> </ul>
RELEVANCE	MEDIUM
Community and nonprofit entities	<ul style="list-style-type: none"> <li>Organization of and participation in different forums, meetings, conferences, events, etc.</li> <li>Regular meetings and direct communication with different social organizations.</li> <li>Internal communication platform and social media.</li> <li>Volunteering actions.</li> <li>Non-Financial Information Statement.</li> </ul>
Public Administration	<ul style="list-style-type: none"> <li>Institutional relations.</li> <li>Sector associations.</li> <li>Agreements and bidding processes.</li> </ul>
Competitors	<ul style="list-style-type: none"> <li>Institutional relations.</li> <li>Forums, events and meetings.</li> </ul>

## Sustainable alliances

NH Hotel Group promotes alliances and strategic collaborations in sustainability. The Company is aware of the importance of collaboration between institutions in order to meet the sustainable development agenda. Accordingly, the Company establishes alliances based

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on common principles, values and goals with different organizations, both public and private, and at world, regional, national and local level.

### Relations with associations

As well as the positive impact of its activity as such, by providing a service to cities and their tourists, NH Hotel Group contributes to the community by forming part of associations, chambers of commerce or foundations that promote concerns and encourage projects aligned with the Company's values.

Throughout this year, with the aim of boosting an institutional positioning of leadership, useful and suited to the present context, NH Hotel Group has continued with the strategy of establishing and maintaining close relationships with associations whose principal goals are aligned with ours and that promote and defend responsible business development that creates opportunities, sustainable tourism and the continued training of our professionals, among others.

For their relevance, this notably includes NH Hotel Group's participation in the UN Global Compact, the UN World Tourism Organization, Exceltur and the CEOE (Spanish Confederation of Business Organizations).

### UN Global Compact



NH Hotel Group, which has been a member of UN Global Compact since 2002, periodically renews its commitment and reports publicly and transparently on the progress made in this respect in an annual report on the Website of the Global Compact ([www.pactomundial.org](http://www.pactomundial.org)). The Company takes into consideration the 10 principles and the Sustainable Development Goals as the framework of reference to design the strategy and management of the Company's Corporate Responsibility.

### UNESCO Pledge

NH Hotel Group has joined the UNESCO and the Expedia Group to prove its commitment to protect the environment, local culture and communities that depend on travel to prosper. The Commitment by UNESCO aims to boost sustainable travel, communities' adaptation, and heritage conservation globally. Therefore, NH Hotel Group has adhered with all its hotels owned and leased, publicly committing to implement measures to reduce the environmental impact of its business, which in turn contributes to raising awareness among travelers, helping them to opt for more sustainable travel.

### UN World Tourism Organization



The UN WTO is the United Nations agency responsible for promoting responsible, sustainable and universally accessible tourism, promoting tourism as a driver of economic growth, inclusive development and environmental sustainability. Until we left in September 2021, NH was part of the working group supporting the SDG.

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#### Spanish Confederation of Business Organizations



Founded in 1977, the Spanish Confederation of Business Organizations (CEOE) brings together voluntarily two million businesses and self-employed individuals from all sectors of activity, who join CEOE through more than 4,500 grassroots associations. It is noted for always favoring dialog and negotiation with both sides of the labor market, respecting the interests of its members.

NH Hotel Group collaborates in the organization's Sustainable Development and Ecological Transition Commission and its Business Social Responsibility Commission.

#### EXCELTUR



This association is the result of the personal commitment of a very significant group of leaders and heads of the principal Spanish tourist companies, who in January 2002 got together to form this nonprofit association, motivated by their firm conviction to drive two major goals – lines of action:

- To promote greater socioeconomic recognition of what tourism contributes and represents as the principal sector of the Spanish economy.
- And to encourage the highest levels of competitiveness to consolidate leadership and profitable and sustainable growth of the tourism activity in Spain, in light of the significant and growing challenges and opportunities that the future holds for us.

#### Hotel Sustainability Basic Framework



NH Hotel Group, in conjunction with other hotel companies, launched an initiative to establish a common definition of hotel sustainability to promote responsible travel and tourism.

The Hotel Sustainability Basics Framework offers a common starting point for the sustainability of hotels, which is accessible to all players in the hotel industry throughout the world, regardless of whether they belong to a major international group or are independent hotels. Offering this basis for common understanding to all the hotels in the world, with actions that have a positive effect on the planet and on people, generates a real change by stimulating demand for responsible travel.

This year, the hotel groups that participate in this initiative have worked in close collaboration with the World Travel & Tourism Council, the Sustainable Hospitality Alliance and the principal stakeholders to finalize essential sustainability actions that will have a demonstrable positive effect, and will collaborate to share suitable tools and practice with the other members and with the industry in general, to ensure that all hotels start the evolution towards the goals of the COP21 Paris Agreement.

## Contribution to sector associations, non-profit associations and chambers of commerce

The NH Hotel Group code of conduct and the Policy for the prevention of money laundering expressly prohibit making any contribution to political parties. The Company is aware of the importance of collaboration between institutions in order to meet the sustainable development agenda. Accordingly, the Company establishes alliances based on common principles, values and goals with different organizations, both public and private, and at world, regional, national and local level.

As well as the positive impact of its activity as such, by providing a service to cities and their tourists, NH Hotel Group contributes to the community by forming part of associations, chambers of commerce or foundations that promote concerns and encourage projects to attain shared goals. In 2022, NH Hotel Group made a total contribution of € 508,596 to a number of sector associations, chambers of commerce, associations related to the environment or non-profit NGOs, among others:

### Contribution to associations in 2022 (in €)

	2022	2021*
Sector associations	325,532	285,682
<i>Trade associations</i> (Chambers of Commerce)	99,015	16,633
Associations related to the environment	56,016	31,104
Cultural associations	24,698	9,056
Foundations, NGOs & non-profit associations	3,335	3,465
<b>Total</b>	<b>508,596</b>	<b>345,940</b>

*\*The breakdowns published in FY21 have been recalculated. Chambers of Commerce have been recorded as Trade Associations and business associations have been recorded within sector associations.*

Participation in all of them responds to two key objectives of the Group in this regard: to promote sustainable tourism and responsible business opportunities both locally and internationally. NH Hotel Group promotes and fosters sustainable tourism in line with the Company's values, which is why it collaborates with different associations to advance in this purpose. In this line, it is worth highlighting the Company's participation in the World Tourism Organisation and the United Nations Global Compact.

In relation to the second key objective, we would highlight NH Hotel Group's membership of more than 700 sector associations and almost 60 Chambers of Commerce, where its principal mission is to promote a sound and solvent tourist business activity in the city in which it is located.

Due to the nature of our activity, we are aware of the great work that we can do with our young people in this field, offering them opportunities to work in the sector and promoting stable employment.

### Main areas of interest for NH Hotel Group

	2022	2021
Sustainable Tourism	86,863 €	45,291 €
Promotion of local and international relationships and responsible business opportunities	421,732 €	300,648 €



## NH HOTEL GROUP AND THE 2030 AGENDA

For the purpose of focusing the business model on a hotel model that is committed to sustainable development, through the Sustainable Business Strategy NH Hotel Group generates value for the different stakeholders in the places where it is present. In this context, the Company has an impact and capacity to influence a total of 11 Sustainable Development Goals, focusing its strategy on two of them:

- SDG 11 on Sustainable Cities and Communities
- SDG 8 Decent work and economic growth;

NH Hotel Group has performed an analysis of the agenda's contribution to the SDG, which in turn has allowed us to identify which goals are more relevant for the Company, both on account of its activity, commitments and strategic focus and on account of different external factors considered.

Convinced that it is going in the right direction to meet the next challenges set in relation to sustainability, the Company is aligned with the Sustainable Development Goals (SDG) it can contribute to and is therefore committed to continuing to create value in the long term and at global level, in the framework of the 2030 Agenda.

### UP FOR PLANET — 11 SUSTAINABLE CITIES AND COMMUNITIES

Increase emission and energy savings and reduce water consumption through building retrofitting.

Manage resources carefully with a '4R' approach: Reduce - Reuse - Recycle - Replace, while offsetting residual footprint.

Strengthen our sustainable value chain, prioritizing key partnerships, local suppliers and responsible organizations.



173 Total certified hotels / year  
6 Newly certified hotels / year  
64% of electricity consumed comes from renewable energy sources  
100% of green energy in hotels of southern Europe  
69 N° hotels with bicycle rental service  
64 N° hotels provided with electric chargers

SUSTAINABLE PRODUCTS & ASSETS



52.00 Energy Ratio  
0.34 Water Ratio  
8.57 Carbon Footprint Ratio  
15 million amenities eliminated a year

PROCESSES & OPERATIONAL STANDARDS



12,532 N° of total suppliers  
1,760 N° of active suppliers with signed Ethical Codes  
539 N° of critical suppliers  
63% Approved purchase (OpEx+ CapEx)

SUSTAINABLE PURCHASING

### UP FOR PEOPLE — 8 DECENT WORK AND ECONOMIC GROWTH

Promote a responsible culture for our teams and fostering diversity, ethics and wellbeing.

Provide excellent service through innovative sustainable solutions, while educating and actively involving customers in our projects and commitments.

Support our key partners, creating positive social and environmental impact on the local communities where we are present.



157,455 Total training hours for employees  
101 Employees with disabilities  
44% Women in management positions  
51% Women in the workforce  
24% Turnover average  
273 N° Accidents with sick leave

EMPLOYEES



8.5 Customer Reviews - NH survey  
8.4 Customer Reviews - Online Surveys  
30,367 N° of requests received by Customer Care  
346 N° of hotels with elements adapted to special needs

CUSTOMERS



4,885 N° of volunteers NH  
60,724 N° of total beneficiaries  
1,438 solidarity roomnights  
147 N° of associations/year  
135,523€ Indirect contribution in social action  
136 N° of hotels involved  
28 N° of social initiatives

COMMUNITIES

## **UP FOR PLANET**



**In its commitment to the Planet, NH Hotel Group works to minimize its impact on climate change, increase the efficiency of resources and develop more sustainable services. All this, reducing the Company's environmental footprint with responsible consumption of natural resources.**

NH Hotel Group is a company committed to the wellbeing of its guests and to efficient management of the available resources in the environment where the Group's hotels are located. The Company is aware of the effects of its activity on the environment, and works to prevent and anticipate possible environmental contingencies, as well as to integrate sustainability in all its processes, striving to reduce its impacts.

These commitments, applicable to all NH Hotel Group's operations and to the Company's decision-making process, are formalized in the Environment and Energy Policy. It includes both the supply chain and distribution, the inclusion of new partners or addition of hotels to the portfolio and the operation of hotels under ownership, lease, management and franchise to comply both with this Policy, to voluntary subscriptions adopted by NH, or to applicable environmental law and regulations.

The Sustainable Business department is responsible for the implementation of the Environment and Energy Policy and for the commitment to continuous improvement in environmental performance at all internal levels of the Organization and together with the Procurement (Coperama), Commercial and Assets departments, is responsible for conveying the commitments acquired to external stakeholders in order to raise awareness about sustainability among all interested parties and even to drive these parties to take on the Company's commitments as their own and be aware of the environmental impacts associated to the activity.

With the commitments acquired in the Environment and Energy Policy, applicable both to sustainable products and assets and to services (operational management processes), the Company seeks to involve employees, guests, Public Administrations and other stakeholders.

In relation to provisions and guarantees to cover environmental risks, it should be noted that NH Hotel Group makes investments in environmental activities that are valued at cost of acquisition and capitalized as a higher cost of property, plant and equipment or inventories in the year they are incurred. Expenses derived from the protection and improvement of the environment are recorded in the income statement in the year in which they incur, independently of when the associated monetary or financial flow takes place.

Provisions relating to likely or certain liabilities, ongoing litigation and ongoing damage compensation or obligations relating to the environment, the amount of which has not been determined, not covered by the Company's insurance policies, are recorded at the start of the liability or obligation that determines a possible compensation or payment. It should be noted that in 2022 NH Hotel Group has not received any significant fine imposed by the competent authorities in each region where it operates deriving from environmental breaches.

The Company's environmental management is channeled through UP FOR Planet, which defines the roadmap to fulfil the commitments undertaken in the battle against climate change and progress towards decarbonization, the efficient management and the responsible, circular consumption of resources and the development of more sustainable products. This approach is based on three strategic pillars:

UP FOR PLANET		
Sustainable Products & Assets	Processes & Operational Standards	Sustainable Purchasing
		
Battle against climate change and progress towards decarbonization, minimizing our environmental footprint while developing more sustainable hotels through buildings retro-fit.	Manage resources carefully prioritizing the '4R' approach: Reduce, Reuse, Recycle & Replace, while offsetting residual footprint and boosting the transition towards the circular economy and the development of more sustainable products. As well as promoting employees', suppliers', stakeholders' and clients' engagement as key drivers of change.	Strengthen our sustainable value chain, prioritizing key partnerships, local suppliers and responsible organizations.

## SUSTAINABLE PRODUCTS AND ASSETS



A strategic pillar aimed at combatting climate change and advancing towards decarbonization, minimizing the carbon footprint derived from the activity by refitting hotels to make them more sustainable.

### Environmental certification program

NH Hotel Group's hotels are certified under the ISO 14001 environmental management system and ISO 50001 energy efficiency system for accommodation services, restaurants, meetings and events. At the end of 2022, 62% of the hotels in Germany, Spain and Italy have ISO 14001 certification -a total of 93 hotels- and/or ISO 50001 - 31 hotels -.

In addition to the ISO certification, some of the group's hotels also have other environmental certifications such as: BREEAM, LEED, Green Key, Hoteles+Verdes Biosphere, DGNB and Bioscore. The goal is to have an increasingly significant volume of hotels with globally recognized environmental certification, specific to the tourist sector, and approved by the Global Sustainable Tourism Council, the leading body.

In 2022, six hotels obtained a sustainability recognition for the first time, giving a total of 173 certified hotels out of the 350 hotels in the portfolio.

**“NH Hotel Group has individual certification for  
50% of the hotels in the portfolio”**

### Environmental certifications

Business Unit	Certification	2022		2021	
		Consolidated perimeter	Corporate perimeter	Consolidated perimeter	Corporate perimeter
BU America	HOTELES +VERDES	6	7	5	6
	LEED	1	1	1	1
	GREEN KEY	8	9	8	9
	ISO 14001	0	1	0	1
BUNE	ISO 14001	27	27	27	27
	ISO 50001	1	1		
	BREEAM	3	3	1	1
	GREEN KEY	41	43	40	41
BUSE	ISO 14001	67	68	68	69
	ISO 50001	30	30	30	30
	BREEAM	7	7	7	7
	GREEN KEY	3	4	3	4
Total number of certifications		194	201	190	196

## CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION 2022

### SUSTAINABILITY REPORT

#### New hotels added to the certification programme in 2022

Hotel	Country	Type of certification
Nhow Amsterdam RAI	Netherlands	BREEAM
Anantara New York Palace Budapest Hotel	Hungary	BREEAM
NH Collection Milano City Life	Italy	BREEAM
NH Collection Flower Market	Netherlands	GREEN KEY
nhow London	UK	GREEN KEY
NH Florida	Argentina	HOTELES +VERDES




#### Recognitions and Alliances to favor Environmental Management

As a sign of our environmental commitment, 336 of the Company's hotels have obtained the Booking recognition, 308 have obtained the HRS GreenStay recognition and 50 are recognized as part of the GHA Green Collection.



In addition, in March 2022 the Company's entire portfolio obtained Bioscore rating.

Bioscore certification is based on the independent assessment of a hotel for its level of sustainability through a rating based on ESG criteria and aligning the most relevant parameters of the main internationally recognized ecolabels to offer a global and standardized view of the efforts made by the hotels in relation to sustainability.

			
The establishment is classified at sustainability level	The establishment is classified at sustainability level	The establishment is classified at sustainability level	The establishment is classified at sustainability level
<b>SUPERIOR</b> >80%	<b>ADVANCED</b> Entre el 70%- 80%	<b>INTERMEDIATE</b> Entre el 60% -70%	<b>COMMITMENT</b> Entre el 50% - 60%
<b>3%</b> of hotels in the portfolio	<b>27%</b> of hotels in the portfolio	<b>36%</b> of hotels in the portfolio	<b>34%</b> of hotels in the portfolio

## CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION 2022

### SUSTAINABILITY REPORT

#### Plan SBT 2030

NH Hotel Group's efforts to combat climate change are part of the "SBT 2030 Plan" which sets out the levers of action to reach the goal of reducing carbon emissions throughout the entire value chain by 20% by 2030.

To ensure compliance with the long-term goal, the company establishes intermediate annual goals. The monitoring of compliance and of the actions to attain them are carried out through the Executive Sustainability Committee.

The five levers of action on which efforts to reach the goal will primarily be applied are:

- Control and monitoring – the lever on which work is being done to improve data capture and analysis, both from the activities of the hotels and of their suppliers and seek an alignment of commitments to reduce emissions in the value chain.
- Energy efficiency – considers all actions that can improve efficiency in the hotel's energy consumption.
- Green energy considering both the installation of renewable energy for own consumption and the purchase of green electricity.
- Emission offset strategy, with a twofold objective. On one hand, to use offset as an exceptional alternative in order to comply with the annual targets set and on the other hand give visibility to the Company's climate commitment by involving guests in it.
- Carbon analysis in expansion projects to anticipate the needs of new properties to adapt to the climate goal so that it is not compromised.

**37,082** emissions avoided by the  
purchase of green electricity (t eq CO<sub>2</sub>)

**3,408** emissions offset through offset  
projects (t eq CO<sub>2</sub>)

NH Hotel Group's emissions are calculated according to the Greenhouse Gass Protocol "A Corporate Accounting and Reporting Standard (Revised Edition)", using the operational control approach, and its supplement Corporate Value Chain (Scope 3) Standard.

NH Hotel Group's consolidation criteria encompass all the Company's hotels with ownership and lease agreements.

- Scope 1: Direct GHG emissions come from sources owned by the Company or under its control (natural gas, LPG, propane, diesel and biomass).
- Scope 2: Indirect emissions from the generation of acquired electricity, district heating and district cooling consumed by the hotels.
- Scope 3: Indirect emissions which are a consequence of the Company's activities but come from sources that are not owned by the Company or under its control.
  - Upstream: purchase of goods and services, capital assets, indirect consumption of fuel and energy, prior transport and distribution, waste generated, business trips and commuting by employees.
  - Downstream: managed and franchise hotels (Scope 1 and 2).

The purchase of goods and services is the highest impact in the Company's scope 3.

Over the last two years, the suppliers with the largest carbon footprint have been identified in order to work with them on improving information channels and seek alignment to reduce emissions in the value chain.

In addition, NH Hotel Group has a corporate standard "Eco-Efficient Hotel Guide" to integrate sustainability and energy efficiency in the design and construction of new hotels and in

## CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION 2022

### SUSTAINABILITY REPORT

refurbishments. This standard assures that all the activities in its buildings will take ecological guidelines and climate change risks into account in design and construction in order to minimize and control the risks.

#### Carbon footprint

	Total emissions (eq Tn CO <sub>2</sub> )			Emissions ratio (eq kg CO <sub>2</sub> /RN)		
	2022	2021*	Difference (en %)	2022	2021*	Difference (en %)
<b>Scope 1</b>						
BU América	4,606	4,214	9.31	4.18	7.27	-42.54
BUNE	21,101	20,967	0.64	4.72	9.44	-49.92
BUSE	18,622	16,493	12.91	3.88	5.39	-28.00
Total	44,329	41,673	6.37	4.28	7.11	-39.88
<b>Scope 2</b>						
BU América	9,123	9,183	-0.66	8.27	15.83	-47.74
BUNE	33,069	34,881	-5.19	7.40	15.70	-52.84
BUSE	2,295	2,808	-18.25	0.48	0.92	-48.01
Total	44,487	46,872	-5.09	4.29	8.00	-46.36
<b>Scope 1+2</b>						
BU América	13,729	13,397	2.48	12.45	23.10	-46.10
BUNE	54,170	55,848	-3.01	12.13	25.13	-51.73
BUSE	20,917	19,301	8.37	4.36	6.31	-30.92
Total	88,816	88,545	0.31	8.57	15.11	-43.30
Compensation	3,408	-	-			
Total net emissions	85,408	88,545	-3.5			

\*The figure for 2021 has been recalculated due to adjustments in the calculation of emissions from a hotel that left the portfolio in 2022.

With the acquisition of the SBTi commitment to reduce emissions by 20% by 2030. NH Hotel Group worked on the annualization of this objective so that, by 2022, it set a target of a -3.5% reduction in emissions with respect to the actual emissions in 2021. At the end of this financial year, this target had been achieved by acting on four of the levers of action of the SBT 2030 Plan (control and monitoring, energy efficiency, purchase of green energy and compensation strategy).

Following the approval of the emission reduction targets validated by SBTi, NH Hotel Group has estimated, under this methodology, a total of scope 3 emissions 298,885<sup>4</sup> t<sub>eq</sub> CO<sub>2</sub> in 2022.

NH Hotel Group also participates in different forums and projects to promote the fight against climate change and the reduction of carbon emissions and consumption:

#### The World Wildlife Fund (WWF) Earth Hour 2022



NHHotel Group has joined this global initiative which fosters environmental awareness about climate change. The Group's hotels participate by switching off the lighting on their exterior for an hour and organize activities to involve guests and employees.

## **Energy efficiency plan**

NH Hotel Group has an Energy Efficiency Plan, which groups together “energy efficiency” projects, considering all those that can improve energy consumption in the hotels, as well as the associated costs:

- Changes in equipment, where the replacement involves greater efficiency: pumps, minibars, washing equipment, heating and air-conditioning, boilers, coolers...
- Investments related to control of installations: building energy management systems, update of meters, improvements in lighting...
- Actions on building façades that represent improvements in the envelope and in insulation.
- Additionally, the Company has a CapEx line for projects that not only seeks an economic but also an environmental return. Some of these projects are: the elimination of fossil fuels and an increase in renewable energies, for example, those implemented in NH Málaga, NH Alicante, NH Ciudad de Valencia, NH Luz de Huelva, NH Collection Pódium, NH Mechelen and NH Brussels Airport that involved an investment of 200K€ and an estimated production of 350MWh/year of photovoltaic energy and an installed capacity of 275kWp.

Under this plan, in 2022 specific energy efficiency and sustainability investment projects have been executed, such as photovoltaic installations and the replacement of boilers, that improve energy efficiency. The Company has implemented several projects, such as the BREEAM certification with the prospect of extending the number of these certifications next year.



## OPERATING PROCESSES AND STANDARDS

A strategic pillar focusing on efficient management and responsible consumption of resources, prioritizing the “4R” rules<sup>1</sup>: Reduce, Reuse, Recycle and Replace, while residual emissions are offset and favoring evolution towards a circular economy and the development of more sustainable products, but also the involvement of employees, suppliers, partners and guests as key players to achieve these goals.

### Training in Environmental Awareness

In relation to this commitment and to foster this culture in all employees, the mandatory online environmental awareness course has been added to the NH University training catalog. The course sets out the guidelines that all employees must follow to comply with the principles set out in the Environmental and Energy Policy.

With this training, employees will gain knowledge on environmental aspects and how to incorporate them into their daily routines and tasks, so that they participate in the attainment of the Company's commitments.

In 2022 and future years, this training will continue to be given to all employees who join the Company and must be completed within 30 days.

**4,209 hours in environmental training by 5,145 employees**

### Responsible energy management

To keep exhaustive and rigorous control over the energy consumption, carbon footprint and water consumption measures, NH Hotel Group uses the Sustain Focus platform, from which the sustainability strategy indicators are monitored. This is an online system to which almost all the Company's hotels have access that permits reporting, control, monitoring and traceability of the indicators and of water and energy consumption and costs.

#### Energy Consumption by sources (kWh)

	2022	2021*	Difference (in %)
Gas Natural	210,777,554	196,542,221	7.2
Gas Oil	2,124,687	1,654,765	28.4
GLP	3,717,119	3,276,133	13.5
Propano	1,049,586	797,170	31.7
BTZ	1,064,878	1,343,329	-20.7
Biomasa	322,297	344,370	-6.4
Electricity	268,933,759	216,349,575	24.3
Renewable electricity	172,293,808	134,767,305	27.9
District heating	48,402,338	45,331,191	6.8
District cooling	2,719,539	2,124,436	28.0
Total	539,111,757	467,763,190	15.3

*\*The figure for 2021 has been recalculated due to adjustments in the calculation of energy consumption from a hotel that left the portfolio in 2022.*

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#### Energy Consumption

	Energy Consumption (kWh)			Energy ratio (kWh/RN)		
	2022	2021*	Difference (in %)	2022	2021*	Difference (in %)
BU America	55,204,444	45,791,931	20.55	50.06	78.95	-36.6
BUNE	252,137,038	230,058,259	9.6	56.46	103.52	-45.47
BUSE	231,770,275	191,913,000	20.77	48.3	62.77	-23.06
Total	539,111,757	467,763,190	15.25	52	79.83	-34.86

*\*The figure for 2021 has been recalculated due to adjustments in the calculation of energy consumption from a hotel that left the portfolio in 2022.*

In terms of energy consumption and energy per NR ratio, 2022 was marked by significantly different weather conditions compared to 2021. This, together with a higher activity resulting from the recovery after the restrictions applied during the pandemic, makes the data present deviations compared to those of 2021.

The information extracted on climatic conditions shows a 2021 that has been, in general, warmer than 2022 both in the summer months (cooling) and in the winter months (heating). This has meant that thermal energy consumptions in Northern Europe (BUNE) have been lower than expected, yet electricity consumptions associated with air conditioning have been generally higher. This has a greater impact in Southern Europe (BUSE), hence the different behavior of consumptions in BUNE and BUSE.

In addition, during Q4 2022 an Energy Saving Plan was implemented globally. This Plan complements the regulatory requirements of the different countries due to the energy crisis, limiting heating temperatures and hours of use. All this has been reflected in lower consumption and a significant improvement in the ratio.

However, the increased activity that comes with a greater number of Room Nights (RN) means that, despite the increase in absolute consumption, the ratio of consumption per RN has dropped significantly.

It should be noted that in 2022 the last installation of BTZ, a fossil fuel derived from petroleum with very poor performance and high polluting power, was eliminated. This fuel had been eliminated from all the hotels that had it in Italy, but in this case, technical difficulties made the fuel change very complicated. Finally, the fire department authorized the change, and it was possible to eliminate it definitively.

#### Operación Kilowatio

*"La operación Kilowatio"* was carried out this year, thanks to which the working parameters of existing installations have been optimized by improving control and energy reporting.

For this purpose, internal energy audits of the hotels were performed, evaluating key points for energy consumption that affect the different departments and ad hoc measures have been proposed for each hotel as a result, as well as monthly monitoring of consumption and evaluating the comparison with previous years.

#### Responsible water management

Since the first Sustainability Plan was defined in 2007, water consumption saving measures have been implemented, such as the installation of aerators and consumption reduction devices in cisterns, the installation of novel water recovery and reutilization systems, the efficient procurement of devices such as dishwasher equipment in kitchens, as well as training

## CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION 2022

### SUSTAINABILITY REPORT

and awareness raising in employees and the redesign of operational guidelines and actions in kitchen and housekeeping. In 2014, progressive implantation started of showers that reduce the volume of water used by 40% thanks to their savings technology.

Once again, we have worked with the Aqueduct tool provided by the World Resources Institute (WRI), which allows us to identify the areas with the highest water-stress risk at world level and to monitor our portfolio located in these areas, so that we can take preventive measures if necessary. The result of the analysis is that 28% of the hotels in NH Hotel Group's portfolio are located in areas with a high water-stress level.

#### Water withdrawal from supply networks

	Water withdrawal (m <sup>3</sup> )			Water ratio (m <sup>3</sup> /RN)		
	2022	2021	Difference (in %)	2022	2021	Difference (in %)
BU America	473,746	312,521	51.59	0.430	0.539	-20.3
BUNE	1,263,942	1,087,492	16.23	0.283	0.489	-42.2
BUSE	1,767,632	1,223,971	44.42	0.368	0.403	-8.6
Total	3,505,320	2,623,984	33.59	0.338	0.448	-24.5

*\*The figure for 2021 has been recalculated due to adjustments in the calculation of water withdrawal from a hotel that left the portfolio in 2022.*

Parallel to what is happening with energy consumption, increased activity is directly related to increased water use. The increase is more pronounced in Southern Europe, due to the entry into operation of the New York hotel, which belongs to this business unit despite its geographical location, and has a very significant consumption.

However, also in the same way, this increased activity helps to distribute the "base" consumption of the hotel activity (cleaning, filling of circuits, cooling towers, kitchen, etc.) among a larger number of RNs, which helps to reduce the ratio.

The water that enters hotels for use in kitchens, cleaning, bathrooms, filling pools, etc. is disposed of through municipal sewer networks. Water consumption attributable to losses caused by evaporation of pools or fountains, irrigation or rainwater tanks and fire water is not significant.

#### Waste management and circular economy

NH Hotel Group has a system of waste separation at the point of origin in all its hotels, which permits and facilitates recycling. The types of waste separated are paper and cardboard, glass, used cooking oil, packaging (plastic, cartons, tins, etc.) and organic. This system permits the recovery of material for recycling and subsequent valuation.

Furthermore, in its commitment to mitigating impacts on its surroundings, NH Hotel Group studies the different ways in which the Company's inputs, activities and products affect the environment and sustainable business development.

In 2022 NH Hotel Group has continued to use the hazardous waste monitoring system, for items such as: contaminated containers; paint, varnish and solvents; contaminated absorbent material and cloths; aerosols; fluorescent light tubes and lamps; electrical and electronic apparatus; and button cells, as well as non-hazardous waste that requires special treatment: alkaline batteries; printer toner; and used cooking oil.

This year NH Hotel Group has compiled the following information:

## CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION 2022 SUSTAINABILITY REPORT

### Management of hazardous waste & special treatment waste 2022

	2022	2021	Difference (%)	Data scope 2022 (%)	Data scope 2021 (%)
<b>Consolidated perimeter</b>					
Hazardous Waste (t)	7.86	14.59	-46.1	28%	25%
Non-hazardous waste with special treatment (t)	69.55	35.43	96.3	28%	25%
<b>Corporate perimeter</b>					
Hazardous Waste (t)	11.07	14.89	-25.6	25%	23%
Non-hazardous waste with special treatment (t)	74.13	51.44	44.1	25%	23%

As far as the management of such waste is concerned, NH Hotel Group is subject to the arrangements in place in each country. Accordingly, for certain demographics, such as in the case of Spain, the Company collaborates with third parties for waste collection and management. But in other countries, waste collection is managed through direct agreements with the municipal waste collection service.

The increase in the management of non-hazardous waste with special treatment is mainly due to the increase in hotel activity compared to 2021. Non-hazardous waste with special treatment includes cooking oils, the generation of which has increased in proportion to the increase in hotel activity. On the other hand, hazardous waste management has been reduced due to the company's efforts to replace products that could generate hazardous waste with others that have a lower impact.

Hazardous waste is separated according to the legal requirements of each region. Withdrawn furniture and fittings that are in good condition during refurbishment processes may be given away to employees or donated to local organizations.

### Commitment to reduce single-use plastics: New Amenities

As part of NH Hotel Group's commitment to improving the impact of its activity on the environment, and offer our guests the best experience, a new line of amenities has been introduced for all our brands. The new amenities allow us to eliminate all single-use plastics in our room set-up, replacing them with new 100% recycled and recyclable PET, complemented with a new line of bathroom accessories made using biodegradable materials (wheat straw) presented in 100% recycled paper packaging (eliminating chemical dyes or varnishes used in packaging).

In addition to this, the new products do not contain parabens, silicones, or alcohol; they have not been tested on animals and are EcoLabel certified.

This project has enabled us to reach the following milestones:

- Switching from 50ml to 320ml bottles: elimination of 15 million bottles of plastic per year, which represents a saving of 67 metric tons of plastic per year, a reduction of 56% in metric tons of plastic and 297 metric tons of CO2 not emitted.
- Elimination of 5 million bars of soap, representing a reduction of 70 metric tons of soap.

## CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION 2022

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- The use of EcoLabel certified products means that all the products included in our amenities that reach the sea do not harm the environment.
- New accessories, both the products and their packaging, are made with sustainable materials, recycles plastic, biodegradable articles, etc.

Additionally, following the directives of the European Union we have replaced our pens made with oxo- biodegradable material with others made using compostable material (Wheat Straw) and resins.

These new pens have been used in the hotels since the start of 2022. The Company has extended this action to countries outside the European Union.

## Biodiversity management

To date, NH Hotel Group has been a mainly urban hotel chain. Only 5% of its revenues come from hotels that can be classified as resorts.

Although biodiversity, despite being a material issue, is not critical for the Company given NH Hotel Group's business model, it is concerned about its conservation and that of the natural habitats in the destinations where it is present.

Some of the actions carried out in this area are:

### Sustainable fishing

Although NH Hotel Group does not carry on its activity within any protected natural area, the Company applies different measures and initiatives to preserve and restore biodiversity in the environments where it operates.

The Company's hotels promote sustainable fishing through legal compliance with the consumption of species and responsible procurement of these products.

### Urban vegetable gardens

Some NH Hotel Group hotels have space to install urban vegetable gardens. Growing in these areas enhances the landscape and gastronomic value of dishes while reducing the negative environmental impact by reducing the need to transport these products and generates a sense of community among the hotel's employees.

In Italy, the NH Collection Piazza Carlina also has vegetable gardens with aromatic plants such as parsley, thyme, mint, rosemary, peppermint, basil, oregano, etc. These herbs, which are pesticide-free and have a high nutritional value, are used in preparations in the kitchen and the bar.

In turn, the NH Collection Grand Hotel Convento di Amalfi (Italy), on the Amalfi coast, also has a garden in which aromatic herbs, vegetables and citrus fruits are grown to be used in the kitchen and in the cosmetics for the hotel's spa (aloe vera and lavender). Guests can experience this garden through a trail, such as the meditation trail, which consists of visiting the five terraces it currently features: vegetable garden, rose terrace, monks' walk, botanic terrace and relaxation terrace.

### Hotels for bees

Conscious of the limited space in cities for biodiversity, their importance in ecosystems and aware of the critical situation of bees in Europe, the Group's hotels provide a home for bees on their roofs in a way that is safe for guests. These hotels are: NH Wien City (Austria), NH Collection Wien Zentrum (Austria), NH Danube City (Austria), and NH Berlin Alexanderplatz (Germany).

### Cage-free eggs

NH Hotel Group promotes animal welfare, prioritizing the use of cage-free eggs. This initiative was implemented in hotels in northern Europe, which currently use cage-free

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eggs in their preparations. In addition, as part of MINT, the Company has joined in the commitment made by Minor Hotels to obtain all the eggs consumed in its establishment from free range hens by the end of 2027. Initiative already implemented in 9 countries with 62% of eggs consumed cage-free.

## Development of more sustainable products

This project seeks to offer value to customers through sustainable actions, focusing on the innovative attributes that improve brand perception.

As the most noteworthy examples of the project, NH Hotel Group offers EcoFriendly Meeting and Events and Sustainable Mobility services in its hotels.

### EcoFriendly Meeting and Events

In its commitment to combat climate change, NH Hotel Group uses the offset of emissions as an exceptional alternative in order to meet its annual emissions targets and to give visibility to the Company's climate commitment by involving guests in it.

With the new events proposition launched in the last quarter of 2022, the Company calculates and offsets the carbon footprint attributed to the most relevant events held at the hotels. The most relevant events are considered to be those in which, due to the number of people in attendance, the commitment could have a greater impact both among guests and society as a whole.

The event's carbon footprint is calculated following the HCMI (Hotel Carbon Measurement Initiative) methodology, supported by the Sustainable Hospitality Alliance.

In this way, in the last quarter of the year, the carbon footprint of 30 large events was offset, which represented the neutralization of 316 metric tons of carbon emitted into the atmosphere.

## THE NH HOTEL GROUP FOREST

In 2022 NH Hotel Group has worked on identifying possible emission offset projects that will contribute to the conservation of nature in the surroundings where it operates.

This action materialized with the signing of a collaboration contract with Retree to reforest the area known as the "Valley of the Dreams" in the Sierra Norte de Madrid, classed as a Biosphere Reserve since 2005. This valley, located in a highly depopulated area that has suffered serious soil degradation, had an exceptional forest ecosystem.

The priority goal of creation the "NH Forest" is to contribute to the revitalization of the area, recover the ecosystem, and to create rural employment and combat climate change.

### RESULTS IN THE 1<sup>ST</sup> PHASE:

Planting of <b>1,200</b> native trees	<b>12,300</b> m2 regenerated forest area
Absorption of <b>300</b> t eq CO <sub>2</sub> equivalent to the emission of <b>35,600</b> stays	<b>360</b> hours of rural employment

## Sustainable mobility

During guests' stays and sightseeing trips, the Company offers mobility services such as carsharing or bicycle hire. Currently there are more than 69 hotels that offer bicycle hire services, as well as charging points for electric cars installed in 64 hotels.

- **Alliance with Vattenfall**

NH Hotel Group has signed an agreement with Vattenfall to include charging points for electric cars in its hotels in Germany. Last December, the Management Committee approved the initiative with an initial target of creating 175 recharging points by 2023.

- **Project “Movés”**

NH Hotel Group has joined the “Movés” Project for the promotion of electric mobility. In the context of this initiative, four charging points for cars have been installed in the Hotel NH Montevideo Columbia (Uruguay).

- **Agreement with Wenea for electric charging points**

In July 2022, NH Hotel Group formalized a framework agreement with Wenea, a company providing services for electric vehicle customers that offers smart charging solutions, to install charging points in all the hotels in Spain and Portugal that have parking facilities.

The agreement establishes that more than 250 charging points will be installed in more than 100 hotels throughout the territory. Guests who download the Wenea app will be able to see the Nh Hotel Group charging points on the map, which will let them locate new stations where they can plan their stops during their trips or use the route planner, which will show them when they have to stop to charge.



The aim of these collaborations is to participate actively in promoting sustainable mobility, reducing the carbon footprint in travel and the importance of improving air quality in cities, where the Company has so much presence.

## F&B commitments in NH Hotel Group

As an integral part of its sustainability strategy, the F&B department is implementing different lines of action for each NH Hotel Group business unit:

- **Zero plastic policy**

Work is being done actively on reducing the use of plastics in all areas:

- Single-use plastic drinking straws have been replaced with biodegradable alternatives, in line with ruling legislation.
- In minibars, plastic bottles have been replaced with other returnable glass alternatives.

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- We are encouraging the replacement of plastic packaging, whether recycled or recyclable, in Takeaway and Delivery services, with models using biodegradable materials.
- **Packaging (cardboard/plastic) and containers (glass)**

Several of the Company's hotels have started a process to optimize and manage more efficiently the waste generated from packaging and containers, by contacting specialized suppliers who help to separate them correctly and remove them so that they can be reused.
- **Fight against food wastage**

NH Hotel Group is aware that due to food wastage, it is not only these resources that are wasted but also others associated to food production or transport. The origin of food wastage is generated in the process of preparing each of the F&B services.

To minimize the impact of wastage, the hotels apply processes, technical data sheets and preparation standards to guarantee them in the production chain. These are applied based on a forecast of needs (orders), preparation, conservation and turnover of all products, also guaranteeing the best quality.

#### **Alliance with TooGoodToGo**

NH Hotel Group continues its alliance with the TooGoodToGo App to combat food wastage in its hotels in Spain, Portugal and Germany. In this way, the Company continues to show its commitment to sustainability by implementing practices that contribute in this case to the utilization of food, reduction in waste and conservation of the environment.

With TooGoodToGo, every day through the app the Company offers surprise packs with unconsumed products from its morning buffet that users of the platform can buy at a reduced price to prevent them from being wasted.

This year, 34,142 food packs have been saved, which represents more than 34,142 kg of food that has not been wasted and the equivalent of having saved the emission of 85.53 metric tons of CO<sub>2eq</sub>.



## Relevant projects in F&B

- **CORK2CORK project**  
This is a project created with the aim of promoting the circular economy and encouraging recycling, reuse and other forms of recovery. This project is a pioneering sustainable initiative in the European hotel sector, which NH Hotel Group has developed together with the leading companies in cork coverings and stoppers, Amorim. The aim of the initiative is to recover and recycle used cork stoppers from bottles in its hotels to give them a new use, by turning them into material for covering or insulation that can be used as a raw material in the group's rooms. This insulating material reduces noise pollution and the needs for artificial climate control in the rooms, thus improving their energy efficiency.
- **Used cooking oils for biodiesel**  
In line with our environmental commitment, all used cooking oils generated in the hotels in Spain are managed through an authorized manager and used as the raw material to manufacture biodiesel, which will then be used as a renewable fuel.
- **Certified sustainable fish and Urban vegetable gardens**  
Two lines of action are prioritized focusing both on the purchase of certified fish with sustainable assurance and on the installation of urban vegetable gardens in some of the establishments. This project contributes to reducing CO<sub>2</sub> emissions and supports local Km0 produce and the conservation of marine and land biodiversity.
- **Bottled water**  
We are currently committed to reduce the consumption of bottled water. Accordingly, several of the Company's hotels have installed water fountains for guests in both meeting rooms, reception, and our points of sales, allowing

## Notable local projects

### BU America:

#### **Bulk products**

NH Hotel Group has launched a project to bulk buy food products such as rice, oil, flour, sugar and salt in all the hotels in Latin America. By buying food in bulk, the production of packaging and the associated waste is reduced, as well as emissions associated to transport of these products and food wastage.

The initiative is being carried out in the hotels NH Mendoza Cordillera (Argentina), NHC Medellín (Colombia), NH Cali (Colombia), NH Collection Royal Teleport (Colombia), NH Collection Royal Hacienda (Colombia), NH Collection Guadalajara Providencia (Mexico), NH Collection Mexico City Reforma (Mexico), NH Collection Mexico City Centro Histórico (Mexico), NH Collection Aeropuerto T2 Mexico (Mexico) and NH Collection Plaza Santiago (Chile).

#### **Bottle cap collection for social projects**

The hotels belonging to the Americas BU have carried out a project to reduce plastic waste and generate resources that are converted into health. This initiative involves collecting plastic bottle caps for recycling so as to fund treatments and care for children and young people with cancer. The collection is carried out through containers installed in the hotels and both guests and employees are encouraged to participate. This has been

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possible thanks to the collaboration with respected foundations such as Banco de Tapitas, Fundación Sanar Niños con Cáncer, Fundación Garrahan and Damas de Café.

#### **Green Planet By NH Initiative**

Continuing with the task of raising awareness among employees, the America BU has created the “Green Planet by NH” campaign with the aim of optimizing the processes for separating and recycling plastic bottles, glass and cardboard boxes. The initiative envisages placing posters and signs at previously identified key points of the hotels to educate and create awareness among employees in order to improve separation and the recycling process and circularity of these materials.

#### **BU of Northern Europe:**

In line with its commitment to circularity, NH Hotel Group actively seeks alternatives to reduce waste generation. In this regard, the Company has implemented a pilot project which, based on a study of the waste generated and on coffee grounds, aims to establish an extended PMC (plastic, metal and beverage carton) and ground coffee waste separation plan in three pilot hotels in the Netherlands for 2023.

In addition, in collaboration with Ecocreation, NH Hotel Group is developing a pilot project called “Ecocreation Ecodigester”. This initiative, which started in December 2022, involves the NH Collection Eindhoven Centre and NH Conference Centre Koningshof hotels.

The aim of the project is to achieve a reduction in waste of 15% of the original volume by installing composters in the hotels to create compost that will be used as fertilizers for the surrounding woodland areas.

#### **BU of Southern Europe:**

##### **Portugal by Nespresso**

NH Hotel Group is collaborating with Nespresso for a more circular economy and responsible waste management. The initiative consists of the delivery of used capsules to Nespresso so that the coffee grounds can be extracted and reused as compost to grow km0 rice. Furthermore, depending on the number of kilograms of capsules delivered to it, Nespresso donates the corresponding metric tons of rice to the Food Bank institution.

## SUSTAINABLE PURCHASING



Through this pillar, NH Hotel Group strengthens its sustainable value chain, prioritising key partnerships, increasing consumption from local suppliers and responsible organisations.

NH Hotel Group's relations with its suppliers are based on communication and transparency, in order to promote the development of innovative and sustainable solutions. These collaborations also build the way to comply with the Sustainable Development Goals set by the Group for the creation of decent work and economic growth (SDG 8) and for responsible consumption and production (SDG 12).

**554.5 M€**  
ANNUAL PURCHASE VOLUME  
(OPEX + CAPEX) in 2022  
+87% compared to 2021

**489 M€**  
TOTAL VOLUME OPEX in 2022  
+104% compared to 2021

### Purchase volume by Business Unit (CapEx + OpEx) \* (in million €)

	2022	2021	Difference (in %)
BU America	37.1	14.5	155.9
BUNE	214.8	124	73.2
BUSE	302.6	157.4	92.2
Total	554.5	295.9	87.4

\*Excluding rental expenses paid, commissions and rappels for sales and supplies, among others.

### Purchase volume by type of service (CapEx + OpEx) \* (in million €)

	2022	2021	Difference (in %)
F&B (Food & Beverages)	110.0	51.2	114.8
OSE (operating costs)	379.2	188.9	100.7
CapEx (Construction)	65.3	55.8	17.0

The increase in the volume of purchases this year is mainly due to the reactivation of the business.

## Procurement Policy

NH Hotel Group has a formal and mandatory Procurement Policy that sets out the guidelines to be followed by the different departments, whether Corporate or of a Business Unit, in situations that affect or could affect external contracting.

The Procurement Policy contributes to reinforcing:

- The commitment to guarantee transparency, honesty and ethics in the procurement function.
- The need to carry out professional contracting processes to optimize results.

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- The need for alignment with internal control guidelines, such as timely and proper updating and communication to all the Company's employees.

As indicated in the NH Hotel Group Procurement Policy, all services or products included in categories for which Coperama has to handle the contracting process are part of the Procurement Perimeter. In the total OPEX procurement volume, the Procurement Perimeter encompasses 90% of the hotels in NH Hotel Group's consolidated perimeter.

The Procurement Perimeter is reviewed periodically by NH Hotel Group and Coperama to ensure that it is adapted at all times to the Company's needs.

With regard to OPEX:



### Supplier approval

The selection of suppliers, and the working relationship with them, is based on transparency, honesty and ethics with the clear goal of assuring an excellent, efficient and high-quality provision of services.

Since 2010, the different procurement departments of the Company have become the different Coperamas (companies wholly owned by NH Hotel Group). Their function consists of seeking, rating and approving suppliers, as well as negotiating and contracting the goods and services necessary for the correct operation of hotel management. Each local Coperama provides service to the Regions of the NH Hotel Group Business Units assigned to it. Coperama Holding provides service at corporate level to the Group in all its locations.

#### 1. Invitation to tender

Supplier management starts when a need is detected and continues until the service has been finally provided:

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Before the procurement process by hotels and offices commences, an approval procedure takes place which means that a database can be generated of suppliers who have been assessed and have been found to meet the requisites of NH Hotel Group in both economic, quality and ESG matters.

Through the invitations to tender, Coperama seeks the most efficient supplier in quality, price and services. The phases of the contracting processes are:

- RFP: request for proposal.
- RFI: request for technical information and eliminatory phase.
- RFQ: request for quotation.

For contract bidding management, NH Hotel Group uses its Electronic Negotiation Platform. This tool makes it possible, through the RFI, to assess and analyze the legal, financial, environmental, operational and social and labor situation of suppliers who submit bids for contracts. This reduces the possible risks that suppliers could generate in future operations with the Company. In this part of the process, suppliers have to accept both the Group's Code of Conduct and the Coperama Code of Conduct for Suppliers, which includes environmental and labor commitments.

To ensure responsible sourcing and build long-term relations with suppliers, the Company has updated its FRI, expanding ESG criteria in its responsible procurement process, increasing the weighting of the score in questions concerning Sustainability, and prioritizing in this way suppliers who meet sustainable criteria. This questionnaire is part of the overall evaluation for the validation process.

There are certain criteria which, if not accepted or implemented by suppliers, result in their automatic expulsion from the bidding process. One of these criteria is the requirement to sign both the Group's Code of Conduct and the Coperama Code of Conduct for Suppliers, which govern NH Hotel Group.

Throughout the process, special focus is placed on sustainability, striving to mitigate possible negative impacts on the environment, while we reduce the inherent risks of the operations of our supply chain.

Although NH Hotel Group does not currently perform social and environmental audits of its suppliers, it works constantly to align ESG criteria with the sustainable management of the supply chain. To ensure responsible sourcing, the Company has developed a series of procedures that reinforce this commitment.

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## 2. Contract

The successful suppliers will sign the Coperama Approval Contract, which contains, among other documents, the Coperama Code of Conduct for Suppliers and the NH Hotel Group Code of Conduct. By signing this contract, the supplier becomes an Approved Supplier.

Additionally, as part of the Approval Contract, the SLA (Service Level Agreement) is applied which determines the service level parameters and penalizes any deviation in the service offered by the supplier.

Failure by the supplier to comply with any of the clauses of the Approval Contract, or any of its terms or appendices (e.g. the NH Hotel Group Code of Conduct or the Coperama Code of Conduct for Suppliers) will lead to the automatic expulsion of the supplier and give rise to the possibility of taking legal action against the supplier.

**1,760**  
**Approved Suppliers**  
**with signed Code of Conduct currently in force**

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**87 new suppliers**  
**with the Code of Conduct signed in 2022**

In 2022, a total of 87 new suppliers globally have signed up to the NH Hotel Group and Coperama Code of Conduct. As a result, in 2022 the number of active suppliers with signed codes totals 1,760 compared to 1,756 last year.

## Supplier management

NH Hotel Group is focusing its efforts on achieving sustainable management throughout the entire supply chain. The supplier management model seeks to have the best suppliers available through business procedures that guarantee transparency and equality of conditions for the different bidders. The Company offers a win-win model for all parties with a commitment to a long-term relationship.

Accordingly, NH Hotel Group encourages approved procurement in most of its hotels, with the need for the required products being identified by each hotel. Coperama's task is therefore to approve and authorize potential suppliers. In conjunction with our responsible sourcing goals, we will continue to identify high-quality products that are environmentally acceptable and socially responsible. These efforts will contribute to the development of responsible products in all geographical areas where we are present and in the future.

The hotels that consolidate have different monitoring indicators to control procurement from approved suppliers within the Procurement Perimeter.

Although the approved procurement targets were not met in 2022, there has been an increase of 6% throughout the Group.

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<b>63%</b> Approved procurement (OpEx+ CapEx)	<b>85%</b> Approved procurement goal in 2022
<b>89%</b> of procurement volume in 2022 is from local suppliers	
<b>94%</b> of procurement volume is concentrated in the European Business Units	
<b>12,532</b> Total suppliers*	<b>11,971</b> Local suppliers**
<i>*Suppliers with invoices recorded in 2022.</i>	
<i>**For NH Hotel Group, a local supplier is defined as a supplier based in the same country where its tax</i>	

### Number of suppliers by Business Unit\*

	2022	2021	Difference (in %)
BU America	2,288	1,901	20.4
BUNE	4,960	3,991	24.3
BUSE	5,448	4,492	21.3
Total	12,532	10,384	20.7

*\*The sum of the number of suppliers differs from the number of total suppliers, since the same supplier can serve more than one Business Unit.*

### Other relevant figures (in €)

	2022	2021
Total approved procurement volume (OpEx) at global level	314,594,721.5	154,077,688.9
Total approved procurement volume (CapEx) at global level	29,666,353.1	12,939,599.2
% of procurement volume in Europe	94%	95%

## Analysis of Critical Suppliers

NH Hotel Group works to expand sustainability to a supply chain that is permanently improving, with innovation always at the forefront, made up of the best partners and suppliers. The supply chain management process is based on an assessment of the intrinsic risk factor of outsourcing a service or the supply of a product.

To carry out its management, NH Hotel Group has identified its critical suppliers as those that could affect the Company at reputational level (or generate an operational and/or legal risk) or due to a significant volume of billing or having products that have been especially designed

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for the Company. According to this definition, the critical categories for NH Hotel Group would be the outsourcing of cleaning services, security services, laundry, amenities and textiles, the latter belonging to Tier 2.

**31%**  
**Procurement volume from critical suppliers**

**539**  
**Critical suppliers identified**

The selection of these suppliers has to be carried out using the highest quality standards, which will be established by the RFP document, with technical questions. For this initial assessment, specific documentation has to be submitted providing evidence of the veracity of the information provided. This preliminary assessment is complemented with a subsequent screening that is intrinsic to the contract award process, based on compliance with the technical requisites included in it.

The Self-Assessment Questionnaire (SAQ) was piloted in 2022 among the top 20 suppliers in terms of procurement volume in the Goods and services category. NH Hotel Group's main suppliers have to complete this questionnaire each year on ESG criteria and must provide additional information for consideration. Based on the results, the Company will implement any adjustments and improvements it considers necessary. This analysis will let NH Hotel Group focus its progress in reducing Scope 3 emissions, and in this regard, it is working side by side with its suppliers to reduce its commitment of 20% by 2030.

The SLA is also applied. Suppliers' services are controlled by the hotels or departments that are the end users of such services. In the event of a complaint, Coperama is notified and, depending on the severity of the error, it demands immediate correction or directly rescinds the contract with the supplier. In 2022 no such case has arisen in any of the Business Units.



## UP FOR PEOPLE



In the context of the UP FOR PEOPLE pillar, the Company promotes the professional development of its employees, while creating a positive impact in the places and communities where we are present, to offer guests the best experience, enabling them to participate in our sustainable commitments.

Under this pillar, the commitments of three of the most relevant stakeholders for NH Hotel Group are managed:

- Employees, by promoting a responsible culture and fostering inclusion, diversity and wellbeing for all of them.
- Customers, by providing an excellent service through sustainable and innovative solutions.
- Communities, by creating a social and environmental impact in the places where we operate.

In the following pages, we will identify the main projects and impacts carried out in respect of each of these pillars.

## **EMPLOYEES**



**“Promoting a responsible culture and a sustainable mindset for our teams while fostering diversity, ethics and wellbeing are some of our priorities”**

NH Hotel Group cares for its employees and seeks their commitment to and involvement with the Company's sustainable business, so that it is integrated in their daily activities. All this through fluid communication and recognizing their responsible commitment.

In NH Hotel Group's business strategy, the corporate culture is key. The Company considers its human capital to be its principal asset and understands that in order to build a corporate culture of leadership, it is essential to manage the attraction and development of talent, and also to sustain their motivation and their pride in belonging to NH Hotel Group.

This year, key projects have been consolidated, completing implementation of the Strategic Plan of the People pillar and laying the foundation for the launch of strategic initiatives which are grouped in 4 main pillars:

- Internal commitment.
- Talent management.
- Hiring strategy.
- Employer branding.

To carry out the strategy, the Company has focused on evolving the strategy approach of listening to employees in order to measure the employee experience. The talent pools and the succession, career development and retention plans have also been updated.

Furthermore, the recruitment strategy has been reformulated to deal with the new market reality and NH Hotel Group's needs, fostering internal mobility, and strengthening relations with the network of academic institutions we have been collaborating with for some time and incorporating new organizations, all with the aim of supporting and promoting interest in a career in the hotel industry among young people. At the same time, the Employee Value Proposition has evolved to assure talent attraction and long-term retention, reconsidering the importance of key elements such as career development, wellbeing or compensation, among others.

It should be noted that in 2022 the Company has resumed very relevant processes in the People strategy, such as the climate survey, talent calibrations, the recognition, training and internal development programs, among others. All of these have been adapted to the Company's new reality. In all these ways, NH Hotel Group has continued to care for its teams and has provided them with tools to manage the uncertainty of past years, and focuses on identifying, developing and retaining talent.

In addition, the Company will continue to reinforce its employees' commitments and to create optimal working environments to maximize their contribution.

### **People Strategy**

Throughout the year, NH Hotel Group has maintained the focus on its strategic pillars, ensuring that it continues to uphold its long-term vision, but adapting the initiatives launched so that they made sense and were useful in the complex individual, social and company context of recent years.

The main projects in place in this strategic pillar are highlighted below:

## Strategic lines of work of Human Resources

### Internal commitment

- Launch of the biennial climate survey and analysis of the results with the aim of designing action plans at all levels.
- Implementation of the mobile version of NH Talent with the aim of bringing the range of Human Resources processes and services closer to "employees without a desk".
- Updating the channels strategy to boost and maintain internal commitment, as well as to strengthen its role as a lever for change management.
- Design of the Internal Communication Plan to align employees with the Company's strategic priorities, reinforcing the positioning of leaders.

### Talent attraction and management

- Develop individual development plans based on talent calibrations.
- Promote the use of feedback functionality beyond the manager's perspective.
- Strengthen "Pay for Global Performance" with the launch of the 2022 variable remuneration as well as two Long Term Incentives.
- Leveling of all company-wide roles by analysing the contribution of existing roles to the new company strategy.
- Definition of new salary increase models, enriching the existing ones with talent parameters.
- Encourage attendance at local and international hospitality school events and fairs.
- Design a global referral programme.
- Promote internal mobility, especially in terms of task forces that allow employees to have international experiences and get to know other brands within the company.

### Employer Branding

- Diversify Employer Branding actions, focusing on collaboration with the Top Hospitality Schools in Europe.
- Renew the strategy and image on dedicated Social Media channels, including the launch of the new NH Careers profile on LinkedIn.
- Revise salary surveys with the aim of obtaining the highest quality salary data in the market.
- Give greater visibility to Sustainability content as a relevant lever for attracting and retaining talent.

## Our team members

The year-end employees as of December 31, 2022 are as follows:

### Employees by category (As of 31 December 2022)

	31/12/2022		31/12/2021	
	Men	Women	Men	Women
Group General Management	6	2	7	1
Directors and Heads of Department	864	647	816	619
Technicians	514	493	464	425
Commercial	257	580	175	470
Administration	49	94	48	82
Rest of staff	4,321	4,624	3,747	3,989
	6,011	6,440	5,257	5,586

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All information relating to employees corresponds to average workforce figures, obtained on the basis of full-time equivalent (FTE) figures for all types of employees (except Outside Labor, Extra Labor and Trainees) considering hotels under ownership, lease, and management included in NH Hotel Group's ERP SAP HCM management system.

In 2022, NH Hotel Group had 10,995 employees, located in 29 countries, where 51% are women and 49% are men.

#### Employees by Business Unit

	Consolidated perimeter			Corporate perimeter		
	2022	2021	Difference (in %)	2022	2021	Difference (in %)
Central Offices and CRO	423	408	3.7	423	408	3.7
BU América	1,592	1,372	16	1,939	1,665	16.5
BUNE	4,340	4,056	7	4,846	4,431	9.4
BUSE	4,641	4,235	9.6	5,593	5,080	10.1
Total	10,995	10,071	9.2	12,800	11,584	10.5

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**Breakdown of employees by country and gender**

**Consolidated perimeter**

	2022			2021			Difference (in %)
	Women	Men	Total	Women	Men	Total	
Argentina	218	201	419	167	178	345	21.4
Austria	126	121	247	114	116	230	7.4
Belgium	275	229	504	281	223	505	-0.2
Chile	86	60	146	81	45	127	15.0
Colombia	186	218	403	172	197	369	9.2
Czech Republic	31	24	55	28	24	52	5.8
Denmark	28	37	65	9	15	24	170.8
Ecuador	18	25	43	19	28	47	-8.5
France	72	89	162	58	74	132	22.7
Germany	887	866	1,753	878	830	1,708	2.6
Hungary	48	34	82	33	23	56	46.4
Ireland	60	72	133	59	59	118	12.7
Italy	556	676	1,232	541	637	1,178	4.6
Luxembourg	21	21	42	17	19	36	16.7
Mexico	285	268	553	226	232	458	20.7
Netherlands	693	666	1,359	618	611	1,229	10.6
Portugal	247	235	481	162	178	340	41.5
Romania	18	8	25	13	6	19	31.6
Spain	1,641	1,463	3,104	1,564	1,383	2,948	5.3
Switzerland	33	31	64	30	30	60	6.7
United Kingdom	7	4	11	9	10	19	-42.1
United States	55	30	84	28	17	45	86.7
Uruguay	14	13	27	15	13	28	-3.6
Total	5,605	5,390	10,995	5,123	4,948	10,071	9.2

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**Breakdown of employees by country and gender**

<b>Corporate perimeter</b>							
	<b>2022</b>			<b>2021</b>			<b>Difference (in %)</b>
	<b>Women</b>	<b>Men</b>	<b>Total</b>	<b>Women</b>	<b>Men</b>	<b>Total</b>	
Argentina	257	251	507	196	233	429	18.2
Austria	126	121	247	114	116	230	7.4
Belgium	303	246	549	281	223	505	8.7
Chile	99	70	169	88	51	139	21.6
Colombia	189	222	411	172	197	369	11.4
Czech Republic	122	89	211	108	79	187	12.8
Danmark	28	37	65	9	15	24	170.8
Ecuador	18	25	43	19	28	47	-8.5
France	72	89	162	58	74	132	22.7
Germany	887	866	1,753	878	830	1,708	2.6
Hungary	48	34	82	33	23	56	46.4
Ireland	60	72	133	59	59	118	12.7
Italy	556	680	1,236	541	639	1,181	4.7
Luxembourg	21	21	42	17	19	36	16.7
Mexico	403	379	781	324	330	654	19.4
Netherlands	791	780	1,571	692	702	1,395	12.6
Portugal	638	652	1,290	508	559	1,067	20.9
Romania	18	8	25	19	8	27	-7.4
Slovakia	27	20	47	27	18	45	4.4
Spain	1,730	1,514	3,244	1,638	1,425	3,063	5.9
Switzerland	33	31	64	30	30	60	6.7
United Kingdom	30	28	58	20	21	40	45.0
United States	55	30	84	28	17	45	86.7
Uruguay	14	13	27	15	13	28	-3.6
<b>Total</b>	<b>6,525</b>	<b>6,276</b>	<b>12,800</b>	<b>5,875</b>	<b>5,709</b>	<b>11,584</b>	<b>10.5</b>

**Breakdown of employees by gender**

	<b>Consolidated perimeter</b>			<b>Corporate perimeter</b>		
	<b>2022</b>	<b>2021</b>	<b>Difference (in %)</b>	<b>2022</b>	<b>2021</b>	<b>Difference (in %)</b>
Women	5,605	5,123	9.4	6,525	5,875	11.1
Men	5,390	4,948	8.9	6,276	5,709	9.9
<b>Total</b>	<b>10,995</b>	<b>10,071</b>	<b>9.2</b>	<b>12,800</b>	<b>11,584</b>	<b>10.5</b>

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**Breakdown of employees by age and gender**

**Consolidated perimeter**

	2022			2021			Total Difference
	Women	Men	Total	Women	Men	Total	(in%)
Under 25	541	479	1,020	385	336	721	41.5
Between 25 and 40	2,322	2,094	4,416	2,167	1,954	4,120	7.2
Over 40	2,742	2,817	5,560	2,571	2,659	5,230	6.3
Total	5,605	5,390	10,995	5,123	4,948	10,071	9.2

**Corporate perimeter**

	2022			2021			Total Difference
	Women	Men	Total	Women	Men	Total	(in%)
Under 25	646	566	1,211	385	336	826	46.6
Between 25 and 40	2,698	2,476	5,175	2,167	1,954	4,787	8.1
Over 40	3,181	3,233	6,414	2,571	2,659	5,970	7.4
Total	6,525	6,276	12,800	5,123	4,948	11,583	10.5

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**SUSTAINABILITY REPORT**

**Breakdown of employees by professional category and gender**

**Consolidated perimeter**

	2022			2021			Total Difference
	Women	Men	Total	Women	Men	Total	(in%)
<b>Central Services</b>							
Top Management	25	60	85	26	57	83	2.1
Middle Management	216	175	391	216	170	386	1.3
Staff	571	285	856	531	265	797	7.4
Total	811	520	1,332	774	493	1,266	5.2
<b>Hotel</b>							
Top Management	100	179	279	98	184	282	-1.2
Middle Management	621	821	1,442	605	806	1,411	2.2
Staff	4,073	3,869	7,943	3,646	3,466	7,113	11.7
Total	4,794	4,870	9,664	4,349	4,456	8,805	9.8
<b>Total</b>							
Top Management	125	239	363	124	241	365	-0.4
Middle Management	837	997	1,833	821	976	1,797	2.0
Staff	4,644	4,155	8,799	4,178	3,732	7,909	11.2
Total	5,605	5,390	10,995	5,123	4,948	10,071	9.2

**Corporate perimeter**

	2022			2021			Total Difference
	Women	Men	Total	Women	Men	Total	(in%)
<b>Central Services</b>							
Top Management	25	63	88	26	59	85	3.2
Middle Management	220	177	396	230	177	408	-2.8
Staff	605	300	905	580	280	860	5.2
Total	850	539	1,389	836	516	1,352	2.8
<b>Hotel</b>							
Top Management	109	197	306	109	202	310	-1.1
Middle Management	705	930	1,636	678	907	1,585	3.2
Staff	4,860	4,609	9,469	4,252	4,084	8,336	13.6
Total	5,675	5,736	11,411	5,038	5,193	10,231	11.5
<b>Total</b>							
Top Management	134	260	394	135	260	395	-0.2
Middle Management	925	1,107	2,032	908	1,084	1,993	2.0
Staff	5,466	4,908	10,374	4,832	4,364	9,196	12.8
Total	6,525	6,276	12,800	5,875	5,709	11,583	10.5



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The categories into which all the information is detailed are as follows:

- Top Management:
  - Central Service/Corporate Offices: Chief Officer, Senior Vice President, Vice President, Senior Director and Regional Director.
  - Hotel: Manager and Deputy.
- Middle Management:
  - Central Services/Corporate Offices: Director and Manager.
  - Hotel: Department heads.
- Staff:
  - Central Services/Corporate Offices: Executive, Staff and Assistant.
  - Hotel: All other positions.

## Quality job creation and talent retention

NH Hotel Group's commitment to job stability can be clearly seen in the high percentage of employees with indefinite contracts. The Company fosters job stability, especially for women and those under 40 years old.

### Contracts\*

	Consolidated perimeter			Corporate perimeter		
	2022	2021	Difference (in%)	2022	2021	Difference (in%)
<b>Indefinite contracts</b>						
Part-time	701	739	-5.1	728	764	-4.7
Full-time	8,662	8,410	3.0	9,968	9,600	3.8
Total	9,363	9,149	2.3	10,696	10,364	3.2
<b>Temporary contracts</b>						
Part-time	164	80	105.0	181	88	105.7
Full-time	1,469	842	74.5	1,923	1,132	69.9
Total	1,633	922	77.1	2,104	1,219	72.6

*\*Note for the interpretation of the data related to the annual average of contract modalities:*  
 - Retired part-time employees are considered a temporary contract modality.  
 - Part-time contracts are a type of contract for both temporary and permanent contracts..

The increase in the number of contracts is due to the reactivation of the hotel business and, therefore, to the new hires made.

Accordingly, in 2022, 84% of average contracts of women are indefinite (-9% compared to 2021) and 83% of average contracts of employees between 25 and 40 years old are indefinite contracts (-17% compared to 2021).

The average for contracts has been calculated by dividing the total contract days per category of each employee by the total number of days in the year.

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**Annual average types of contracts by gender**

**Consolidated perimeter**

	2022			2021			Total Difference (in%)
	Women	Men	Total	Women	Men	Total	
Temporary contracts	957	866	1,823	512	521	1,033	76.5
Indefinite contracts	5,028	4,718	9,746	4,959	4,573	9,532	2.2
Total	5,985	5,584	11,569	5,471	5,094	10,565	9.5
Part-time contracts	957	417	1,374	890	347	1,237	11.1

**Annual average types of contracts by age**

**Consolidated perimeter**

	2022			2021		
	< 25 years old	25 - 40 years old	> 40 years old	< 25 years old	25 - 40 years old	> 40 years old
Annual average temporary contracts	616	794	412	549	740	296
Annual average indefinite contracts	534	3,769	5,444	585	4,342	5,265
Total	1,150	4,563	5,856	1,134	5,082	5,561
Annual average part-time contracts	234	413	726	176	424	741

**Annual average types of contracts by professional category**

**Consolidated perimeter**

	2022			2021		
	Top Management	Middle Management	Staff	Top Management	Middle Management	Staff
Annual average temporary contracts	0	66	1,759	4	54	1,527
Annual average indefinite contracts	372	1,795	7,579	398	1,885	7,909
Total	372	1,861	9,336	402	1,939	9,436
Annual average part-time contracts	6	69	1,299	7	62	1,274

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## New hires

The policies and actions related to the selection, hiring, training and internal promotion of employees are based on criteria of capacity, competence and professional merit.

In 2022, 7,546 new hires were made, of which 65% are employees under 35 years of age and 53% are women.

### New hires

#### Consolidated perimeter

		Top Management	Middle Management	Staff	Total
Men	Age <25	0	4	810	814
	Age 26-40	7	102	1,421	1,530
	Age >41	18	81	631	730
Women	Age <25	0	4	894	898
	Age 26-40	3	66	1,504	1,573
	Age >41	6	43	897	946
Total		34	300	6,157	6,491

#### Corporate perimeter

Men	Age <25	0	5	981	986
	Age 26-40	9	121	1,725	1,855
	Age >41	21	102	778	901
Women	Age <25	0	5	1,085	1,090
	Age 26-40	4	86	1,814	1,904
	Age >41	8	62	1,122	1,192
Total		42	381	7,505	7,928

## Talent Attraction Activities

With the aim of presenting NH Hotel Group's employer branding and the job and career opportunities the Company offers, while contributing to the employability of young talent in the sector, in 2022 the Company participated in more than 70 job fairs and events at universities and hospitality schools worldwide.

In Europe, NH Hotel Group has visited more than 50 Universities, mostly in Belgium, Spain, France, Italy, the Netherlands, Portugal and Switzerland. These visits were mainly focused on participation in job fairs and interviews with students, company presentations and recruiting events with other companies in the sector.

Our commitment to training and encouraging interest in the hotel industry among young people has led us to participate in "The NXT GM Challenge" in the Netherlands. In this challenge, a select group of students presented their unique vision of the financial, operational and commercial workings of a hotel to a professional jury. The winner was awarded the "keys" of two of our most emblematic hotels in Amsterdam, giving them the unique opportunity to learn the real work of a hotel manager from the very first day for a whole year.

In Latin America, a total of 20 universities and hospitality schools were visited, in Argentina, Colombia and Mexico. These visits have mainly consisted of presence at local universities to promote the internship program and thus offer opportunities to the students, as well as participating in a hotel challenge in Colombia, where university students were invited to develop projects focused on continuous improvement in hotel operation for a semester. In addition, and in line with our inclusive culture, NH

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Hotel Group has participated in the first Transgender Careers Fair in Mexico, to promote our support to this group and foster equality as an indispensable value in the Company.

NH has participated in new careers fairs at prestigious schools, with the aim of responding to our growing need for young talent interested in a pursuing a career in luxury hotels, a segment in expansion in our organization.

These events have been an excellent occasion to connect with young talent seeking internship opportunities, or in their final years of study to find a career opportunity.

### HIRING TOOLKIT WINNER AT THE CEGOS AWARDS and HOSPITALITY AWARDS



NH Hotel Group's Hiring Toolkit won the award in the Talent Attraction and Integration category at the 13th Cegos Awards for Best HR Practices with Teams & Talent.

The main goal of the Hiring Toolkit is to provide the operational teams responsible for their team selection processes with the necessary training and structured resources for the selection process in hotels, while assuring an excellent and consistent candidate experience throughout NH Hotel Group.

### Culture of diversity, equality and inclusion

NH Hotel Group sees diversity as a key factor in building up a network of diverse talent, capable of understanding customers' needs, innovating and reflecting society in the business world. For all these reasons, a fundamental pillar of NH Hotel Group's corporate culture is also based on diversity, equality and inclusion.

Thus, the Company's 10,995 employees in 2022 are of 141 different nationalities and 22% of them work in countries that are different to their country of origin. Furthermore, 51% of the total workforce are women, who hold 44 % of the total management posts.

<b>141</b> <b>different nationalities</b>	<b>22%</b> <b>work in different</b> <b>countries to their</b> <b>country of origin</b>
<b>51%</b> <b>of workforce are</b> <b>women</b>	<b>44%</b> <b>management posts held</b> <b>by women</b>

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As far as age is concerned, in 2022 the percentage of employees over 40 years old is almost 52%, while those aged between 25 and 40 represent 48%, and those under 25 represented 12%.

In 2022 the workforce also included 101 disabled employees, who represent 0.8% of the global workforce. Additionally, NH Hotel Group is committed to the integration into work of disabled persons through responsible outsourcing from Special Employment Centers as providers of laundry services. Outsourcing from Special Employment Centers in 2022 represented 8.4% (estimated with respect to the workforce in Spain, together with Special Employment Center employees associated to NH Hotel Group procurement).

### Equality and Diversity

	Consolidated perimeter		Corporate perimeter	
	2022	2021	2022	2021
FTEs	10,995	10,071	12,800	11,584
% Indefinite contracts	84.6	90	83.2	89
% Average turnover	23.7	21	24	21
Number of nationalities	141	133	141	134
% Immigrant employees	22.2	23	24.5	22
% Women on the workforce	50.9	51	50.9	51
% Women in management	44	44	44.3	44
% Age under 25	9.6	7	9.9	7
% Age between 25 and 40	41.4	41	41.4	41
% Age over 40	48.9	52	48.7	52
Number of disabled employees	101	85	ND	ND

Through its Code of Conduct, NH Hotel Group formalizes its commitment to promote non-discrimination on account of race, colour, nationality, social origin, age, gender, marital status, sexual orientation, ideology, political opinions, religion or any other personal, physical or social condition of its professionals, as well as to equality of opportunities among them.

### NH Hotel Group, recognized for promoting equality and diversity

#### Bloomberg Gender & Equality



In January 2022, NH Hotel Group was included for the third time in the Bloomberg Gender Equality Index 2022. The Company is the only hotel company out of the Spanish companies that appear in the index. This international index, which includes almost 6,000 companies in 45 countries, measures the commitment and contribution in terms of transparency of gender information and promotion of equality. NH Hotel Group sees this inclusion as an opportunity to continue working towards diversity and inclusion globally.

### **Project for LGTBQ+ inclusion in workplaces**



The hotels in Latin America have started a pilot project to support diversity and inclusion of the LGTBQ+ community. The launch of the project took place live for all the countries in the Americas Business Unit, with the participation of approximately 250 people.

This project is inspired on the eighth UN sustainable development goal, which promotes inclusive and sustainable economic growth, employment and decent work for all. In the current situation, efforts to reactivate the global economy offer the opportunity to rebuild the workplace so that diversity, inclusion and equity become a reality.

## **Equality Plan**

On December 22<sup>nd</sup>, the Second NH Hotel Group Equality Plan was approved with representatives of the workers. A Plan Monitoring Committee was also set up, with the mission of interpreting and evaluating the degree of compliance with it, overseeing its execution, ensuring application, compliance with the contents and objectives of the plan and tracking execution and the results obtained in the different areas of action.

To draw up the Plan, the Company conducted an exhaustive diagnosis of the situation of real equality between men and women, for which it was analyzed whether NH Hotel Group respects equal treatment and opportunities in the workplace and has adopted measures aimed at preventing any kind of job discrimination between men and women.

After this positive first assessment, work was done on an action plan with specific measures in different areas of access to the company, hiring, promotion, training, remuneration, work-life balance, occupational health, communication and awareness-raising that would make it possible to eliminate or correct inequalities in these areas.

The document also included a series of measures to ensure the protection of women who have been victims of gender violence: giving them priority in hiring, monitoring any cases of gender violence that arise and the measures taken, and informing the workforce of the rights of women in this situation.

As set out in the Second Equality Plan, the policies and actions concerning the selection and hiring of NH Hotel Group employees are based on criteria of capability, competence and professional merits in equal conditions, without taking gender into account. Access to employment in the Company does not show any imbalances in terms of equality of opportunity between genders. Hirings during the year respond to the operational needs of the business although most direct personnel are employed under indefinite contracts.

The defined selection and hiring process provides access under equal conditions to all those who seek to obtain a job in the Company following objective criteria based on parameters of skills and qualities for each of the jobs, allowing candidates to be evaluated in equal conditions. The analysis highlights that NH Hotel Group has internal information tools accessible by all employees on active vacancies, which facilitates promotion and career development within the Company.

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#### Protocol against sexual harassment

As a complement to the Plan, and to facilitate its implementation and raise awareness in employees, it includes a Protocol for the prevention and treatment of situations of sexual harassment, as well as a manual for non-sexist use of language.

All employees of NH Hotel Group are entitled to a working environment that is free of hostile or intimidating conduct or behavior towards them, a working environment that assures their dignity, and their physical and moral integrity. All people, especially those who manage teams, must avoid and report to Company management any kind of conduct that is contrary to the Protocol.

Any conduct that constitutes harassment because of moral, race ethnicity, disability, age, sexual orientation or gender will be considered to be gross misconduct and penalized in line with the gravity of the behavior.

NH Hotel Group is committed to investigating all reports of harassment, for which purpose a dispute resolution procedure is established, which assures at all times the right to privacy and confidentiality of the issues discussed and the individuals involved.

The procedure is initiated once the report has been received or an employee is aware that another employee has been subjected to such situations, using the following email address for this purpose: [protocoloacoso@nh-hotels.com](mailto:protocoloacoso@nh-hotels.com).

#### A team with the same opportunities

The salary of women in NH Hotel Group in 2021 represents 91% of the gross hourly salary of men; the average gross hourly salary is 15.89 euros for men and 14.49 euros for women.

The gender pay gap has been calculated by comparing remuneration between equivalent professional categories, giving as a result the average salary of women compared to men. In other words, categories that carry out the same function or have the same position.

The overall figure for the gender pay gap is obtained by weighing the gaps obtained in the comparison between average remuneration (considering fixed and variable remuneration paid) received by the professionals in each category for the number of professionals in that category.

#### Ratio of women's salary compared to men by professional category (in %)

	Perímetro consolidado	
	2022	2021
Top Management	75	77
Middle Management	98	96
Staff	99	101
Total	91	90

This analysis of the pay gap has served to identify that the gap increases in Top Management, especially due to the smaller presence of women in this category.

This situation offers a great opportunity to carry out an analysis in more depth of the different groups, not just women, and establish as a priority the continuation of a long-term project of real management of all aspects of employee diversity and support professional development

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within the Company. NH Hotel Group will continue working to adopt the most suitable measures to eliminate this gap.

**Average remuneration\* by gender and professional category (in €)**

<b>Consolidated perimeter</b>							
	<b>2022</b>			<b>2021</b>			<b>Difference (in %)</b>
	<b>Women</b>	<b>Men</b>	<b>Average</b>	<b>Women</b>	<b>Men</b>	<b>Average</b>	
Top Management	74,808	99,758	91,134	73,634	97,871	89,799	1.5
Middle Management	40,364	41,392	40,921	38,390	39,412	39,729	3.0
Staff	23,346	23,570	23,450	22,843	22,478	23,032	1.8
Total	26,078	28,598	27,287	25,798	26,181	27,499	-0.8

\* The remuneration figure corresponds to the annual gross fixed wage plus variable target.

**Remuneración media\* por género y edad (en €)**

<b>Consolidated perimeter</b>							
	<b>2022</b>			<b>2021</b>			<b>Difference (in %)</b>
	<b>Women</b>	<b>Men</b>	<b>Average</b>	<b>Women</b>	<b>Men</b>	<b>Average</b>	
Under 25	20,470	19,167	19,867	19,730	17,980	18,930	4.9
Between 25 and 40	25,657	25,774	25,712	25,636	25,674	25,654	0.2
Over 40	28,576	34,584	31,511	28,347	34,450	31,314	0.6

\* The remuneration figure corresponds to the annual gross fixed wage plus variable target.



### **The NH Hotel Group remuneration model**

The remuneration policy applied by NH Hotel Group has no gender bias. The annual fixed cash remuneration and variable remuneration, the two fundamental components of the Company's remuneration structure, are established objectively. Fixed remuneration mainly reflects the professional's experience and responsibility in the Company, while variable remuneration rewards attainment of annual targets, which are fundamentally quantitative, and are shared by professionals who perform their activities in the same functional areas.

NH Hotel Group's success depends, to a great extent, on the attainment of individual and collective targets by the professionals who are part of the Company. The purpose of variable remuneration in the Company is to measure what is done (employees' individual and collective contribution to the Company's results) and how it is done (performance assessment), while reinforcing the importance of and NH Hotel Group's commitment to the principles of non-discrimination and equality of opportunity.

Variable remuneration has the following objectives:

- To reward performance based on attainment of the Company's quantitative targets.
- To link the attainment of annual targets established by the Company to its medium and long-term strategy and to long-term sustainability interests.
- To align individual objectives with the Company's objectives.

In Spain, the Company offers a flexible remuneration plan that allows its beneficiaries to apply part of their remuneration to transport tickets, childcare vouchers, the purchase of vacation days, restaurant card, medical insurance or external training, benefiting in this way from special prices and tax advantages.

### **Performance management– Time for You (TFY)**

At NH Hotel Group the performance management process is a key and consolidated element of our leadership culture, carried out through Time for You. It is a process aimed at all permanent and temporary employees with at least 3 months' service in the Company.

Performance in qualitative terms, how goals are achieved, is assessed through skills that effectively guide employees' training and professional development. Through TFY, employees' strengths and areas for development in the performance of their work are identified, and based on the areas for improvement identified, the various development plans are defined. In addition, the overall evaluation obtained has an impact on other human resources processes such as internal selection or talent processes or in variable remuneration.

TFY comprises two formal moments during the year: the Mid-Year Review and the Annual Review:

- In the Mid-Year Review, employees were invited to take a step back and replenish energy levels for the second half of the year, by reflecting on what had gone well, and what aspects could be improved.
- At the end of the year, the Annual Review process was launched, recovering the original spirit of TFY, based on feedback and development, as key tools for growth within the Company.

For the first time since 2019, this year the ordinary process as defined prior to the pandemic has been fully resumed. This means that in 2022 we have regained feedback on skills and overall evaluation, development in terms of individual actions plans, and a conversation about professional future to help employees guide their career within NH Hotel Group.

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The internal communication campaign invited employees to regain the initiative in relation to the process, both in terms of feedback and in their development and growth under the headline “Take the initiative in your TFY”:

Furthermore, a different feature of this process in 2022 was its availability on the NH Talen app, which allows employees to participate in this process anytime and anywhere.

Once again the importance of this process in our leadership culture was demonstrated, as a participation rate of 94% was achieved, covering the entire evaluation process (until 3 February 2023).

## Talent management

NH Hotel Group has implemented a process to help identify and develop talent by looking not just at sustained performance over time but also at the potential and ambition of the people who have key positions in the Company.

Accordingly, this year talent calibrations in key positions for the Company were carried out, with the aim of putting specific development programs in place, according to the particular needs of both the employee and the Company.

In this way, NH Hotel Group assures adequate preparation of key roles for the future, even in such challenging times as the present. The ultimate objective is to create a mindset of talent in leaders at all levels and preparing internal talent for future opportunities.

As a result, in 2022 the following internal development programs have been implemented:

- **Leadership Development Programs in the Southern Europe Business Unit:**

At NH Hotel Group we are committed to employee development and there are a number of different programs aimed at developing their knowledge and skills with the aim of ensuring a successful internal transition to a new position in the Company. Specifically, they are aimed at future hotel managers and potential department heads, after successfully completing a demanding internal selection process.

- **Individual coaching program in the Southern Europe Business Unit**

As a result of these talent calibrations this year an individual coaching initiative has been put in place for hotel managers.

This individual coaching program is provided in collaboration with coachHUB, in the framework of the post-calibration phase with a duration of 4 months. The program has top-level certified coaches and the best technology for holding unlimited coaching sessions from any place. In addition, all employees who have participated in this program have taken part in a 360° Feedback process, designed in a completely personalized way based on critical behavior to be developed during the coaching process. Each participant has received 2-3 individual coaching sessions and the program has received an overall rating of 4.9 out of 5.

## Training: NH University

NH Hotel Group is committed to the professional development and training of all its employees as a way to put into practice the philosophy that inspires its customer service vocation. All face-to-face and online training projects are managed through the corporate university, NH University.

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Every year the training curriculum is adapted so that the people who work at NH Hotel Group can continue to refresh both their technical knowledge and their skills.

In 2022, the department's goal has been to continue offering employees the necessary training for their professional development, not just through face-to-face training but also by adopting a diverse range of learning methodologies (e-learning, webinars, hybrid training, videos, infographics, etc.). With the reactivation of the sector, training in investment and the number of participants have increased compared to the two previous years.

We have also continued to consolidate online training through the GoodHabitz platform, promoting the courses it offers through various communication campaigns, such as monthly launches with employee recommendations of courses on the platform. This international training platform is focused on making training fun, different and tailored personally to each participant, and makes it possible to learn in the way best adapted to each person. This year, 570 employees have completed 1,536 hours of training on the platform.

The total number of hours of training, both face-to-face and online, in 2022 was 157,455 through 950 training programs, with a total of 12,709 employees trained. Throughout the 2022 fiscal year, training hours and employees trained have increased significantly, as the recovery of the activity has facilitated the relaunching of many training initiatives previously paralyzed by the pandemic, during this last year.

Face-to-face training, which also includes training through webinars, represented 62% of the training hours, with 265 internal training providers leading the sessions.

**1,085,745€**  
Total investment in training in  
2021

**157,455\***  
hours of face-to-face  
and online training  
given

**89,998**  
participants in  
**950**  
programs

**12,709**  
team members  
trained

\* The total number of hours of training includes 4,093 hours through the "GHA - NH DISCOVER in a box" training platform in which the hotels received training on new features of the loyalty program.

### Training

	Consolidated perimeter		Corporate perimeter	
	2022	2021	2022	2021
Hours per employee trained (face-to-face)	16.9	12.7	16.4	13
Hours per employee trained (e-learning)	5.2	3.7	5.2	4
Total hours per FTE	12.3	6.2	12.3	6.5
Total hours per employee trained	12.5	8.3	12.1	8.5
Total hours per employee	12.3	6.2	12.0	6.4

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**Training hours by Business Unit**

	Consolidated perimeter			Corporate perimeter		
	2022	2021	Difference (in %)	2022	2021	Difference (in %)
<b>Face to face training</b>						
Corporate	7,198	3,077	133.9	7,198	3,077	133.9
BU América	28,548	20,363	40.2	31,428	20,861	50.7
BUNE	21,769	3,883	460.6	22,770	4,297	429.9
BUSE	27,090	10,418	160	33,362	14,832	124.9
Total face to face	84,605	37,740	124.2	94,758	43,067	120
<b>Online training</b>						
Corporate	1,544	425	263.3	1,544	425	263.3
BU América	9,255	4,584	101.9	11,639	5,974	94.8
BUNE	18,119	12,517	44.8	20,200	13,124	53.9
BUSE	21,309	7,182	196.7	25,220	11,745	114.7
Total Online	50,227	24,708	103.3	58,604	31,268	87.4
Total training hours	134,832	62,449	115.9	153,362	74,335	106.3

**Training hours by department**

	Consolidated perimeter			Corporate perimeter		
	2022	2021	Difference (in %)	2022	2021	Difference (in %)
Administration	1,004	773	29.9	1,603	1,117	43.5
Food and Beverages	37,560	16,122	133	42,305	18,550	128.1
Management	10,007	5,113	95.7	11,290	5,923	90.6
Maintenance	5,783	2,701	114.1	6,514	3,026	115.3
Housekeeping	9,431	5,529	70.6	11,165	6,436	73.5
Reception	41,811	16,675	150.7	47,724	19,155	149.1
Reservations	17,258	9,078	90.1	19,850	12,771	55.4
Revenue Management	1,714	641	167.4	1,722	654	163.3
Central Services	6,185	3,003	106	6,186	3,140	97
Sales	3,049	2,367	28.8	3,666	2,889	26.9
Others	1,031	446	131.2	1,337	675	98.1
Total	134,832	62,449	115.9	153,362	74,335	106.3

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**Training hours by professional category and gender**

<b>Consolidated perimeter</b>								
	<b>2022</b>							
	<b>Top Management</b>		<b>Middle Management</b>		<b>Staff</b>		<b>Total</b>	
	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>
Face to face training hours	3,056	3,385	9,260	10,419	34,868	23,617	47,184	37,421
Online training hours	657	918	3,499	4,015	22,852	18,285	27,009	23,218
Total by gender	3,714	4,303	12,758	14,434	57,720	41,902	74,193	60,639
Total by category 2022	8,017		27,192		99,622		134,832	
Total by category 2021	4,324		12,509		45,615		62,447	
Difference (in %)	85.4		117.4		118.4		115.9	

**Corporate perimeter**

	<b>2022</b>							
	<b>Top Management</b>		<b>Middle Management</b>		<b>Staff</b>		<b>Total</b>	
	<b>Mujeres</b>	<b>Hombres</b>	<b>Mujeres</b>	<b>Hombres</b>	<b>Mujeres</b>	<b>Hombres</b>	<b>Mujeres</b>	<b>Hombres</b>
Face to face training hours	3,359	3,696	10,083	11,712	38,788	27,120	52,230	42,528
Online training hours	735	1,047	3,990	4,491	27,005	21,337	31,729	26,875
Total by gender	4,094	4,743	14,073	16,203	65,793	48,457	83,959	69,403
Total by category 2022	8,837		30,276		114,250		153,362	
Total by category 2021	18,749		14,235		55,312		74,335	
Difference (in %)	46.9		112.7		106.6		106.3	

**Training hours by age**

<b>2022</b>	<b>Consolidated perimeter</b>	<b>Corporate perimeter</b>
<b>Face to face training</b>		
< 25 years old	12,675	14,748
25-45 years old	54,468	60,583
>45 years old	17,462	19,427
Total face to face	84,605	94,758
<b>Online training</b>		
< 25 years old	8,902	10,658
25-45 years old	28,803	33,700
>45 years old	12,523	14,246
Total online	50,227	58,604

## **Corporate Training:**

### **Training for new Anantara brand hotels**

In November 2022, NH University developed the hotel opening training itinerary for the Anantara Plaza Nice and Discovering Anantara training for the Anantara The Marker. During training sessions, the teams were trained to offer the best service to our guests in Nice and Dublin and are now familiar with all the details of the Anantara brand.

The hotel managers also underwent immersive training in the brand, visiting properties in Thailand and the Arab Emirates, with the aim of understanding how the standards are applied and how they are adapted to each hotel, as well as promoting networking, sharing best practices and exchanging experiences.

### **NH DISCOVERY Training**

NH Rewards is now NH DISCOVERY, NH Hotel Group's loyalty program. The effort, enthusiasm and commitment that the entire team has dedicated to the global launch of NH DISCOVERY became reality in June 2022.

To achieve this, NH University, working in conjunction with the Support & Training and Loyalty teams, developed a sound, practical and attractive Training Plan that included general training on the new features of NH DISCOVERY, its main aspects and technical training for members of the hotel team who worked on the system.

All hotel employees, with particular attention on Front Office, Reservations and Guest Relations teams, received training in order to provide the teams with the necessary confidence and skills to meet the requisites of GHA DISCOVERY for each function and which will help them to be ready to present NH DISCOVERY to our guests.

It was designed following different methodologies:

- E-learning and webinars adapted to the reality of a hotel.
- Onsite training on the main Front Office procedures and technical changes.
- Different printed and digital materials.

### **Brand Games Training**

The aim of this project is to convey the essential information on the NH and NH Collection brands and reinforce employees' knowledge of them. It is essential that employees are aware of this information every time they interact with our guests. Over the last quarter of 2022 and the first quarter of 2023, this project has resumed and the employees of 56 hotels, who were unable to participate in previous editions, will play the Brand Games while they learn.

### **Launch of NH Talent App - Training**

In September 2022 we launched the NH Talent app for cell phones. This tool provides access to our training tool, which is available to employees with a single click. This milestone also makes NH Talent much more accessible to all employees who do not have a corporate email address or a computer as a work tool.

**Since its launch, 915 employees have downloaded the NH Talent App**

## **Southern Europe Business Unit Training:**

- **Training in health and safety (Portugal):**

The aim of this itinerary is to reinforce knowledge in order to be prepared for an emergency, to identify the right time to intervene.

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- Training in first aid: acting at the right time can save lives, in an emergency. Employees therefore had the chance to sign up for 18 training sessions.
- Training on safety in buildings: 42 training sessions for our employees are being rolled out to raise awareness on fire safety in buildings in order to prevent significant risk situations in the event of a fire.
- Training in health, food hygiene, HACCP and allergens: more than 17 training sessions have been given for our employees who handle food in their daily work.

Skills developed: sense of urgency, empathy, stress handling, integrity and emotional intelligence.

#### ▪ **Food & Beverage Academy (Italy):**

A multidisciplinary recap of food and beverage matters, with the principal aim of updating our knowledge of the market and new trends and reinforcing our technical skills in these areas. This academy operates in 3 phases:

- 2 webinars open to all F&B staff on new food trends
- 3 days of practical classroom training for selected chefs
- 1 training itinerary for F&B managers based on gamification and simulation

The project is based on our association with Alma, the international culinary school based in Italy.

This edition, which started in 2022 and will continue in 2023, has approximately 60 hours of training, with the participation of around 100 people in the webinars, 13 selected chefs for the culinary training and around 20 of our best F&B Managers and Maitres involved in the gamification phase.

Skills developed: consistency, active listening, continuous improvement.

#### ▪ **Operación Kilowatio (Spain):**

Training in sustainability and energy efficiency for all team members in Spain. In collaboration with the Building, Engineering and Maintenance area, 24 online sessions were held to learn efficiency tips for work and for life. Operation Kilowatt is made up of gamification in three phases:

- Phase 1: employees present initiatives and solutions to their GM. These are collected and shared.
- Phase 2: the hotels compete with each other to reduce their consumption by the highest percentage (compared to their own consumption in 2019).
- Phase 3: the best hotel wins DISCOVERY Dollars \$ (D\$) for all employees and presents its best team practice to the Management Committee.

Skills developed: teamwork, sustainable awareness-raising, efficiency at work, competitiveness, continuous improvement.

#### ▪ **Training grants program:**

A program of grants for external training (master's degrees, executive programs, courses, etc.) open to all employees of Central Services. Up to 10 grants of 1,000 euros after applications submitted by employees.

#### ▪ **Language training (Southern Europe Business Unit & HQ):**

In collaboration with goFLUENT, we have made language training more democratic for all employees of BUSE and HQ. The platform offers up to 12 languages, with content adapted to different levels and profiles with free access to unlimited conversation group classes for all levels.

Skills developed: languages, continuous improvement.

## **Northern Europe Business Unit Training:**

- **NH University:**

In the Northern Europe Business Unit, we train new team members for their role as internal trainers. The NH University team visited several cities over a number of days to roll out training sessions in these countries. In Berlin, we organized Boost Your Energy and Discover Your Talents training for our German colleagues, and in Prague we organized 5 different training sessions for the Czech team.

Skills developed: commitments, integrity, teamwork, active listening.

- **Azubi Welcome Day:**

In December 2022, we organized the "Azubi Welcome Day". On this day, all the azubis from the different regions got together and received information on the hospitality world and had the chance to make contacts and participate in the creation of teams. Azubis are known in Germany as young professionals who learn the hotel business by working in all departments, as well as receiving theoretical class on hospitality-related subjects at school.

Skills developed: commitment, integrity, teamwork, active listening, continuous improvement.

## **The Americas Business Unit Training:**

- **INHternship Program (Colombia):**

The program consists of six-month-long internships, where university students can participate across disciplines in the different process of the hotel business, having contact with the roles and tasks of each department of the hotel. They will have the chance to accelerate their development and prepare to take on the challenges that professional life presents, while we reinforce the availability of young talent for the administrative needs of the business.

Skills developed: continuous improvement, teamwork, commitment, active listening.

## **Training at Headquarters**

- **NH Talks:**

This started as an initiative so that each area could inform and share their know-how and their most relevant objectives with all HQ employees, as well as their plans and ongoing projects. This year, we have held two sessions. The first of them in our Central Reservation Center, and the second on NH DISCOVERY, the new loyalty program.

Skills developed: teamwork, active listening, commitment, camaraderie.

- **Learn to manage your emotions and your time:**

This pilot scheme at HQ aims to provide our employees with tools to help them manage their emotions better after the experiences during the pandemic. In addition, given the limited number of resources and the high volume of work, another aim is to provide them with tools to manage their time and ensure this is quality time. This has given rise to the I can't do it anymore! + Confliction and emotion management training given by our external consultant *Cegos España*.

Skills developed: continuous improvement efficient time management, active listening, personal planning.



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#### ▪ ShowTime:

This year we have brought back our onboarding program for employees of Central Services. The main aim is for new employees to get to know our business by experiencing first-hand what the day-to-day activity in the hotel is like, spending time in each of the departments involved.

Skills developed: continuous improvement, camaraderie, empathy, active listening.

## Employee Engagement

At NH Hotel Group employee engagement is measured every two years. Because of the pandemic, it was not possible to launch a survey in 2021 and 2021, but in 2022 the measurement of commitment throughout the Group resumed.

The “Team Member Engagement Survey” for 2022 was administered over several weeks in the months of September and October. All permanent and temporary employees with at least 3 months’ service in the Company were invited to participate.

As in previous occasions, the survey was managed by an external provider, which has made it possible to maintain the confidentiality of the responses and to compare the results with different standards.

With more than 50 questions grouped in different dimensions, the survey will help to identify the strengths and areas for improvements in the different organizational levels.

The survey has been translated into the 11 languages used in the Company, so that employees can respond to it in their reference language.

In order to facilitate participation by our employees, especially those who do not have a corporate email address, an ambitious plan was put in place to multiply the channels they could use to respond: Starting with NH Talent (our management platform for employees), both in its desktop format and the app version (launched to coincide with the start of the survey), and posters with QR codes placed at the back of the house of the hotels and on the Intranet, MyNH App, and on screensavers on computers throughout the chain, and naturally a direct emailing campaign for our more than 5,000 employees with a corporate email address.

Once again, we had the invaluable support of our hotels’ Ambassadors, hotel employees responsible for engagement and for dealing with their colleagues’ questions and doubts about this key process in the Company. All of them received a kit with materials to use in the hotel.

An internal communication campaign was designed which included prior expectations, together with impacts for each of the weeks during which the survey was open, and a final impact expressing thanks to the thousands of employees who offered their opinion with the aim of making NH a better place to work.

Overall participation in the Team Member Engagement Survey was 68% in the breakdown by gender is as follows:

**53%**  
**Female participants in the  
Team Member Engagement  
Survey**

**47%**  
**Male participants in the  
Team Member Engagement  
Survey**

Once the results of the survey have been analyzed overall, all the hotel and office managers will be given access to their results report, and an action plan tool with a catalog of good practice initiatives, so that they can work on specific action plans for each aspect. At the same

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time, overall action plans will be implemented, focused on boosting the main strengths and opportunities identified at company level. These plans will be implemented during the next year and a half, before the launch of the next survey in 2024.

In addition to the biennial engagement survey, NH Hotel Group has a strong commitment to listen to its employees. To do so, we have developed a strategy of continuous listening which will allow us to gather immediate information on multiple key moments related to the employee's experience and use this information to improve it. The Company is committed to finding new ways of gathering opinions more frequently in order to be closer to employees' concerns and the needs of the business.

### Social dialog with employees

NH Hotel Group seeks to maintain a model of responsible and positive labor relations based on principles of dialog, consultation with and participation of workers.

Accordingly, in October 2015 the European Works Council (EWC) of NH Hotel Group was set up as an initiative of the European Federation of Trade Unions in the Food, Agriculture and Tourism sectors (EFFAT) and at the request of affiliates from Italy, Belgium and Spain.

This EWC affects all the Company's workplaces in the European Economic Area and operates under directive 2009/38/EC, as well as its transposition into Spanish legislation. Its principal function is to achieve a level of communication and social dialog that, in a climate of confidence, makes mutual understanding possible on cross-border matters that affect its employees.

Coverage of NH Hotel Group employees by Collective Bargaining Agreements, which generally include aspects related to employees' health and safety, varies according to the different Business Units.

#### Employees covered by agreement by Business Unit (in %)

	Consolidated perimeter		Corporate perimeter	
	2022	2021	2022	2021
BU América	43	59	39	59
BUNE	91	94	87	92
BUSE	98	100	98	100
Total	87	92	85	91

*\*In Colombia, the Collective Agreement between the company and the employees has been considered.*

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**Employees covered by agreement by country (in %)\***

	Consolidated perimeter	Corporate perimeter
Argentina	58%	64%
Austria	100%	100%
Belgium	100%	100%
Chile	0%	0%
Colombia**	100%	100%
Cuba	0%	0%
Czech Republic	0%	0%
Denmark	100%	100%
Ecuador	0%	0%
France	100%	100%
Germany	100%	100%
Hungary	0%	0%
Ireland	0%	0%
Italy	100%	100%
Luxembourg	100%	100%
Mexico	3%	2%
Portugal	100%	100%
Romania	100%	100%
Slovakia	0%	0%
Spain	100%	100%
Switzerland	100%	100%
The Netherlands	93%	94%
United Kingdom	0%	0%
United States	0%	0%
Uruguay	0%	0%
Total	87%	85%

\*The countries where the percentage is 0% is because collective agreements do not exist in those countries.

\*\*In Colombia, the Collective Agreement formed between the company and the employees has been considered.

## **Flexibility and work-life balance: from the ‘new way of working’ to the “hybrid model”**

For NH Hotel Group, one of the fundamental pillars for attracting and retaining talent is the work-life balance, which is about striking a balance between the needs and interests of team members and the Company's needs and interests.

The NH Hotel Group culture has been evolving in recent years towards a more flexible and balanced model, thanks to the “New Way of Working” project which started several years ago. In September 2021, compelled by the circumstances of the pandemic, this pilot project of a hybrid work model took off in the different central offices of each Business Unit and in 2022, the hybrid working model has been consolidated and improvements have been made to it. The Company has transited towards this model in a very fast, efficient and sustainable way.

An example of the clear success of this model has been the signing of a working from home agreement between the Company and representatives of works in the Central Reservations office located in Madrid, where around 200 booking agents now enjoy an arrangement of working from home 5 days a week, retaining the possibility of going to the office, on request, if they wish.

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In 2023, at least in Spain, an agreement will have to be defined and signed between the Company and employees of Central Service, which will allow for effective implementation in accordance with applicable labor legislation of the flexible work model which has been tested in a pilot project in 2022.

This pilot hybrid model has the following characteristics at Headquarters:

- At least 3 days present at the office and 2 days working from home, to be distributed from Monday to Friday in line with the nature of the job.
- To facilitate lunch breaks on in-office days, the Company decided to give HQ employees a Lunch Allowance of € 112 per month (excluding July and August).
- To make working in the office safer, additional health and safety measures were approved, such as CO2 measuring devices on all floors and in all meeting rooms, air purifiers with particle filtering, social distancing between workstations, etc.

The office also stayed open to continue providing services to those of employees who so required.

Accordingly, this entire program of measures has allowed NH Hotel Group to continue with its activity, providing employees with an improvement in work-life balance thanks to the hybrid work model, boosting the bond of trust and engagement.

### Principal work-life balance and flexibility measures and other employee benefits

<b>Exams during working hours</b>	Giving notice 48 hours in advance and providing evidence of attendance at the exam.
<b>Fulfilment of an unavoidable public and personal duty</b>	The Company grants the time required to fulfil this duty.
<b>Assisted reproduction techniques</b>	Any employee undergoing assisted reproduction techniques is entitled to be absent from work, subject to prior justification.
<b>Birth or adoption</b>	<p>The Company offers:</p> <ul style="list-style-type: none"> <li>▪ Guaranteed remunerated leave of absence for the formalities prior to international adoptions.</li> <li>▪ Possibility of a sabbatical of 4 to 6 months for employees in international adoption processes, keeping their job.</li> <li>▪ Possibility of combining paternity leave with annual vacation leave, to facilitate travel of the other parent when the child was born outside Spain.</li> </ul>
<b>Favoring the hiring of women who have been victims of gender violence</b>	Priority in hiring women who provide evidence that they are victims of gender violence, other conditions being equal.
<b>Geographical mobility</b>	Preference in geographical mobility to care for dependents (children and family members).
<b>Promoting new technologies</b>	Use and encouragement of new information technologies (videoconferences, etc.) whenever possible, to avoid constant travelling or commuting.

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#### Principal work-life balance and flexibility measures and other employee benefits

<b>Flexible hours/work-life balance and shorter workday</b>	<p>Flexibility in start and finish times. Shorter workday in summer and on Fridays all year round, in Central Services, in departments where this is organizationally possible.</p> <p>In terms of work-life balance, see “Flexibility and work-life balance: from the ‘New Way of Working’ to the “Hybrid Model”.</p> <p>The Company takes steps so that employees can rest at the end of their working day. In 2022, a feature has been implemented in Outlook to limit sending emails outside work hours. Specifically, before sending a mail outside work hours, the employee is required to consider whether it is really necessary to send it at that time, or whether it can wait until the next day within working hours.</p>
<b>Discount program</b>	Access to a program of online discounts and exclusive prices for a wide range of products, services and leisure activities through the Coperama platform.
<b>Virtual bank office</b>	favorable terms to employees and former employees, distributing proportionately each year 50% of the profits generated. 135 employees of the head office and the CRO are presently
<b>Payflow</b>	Project to receive an advance on salary allowing employees to get paid immediately whenever they want.
<b>Payflex</b>	The Flexible Remuneration Plan is a personalized remuneration system in which each employee can decide voluntarily how to receive the total annual remuneration so that it is adapted to his/her personal and family needs at all times. As this is a voluntary plan, you can receive your remuneration as you have been doing until now or choose a new distribution between your salary and the products and services that NH offers you: childcare vouchers, restaurant card, transport card, medical insurance, training, purchase of vacation days.
<b>GoFluent</b>	Online learning platform of up to 12 languages, which has been made available to employees of HQ and BUSE with the purpose of improving specifically their level of English.

## Internal communication

In 2022, internal communication has continued to be one of the key factors in generating and maintaining employees' engagement with the Company, as well as a powerful lever of change management.

In such a volatile social and economic environment, it is key to focus on ‘the purpose’, in other words, that employees should be aligned with the Group's strategy, where the role each of them plays in achieving it is clear. Accordingly, in 2022 the Company has defined the main strategic priorities on which it will focus in the coming years, and, alongside this, it has worked on a specific internal communication plan to shares these priorities with all employees.

Thanks to the analysis of the focus groups with employees, conducted to analyze internal communication over last year, certain areas for improvement were identified which have contributed to establishing the priorities the Company will focus on in future years.

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As a starting point, the Company has started to redefine the strategy in relation to channels and contents of newsletters and communication by email. It will also work on redesigning the MyNH app with a view to relaunching it in 2023, and it will also implement a metrics module that will offer a clear view of the consumption of information and employees' preferences.

#### Main internal communication projects in 2022

<b>MyNH App</b>	<p>In 2022, NH Hotel Group has again chosen digital tools to communicate with its employees. The new hybrid work models that are starting to be formalized, and the prevalence of employees who work in hotels, without a fixed desk, make the app the best alternatives for staying connected with employees, keeping them informed on a timely basis and thus generate greater commitment.</p>
<b>TELL THE WORLD</b>	<p>In 2022, our leading channel, Tell The World, has continued to consolidate its position as our employees' favorite for keeping up to date with the Company's news and projects.</p> <p>This year, the contents of this channel, which employees can access through mail or the MyNH app, have once again featured new openings, the new brands that have joined the portfolio thanks to Minor Hotels and the projects linked to the Company's strategical priorities.</p>
<b>VIRTUAL TOWN HALLS &amp; CEO CHANNEL</b>	<p>The leader Visibility Plan designed in 2020 has continued to evolve in 2022, with the main new development being the return of hybrid Town Halls, i.e., face-to-face and streamed live.</p> <p>This plan continues to be well received and its repercussions, from the standpoint of positioning of leaders and employee alignment with the Company's priorities are growing all the time.</p> <p>As a milestone of this plan in 2022, we would highlight the following event:</p> <ul style="list-style-type: none"> <li>• Town Hall – Management Committee – Strategic Priorities: After NH Hotel Group's strategic priorities had been defined and approved by the Board, an online meeting was held and live streamed in which those responsible for each initiative explained each of them in detail, together with the corresponding road map for the coming years.</li> </ul> <p>A meeting aimed primarily at the Company's leaders, who played a key role in each of the main messages to their teams. A clip of this online meeting was also edited to be shared with all employees, using the main internal communication channels: the Tell The World newsletter and the MyNH app.</p>
<b>'SUSTAINABLE BUSINESS' &amp; 'TOGETHER WITH LOVE' COMMUNICATIONS</b>	<p>Internal Communication wants to value and highlight NH Hotel Group's commitment to sustainability and its leadership in the industry in relation to sustainable excellence.</p> <p>The 'Sustainable Business' area has promoted special Corporate Volunteering initiatives under its 'Together With Love' program. These initiatives continue to be very well received by the Company's employees, who place their service vocation at the disposal of those who need it most. The 'Sustainable Business' internal communication channel, and its dedicated section in the monthly 'Tell The World' newsletters, continues to be a great success and the best tool for employees to learn of the sustainable initiatives that the Company promotes.</p>

## **Employer branding – Further Together**

NH Hotel Group is proud that its employees are the key to the success of the business. Therefore, it has sought to consolidate the NH Hotel Group employer brand throughout the world, to attract and motivate the best talent among employees and external candidates.

The long-term goal of the Employer Branding plan is to establish a unique culture around the Company's 'Further Together' claim and our values as an employer brand, through uniform and consistent communication of the Company's identity and essence: People, Passion and Challenge. To do so, the Company continues to focus its strategy on these values, both in the initiatives aimed at consolidating internal talent and in those focused on attracting external talent.

Furthermore, in 2022 Employer Branding actions have diversified, placing special emphasis on collaboration with the top Hospitality Schools in Europe, which NH Hotel Group has visited, representing Minor Hotels, creating a direct connection with the students of these schools and acting as a reference for those interested in what we have to offer as a hotel chain, especially in the luxury sector.

We have renewed the image and strategy of our dedicated channels on social media has been renewed. The main milestones have been the change in the name of the Instagram account to *@nhhotelgroupcareers* and the launch of the new LinkedIn profile with the same name, narrowing its identity to content exclusively related to Employer Branding y Recruiting.

In the diversification of Employer Branding content on social media, different subject matters can be found such as development and training programs, opening events, employee celebrations, job vacancies, recognitions and awards.

The new content strategy also reflects the Sustainability position as a lever that is becoming more and more relevant in attracting and retaining talent. For this reason, we favor giving greater visibility to the Company's milestones in relation to Responsible Commitment and Sustainability, as well as the Corporate Volunteering campaigns under the slogan *Together With Love*.

### **Memorable Dates**

Memorable Dates continues to be the program that celebrates the most important anniversaries (5, 10, 15, 20 and 25 years), as well as the retirement of hotel and central office employees in all Business Units.

In 2022, the acknowledgement of employees' service at the Company has been resumed, awarding DISCOVERY Dollars (D\$) which can be redeemed at our hotels.

## **Health, safety and wellbeing at work**

These years will be marked by the pandemic, which has made health and safety an absolute priority in global terms at all levels. Its impact on the industry has been devastating, although the sector has managed to respond swiftly in terms of management of the health and safety of guests and employees.

NH Hotel Group understands that offering people a safe and healthy working environment is an absolutely necessary requisite. In Spain, NH Hotel Group has an Occupational Risk Prevention Plan which is the master document that governs the Occupational Health and Safety actions to be carried out at the Company's workplaces in Spain. This Plan includes, among others, essential procedures such as:

- Risk Assessment.

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- Health and Safety training and information.
- Health Monitoring.
- Health Damage Management.
- Emergency Management.
- Maternity Protection.
- Personal Protective Equipment.
- Business Activity Coordination.

The Plan is based on the integration of these processes throughout the Company's hierarchical structure. Both Central Services heads of department and hotel personnel (from General Managers to staff) have been assigned functions and responsibilities in this area. Furthermore, in Spain there is a Joint Prevention Service which provides services to the NH Hotel Group hotels and workplaces in Spain.

In other countries, this Plan is not applicable and therefore technical advising on Occupational Risk Prevention is outsourced with external service providers. In Portugal there is also a Prevention Service that operates in the hotels and in Italy there is a Health and Safety Coordinator who, with the support of an external Prevention Service, provides support to hotels in the country. In the other countries, NH Hotel Group employees are designated as responsible for coordinating the actions of these service providers and for implementing the established corrective measures and prevention procedures.

NH Hotel Group strives to promote a culture of occupational health as part of its commitment to health and safety. The integration of occupational health into the Company's activities is reflected in the programs and action plans in hotels and offices in different countries. In 2022, with the improvement of the epidemiological situation and the gradual elimination of restrictions by the Health Authorities, the Feel Safe at NH procedures were eliminated.

#### Health initiatives

<b>GENERALI Vitality</b>	This initiative has been launched at HQ and offers the possibility of accessing a health and wellbeing program provided by GENERALI Vitality where "taking care of yourself has its reward". This initiative helps you to have a more active life and rewards you, when you complete a weekly challenge, with gift vouchers for Amazon, El Corte Inglés, Adidas, through its app.
<b>NH Runners</b>	After an absence of a few years, we have recovered the NH Runners initiative, the purpose of which is to live a healthier life and do exercise. This time, we funded registration in the 2022 Business Race held in Madrid. With this initiative we invited employees to form part of this team to go out and train and participate in the races organized.
<b>NH Bikers</b>	After an absence of a few years, the NH Bikers initiatives has returned with the 32nd Valdemorillo Classic, where employees of the Business Unit in Spain and of Headquarters compete in mountain bike racing.
<b>Fruit at HQ Office and CRO</b>	Since June 2022, we have once again been enjoying fresh fruit at HQ and CRO offices, from Monday to Thursday.

#### Training in Health and Safety

In 2022, new e-learning in Occupational Health and Safety was launched in Spain. This training has been developed more effectively, dynamically, intuitively, and realistically than in previous years, as it has been made more accessible and can be



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completed on a cell phone, which has facilitated access to many groups of employees such as housekeeping staff, while the duration of the training has been reduced to make it more dynamic.

The training has placed special emphasis on the most relevant risks of each job, including 26 short videos with the most significant preventive measures.

This new training through e-learning has been very well received and the feedback obtained has been very positive.

#### Occupational Health and Safety training hours 2022

	Consolidated perimeter		Corporate perimeter	
	Face to face training	Online training	Face to face training	Online training
Number of employees trained	1,347	2,454	1698	2,744
Number of programs	71	33	73	33
Training hours	9,140	4,866	11,302	5512

## Accident rates and occupational diseases

In 2022, 100% of the countries that reported FTEs have reported the information corresponding to accidents at work and occupational diseases.

### Accidents

	Consolidated perimeter			Corporate perimeter		
	Women	Men	Total	Women	Men	Total
Fatal accidents	0	0	0	0	0	0
Accidents with absence from work	133	108	241	153	120	273
Accidents with serious consequences	4	2	6	6	6	12
Accidents without absence from work	64	50	114	76	65	141
Total accidents	197	158	355	229	185	414

### Occupational diseases 2022

	Consolidated perimeter			Corporate perimeter		
	Women	Men	Total	Women	Men	Total
Fatal occupational diseases	0	0	0	0	0	0
Occupational diseases with absence from work	0	0	0	0	0	0
Occupations diseases with serious consequences	0	0	0	0	0	0
Occupational diseases without absence from work	1	1	2	1	1	2
Total occupational diseases	1	1	2	1	1	2

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In 2022, NH Hotel Group recorded two employees with occupational diseases, 50% fewer than in 2021, one case being a woman and the other a man. Most active occupational diseases are related to damage in the musculoskeletal system such as epicondylitis or tendinitis.

**Accident and occupational disease frequency rates**

	2022			2021		
	Women	Men	Total	Women	Men	Total
<b>Consolidated perimeter</b>						
Frequency Index (FI)* fatal accidents	0.00	0.00	0.00	0.00	0.00	0.00
Frequency Index (FI)* accidents at work	17.50	14.58	16.07	11.40	10.31	10.87
Frequency Index (FI)* Accidents with sick leave	11.81	9.97	10.91	5.70	5.60	5.70
Frequency Index (FI)* Accidents with serious consequences	0.36	0.18	0.27	0.10	0.00	0.00
Frequency Index (FI)* Occupational diseases	0.09	0.09	0.09	2.30	0.80	1.60
Frequency Index (FI)* Occupational diseases with sick leave	0.00	0.00	0.00	0.00	0.00	0.00
Severity Index (GI)** accidents at work	0.35	0.23	0.29	0.12	0.12	0.12
Severity Index (GI)** Occupational diseases	0.00	0.00	0.00	0.01	0.01	0.01
Severity Index (GI)** Occupational diseases with serious consequences	0.00	0.00	0.00	0.00	0.00	0.00
Severity Index (GI)** accidents at work with serious consequences	0.11	0.05	0.08	0.03	0.00	0.03
<b>Corporate perimeter</b>						
Frequency Index (FI)* fatal accidents	0.00	0.00	0.00	0.00	0.00	0.00
Frequency Index (FI)* accidents at work	17.75	14.93	16.37	11.73	10.16	10.96
Frequency Index (FI)* Accidents with sick leave	11.86	9.69	10.80	6.08	5.57	5.83
Frequency Index (FI)* Accidents with serious consequences	0.39	0.24	0.32	0.09	0.00	0.04
Frequency Index (FI)* Occupational diseases	0.08	0.08	0.08	2.05	0.71	1.39
Frequency Index (FI)* Occupational diseases with sick leave	0.00	0.00	0.00	0.17	0.09	0.13
Severity Index (GI)** accidents at work	0.36	0.24	0.30	0.13	0.12	0.12
Severity Index (GI)** Occupational diseases	0.00	0.00	0.00	0.01	0.01	0.01
Severity Index (GI)** Occupational diseases with serious consequences	0.00	0.00	0.00	0.00	0.00	0.00
Severity Index (GI)** accidents at work with serious consequences	0.11	0.07	0.10	0.02	0.00	0.01

\*Frequency Index (FI) = number of occupational accidents or occupational diseases / hours worked \*1,000,000.  
 \*\*Severity Index (GI)= days of sick leave due to occupational accidents or occupational diseases / hours worked.

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## Turnover, absenteeism and terminations

### Turnover rate by gender, age and category (in %)

	2022		2021	
	Consolidated perimeter	Corporate perimeter	Consolidated perimeter	Corporate perimeter
<b>Breakdown by gender</b>				
Women	38.1	39.1	32.4	33.7
Men	36.8	38.1	25.9	27.1
<b>Breakdown by age</b>				
Under 25 years old	78.8	80.8	73.1	76.0
Between 25 - 40 years	46.8	47.9	39.3	40.6
Over 40 years old	21.8	22.4	17.9	18.5
<b>Breakdown by professional category</b>				
Top Management	12.4	13.2	11.3	11.2
Middle Management	17.5	17.9	20.0	20.0
Staff	42.3	43.4	33.4	33.4
Total	37.5	38.6	30.2	31.3

### Voluntary turnover rate by Business Unit (in %)

	2022			2021			Total difference (in %)
	Women	Men	Total	Women	Men	Total	
Consolidated perimeter							
Central offices and CRO	13.3	10.1	11.8	14.4	9.6	13.0	-9.6
BU América	41.5	39.2	40.4	35.5	32.7	33.7	19.8
BUNE	33.6	31.5	32.6	26.4	17.7	23.4	39.6
BUSE	12.4	14.9	13.6	9.9	10.5	10.5	29.9
Total	25.1	24.8	25.0	20.0	17.4	18.8	33.0
Corporate perimeter							
Central offices and CRO	13.3	10.1	11.8	14.4	9.6	13.0	-9.6
BU América	43.7	39.7	41.7	39.9	33.0	35.5	17.5
BUNE	32.2	31.1	31.7	25.5	17.5	22.8	39.2
BUSE	14.9	16.9	15.9	10.5	11.4	11.2	42.2
Total	25.8	25.5	25.7	20.3	17.6	21.8	17.8

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**Non-Voluntary turnover rate by Business Unit (in %)**

	2022			2021			Total difference (in %)
	Women	Men	Total	Women	Men	Total	
Consolidated perimeter							
Central offices and CRO	11.6	6.7	9.3	33.2	15.3	26.3	-64.5
BU América	6.6	9.4	8.0	5.0	4.9	4.9	63.4
BUNE	9.3	9.8	9.5	7.2	7.4	7.7	23.6
BUSE	18.9	15.3	17.2	17.5	12.8	15.5	10.8
Total	13.0	12.0	12.5	12.4	10.4	11.4	9.3
Corporate perimeter							
Central offices and CRO	11.6	6.7	9.3	33.2	15.3	26.3	-64.5
BU América	6.7	9.3	8.0	7.1	6.0	6.4	25.5
BUNE	9.4	9.7	9.6	7.5	7.8	8.1	17.7
BUSE	19.2	16.5	17.9	18.6	13.9	16.6	7.9
Total	13.3	12.5	12.9	13.3	11.2	14.1	-8.3

The change in the turnover rate is due to the current reality. Due to the pandemic, measures were implemented as part of the contingency plan and almost no temporary hires were made. During this year, due to the reactivation of the business and after eliminating the measures of the plan, temporary hires have resumed.

**Hours of absenteeism\***

	Consolidated perimeter		Corporate perimeter	
	2022	2021	2022	2021
Accident	69,525	50,309	77,268	56,811
Disease	921,119	686,726	1,048,201	780,070
Total	990,644	737,035	1,125,470	836,881

\* Calculated on valid working days.

**Absenteeism rate (in %)**

	Consolidated perimeter		Corporate perimeter	
	2022	2021	2022	2021
Accident	0.3	0.2	0.3	0.2
Disease	4.2	3.4	4.1	3.4
Total	4.5	3.6	4.4	3.6

In terms of terminations, in all countries where NH Hotel Group is present, measures have been taken to preserve employment and talent. The Company continues to work to support all team members, transmitting peace of mind and working together in the recovery of the business.

To calculate employment terminations, all of them have been considered, both for objectives causes or disciplinary terminations.

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**Terminations**

	Consolidated perimeter			Corporate perimeter		
	2022	2021	Difference (in %)	2022	2021	Difference (in %)
<b>Terminations by gender</b>						
Women	182	152	19.7	218	161	35.4
Men	209	169	23.7	243	178	36.5
<b>Terminations by age</b>						
Under 25	68	41	65.9	83	44	88.6
Between 25 and 40	177	128	38.3	209	136	53.7
Over 40	146	152	-3.9	169	159	6.3
<b>Terminations by professional category</b>						
Top Management	4	10	-60.0	4	11	-63.6
Middle Management	39	50	-22.0	44	54	-18.5
Staff	348	261	33.3	413	274	50.7
Total	391	321	21.8	461	339	36.0

## CUSTOMERS



**NH Hotel Group provides an excellent service offering an innovative range of services and invites its customers to participate and get involved in ethical, social and environmental commitments.**

In its commitment to sustainability, NH Hotel Group seeks to include and involve customers in its sustainable initiatives, whether by generating opportunities for social contribution or by promoting environmentally responsible behavior.

### Commercial model: Boosting Business

The commercial strategy, based on the Customer Centric philosophy, is built on experience, specialization and the close relationship that has been generated with customers over the years, to offer a service of the highest quality. With this the Company will manage to improve the capacity to evaluate the actual opportunity cost at each time, impacting the Company's global strategy and the acceleration of its growth.

In recent years, projects have been led for the Company's commercial optimization and development through the digitalization of processes and new business approaches such as the acquisition and loyalty of B2B customers which have represented an important new demand channel.

Boosting Business is an opportunity to accelerate the Company's business capacity which will guide the evolution for adaptation towards both future and present customers. It is focused on creating new digital tools, boosting growth and strengthening the connection with customers. Adapting the service to the digital era to create new processes, ways of working and identifying development opportunities will make it possible to improve efficiency and offer a much more personalized and quality experience in line with the new needs of customers. The creation of an optimal model that will allow for the development of synergies (cross-selling) with Minor Hotels to develop more intersecting action plans, adapted to each market, drives the growth of NH Hotel Group in both new and traditional markets, increasing demand and reducing seasonality.

Thus, the cohesion between the service culture that characterizes NH Hotel Group and the shift towards digitalization increases the capacity to identify new opportunities and drives growth as professionals, as leaders and as an organization.

### NH Experience for individual and professional customers

As a Company strategy, NH Hotel Group believes in defining its customer experience for each brand under four main pillars:

- Sustainability.
- Digitalization.
- Efficiency and ease of customer processes.
- Innovation and adaptation to consumer trends.

The methodology for defining the experience always starts from an analysis of the customer journey, the identification of "moments of truth" for the continuous redesign and implementation of projects, as well as monitoring acceptance.

In recent years, as a result of the Company's new business strategy, the quality bases that characterize NH Hotel Group have been laid down.

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#### Main initiatives in 2022

<b>Click &amp; Meet</b>	As part of the Company's constant efforts to digitalize services, our website for professionals, NH PRO (nhpro.com), has launched Click & Meet, a new feature for reserving online meeting spaces and event venues, that gives professionals real-time access to information on prices and availability, as well as obtaining immediate confirmation of the reservations of rooms for up to 20 people.
<b>Duetto autopilot</b>	Duetto is a novel system that helps manage income. Based on the pickup forecast / historical figures, it makes pricing recommendations, with the aim of optimizing revenues. Thanks to autopilot, recommendations are launched automatically to TMS and connected channels 3 times a day. This optimizes revenues, reduces the workload of revenue managers and improves the time to market.

#### ▪ Initiatives to improve the quality of the experience for individual customers

- **FASTPASS:** this initiative gives customers the possibility of using online check-in, choose your room and online check-out. It gives guests total control over their stay, allowing them to choose their own room by exploring the hotel's architectonic plan.

The online check-in and online check-out features also allow us to digitalize both processes, reducing the use of paper and allowing our guests to complete both processes conveniently from their smartphone, tablet or PC.

In 2022, we have succeeded in extending the use of these services, implementing trials to invite guests to use the service by SMS, as well as the email channel which has been in use since the beginning of the project. *FastPASS* will continue to evolve in the future with the analysis and incorporation of new technologies that will make it possible to go even further with these services, such as biometrics and facial recognition or digital keys.

- **Tablets in Reception:** With the aim of continuing to be at the forefront of innovation and offer its guests the best services, this feature reduces physical contact and waiting times at hotel reception, during check-in and check-out, improving the touchpoints, at both operational and experience level, by digitalizing all phases of these processes.

This project lets guests complete the check-in and check-out processes using a tablet connected to our PMS, which:

- Facilitates the review of their booking information, contact or billing information without the need to print paper, and correcting any errors at the same time.
- Offers the possibility of updating the GDPR policy and NH DISCOVERY on the tablet.
- Enables signing of the registration and police (if applicable) documents using this device (digital signature).
- Digitalizes the check-in and check-out processes.

With this project we achieve the following goals:

- Improving the guest experience.
- Paperless processes.
- Improving the quality of our CRM and improving NH DISCOVERY capture.
- Digitalizing the customer data storage process (GDPR/Police).
- Improving the efficiency of these processes.

A primary rollout of the project has been carried out in 2022, achieving the following milestones:

- More than 60 hotels with the Tablets in Reception project implemented.
- More than 180 tablets implemented.
- More than 30 training processes given to operational teams.

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- Project implemented in the NH Hotels, NH Collection, nhow and Anantara brands.
- Project implemented in 7 different countries (Spain, Italy, Belgium, the Netherlands, France, Austria and Denmark).

Based on the volume of hotels implemented at the end of the first half of 2022, thanks to this project we can save 2 million sheets of A4 paper a year which represents:

- 30,000 kg in timber saved.
- 500 m<sup>3</sup> of water not consumed.
- 100,000 kWh of energy saved.
- 11 metric tons of CO<sub>2</sub>eq not emitted into the atmosphere.

For 2023, NH Hotel Group will continue to run this project, with the following goals:

- Scheduling a 2nd rollout phases in the group's hotels.
- Piloting a new product: Wireless Tablet, which will permit a more experience-based check-in at places other than reception.
- Improvements in the usability of this solution.

- **Chromecast:** Changes in consumption of audiovisual media are already a reality.

Digital media are gaining in importance and the younger generations now consume more content through streaming than traditional television.

To adapt to this trend, NH Hotel group has established as standard for several of its brands the incorporation of Google Chromecast for hotels in the TV sets in the rooms. This solution lets guests send content from their cellphone, tablet or PC to the television it is connected to and watch their favorite digital content.

In 2022, a first pilot trail of this solution was carried out at several of our hotels of the Anantara and Tivoli brands (Anantara Villa Padierna, Anantara New York Palace Budapest, Anantara Vilamoura Algarve Resort, Anantara Palazzo Naiadi Rome Hotel, Tivoli Avenida Liberdade and Tivoli Palacio de Seteais) and in 2023 Chromecast will be rolled out in the Avani brand.

- **Mobile Guest Service:** As part of NH Hotel Group's digitalization and sustainability strategy, we continue to support the Mobile Guest Service.

Mobile Guest Service is a PWA that digitalizes the information, services and features which guests need during their stay at a hotel and offers another channel for communication or interaction between guests and the hotel team.

The platform includes:

- All the information on the hotel.
- Useful content: guides and tips on the city, online press...
- Reservations for services: spa, restaurant reservations, excursions...
- Possibility of requesting: room service, additional services in the room, housekeeping, VIP services...

Throughout 2022 we have continued to promote implementation of Mobile Guest Service, and this tool is now available in 325 hotels of all our brands present in all our business units.

The following improvements have also been made:

- Improvement in the presentation of content, to make it more attractive to our guests. The structure of contents by brand has also been standardized.
- Rollout of the "city guide" service. This is a guide drawn up by the hotel teams so that guests experience the city like a local.
- Implementation of quarterly training for optimization of this tool, aimed at hotel staff.

- **Pet friendly:** a complete experience for guests who travel with their pets. This new operational promise for pets offers our guests the certainty that travelling to an NH hotel with their pet is possible and convenient, which is especially relevant nowadays in light of the growing number of people who decide to travel with their pet. We offer a standardized pet policy all over the world, making our hotel chain pet friendly.



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- **Sensory branding:** in the experience area we are constantly improving projects that are already in place, such as the musical atmosphere in our hotels. We have a system that lets us design music to generate comfortable and pleasant atmospheres in our hotels, and also in line with the values and attributes of each brand. The musical atmospheres designed evolve in the course of the day, to create the perfect atmosphere at every moment of the day, so that our guests can always relax, work, eat or rest in a pleasant atmosphere. In 2022 we have completely updated the musical design associated to our brands.
- **Sustainable product:** in line with the Company's general policy, we continue to work to propose sustainable alternatives to all the elements defined as standard in our hotels. After the important change in all bathroom amenities and accessories, we are still working to find sustainable alternatives to other elements, such as new pens made with wheat straw or our candies at reception which now have biodegradable wrappers.

#### ▪ **Initiatives to improve the quality of the experience for professional customers**

##### ▪ **The Responsive Way of Working – relaunch of the corporate communication umbrellas concept for professional customers**

Responsive Way of Working is our value proposition for the Company's B2B professional segments.

The program is associated to a philosophy that encompasses the following five pillars that support the services we offer:

- Point of contact: a single point for all hotels to offer smooth services;
- Pricing solutions suitable to each customer based on flexibility of our processes;
- Unique experiences focused on the customer in all our hotels and resorts.
- Extensive knowledge of the industry thanks to our team of experts.
- Smart digital solutions thanks to our belief in innovation.

##### ▪ **Digitalization of the online experience through NH PRO.com**

The NHPRO.com online platform is an exclusive digital space for professionals, intended to simplify and facilitate administrative tasks and offer them new features to develop their business. Among other things, it allows them to consult information on NH Hotel Group's services offered to professionals, access special rates, make reservations or plan events.

##### ▪ **NH PRO Blog – new contents and features**

One of the great new features of the NH PRO website is the reinvention of its blog. This is a new virtual space with relevant content for business travelers, articles and inspiration related to the world of events, business travels and work and personal life management. From 2022, the blog is available in the seven main languages in which the Company operates.

##### ▪ **NH+ Business Program - Benefits program for professional customers**

NH+ Business Program is a program created for businesses and the self-employed with exclusive benefits. The more nights stayed at the Company's hotels, the more advantages are available. Among others, with NH+, depending on the category and by booking through NH's professional website (NHPRO.com), businesses can obtain a discount of up to 25% on accommodation, discounts on parking, premium Wi-Fi service, late check-out or early check-in.

##### ▪ **Value propositions for maximum personalization in the NH Meetings segment: Full Buyout and Luxury Buyout**

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This is a proposition from NH Hotel Group that lets an entire hotel or only part of it be booked for exclusive use. A totally personalized experience that will guarantee privacy, safety and, above all, will be a memorable experience.

The experience can also be enjoyed at one of our luxury hotels for a completely unique experience where exclusiveness, personalization and privacy will make any occasion memorable.

- **NH Meetings value propositions to enjoy open-air spaces and unique surroundings: Outdoor Spaces y Singular Venues**

Promotion of our hotels through spaces and areas for open-air events, whether participating in a corporate activity or a creative session with the team, a reception or social event. Ranging from terraces with views of the mountains or the sea to cityscapes with rooftops, gardens and pools, finding the perfect place to organize a meeting or event in all our business units.

In addition to Outdoor spaces, the Singular Venues range offers unique, surprising and original spaces in our hotels to create memorable events and experiences. This includes hotels with the best locations that guarantee the success of corporate events.

- **Offers for long-stay business travelers: Extended stays**

Extended stays is a special offer for stays of 7 nights or more with discounts of up to 35% and additional benefits. The offer is a response to new travel habits and needs to minimize the annual carbon footprint related to transfer in long-distance business trips in particular, extending the trip in certain projects.

- **Value propositions for specific segments or industries: INCENTIVES & ENTERTAINMENT**

INCENTIVES is the value proposition that offers the services of our hotels in the most exclusive destinations for companies and business that want to provide incentives and reward their employees or partners with an unforgettable experience.

- **Post-pandemic recovery and reinforcement of communication with leading professional customers through participation in professional events and the main fairs of the hotel industry:**

- **Fitur** is one of the most important tourism fairs in the world. Held in Madrid from January 19<sup>th</sup> to 23<sup>rd</sup>, 2022, our teams had the opportunity to meet up with customers, media and businesses in the sector again, and present our latest new features and products and trends in the last year, including advances in the Sustainable Business initiatives.
- **Imex Frankfurt** is the most important MICE fair in Europe which was held from May 31<sup>st</sup> to June 2<sup>nd</sup>. As in previous years, NH had the chance to hold more than 450 meetings with new and existing customers.
- **Business Travel Show Europe** took place in London on June 29<sup>th</sup> and 30<sup>th</sup>. This show was the ideal place for NH's commercial teams to meet customers and suppliers from all over Europe again and discover the latest trends in the tourist sector.
- **GBTA** is a convention focused on Business Travel held in San Diego from August 14<sup>th</sup> to 17<sup>th</sup>, 2022. It is one of the most relevant events in the corporate segment in the Americas, where our Company had its own space as an exhibitor. Members of different companies also organized a charity hiking activity to raise funds for mental health awareness.
- **IMEX VEGAS** – IMEX America was held again from October 11<sup>th</sup> to 13<sup>th</sup>, 2022 in Las Vegas. It is one of the most relevant events in the MICE segment in the Americas, where our Company had its own space as an exhibitor, giving our team the chance to generate business through several meetings with buyers from all around the world.

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- **Minor India Roadshow Trip** – Part of our commercial team had the chance to be present at the Minor India Road Show held in Delhi and Mumbai during the week of November 14<sup>th</sup>. During this trip, the commercial teams of NH HQ provided support to the regional teams and presented the NH and Minor brands to local partners in this important emerging market.
- **ILTM Cannes** is one of the leading fairs focused on luxury travel. Our teams had the opportunity to meet with buyers, travel agents and specialist travel media, to present our premium and luxury hotels.

## Evolution of quality measurement tools in 2022

An essential part of the customer experience continuous improvement process is monitoring perceived quality and the action plans that have been put in place. A significant example of a measurement tool is Quality Focus Online, which makes it possible to monitor customer reviews through internal and online channels.

Among the main improvements in online Quality Focus in 2022, the most significant milestone to mention concerns the changes in the internal satisfaction survey: the content has been adapted to include the new NH DISCOVERY questions in each category and thus be able to extract the relevant information for the purpose of evaluating guest satisfaction and also update the filter architecture to view results by loyalty category.

As a general improvement, the Quality Evolution Benchmark section has been modified to help analyze overall data of the main categories, and in relation to online reputation, the Google API has been optimized and usability improvements have been included to respond to customers from the tool, which is very helpful for improving our presence on Google maps.

The managers and quality directors of each Nh Hotel Group Business Unit make customer experience quality visits to most of the hotels, mainly those where areas for improvement have been identified, to develop action plans and implement the necessary corrective actions. The main tool for quality controls in the NH Hotel Group's hotels is a smartphone app called *Iristrace*, which continues to be the preferential tool used during the visits.

Furthermore, to maintain the Company's high standards in relation to quality and customer satisfaction, in 2022 the role of Quality influencers has been boosted even further, and they have become a fundamental pillar in our quality network as ambassadors of the Company in their area of influence and providing support to Quality Directors in the different Business Units.

With the intention of understanding its guests better every day, the Company has continued to use the services of Trust You, a semantic analysis tool that makes it possible to have greater visibility of what customers are saying about NH Hotel Group and which has helped to identify the main areas for improvement both in terms of service and product.

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#### Main quality indicators

	2022	2021	Difference (in %)
<b>NH Hotel Group survey rating (scale of 1 to 9)</b>			
General	8.5	8.6	-1.2
Service	9	9.1	-1.1
No. of NH Survey Ratings	119,555	84,218*	42
<b>Online survey rating (scale of 1 to 9)</b>			
General	8.4	8.3	1.2
Service	8.9	8.9	0
Nº of NH Survey Ratings	457,439	268,878	70

\*Data from 21 June 2021.

#### Impacts on visibility and perception of quality

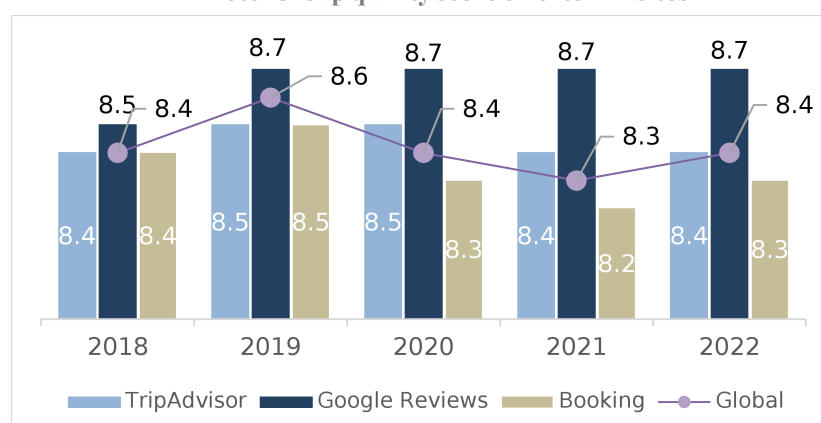
This year, NH Hotel Group has used an internal tool to predict which areas have the most impact on the guest experience, based on the different scores given to the sub-categories (room, cleanliness, food and beverages ...) in the internal satisfaction survey.

The idea arose with the aim of creating predictive patterns that could generate percentages of influence of each of the sub-categories evaluated. These percentages of influence also allow the hotels to prioritize which sub-category matters most to the guest when determining the overall rating of a hotel, prioritizing these sub-categories in their operational action plans.

These efforts, and many others, have made the Company's overall online quality perception increase by +0.1 points compared to last year, with a score of 8.4 and growing for the first time since the onset of the health crisis. This growth in online ratings is driven by Booking.com, the site where NH Hotel Group receives most ratings.

NH Hotel Group's quality rating on external sites.

**NH Hotel Group quality score on external sites**

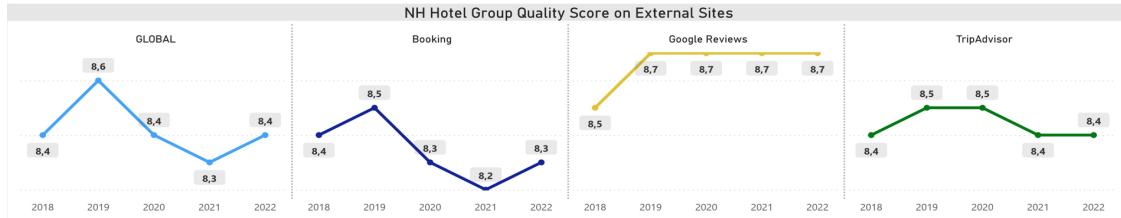


Google Reviews and TripAdvisor complete the Top 3 in number of ratings, where the Company has maintained the score it obtained last year.

## CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION 2022

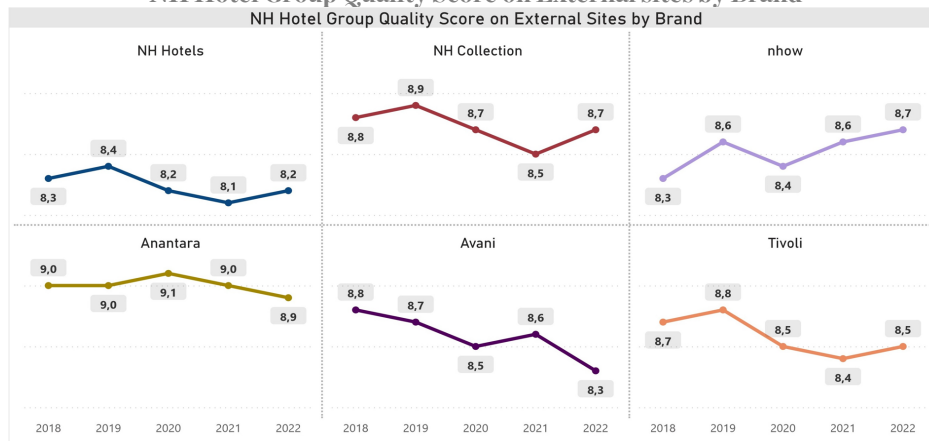
### SUSTAINABILITY REPORT

#### NH Hotel Group quality score on external sites



As far as online perception by brand is concerned, growth NH Collection by +0.2 points is notable, making us the second-highest rated brand in the group (8.7) together with nhow, which continues to show a positive evolution. Anantara is still the group's highest-rated brand (8.9), despite having fallen this year. NH Hotels and Tivoli have improved at the same rate (+0.1 points), and Avani has had the most negative impact compared to last year.

#### NH Hotel Group Quality Score on External sites by Brand



### Single Customer Service Center Tools

The Single Customer Service Center provides support to hotels and to customers. It combines Customer Care, NH Rewards and the VIP Desk and has continued to consolidate its service in 2022, extending its capacity for response and improving the level of service.

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#### **SAP module: TMS4 Customer Care**

This is a module that lets any interaction with customers be recorded, from the time the complaint is received. Customers can manage their complaints through multiple channels: email, telephone, website, hotels, social media ... The types of contact range from comments or suggestions to complaints, congratulations, requests, claims or technical incidents.

#### **Quality Focus**

Every week, data is drawn from the satisfaction surveys received, identifying those that will be managed by Customer Care. Depending on the type of comment received, the type of response varies from direct interaction with the customer, by email or telephone, to a standard email response for neutral and positive comments.

#### **Zendesk**

This is a tool that lets customers send private comments on social media (Facebook, Twitter) and a reply is sent to the customer on the same platform or, in some cases, we tell the customer to send all comments to the Customer Care email address if more information is required to handle their query, complaint or any other comment.

In 2022, the Customer Care area handled a total of 29,843 contacts from the Customer Care Center (whether congratulations, requests, suggestions, complaints...); this represents an increase of approximately 5,818 contacts compared to 2021.

Complaints are handled by sending a letter of apology, response by the hotel or the legal department, providing the solution. Responses have been given within the established time in the vast majority of cases, except on certain occasions where there have been upticks in emails received (in relation to the program migration or simply asking for information) which have had a negative effect on the response time. However, the Company continues to focus on customers and customer satisfaction.

It should be noted that in 2022 the Single Customer Service Center has played a key role in assuming the increased contact with customers, being an essential point of contact for the Company due to the implementation of the new Loyalty program. The increase in the number of complaints this year has been caused by this implementation, which has resulted in customers having more doubts and questions than in the previous year.

In addition to the tools referred to above, the Company also has official complaints forms in accordance with ruling legislation in each country.

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**Contacts received by Customer Care\***

	2022		2021	
	Number	% of total	Number	% of total
<b>Direct contacts (SAP)</b>				
Comments/Suggestions	1,412	5.7	346	1.80
Congratulations	14	0.1	16	0.10
Technical incidents	137	0.5	397	2.10
Complaints / Claims	7,409	30.1	4,772	24.90
Requests	15,648	63.5	13,630	71.10
Total SAP (except QF)	24,620		19,161	
<b>Customer survey contacts (Quality Focus)</b>				
Comments/Suggestions	741	63.2	466	53.80
Congratulations	1	0.1	1	0.10
Technical incidents	0	0.0	1	0.10
Complaints / Claims	320	27.3	235	27.10
Requests	111	9.5	163	18.80
Total QF in SAP	1,173	100	866	100
Total QF survey managed by Customer Care	5,599		3,827	
Total QF manual contacts, registered with SAP**	1,017		703	
Total QF automatic contacts	4,574		3,106	
Total assigned to Customer Care QF and contacted by hotel	8		18	
Answers SAP to automatic contacts of QF **	156		163	
Total requests received (Total SAP (except QF) + Total QF in SAP + Total automatic contacts QF)	30,367		23,133	

\*The scope of these figures includes hotels under ownership, lease and management, as many of the claims and complaints received cannot be assigned to a hotel.

\*\*The data for 2021 has been recalculated to include all claims, regardless of the source from which they were received.

**Complaints received by solution provided**

Solution	Consolidated perimeter		Corporate perimeter	
	2022	2021	2022	2021
Reply to suggestion/request/comments	10,552	8,037	22,016	16,535
Compensation NH Rewards points/ D\$	93	295	117	489
Charge of NH Rewards points	333	554	419	745
Letter of apology	954	717	1,120	851
Response from the hotel	215	334	269	432
Refund	76	49	86	54
Discount voucher	216	191	284	232
Letter of thanks	4	13	9	14
Free upgrade	2	6	16	91
Free night	2	1	2	1
Free breakfast	1	1	1	1
Response from legal department	1	1	1	3
Other	264	42	876	510
Error*	31	20	66	44
None**	313	21	511	25
Total	13,057	10,282	25,793	20,027

\*Duplications.

\*\*Technical incidents – solution provided by IT.

\*\*\*Includes comments on internal policies, reservations and other services that depend on HQ and not on any hotel.

## **Communication with customers**

In its commitment to sustainability, NH Hotel Group seeks to include and engage customers in its sustainable initiatives, whether by generating opportunities to contribute socially or by promoting environmentally responsible behavior.

Direct contact with customers is key in order to offer them personalized services and make their experience with NH better and better. In 2022, more than 97 million emails were sent to customers.

### **Responsible guests**

NH Hotel Group seeks to include and engage its customers in its sustainable initiatives, whether by generating opportunities to contribute socially or by promoting environmentally responsible behavior.

To respond both to the challenges presented by the pandemic and to the rapid digitalization and need to save the use of printed material, guests are invited to use the Mobile Guest Service digital app using QR codes to obtain information on the hotel's services, communicate their needs to hotel staff or make reservations in the hotel restaurants during their stay.

With the goal of continuing to aid sustainable goals and join in the common challenge to combat climate change worldwide, Stay Green aspires to align the Company's activity with the guidelines defined at European and international level.

NH Hotel Group has extended its "Green Stay" initiative to most of its hotels. Through this initiative, the Company offers guests who stay for more than one night the option of declining the room cleaning service, contributing to savings in water, energy and other resources. As a reward for these guests, the hotel offers them a voucher for a free drink for each day they participate in this initiative.

Communication materials concerning rooms and bathrooms have also been updated and have added QR codes referring to the use of towels and articles of personal use. This contributes to energy savings and at the same time promotes a faster, more transparent and effective digital communication.

In F&B areas, the hotels continue to promote the recovery of cork, a sustainable and recyclable material, through displays and specific units so that both employees and guests can contribute to this action which has been developed in the framework of Cork2Cork.

### **Customer satisfaction with environmental sustainability**

NH Hotel Group measures customer satisfaction regarding environmental management. This satisfaction is calculated on the basis of the annual number of opinions and the score given in them by the internal Quality Focus tool.



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#### Top 10 NH Hotel Group hotels rated in terms of customer sustainability

Business Unit	Hotel Name	Score (0-10)
America Business Unit	NH Collection Mexico City Centro Histórico	9,1
	NH Collection Royal WTC Bogotá	9,09
	NH Royal La Boheme	9,04
	NH Collection Royal Terra 100	9,03
Southern Europe Business Unit	NH Collection Grand Hotel Convento di Amalfi	9,19
	NH Collectionom Porta Rossa	9,14
	NH Collection Paseo del Prado	9,06
	NH Collection Palazzo Verona	9,02
	NH Collection Palazzo Cinquecento	9,01
	NH Collection Firenze Palazzo Gaddi	8,97

The table above shows the 10 hotels that received the best rating from customers. It has been drawn up using the indicator that relates the number of opinions with the rating given so as to reflect the reality of the customer's perception.

### Gastronomic innovation

NH Hotel Group is firmly committed to high quality gastronomy, innovation and the application of the latest trends in the sector, and therefore the Company is constantly in the process of innovating and developing exclusive gastronomic standards. The Company currently maintains an exceptional gastronomic offer offered by chefs awarded with 10 Michelin stars between them:

- Dabiz Muñoz, 3 Michelin stars, with DiverXO at NH Collection Eurobuilding and GoXo at NH Collection Barcelona Constanza.
- Paco Roncero, 2 Michelin stars with Paco Roncero Restaurante.
- Randy Karman, 1 Michelin stars, with White Room at NH Collection Grand Hotel Krasnapolsky.
- Marcos Morán, 1 Michelin stars, consulting chef at Hispania Brussels, NH Collection Grand Sablon.
- Joachim Koerper, 1 Michelin stars, with Seteis, at Tivoli Palácio de Seteais in Portugal.
- Tristán De Boer, 1 Michelin stars, with his The White Room, at Anantara Grand Hotel Krasnapolsky Amsterdam in the Netherlands.
- Oliver Da Costa, 1 Michelin stars in Seen Lisboa, at Tivoli Avenida Portugal.

In its quest to convey the sustainability of its products and standards, NH Hotel Group has carried out different initiatives in F&B, such as the implementation of a new process which increases the efficiency of resource management and use of surplus kitchen production.

This has involved collaborating with a number of food start-ups that reuse the food products that have not been consumed in the hotel.

In line with the commitment to promote sustainability with its customers, NH Hotel Group offers food and beverages aware of the demands of its customers and of the planet. For 2023, the F&B department will implement a fortnightly plan to monitor the following products in all business units:

- Km0 products.

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- Promotion of seasonal products.
- Promotion of Health Food.
- Use of ecological packaging.
- Promotion of vegan cuisine.
- Adoption of Free Food (intolerance, trans fat and sugar-free products).

### Improvement in direct sales channels

NH Hotel Group relies on direct and indirect channels for the marketing of its products. Direct channels include hotels, the Call Center and the web. The latter has helped in 2022 to market its products through 41 sites and microsites, using 17 languages and/or language localizations.

Throughout 2022, the business generated through NH Hotel Group's website has continued to grow and consolidate itself as one of the company's main channels, almost doubling profits with a growth of almost 100% compared to the previous year, even after experiencing the impact of Omicron during the first months of the fiscal year.

The effect of the pandemic in early 2022, as well as changes in consumer habits in both the B2C and B2B segments, affected all regions, channels, segments, brands and domains. The B2B segment has experienced a strong acceleration since May, reaching levels very close to 2019. The B2C segment has also gained weight and the direct web channel has evolved more dynamically than the intermediated channels. All this has led to very high levels of contribution in a historic year for the company, exceeding the contribution of 2019. We should also highlight the importance of the web channel, where at year-end it accounted for almost 22% of the Company's total sales over the B2C segment.

Our spirit, apart from innovating, is to be able to adapt and personalize the experiences of the millions of customers who visit us through the web and the app to improve service and usability. It is personalization, combined with the systematic application of techniques to improve conversion and usability, with more than 300 active experiments during 2022, that has led to double-digit web conversion improvements in certain periods.

### Loyalty program: NH DISCOVERY

#### Importance of loyalty programs

Loyalty programs, which were already a key incentive before the pandemic, have now become consolidated as an important business tool. According to one of our most recent market studies, 75% of travelers in Europe consider loyalty programs to be a factor that influences totally or considerably when choosing a hotel. For us, this is an excellent way to cultivate the relationship with our customers and, at the same time, help us to make our business grow.

#### Benefits of NH DISCOVERY

NH Hotel Group had a successful loyalty program, NH Rewards. Since June 2022, NH Hotel Group has participated with its NH DISCOVERY program in the GLOBAL HOTEL ALLIANCE (GHA) and its GHA DISCOVERY loyalty program.

In this way, the 10 million members and over 350 hotels in 30 countries are now part of one of the ten biggest hotel loyalty programs worldwide, counting more than 23 million members and 800 hotels.

The program has four categories: Silver, Gold, Platinum and Titanium, and many ways of progressing and benefits from the very first stay, where members can accumulate and

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redeem DISCOVERY Dollars (D\$), which is the global reward system where 1 D\$ equals 1 USA \$.

This alliance will also allow members to access “*Live Local*”, which is the Local Offers & Experiences proposition, offering unique and exclusive moments that go beyond the destination and which are now available throughout the entire portfolio of NH Hotel Group hotels. Members can enjoy the same benefits, in 35 brands, in more than 800 hotels and 100 countries.

With the support of GHA DISCOVERY, access is provided to a new customer base and cross-brand revenue opportunities, while at the same time we offer new travel experiences to program members. The integration in GHA will also help the Company’s positioning in the upper-upscale and luxury segment, where we are growing.

### NH Hotel Group app

The NH Hotel Group app and its approach go beyond being a basic service tool for customers.

In addition, during their stay, guests can continue to use and “StayApp”, an app specially designed for a better enjoyment of their stay.

In line with the Company’s innovative spirit, the mobile app is used as a key differential tool and, as a laboratory, to then launch new concepts massively on multiple devices, such as the launch of the FASTPASS service, where you can check in online and choose your room from a virtual map of the hotel, as described above.

## Customer Health and Safety

NH Hotel Group continues to maintain its commitment to guarantee food health and safety at global level, in each of its hotels and restaurants. Thus, the Company ensures that all food preparation and service procedures comply with international regulations on hazard analysis and critical control points (HACCP) for food and beverages. Finally, the kitchens and kitchen equipment are cleaned following hospital protocols, to assure proper disinfection and decontamination at all times. For this purpose the Company has an international agreement with an external company specializing in food health and safety (Diversey), which audits, verifies and guarantees compliance with these regulations, as well as the mandatory legal registrations, laboratory analysis of food, continuous training of personnel in relation to food health and safety and specific hygiene manuals for each establishment.

These processes are audited continuously in all NH Hotel Group restaurants and kitchens. All hotels undergo periodic food health controls conducted by Diversey and any failure by a supplier means, without going into criminal consequences, that the supplier in question must correct it or face automatic rescission of the contract with NH Hotel Group.

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#### Customer Health and Safety Measures

<b>Prevention of legionnaires' disease</b>	Cleaning, tests, analyses, etc. are performed in accordance with local legislation.
<b>Analysis of safety of water supply for human consumptions</b>	Annual testing at different consumption and accumulation points of the hotel.
<b>Indoor Air Quality (IAQ) Testing</b>	Indoor Air Quality tests are carried out in some hotels.
<b>Maintenance of elevators</b>	All elevators undergo monthly maintenance and every two years they are subject to legal inspections by an authorized entity.
<b>Maintenance of fire protection installations</b>	Fire protection installations undergo quarterly maintenance, in addition to the periodic legal inspections carried out by an authorized entity.
<b>Maintenance of boiler rooms and heating and air-conditioning installations</b>	Boiler rooms and heating and air-conditioning installations undergo monthly maintenance.
<b>Maintenance of low voltage installations</b>	These installations undergo annual maintenance, in addition to legal inspections that are carried out every five years by an authorized entity.
<b>Maintenance of high voltage installations</b>	These installations undergo annual maintenance, in addition to the corresponding legal inspections carried out every three years by an authorized entity.
<b>Cleaning of kitchen hoods, ducts, and extractor fans</b>	Every year, all kitchen hoods, extractor ducts and fans are cleaned to prevent possible fires in the hotel kitchens.
<b>Automatic fire extinguishing systems in kitchens</b>	Automatic extinguishing systems have been installed in the hotel kitchens.
<b>Contracts for disinfection, fumigation and pest and rodent control</b>	Disinfection, fumigation and pest and rodent control procedures are carried out to avoid and prevent possible infections or infestations in the hotels.
<b>Maintenance of automatic doors</b>	The maintenance of automatic doors ensures that they will work in the event of evacuation to prevent injury and accidental entrapment.
<b>Light curtains in elevator doors</b>	Incorporation of light curtains in elevator doors to prevent the doors from hitting people as they enter elevators.

#### Hotels that are more accessible every day

As a result of NH Hotel Group's commitment to diversity, inclusion and accessibility for its guests, there are 344 hotels distributed over all the Business Units that have elements adapted to special needs. NH Hotel Group continues to work towards making all the Company's hotels accessible.

**“98% of our hotels have some kind of accessibility element”**

NH Hotel Group is also committed to the full integration in work of people with disabilities through responsible purchases from Special Employment Centers as suppliers of laundry services. The share that purchases from Special Employment Centers represented in 2022 was 8.4%. (Estimated with respect to the workforce in Spain, together with the Special Employment Center employees comparable to NH Hotel Group purchases).

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**Hotels that are more accessible every day**

	Consolidated perimeter			Corporate perimeter		
	2022	2021	Difference (in%)	2022	2021	Difference (in%)
Number of hotels with elements adapted to special needs	292	301	-3.0	344	344	0.0
Number of hotels with disabled access elevators	249	253	-1.6	290	287	1.0
Number of hotels with disabled parking	207	210	-1.4	246	240	2.5
Number of hotels with public areas adapted for people with a physical disability	270	276	-2.2	316	311	1.6
Number of rooms adapted for people with a physical disability	777	745	4.3	887	835	6.2

## COMMUNITIES



### **NH Hotel Group seeks to create a positive social and environmental impact on the communities where it is present through key responsible alliances.**

One of the main goals of NH Hotel Group's sustainable business strategy is to maintain active relations with the communities where it operates, contributing to local development and serving the needs of each destination where it is present through the business itself. This ambition arose in an entirely natural way, identifying where the Company's capacity to create value in the way it works lay.

To develop stable projects that can be replicated in all Business Units, NH Hotel Group believes in building responsible and successful alliances with solidarity partners. To that end, the Company spearheads different projects through its UP FOR PEOPLE pillar, thanks to which it impacts the communities where it operates and with which it contributes to reducing social inequalities:

- Hotels with a Heart (HWH): a program offering free accommodation to families in need with sick children.
- Together with Love (TWL): the Company's corporate volunteering program at global level.
- Youth employability, for young people at risk of exclusion.

Thanks to these projects, NH Hotel Group has benefited 60,724 people during this fiscal year and the main social indicators can be seen in the following table:

#### **Contribution to society**

	<b>2022</b>	<b>2021</b>	<b>Difference (in %)</b>
Social initiatives	28	55	-49.1
Number of NH volunteers	4,885	605	707.4
Hotels involved	136	136	0.0
Contribution of NGO Rate* (thousand €)	91	13	600
Contribution of Friend Rate + Employee Rate ** (thousand €)	179.5	131	37.0
Indirect contribution to social action (thousand €)	135.4	81	67.2

*\*NGO Rate - Application of a 30% discount on the best available rate for entities that have been previously assessed and approved by the Corporate Responsibility department. The increase in contribution by the NGO Rate is due to the reactivation of the business, which has led to more roomnights being booked by associations.*

*\*\* Friend Rate and Employee Rate - - collecting 2€ and 1€ respectively of the costs of bookings made with the special rate for employees, family and friends and then using these funds in accommodation and restaurant services, special rates and scholarships in the Social Action programs of the different Business Units.*

*\*\*\* The indirect contribution to social action is an estimate based on rooms with free accommodation offered by the Company to different initiatives or associations with which NH Hotel Group collaborates, taking into account the ADR of each room on the corresponding date. The reason for the increase in this investment during this year is the creation of an internal procedure for counting these rooms consistently throughout the entire Group.*

## Hotels with a Heart

Hotels with a Heart is an initiative that aims to ensure that children and young people who suffer from a serious illness and have to go to hospital far from their home can be accompanied by their closest family at this difficult time.

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To do this, NH Hotel Group provides the families with rooms at hotels close to the hospital free of charge. With this goal, and in close collaboration with local NGOs and foundations, the Company provides accommodation to families with limited resources, so that they can accompany their loved ones.

One of the main foundations we have been collaborating with for several years is the “Menudos Corazones” Foundation, thanks to which NH Hotel Group offers 10,094 free roomnights a year, for families with children who suffer from congenital heart disease.

Another example of this is the Make a Wish Foundation, with which NH Hotel Group has a global agreement, offering free accommodation to children with serious illnesses so that their dream can be made to come true in any part of the world where we operate. Our alliance with this foundation started in 2005 and is still in force today.

Two new agreements have been signed in 2022:

- With CORALL Family Barcelona, an association that helps children who have congenital heart disease. Thanks to this agreement, NH Hotel Group will provide the association with 200 free rooms per year in the hotels in Barcelona as accommodation for families who need it.
- With Lovaas Foundation, which focuses on providing the best available treatment for children on the autism spectrum. NH Hotel Group has signed an agreement with them to provide 150 nights of free accommodation to the therapists of these children in any of our hotels in Spain and Italy.

NH Hotel Group is proud to do something for these families at such difficult times. Furthermore, numerous employees of the Company participate in this initiative voluntarily and are the true hosts of these families and “Ambassadors” of the program in each of the hotels. Each hotel has a person who looks after the families, sharing their experiences and helping to make their stay at the hotel as comfortable as possible. Since the program started, more than 2,000 employees each year have become real hosts to the families, helping to make the hotel a second home for them.

Additionally, as part of the Hotels with a Heart program, NH Hotel Group collaborates throughout the year with different NGOs and associations by offering vouchers to contribute on an ad hoc basis. These requests must always reach us through formal communication channels and the contribution is made if the NGO’s mission and values are in line with those of NH Hotel Group.

#### **#HotelswithaHeart (HwH)**

	2022	2021	Difference (in %)
Agreements with ONG	22	13	69.2
Nights donated	1,438	1,006	42.9
Hotels involved	59	14	321.4
NH volunteers*	118	28	321.4
HwH beneficiaries	2,876	2,012	42.9
Indirect monetary contribution	135,429	81.000	67.2

*\*It is estimated that each hotel has 2 employees looking after the families that benefit from this accommodation: the GM and the FOM.*

## **NH RESPONSE**

In the framework of aid to the communities where we are present, we set up NH Response as the NH Hotel Group's response to exceptional situations.

The situation in Ukraine is defined as a humanitarian crisis. Although the Company does not have hotels in Ukraine, it received a great number of requests for accommodation for Ukrainian refugees, on account of the situation they were experiencing in their country and the need to emigrate to neighboring countries.

Thanks to the Hotels with a Heart program, the Company had arrangements in the hotels adapted to contribute rapidly with accommodation for Ukrainian refugees. NH Hotel Group's response did not take long in coming. Special codes were created to accommodate refugees free of charge or with a special discount, and we worked hand in hand with local associations and NGOs to guide everyone as to what to do the days after they left their country.

Procedures were also devised to standardize and collect all the requests for accommodation that were being received, independently of the country they came from. Since the start, NH Hotel Group has contributed more than 10,100 roomnights to refugees from Ukraine.

### **Collaboration with World Central Kitchen**

Due to the Ukraine conflict, NH Hotel Group collaborated with World Central Kitchen, the association of chef José Andrés. NH Hotel Group donated € 20,000 which turned into 9,091 meals for the Ukrainian families who needed them.

A website for all the Company's employees who wanted to make a contribution was set up. Thanks to it, the employees raised a further € 5,110.

## **Together with Love: Corporate Volunteering**

In 2022, under the motto "Together with Love", NH Hotel Group held a corporate volunteering event. This is a global initiative focused on sustainability and strengthening relations with the local communities where the Group is present, and all the Company's teams were invited to take part. In this way, NH Hotel Group has joined the volunteering initiative carried out annually by Minor International, with which it shares a firm commitment to the development of its sustainability strategy. Once again, the organized volunteering sessions have been very well received by all employees, as they have the opportunity to make a positive contribution to society.

This year, over 4,800 employees participated as volunteers in numerous initiatives, chosen and led by them. To name just some of them, at headquarters the employees carried out different initiatives, including collaboration with a soup kitchen, to help cook and distribute the food. Visits to the headquarters of Madrid Food Bank, to help to organize and package all the foods requested by the different associations. A textile collection campaign was also organized, and a blood donation campaign, thanks to which 72 lives were saved.

As in previous years, NH Hotel Group once again launched NH Runners, in which volunteers from the Group raised money for meals based on the kilometers they ran, based on a conversion rate of 1km=1 meal. Based on this, the hotels of the three Business Units collaborated with different soup kitchens and local associations to which they donated meals cooked by them.



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Thanks to them, throughout 2022, NH Hotel Group has donated over 48,328 meals, managing to deliver all the meals collected during the last two years.

**4,767**  
NH volunteers

**48,328**  
meals delivered

**87**  
Hotels involved

**66**  
Foundations and NGOs  
involved

**27**  
initiatives carried out

**57,842**  
TWL beneficiaries

### **Christmas charity campaigns of our NH volunteers**

NH Hotel Group keeps its commitment to the most vulnerable groups in society at a time when this support is more important than ever. For the Christmas holiday period, the Company launched a special edition of its Together with Love initiative, which was a success once again thanks to the hospitality and solidarity of all the BUs, promoting corporate volunteering initiatives among their team members.

#### **BU – America:**

The hotels of NH Americas celebrated Christmas with a new edition of “Together with Love” in which they offered 1,500 snacks and organized Christmas craft workshops for children at risk of social and economic exclusion. This year, as Argentina were the winners of the World Cup, caps and footballs were handed over to all the children. Thanks to this initiative, more than 1,500 children welcomed Christmas with toys, books, clothes and food. The initiative was carried out with 21 local foundations.

#### **BU – Northern Europe:**

Over the Christmas period, the NH Schiphol Airport hotel collaborated with the local foundation “Stichting Prakkie” by inviting families in need to breakfast at its greenhouse restaurant on December 24<sup>th</sup>, 25<sup>th</sup> and 26<sup>th</sup>.

#### **BU – Southern Europe:**

The Avani & Tivoli Avenida de Liberdade hotels offered a very different afternoon to a group of pupils with special needs at the Pedro Eanes Lobato school, accompanied by their parents and teachers. We recreated professions that exist in the hotels and offered these children unforgettable moments with a genuine hotel experience. At the end, they met Santa Clause and enjoyed some delicious, sweet Christmas treats.

#### **HQ:**

Once again, the Central Services Offices organized a really special action for Christmas: the employees of NH Hotel Group helped the Three Kings in their task of bringing gifts to all children.

In this way, in collaboration with the “Real Three Wise Men” project, 40 employees made dreams come true for 40 children from poor families, by buying the gifts they had asked for in their letters to Their Majesties the Kings of Orient and which otherwise they would not have received.

## **Employability programs: promotion of youth employment**

Youth unemployment in Spain, which is more significant in groups at risk of social exclusion, requires programs focused on boosting the employability and social integration of young people.

NH Hotel Group continues to be committed to increasing the employability of such young people and aims to promote different training and work experience programs for young people at risk of exclusion and for disabled individuals at hotels in all its Business Units.

In 2022, one of the collaborations was with Tomillo Foundation, which is dedicated to fostering employability and reducing school dropout by young people at risk of exclusion, with which it has been collaborating for years. In the month of June, in the framework of this collaboration with the Foundation, the Company received several Erasmus students from different parts of Europe who were interns in 6 of our hotels in Madrid. As well as seeing the

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hotel facilities, the students had the opportunity to find out first hand the main duties of the professionals of a hotel and found the experience very rewarding.

In this way, the projects, which are part of the Community strategy, are also aligned with the Company's commitment to SDG 8, "Decent work and economic growth".

#### **Alliances with Foundations and NGOs**

Local impact is achieved thanks to the creation of responsible alliances with foundations and NGOs, the collaboration of volunteer employees in responsible projects and the promotion of culture. To develop social projects that can be replicated in all Business Units, NH Hotel Group believes in building responsible and successful alliances with solidarity partners. To that end, in each country where we are present, we have continued to work with different Foundations and NGOs.

## **AWARDS TO NH HOTEL GROUP IN 2022**

NH Hotel Group works to consolidate its position as a worldwide benchmark in excellence, innovation and sustainability in the tourist sector. The awards and recognitions obtained in 2022 are a reflection of the commitment to continue advancing on this road.

### **NOTABLE AWARDS**

#### **S&P GLOBAL - SUSTAINABILITY RANKING**

The Company has been included in the Sustainability Yearbook 2023, published by S&P Global every year, obtaining the TOP10% most sustainable recognition within the hotel sector.

#### **BLOOMBERG GLOBAL - GENDER EQUALITY 2022**

In January 2023, NH Hotel Group was included in the Bloomberg Gender Equality Index 2022 and is the only Spanish hotel firm in the 485 companies that make up the index.

#### **BRAND FINANCE HOTELS ANNUAL RANKING 2022**

In this world hotel ranking, NH Hotel Group was the only Spanish company to be recognized among the most valuable brands in the hospitality sector. The Group climbed up three positions to 15<sup>th</sup> place thanks to a 49% increase in its brand value, which represents an increase of 281 million. Furthermore, NH Hotel Group was the Spanish brand with the highest growth compared to 2020 and ninth at world level (+27%).

#### **HOSPITALITY AWARDS**

In November 2022, Hotels with a Heart won the award for Best Global Social Initiative at an international gala in Paris and was a finalist in two of the three global categories in which it was competing.

#### **CONDÉ NAST READERS' CHOICE AWARDS (USA & UK)**

26 NH Hotel Group properties were selected at the 35<sup>th</sup> editions of these awards which reflect the travel experiences of Condé Nast readers who choose the hotels independently with no editorial interference.

### **AWARDS AND RECOGNITIONS TO HOTELS**

#### **CONDÉ NAST READERS' CHOICE AWARDS (USA & UK)**

- NH Collection Roma Fori Imperiali (TOP 10 Rome)
- NH Collection Grand Hotel Convento di Amalfi (TOP 20 Italy)
- NH Collection Prague (TOP 20 Central Europe)
- NH Collection Prague Carlo IV (TOP 20 Europe)
- Anantara Grand Hotel Krasnapolsky Amsterdam (TOP 20 Europa Northern Europe)
- Anantara Vilamoura Algarve Resort (TOP 20 Europe)
- Anantara Palazzo Naiadi Rome Hotel (TOP 5 Rome)
- The Marker Hotel (TOP 5 Ireland)
- The Marker Hotel (TOP 50 in the world)
- Banana Island Resort Doha by Anantara (TOP 50 in the world)
- Anantara Sir Bani Yas Island Resorts (TOP 50 in the world)
- Qasr Al Sarab Desert Resort by Anantara (TOP 50 in the world)
- Anantara Eastern Mangroves Abu Dhabi Hotel (TOP 20 Middle East)
- Anantara Golden Triangle Elephant Camp & Resort (TOP 15 Thailand)
- Anantara Hua Hin Resort (TOP 15 Thailand)
- Anantara Chiang Mai (TOP 15 Thailand)

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- The Royal Livingston Victoria Falls Zambia Hotel by Anantara (TOP 10 Southern Africa)
- Tivoli Palácio de Seteais Sintra Hotel (TOP 20 Spain and Portugal)
- Tivoli Mofarrej São Paulo (TOP 20 South America)
- Souq Waqif Boutique Hotels by Tivoli (TOP 20 Middle East)
- AVANI+ Samui Resort (TOP 15 Thailand)
- Elewana Tarangire Treetops (TOP 15 East Africa)
- Elewana Elsa's Kopje Meru (TOP 15 East Africa)
- Elewana Lewa Safari Camp (TOP 15 East Africa)
- Elewana Kilindi Zanzibar (TOP 15 East Africa)
- Elewana Kilindi Zanzibar (TOP 50 in the world)

### **LLM READERS' TRAVEL AWARDS 2022**

- NH Collection Madrid Gran Vía (TOP 50 Best hotels in Europe)
- NH Collection Madrid Abascal (TOP 50 Best hotels in Europe)
- NH Collection Madrid Suecia Madrid (TOP 50 Best hotels in Europe)
- NH Collection A Coruna Finisterre (TOP 50 Best hotels in Europe)
- NH Collection Grand Hotel Convento di Amalfi (TOP 50 Best hotels in Europe)
- NH Collection Firenze Palazzo Gaddi (TOP 50 Best hotels in Europe)
- NH Collection Prague Carlo IV (TOP 50 Best hotels in Europe)
- NH Collection Venezia Murano Villa (TOP 50 Best hotels in Europe)
- NH Collection Amsterdam Doelen (TOP 50 Best hotels in Europe)
- NH Collection Barcelona Gran Hotel Calderon (TOP 50 Best hotels in Europe)
- NH Collection Copenhagen (TOP 50 Best hotels in Europe)
- NH Collection New York Madison Avenue (TOP 6 Best hotels in the USA)
- NH Collection Mexico City Centro Historico, Mexico (TOP 6 Best hotels in the USA)
- NH Collection Guadalajara Providencia (TOP 6 Best hotels in the USA)
- NH Collection, Vitacura, Santiago Casacostanera, Chile (TOP 9 Best hotels in Latin America)
- NH Collection Buenos Aires Jousten, Argentina (TOP 9 Best hotels in Latin America)
- NH Collection Bogota Terra 100 Royal, Colombia (TOP 9 Best hotels in Latin America)
- NH Collection Bogota Teleport Royal, Colombia (TOP 9 Best hotels in Latin America)
- NH Collection Bogota WTC Royal, Colombia (TOP 9 Best hotels in Latin America)
- NH Collection Medellin Royal, Colombia (TOP 9 Best hotels in Latin America)
- NH Collection Buenos Aires Crillon, Argentina (TOP 9 Best hotels in Latin America)

### **TRIPADVISOR TRAVELER CHOICE AWARDS 2022**

- NH Collection Amsterdam Grand Hotel Krasnapolsky
- nhow London
- nhow Brussels
- nhow Amsterdam RAI
- NH Puebla
- NH Capri
- NH Collection Victoria La Habana

### **TRIP ADVISOR TRAVELLERS CHOICE BEST OF THE BEST 2022**

- NH Collection Amsterdam Doelen
- NH Collection Amsterdam Barbizon Palace
- NH Collection Hacienda Bogotá (TOP 5)
- NH Collection Teleport Bogotá
- NH Pavillon
- NH Collection WTC Collection
- NH Collection Andino Bogotá
- NH Collection Smartsuites Barranquilla

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- NH Collection Medellín
- NH Collection Terra 100
- NH Urban 93
- NH Urban 26
- NH Urban Cartagena
- NH Collection Quito

#### **BOOKING.COM TRAVELER REVIEW AWARDS 2022**

- NH Puebla (winner)
- NH Collection Mérida Paseo Montejo (winner)

#### **WINE SPECTATOR 2022**

- Anantara Grand Hotel Krasnapolsky, The White Room (Award for excellence)
- Hotel Tivoli Carvoeiro, The One Restaurant (Award for excellence)

#### **WORLD LUXURY HOTEL AWARDS 2022**

- NH Collection Grand Hotel Convento di Amalfi (Best Luxury Seaside Hotel Italy)

#### **NEW HOTEL AWARDS**

- nhov Brussels (Best new sustainable hotel)

#### **HOTELS.NL BEST HOTEL 2022**

- NH Collection Amsterdam Grand Hotel Krasnapolsky (Best hotel in the Netherlands)
- NH Collection Amsterdam Grand Hotel Krasnapolsky (Best hotel in northern province of the Netherlands)
- NH Collection Amsterdam Grand Hotel Krasnapolsky (Best hotel in Amsterdam)

#### **LUXURY TRAVEL ADVISOR**

- NH Collection Madison Avenue (Most photogenic hotel in the USA)

#### **ROCA AWARDS**

- Anantara Villa Padierna Palace Benahavís Marbella Resort (Vacation, health and sport)
- NH Collection Madrid Eurobuilding (MICE)

#### **LIV HOSPITALITY DESIGN AWARDS**

- nhov Brussels (Interior Design Hotel – Midscale & Lifestyle category)

#### **THE TIMES BEST HOTELS IN LONDON 2022**

- nhov London (Best hotel in London)

#### **TRAVEL + LEISURE WORLD'S BEST AWARDS: (USA)**

- Anantara Hotels, Resorts & Spas- Best Hotel Brands in the World (TOP 15)

#### **ELITE TRAVELER TOP SUITES 2022**

- Anantara Sahara Tozeur Resort & Villas

#### **CNBC – BEST HOTELS FOR BUSINESS TRAVELERS 2022**

- NH Bratislava Gate One (Best hotels for business travelers)
- The Marker (Best hotels for business travelers)

#### **ITALIAN MISSION AWARDS 2022**

- NH Collection Roma Palazzo Cinquecento (Best luxury hotel for business travelers)
- NH Collection Venezia Murano Villa (Best venue for events)

#### **EUROPEAN MISSION AWARDS 2022**

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- NH Hotel Group (Best hotel chain of the year for business travelers)
- nhov Milano (Best venue for meetings and events)

#### **QUITO Q AWARD FOR TOURIST QUALITY**

- NH Collection Quito

### **SUSTAINABILITY AWARDS**

#### **S&P GLOBAL - SUSTAINABILITY RANKING**

The Company has been included in the "Sustainability Yearbook 2023", published by S&P Global every year, as the fourth-most sustainable company in the hotel sector.

#### **BLOOMBERG GENDER EQUALITY 2022 (GLOBAL)**

In January 2022, NH Hotel Group was included in the Bloomberg Gender Equality Index 2022 and is the only Spanish hotel firm in the 418 companies that make up the index.

#### **ECOLABEL (ASSOCIATION OF TOURIST HOTELS IN THE ARGENTINE REPUBLIC (AHT)-HOTELES MÁS VERDES)**

- Hotel NH Collection Buenos Aires Jousten (Gold ecolabel)
- Hotel NH Buenos Aires 9 de Julio (Gold ecolabel)
- Hotel NH Buenos Aires Tango (Gold ecolabel)
- Hotel NH Bariloche Edelweiss (Gold ecolabel)
- Hotel NH Collection Buenos Aires Lancaster (Silver ecolabel)
- Hotel NH Buenos Aires Florida (Silver ecolabel)
- NH Panorama (Bronze ecolabel)

#### **EQUALITY DISTINCTION GRANTED BY THE NATIONAL DIRECTORATE OF TOURIST QUALITY OF THE MINISTRY OF TOURISM AND SPORTS OF THE NATION**

- Hotel NH Collection Buenos Aires Lancaster

#### **GREEN STAMP GRANTED BY THE CIRCULAR ECONOMIC NETWORK AND CITY GOVERNMENT**

- NH Buenos Aires Tango

#### **COMPANIES COMMITTED TO HUMAN RIGHTS GRANTED BY CITY GOVERNMENT**

- NH Collection Buenos Aires Jousten
- NH Collection Buenos Aires Lancaster
- NH Collection Buenos Aires Centro Histórico
- NH Collection Buenos Aires Crillon
- NH Buenos Aires Latino
- NH Buenos Aires Florida
- NH Buenos Aires City
- NH Buenos Aires 9 de Julio

#### **HOSPITALITY AWARDS**

- Hotels with a Heart (Best global social responsibility action)

#### **GLOBAL SOCIAL RESPONSIBILITY AND SUSTAINABILITY WEEK 2022**

- Hotels with a Heart

### **FINANCIAL AWARDS**

#### **BRAND FINANCE 2022**

- NH Hotel Group (15<sup>th</sup> place out of the 25 most valued brands in the hospitality sector)

### **INNOVATION AND EXPERIENCE AWARDS**

#### **SAFE TRAVELS BY WORLD TRAVEL & TOURISM COUNCIL 2022**

- NH Collection Mérida Paseo Montejo

### **GASTRONOMIC AWARDS AND ACCOLADES**

#### **BALC (BARILOCHE A LA CARTA-2022)**

- NH Bariloche Efelweiss, best starter

#### **WINE SPECTATOR 2022**

- Anantara Grand Hotel Krasnapolsky, The White Room (Excellence Award)
- Hotel Tivoli Carvoeiro, The One Restaurant (Excellence Award)

### **TALENT AWARDS AND ACCOLADES**

#### **THE 75 BEST COMPANIES TO WORK FOR IN SPAIN - FORBES**

- NH Hotel Group (Recognized as one of the best employers in 2022)

#### **CEGOS AWARDS FOR BEST HR PRACTICE 2022**

- NH Hotel Group Hiring Toolkit (Best development and learning tool)

#### **HOSPITALITY AWARDS**

- NH Hotel Group Hiring Toolkit (Best talent attraction program)

#### **ITALY'S BEST EMPLOYERS BY CORRIERE DELLA SERA (ITALY)**

- NH Hotel Group Italia (Recognized as one of the best employers for 2023)

### **COMMUNICATION AWARDS**

#### **CAPITAL AWARDS**

- NH Hotel Group communication strategy during the pandemic (Best business communication strategy)

#### **BEST!N TRAVEL**

- Silver to the NH Hotel Group communication strategy during the pandemic (BEST!N PR)



# **PRINCIPLES GOVERNING THE PREPARATION OF THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT**

## **Reporting frameworks**

To prepare the Non-Financial Information Statement, the following global and national principles and standards have been taken into account:

- Act 11/2018 on Non-Financial and Diversity Reporting, published in Official State Gazette number 314, of December 29th, 2018, as well as Act 5/2021 of 12 April amending the consolidated text of the Capital Companies Act and the EU 2017/C215/01 guidelines for reporting its performance on non-financial information.
- EU Guidelines 2017/C215/01 for reporting their performance on non-financial information.
- GRI Standards (reporting with reference) for Sustainability Reporting.
- Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment which, in its first delegated act, establishes the obligation to disclose information on how and to what extent the company's activities are associated with economic activities that are considered environmentally sustainable in relation to climate change mitigation and adaptation objectives.
- The recommendations of the Task Force on Climate Related Disclosures (TCFD).
- Commitment to the Ten Principles of the UN Global Compact and the Sustainable Development Goals (SDG).

## **Balance and comparability**

The purpose of the Report is to publish a balanced, accurate and coherent report of the Group's performance, linked to the issues relevant to its strategy and to its stakeholders. In this regard, the comparability of data and information regarding previous years is key as a tool for traceability and evolution of such information. This Report, as in previous editions, has been drawn up with the involvement and participation of the heads of business areas and dialogue with each stakeholder group, making it possible to align the reported information with the relevant aspects for the stakeholders and to respond to their expectations. This has involved an internal process of gathering and checking information against indicators and quantitative and qualitative measurement data of the sustainable management of NH Hotel Group.

## **Verification of the Consolidated Statement of Non-Financial Information**

The Consolidated Statement of Non-Financial Information has been verified externally by PricewaterhouseCoopers. The independent review report can be seen in APPENDIX VI to this document.

## APPENDIX I: TABLE OF INDICATORS

As a result of NH Hotel Group's Policies, the following indicators are available to monitor them.

Indicators	2022	2021
<b>Profile</b>		
Hotel portfolio	350	353
N. of rooms	54,820	55,063
N. of clients	38.9 thousands	35 thousands
Subsidies	46.5 M€	170 M€
Net profit - M€	100.3	(134)
Consolidated revenues - M €	1,759.4 M€	834 M€
<b>Governance</b>		
Members of the Board	9	9
External Independent Directors	3	3
Board attendance	97%	93.6%
Women on the Board	1	0
Board meetings	6	7
<b>Human Rights</b>		
% of hotels that have completed the assessment	86%	ND
No. of human rights non-compliances	0	0
<b>Contribution to associations and NGOs</b>		
Contribution to associations	508,596	345,940
Contribution to sectoral associations	325,532	285,682
Contribution to non-profit associations	3,335	3,465
<b>UP FOR PLANET</b>		
<b>PRODUCTS AND HOTEL BUILDINGS</b>		
Assets with sustainable certifications	161	161
Energy consumption (kWh)	539,111,757	5.03E+08
Energy ratio (kWh/RN)	52.00	85.87
Hotels located in water-stressed areas	28%	29%
Water withdrawal (m3)	3,505,320	2,685,102
Water ratio (m3/NR)	0,34	0,45
Carbon footprint - CO2 emissions (Tn CO2)	88,816	88,545
Carbon Footprint - CO2 Emissions Ratio (kg CO2/NN)	8.57	16.34
<b>PROCESSES AND OPERATIONAL STANDARDS</b>		
% of green electricity consumed in Europe	64%	62%
No. of hotels with electric chargers	64	26
No. of hotels with bicycle rentals	69	48
Emissions Scope 1 (SBTi)	44,328	41,673
Emissions Scope 2 (SBTi)	44,487	46,872
Emissions Scope 3	298,885	188,490
<b>SUSTAINABLE PURCHASING</b>		
Number of total suppliers	12,532	10,256
Number of active suppliers with signed Codes of Ethics	1,760	1,756
Number of new suppliers with signed Codes of Ethics	87	169
% purchases from local suppliers	89%	83%

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<b>Indicators</b>	<b>2022</b>	<b>2021</b>
Annual purchase volume (CapEx+OpEx)	554.5	295.9
<b>UP FOR PEOPLE</b>		
<b>EMPLOYEES</b>		
FTEs (no. of employees)	10,995	10,071
Permanent contracts	85%	90%
Voluntary turnover rate	15.8	12.8
Non-voluntary turnover rate	8.2	8.1
Employees in country other than country of origin	22%	23%
Women in the workforce	51%	51%
Women in management positions	44%	44%
Workforce covered by collective bargaining agreement	87%	92%
Employees under 25 years old	10%	7%
Employees between 25 and 40 years old	41%	41%
Employees over 40 years of age	48,9%	52%
No. of nationalities	143	134
Employees with disabilities	101	85
<b>Training</b>		
Hours of training delivered through NH University	157,455	74,759
Hours of training per employee	12.3	8.3
Total investment in training	1,085,746 €	372,611€
<b>Safety, health and well-being</b>		
No. of fatal accidents	0	0
No. of accidents with sick leave	273	134
Frequency Rate (FI)* Fatal accidents	0	0
Frequency Rate (FI)* occupational accidents	5.2	10.96
Frequency Rate (FI)* occupational diseases	0.1	1.4
Severity Index (SI)*** occupational accidents	0.3	0.12
Severity Rate (SI)** occupational diseases	0	0.01
Absenteeism rate	4.4	3.6
<b>CUSTOMERS</b>		
Customer reviews - NH survey	8.5	8.6
Customer Reviews - Online Surveys	8.4	8.3
Number of Customer Care contacts	29,843	24,025
No. of hotels with elements adapted to special needs	346	344
<b>COMMUNITIES</b>		
Social initiatives	28	55
No. of volunteers NH	4,885	605
Investment in social action (thousands €)	136	81
Contribution to NGO Tariff (thousands €)	91	13
Contribution of Bono Amigo + Employee Tariff (thousands €)	179.5	131
Total beneficiaries	60,724	ND
<b>Hotels with a Heart</b>		
Agreements with NGOs	22	13
Free Roomnights	1,438	1,006
Beneficiaries HwH	2,876	2,012
NH <i>volunteers</i> HwH	118	118
Hotels involved	59	14
<b>Together with Love</b>		

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<b>Indicators</b>	<b>2022</b>	<b>2021</b>
Partnerships involved	66	14
NH <i>volunteers</i> TWL	4,767	601
Hotels involved	87	ND
Beneficiaries TWL	57,842	ND

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## APPENDIX II: EUROPEAN TAXONOMY

All the companies that make up the NH Hotel Group's Consolidation perimeter have been considered in the analysis carried out to establish the eligible and aligned main activities under the European Commission's Taxonomy criteria.

As additional information to that reported in the EU Taxonomy of Sustainable Activities chapter, the requirements established in relation to the objectives of mitigation and adaptation to climate change are:

CapEx				Substantial contribution criteria						No significant harm criteria										
Economic Activities	Code	Absolute	CapEx Ratio	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Contamination	Biodiversity and ecosystems	Climate change mitigation (S/N)	Adaptation to climate change (S/N)	Water and marine resources (S/N)	Circular economy (S/N)	Contamination (S/N)	Biodiversity and ecosystems (S/N)	Minimum Social Safeguards	Proportion of business CapEx that conforms to Taxonomy 2022	CapEx ratio that conforms to Taxonomy year N-1	Enabling Activity (F)	Transition Activity (T)
A. ELIGIBLE ACTIVITIES ACCORDING TO TAXONOMY																				
A1. Environmentally sustainable activities (aligned).																				
Renovation of existing buildings	7.2	2,184,763 €	0.978%	100%	0%	N/A	N/A	N/A	N/A	N	S	S	S	S	N	S	0.978%	N/A		T
Installation, maintenance and repair of energy efficient equipment.	7.3	1,338,061 €	0.599%	100%	0%	N/A	N/A	N/A	N/A	N	S	N	N	S	N	S	0.599%	N/A	F	
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of the buildings.	7.5	724,472 €	0.324%	100%	0%	N/A	N/A	N/A	N/A	N	S	N	N	N	N	S	0.324%	N/A	F	

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**CapEx**

CapEx				Substantial contribution criteria						No significant harm criteria										
Economic Activities	Code	Absolute	CapEx Ratio	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Contamination	Biodiversity and ecosystems	Climate change mitigation (S/N)	Adaptation to climate change (S/N)	Water and marine resources (S/N)	Circular economy (S/N)	Contamination (S/N)	Biodiversity and ecosystems (S/N)	Minimum Social Safeguards	Proportion of business CapEx that conforms to Taxonomy 2022	CapEx ratio that conforms to Taxonomy year N-1	Enabling Activity (F)	Transition Activity (T)
CapEx of environmentally sustainable activities (conforming to the taxonomy) (A.1)	X	4.247.296 €	1.901%	100%	0%	N/A	N/A	N/A	N/A	N	S	S	S	S	N	S	1.901%	N/A	F	T
A2. Activities eligible under the taxonomy but not environmentally sustainable (not conforming to the Taxonomy).																				
Renovation of existing buildings	7.2	829,572 €	0.371%																	
Installation, maintenance and repair of energy efficient equipment.	7.3	3.291,740 €	1.474%																	
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of the buildings.	7.5	689,905 €	0.309%																	
CapEx volume of eligible activities but not environmentally sustainable (A.2)	X	4,811,216 €	2.154%																	
Total (A.1 + A.2)	x	9,058,512 €	4.055%																	

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**CapEx**

CapEx				Substantial contribution criteria							No significant harm criteria									
Economic Activities	Code	Absolute	CapEx Ratio	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Contamination	Biodiversity and ecosystems	Climate change mitigation (S/N)	Adaptation to climate change (S/N)	Water and marine resources (S/N)	Circular economy (S/N)	Contamination (S/N)	Biodiversity and ecosystems (S/N)	Minimum Social Safeguards	Proportion of business CapEx that conforms to Taxonomy 2022	CapEx ratio that conforms to Taxonomy year N-1	Enabling Activity (F)	Transition Activity (T)
B. NON-TAXONOMY ELIGIBLE ACTIVITIES																				
CapEx of non-taxonomy eligible activities (B)		214,331,488 €	95.945%																	
TOTAL (A+B)	×	223,390,000	100%																	

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**OpEx**

OpEx				Substantial contribution criteria						No significant harm criteria										
Economic Activities	Code	Absolute	OpEx Ratio	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Contamination	Biodiversity and ecosystems	Climate change mitigation (S/N)	Adaptation to climate change (S/N)	Water and marine resources (S/N)	Circular economy (S/N)	Contamination (S/N)	Biodiversity and ecosystems (S/N)	Minimum Social Safeguards	Proportion of business OpEx that conforms to Taxonomy 2022	OpEx ratio that conforms to Taxonomy year N-1	Enabling Activity (F)	Transition Activity (T)
A. ELIGIBLE ACTIVITIES ACCORDING TO TAXONOMY																				
A1. Environmentally sustainable activities (aligned).																				
Renovation of existing buildings	7.2	7,899 €	0.018%	100%	0%	N/A	N/A	N/A	N/A	N	S	S	S	S	N	S	0.018%	N/A		T
Installation, maintenance and repair of energy efficient equipment.	7.3	803,396 €	1.854%	100%	0%	N/A	N/A	N/A	N/A	N	S	N	N	S	N	S	1.854%	N/A	F	
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of the buildings.	7.5	43,824 €	0.101%	100%	0%	N/A	N/A	N/A	N/A	N	S	N	N	N	N	S	0.101%	N/A	F	
OpEx of environmentally sustainable activities (conforming to the taxonomy) (A.1)	X	855,199 €	1.973%	100%	0%	N/A	N/A	N/A	N/A	N	S	S	S	S	N	S	1.973%	N/A	F	T
A2. Activities eligible under the taxonomy but not environmentally sustainable (not conforming to the Taxonomy).																				
Renovation of existing buildings	7.2	37,043 €	0.085%																	



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**OpEx**

OpEx				Substantial contribution criteria						No significant harm criteria										
Economic Activities	Code	Absolute	OpEx Ratio	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Contamination	Biodiversity and ecosystems	Climate change mitigation (S/N)	Adaptation to climate change (S/N)	Water and marine resources (S/N)	Circular economy (S/N)	Contamination (S/N)	Biodiversity and ecosystems (S/N)	Minimum Social Safeguards	Proportion of business OpEx that conforms to Taxonomy 2022	OpEx ratio that conforms to Taxonomy year N-1	Enabling Activity (F)	Transition Activity (T)
Installation, maintenance and repair of energy efficient equipment.	7.3	3,767,505 €	8.692%																	
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of the buildings.	7.5	205,511 €	0.474%																	
OpEx volume of eligible activities but not environmentally sustainable (A.2)	x	4,010,059 €	9.252%																	
Total (A.1 + A.2)	x	4,865,178 €	11.225%																	
B. NON-TAXONOMY ELIGIBLE ACTIVITIES																				
OpEx of non-taxonomy eligible activities (B)		38,478,256 €	88.775%																	
TOTAL (A+B)	x	43,343,434 €	100%																	

## APPENDIX III: RECOMMENDATIONS OF THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Areas	Recommendations		Chapter
<b>Governance</b>	The Board's role in oversight climate-related risks and opportunities	The Board is responsible for guaranteeing the long-term stewardship of the NH Hotel Group. The Board reserves the competence to approve Strategy of the Company, which includes the Sustainable Business Pillar, defined as a plan to be ready to operate in a decarbonized world. All climate related issues that the Company has to manage are included under this Strategic Pillar.	SUSTAINABLE BUSINESS STRATEGY > Sustainable Business Governance
	Management's role in assessing and managing climate related risks and opportunities	The Sustainable Executive Committee, co-chaired by the Chief Assets and Development Officer and the Chief People and Sustainable Business Officer, is responsible for providing strategic direction for the management of ESG issues, including climate related.	
<b>Strategy</b>	Climate-related risks and opportunities identified over the short, medium, and long term	NH Hotel Group has analyzed the climate risks and opportunities expected to materialize and that could impact the company in 4-time frames (current, short, medium and long term). To determine the relevance of the risk and opportunity, the Company considers its presence in terms of volume of hotels owned or leased, their contribution to the results and their strategic relevance.	NH HOTEL GROUP RESPONSE TO THE RISKS AND OPPORTUNITIES ASSOCIATED WITH CLIMATE CHANGE BASED ON THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) > Strategy
	Impact of climate-related risks and opportunities on the NH Hotel Group's businesses, strategy, and financial planning	For those identified risks and opportunities the Company analyzes where, within its value chain, those risk and opportunities may impact: on its supply chain, on its own infrastructure or on its services. As a next step, the Company will progress in quantifying the financial impact of such risks and opportunities.	
	Resilience of the strategy, taking into consideration different climate-related scenarios, including a 2 °C or lower scenario	The risk assessment carried out included an analysis of climate scenarios considering both physical - Representative Concentration Pathway (RCP) - and socio-economic factors - Shared Socioeconomic Pathways (SSP) -.	

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Areas	Recommendations		Chapter
Risk Management	NH Hotel Group's processes for identifying and assessing climate-related risks	To identify the climate risks and opportunities that may affect NH Hotel Group, the Company first define the universe of risk and opportunities based on the climate scenarios and the identification of the impact within its value chain. This universe of risks and opportunities defined is assessed of the through the regulatory and cartographic analysis of the climate variations expected to occur in the selected scenario in 2050. This valuation has assigned values of impact, probability of occurrence and time horizon, following the NH Hotel Group risk management model.	NH HOTEL GROUP RESPONSE TO THE RISKS AND OPPORTUNITIES ASSOCIATED WITH CLIMATE CHANGE BASED ON THE TASK FORCE ON CIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) > Risk management
	Processes for managing	Following the NH Hotel Group risk management model, adequate responses and controls are designed for the risks identified and assessed, with the aim at achieving an acceptable Risk Level for the Company.	
	climate-related risks	If the risk level is not within the willingness to accept, after the controls and actions undertaken to mitigate it, additional actions will be required to lower the risk level to an acceptable level.	
Metrics and targets	Metrics used to assess climate-related risks and opportunities in line with the strategy and risk management process	CEO and COO remuneration is linked to the 2022 annual carbon target achievement. In addition, all key roles responsible to activate the levers of the “2030 SBT Plan” have objectives included in this sense as part of their variable remuneration.	SUSTAINABLE BUSINESS STRATEGY > Sustainable Business Governance
	Disclose Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions, and the related risks	The carbon footprint is calculated in accordance with the Greenhouse Gas Protocol.	SUSTAINABLE PRODUCTS AND ASSETS > SBT 2030 Plan
	Targets used to manage climate-related risks and opportunities and performance against targets	The Company has made the commitment to reduce its carbon emission through its value chain by 20% by 2030. All areas involved to activate the levers to achieve this target and its annual splits work together under the “2030 SBT Plan”. The Sustainability Executive Committee follows up the performance of this target and tasks implemented to achieve it.	

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## APPENDIX IV: TABLE OF CONTENTS NON-FINANCIAL REPORTING AND DIVERSITY LAW 11/2018

<b>FIELDS</b>	<b>Contents</b>	<b>GRI Standards</b>	<b>Description GRI 2022</b>	<b>Section title</b>
<b>Global</b>	<p>The consolidated statement of non-financial information shall include the information necessary to understand:</p> <ul style="list-style-type: none"> <li>* the development,</li> <li>* the results and position of the group, and the impact of its activity</li> </ul> <p>with respect to, at least:</p> <ul style="list-style-type: none"> <li>* environmental issues</li> <li>* social issues,</li> <li>* respect for human rights</li> <li>* respect for anti-corruption and anti-bribery,</li> <li>* as well as personnel issues, including measures taken, where appropriate, to promote the principle of equal treatment and opportunities for women and men, non-discrimination and inclusion of persons with disabilities and universal accessibility.</li> </ul>	---		<p>Chapters:</p> <ul style="list-style-type: none"> <li>- ON THE CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION, - OUR GLOBAL PRESENCE - NH HOTEL GROUP'S BUSINESS MODEL - ETHICAL COMMITMENT AND COMPLIANCE SYSTEM - FISCAL TRANSPARENCY: PROFIT AND TAX - GOVERNMENT RELATIONS AND POLITICAL INFLUENCE - PROTECTION OF HUMAN RIGHTS - SUSTAINABLE BUSINESS STRATEGY.</li> </ul>
<b>Business model</b>	<p>Brief description of the group's business model, including:</p> <ol style="list-style-type: none"> <li>1.) its business environment,</li> <li>2.) its organisation and structure,</li> <li>3.) the markets in which it operates,</li> <li>4.) its objectives and strategies,</li> <li>5.) the main factors and trends likely to affect its future development.</li> </ol>	2-1	Company Details	Section: OUR PRESENCE IN THE WORLD 2022, Section: NH HOTEL GROUP'S BUSINESS MODEL
		2-6	Activities, value chain and other business relationships	Section: NH HOTEL GROUP'S BUSINESS MODEL
		2-7	Employees	Chapter: UP FOR PEOPLE under "EMPLOYEES".
		2-22	Sustainable Development Strategy Statement	Chapter: SUSTAINABLE BUSINESS STRATEGY

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<b>FIELDS</b>	<b>Contents</b>	<b>GRI Standards</b>	<b>Description GRI 2022</b>	<b>Section title</b>
<b>Policies</b>	A description of the group's policies with respect to such issues, including: 1.) the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts; 2.) the verification and control procedures, including what measures have been taken. 2.) the verification and control procedures, including what measures have been taken.	3-3	Management approach to each area	Chapters: - ETHICAL COMMITMENT AND COMPLIANCE SYSTEM - PROTECTION OF HUMAN RIGHTS
<b>Policy results</b>	The results of these policies, including relevant non-financial key performance indicators that allow for: 1.) the monitoring and evaluation of progress; and 2.) that support comparability across societies and sectors, in accordance with national, European or international frameworks of reference used for each subject.	3-3	Management approach to each area	ANNEX 1: TABLE OF INDICATORS
<b>Risks to ST, MT and LT</b>	The principal risks related to those issues associated with the group's activities, including, where relevant and proportionate, its business relationships, products or services that may have an adverse effect on those areas, and * how the group manages those risks, * explaining the procedures used to identify and assess them in accordance with the relevant national, European or international frameworks. * Information on the impacts identified, including a breakdown of the impacts, in particular the main short, medium and long-term risks, should be included.	2-12	Role of the highest governance body in overseeing the management of impacts'.	Chapter: RISK MANAGEMENT

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<b>FIELDS</b>	<b>Contents</b>	<b>GRI Standards</b>	<b>Description GRI 2022</b>	<b>Section title</b>
<b>KPIs</b>	<p>Non-financial key performance indicators that are relevant to the specific business activity, and that meet the criteria of comparability, materiality, relevance and reliability.</p> <p>* In order to facilitate the comparison of information, both over time and between entities, non-financial key performance indicator standards that can be generally applied and that comply with the European Commission's guidelines in this area and the standards of the Global Reporting Initiative shall be used, and the national, European or international framework used for each subject shall be mentioned in the report.</p> <p>* Key non-financial performance indicators should be applied to each section of the non-financial information statement.</p> <p>* These indicators must be useful, taking into account the specific circumstances and consistent with the parameters used in its internal risk management and assessment procedures.</p> <p>* In any case, the information presented must be accurate, comparable and verifiable.</p>	N/A		ANNEX 1: TABLE OF INDICATORS
<b>Environmental Issues</b>	<b>Global Environment</b>			
	<p>1.) Detailed information on the current and foreseeable effects of the company's activities on the environment and, where appropriate, health and safety, environmental assessment procedures or certification;</p> <p>2.) The resources devoted to the prevention of environmental risks;</p> <p>3.) The application of the precautionary principle, the amount of provisions and guarantees for environmental risks.</p>	3-3	Management approach to each area	Chapter: UP FOR PLANET: Introduction
		2-12	Role of the highest governance body in overseeing impact management	Chapter: UP FOR PLANET: Introduction
		2-23	Policy commitments	Chapter: UP FOR PLANET: Introduction

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<b>Environmental Issues</b>	<b>Pollution</b>			
	1.) Measures to prevent, reduce or remediate carbon emissions that seriously affect the environment;	3-3	Management approach to each area	Chapter: UP FOR PLANET: Introduction
	2.) Taking into account any form of activity-specific air pollution, including noise and light pollution.	305-5	Reducing GHG emissions	Chapter: UP FOR PLANET: Introduction
	Light pollution and noise have not been considered an environmental impact for NH Hotel Group's business.			
	<b>Circular economy and waste prevention and management</b>			
	Circular economy	3-3	Management approach to each area	Chapter: UP FOR PLANET > PROCESSES AND OPERATIONAL STANDARDS > Waste management and the circular economy
	Waste: waste prevention, recycling, reuse, other forms of recovery and disposal measures;	3-3	Management approach to each area	Chapter: UP FOR PLANET > PROCESSES AND OPERATIONAL STANDARDS > Waste management and the circular economy
		306-2	Management of significant waste-related impacts	Chapter: UP FOR PLANET > PROCESSES AND OPERATIONAL STANDARDS > Waste management and the circular economy
	Actions to combat food waste.	3-3	Management approach to each area	Chapter: UP FOR PLANET > OPERATIONAL PROCESSES AND STANDARDS > NH Hotel Group's F&B commitments > Fighting food waste
	<b>Sustainable use of resources</b>			
	Water consumption and water supply according to local constraints;	3-3	Management approach to each area	Chapter: UP FOR PLANET > OPERATIONAL PROCESSES AND STANDARDS > Water management
		303-3	Water abstraction	Chapter: UP FOR PLANET > OPERATIONAL PROCESSES AND STANDARDS > Water management
	Consumption of raw materials and measures taken to improve the efficiency of their use;	3-3	Management approach to each area	Chapter: UP FOR PLANET > PROCESSES AND OPERATIONAL STANDARDS

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<b>FIELDS</b>	<b>Contents</b>	<b>GRI Standards</b>	<b>Description GRI 2022</b>	<b>Section title</b>
<b>Environmental Issues</b>		3-3	Management approach to each area	Chapter: UP FOR PLANET > SUSTAINABLE PRODUCTS AND ASSETS > SBT Plan
	Direct and indirect energy consumption, measures taken to improve energy efficiency and use of renewable energies.	302-1	Energy consumption within the organisation	Chapter: UP FOR PLANET > SUSTAINABLE PRODUCTS AND ASSETS > SBT Plan
		302-4	Reduction of energy consumption	Chapter: UP FOR PLANET > SUSTAINABLE PRODUCTS AND ASSETS > Energy Efficiency Scheme Chapter: UP FOR PLANET > OPERATING PROCESSES AND STANDARDS > Responsible Energy Management
	<b>Climate Change</b>			
	The significant elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces;	3-3	Management approach to each area	Chapter: UP FOR PLANET > Introduction > SUSTAINABLE PRODUCTS AND ASSETS
		305-1	Direct GHG emissions (Scope 1)	Chapter: UP FOR PLANET > PROCESSES AND OPERATING STANDARDS > Energy consumption
		305-2	Indirect energy-related GHG emissions (Scope 2).	Chapter: UP FOR PLANET > PROCESSES AND OPERATING STANDARDS > Energy consumption
		3-3	Management approach to each area	Chapter: UP FOR PLANET > Introduction > SUSTAINABLE PRODUCTS AND ASSETS
	Measures taken to adapt to the consequences of climate change;	305-1	Direct GHG emissions (Scope 1)	Chapter: UP FOR PLANET > PROCESSES AND OPERATING STANDARDS > Energy consumption
		305-2	Indirect energy-related GHG emissions (Scope 2).	Chapter: UP FOR PLANET > PROCESSES AND OPERATING STANDARDS > Energy consumption
		201-2	Financial implications and other risks and opportunities arising from climate change	Chapter NH HOTEL GROUP'S RESPONSE TO CLIMATE CHANGE RISKS AND OPPORTUNITIES BASED ON THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD)



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<b>FIELDS</b>	<b>Contents</b>	<b>GRI Standards</b>	<b>Description GRI 2022</b>	<b>Section title</b>
	Voluntary medium- and long-term reduction targets set to reduce greenhouse gas emissions and the means implemented to this end.	3-3	Management approach to each area	Chapter: UP FOR PLANET > PROCESSES AND OPERATING STANDARDS > Energy consumption
	<b>Biodiversity protection</b>			
	Measures taken to preserve or restore biodiversity;  Impacts caused by activities or operations in protected areas.	3-3	Management approach to each area  Management approach to each area	Chapter: UP FOR PLANET > OPERATIONAL PROCESSES AND STANDARDS > Biodiversity management
<b>Social and Employee issues</b>	<b>Employment</b>			
	Total number and distribution of employees by gender, age, country and occupational classification;	3-3	Management approach to each area	Chapter: UP FOR PEOPLE under "EMPLOYEES".
		2-7	Employees	Chapter: UP FOR PEOPLE section "EMPLOYEES"> Section "Our Team Members".
		405-1	Diversity in governing bodies and employees	Chapter: CORPORATE GOVERNANCE > Section "Remuneration of the Board and Senior Management"". Chapter: UP FOR PEOPLE: EMPLOYEES > Section ""An Equal Opportunity Team
	Total number and distribution of types of employment contracts	2-7	Employees	Chapter: UP FOR PEOPLE : EMPLOYEES> "Creating quality jobs and retaining talent" strand
	Average annual number of permanent contracts, temporary contracts and part-time contracts by gender, age and occupational classification,	2-7	Employees	Chapter: UP FOR PEOPLE : EMPLOYEES> "Creating quality jobs and retaining talent" strand
		405-1	Diversity in governing bodies and employees	Chapter: CORPORATE GOVERNANCE > Section "Remuneration of the Board and Senior Management". Chapter: UP FOR PEOPLE: EMPLOYEES > Section "Equal Opportunities Team".
	Number of dismissals by sex, age and occupational classification;	401-1	New employee recruitment and staff turnover	Chapter: UP FOR PEOPLE : EMPLOYEES> "New Hires" section

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<b>FIELDS</b>	<b>Contents</b>	<b>GRI Standards</b>	<b>Description GRI 2022</b>	<b>Section title</b>
	Average salaries and their evolution disaggregated by sex, age and professional classification or equal value;	405-2	Ratio of basic salary and remuneration of women vs. men	Chapter: UP FOR PEOPLE: EMPLOYEES > Section "An Equal Opportunities Team".
<b>Social and Employee issues</b>	Wage gap, the pay for equal or average jobs in society,	3-3	Management approach to each area	Chapter: UP FOR PEOPLE : EMPLOYEES
		405-2	Ratio of basic salary and remuneration of women vs. men	Chapter: UP FOR PEOPLE: EMPLOYEES > Section "An Equal Opportunities Team".
	The average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payments to long-term savings schemes and any other payments broken down by gender,	405-2	Ratio of basic salary and remuneration of women vs. men	Chapter: UP FOR PEOPLE: EMPLOYEES > Section "An Equal Opportunities Team".
		2-19	Remuneration policies	Chapter: UP FOR PEOPLE: EMPLOYEES > Section "An Equal Opportunities Team".
	Implementation of work disengagement policies,	3-3	Management approach to each area	Chapter: UP FOR PEOPLE: EMPLOYEES > Section "Flexibility and work-life balance: from the 'new way of working' to the 'hybrid model'".
	Employees with disabilities.	405-1	Diversity in governing and employee bodies	Chapter: UP FOR PEOPLE : EMPLOYEES> "Culture of Diversity, Equality and Inclusion" strand
	<b>Work organisation</b>			
	Organisation of working time	3-3	Management approach to each area	Chapter: UP FOR PEOPLE : EMPLOYEES
	Number of hours of absenteeism	3-3	Absenteeism hours	Chapter: UP FOR PEOPLE : EMPLOYEES > Section "Safety, health and welfare at work".
		403-9	Work-related injuries	Chapter: UP FOR PEOPLE : EMPLOYEES > Section "Safety, health and welfare at work".

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<b>FIELDS</b>	<b>Contents</b>	<b>GRI Standards</b>	<b>Description GRI 2022</b>	<b>Section title</b>
	Measures aimed at facilitating the enjoyment of work-life balance and encouraging the co-responsible exercise of work-life balance by both parents.	3-3	Management approach to each area	Chapter: UP FOR PEOPLE : EMPLOYEES > "Flexibility and work-life balance: from the 'new way of working' to the 'hybrid model'".
<b>Social and Employee issues</b>	<b>Health and safety</b>			
	Health and safety conditions at work;	3-3	Management approach to each area	Chapter: UP FOR PEOPLE: EMPLOYEES > Section "Safety, health and well being at work".
	Accidents at work, in particular their frequency and severity, and occupational diseases; disaggregated by sex.	403-9	Injuries due to accidents at work	Chapter: UP FOR PEOPLE: EMPLOYEES > Section "Safety, health and well being at work".
		403-10	Occupational diseases and illnesses	Chapter: UP FOR PEOPLE: EMPLOYEES > Section "Safety, health and well being at work".
	<b>Social relations</b>			
	Organisation of social dialogue, including procedures for informing, consulting and negotiating with staff;	3-3	Management approach to each area	Chapter: UP FOR PEOPLE : EMPLOYEES
	Percentage of employees covered by collective bargaining agreements by country;	2-30	Collective bargaining agreements	Chapter: UP FOR PEOPLE : EMPLOYEES > Section "Social dialogue with employees".
	The balance of collective agreements, particularly in the field of health and safety at work.	3-3	Management approach to each area	Chapter: UP FOR PEOPLE: EMPLOYEES > Section "Safety, health and well being at work".
			Management approach to each area	
	Mechanisms and procedures that the company has in place to promote the involvement of workers in the management of the company, in terms of information, consultation and participation.	3-3	Management approach to each area	Chapter: UP FOR PEOPLE : EMPLOYEES > Section "Social dialogue with employees". 'Chapter: UP FOR PEOPLE: EMPLOYEES > Section "Internal communication".
	<b>Training</b>			

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<b>FIELDS</b>	<b>Contents</b>	<b>GRI Standards</b>	<b>Description GRI 2022</b>	<b>Section title</b>
	Policies implemented in the field of training;	3-3	Management approach to each area	Chapter: UP FOR PEOPLE : EMPLOYEES > Section: Training "NH University".
<b>Social and Employee issues</b>	The total number of training hours per professional category.	404-1	Average training hours per year per employee	Chapter: UP FOR PEOPLE : EMPLOYEES > Section: Training "NH University".
		404-2	Programs to improve employee skills and transition assistance programs	Chapter: UP FOR PEOPLE : EMPLOYEES > Section: Training "NH University".
		404-3	Percentage of employees receiving regular performance and career development appraisals	Chapter: UP FOR PEOPLE : EMPLOYEES > Section: Training "NH University".
	Universal accessibility for people with disabilities	3-3	Management approach to each area	Chapter: UP FOR PEOPLE : CUSTOMERS > Section: "Hotels becoming more accessible every day".
	<b>Equality</b>			

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<b>FIELDS</b>	<b>Contents</b>	<b>GRI Standards</b>	<b>Description GRI 2022</b>	<b>Section title</b>
	Measures adopted to promote equal treatment and opportunities between women and men;	3-3	Management approach to each area	Chapter: UP FOR PEOPLE : EMPLOYEES> "Culture of Diversity, Equality and Inclusion"
	Equality plans (Chapter III of Organic Law 3/2007, of 22 March, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility for people with disabilities;			Chapter: UP FOR PEOPLE : EMPLOYEES> "Culture of Diversity, Equality and Inclusion"
	The policy against all types of discrimination and, where appropriate, diversity management.			Chapter: PROTECTION OF HUMAN RIGHTS > Human Rights Policy' section Chapter: UP FOR PEOPLE : EMPLOYEES> "Culture of diversity, equality and inclusion" Section
<b>Human Rights</b>	Implementation of human rights due diligence procedures; " Implementation of human rights due diligence procedures	3-3	Management approach to each area	Chapter: PROTECTION OF HUMAN RIGHTS > Section Human Rights Policy".
	Prevention of risks of human rights abuses and, where appropriate, measures to mitigate, manage and redress potential abuses; "	406-1	Cases of discrimination and remedial action taken	Chapter: PROTECTION OF HUMAN RIGHTS > Section Human Rights Policy".
	Reporting of human rights abuses;			
	The elimination of discrimination in employment and occupation;	3-3	Management approach to each area	Chapter: PROTECTION OF HUMAN RIGHTS > Human Rights Policy Section". Chapter: UP FOR PEOPLE > Culture of Equality and Inclusion > Equality Plan
	The elimination of forced or compulsory labour;	3-3	Management approach to each area	Chapter: PROTECTION OF HUMAN RIGHTS > Human Rights Policy Section". Chapter: UP FOR PEOPLE > Culture of Equality and Inclusion > Equality Plan
	The effective abolition of child labour.	3-3	Management approach to each area	

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<b>FIELDS</b>	<b>Contents</b>	<b>GRI Standards</b>	<b>Description GRI 2022</b>	<b>Section title</b>
<b>Corruption and bribery</b>	Measures taken to prevent corruption and bribery;	3-3	Management approach to each area	Chapter: PROTECTION OF HUMAN RIGHTS > Human Rights Policy' section Chapter: UP FOR PEOPLE : EMPLOYEES> "Culture of diversity, equality and inclusion" Section
		205-2	Communication and training on anti-corruption policies and procedures	Chapter: PROTECTION OF HUMAN RIGHTS > Human Rights Policy Section". Chapter: ETHICAL COMMITMENT AND COMPLIANCE SYSTEM > RELATIONSHIP WITH GOVERNMENTS AND POLITICAL INFLUENCE > Zero Tolerance for Corruption Chapter: UP FOR PEOPLE : EMPLOYEES> "Culture of Diversity, Equality and Inclusion" section
	Measures to combat money laundering.	205-2	Communication and training on anti-corruption policies and procedures	Chapter: ETHICAL COMMITMENT AND COMPLIANCE SYSTEM > Ethics and Conduct Dissemination and Training
	Contributions to foundations and non-profit organisations.	413-1	Operations with local community participation, impact assessments and development programs	Chapter: Sustainable Alliance Chapter: Relationship with Governments and political influence Chapter: UP FOR PEOPLE > COMMUNITIES > Introduction
<b>Society</b>	<b>Company commitments to sustainable development</b>			
	The impact of the company's activity on employment and local development;	3-3	Management approach to each area	Chapter: UP FOR PEOPLE > COMMUNITIES > Introduction > Employability
		413-1	Operations with local community participation, impact assessments and development programs	Chapter: UP FOR PEOPLE > COMMUNITIES

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<b>FIELDS</b>	<b>Contents</b>	<b>GRI Standards</b>	<b>Description GRI 2022</b>	<b>Section title</b>
	The impact of the company's activities on local populations and the territory;	413-1	Operations with local community participation, impact assessments and development programs	Chapter: UP FOR PEOPLE > COMMUNITIES
	The relations maintained with local community actors and the modalities of dialogue with them;	2-29	Stakeholder engagement approach	Chapter: Sustainable Business Strategy > Creating value for our Stakeholders'.
		413-1	Operations with local community participation, impact assessments and development programs	Chapter: Sustainable Business Strategy > Creating value for our Stakeholders Chapter : Sustainable Purchasing
<b>Society</b>	Partnership or sponsorship actions.	2-28	Membership of associations	Chapter: Sustainable Alliances
	<b>Subcontracting and suppliers</b>			

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<b>FIELDS</b>	<b>Contents</b>	<b>GRI Standards</b>	<b>Description GRI 2022</b>	<b>Section title</b>
	* Inclusion of social, gender equality and environmental issues in procurement policy; * Consideration in relations with suppliers and subcontractors of their social and environmental responsibility;	2-6	Activities, value chain and other business relationships	UP FOR PLANET > Sustainable Purchasing
		3-3	Management approach to each area	UP FOR PLANET > Sustainable Purchasing > Approval of suppliers
		204-1	Proportion of expenditure on local suppliers	UP FOR PLANET > Sustainable Purchasing > Supplier management
		308-1	New suppliers that have passed evaluation and selection filters according to environmental criteria.	UP FOR PLANET > Sustainable Purchasing > Approval of suppliers > Supplier management
		414-1	New suppliers that have passed selection filters according to the social criteria	UP FOR PLANET > Sustainable Purchasing > Approval of suppliers > Supplier management



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FIELDS	Contents	GRI Standards	Description GRI 2022	Section title
	Monitoring and audit systems and audit results.	3-3	Management approach to each area	UP FOR PLANET > Sustainable Purchasing > Approval of suppliers > Supplier management Chapter: UP FOR PEOPLE > Clients > Client Health and Safety
		308-1	New suppliers that have passed evaluation and selection filters according to environmental criteria.	UP FOR PLANET > Sustainable Purchasing > Approval of suppliers > Supplier management
		414-1	New suppliers that have passed selection filters according to the social criteria	UP FOR PLANET > Sustainable Purchasing > Approval of suppliers > Supplier management
	Consumers			
	Measures for the health and safety of consumers;	3-3	Management approach to each area	Chapter: UP FOR PEOPLE > Clients > Client Health and Safety
	Complaint systems, complaints received and their resolution.	3-3	Management approach to each area	Chapter: UP FOR PEOPLE > Customers > Single Customer Centre tools
		414-1	passed selection filters according to the social	UP FOR PLANET > Sustainable Purchasing > Approval of suppliers > Supplier management
	Monitoring and audit systems and audit results.	3-3	Management approach to each area	
	Tax information			
	Profits earned on a country-by-country basis Taxes on profits paid	3-3	Management approach to each area	Chapter: UP FOR PEOPLE > TAX TRANSPARENCY

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<b>FIELDS</b>	<b>Contents</b>	<b>GRI Standards</b>	<b>Description GRI 2022</b>	<b>Section title</b>
	Public subsidies received	201-4	Financial assistance received from the government	The total amount of public subsidies accrued in the year was 46,510,999 euros.
<b>Corporate Governance</b>		2-9	Governance structure and composition	Corporate Governance Chapter
		2-10	Nomination and selection of the highest governing body	Corporate Governance Chapter > Governance Structure
		2-11	President of the highest governing body	Corporate Governance Chapter > Governance Structure
		2-13	Delegation of responsibility for impact management	Corporate Governance Chapter
		2-15	Conflicts of interest	Corporate Governance Chapter
<b>Eligibility and alignment of business activities with the European Taxonomy</b>				European Union Taxonomy of Sustainable Activities Chapter and Annex II: European Taxonomy

*Note: In addition to the indicators included in the table, additional information can be found in the following indicators: 2-1, 2-2, 2-3, 2-4, 2-5, 2-6, 2-22, 2-23, 2-29, 201-2, 207-1, 207-2, 207-4.*

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## APPENDIX V: INDEX OF GRI STANDARD CONTENTS

<b>Declaration of use</b>	NH Hotel Group reports GRI standards "with reference" for the period 1 January 2022 to 31 December 2022.
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### Table of GRI indicators

GRI Standard	Content	Title of the section or direct response
<b>GRI 1: Fundamentals</b>		
<b>GRI 2: General Content</b>		
<b>Organisational Profile</b>		
GRI 2: General Contents	2-1 Details of the organisation	Our presence in the world
	2-2 Entities covered by sustainability reporting	About the Statement of Non-Financial Information > Scope and Content
	2-3 Reporting period, frequency and contact information	About the Statement of Non-Financial Information > Scope and contents. For more information: Santa Engracia, 120 28003 - Madrid T: +34 91 451 97 18 nh-hotels.com nhhotelgroup.com
	2-4 Restatement of information	The restated KPIs have been specified in their own reporting table throughout the SNFI.
	2-5 External verification	Annex VI: INDEPENDENT VERIFICATION REPORT
	2-6 Business activities, value chain and other business relationships 2-7 Employees	Sustainable Business Strategy > Creating value for our stakeholders > Stakeholder Dialogue
	2-7 Employees	UP FOR PEOPLE > EMPLOYEES
	2-9 Governance structure and composition	Corporate Governance Chapter

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2-10 Nomination and selection of the highest governance body 2-11 Chair of the highest governance body	Corporate Governance Chapter > Board of Directors of NH Hotel Group
2-11 Chair of the highest governance body	Corporate Governance Chapter > Board of Directors of NH Hotel Group
2-12 Role of the highest governance body in the management of impacts oversight 2-13 Delegation of responsibility for impact management	Corporate Governance Chapter > Board of Directors of NH Hotel Group
2-13 Delegation of responsibility for impact management 2-14 Role of the highest governance body in the management of impacts	Corporate Governance Chapter > Board of Directors of NH Hotel Group
2-14 Role of the highest governance body in sustainability reporting 2-15 Conflicts of Interest	Corporate Governance Chapter > NH Hotel Group Board of Directors > Committees and Sustainable Business Strategy Chapter > Governance of Sustainable Business
2-15 Conflicts of interest	Ethical Commitment and Compliance System Chapter > Code of Conduct > Code of Conduct
2-16 Communication of critical concerns	Sustainable Business Strategy > Creating Value for our Stakeholders > Stakeholder Dialogue
2-17 Collective knowledge of the highest governance body 2-18 Evaluation of highest governance body performance	Corporate Governance Chapter > Board of Directors of NH Hotel Group
2-18 Performance evaluation of the highest governance body 2-19 Remuneration policies	More information in Annual Corporate Governance Report 2022
2-19 Remuneration policies	Corporate Governance Chapter
2-20 Process for determining remuneration	UP FOR PEOPLE > EMPLOYEES > An Equal Opportunity Team > NH Hotel Group's Compensation Model
2-22 Sustainable development strategy statement	Sustainable Business Strategy
2-23 Policies and commitments	Ethical Commitment and Compliance System Chapter
2-24 Incorporation of policy commitments	NH HOTEL GROUP AND THE 2030 AGENDA
2-25 Processes for Remediating Negative Impacts	Chapter UP FOR PLANET
2-26 Advisory bodies and ethical concerns 2-27 Compliance with laws and regulations	Ethical Commitment and Compliance System Chapter
2-27 Compliance with laws and regulations	Ethical Commitment and Compliance System Chapter
2-28 Membership in associations	Chapter: Engaging with governments and political influence and Chapter: Creating value for our stakeholders > Sustainable Partnerships
2-29 Approach to stakeholder engagement 2-30 Collective bargaining agreements	Chapter: Creating Value for our Stakeholders > Sustainable Partnerships
2-30 Collective Bargaining Agreements	Social dialogue with employees

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**Material topics for NH Hotel Group**

GRI Standard	Content	Title of the section or direct response
Agility and resilience of the business model		
GRI 3: Management Approach	3-3 Evaluation of the management approach	Chapter "BUSINESS MODEL OF NH HOTEL GROUP" and section "Evolution of results".
GRI 201: Economic Performance		
	201-2 Financial implications and other risks and opportunities arising from climate change	Chapter: NH HOTEL GROUP'S RESPONSE TO THE RISKS AND OPPORTUNITIES ASSOCIATED WITH CLIMATE CHANGE BASED ON THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD)
	201-4 Financial assistance received from the government	The total amount of public subsidies accrued in the year was 46,510,999 euros.
Corporate governance, business ethics and transparency		
	3-3 Evaluation of the management approach	Chapter "CORPORATE GOVERNANCE".
GRI 207: Tax		
	207-1 Tax approach	Chapter "Fiscal Transparency: Benefits and Taxes".
	207-2 Fiscal governance, control and risk management	
	207-4 Country by country report	
GRI 205: Anti-corruption		
	205-2 Communication and training on anti-corruption policies and procedures	Chapter "Ethical commitment and compliance system".
	205-3 Confirmed cases of corruption and measures taken	Chapter "Ethical commitment and compliance system".
Cybersecurity and data protection		
	3-3 Evaluation of the management approach	Chapter "Information security" > "Privacy and data protection"
Protection of human and labour rights		

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GRI 3: Material Issues	3-3 Evaluation of the management approach	Chapter "PROTECTION OF HUMAN RIGHTS"
GRI 406: Non-discrimination		
	406-1 Cases of discrimination and remedial action taken	Chapter "PROTECTION OF HUMAN RIGHTS" and Chapter "Ethical commitment and compliance system" > Whistleblowing channel
Fight against climate change		
GRI 3: Material Issues	3-3 Evaluation of the management approach	Chapter: UP FOR PLANET: Introduction > SBT Plan
GRI 305: Emissions		
	305-1 Direct GHG emissions (Scope 1)	Chapter: UP FOR PLANET > OPERATIONAL PROCESSES AND STANDARDS
	305-2 Indirect GHG emissions from energy generation (Scope 2)	
	305-5 Reduction of GHG emissions	
Green energy and energy efficiency		
GRI 3: Material Issues	3-3 Evaluation of the management approach	Chapter: UP FOR PLANET > OPERATIONAL PROCESSES AND STANDARDS > Energy efficiency plan
GRI 302: Energy		
	302-1 Energy consumption within the organisation	Chapter: UP FOR PLANET > OPERATIONAL PROCESSES AND STANDARDS > Energy efficiency plan
	302-4 Reduction of energy consumption	
Responsible management of natural resources and biodiversity		
GRI 3: Material Issues	3-3 Evaluation of the management approach	Chapter: UP FOR PLANET > OPERATIONAL PROCESSES AND STANDARDS > Biodiversity management
Waste management		
GRI 3: Material Issues	3-3 Evaluation of the management approach	Chapter: UP FOR PLANET > PROCESSES AND OPERATING STANDARDS > Waste management and circular economy
306 Effluents and waste		

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	306-2 Management of significant waste-related impacts	Chapter: UP FOR PLANET > PROCESSES AND OPERATING STANDARDS > Waste management and circular economy
<b>Circular model in operations</b>		
GRI 3: Material Issues	3-3 Evaluation of the management approach	Chapter: UP FOR PLANET > PROCESSES AND OPERATING STANDARDS > Waste management and circular economy
<b>Responsible water management</b>		
GRI 3: Material Issues	3-3 Evaluation of the management approach	Chapter: UP FOR PLANET > OPERATIONAL PROCESSES AND STANDARDS > Water management
<b>GRI 303: Water and effluents</b>		
	303-3: Water withdrawal	Chapter: UP FOR PLANET > PROCESSES AND OPERATIONAL STANDARDS > Water management
<b>Culture of equality, diversity and inclusion</b>		
GRI 3: Material Issues	3-3 Evaluation of the management approach	Chapter: UP FOR PEOPLE : EMPLOYEES> Section "Culture of diversity, equality and inclusion".
<b>GRI 405: Diversity and equal opportunities</b>		
	405-1 Diversity in governing bodies and employees	Corporate governance (section "Director candidate selection policy"); UP FOR PEOPLE: Employees (sections "Creating quality jobs and retaining talent" and "Culture of diversity, equality and inclusion").
	405-2 Ratio of basic salary and remuneration of women vs. Men	Corporate Governance (Section "Board and Senior Management Remuneration") UP FOR PEOPLE: Employees (Section "An Equal Opportunity Team")
<b>Talent, training and professional development</b>		
GRI 3: Material Issues	3-3 Evaluation of the management approach	UP FOR PEOPLE: Employees (Introduction and sections "People Strategy", "Performance Management", "Talent Management" and Training: NH University)
<b>GRI 401: Employment</b>		

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	401-1: New employee hires and staff turnover	UP FOR PEOPLE: Employees ("New Hires" section)
<b>GRI 404: Training and education</b>		
	404-1: Average hours of training per year per employee	UP FOR PEOPLE: Employees (section "NH University Training")
	404-2: Employee skills enhancement and transition assistance programmes	
	404-3: Percentage of employees receiving regular performance and career development appraisals	UP FOR PEOPLE: Employees ("Performance Management" section)
<b>Channels of communication and dialogue with stakeholders</b>		
GRI 3: Material Issues	3-3 Evaluation of the management approach	Chapter Sustainable Business Strategy > Section "Creating value for our stakeholders > Stakeholder Dialogue
<b>Employee engagement and participation</b>		
GRI 3: Material Issues	3-3 Evaluation of the management approach	UP FOR PEOPLE ("Employee Engagement and Involvement" and "Internal Communication" sections)
<b>Safety, health and well-being</b>		
GRI 3: Material Issues	3-3 Evaluation of the management approach	UP FOR PEOPLE > Chapter "EMPLOYEES" > Safety, Health and Welbeing
<b>GRI 403: Health and safety at work</b>		
	403-9 Injuries due to accidents at work	UP FOR PEOPLE ("Health and Well-being at Work" and "Turnover and Absenteeism")
	403-10 Occupational diseases and illnesses	UP FOR PEOPLE ("Health and Welbeing at Work" section)
<b>Positive impact on the local community and culture</b>		
GRI 3: Material Issues	3-3 Evaluation of the management approach	UP FOR PEOPLE > Chapter "COMMUNITIES" > Introduction, "Together with Love: Corporate Volunteering", "Hotels with Heart - HwH", "Promoting Youth Employment: Employability Programmes".
<b>GRI 413: Local communities</b>		



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	413-1 Operations with local community participation, impact assessments and development programmes	Responsible Purchasing Sustainable Partnerships (Sections "Stakeholder Dialogue", "Relationship with Associations") UP FOR PEOPLE: Community (Introduction and sections "NH Response", "Together with Love: Corporate Volunteering", "Hotels with Heart - HwH", "Promoting Youth Employment: Employability Programmes" and "Alliances with Foundations and NGOs")
<b>Responsible value chain</b>		
GRI 3: Material Issues	3-3 Evaluation of the management approach	UP FOR PLANET > SUSTAINABLE PURCHASING > Section "Supplier management".
<b>GRI 204: Acquisition practices</b>		
	204-1 Proportion of expenditure on local suppliers	UP FOR PLANET > SUSTAINABLE PURCHASING
<b>GRI 308: Environmental assessment of suppliers</b>		
	308-1 New suppliers that have passed evaluation and selection filters according to environmental criteria.	UP FOR PLANET > SUSTAINABLE PURCHASING > Sections "Purchasing Policy", "Supplier Management" and "Risk Management: Critical Suppliers").
<b>GRI 414: Social assessment of suppliers</b>		
	414-1 New suppliers that have passed selection filters according to the social criteria	UP FOR PLANET > SUSTAINABLE PURCHASING > Sections "Purchasing Policy", "Supplier Management" and "Risk Management: Critical Suppliers").
<b>Other relevant issues for NH Hotel Group</b>		
<b>Regulatory environment</b>		
GRI 3: Material Issues	3-3 Evaluation of the management approach	NH Hotel Group Business model and NH Hotel Group Strategy
<b>Financial, non-financial and emerging risks management</b>		

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GRI 3: Material Issues	3-3 Evaluation of the management approach	Risk management (Sections "Governance of risk management", "Risk management model" and "Risk categories and the process of identification, supervision and monitoring")
<b>Anticipation of climate change risks</b>		
GRI 3: Material Issues	3-3 Evaluation of the management approach	Chapter: NH HOTEL GROUP'S RESPONSE TO THE RISKS AND OPPORTUNITIES ASSOCIATED WITH CLIMATE CHANGE BASED ON THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD)
<b>Digital transformation for operational efficiency</b>		
GRI 3: Material Issues	3-3 Evaluation of the management approach	Main digital projects in 2022
<b>Channels of communication and dialogue with stakeholders</b>		
GRI 3: Material Issues	3-3 Evaluation of the management approach	SUSTAINABLE BUSINESS STRATEGY > Creating value for our stakeholders
<b>Promoting youth employment</b>		
GRI 3: Material Issues	3-3 Evaluation of the management approach	UP FOR PEOPLE: Community (under "Promoting Youth Employment: Employability Programmes")
<b>Sustainable Alliances</b>		
GRI 3: Material Issues	3-3 Evaluation of the management approach	SUSTAINABLE BUSINESS STRATEGY > Value creation for our stakeholders > Sustainable Alliances
<b>Unique customer experiences. Sustainability, well-being and comfort</b>		
GRI 3: Material Issues	3-3 Evaluation of the management approach	UP FOR PEOPLE > Customers > Communication with customers section and Health and safety
<b>Quality of service and satisfaction</b>		
GRI 3: Material Issues	3-3 Evaluation of the management approach	UP FOR PEOPLE > Customers > NH experience for individual customers and professionals", "Quality Management System", "Evolution of Quality Measurement Tools in 2022", "NH experience for individual customers and professionals", "Quality Management System", "Evolution of Quality Measurement Tools in 2022".

## **ANNEX VI: INDEPENDENT VERIFICATION REPORT**



*This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*

## Independent verification report

To the shareholders of NH Hotel Group, S.A.:

Pursuant to article 49 of the Code of Commerce, we have verified, with the scope of a limited assurance engagement, the accompanying Consolidated Statement of Non-Financial Information ("SNFI") for the year ended 31 December 2022 of NH Hotel Group, S.A. (Parent company) and subsidiaries (hereinafter "NH Hotel Group") which forms part of the NH Hotel Group's consolidated management report.

The content of the SNFI includes information additional to that required by current mercantile legislation in relation to non-financial information, which has not been covered by our verification work. In this respect, our work was limited solely to verifying the information identified in "Appendix IV: Table of contents Act 11/2018 on non-financial reporting and diversity" and in the "Appendix V: Index of GRI standard contents" included in the accompanying SNFI.

### Responsibility of the directors of the Parent company

The preparation of the SNFI included in NH Hotel Group's consolidated management report and the content thereof, are the responsibility of the directors of NH Hotel Group, S.A. The SNFI has been drawn up in accordance with the provisions of current mercantile legislation and using as a reference the criteria of the *Sustainability Reporting Standards of the Global Reporting Initiative* ("GRI Standards") as per the details provided for each matter in the "Appendix IV: Table of contents Act 11/2018 on non-financial reporting and diversity" and in the "Appendix V: Index of GRI standard contents" of the aforementioned Statement.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the SNFI to be free of material misstatement due to fraud or error.

The directors of NH Hotel Group, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the SNFI is obtained.

### Our independence and quality management

We have complied with the independence requirements and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code") which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies current international quality standards and maintains, consequently, a quality system that includes policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.



The engagement team consisted of professionals specialising in Non-financial Information reviews, specifically in information on economic, social and environmental performance.

### Our responsibility

Our responsibility is to express our conclusions in a limited assurance independent report based on the work we have performed. We carried out our work in accordance with the requirements laid down in the current International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and in the Guidelines for verification engagements of the Statement of Non-Financial Information issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas de España").

In a limited assurance engagement, the procedures performed vary in nature and timing of execution, and are less extensive, than those carried out in a reasonable assurance engagement and accordingly, the assurance provided is also lower.

Our work consisted of posing questions to management as well as to the various units of NH Hotel Group that were involved in the preparation of the SNFI, of the review of the processes for compiling and validating the information presented in the SNFI, and in the application of certain analytical procedures and review procedures on a sample basis, as described below:

- Meetings with the NH Hotel Group, S.A. personnel to understand the business model, policies and management approaches applied, principal risks relating to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the content of the SNFI for the year 2022, based on the materiality analysis carried out by NH Hotel Group and described in section "Materiality Analysis", taking into account the content required by current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in the SNFI for the year 2022.
- Review of information relating to risks, policies and management approaches applied in relation to material matters presented in the SNFI for the year 2022.
- Verification, by means of sample testing, of the information relating to the content of the SNFI for the year 2022 and that it was adequately compiled using data provided by the sources of the information.
- Obtaining a management representation letter from the directors and management of the Parent company.

### Conclusion

Based on the procedures performed in our verification and the evidence we have obtained, nothing has come to our attention that causes us to believe that the SNFI of NH Hotel Group, S.A. and its subsidiaries, for the year ended 31 December 2022 has not been prepared, in all material respects, in accordance with the provisions of current mercantile legislation and using as a reference the criteria of GRI as per the details provided for each matter in the "Appendix IV: Table of contents Act 11/2018 on non-financial reporting and diversity" and in the "Appendix V: Index of GRI standard contents" of the aforementioned Statement.





#### Emphasis of matter

The Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 relating to the establishment of a framework to facilitate sustainable investments establishes the obligation to disclose information on the manner and extent to which the company's activities are associated with economic activities aligned in relation to the objectives of climate change mitigation and adaptation to climate change for the first time for the year 2022, in addition to the information referring to eligible activities required in the year 2021. Consequently, comparative alignment information has not been included in the accompanying SNFI. On the other hand, to the extent that the information referring to eligible activities in the year 2021 was not required with the same level of detail as in the year 2022, detailed information regarding eligibility is not strictly comparable either in the accompanying SNFI. Additionally, it should be noted that NH Hotel Group's directors have incorporated information on the criteria that, in their opinion, best allow compliance with the aforementioned obligations and that are defined in note "European Union Taxonomy of sustainable activities" of the accompanying SNFI. Our conclusion has not been modified in relation to this matter.

#### Use and distribution

This report has been drawn up in response to the requirement established in current Spanish mercantile legislation and therefore may not be suitable for other purposes and jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by  
Ramón Abella Rubio

22 February 2023

## APPENDIX I

Standard form and statistics of the Annual Directors' Remuneration Report,  
according to Circular 4/2013 issued by the Spanish  
Securities and Exchange Commission (CNMV)

<b>ANNEX I STANDARD FORM OF THE ANNUAL DIRECTORS' REMUNERATION REPORT OF LISTED JOINT STOCK COMPANIES</b>
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### IDENTIFICATION DETAILS OF THE ISSUER

END DATE OF THE REFERENCE FINANCIAL YEAR  
31/12/2022

Tax Identification Code (CIF): A28027944
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Company name:
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NH HOTEL GROUP, S.A.

Registered office:
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Calle Santa Engracia 120  
28003, Madrid

## ANNUAL DIRECTORS' REMUNERATION REPORT OF LISTED JOINT STOCK COMPANIES

### A THE COMPANY'S REMUNERATION POLICY FOR THE CURRENT FINANCIAL YEAR

**A.1.1. Explain the current directors' remuneration policy applicable to the current year. To the extent that it is relevant, certain information may be included related to the remuneration policy approved by the General Shareholders' Meeting, providing that these references are clear, specific and explicit.**

The specific determinations as the board may have made for the current year must be described in accordance with the provisions in the contracts signed with the executive officers and with the remuneration policy approved by the General Shareholders' Meeting, regarding the directors' remuneration both in their positions as such and for the executive duties they perform. In any case, at least the following aspects must be reported:

- a) Description of the procedures and company bodies involved in determining, approving and applying the remuneration policy and its terms and conditions.
- b) Specification and, where applicable, an explanation about whether comparable companies have been taken into account in order to determine the company's remuneration policy.
- c) Information about whether any external advisors took part in this process and, if so, their identity.
- d) Procedures set forth in the current remuneration policy for the directors in order to apply temporary exceptions to the policy, the conditions under which such exceptions can be applied and the components that may be subject to exceptions according to the policy.

#### General Principles and Grounds

The Directors' Remuneration Policy for NH Hotel Group S.A., (hereinafter referred to as "NH", the "Company" or the "Group") for the three-year period 2021-2023 approved by the Board of Directors at its meeting held on 12 May 2021 and submitted for a binding ballot as a separate item on the agenda at the General Shareholders' Meeting held on 30 June 2021, shall remain in force for the year 2023.

The basic aim of the Remuneration Policy is to reward the commitment, responsibility and talent of NH's directors, always taking into consideration the economic situation, the company's earnings, the Group's strategy and best market practices.

According to the foregoing, the principles that govern the Remuneration Policy are as follows:

- Alignment with the investors: The design of the Remuneration Policy is regularly reviewed to ensure it is aligned with achieving earnings and creating value for the shareholder.
- Proportionality: The remuneration is in a suitable proportion to the company's features and business model.
- Balance: The Directors' remuneration should strike a balance between the different components of the remuneration.
- Suitability: The Remuneration Policy is adapted to the composition of the Board and the amounts are sufficient to remunerate the directors' qualifications, the time they spend on their duties and their responsibility, guaranteeing their required loyalty and allegiance to the company, but without compromising its members' independence.
- Non-discrimination: NH's Remuneration Policy respects non-discrimination due to gender, age, culture, religion or race.
- Alignment with the strategy: The directors' remuneration must be consistent with the Group's strategy, including any remuneration components that may be necessary for such purpose. It must also contribute to the Company's long-term interests and sustainability.
- Transparency: The information published about the remuneration is in line with the best corporate governance practices.

Pursuant to the provisions in Article 42 of NH's Articles of Association and Article 36 of the Board of Directors' Regulations, regarding the remuneration components contained in the Remuneration Policy, NH differentiates between the remuneration policy applicable to Non-Executive Officers, in which their joint supervisory and decision-making duties are remunerated, and the policy applicable to Executive Officers, which rewards the senior management duties they perform, as shown below:

- The remuneration components for Non-Executive Officers are as follows:



- A fixed annual amount that depends on the post or posts the directors hold on the Board or on its committees.
- Expenses for attending the Board of Directors' committee meetings. The total annual amount for this item will vary depending on the number of meetings held by each committee and the director attending them.
- The remuneration components for Executive Officers are as follows:
  - Fixed remuneration, sufficient for their services and the duties they perform.
  - Short- and long-term variable remuneration linked to the company's earnings and creating value for the shareholder.
  - Remuneration in kind.

Notwithstanding the foregoing, it is hereby stated that a new Remuneration Policy will be submitted to a ballot at the next General Shareholders' Meeting to be held in 2023. However, such Policy will not come into force until 1 January 2024, being applicable to the three-year period 2024-2026.

**Description of the procedures and company bodies involved in determining, approving and applying the remuneration policy and its terms and conditions.**

The company's main bodies involved in determining and approving the Remuneration Policy are as follows:

- The General Shareholders' Meeting:
 

According to the Spanish Capital Companies Act, the General Shareholders' Meeting is competent for approving the following matters related to the Directors' remuneration:

  - The Remuneration Policy at least every three years.
  - Possible amendments to the Remuneration Policy in force from time to time.
  - The maximum amount of the annual remuneration payable to all the directors in their positions as such.
  - The remuneration system, including the award of shares or stock options or share-linked remuneration.
  - The Annual Remuneration Report (advisory ballot).
- The Board of Directors:
 

This is the competent body for proposing the Remuneration Policy to the General Shareholders' Meeting. The Board is also responsible for adopting resolutions related to the directors' remuneration within the scope of the Articles of Association and the Remuneration Policy.

Moreover, the Board of Directors determines the basic terms and conditions for the contracts, including the remuneration for the executives who directly report to the Board or any of its members.

The Board of Directors is informed of all the actions performed by the Appointment, Remuneration and Corporate Governance Committee, as explained below, and provides it with the relevant documents in order to be informed of such actions to perform its duties.

As a precautionary measure, in order to avoid any conflict of interests, at the Board's meetings that deal with proposals related to the specific remuneration of the Executive Officers, the latter may not be present nor take part in the deliberations or decision-making process.
- The Appointment, Remuneration and Corporate Governance Committee, (hereinafter referred to as the "ARCGC"):
 

This is the main body for determining and applying the Remuneration Policy. In this respect, the ARCGC is competent to propose the Directors' Remuneration Policy and the remuneration for those who perform senior management duties directly reporting to the Board, Executive Committees or Executive Officers, and the individual remuneration and other contractual terms and conditions for the Executive Officers, and to ensure such terms and conditions are observed.

Specifically, the ARCGC performs the following duties:

  - Determining the Policy:
    - It develops the contents of the Directors' Remuneration Policy and proposes its final approval to the Board of Directors.
    - It proposes to the Board of Directors the allotment, among the different components, of the maximum remuneration amount approved by the General Shareholders' Meeting for the Directors in their positions as such.
    - It determines and proposes to the Board of Directors the amount and, if need be, the adjustment of the Executive Officers' fixed remuneration.
  - Applying the Policy

- Every year it proposes to the Board of Directors the objectives for the annual variable remuneration and the relevant cycle for the multi-annual variable remuneration applicable to the Executive Officers.
- It assesses achievement of the objectives after the end of the performance period for the variable remuneration and proposes to the Board of Directors the amount or number of shares to be received by the Executive Officers.
- **Reviewing the Policy**
  - It reviews the amount of the various remuneration components for the directors in their positions as such; bearing in mind market practices, and submits its conclusions to the Board of Directors.
  - It reviews the structure and level of the Executive Officers' remuneration to ensure it is competitive.
- **Transparency of the Policy**
  - The ARCGC decides on the contents of the Annual Directors' Remuneration Report and proposes it to the Board of Directors for its final approval.

For the current financial year (2023), it is estimated that the Committee will hold 4 meetings; however, as many meetings as deemed necessary may be summoned apart from those initially planned. Up to the time this Report is approved, the ARCGC has discussed the following matters, *inter alia*:

- Approval of the objectives linked to the Executive Officers' annual variable remuneration for 2023.
- Proposal and approval of this Report.
- Proposal and approval of the launch of a new cycle of the long-term variable remuneration plan 2022-2026, which will begin retroactively from 1 January 2023.
- Proposal and approval of the salary adjustment for the Executive Officers in 2023.
- Assessment and approval of the Executive Officers' annual variable remuneration based on the earnings obtained in 2022.
- Proposal and approval of an extraordinary bonus for one of the members of the Board as compensation for the high level of time he spent on his duties during the last financial year.

**Information on whether any external advisors took part in this process and, if so, their identity details.**

WTW has provided advice to the ARCGC on drawing up this Annual Directors' Remuneration Report.

**Procedures set forth in the current remuneration policy for the directors in order to apply temporary exceptions to the policy, the conditions under which such exceptions can be applied and the components that may be subject to exceptions according to the policy.**

The Remuneration Policy does not include any procedure for temporary exceptions to application thereof.

**A.1.2. Explain the relative importance of the variable remuneration components vis-à-vis the fixed components (remuneration mix) and the criteria and objectives taken into consideration to determine them and ensure an appropriate balance between the fixed and variable components of the remuneration. In particular, specify the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and to align it with the company's long-term goals, values and interests, which must include, as the case may be, mention of the measures taken to ensure that the company's long-term earnings are taken into account in the remuneration policy, the measures adopted in relation to the categories of staff whose professional activities have a significant impact on the company's risk profile and the measures in place to avoid conflicts of interest.**

**Furthermore, specify whether the company has established any period for the accrual or vesting of certain variable remuneration components, in cash, shares or other financial instruments, a deferral period in the payment of amounts or award of accrued and vested financial instruments, or whether any clause has been agreed to reduce the deferred remuneration not yet vested or obliging the director to return the remuneration received when such remuneration was based on figures that have since been clearly shown to be inaccurate.**

**The remuneration mix:**

The Non-Executive Officers receive remuneration based on the best corporate governance practices. Such remuneration only consists of a fixed amount and attendance expenses, with no amount being payable whatsoever for variable remuneration.

However, the total remuneration of the Executive Officers is mainly composed of (i) fixed remuneration, (ii) annual variable remuneration and (iii) multi-annual variable remuneration. The Executive Officers are currently the Chief Executive Officer ("CEO"), the Chief Operations Officer ("COO") and the Chief Assets and Development Officer ("CADO").

In this respect, the percentage that the ordinary (annual and multi-annual) variable remuneration represents of the total remuneration in 2023, in a situation in which 100% of the objectives are achieved (“target scenario”) and maximum achievement (“maximum scenario”), is approximately as follows:

- CEO: 62% (target scenario) - 67% (maximum scenario).
- COO: 53% (target scenario) - 58% (maximum scenario).
- CADO: 53% (target scenario) - 58% (maximum scenario).

**Measures adopted to adapt the Remuneration Policy to the company’s long-term goals, values and interests. Reference to the measures adopted to guarantee that the company’s long-term earnings are taken into account in the remuneration policy**

The measures adopted by the company related to the remuneration system to reduce exposure to excessive risks and to adapt it to the company’s long-term goals, values and interests are as follows:

a) Balance in the total remuneration:

The remuneration package of the Executive Officers includes short- and long-term variable parts, both parts being balanced. In this respect, the relative weight of the long-term variable remuneration, in annual terms, is equivalent to that of the short-term variable remuneration.

b) Formulating the variable remuneration objectives:

The variable remuneration takes into account the financial quantitative goals included in the Group’s strategic plan; hence contributing to creating a business model that promotes balanced and sustainable development. In this respect, part of the annual variable remuneration depends on specific objectives related to the Company’s progress in terms of sustainability.

On an annual basis, the ARCGC analyses the components of the short-term variable remuneration that it submits for the final approval by the Board of Directors. The variable components of the remuneration are designed with sufficient flexibility so that no amount whatsoever is payable if the minimum objectives are not achieved.

In addition, in order for the short-term or long-term variable remuneration to be accrued, the Group’s Recurrent Net Profit must be positive, if not, no remuneration is payable.

Regarding the multi-annual variable remuneration, it is ensured that the evaluation process is based on the company’s long-term sustainable earnings and it may be adjusted depending on the company’s economic cycle.

**Measures adopted by the company to reduce exposure to excessive risks and avoid conflicts of interest and claw-back clauses that reduce the deferred remuneration or oblige the director to reimburse the remuneration received.**

a) Claw-back clauses:

The Long-Term Incentive Plan 2022-2026, referred to as the “Performance Cash Plan”, which the Company is currently implementing, includes claw-back clauses in line with market standards and the recommendations of proxy advisors and institutional investors. In this respect, it includes claw-back clauses as described in the Remuneration Policy.

Should certain circumstances arise that show that the Plan’s objectives have not been achieved, even *a posteriori*, the Board, upon a proposal made by the ARCGC, may claim back some or all of the Incentive already paid. These clauses are applicable to all the Beneficiaries for a term of two years, counted from the date the performance period of each cycle ends. Specifically, and among other circumstances, reimbursement of the Incentive paid may be required in the following cases:

- I. Reformulation of the company’s financial statements without this being based on changes in the applicable accounting standards or interpretations.
- II. Sanctions imposed on the Beneficiary due to serious breaches of the code of conduct and other applicable internal regulations.
- III. When the settlement and payment of the Incentive took place in whole or in part on the basis of information that is subsequently clearly proven to be seriously false or inaccurate.

b) Adjustments to the variable remuneration:

In addition, under exceptional circumstances caused by extraordinary internal or external factors or events, the ARCGC may propose to the Board of Directors adjustments of the components, criteria, thresholds and limits of the annual or multi-annual variable remuneration.

c) Measures to avoid conflicts of interest:

At the Board’s meetings that deal with proposals related to the specific remuneration of the Executive Officers, the latter may not be present or take part in the deliberations or decision-making process.

Regarding measures to avoid conflicts of interest by the directors, according to the Spanish Capital Companies Act, Articles 29-33 of the Board of Directors' Regulations include the obligations of the directors related to their duties of diligence, allegiance, confidentiality, loyalty and prohibition of competition.

**A.1.3. State the amount and nature of the fixed components that are expected to be accrued during the year by the directors in their positions as such.**

The maximum amount of the remuneration that could be payable every year by the company to all its directors, in their positions as such, is €800,000, such amount being approved at the Ordinary General Shareholders' Meeting held on 30 June 2022, however such limit may be changed at the General Shareholders' Meeting to be held in 2023 (on the date this Report is drawn up, it is not expected this will occur).

The remuneration system of the Non-Executive Officers for their supervisory and joint decision-making duties, as specified above in this Report, consists of an annual fixed amount and expenses for attending the meetings of the Board of Directors and its committees.

In this respect, the maximum amounts planned for the aforementioned components in 2023 will be as follows:

- Annual fixed amount:
  - The Chair of the Board of Directors: €200,000. No amount will be payable for expenses to attend the meetings of the Board or the Committees.
  - The Chairs of the Auditing Committee and/or the ARCGC: €90,000. No amount will be payable for expenses to attend the committee meetings that they chair.
  - The other members of the Board of Directors: €50,000 for each director.
- Attendance expenses:
  - Expenses for attending the Audit and Supervisory Committee Meetings: €1,000.
  - Expenses for attending the ARCGC Meetings: €1,000.

However, the Proprietary Directors representing the shareholder, Minor International PLC, have waived payment of the aforementioned remuneration.

The amounts payable to the Non-Executive Officers may vary from year to year within the maximum amounts approved by the General Shareholders' Meeting with the prior approval of the Board of Directors. In this respect, additional remuneration may be granted if any director is required to spend additional time over a certain period of time.

However, the Executive Officers will not be entitled to receive the aforementioned remuneration.

**A.1.4. State the amount and nature of the fixed components that will be accrued during the year due to the Executive Officers performing their senior management duties.**

According to the Articles of Association, the Executive Officers are entitled to receive remuneration for the executive duties they perform, apart from their duties as Directors, within the scope of their labour or commercial relationship with the company. Such remuneration includes both their executive duties and their duties as Director.

The amount of the aforementioned fixed remuneration planned for each of the Executive Officers in 2023 is €735,000 for the CEO, €420,000 for the COO and €367,500 for the CADO. These amounts approved by the Board of Directors imply an increase of 5% compared with the previous year. When approving this increase, the Board of Directors, according to a proposal made by the ARCGC, took into consideration that the increases are aligned with those applied to the general staff. Furthermore, the company's financial recovery and quality ratios that exceeded the pre-pandemic income.

**A.1.5. Amount and nature of any component of remuneration in kind that will be accrued during the year, including, but not limited to, insurance premiums paid in favour of the director.**

The directors do not receive any remuneration in kind due to being members of the Board of Directors.

The Executive Officers are beneficiaries of a health care insurance policy for them and their first-degree relatives, a life and accident insurance policy and a company car. It is estimated that the cost for this remuneration in 2023 will amount to €25,600 for the CEO, €5,200 for the COO and €8,500 for the CADO. However, the final amount could vary depending on the changes taking place in the prices or premiums of the aforementioned remuneration.

**A.1.6. Specify the amount and nature of the variable components, differentiating between those established in the short- and long-term. Financial and non-financial parameters, including among these the social, environmental and climate change parameters selected to determine the variable remuneration for the current year, explaining the extent to which these parameters are related to performance, both of the director and of the company, and its risk profile, and the methodology, necessary period and techniques envisaged to be able to determine the effective degree of compliance at the end of the year with the parameters used in the design of the variable remuneration, explaining the criteria and factors applied related to the time required and methods used for verifying that the performance or any other conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.**

**Specify the range, in monetary terms, of the different variable components according to the level of achievement of the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.**

The Executive Officers are the only members of the Board of Directors that are entitled to be paid variable remuneration. The Executive Officers' variable remuneration is structured as additional and supplementary to their fixed remuneration and it consists of a short-term annual variable and a long-term variable.

The main features of the variable remuneration components for the Executive Officers are described below:

#### **1. ANNUAL VARIABLE REMUNERATION**

The short-term variable remuneration is linked to achieving the corporate goals determined by the ARCGC and approved by the Board of Directors at the beginning of each financial year.

The functioning of the annual variable remuneration for NH's Executive Officers is the same as for the company's other employees. It is determined based on the Management by Objectives Programme (MBO) for the following purposes:

1. To reward performance, bearing in mind achievement of the company's quantitative goals.
2. To link achievement of the annual objectives set by the company to its medium- and long-term strategy.
3. To align the individual objectives with the company's goals.

The ARCGC approved the following objectives for the Executive Officers with their corresponding weightings for the financial year 2023:

- 50% Corporate Goals:
  - The Group's recurrent EBITDA
  - The Group's recurrent Net Profit
- 10% Performance assessment.
- 40% of strategic indicators related to the position.

The functioning of each of the aforementioned objectives is described below, along with the specified scales of achievement:

1. Group EBITDA/ Net Profit: The goal initially set for the Group's recurrent EBITDA/ Net Profit is compared with the Group's actual recurrent EBITDA/ Net Profit, determining the following pay-out levels established based on the scale of achievement:
  - If the level of achievement of the Group's recurrent EBITDA/ Net Profit goal is lower than 90%, no amount whatsoever is payable for this target.
  - If the level of achievement of the Group's recurrent EBITDA/ Net Profit goal is between 90% and 100%, 100% of the annual variable remuneration will be payable for this target.
  - If the level of achievement of the Group's recurrent EBITDA/ Net Profit goal is 120% or higher, a maximum of 120% of the annual variable remuneration for this target is payable.

When the achievement level of the target is between 100% and 120%, the pay-out will be calculated by linear interpolation.

2. Performance assessment: The performance assessment system for the Executive Officers has the same structure as for NH's other employees.

In order to promote the Company's sustainability, the performance assessment is included in the annual variable remuneration by evaluating the system and procedures apart from the earnings obtained.

Performance will be evaluated according to the following scale consisting of five levels: Underperforming, Need for Improvement, Good, Very Good and Outstanding. Each one of the levels will be equivalent to a percentage of achievement of the target according to the following scheme

- "Underperforming". Equivalent to 0% achievement.
- "Need for Improvement". Equivalent to 50% achievement.
- "Good". Equivalent to 100% achievement.
- "Very Good". Equivalent to 125% achievement.
- "Outstanding". Equivalent to 200% achievement.

3. Individual Objectives (indicators related to the post): Maximum achievement is set for the rest of the objectives that could imply up to 125% of the target payment level for this. These individual objectives include objectives related to the reduction of net CO2 emissions and NH's position in the S&P Sustainability Index

The ARCGC determines the specific amount payable depending on the achievement level of the objectives.

In addition, in order to guarantee that the annual variable remuneration is aligned with the company's earnings, the Group's Recurrent Net Profit acts as a "key target". In this respect, in order to accrue annual variable remuneration, the Group's recurrent Net Profit must be positive, otherwise no remuneration will be payable.

The target annual variable remuneration is set at 65% of the CEO's fixed remuneration (€477,750) and 45% of the COO's and the CADO's fixed remuneration (€189,000 and €165,375 respectively), providing 100% of the targets set by the Board of Directors are achieved.

The maximum amount the Executive Officers can receive, if the maximum score is obtained in the performance assessment and an extraordinary percentage is obtained in their individual objectives, is 130% for the three directors, equivalent to €621,075 for the CEO, €245,700 for the COO and €214,988 for the CADO.

If the aforementioned minimum targets are not achieved, the Executive Officers will not be paid any amount whatsoever as variable remuneration.

In order to calculate the amount of the annual variable remuneration, the ARCGC will first and foremost consider the individual level of achievement and weighting of each of the objectives and subsequently the level of overall achievement of the objectives as a whole, along with the key goal for the Group's Recurrent Net Profit. This assessment is conducted based on the results audited by the company's external auditor. Both for determining the objectives and assessment of their being achieved, the Committee also takes into consideration any associated risk and can rely on the support of the Audit and Supervisory Committee.

In this respect, any positive or negative economic impact caused by extraordinary events that could distort the findings of the assessment are disregarded and the quality of the long-term earnings and any associated risk in the proposal for annual variable remuneration are taken into consideration.

The annual variable remuneration will be fully paid in cash, providing the targets set for such purpose are achieved. This remuneration will not be paid until the ARCGC has carried out the aforementioned actions in the first quarter of the year.

## 2. LONG-TERM INCENTIVE PLANS

- Long Term Incentive Plan 2022-2026:

The Company implemented the Long-Term Incentive Plan 2022-2026 ("Performance Cash Plan") in 2022. This plan grants a cash amount to be paid out if the targets set in this respect are achieved. The plan was proposed to the Board and was approved on 24 February 2022.

The term of the Plan is five years, divided into three cycles of three years each one:

1. First cycle 2022-2024 payable in 2025.
2. Second cycle 2023-2025 payable in 2026.
3. Third cycle 2024-2026 payable in 2027.

Before the start of each of the cycles, the Board of Directors is authorised to decide on its effective implementation depending on the Group's economic situation at the time.

The main features of the second cycle of the Plan applicable to the Executive Officers, the start date of which is 1 January 2023, are set out below:



**Purpose:** To reward the achievement of NH's long-term strategic goals and the creation of sustainable value for the shareholder.

**Amount:** The target incentive in the second cycle is set at 65% of the CEO's fixed remuneration (€477,750) and 45% of the COO's and the CADO's fixed remuneration (€189,000 and €165,375 respectively), providing 100% of the targets set by the Board of Directors are achieved.

The maximum amount of the incentive can be up to 120% of the target amount, i.e. 78% of the fixed remuneration for the CEO (€573,000) and 54% of the fixed remuneration for the COO and the CADO (€226,800 and €198,450 respectively).

**Performance period:** Years 2023, 2024 and 2025.

**Objectives:** 50% of the incentive will be linked to the Group's recurrent EBITDA for the financial years 2023, 2024 and 2025 and the other 50% of the incentive will be linked to the Group's recurrent Net Profit for the financial years 2023, 2024 and 2025.

**Performance Scale:** The incentive for the second cycle 2023-2025 is determined as follows:

- If the level of achievement of the Group's recurrent EBITDA/Net Profit goal is lower than 90%, no amount whatsoever is payable for the long-term incentive.
- If the level of achievement of the Group's recurrent EBITDA/Net Profit goal is between 90% and 100%, 100% of the long-term incentive will be payable.
- If the level of achievement of the Group's recurrent EBITDA/Net Profit goal is 120% or higher, a maximum of 120% of the long-term incentive will be payable.

When the achievement level of the target is between 100% and 120%, the level of achievement of the Group's recurrent EBITDA/Net Profit will be calculated by linear interpolation.

**Functioning:** The ARCGC will consider the level of achievement of the recurrent EBITDA/Net Profit goal based on the results audited by the Company's external auditor in each of the cycles included in the target performance period. Both for determining the objectives and assessment of them being achieved, the Committee also takes into consideration any associated risk and can rely on the support of the Audit and Supervisory Committee.

In this respect, any positive or negative economic impact caused by extraordinary events that could distort the findings of the assessment are disregarded and the quality of the long-term earnings and any associated risk in the proposal for incentive payable is taken into consideration.

The incentive 2023-2025, will be fully paid in cash, providing that the targets set for such purpose are achieved. This remuneration will not be notified as fulfilled until the ARCGC has carried out the aforementioned actions in the first quarter of the year 2026.

- Biennial Long-Term Incentive Plan 2022-2023:

This biennial long-term incentive had the following general and specific features:

**Purpose:** To adapt the remuneration package of the company's executives to incentivise the extra effort they are making to recover NH's business volume and earnings within the economic context of the COVID-19 pandemic.

**Amount:** The target for the biennial long-term incentive is set at 65% of the CEO's fixed remuneration (€455,000) in 2022 and 45% of the COO's and the CADO's fixed remuneration (€180,000 and €157,500 respectively) in 2022, providing 100% of the targets set by the Board of Directors are achieved.

The maximum amount of the incentive can be up to 120% of the target amount, i.e. €546,000 for the CEO €216,000 for the COO and €189,000 for the CADO.

**Performance period:** Years 2022 and 2023

**Objectives:** 100% of the biennial long-term incentive will be linked to the Group's recurrent EBITDA for the financial years 2022 and 2023. However, the Group's Recurrent Net Profit must be positive in each of the aforementioned years in order to accrue the full incentive. Otherwise, the portion of the target incentive linked to the year in which the Recurrent Net Profit target is not achieved will be forfeited.

**Performance scale:** The biennial long-term incentive is structured as follows:

- If the level of achievement of the Group's recurrent EBITDA goal is lower than 90%, no amount whatsoever will be payable as a biennial incentive.
- If the level of achievement of the Group's recurrent EBITDA goal is between 90% and 100%, 100% of the biennial incentive will be payable.
- If the level of achievement of the Group's recurrent EBITDA goal is 120% or higher, a maximum of 120% of the biennial incentive will be payable.

When the achievement level of the target is between 100% and 120%, the level of achievement of the Group's recurrent EBITDA will be calculated by linear interpolation.

**Functioning:** The ARCGC will consider the level of achievement of the recurrent EBITDA goal based on the results audited by the Company's external auditor in each of the cycles included in the performance period. Both for determining the targets and assessment of them being achieved, the Committee will also take into consideration any associated risk and can rely on the support of the Audit and Supervisory Committee.

In this respect, any positive or negative economic impact caused by extraordinary events that could distort the findings of the assessment are disregarded and the quality of the long-term earnings and any associated risk in the proposal for the incentive payable is taken into consideration.

The incentive will be fully paid in cash, providing the targets set for such purpose are achieved. This remuneration will not be paid until the ARCGC has carried out the aforementioned actions in the first quarter of the year 2024.

In any case, the total of the long-term incentive payments in annualised terms will not exceed the maximum stipulated in the current Remuneration Policy.

**A.1.7. State the main features of the long-term savings schemes. Among other information, specify the contingencies covered by the scheme, whether it is a defined contribution or a defined benefit scheme, the annual contribution that must be made to defined contribution schemes, the benefits to which directors are entitled in the case of defined benefit schemes, the vesting conditions of the economic rights of directors and their compatibility with any other type of payment or compensation for early termination or dismissal, or related to the termination of the contractual relationship, according to the stipulated terms, between the company and the director.**

**Specify whether the accrual or vesting of any of the long-term savings plans is linked to achieving certain targets or parameters related to the director's short- or long-term performance.**

The company does not plan to undertake any obligation or commitment whatsoever with the directors in 2023 related to pensions, retirement or similar items.

**A.1.8. Any other type of payment or compensation for early termination or dismissal, or related to the termination of the contractual relationship, according to the stipulated terms, between the company and the director, whether at the company's or the director's initiative, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, minimum contractual term or loyalty, which entitles the director to any kind of remuneration.**

The company's directors, in their positions as such, are not entitled to any severance pay or compensation in the event of dismissal or resignation from their posts.

The terms and conditions included in the Executive Officers' commercial contracts in this respect are described below:

- CEO: Under no circumstances will the CEO be entitled to any severance pay due to his resignation or termination of his commercial relationship. However, the terms and conditions regulating his suspended labour relationship stipulate that the period of time in which the Executive Officer holds his commercial relationship must be acknowledged as seniority for the purpose of possible severance pay due to termination of such labour relationship.

In this respect, once the commercial relationship has been terminated, the labour relationship that was in force between the Company and the Executive Officer will be resumed until he takes up his new position, unless gross and wilful breach of contract is ruled by the courts. If, at the time of termination of the commercial relationship and, apart from the aforementioned exception, the company refuses to reinstate the Executive Officer in his previous labour relationship, this fact will be considered unfair dismissal. In such case, the Executive Officer will be entitled to the relevant severance pay according to applicable labour regulations. In order to calculate the severance pay, the compensation basis will be determined according to the full salary paid and received thereby over the twelve months prior to the termination including, if any, those paid and received in his position as Executive Officer.

If the termination of the labour relationship is due to serious and wilful breach of the Executive Officer's essential obligations and this is ruled by the competent court, all rights to receive any kind of severance pay will be deemed null and void.

- COO: The COO is not entitled to receive any severance pay whatsoever if the Company decides to terminate his contract by virtue of a resolution adopted by the General Shareholders' Meeting or the Board of Directors, which implies the COO being dismissed from his post as Executive Officer, however his seniority in the position is acknowledged for all purposes (even for the purpose of severance pay that could be applicable in the event of termination) in the previous labour relationship between the parties, which will be resumed after the aforementioned termination of the commercial relationship.



If the Company refuses to reinstate the COO in his previous labour relationship, the COO will be entitled to severance pay, according to the applicable labour regulations, and his acknowledged seniority, the Company undertaking to pay him severance pay at least equivalent to one year of his fixed salary and the last variable remuneration he received. However, if the termination of the commercial relationship between the parties is due to serious and wilful breach of the Executive Officer's essential obligations and this is ruled by the competent court, all rights to receive any kind of severance pay will be deemed null and void.

In order to calculate the severance pay that could be received by the COO in the event of termination of his ordinary labour relationship, the basis for the severance pay will be calculated regarding the whole remuneration paid and received thereby in the twelve months prior to such termination, even if it were payable by virtue of a commercial relationship.

- CADO: The Executive Officer is not entitled to receive any severance pay whatsoever due to her dismissal as a director by virtue of a resolution adopted at the General Shareholders' Meeting or the Board of Directors, due to her resignation, mutual agreement or because her term of office has expired. However, her seniority in the post will be acknowledged for all purposes (even for the purpose of severance pay that could be applicable in the event of dismissal) in the previous labour relationship between the parties, which will be resumed after the aforementioned termination of the commercial relationship, unless the termination of the commercial relationship between the parties is due to serious and wilful breach of the Executive Officer's essential obligations and this is ruled by the competent court.

If, at the time of termination of the commercial contract (and apart from the aforementioned exception), the company refuses to reinstate the Executive Officer or CADO in her previous labour relationship as Chief Asset and Development Officer, this fact will be considered unfair dismissal and the Executive Officer or CADO will be entitled to the relevant severance pay according to applicable labour regulations and the company must undertake to pay her at least an amount of severance pay equivalent to one year of her fixed salary and the last variable remuneration she received.

In order to calculate the severance pay that could be received by Ms. Laia Lahoz Malpartida in the event of termination of her ordinary labour relationship, after termination of her commercial relationship regulated by such contract, the basis for the severance pay will be calculated regarding the whole remuneration paid and received thereby in the twelve months prior to such termination, even if it were payable by virtue of a commercial relationship.

**A.1.9. Specify the conditions that the contracts of the Executive Officers performing senior management duties should contain. Among other things, information must be provided on the duration, limits on amounts of compensation, minimum contractual term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to contractual bonuses, as well as compensation or golden parachute clauses in the event of early termination of the contractual relationship between the company and the executive officer. Include, *inter alia*, the clauses or agreements related to non-competition, exclusivity, minimum contractual terms and loyalty and post-contractual non-competition, unless these have been explained in the previous section.**

The contract of NH's Executive Officers is of a commercial nature and includes the duties and obligations they undertake within the scope of their posts and their remuneration.

The most significant clauses in their contracts are described below:

- Indefinite term.
- Full-time commitment and non-competition. They may not perform the following actions without the company's prior consent during the period they render their services within the scope of their valid contracts:
  - Acquire an indirect or direct stake of any kind in companies that perform activities that are in competition with or are similar or related to the company's activities or that are suppliers and/or customers of NH. Any part-time teaching activities that could be performed by the Executive Officers shall be deemed excluded from the previous point.

This condition will remain in force, in the case of the CEO, until twelve months have elapsed after the termination of his commercial agreement or employment contract with NH, whatever the reason for such termination may be.

The gross annual fixed remuneration of the Executive Officers already includes compensation for the non-competition clause.

- The Executive Officers must provide at least two months' prior notice of their decision to terminate their commercial relationship with NH and may choose to renew their ordinary labour relationship.
- Severance pay: See the previous section.

Confidential information: During the valid term of the commercial agreement and after the termination thereof for any reason, the Executive Officers must not indirectly or directly disclose or disseminate to third parties not associated with NH any commercial or industrial secrets, processes, methods, information or data related to the activities, business or finances of NH or any company in its Group, making every effort to prevent, if need be, publication of such information and all that is related to activities and future plans both of NH HOTEL GROUP, S.A. and any of its enterprises.

**A.1.10. The nature and estimated amount of any other supplementary remuneration that will be accrued by directors in the current year as consideration for services rendered other than those inherent in their position.**

The directors have not received, nor is it planned they will receive, any other supplementary remuneration for services apart from those inherent to their posts and that have not already been described in this Report.

**A.1.11. Specify any other remuneration components, such as those related to the company granting the director advances, loans or guarantees or any other remuneration.**

The Directors have not been granted any advances, loans, guarantees or other remuneration.

**A.1.12. Specify the nature and estimated amount of any other planned supplementary remuneration to be accrued by directors in the current year that is not included in the previous sections, whether paid by the company or by another enterprise in the group.**

The directors have not received, nor is it planned they will receive, any other supplementary remuneration for services apart from those inherent to their posts and that have not already been described in this Report.

**A.2. Explain any significant change in the remuneration policy applicable to the current year resulting from the following:**

- A new policy or an amendment to a policy already approved by the General Shareholders' Meeting.
- Significant changes in the specific determinations established by the Board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.
- Proposals that the Board of Directors has agreed to submit to the General Shareholders' Meeting that this annual report will be subject to and for which it is proposed they will be applicable in the current year.

Up to the date this report is published, no significant changes have been made to the Remuneration Policy that could seriously affect the Remuneration Policy for this year.

**A.3. Specify the direct link to the document containing the company's current remuneration policy, which must be available on the company's website.**

[https://www.nh-hotels.com/corporate/sites/default/files/files-accionistas/11\\_nh\\_politica\\_remuneraciones\\_consejeros\\_eng\\_2021-2023\\_vf.pdf](https://www.nh-hotels.com/corporate/sites/default/files/files-accionistas/11_nh_politica_remuneraciones_consejeros_eng_2021-2023_vf.pdf)

**A.4. Taking into account the data provided in Section B.4, explain how the votes of the shareholders at the General Shareholders' Meeting have been taken into account to which the annual report on remuneration for the previous year was submitted on an advisory basis.**

The last General Shareholders' Meeting held on 30 June 2022 approved the Annual Directors' Remuneration Report with 99.95% of the votes.

**B OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED LAST YEAR**

**B.1.1. Explain the process used to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information must include the role played by the remuneration committee, the**

**decisions adopted by the Board of Directors and the identity and role of any external advisors whose services may have been used in the process for applying the remuneration policy last year.**

#### **Process used to apply the Remuneration Policy**

The main bodies of the company that are involved in applying the company's Remuneration Policy are the General Shareholders' Meeting, the Board of Directors and the ARCGC.

#### **The role played by the ARCGC**

The ARCGC is the competent body for proposing the Directors' Remuneration Policy and the remuneration for those who perform senior management duties, directly reporting to the Board, Executive Committees or Executive Officers, and the individual remuneration and other contractual terms and conditions for the Executive Officers, and for ensuring such terms and conditions are met.

As explained in the Remuneration Policy, the ARCGC may hold meetings to correctly fulfil its duties as often as (i) considered necessary by its Chair, (ii) required by the Board of Directors or (iii) requested by two or more of its members with voting rights. The ARCGC held 4 meetings in 2022.

The items related to remuneration that were discussed by the ARCGC in 2022 are explained below:

- Proposal and approval of the Annual Directors' Remuneration Report for the financial year 2021.
- Proposal and approval for payment of the third and final cycle of the Long-Term Incentive Plan or Performance Shares Plan 2017-2022, the accrual period of which began on 1 January 2019 and ended on 31 December 2021.
- Proposal and approval of the launch of a new Long-Term Variable Remuneration Plan 2022-2026, the first cycle of which began, with retroactive effects, on 1 January 2022.
- Proposal and approval of the launch of a Biennial Long-term Incentive 2022-2023.
- Proposal and approval of the salary adjustment for the Executive Officers for 2023. Assessment and approval of the annual variable remuneration for the CEO and COO (Executive Officers) for the earnings obtained in 2021.
- Approval of the objectives linked to the annual variable remuneration of the Executive Officers in 2022.
- Information about the CEO to the ARCGC on the assessment of the variable remuneration in 2021 for the Executive Committee, along with the objectives linked to the annual variable remuneration in 2022.
- Proposal and approval of an extraordinary bonus for one of the members of the Board as compensation for the long period of time he spent on his duties in the year.

#### **Composition of the ARCGC**

According to Article 47 of the Articles of Association, the Committee must be comprised of a minimum of three and a maximum of six directors and must only consist of Non-Executive Officers appointed by the Board of Directors, at least two of which must be independent directors.

On 31 December 2022, the Committee was composed of three non-executive members, two of whom were independent directors:

- Mr. José María Cantero de Montes-Jovellar; Chair and Independent Director since 21/06/2016.
- Mr. Alfredo Fernández Agras; Member and Independent Director since 10/04/2019.
- Mr. Stephen Andrew Chojnacki; Member and Proprietary Director since 07/02/2019.

#### **B.1.2. Explain any changes in the procedure established for application of the remuneration policy that have occurred during the year.**

Ms. Laia Lahoz Malpartida was appointed as Executive Officer and CADO of the company at the General Shareholders' Meeting held on 30 June 2022. Section 5 of the Remuneration Policy in force regulates the remuneration system applicable to new directors. In this respect, it was determined that the remuneration system defined for the CEO would be applicable to any director that could join the Board of Directors during the valid term of the Policy for performing executive duties. Therefore, the remuneration components determined for the CADO are those described in the previous sections.

#### **B.1.3. Specify whether any temporary exception has been applied to the remuneration policy and, if so, explain the exceptional circumstances that have led to application of these exceptions, the specific components of the remuneration policy affected and the reasons why the company believes that these exceptions have been necessary to serve the company's long-term interests and sustainability as a whole or to ensure its viability. Similarly,**

quantify the impact that application of these exceptions has had on the remuneration of each director over the year.

No temporary exceptions to the Remuneration Policy were applied in 2022.

**B.2. Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks, aligning it with the company's long-term goals, values and interests, including a reference to the measures adopted to ensure that the company's long-term earnings have been taken into consideration in the remuneration accrued and to ensure that an appropriate balance has been achieved between the fixed and variable components of the remuneration, the measures adopted in relation to those categories of personnel whose professional activities have a material impact on the company's risk profile and the measures in place to avoid any possible conflicts of interest.**

The actions carried out by the company related to the remuneration system to reduce exposure to excessive risks and to adapt it to the company's long-term goals, values and interests have been explained in sections A.1.6 and A.1.7 of this Report. It is explained below how these actions were carried out in 2022:

**A) Claw-back clauses:**

The claw-back clauses referred to in section A.1.2 are applicable to the Long-Term Variable Remuneration Plan 2022-2026.

**B) Formulation of the variable remuneration objectives:**

A binary scheme was applied to the variable remuneration accrued in 2022 so that failure to achieve the Group's Recurrent Net Profit resulted in a 0% pay-out.

The objectives determined for the annual variable remuneration for 2022, as described in section B.7, by the Board of Directors for the Executive Officers, according to a proposal made by the ARCGC, are also aligned with the company's strategic priorities. Moreover, the company's sustainability is promoted through the performance assessment by evaluating the system and procedures, apart from the company's earnings.

**C) Balance of the total remuneration:**

The remuneration package of the Executive Officers includes short- and long-term variable parts, both parts being balanced.

In this respect, the percentage that the (annual and multi-annual) variable remuneration represented of the total remuneration in 2022, in a situation in which 100% of the targets were achieved, was approximately 62% for the CEO and 53% for the COO and the CADO.

Lastly, the variable remuneration accrued in 2022 was the following:

- The short-term variable remuneration was 126%, 124% and 124% for the CEO, COO and CADO respectively.
- No kind of Long-term Incentive had been accrued on 31 December 2022. In this respect, bearing in mind the economic impact of the pandemic on the company's business, in 2020 it was decided not to grant any kind of Long-Term Incentive that, in a normal situation, would have included the period 2020-2022.
- The 2022-2023 biennial Long-Term Incentive has not accrued in 2022. If the targets are met, it will vest, for the purposes of CNMV Circular 4/2013, in 2023.

**B.3. Explain how the remuneration accrued and consolidated over the financial year complies with the provisions of the current remuneration policy and, in particular, how it contributes to the company's long-term and sustainable performance.**

Furthermore, provide information about the link between the remuneration obtained by the directors and the earnings or other performance measures of the company in the short- and long-term, explaining, if applicable, how variations in the company's performance have influenced changes in the directors' remuneration, including any accrued remuneration payment that has been deferred, and how such remuneration contributes to the company's short- and long-term earnings.

The components included in the directors' remuneration package in the financial year 2022 are summarised below. Similarly, the details of these components can be found in the following paragraphs of this section:

**Remuneration of the Non-Executive Officers:**

In 2022, the Non-Executive Officers' remuneration consisted of fixed amounts and expenses for attending the meetings, as explained in section B.5.

In addition, an extraordinary increase was proposed to the Board of Directors at the first meeting of the ARCGC held in 2023, with a charge to 2022, in the fixed allowance to a member of the Board, Mr. Fernando Lacadena, due to the additional time he spent on his duties in 2022, especially in the process of transferring the chair.

The maximum gross annual amount payable to the directors in their positions as members of the Board of Directors observed the limit stipulated by the General Shareholders' Meeting held on 30 June 2022 (€800,000), a total of €380,000 being paid out as fixed remuneration and expenses.

#### **Executive Officers:**

The remuneration items of the Executive Officers in 2022 were as follows:

##### **CEO:**

- Fixed remuneration: €700,000.
- Short-term variable remuneration accrued in 2022: €574,438, bearing in mind an overall achievement level of the targets of 126%. The settlement of the variable remuneration accrued in 2022 will be approved and paid in the first quarter of 2023.
- Other remuneration (company car, health care insurance policy and life and accident insurance policy): €25,559.

##### **COO:**

- Fixed Remuneration: €400,000.
- Short-term variable remuneration accrued in 2022: €222,750, bearing in mind an overall achievement level of the targets of 124%. The settlement of the variable remuneration accrued in 2022 will be approved and paid in the first quarter of 2023.
- Other remuneration (company car, health care insurance policy and life and accident insurance policy): €5,170.

CADO (since her appointment as executive officer on 30 June 2022):

- Fixed remuneration: €175,000.
- Short-term variable remuneration accrued in 2022: €97,453, bearing in mind an overall achievement level of the targets of 124%. The settlement of the variable remuneration accrued in 2022 will be approved and paid in the first quarter of 2023.
- Other remuneration (company car, health care insurance policy and life and accident insurance policy): €4,223

A breakdown of the level of achievement of the targets for the annual variable remuneration is provided in section B.7.

As mentioned in section B.2, no Long-Term Incentive was accrued in 2022.

As explained in the previous sections, the Executive Officers are not paid any additional remuneration for their positions as members of the Board of Directors.

62% (CEO) and 53% (COO and CADO) of their total remuneration for 2022 were linked to both short- and long-term variable remuneration. The aim of this remuneration mix is to reward the performance of the three Executive Officers bearing in mind the achievement of the company's quantitative goals, linking the achievement of the annual and multi-annual targets set by the company to its medium- and long-term strategy and aligning the individual objectives with the goals of the company, creating value for the stakeholders. Similarly, it is endeavoured to reduce the exposure to excessive risks and to adjust it to the company's long-term goals, values and interests.

In addition, the Executive Officers' remuneration package contributes to the company's sustainable performance to the extent that a minimum Recurrent Net Profit is required for the annual variable remuneration to be accrued.

In this respect, while the annual variable remuneration accrued amounted to 126% of the target amount for the CEO (124% for the COO and CADO), no long-term incentive amount accrued in 2022. This has resulted in a significant reduction of a considerable part of the Executive Directors' remuneration package.

#### **B.4. Provide information about the result of the advisory ballot on remuneration for the previous year held at the General Shareholders' Meeting, specifying the number of votes in favour, votes against, abstentions and blank votes:**

	Number	% of total
<b>Votes cast</b>	414,556,524	95.14%

	Number	% of votes cast
<b>Votes against</b>	218,200	0.05%
<b>Votes in favour</b>	414,338,102	99.95%
<b>Blank votes</b>	0	0.00%
<b>Abstentions</b>	222	0.00%

Remarks

**B.5. Explain how the fixed components accrued and vested during the year by the directors were determined, in their positions as such, their relative proportion with regard to each director and how they changed compared with the previous year:**

The directors, in their positions as such, who received fixed remuneration in 2022 were Non-Executive Officers that do not represent the shareholder, Minor International PLC. Such Non-Executive Officers waived all remuneration payable to them due to being members of the Board of Directors

The remuneration effectively received in the financial year 2022 was as follows:

- Annual fixed amount:
  - Chair of the Board of Directors: €200,000.
  - Chair of the Auditing Committee (until 26 July 2022) and the ARCGC: €90,000.
  - Member of the Auditing Committee until 26 July 2022 and the Chair of the Auditing Committee as of the same date: €70,404.

In addition, there was an extraordinary increase in Mr. Fernando Lacadena's fixed amount by €19,596 with a charge to 2022 due to the additional time he spent related to the transfer of powers to the Chair of the Auditing Committee.

- Attendance expenses of the members:
  - Expenses for attending the Audit and Supervisory Committee Meetings: €1,000 per meeting.
  - Expenses for attending the ARCGC Meetings: €1,000 per meeting.

**B.6. Explain how the salaries accrued and vested by each of the Executive Officers over the past financial year for performing their management duties were determined and how they changed compared with the previous year.**

The CEO's fixed remuneration for performing his senior management duties last year amounted to €700,000 in accordance with the Remuneration Policy. In 2021, this remuneration was for an amount of €630,000 because the fixed remuneration was reduced by 20% during the period from January to June.

The COO's fixed remuneration for performing his senior management duties in 2022 amounted to €400,000. In the same way, in 2021, this remuneration was for an amount of €360,000 (in 2021 reductions in the fixed remuneration were applied in line with what has already been explained for the CEO).

In the case of the CADO, her fixed remuneration accrued in 2022 as of the date of her appointment as Executive Officer (30 June) was €175,000 (of her total annual fixed salary of €350,000). The CADO did not receive a salary increase in 2022 due to her appointment and in 2021 the same reductions were applied to her fixed remuneration as those for the CEO and COO.

As mentioned above, the Executive Officers are not paid any remuneration whatsoever for their positions as directors.

**B.7. Explain the nature and the main features of the variable components in the remuneration systems accrued and vested last year.**

**In particular:**

- 1) Specify each of the remuneration plans that determined the different types of variable remuneration accrued by each of the directors last year, including information on their scope, date of approval, date of implementation, any applicable vesting conditions, periods of accrual and validity, criteria used to evaluate performance and how this affected the calculation of the variable amount accrued, as well as the measurement criteria used and the time needed to be able to adequately measure all the stipulated conditions and criteria, explaining the criteria and factors applied in regard to the time required and the methods for verifying that the performance or any other kind of conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.**
- 2) In the case of share options and other financial instruments, the general features of each plan must include information about the conditions both for acquiring unconditional ownership (vesting) of these options or financial instruments and for exercising them, including the exercise price and period.**
- 3) Each director that is a beneficiary of remuneration schemes or plans that include variable remuneration, and his or her category (executive director, external proprietary director, external independent director or other external director).**
- 4) Information must be provided about any periods for accrual, vesting or deferral of payment of vested amounts applied and/or the periods for retention/unavailability of shares or other financial instruments, if any.**

**Explain the short-term variable components in the remuneration systems**

As explained above, the only directors entitled to payment of variable remuneration are those assigned executive duties.

An overall framework for the annual variable remuneration of Executive Officers was agreed at the ARCGC meeting held on 24 February 2022. The features of this annual variable remuneration were outlined in section A.1.6 of last year's Annual Remuneration Report.

After assessing the level of achievement of the targets, the Board of Directors agreed on 22 February 2023, a level of overall achievement for each of the three directors, according to a proposal made by the ARCGC:

- CEO: 126%, equivalent to an amount of the annual variable remuneration corresponding to 2022 of €574,438.
- COO: 124%, equivalent to an amount of the annual variable remuneration corresponding to 2022 of €222,750.
- CADO: 124%, equivalent to an amount of the annual variable remuneration corresponding to 2022 of €97,453.

The details about the process to calculate the aforementioned amounts are provided below.

**1. Level of achievement of the targets**

- CEO: The level of achievement of the targets was as follows:
  - EBITDA (weighting of 50%): The level of achievement was at the maximum.
  - Performance evaluation (weighting of 10%): The level of achievement was at the maximum of 200%.
  - Individual objectives (weighting of 40%): The level of achievement was at the target level and the maximum.
- COO: The level of achievement of the targets was as follows:
  - EBITDA (weighting of 50%): The level of achievement was at the maximum.
  - Performance evaluation (weighting of 10%): The level of achievement was at the maximum of 200%.
  - Individual objectives (weighting of 40%): The level of achievement was at the target level and the maximum.
- CADO: The level of achievement of the targets was as follows
  - EBITDA (weighting of 50%): The level of achievement was at the maximum.
  - Performance evaluation (weighting of 10%): The level of achievement was at the maximum of 200%.



- Individual objectives (weighting of 40%): The level of achievement was at the target level and the maximum.

## **2. Key target**

As we have mentioned in previous sections of this report, the Net Profit acts as a key target for accrual of the annual variable remuneration. For such purpose, it is indispensable that the Group's Recurrent Net Profit is positive. The company's Recurrent Net Profit was positive in 2022.

## **3. Calculating the annual variable remuneration**

Bearing in mind the target amount of variable remuneration, (65% of the fixed remuneration for the CEO and 45% for the COO and the CADO), and that the overall level of achievement of the targets was 126% (CEO), 124% (COO) and 124% (CADO), the annual variable remuneration for 2022 amounted to €574,438 for the CEO, €222,750 for the COO and €97,453 for the CADO.

### **Explain the long-term variable components in the remuneration systems**

As mentioned above, no incentive whatsoever was accrued in 2022.

**B.8. Specify whether certain variable components have been reduced or clawed back when, in the former case, payment of non-vested amounts has been deferred or, in the latter case, they have vested and been paid on the basis of data that have subsequently been clearly shown to be inaccurate. Describe the amounts reduced or clawed back through the application of the "malus" (reduction) or claw-back clauses, why they were implemented and the years to which they refer.**

No clause of this kind was applied in 2022.

**B.9. Explain the main features of the long-term savings schemes where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefits, whether financed in whole or in part by the company or through internal or external contributions, specifying the type of plan, whether it is a defined contribution or defined benefit plan, the contingencies covered, the conditions on which the economic rights are vested in favour of the directors and their compatibility with any type of severance pay for early termination or cessation of the contractual relationship between the company and the director.**

In 2022, the company did not undertake any obligation or commitment related to pensions, retirement or similar items.

**B.10. Explain, where applicable, the severance pay or any other type of payment for early termination, whether at the company's or the director's initiative, or due to termination of the contract, according to the terms stipulated therein, accrued and/or received by directors last year.**

The Company has not undertaken any commitment or obligation for any severance payment or other payments due to early termination, whether at the company's or the director's initiative, or due to termination of the contract.

**B.11. Specify whether there have been any significant changes in the contracts of persons performing senior management duties, such as Executive Officers, and, if so, explain such changes. In addition, explain the main terms and conditions of the new contracts signed with Executive Officers during the year, unless these have already been explained in Section A.1.**

In 2022, no changes were made to the Executive Officers' contracts.

**B.12. Explain any supplementary remuneration accrued by directors as consideration for rendering services other than those inherent in their positions.**

The Remuneration Policy does not include any supplementary remuneration other than that previously specified.

On the date this Report is issued, there was no supplementary remuneration payable to the directors as consideration for services rendered other than those related to their posts.



**B.13. Explain any remuneration payable for advances, loans or guarantees granted, specifying the interest rate, their key features and any amounts reimbursed, as well as the obligations undertaken on their behalf as a guarantee.**

The Remuneration Policy does not include any possibility to grant advances, loans or guarantees to the directors.

On the date this Report is issued, no advances, loans or guarantees have been granted to any of the directors.

**B.14. List the remuneration in kind accrued by the directors during the year, briefly explaining the nature of the various salary components.**

The directors, in their positions as such, do not receive remuneration in kind.

The Executive Officers accrued the following remuneration in kind for performing their executive duties:

- A health care insurance policy for each Executive Officer and their first-degree relatives.
- A life insurance policy with insured capital of €2,100,000 (CEO), €1,200,000 (COO) and €1,050,000 (CADO).
- An accident insurance policy with insured capital of €2,100,000 (CEO) and €1,200,000 (COO) and €1,050,000 (CADO).
- A company car in the case of the CEO and the CADO. The COO has chosen to receive economic compensation instead of a company car.

The amount for such remuneration was €25,559 for the CEO, €5,170 for the COO (including the company car) and €4,223 for the CADO. These amounts have been significantly reduced compared to the previous year due to a change in the provider of the life and accident insurance policy.

**B.15. Explain the remuneration accrued by any director due to payments made by the listed company to a third company in which the director renders services when the purpose of these payments is to remunerate the director's services to the company.**

On the date this Report is approved, no amounts have been paid to third-party enterprises due to possible services being rendered by the directors.

**B.16. Explain and detail the amounts accrued in the year related to any other remuneration item other than those set forth above, whatever its nature or the group enterprise that pays it may be, including all benefits in any form, such as when it is considered a related-party transaction or, in particular, when it significantly affects the true image of the total remuneration accrued by the director. Explain the amount granted or pending payment, the nature of the consideration received and the reasons for those that would have been taken into account, if applicable, that do not imply remuneration to the director or consideration for performing his/her executive duties and whether or not it has been considered appropriate to be included among the amounts accrued under the "Other items" heading in Section C.**

On the date this Report is approved, there are no other items of remuneration apart from those explained in the previous sections.

## C LIST OF INDIVIDUAL REMUNERATION PAYABLE TO EACH DIRECTOR

Name	Type	Period of accrual in year 2022
RAMÓN ARAGONÉS	Executive Officer	From 2022/01/01 to 2022/12/31
RUFINO PÉREZ	Executive Officer	From 2022/01/01 to 2022/12/31
LAIA LAHOZ	Executive Officer	From 2022/06/30 to 2022/12/31
ALFREDO FERNÁNDEZ AGRAS	Independent Director	From 2022/01/01 to 2022/12/31
FERNANDO LACADENA AZPEITIA	Independent Director	From 2022/01/01 to 2022/12/31
JOSÉ MARÍA CANTERO DE MONTES-JOVELLAR	Independent Director	From 2022/01/01 to 2022/12/31
DILIP RAJAKARIER	Proprietary Director	From 2022/01/01 to 2022/12/31
STEPHEN ANDREW CHOJNACKI	Proprietary Director	From 2022/01/01 to 2022/12/31
WILLIAM ELLWOOD HEINECKE	Proprietary Director	From 2022/01/01 to 2022/12/31
KOSIN CHANTIKUL	Proprietary Director	From 2022/01/01 to 2022/12/31

C.1. Complete the following tables regarding the individual remuneration of each director accrued during the financial year (including the remuneration paid for performing their executive duties).

a) Remuneration of the company, object of this report

### I. Remuneration accruing in cash (in thousands of euros)

Name	Fixed Remuneration	Per diem allowances	Remuneration for membership of Board's	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance payment	Other items	Total in 2022	Total in 2021
Mr. Ramón Aragonés Marín	700	-	-	-	574	-	-	16	1.290	646
Mr. Rufino Pérez Fernández	400	-	-	-	223	-	-	3	626	364
Ms. Laia Lahoz Malpartida	175	-	-	-	97	-	-	4	276	-
Mr. Alfredo Fernández Agras	200	-	-	-	-	-	-	-	200	153
Mr. Fernando Lacadena Azpeitia	87	3	-	-	-	-	-	-	90	70
Mr. José María Cantero de Montes-Jovellar	90	-	-	-	-	-	-	-	90	71
Mr. Dilip Rajakarier	-	-	-	-	-	-	-	-	-	-
Mr. Stephen Andrew Chojnacki	-	-	-	-	-	-	-	-	-	-
Mr. William Ellwood Heinecke	-	-	-	-	-	-	-	-	-	-
Mr. Kosin Chantikul	-	-	-	-	-	-	-	-	-	-

Remarks:

The Proprietary Directors representing the shareholder Minor International PLC have waived receiving remuneration.

Ms. Laia Lahoz' remuneration in 2022 is only recorded since her appointment as Executive Officer.

### II. Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Name of plan	Financial instruments at start of 2022		Financial instruments granted in 2022		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of 2022	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/ vested shares	Price of vested shares	Gross profit from shares awarded or vested financial instruments (in thousands of €)	No. of instruments	No. of instruments	No. of equivalent shares
-	-	-	-	-	-	-	-	-	-	-	-	-

Remarks:

No award of shared-based remuneration was granted or accrued in 2022 nor is any planned for 2023.

### III. Long-term saving schemes

Name	Remuneration by vesting savings scheme rights	
	Year 2022	Year 2021
-	-	-

Name	Contribution by the company during the year (in thousands of €)				Amount of accumulated funds (in thousands of €)			
	Vested economic savings scheme rights		Non-vested economic savings scheme rights		Vested economic savings scheme rights		Non-vested economic savings scheme rights	
	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021
-	-	-	-	-	-	-	-	-

Remarks:

In 2022, the company did not undertake any commitment or obligation related to pensions, retirement or similar items.

### IV. Details of other items

Name	Item	Amount of Remuneration
Mr. RAMÓN ARAGONÉS	Premiums for Life and Accident Insurance Policy	10
Mr. RUFINO PÉREZ	Premiums for Life and Accident Insurance Policy	2
Ms. LAIA LAHOZ	Premiums for Life and Accident Insurance Policy	1
Mr. ALFREDO FERNÁNDEZ AGRAS	-	-
Mr. FERNANDO LACADENA AZPEITIA	-	-
Mr. JOSÉ MARÍA CANTERO DE MONTES-JOVELLAR	-	-
Mr. DILIP RAJAKARIER	-	-
Mr. STEPHEN ANDREW CHOJNACKI	-	-
Mr. WILLIAM ELLWOOD HEINECKE	-	-
Mr. KOSIN CHANTIKUL	-	-

**5) Remuneration paid to the directors of the listed company for seats on the boards of other subsidiary companies::**

**I. Remuneration in cash (thousands of euros)**

Name	Fixed remuneration	Per diem expenses	Remuneration for membership of Board's Committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance Pay	Other items	Total in 2022	Total in 2021
-	-	-	-	-	-	-	-	-	-	-

**II. Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments**

Name	Name of Plan	Financial instruments at start of 2022		Financial instruments awarded in 2022		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of 2022	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/ vested shares	Price of the vested shares	Gross profit from shares awarded or vested financial instruments (in thousands of €)	No. of instruments	No. of instruments	No. of equivalent shares
-	-	-	-	-	-	-	-	-	-	-	-	-

**III. Long-term saving schemes**

Name	Remuneration by vesting savings scheme rights	
	Year 2022	Year 2021
-	-	-

Name	Contribution by the company during the year (in thousands of €)				Amount of accumulated funds (in thousands of €)			
	Vested economic savings scheme rights		Non-vested economic savings scheme rights		Vested economic savings scheme rights		Non-vested economic savings scheme rights	
	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021
-	-	-	-	-	-	-	-	-

**IV. Details of other items**

Name	Item	Amount of Remuneration
-	-	-

**6) Summary of remuneration (thousands of euros):**

This summary must include the amounts corresponding to all the remuneration items included in this report that have accrued to each director, in thousands of euros.

Name	Remuneration accrued in the company					Remuneration accrued in group companies					
	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration for savings systems	Other items of remuneration	Total FY2022 company	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration for savings systems	Other items of remuneration	Total FY2022 company	Total FY2022 Company + group
Mr. RAMÓN ARAGONÉS	1,290	-	-	10	1,300	-	-	-	-	-	1,300
Mr. RUFINO PÉREZ	626	-	-	2	628	-	-	-	-	-	628
Ms. LAIA LAHOZ	276	-	-	1	277	-	-	-	-	-	277
Mr. ALFREDO FERNÁNDEZ AGRAS	200	-	-	-	200	-	-	-	-	-	200
Mr. FERNANDO LACADENA AZPEITIA	90	-	-	-	90	-	-	-	-	-	90
Mr. JOSÉ MARÍA CANTERO DE MONTES-JOVELLAR	90	-	-	-	90	-	-	-	-	-	90
Mr. DILIP RAJAKARIER	-	-	-	-	-	-	-	-	-	-	-
Mr. STEPHEN ANDREW CHOJNACKI	-	-	-	-	-	-	-	-	-	-	-
Mr. WILLIAM ELLWOOD HEINECKE	-	-	-	-	-	-	-	-	-	-	-
Mr. KOSIN CHANTIKUL	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>2,572</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>2,585</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,585</b>

**Remarks:**

The Proprietary Directors representing the shareholder Minor International PLC have waived receiving remuneration

**C.2.** Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company.

	Total amounts accrued and % annual variation								
	Year 2022	% Variation 2022/2021	Year 2021	% Variation 2021/2020	Year 2020	% Variation 2020/2019	Year 2019	% Variation 2019/2018	Year 2018
<b>Executive Directors</b>									
Mr. Rufino Pérez Fernández	628	44,68	434	176,43	157	--	--	--	--
Mr. Ramón Aragonés Marín	1.300	56,63	830	20,46	689	-54,28	1.507,00	55,52	969
Ms. Laia Lahoz Malpartida	277	--	--	--	--	--	--	--	--
<b>External Directors</b>									
Mr. Alfredo Fernández Agras	200	30,43	153	31,05	117	-59,38	288	4,73	275
Mr. José María Cantero de Montes-Jovellar	90	27,12	71	26,43	56	-55,56	126	106,56	61
Mr. Fernando Lacadena Azpeitia	90	28,57	70	32,08	53	-59,23	130	35,42	96
Mr. Emmanuel Jude Dillip Rajakarier	0	--	0	--	0	--	0	--	0
Mr. William Ellwood Heinecke	0	--	0	--	0	--	0	--	0
Mr. Stephen Andrew Chojnacki	0	--	0	--	0	--	0	--	0
Mr. Kosin Chantikul	0	--	0	--	0	--	0	--	0
<b>Company consolidated results</b>									
	155.610	2,07	-145.257	71,82	-515.489	--	131.419	-29,10	185.350
<b>Average employee remuneration</b>									
	33	50,75	22	13,67	19	40,03	32	0,64	32

**Remarks:**

- Mr. William Ellwood Heinecke, Mr. Emmanuel Jude Dillip Rajakarier, Mr. Stephen Andrew Chojnacki and Mr. Kosin Chantikul: The proprietary directors representing the shareholder Minor International PLC waived receiving remuneration

- % variation 2020/2019: Due to the crisis caused by Covid-19, from 1 March to 31 December 2020, the Non-Executive Officers voluntarily waived 50% of their remuneration in 2020 (both fixed and *in diem* expenses).
- Calculations: In order to calculate the employees' average remuneration, the average workforce and the amount specified in "Wages, salaries and similar", "Severance Pay", "Contributions to pension plans and similar" and "Other social expenses" in section 24.3 "Staff expenses" have been used (excluding social charges) of the Autonomous Communities.
- % variation 2021/2020: Mr. Rufino Pérez's salary in 2020 is only recorded since his appointment as Executive Officer in September. It is in 2021 and 2022 when it is recorded on an annual basis. In the case of Mr. Ramón Aragonés, the increase in his remuneration accrued was due to a reduction of 29% in his fixed remuneration in 2020 because of the crisis caused by Covid-19. This reduction was only 10% in 2021.
- % variation 2022/2021: The increase in remuneration was mainly due to the fact that in 2022 the extraordinary reductions in the fixed remuneration/amounts due to the crisis caused by Covid-19 were no longer applicable. Moreover, in the case of the Executive Officers, they accrued short-term remuneration in 2022 whereas in 2021 its amount was zero.
- Ms. Laia Lahoz' salary in 2022 is only recorded since her appointment as Executive Officer.

## **D OTHER INFORMATION OF INTEREST**

If there are any relevant issues related to the directors' remuneration that you have not been able to explain in the previous sections of this report but that are necessary to provide more comprehensive information with full grounds for the company's remuneration structure and practices regarding its directors, please list them briefly.

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This annual remuneration report was approved at the company's Board of Directors' Meeting held on 22/02/2023.

State whether any director has voted against or abstained from approving this report.

☐ Yes

☒ No