Meliá Hotels International, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2022, together with Report on Limited Review

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

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

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

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

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Meliá Hotels International, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the condensed consolidated balance sheet as at 30 June 2022 and the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for preparing these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

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

Conclusion

Based on our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2022 are not prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial statements, pursuant to Article 12 of Royal Decree 1362/2007.

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

Emphasis of Matter

We draw attention to Note 2 to the accompanying interim financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2021. Our conclusion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2022 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the aforementioned directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2022. Our work was confined to checking the interim consolidated directors' report with the scope mentioned in this paragraph, and did not include a review of any information other than that drawn from the accounting records of the Group.

Other matters

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

DELOITTE, S.L.

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by 10856065L
PABLO HURTADO
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Pablo Hurtado March

26 July 2022

MELIÃ HOTELS INTERNATIONAL

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND CONDENSED CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE FIRST HALF OF YEAR 2022

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated Balance Sheet

(Thousand €)	Note	30/06/2022	31/12/2021
NON-CURRENT ASSETS			
Goodwill	8	27,986	28,031
Other intangible assets	8	48,708	49,034
Property, Plant and Equipment	8	1,604,639	1,589,041
Right of use	8	1,460,905	1,429,100
Investment property		105,350	104,935
Investments measured using the equity method	9	182,415	175,241
Other non-current financial assets	10.1	198,622	184,845
Deferred tax assets		335,797	329,397
TOTAL NON-CURRENT ASSETS		**3,964,422**	**3,889,624**
CURRENT ASSETS			
Inventories		29,186	25,290
Trade and other receivables		227,497	135,866
Current tax assets		18,524	17,598
Other current financial assets	10.1	44,886	46,622
Cash and other cash equivalents		133,681	97,858
TOTAL CURRENT ASSETS		**453,774**	**323,234**
TOTAL GENERAL ASSETS		**4,418,196**	**4,212,858**
EQUITY			
Share capital	11.1	44,080	44,080
Share premium		1,079,054	1,079,054
Reserves		435,670	435,431
Treasury shares	11.2	(3,798)	(3,599)
Retained earnings		(1,028,075)	(835,481)
Translation differences		(215,108)	(222,213)
Other measurement adjustments		2,001	(1,023)
Profit/(loss) for the year attributed to parent company		2,981	(192,900)
NET INCOME ATTRIBUTED TO THE PARENT COMPANY		316,805	303,350
Non-controlling shareholdings		24,386	22,306
TOTAL NET EQUITY		**341,191**	**325,655**
NON-CURRENT LIABILITIES			
Bonds and other negotiable securities	10.2	56,784	51,659
Bank loans	10.2	1,147,146	1,126,751
Lease liabilities	10.2	1,403,865	1,379,126
Other non-current financial liabilities	10.2	7,703	6,011
Capital grants and other deferred income		336,217	312,876
Provisions	15.1	25,021	25,656
Deferred tax liabilities		189,483	182,776
TOTAL NON-CURRENT LIABILITIES		**3,166,218**	**3,084,854**
CURRENT LIABILITIES			
Bonds and other negotiable securities	10.2	54,030	82,616
Bank loans	10.2	205,489	122,715
Lease liabilities	10.2	170,739	188,220
Trade creditors and other payables		459,808	366,656
Current tax liabilities		818	1,237
Other current financial liabilities	10.2	19,902	40,905
TOTAL CURRENT LIABILITIES		**910,786**	**802,349**
TOTAL GENERAL LIABILITIES AND NET EQUITY		**4,418,196**	**4,212,858**

Consolidated Income Statement

(Thousand €)	Note	30/06/2022	30/06/2021
Operating income	2.4	741,477	229,872
Results from assets sale	2.4	-	74,568
Total Operating income and Results from assets sale	**6**	**741,477**	**304,440**
Supplies		(82,313)	(26,401)
Staff costs		(217,268)	(118,445)
Other expenses		(272,601)	(157,065)
Total Operating expenses		**(572,182)**	**(301,910)**
EBITDAR		**169,295**	**2,529**
Leases		(5,980)	(988)
EBITDA		**163,314**	**1,542**
Amortisation and impairment of PPE and intangible assets	8	(58,755)	(63,188)
Amortisation and impairment of Right of use	8	(64,420)	(65,109)
EBIT / Results from operating activities	**6.1**	**40,139**	**(126,754)**
Exchange differences		(7,693)	(896)
Borrowings		(20,003)	(20,362)
Financial lease expenses	10.2	(15,220)	(12,781)
Other financial income		5,959	3,058
Net financial income (expense)		**(36,956)**	**(30,982)**
Profit /(Loss) of associates and joint ventures	**9**	**1,802**	**(10,680)**
NET PROFIT (LOSS) BEFORE TAX		**4,985**	**(168,416)**
Income Tax	13	(1,246)	12,294
NET PROFIT / (LOSS)		**3,739**	**(156,122)**
a) Attributed to parent company		2,981	(151,234)
b) Attributed to minority interests		758	(4,888)
BASIC EARNINGS PER SHARE IN EUROS		0.01	(0.69)
DILUTED EARNINGS PER SHARE IN EUROS		0.01	(0.69)

Consolidated Statement of Comprehensive Income

(Thousand €)	30/06/2022	30/06/2021
Net consolidated (loss) income	**3,739**	**(156,122)**
Other comprehensive income		
Items that will not be transferred/reclassified to results		
Actuarial gains and losses in post-employment plans	465	(149)
Equity consolidated companies	(880)	(10)
Other results attributed to equity	(2,442)	(2,028)
Total Items that will not be transferred to results	**(2,856)**	**(2,186)**
Items that may be subsequently transferred/reclassified to results		
Cash flow hedges	5,060	1,919
Translation differences	7,979	16,407
Equity consolidated companies	2,867	741
Tax effect	(1,265)	(480)
Total ittems that may be transferred to results	**14,641**	**18,587**
Total Other comprehensive results	**11,785**	**16,401**
TOTAL COMPREHENSIVE (LOSS) INCOME	**15,523**	**(139,721)**
a) Attributed to the parent company	13,461	(136,363)
b) Attributed to minority interests	2,063	(3,358)

Consolidated Statement of Changes in Equity

(Thousand €)	Note	Capital	Share premium	Other reserves	Treasury shares	Retained earnings	Measurement adjustments	Net income of parent company	Total result	Minority interest	Total NET EQUITY
BALANCE AT 01/01/2022		44,080	1,079,054	435,431	(3,599)	(835,481)	(223,236)	(192,900)	303,349	22,306	325,655
Total recognised income and expenses				238		112	10,129	2,981	13,461	2,063	15,523
Operations with treasury shares	11.2				(198)				(198)		(198)
Other operations with shareholders/owners						93			93		93
Operations with shareholders or owners					(198)	93			(106)		(106)
Distribution 2021 net income						(192,900)		192,900			
Other variations						101			101	18	119
Other variations in net equity						(192,798)		192,900	101	18	119
BALANCE AT 30/06/2022		44,080	1,079,054	435,670	(3,798)	(1,028,075)	(213,107)	2,981	316,805	24,386	341,192
BALANCE AT 01/01/2021		44,080	1,079,054	414,564	(3,382)	(213,080)	(249,974)	(595,928)	475,333	25,507	500,840
Total recognised income and expenses				(254)		(1,129)	16,255	(151,234)	(136,363)	(3,358)	(139,721)
Distribution of dividends	7									49	49
Operations with treasury shares	11.2				(197)				(197)		(197)
Other operations with shareholders/owners						4			4		4
Operations with shareholders or owners					(197)	4			(192)	49	(143)
Distribution 2020 net income						(595,928)		595,928			
Other variations				19,979		(20,731)			(752)		(752)
Other variations in net equity				19,979		(616,659)		595,928	(752)		(752)
BALANCE AT 30/06/2021		44,080	1,079,054	434,288	(3,579)	(830,864)	(233,719)	(151,234)	338,027	22,198	360,224

Consolidated Cash Flow Statement

(Thousand €)	Note	30/06/2022	30/06/2021
1. OPERATING ACTIVITIES			
Net Income before tax		4,985	(168,416)
Result adjustments:			
Amortisation /depreciation and impairment	8	123,175	128,297
Profit/(loss) from companies carried by the equity method	9	(1,802)	10,680
Net financial income		36,957	30,981
EBITDA		163,315	1,542
Results from assets sale	2		(74,568)
Other result adjustments		1,924	6,215
Trade and other receivables		(92,496)	(4,279)
Other assets		(3,896)	1,721
Trade creditors and other payables		93,342	28,640
Other Liabilities			5,362
Income taxes paid (collected)		(3,722)	15,722
Total net cash flows from operating activities (I)		**158,467**	**(19,645)**
2. INVESTMENT ACTIVITIES			
Dividends received			
Investment (-):			
Loans to associates and joint ventures, net of cash		(2,025)	(11,352)
Property, plant and equipment, intangible assets and investment property	8	(48,655)	(39,085)
Other financial investments		(2,404)	(11,917)
Divestments (+):			
Loans to associates and joint ventures, net of cash		7,000	5,216
Property, plant and equipment, intangible assets and investment property			188,547
Other financial investments		54	
Total net cash flows from investment activities (II)		**(46,030)**	**131,409**
3. FINANCING ACTIVITIES			
Dividend payments (-)			49
Treasury stock	11.2	(199)	(197)
Debt interest paid (-)	10.2	(17,119)	(20,541)
Debt issue	10.2	136,157	328,596
Debt redemption and repayment	10.2	(80,243)	(321,049)
Leases	10.2	(105,890)	(86,681)
Other financial liabilities (+/-)		(5,282)	(2,619)
Total net cash flows from financing activities (III)		**(72,576)**	**(102,442)**
4. GROSS INCREASE/ DECREASE IN CASH OR EQUIVALENTS (I+II+III)		**39,861**	**9,322**
5. Effect of exchange rate changes in cash or equivalents (IV)		**(4,038)**	**1,475**
6. NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III-IV+VI)		**35,823**	**10,797**
7. Cash and cash equivalents at the beginning of the year		**97,858**	**104,650**
8. Cash and cash equivalents at the year end (6+7)		**133,681**	**115,447**

Explanatory Notes to the Condensed Consolidated Interim Financial Statements

Note 1. Group's Corporate Information

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

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

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

With over 60 years of history, Meliá Hotels International has consolidated its international presence with 330 hotels in 36 countries, mainly Spain, Latin America, rest of Europe and Asia. With a solid experience in eleven brands to attend the different demands of its customers, which demonstrates its leadership in vacation hotel industry and bleisure, Meliá Hotels International aims to position itself amongst the world's leading hotel groups in the upper-medium segment, as well as to be recognised as a world leader in terms of excellence, responsibility and sustainability.

Note 2. Basis of Presentation

These condensed consolidated interim financial statements for the first six months to 30 June 2022 have been prepared in accordance with IAS 34, "Interim Financial Reporting" and should be read together with the consolidated annual accounts for the year ended 31 December 2021.

The Meliá Hotels International Group's condensed consolidated interim financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and their interpretations (IFRIC) in force as at 30 June 2022, published by the International Accounting Standards Board (IASB) and adopted by the European Union.

The present condensed consolidated interim financial statements will be formulated by the Board of Directors of Meliá Hotels International, S.A. at its meeting to be held on 26 July 2022. Likewise, these financial statements have been subjected to a limited review by an auditor.

The figures on the interim balance sheet, the interim income statement, the interim statement of comprehensive income, the interim statement of changes in net equity, the interim cash flow statement, all of them in a condensed and consolidated form, as well as these explanatory notes to the accounts are stated in Euro, rounded to thousands, except where otherwise indicated.

The Group's condensed consolidated interim financial statements have been prepared on a historical cost basis, except for those items listed under headings "investment property", "derivative financial instruments" and "other financial assets", which are measured at fair value. It should be mentioned that the balances from the Venezuelan Group companies have been restated at current cost, in accordance with IAS 29, since Venezuelan economy is considered as hyperinflationary.

2.1. Changes in Accounting Policies

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

This fiscal year, the Group has adopted the standards approved by the European Union whose application was not obligatory in 2021:

- Amendment to IFRS 3: "Reference to the Conceptual Framework".
- Amendments to IAS 16: "Income proceeds before Intended Use".
- Amendments to IAS 37: "Onerous Contracts - Cost of Fulfilling a Contract".
- Amendments to IFRS 2018-2020 Cycle: Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.

These standards have had no material effects on the condensed consolidated interim financial statements or the financial position of the Group.

The standards and amendment to standards issued and approved for use by the EU prior to the date of preparation of these condensed consolidated interim financial statements, and which will enter into force in subsequent dates are the following:

- Amendments to IAS 1: "Disclosure of Accounting Policies".
- Amendments to IAS 8: "Definition of an Accounting Estimate".
- IFRS 17: "Insurance Contracts and their Amendments", which substitutes IFRS 4.

It is not expected that the adoption of the abovementioned standards and amendments to the standards will have significant impacts on the Group's financial statements.

2.2. True Image

The Condensed Consolidated Interim Financial Statements have been prepared on the basis of the internal accounting records of the Parent Company, Meliá Hotels International, S.A., and the accounting records of the other companies included in the scope of consolidation as at 30 June 2022, duly adjusted according to the accounting principles established in the IFRS, and fairly present the equity, financial position and the results of operations of the Company.

2.3. Comparability

The comparison of the interim financial statements refers to six-month periods ended 30 June 2022 and 2021, except for the consolidated balance sheet, which compares the period ended 30 June 2022 with that of 31 December 2021.

2.4. Alternative Performance Measures

The evolution of the hotel business has changed over the period due to different impacts of the pandemic during this period, with a first quarter significantly affected by the Omicron variant, especially during the two first months of the year, but with a recovery trend observed from the third month of the year.

The paragraphs below include additional breakdowns on the alternative performance measures (APM) used by the Company, updating the calculations provided at the end of 2021 with their corresponding figures at the closing date of these Interim Financial Statements.

Other financial indicators

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

  For comparison purposes, the calculation for the first half of 2021 is shown below:

(Thousand €)	Revenues	Expenses	EBITDAR	Leases	EBITDA
Consolidated Income Statement	304,440	(301,910)	2,529	(988)	1,542
Capital gains on fixed assets	(74,568)	10,559	(64,009)		(64,009)
Without capital gains	229,873	(291,351)	(61,479)	(988)	(62,467)

  Fixed assets capital gains generated in the first half of 2021 are detailed in Note 8.

- EBITDAR and EBITDA margin without capital gains: For the first half of 2021 the ratio was not calculated since it was not considered an indicative ratio because EBITDAR and EBITDA without capital gains were no significant.

  There follows the ratio for the first half of 2022:

(Thousand €)	2022
Income without capital gains	741,477
EBITDAR without capital gains	169,295
EBITDAR margin without capital gains	22.83%
EBITDA without capital gains	163,314
EBITDA margin without capital gains	22.03%

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

(Thousand €)	30/06/2022	31/12/2021
Bonds and Other Negotiable Securities (Non-Current)	56,784	51,659
Bank Loans (Non-current)	1,147,146	1,126,751
Bonds and Other Negotiable Securities (Current)	54,030	82,616
Bank Loans (Current)	205,489	122,715
Lease liabilities	1,574,604	1,567,346
Cash and other cash equivalents	(133,681)	(97,858)
Net Debt	2,904,371	2,853,228

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

Hotel management stats:

- Occupancy rate: The calculation details of the occupancy rate of hotels operated under lease and under ownership by the Group at the end of the first half of 2022 and 2021 are shown in the table below:

(Rooms)	30/06/2022	30/06/2021
Available Rooms	5,224,664	3,108,885
Occupied Rooms	2,914,097	874,388
Occupancy Rate	55.8%	28.1%

- RevPar (Revenue Per Available Room): The result of the RevPAR calculation for the first half of 2022 and 2021 is as follows:

	30/06/2022	30/06/2021
Room Income (Thousand €)	400,816	84,992
Available Rooms (nº rooms)	5,224,664	3,108,885
RevPAR (euros)	**76,72**	**27,34**

- ARR (Average Room Rate): The result of the ARR calculation for the first half of 2022 and 2021 is as follows:

	30/06/2022	30/06/2021
Room Income (Thousand €)	400,816	84,992
Occupied Rooms (nº rooms)	2,914,097	874,388
ARR (euros)	**137,54**	**97,20**

2.5. Accounting Valuations and Estimates

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

The main judgements made by the Directors when applying the Group's accounting policies and the main sources of uncertainty in the estimate were the same as those applied in the consolidated annual accounts for the year ended 31 December 2021, except for:

Corporate income tax expense

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

Recoverable value of fixed assets

The evolution of the operations in the first half of 2022 has been uneven, with a first quarter significantly affected by the Omicron variant and a second quarter that showed an increasing trend both in hotel reservations and results. As a result of this evolution and taking into account the existing uncertainty about the potential cost increase as detailed in Note 4, the Group, as at 30 June 2022, has re-estimated the cash flow forecasts of the hotels under lease. As a result of this analysis, in the first half of 2022 impairment reversals in connection with hotels under lease were recognised in the amount of EUR 23 million.

Regarding hotels under ownership and investment property, no significant changes in the market value thereof were identified during the first half of 2022.

Note 3. Accounting Policies

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

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

Note 4. Risk Management Policy

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

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

There follows additional information on these risks:

Environmental Risks

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

In this sense, in July 2022, the Group will open the first carbon footprint neutral hotel, based on efficient energy management and which establishes the path for the new hotel management concepts.

Geopolitical Risks

Geopolitical risks include the conflict between Russia and Ukraine initiated in 2022 and which is generating, among other effects, an increase in the price of certain raw materials and in the cost of the energy, as well as the activation of sanctions, embargoes and restrictions for Russia which affect the economy in general and, particularly, the companies operating with and in Russia. The Group does not have direct exposures in the countries involved in the armed conflict, therefore, the said conflict has not significantly affected the hotel reservations, however, issuance was slowed down in some destinations at the beginning of the conflict, although the reservations were recovered in a few days.

The impact of this war conflict on the activities of the Group will depend on the evolution of future events that are impossible to reliably forecast at the date of preparation of these Condensed Consolidated Interim Financial Statements.

Liquidity risk

Cash flows from operating activities in previous years and during the first months of 2022 (due to Omicron variant), have been directly affected by the crisis generated by Covid-19, which obliged the Group to adopt during such period many actions to increase liquidity and strengthen the financial position of the Group. However, and together with the recovery trend in the activity, since the second quarter of 2022, a positive cash flow is being generated, even exceeding the expectations considered in the estimates made, without the need to adopt additional measures to maintain liquidity.

Notwithstanding the foregoing, the Directors and the Management of the Parent Company continue to constantly monitor the evolution of the liquidity situation, as well as the impacts that it may have on the credit market, and they consider that, without prejudice to possible improvements and adaptations that may be applied, the liquid assets included in the consolidated balance sheet, as well as the availability of loan agreements and credit facilities, the applied borrowing policies and the amount of cash flows generated in the worst scenarios, ensure that the Group will meet the obligations included in the Consolidated Balance Sheet as at 30 June 2022 with solvency, and there is no significant uncertainty on the Group's ability to continue as a going concern.

Credit risk

As mentioned in the Notes to the Consolidated Annual Accounts for the year ended 31 December 2021, due to the nature of the main sector in which the Group operates, the insolvency risk of hotel segment customers is very low, and in relation to Vacation Club customers, the Group can terminate the contracts, therefore, the impact of the cancellation of such receivable would also imply the derecognition of the assumed liabilities in the consolidated balance sheet.

The average collection period has decreased compared to the end of the previous year by 5.74 days.

Interest rate risk

The Group maintains a policy of partially hedging against changes in interest rates by obtaining different financial derivatives that allow it to contract a fixed rate for a specified period of time that it applies to financing transactions with variable rates. Of the total financial debt tied to variable interest rates, 28% thereof is protected with hedging instruments.

There follows a breakdown of the debt structure according to the interest rate (excluding accrued interest that has not been paid):

(Thousand €)	Variable Interest	Fixed Interest	Total
Bank Loans	436,865	463,557	900,422
Mortgage Loans	137,479	168,677	306,156
Simple Bonds		52,500	52,500
Other negotiable securities	5,000		5,000
Euro Commercial Paper Programme		53,035	53,035
Bank lease liabilities	38		38
TOTAL	579,381	737,770	1,317,151

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

(Thousand €)	Variable Interest Short Term	Fixed Interest Long Term	Total
Bank Loans	40,558	396,307	436,865
Mortgage Loans	8,547	128,931	137,479
Other negotiable securities	5,000		5,000
Bank lease liabilities	38		38
TOTAL	54,143	525,238	579,381

Foreign exchange risk

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

Almost all the mentioned loans and credit facilities were executed in Euros. In this sense, the financial debt of the Group as at 30 June 2022 is 74.7% denominated in Euros, 74% in 2021, thus adjusting to the cash generation in different currencies and managing a natural debt hedging, given the cash generation in these currencies.

Note 5. Scope of Consolidation

The most significant changes in the Group's scope of consolidation during the first half of 2022 are detailed below:

5.1.Business Combinations

In the first half of 2022 and during the same period in 2021 no business combinations took place.

5.2.Other Scope Changes

Disposals

No disposals occurred in the first half of 2022.

For comparison purposes, the breakdown of disposals for the first half of 2021 is shown below:

During the first half of 2021 Mosaico B.V, a Dutch company 20% owned by the Group, was dissolved. This transaction had no significant impacts on the Condensed Consolidated Interim Financial Statements.

As a result of the asset turnover completed on 30 June 2021, the company Meliá Zaragoza, S.L., which was 50% accounted for using the equity method, was derecognised, in which the Group's ownership interest became 7.5%. The name of this company changed to Victoria Hotels & Resorts, S.L.

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

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

For comparison purposes, the changes in the scope of consolidation during the first half of 2021 are shown below:

During the first half of the year, the Group increased its stake by 0.165% in the Owners' Association of Meliá Costa del Sol hotel through the purchase of one apartment. This transaction had no significant impacts on the Condensed Consolidated Interim Financial Statements.

In addition, the Group increased by 0.09% the stake through the purchase of one apartment in the Owners' Association of Meliá Castilla hotel. Such transaction also had no significant impacts on the Condensed Consolidated Interim Financial Statements.

Nota 6. Segment Reporting

The identified business segments, which are the same as those detailed in the Consolidated Annual Accounts for 2021, constitute the organisational structure of the Group and their results are reviewed by the Group's highest decision-making authority.

6.1. Information by Operating Segments

The following table shows the information by segments on the volume of revenue and profit or loss for the first half of 2022:

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

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

Likewise, operating income of Hotel Business includes EUR 40 million relating to direct government subsidies to offset part of the business losses during the pandemic.

The main inter-segment transactions relate to the hotel management activity, which includes EUR 77.6 million mainly invoiced to the Hotel Business segment for management fees and reservation commissions. Likewise, the Corporate segment includes income from inter-segment transactions for a total amount of EUR 32.7 million.

For comparison purposes, the following table shows the information by segments for the first half of 2021:

(Thousand €)	Hotel							
	Hotel Management	Hotel business	Other business assoc with hotel management	Vacation Club	Real Estate	Corporate	Eliminations	Balance at 30/06/2021
Operating income	28,612	183,119	5,049	25,778	77,441	39,608	(55,169)	304,440
EBIT	**(14,944)**	**(138,452)**	**(1,087)**	**3,710**	**63,966**	**(39,948)**		**(126,754)**

Under the Hotel Management segment, EUR 10.8 million of management fees were recorded, of which EUR 0.4 million related to associates.

Operating income under Real Estate segment included EUR 74.6 million relating to the real estate transaction described in Note 8.

The main inter-segment transactions were related to the hotel management activity, which includes EUR 17.6 million mainly invoiced to the Hotel Business segment for management fees and reservation commissions. Likewise, the Corporate segment included income from inter-segment transactions for a total amount of EUR 23.9 million.

6.2. Information by Geographic Areas

The following table shows the segmentation by geographic areas of the volume of operating revenues generated during the first half of 2022 and 2021:

(Thousand €)	30/06/2022	30/06/2021
Spain	350,560	184,608
EMEA (*)	196,596	47,981
America	274,877	128,761
Asia	2,872	1,647
Eliminations	(83,428)	(58,558)
Total income	741,477	304,440

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

Note 7. Paid Dividends

The Parent Company of the Group paid no dividends during the first half of 2022 and 2021.

The Board of Directors, given the uncertainty about the future impacts derived from Covid-19, decided not to propose to the General Shareholders' Meeting the distribution of dividends for 2021, as it did in 2021 with the distribution of benefits for 2020.

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

The movements recorded during the first half of 2022 are broken down in the table below:

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

Section Additions of Other Intangible Assets includes EUR 6.6 million of software applications, within the technological innovation project developed by the Company for the creation of a new technology framework for hotel management, and through which the Company is improving the technological services offered to its customers.

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

Regarding Rights of use, the variations caused by the amendments of the terms and conditions of the already existing contracts are included in Additions, as well as the variation of lease payments subject to CPI. Disposals section relates to the early derecognition of a centre in Germany, without relevant impacts on the Income Statement. Regarding heading Depreciation and impairment, an impairment reversal in the amount of EUR 23.1 million relating to 41 centres is included, as a result of the activity recovery during the period.

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

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

For comparison purposes, the changes for the first half of 2021 were as follows:

(Thousand €)	Goodwill	Other intangible assets	Property, Plant and Equipment	Right of use
Balance at 01/01/2021	35,335	61,385	1,688,724	1,186,918
Additions		9,497	20,990	218,846
Disposals	(2,943)	(11)	(114,473)	
Depreciation and impairment	(5,068)	(8,431)	(49,689)	(65,109)
Transfers		(7,419)		
Exchange differences	474	182	29,173	17,146
Balance at 30/06/2021	**27,799**	**55,203**	**1,574,725**	**1,357,801**

The amount recognised under heading Depreciation and impairment of Goodwill in 2021 related to the review of the CGU value of one hotel under lease located in France.

Section Additions of Other intangible assets included EUR 4.4 million of software applications, within the technological innovation project developed by the Company.

Transfers section included the rights of use of one hotel in Brazil, whose contract was terminated and, therefore, the Group considered that the amount to be recovered for the initial acquisition of such right of use is of a financial nature and, accordingly, was reclassified under Other non-current financial assets.

Regarding Property, plant and equipment, the amount of EUR 21 million in Additions related to investments and renovations in hotels, of which 6 million were recognised in Spain.

Disposals in the period included EUR 108 million relating to an asset turnover transaction completed by the Group on 30 June 2021, by means of which 6 hotels owned by the Group were derecognised plus most of the shareholding held in the company accounted for using the equity method, Meliá Zaragoza, S.L., which owned another 2 hotel establishments, which continued to be operated by Meliá Hotels International, S.A. through long-term management contracts. As a result of this asset turnover, a net capital gain was generated in the Consolidated Income Statement in the amount of EUR 64 million.

As a result of this transaction, the Group had a shareholding without significant influence of 7.5% in the company Victoria Hotels & Resorts, S.L., a company valued at more than EUR 200 million, and which became the owner of the mentioned 8 hotel assets.

This transaction was included in the Group's strategy of asset turnover, and also fulfilled the commitment of increasing liquidity after the crisis caused by Covid-19.

Regarding Rights of use, the variations caused by the introduction of new lease contracts were included in Additions, as well as by the amendments of the terms and conditions of the already existing contracts. Additions related to one hotel in Newcastle in the amount of EUR 24.9 million, one hotel in Luxembourg in the amount of EUR 19.6 million and one hotel in Frankfurt in the amount of EUR 109 million.

Moreover, additions were recognised, which derived from contract amendments that affected the lease payments and/or the maturity date, amounting to EUR 62.9 million and which affected the renting of one aircraft and 22 hotels, of which 15 are located in Spain, 5 in Germany, 1 in Italy and 1 in the United Kingdom.

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

Note 9. Investments Measured Using the Equity Method

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

The following table shows the changes in these shares during the first half of 2022 and 2021:

(Thousand €)	2022	2021
Balance on January 1	175,241	178,365
Profit / (Loss) on associates and joint ventures	1,802	(10,680)
Additions	4,763	3,859
Disposals	(8)	(523)
Exchange differences	618	104
Balance at June 30th	**182,415**	**171,125**

Improvement in the participation in profit or loss is due to the evolution of the hotel activity in companies accounted for using the equity method.

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

Additions in the first half of 2021 mainly included contributions from shareholders made to several companies accounted for using the equity method in the amount of EUR 1 million.

Note 10. Other Financial Instruments

10.1.Financial Assets

The following table shows the breakdown by financial instrument categories included in heading Other financial assets under non-current and current assets in the Balance Sheet as at 30 June 2022 and 31 December 2021:

(Thousand €)	30/06/2022			31/12/2021		
	Long term	Short term	Total	Long term	Short term	Total
1. Financial instruments at amortised cost:						
- Loans to associates	86,930	37,503	124,434	86,265	41,081	127,346
- Other loans	27,553	2,573	30,127	25,843	2,839	28,682
- Other	60,953	3,766	64,719	53,155	2,543	55,698
2. Financial instruments at fair value with changes in Other Comprehensive Income						
- Cash flow hedges	3,039	766	3,804	40		40
3. Financial instruments at fair value through profit or loss:						
- Trading portfolio		207	207		159	159
- Derivatives in trading portfolio	604	70	674			
- Unlisted equity instruments	19,543		19,543	19,541		19,541
TOTAL	198,622	44,886	243,508	184,845	46,622	231,466

Heading Other financial instruments subsequently stated at amortised cost includes EUR 2 million in additions relating to the sales derived from the reactivation of the Club Melia business segment and EUR 5.6 million relating to exchange differences.

10.2. Financial Liabilities

The table below shows the breakdown by categories of financial instruments, recorded in headings Bonds and other marketable securities, Bank borrowings and Other financial liabilities and Lease liabilities of current and non-current liabilities in the Balance Sheet as at 30 June 2022 and 31 December 2021:

(Thousand €)	30/06/2022			31/12/2021		
	Long term	Short term	Total	Long term	Short term	Total
1. Financial instruments at fair value with changes in Other Comprehensive Income						
- Cash flow hedges				326	884	1,210
2. Financial instruments at fair value through profit or loss:						
- Derivatives in trading portfolio		138	138	553	945	1,498
3. Other financial liabilities at amortised cost:						
- Bonds and Other negotiable securities	56,784	54,030	110,814	51,659	82,616	134,275
- Bank debts	1,147,146	205,489	1,352,635	1,126,751	122,715	1,249,465
- Lease liabilities	1,403,865	170,739	1,574,604	1,379,126	188,220	1,567,346
- Other financial liabilities	7,703	19,764	27,467	5,133	39,075	44,208
TOTAL	2,615,497	450,161	3,065,658	2,563,546	434,455	2,998,002

The net increase in headings Bank borrowings and Bonds and other marketable securities includes EUR 131.6 million of use of credit facilities and EUR 4.6 million of new financing, as well as EUR 80.24 million of repayments (EUR 24.5 million of repayment of ECPs) and EUR 17.1 million of payment of interest and commissions, as reflected in the Consolidated Cash Flow Statement. Exchange differences amounted to EUR 21.8 million and relate to the appreciation of the US dollar against the Euro.

The amount under Lease liabilities heading has increased by EUR 7.3 million due to the variation of lease payments subject to inflation indexes and amendments of contracts. The financial expense and the variation of the exchange rate increased liabilities by EUR 15.2 million and EUR 1.4 million respectively.

In addition, as indicated in the Cash Flow Statement, payments in the amount of EUR 105.9 million have been made, of which 102.5 million relates to lease payments.

Note 11. Equity

11.1.Share Capital

As at 30 June 2022 and 31 December 2021 the share capital of Meliá Hotels International, S.A. is EUR 44,080,000 which consists of 220,400,000 shares of EUR 0.20 par value each. The shares are fully subscribed and paid-up, and constitute a single class and series.

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

The voting rights held by the major shareholders with a direct and indirect shareholding in Meliá Hotels International, S.A. as at 30 June 2022, compared to the end of 2021, are as follows:

Shareholder	30/06/2022 Shareholding %	31/12/2021 Shareholding %
Hoteles Mallorquines Consolidados, S.L.	24.37	24.37
Hoteles Mallorquines Asociados, S.L.	13.76	13.76
Hoteles Mallorquines Agrupados, S.L.	10.83	10.83
Tulipa Inversiones 2018, S.A.	5.39	5.39
Global Alpha Capital Management Ltd.	5.12	5.12
Other (less than 3% individual)	40.54	40.54
TOTAL	100.00	100.00

11.2.Treasury Shares

Breakdown and movements of treasury shares under liquidity contract and under treasury share buy-back programme are as follows:

(Thousand €)	Shares	Average Price €	Balance
BALANCE AT 31/12/2021	277,014	12.99	3,599
Liquidity contract purchases	6,049,553	6.82	41,276
Liquidity contract disposals	(6,017,553)	6.83	(41,077)
BALANCE AT 30/06/2022	309,014	12.29	3,798

There are no securities loaned to banks as at 30 June 2022.

As at 30 June 2022, the total number of shares held by the Company is 309,014, which represent 0.14% of the share capital. Treasury shares do not exceed the 10% limit established by the Spanish Corporate Enterprises Act.

The price of Meliá Hotels International, S.A.'s shares at the end of the first half of 2022 is EUR 6.055. At the 2021 year end, the share price amounted to EUR 6.002.

For comparison purposes, movements for year 2021 were as follows:

(Thousand €)	Shares	Average Price €	Balance
BALANCE AT 31/12/2020	234,014	14.45	3,382
Liquidity contract purchases	5,836,861	6.56	38,272
Liquidity contract disposals	(5,804,861)	6.56	(38,076)
BALANCE AT 30/06/2021	266,014	13.45	3,579

As at 30 June 2021, the total number of shares held by the Company was 266,014 which represented 0.121% of the share capital.

Note 12. Evolution of the Average Staff Numbers

The average number of employees in the Group during the first half of 2022 and 2021 is shown in the table below:

	30/06/2022	30/06/2021
Men	8,845	5,798
Women	7,051	3,608
TOTAL	15,896	9,406

The table above, in relation to the first half of 2022 and 2021, includes the average number of employees weighted by the reduction in working hours period of those employees who availed themselves of the Spanish ERTE (temporary lay-offs of staff) or similar situations.

Note 13. Corporate Income Tax

Corporate income tax is recognised based on the Management's estimate of the weighted average annual income tax rate expected for the full financial year. The average annual income tax rate estimated for the year as at 31 December 2022 is 25%.

Note 14. Information on Related Parties

The following are considered to be related parties:

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

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

14.1.Transactions with Associates and Joint Ventures

Commercial transactions

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

During the first half of 2022, the Group has continued its commercial transactions in relation to associates and joint ventures as it has been doing in 2021.

Financing transactions

During the first half of 2022, the Group has continued its financing transactions in relation to associates and joint ventures as it has been doing in 2021.

Guarantees and Deposits

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

At the end of June 2022, the Group has guarantees with associates and joint ventures in the amount of EUR 0.6 million (EUR 0.7 million at the end of 2021).

14.2.Transactions with Significant Shareholders

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

(Thousand €)	Transaction type	30/06/2022	30/06/2021
Tulipa Inversiones 2018, S.A.	Leases	92	71
Tulipa Inversiones 2018, S.A.	Services received	558	62
TOTAL		651	133

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

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

(Thousand €)	30/06/2022	30/06/2021
Attendance fees	435	401
Executive directors remuneration	834	299
Senior management remuneration	1,668	757
TOTAL	2,936	1,457

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

In 2022, the payment of the short-term variable remuneration accrued in 2021 is included.

For comparison purposes, in 2021 the following measures were adopted in relation to the remuneration of the Board of Directors and executives, as a result of the economic and health crisis derived from Covid-19:

- The Chief Executive Officer and the Senior Management reduced their fixed remuneration by 25% for the first five months of the year.
- The remuneration of the Board of Directors for attendance (allowances) to the Delegated Committees was reduced by 50 % from 1 January to 30 June 2021.
- The short- and long-term remuneration scheme of the Chief Executive Officer was temporarily suspended.

Note 15. Provisions and Contingencies

15.1.Provisions

The breakdown of the balance by type of obligations for the periods ending 30 June 2022 and 31 December 2021, respectively, is as follows:

(Thousand €)	30/06/2022	30/06/2021
Provision for retirement, seniority bonus and personnel obligations	10,963	11,743
Provision for liabilities and taxes	14,058	13,913
Total	25,021	25,656

As at 30 June 2022, the Group assesses the commitments established in collective agreements based on actuarial studies and an accrued amount of EUR 11.4 million has been estimated. As at 31 December 2021, the accrued amount was EUR 12.2 million.

Moreover, the balance of the externalised commitments was EUR 0.5 million in June 2022, with Liabilities being presented at their net amount. At the end of 2021, the balance for this item also amounted to EUR 0.5 million.

The technical interest rate applied for the assessment of such commitments as at 30 June 2022 was 2.57%, while as at 31 December 2021, this rate was 0.73%.

15.2.Contingencies

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

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

During the first half of 2021 guarantees were cancelled due to the termination of works in Germany in the amount or EUR 8.2 million.

Note 16. Events after the Reporting Date

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

Condensed Consolidated Interim Management Report

1. Company's Situation

During the first half of 2022, in relation to those aspects related to the organisation structure of Meliá Hotels International, S.A. and its subsidiaries, its organisation chart as well as the Company's operations, there have been no significant changes, therefore, the information available in the 2021 Consolidated Annual Accounts and its corresponding Management Report, is considered the most up-to-date information.

2. Business Evolution and Performance

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

2.1. Hotel Business

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

€ Millions	H1 2022	H1 2021	% Change
Total aggregated Revenues	663.5	183.1	262.3%
Owned	319.8	105.0	
Leased	343.7	78.1	
Of which Room Revenues	400.8	85.0	371.6%
Owned	177.1	48.0	
Leased	223.8	37.0	
EBITDAR	180.5	-21.7	N/A
Owned	79.4	-9.0	
Leased	101.1	-12.7	
EBITDA	174.6	-22.6	N/A
Owned	79.4	-9.0	
Leased	95.1	-13.7	
EBIT	63.5	-138.5	N/A
Owned	44.8	-39.3	
Leased	18.7	-99.1	

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

€ Millions	H1 2022	H1 2021	% Change
Total Management Model Revenues	110.5	28.6	286.1%
Third Parties Fees	19.9	3.4	
Owned &Leased Fees	34.8	7.3	
Other Revenues	55.7	17.8	
Total EBITDA Management Model	15.1	-13.2	213.9%
Total EBIT Management Model	14.1	-14.9	194.5%

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

€ Millions	H1 2022	H1 2021	% Change
Revenues	21.6	5.0	328.0%
EBITDAR	1.9	-0.5	
EBITDA	1.8	-0.5	
EBIT	1.0	-1.1	

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

	OWNED & LEASED					
	Occupancy		ARR		RevPAR	
	%	Change (Pts)	€	% Change	€	% Change
Total Hotels	55.8%	27.7	137.5	41.5%	76.7	180.6%
Total Hotels (same store basis)	N/A	N/A	N/A	N/A	N/A	N/A
America	57.6%	22.2	145.5	53.5%	83.8	149.7%
EMEA	47.0%	29.8	154.0	57.7%	72.5	331.4%
Spain	60.1%	30.2	126.5	27.2%	76.0	156.2%

Available rooms 1H 2022: 5,224.7k (vs 3,108.9k in 1H 2021) in OL

	OWNED,LEASED & MANAGED					
	Occupancy		ARR		RevPAR	
	%	Change (Pts)	€	% Change	€	Variación (%)
Total Hotels	48.9%	24.2	120.9	35.7%	59.2	168.3%
Total Hotels (same store basis)	N/A	N/A	N/A	N/A	N/A	N/A
America	55.1%	26.4	127.9	50.7%	70.4	189.2%
EMEA	46.7%	28.3	159.2	33.9%	74.4	240.2%
Spain	57.2%	29.0	115.0	17.3%	65.8	137.6%
Cuba	33.9%	19.7	117.5	99.2%	39.9	375.0%
Asia	33.8%	6.6	77.0	9.3%	26.0	35.9%

Available rooms 1H 2022: 11,199.9k (vs 6,427.6k in 1H 2021) in OLM

The number of hotels and rooms by business model at the end of the first half of 2022 and 2021 is as follows:

	Current Portfolio			
	30/06/2022		31/12/2021	
	Hotels	Rooms	Hotels	Rooms
Global Hotels	330	87,350	316	83,772
Owned	37	11,839	37	11,854
Leased	102	21,582	105	21,872
Management	143	41,957	129	38,822
Franchise	48	11,972	45	11,224

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

	Pipeline									
	2022		2023		2024		Onwards		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Global Hotels	5	1,577	28	5,896	9	1,922	6	1,993	48	11,388
Owned										
Leased			2	233	1	271			3	504
Management	4	1,494	21	5,049	7	1,471	6	1,993	38	10,007
Franchise	1	83	5	614	1	180			7	877

After the closing of the first quarter that was strongly affected by Omicron variant, the second quarter breaks the trend completely, with far more optimistic reserves and results, and, in some cases, achieving or exceeding the figures prior to the pandemic.

We continue to recover at different speeds, depending on the geographical area, the segment and the type of business focused on leisure or business.

Highlights by region are:

In Spain, in urban hotels we have observed a positive evolution following the beginning of a quarter very negatively affected by Omicron variant. Barcelona has been the most affected destination in the first quarter, with a Mobile World Congress marked by cancellations and limited capacities, and a recovery that had to wait until March, while most of the destinations began to recover in mid-February. In the second quarter, Madrid, Barcelona and Sevilla have begun to hold congresses and have improved the MICE performance, however, 2019 figures have not yet been attained. Other destinations such as Palma, Valencia and Alicante grow thanks to the arrival of international customers, and the volume of the Leisure individual customer has compensated the drops in business segments, closing with figures that exceed those of 2019. The volume of Spanish customers decreases in the forecasts, and the figures of customers from the United Kingdom and the United States in our hotels in this second quarter stand out. The holding of congresses, Corporate and other international events, has helped us to overcome and continue with the approach with which we started April thanks to last minute reservations.

In our resorts in Spain, as in the rest of destinations, the first quarter was significantly affected by the brake on sales as a result of Omicron variant, harming the positive trend, mainly in hotels in the Canary Islands, an effect generated by the new travel restrictions implemented again in Europe and the United Kingdom until mid-February. The second quarter was notable for the business recovery, as well as the early opening of establishments, especially in the Balearic Islands. This trend is maintained in the last months with a last minute pick-up, which has allowed us to improve our expectations, with the positive result of the direct customer standing out. Our luxury hotels continue to stand out by contributing the best increases in production and price compared to previous years. We observe a higher demand of superior rooms and suites, which have allowed us to exceed the revenues from previous years.

In EMEA, Germany has been one of the notable destinations where it has been more difficult to recover compared to 2019. This is due to several factors: on the one hand, it is the region with lesser leisure demand, a segment that has demonstrated to recover more quickly, together with a significant importance of corporate and MICE segments. In addition, it strongly depends on fairs and congresses, as well as on the national market, which is difficult to be substituted by other source markets. The Omicron impact peaked in mid-February and continued until March, showing a positive recovery from April onwards, when we benefited from the Easter that drove last minute reservations for leisure. This allowed us to follow a strategy focused on the price, instead of on occupancy. We observe a general improvement in all the regions from May/June thanks to the combination of Corporate and MICE segments, also the fairs returned to the scene, together with leisure the weekends. The G7 Summit in Baviera (Munich) generated a good MICE base in June. OTAs business compensated the lack of MICE and played an important role in the growth of the average price.

The results in France were affected by the lack of international customers during the two first months of the year, generating very low occupancy levels during those months. A strong recovery was observed during the second week of March, once the winter school holidays finished. At event level, Easter in April and the final of the Champions league in May stood out. June closed with a historical result in average price in all our hotels in Paris. It is worth mentioning the dramatic improvement in average rate of our two rebranding to The Melia Collection in the heart of Paris, Villa Marquis and Maison Colbert.

In the United Kingdom, as in other countries, the impact of the Omicron variant also took its toll. Travel restrictions were tightened, affecting both international and domestic customers. Teleworking increased in January and February, thus causing a large number of cancellations in all segments, especially in business travels and MICE. The situation stabilised at the end of February, when the PCR requirements to enter the UK and the teleworking policy were removed. We then began to see a week-on-week improvement in all segments, which even exceeded our expectations with demand levels in the second quarter in line with those of 2019 in London. Air traffic increased and airport terminals re-opened. April stood out for the transient leisure reactivation due to the school holidays, the end of Ramadan and certain mass-attendance events (concerts and sport events), but to the detriment of the Business Travel segment, which dropped due to the same reason. In May and June, Corporate and MICE segments were reactivated in all the hotels.

In Italy, Covid restrictions have been gradually lifted since Friday, April 1, which meant a turning point for the recovery of hotels in several segments. Milan benefited from fairs and congresses in May, improving the monthly results compared to 2019, with a clear improvement in the average price in the destination. Roma improves thanks to the transient luxury leisure segment and circuits, which allows us to increase in price.

In the Americas, Mexico was affected by the Omicron variant, causing the number of infections to skyrocket mainly in the key source markets for our hotels, such as the USA, Canada and Mexico, with an impact on the cancellation rates of our hotels. Since mid-February, a recovery is beginning to be seen in these markets. In this second quarter, we observed a full recovery of the business, although it is worth mentioning that the reservation pace continues to be "last minute". This growth has been positive in all the segments.
In the Dominican Republic, the first quarter of the year was marked by an unusual short-term demand thanks to the recovery in the Canadian market, which ended travel restrictions in February. The outbreak of the war in Ukraine triggered several cancellations in the destination. Although the number of cancellations overall in our hotels was minimal, the impact of flight costs caused numerous cancellations for short-term stays and people began to rebook for the medium term, shifting reservations from March to the summer. This caused a general drop in rates in the destination to recover volume in markets such as Canada. The Meliá's strategy was to maintain room rates and avoid entering a price war. This was reflected in a decrease in the number of stays in March. In mid-April, we announced the closure of Paradisus Palma Real hotel due to renovation reasons. Likewise, we continued to work on repositioning Melia Punta Cana Beach hotel in the Wellness segment.

In Orlando, in the USA, revenues exceeded those for the same period in previous years in all the hotel KPIs, with all market segments showing improvements. Despite the restrictions on travel caused by Omicron, business continued to improve thanks to a large number of weekend leisure trips, sports events, long weekends and summer holidays. New York has already recovered the rate levels of 2019, although certain segments and markets still have room to continue growing, in the first quarter the lack of international markets affected.

As expected, in the first half of the year in Cuba, tourism activity grew significantly compared to the same period in 2021, although is still far behind the results achieved in the years prior to the pandemic. There was a partial recovery in flights from Canada, which helped this market to recover its leadership position in our region. Spain, as a source market, with the beginning of the summer started to recover, using all the regular flights to Havana. On the downside, it must be noted the shutdown of operations from Russia due to the war with Ukraine. During this half of the year, twenty hotels were already in operation, compared to nine in the previous year for the same dates.

In Asia and, in particular, China, a zero tolerance policy in the prevention and control of epidemics was extended until the second quarter of 2022, including the closure of cities, travel restrictions, etc. The travel demand was frustrated and revenues from hotels were affected by this strict regulation. In the Southeast Asia region, in the first part of this six-month period, the strong demand from the local market in cities such as Saigon, Yogyakarta, Makassar, Jakarta and Kuala Lumpur, has led to occupancy levels similar to those of 2019, however, a slight drop in the room rate has been caused by the low number of international travellers in most destinations. However, from the second quarter, the excellent recovery of the international market for most of the hotels, specially resorts, where the easing of entry restrictions to the country (reduction or removal of quarantines, no PCR test for entry...) have allowed an improvement in revenues. In particular, it is worth mentioning the good performance of the hotels in Bali, with occupancy levels in June similar to those achieved prior to the pandemic.

Outlook

After a second quarter which marks a turning point following the COVID-19 impact, this third quarter aims to be that confirming the path to economic recovery and, in many cases, to exceed the results prior to the pandemic. The strategy is focused on the average rate, which will attain record figures in many hotels and destinations.

For our urban hotels in Spain, we continue to observe recovery and growth, which lead us to have a more optimistic view of the quarter. Bleisure destinations, in general, show reservation levels above those of 2019. Palma, Alicante, Valencia, Coruña and Cádiz suggest a growth forecast above two digits compared to 2019. Figures from urban destinations such as Madrid, Seville or Barcelona city are affected when comparing with those for 2019, when important congresses were held, mainly in September.

In resorts in Spain, the quarter shows the positive trend of previous months, where we continue to register an increase of two digits in the average price compared to 2019. We continue to observe a high demand of last minute reservations, and in the last days, a slight increase in cancellations mainly as a result of the problems caused in airports, airlines strikes... Luxury hotels stand out with better forecasts compared to years prior to Covid. Good results are maintained in superior rooms and suites where we have improved revenues compared to 2019.

EMEA: In Germany, the summer showed a very positive evolution, with occupancy ups and increases in average rates, specially from September, thanks to the demand of the domestic market and neighbouring countries. It is worth mentioning the return of the fairs segment, with quotes for group events near 2019 levels.

In United Kingdom, we observe a strong recovery of demand in London, both in MICE and Corporate segments in the first three weeks of July. A change in nationalities begins to be visible, with the domestic market decreasing and the US and Spanish markets increasing. In the rest of destinations, which depend on the domestic market in Leisure (Staycations), the results will be affected depending on the capacity of the country to retain the local traveller now that the restrictions have been lifted. Despite this, we see opportunities with the events of July and August in Manchester and Newcastle. September presents a good MICE demand in general.

In France, positive expectations for July and a slowdown in August, except for Innside Charles de Gaulle hotel, where we expect that the airlines incidences will benefit us with layovers. September, despite of not holding the two congresses that were held in 2019, we see an opportunity to achieve the positive results of June thanks to Corporate, MICE and Leisure on weekends.

In Italy, optimism is maintained thanks to the demand from key markets such us USA. The reservations for Milan square exceeded those of 2019, led by fairs and congresses in July and September. An increase in requests for the Woman Fashion Week is observed. August is in line with the records of 2019 due to the increase of the average price, but decreasing in volume because the domestic market is opting for international destinations after two years without travelling abroad.

For the third quarter in the Americas, in Mexico, even though an accelerated growth in the hotel sector is expected, our hotels are showing an important recovery and positioning in the main source markets, thanks to the strengthening of our brands. We observe a growth in all the segments compared to 2019, mainly in the direct channel through MeliáRewards Programme, positioning as the number 1 sales channel. MICE segment continues its recovery, with a high demand in groups, although the business continues to be last minute, mainly in the Mexican Caribbean and Puerto Vallarta.
Alternate markets such as Brazil, Colombia, United Kingdom and Spain, show signs of recovery, with our hotels being leaders in these markets.

In Dominican Republic, we continue to work in the repositioning of Meliá Punta Cana Beach hotel in the wellness concept. This property is unique in the destination since currently there is no other all-inclusive only adults resort in the area with this concept. On the other hand, the renovation of Paradisus Palma Real hotel is in progress. We maintain the reopening date on 15 December 2022. On the other hand, the group segment continues to show a recovery. There is a large volume of "Request For Proposals" for the next six months, therefore, we continue to receive last-minute requests. Kamandú continues to generate expectations in the destination and represents an added value for the resort properties and the destination itself.

In USA, in Orlando, as we move into the third quarter (historically, the lowest season of the year), reservations continue to be higher than those of previous years, but with the increase in inflation and the decrease in federal incentives, there is concern as we move forward. In New York, it is expected that the months of July and August show a good performance during the weekends driven by the domestic leisure business, however, a decline in occupancy is expected, which is compensated by an increase in the average price. In September, several events are expected to generate demand, such as UNGA and the Fashion Week, as well as an increase in the group business.

In Cuba, the total relaxation of health protocols for travellers and the demand of the national market in July and August, are allowing that summer operations continue to be in the growth process of the last quarters. After many years of absence, the resumption of flights from Aerolíneas Argentinas to the destination stands out, which will have important impacts on our hotels. Reservations show significant growths in source markets that are important for the destination, such as Portugal, Spain, Canada, Netherlands, Germany and Argentina, among others.

In Asia, for the hotels in China, the National Health Committee published the updated epidemic prevention and control plan, which includes a reduction of the quarantine period to 7+3 days. This is a very positive news for the travel market and the sector. In Southeast Asia, the prospects are positive for this third quarter. Following the trend in the beginning of the summer, an important recovery of international demand is expected in the resorts of Bali and Thailand.

Other Businesses

Circle and Club by Meliá

During this half of the year, sales increased by 40.9% compared to the same period in the previous year, an amount similar to that recorded prior to COVID-19. The volume achieved is the result of a greater number of presentations, a general closure increase, and an increase in the new customer caption and in the number of Circle memberships.

At revenue level (IFRS 15), during this half of the year the variation was a 28% increase compared to the period in the previous year, continuing the improvement in reservations by members compared to the previous year.

+40.9%
Evolution 6M 2022
Circle by Meliá Sales

+28.2%
Evolution 6M 2022
IFRS 15 revenues
Circle by Meliá

Real Estate Business

During this first half of the year, no transactions for the sale of assets were carried out by contrast with that carried out in the second third of 2021, whereby the Company received EUR 170 million, generating accounting capital gains, at EBITDA level, in the amount of EUR 64 million approximately. The Company continues to work in an additional sale of assets, foreseeably in the second half of the year.

In addition, the Company plans to initiate a new assessment of its assets by an independent third party in the fourth quarter of 2022.

3. Non-Financial Information

Responsible Business

The end of the first half of 2022 represents a new opportunity for the Group to inform the achieved developments in the incorporation of sustainability in our business model, a key leverage to create value for our stakeholders and the society as a whole, for almost the past fifteen years.

In fact, in the 2021 Management Report, the Company already mentioned the way in which it understands the incorporation of this strategic leverage, from a combination of approaches of double speed aimed at a gradual progress in the short term, but with a view focused on the long term in order to make the 2030 View happen. This view consists in striving to be recognised as a world benchmark in excellence, responsibility and sustainability.

In our Company we consider that we cannot progress towards the incorporation of this complex leverage without understanding the global context in which we live as a global company and, of course, without internalising the new and complex regulatory context. The new requirements of this concept, without doubt, will define the projection of companies in sectors that will require, inter alia, to identify the financial impact of their value chain in a sustainable manner.

During these months of the year, the Group has continued to work in the incorporation of the taxonomy criteria, with the purpose of progressing in the identification of the degree of alignment in terms of climate change (adaptation and mitigation) with the purpose of, by the end of 2022, being able to comply with the requirements from the European Union and giving visibility to the degree of alignment of the three selected key indicators: capex, opex and revenues.

In line with the mentioned approach of double speed, throughout this first half of the year, the Company has been able to work and promote a set of initiatives and projects with different scope in terms of ESG, among which the following ones stand out:

Progress in the Fight Against Climate Change and Environment Protection.

New sustainable hotel concepts

By the end of July, the opening of the long-awaited Gran Meliá Villa Le Blanc Hotel, located in Menorca (Balearic Islands - Spain), will take place, a destination declared a Biosphere Reserve by UNESCO in 1993. The opening takes a special shape in relation to the Company's commitment to sustainability and the destinations. The hotel, in addition to becoming our first carbon-neutral hotel, is a turning point in our view of what should be a sustainable hotel management model since it considers the accumulated experience of the Company throughout the last years in terms of sustainability and marks the path for the new hotel concepts.

Villa Le Blanc has an efficient energy management, based on the implementation of green energy and the adoption of circularity principles, which include the water cycle management. The hotel will reduce its scope 1 and 2 emissions by 87% and will explore new alternatives aimed at compensating the remainder to ensure its carbon neutrality.

In the context of the important commitment to digitalisation, as well as the Company's ambition to turn this hotel into a benchmark of sustainable hotel, Villa Le Blanc hotel will include automation technology and sensors that will guarantee minimum levels of energy and water consumption.

In terms of energy efficiency or green energy, the hotel will operate with renewable energy such as biomass, solar and geothermal energy and will include energy circularity. Under these premises, the residual heat of the air conditioning will be used to preheat the water of the heated swimming pools.

Progress in energy efficiency

In 2019, the Company had already increased its commitment in this field, a year in which the ambitious investment plan for the optimisation of energy resources of its hotels was approved. CO2PERATE is the project around which the mentioned efforts by the Company materialised.

Thus, through the use of technology for monitoring, control and management of air-conditioning systems, these can be supervised remotely in a constant manner, and they can also operate automatically through artificial intelligence.

The project, which is currently implemented in 79 hotels in Spain, Italy, United Kingdom, Germany, Dominican Republic and Mexico, includes the monitoring of 80% of the electrical power installations and a continuous system for energy performance analysis, thus allowing the identification of improvement measures and energy savings, the prioritisation of investments and subsequent verification of the savings attained.

This project is one of the major strategic commitments of the Group, such as the inclusion of new technologies, digitalisation of processes and innovation for current and future energy efficiency and management.

In the first half of 2022, the installations that were delayed or stopped due to the pandemic, have been concluded.

Scale of Savings CO2PERATE Project
(Consolidated Scope 1 semester 2022)

- Economic Savings €1,007,233
- Energy Savings 4,789,841 kWh
- CO2 emissions 2,370,971 Kg

Additionally, throughout this first half of 2022, the Company has continued with its efforts to measure the energy efficiency level of the properties of the Company and has certified 57 hotels under ownership and under lease in Spain.

The result of this year has allowed to ensure the classification of its hotel establishments according to the volume of energy consumed by them. As a result of the certification process, the Group has carried out photovoltaic studies in all the certified hotels. On the other hand, this allowed to identify new measures for energy savings and also complete the hotel profiles, considering the technical characteristics of the existing equipment with information on the year of installation of equipment and power, inter alia.

This information will be very important to carry out a better preventive management of the equipment and, in due course, foresee future replacement of equipment near the end of its useful live.

New approaches for carbon-neutral events

Being aware of the need to include sustainability also in our product and service proposal, the Company has started the reformulation of its event proposal with a clear orientation towards carbon neutrality.

CREAST, strategic partner in this project, has started, together with the hotel chain, to bring MICE segment customers closer to a new model of events and meetings.

The redefinition of this concept arrives in a crucial moment since, after two years of interruption due to the pandemic, the event and meeting sector begins to show signs of recovery all over the world and has entered a new phase marked by the trends and learned lessons after Covid-19. In this scenario, the Group is redefining its value proposal for MICE professionals, and it does so with a priority objective: being the strategic partner and facilitator for the holding of more sustainable events, a key feature that will determine the new direction of the sector.

The Company will provide this segment with a tool aimed at giving a detailed analysis of the environmental impact generated during the holding of events. The Company's capacity to offer organisation of sustainable events will help one of our key stakeholders to know its carbon footprint and be able to compensate it, thus allowing to position itself as a strategic partner in this field.

With this project, the Company will have a tool to calculate, with rigour and traceability, the amount of CO2 generated in each event, as well as the energy and water consumptions, materials and waste generated, catering and accommodation services, key metrics to detect opportunities to reduce their footprint. In addition, it shall be a key knowledge base to progress in the definition of more sustainable events and meetings in the Group hotels, thus contributing to the achievement of the Company's global emission reduction objectives.

In parallel, and in order to move towards its carbon neutrality, the Company will compensate the emissions of these events generated within its hotels through the specific support to verified environmental projects and having a compensation certificate.

The initiative initially tested in the Conference Centre and Palma Bay Hotel has been implemented in Meliá Barcelona Sarriá hotel (Barcelona - Spain) and, at European level, in Meliá Berlín. The experience will allow the Company to export the model to a wider group of MICE hotels, which will be included in the project after the conclusion of the prototype that currently is being developed.

Moving forward in the bet on electric mobility

In order to give the hotel infrastructures the capacity necessary to welcome electric vehicles and cover the needs of an increasing number of customers requiring recharge points, in 2021, the Company entered into an agreement with WENEA, a company specialised in the installation of recharge points for electric vehicles in its hotels. The set goal is to close 2022 with at least 100 recharge points of electric vehicles, ensuring that all of our hotels under ownership and under lease in Spain have at least one recharge point for each 40 parking places.

Likewise, it is worth mentioning that all the recharge points installed have a green energy supply from certified renewable source.

Access to expert knowledge

In 2022, Meliá Hotels International, and in line with the objective of promoting partnerships with benchmark partners, entered into a collaboration agreement with The Climate Board, an entity specialised in climate, scientific and research action, aimed at promoting the execution of climate actions in companies. This collaborative work will contribute to enrich our perspectives and approaches in the long term and assess our performance in terms of climate change.

Progress in Human Capital Management

The reactivation of the tourism activity throughout this first half of the year allowed the Company to recover the teams and incorporate them again in the hotel operations.

From the beginning of the pandemic, one of the main objectives of the Company was to protect the employment and health of its employees and customers. Once the activities returned to normal, the Company gradually has returned its employees to work leading up to the current situation which is close to the total recovery of the personnel.

During the first half of 2022, up to 1% of the employees were suspended, significantly lower than 73% reached during the worst moments of the pandemic. The gradual recovery of the activity and the continuous efforts to maintain the protection measures with Stay Safe with Meliá programme, have guaranteed a normal and seamless activity. The monitoring and follow-up of cases continue in force, and all the incidents identified are recorded, which, in no case, have been significant.

However, one of the direct consequences of the global shutdown of tourism activity has been the talent drain. This consequence generated by the health crisis has affected many sectors which are key for the tourism industry and has required to focus all the efforts on recovering the lost talent.

The Company, being aware of this situation, began different initiatives to minimise the possible risks and be able to prepare with confidence a season that is destined to be a turning point in the global recovery of the industry.

Strength of its employer brand

In order to halt the difficulty to access to talent in this current context, the Company has reinforced its value proposal for the people revolving its activity around one of its main assets: its strength as an employer brand. Thus, throughout this first half of the year, the Company launched different plans in order to reinforce the commitment to and link of the current talent and also attract new talent.

Facing this challenge, the recognition as TOP Employer company in three of its main markets (Spain, Mexico and Dominican Republic) played an essential role. It is important to highlight that these markets concentrate 86% of the total workforce of the Company.

Talent attraction

With the purpose of reinforcing its teams, the Company has launched important actions aimed at recruiting the talent necessary to ensure the delivery of the brand promise to customers, by focusing on strategic destinations such as Spain, Mexico, Dominican Republic, Western Europe and Southeast Asia.

In these destinations, the Company has promoted actions to strengthen its employer brand and publicise the Company, as well as the opportunities for employment, development and growth it offers, increasing its presence in social networks, working closer with the academic sector and organising open days.

The result of these actions has allowed the Company to reinforce its workforce with more than 7 thousand new recruitments during the first half of the year, mainly in Mexico, Spain and Dominican Republic, according to the breakdown below:

GENDER	MANAGEMENT STAFF	MIDDLE MANAGEMENT	CORE STAFF
M	4	83	3,496
F	-	50	3,583
TOTAL	4	133	7,079

The breakdown of the total average staff number is as follows:

GENDER	PERIOD-H1	MANAGEMENT STAFF	MIDDLE MANAGEMENT	CORE STAFF
M	2,022	193	853	7,798
	2,021	154	712	4,932
F	2,022	85	812	6,155
	2,021	61	547	3,000
TOTAL	2,022	278	1,665	13,953
	2,021	215	1,259	7,932

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

REGION	ACTIVE STAFF	STAFF EMPLOYED
AMERICA	7,419	7,419
APAC	49	49
EMEA	1,959	1,959
SPAIN	6,470	6,624
TOTAL	15,897	16,051

The result of years working for the health and safety of our employees and a commitment to people allowed to successfully pass a new assessment of the Work Health and Safety Management System, under international standards defined by the International ISO Standard 45001:2018 and the certificate of Healthy Work Environment of the WHO, which must be renewed in 2024.

Additionally, the Company has a strong commitment to its employees and works actively to attain the best levels of physical, mental and cognitive health, even beyond the compliance with the duties and obligations in this regard.

In parallel, and as part of our focus on conciliation and our people's commitment, throughout the first half of the year, the Company has consolidated its teleworking model for corporate employees, with the particularity of being geared towards ensuring greater flexibility, adaptability and balance between the Company's needs and the reality of employees who opt for this work modality.

Reinforce of the brand promise through operating training

The challenge of ensuring the activity reactivation and ensure the delivery of the brand promise, has required to design and launch several initiatives aimed at ensuring the service level required in its hotels.

In order to achieve this, it has launched training programmes specific for the opening of new hotels and the reopening of those establishments that were renovated. The Company has focused on a differential factor for the Company: service culture in each of its hotel brands. Thus, we try to raise service standards and ensure that our guests enjoy an excellent experience, specially focusing on the luxury segment.

In addition, we have renewed our online training catalogue, which currently has more than 3,000 courses in more than ten languages, and we have increased the offer with contents focused on hotel, in video and multilingual format, with the purpose of helping our collaborators in the acquisition of skills that will improve the provision of the service and reinforce the knowledge of internal operating processes.

Giving continuity to the new operating model

During the first half of the year, the Company has continued to promote the new organisational model LEADING A NEW FUTURE, by creating and consolidating operation centres in those destinations that, given the high specific weight and critical mass, had a room for improvement and operating efficiencies. In parallel, the Company has consolidated the governance of this new operating model with the purpose of increasing its dynamism and efficiency, promoting communication and cross-sectional work in functions and corporate and operating areas and, ultimately, placing the customer and the hotel at the centre of the organisation.

In order to contribute to the consolidation of this new model, the Company has designed several training programmes that allowed to help our leaders in the process of the organisational and cultural transformation in which the Company is involved, allowing the promotion of measures aimed at the acquisition of the necessary competences to face new challenges and which are reinforced by executive coaching programmes and actions.

Among the several designed programmes, the human side of change stands out, an initiative focused on reinforcing the cohesion and collaboration of the different executives, leveraging areas as diverse as psychological security, confidence, change management in a disruptive environment and, of course, cross communication. 150 executives at global level have participated in the programme, which lasted for several months.
In the second half of the year, we will give continuity to our road map, which foresees the promotion of new actions and initiatives aimed at reinforcing skills, attracting new talent, developing our teams or generating stronger relationships and commitment.

ESG & Corporate Reputation Recognitions

Consolidation of the positioning in different Corporate Reputation monitors

The Company's effort in the management of intangible assets, the improvement of its reputation and understanding of its management by the main stakeholders, has been recognised again this year. The Company, once again this year confirms the strength of its brand and reputation in the different monitors driven by MERCO. Thus, the Company has positioned itself as one of the 25 companies with better corporate reputation in Spain, improving 10 positions compared to 2021 and is, once again, leader in its sector in the MERCO Companies ranking. The projection of its Executive Vice Chairman & CEO, Gabriel Escarrer Jaume, has also been recognised, improving his position and positioning himself as the tourism executive with best positioning in the MERCO leaders ranking.

In addition, the Company has received other recognitions, such as being the first company in its sector and the number 17 at a national level in the last MERCO ESG ranking, thus consolidating its leadership as best tourism company in MERCO Talent and being chosen again by university graduates as the best company to work in the tourism sector, through MERCO University Talent.

Commitment to Diversity

The Company has been included in the Europe's Diversity Leaders 2022 list launched by Financial Times, standing out in the TOP 10 of Spanish companies that have been recognised as leaders in diversity. The special report about leader companies in this field has identified European companies from different sectors that show leadership and commitment in terms of diversity and inclusion. The qualification has been made through Statista, an independent entity responsible for carrying out the survey made to more than one hundred thousand European employees in areas such as age, gender, ethnicity, disability, LGBTQ+ collective and diversity in general.

ESG Award in Mexico

The sustainability strategy of the Company considers the particularities of each destination, promoting the development of actions aimed at generating a positive impact on each place in which the Company is present. Thus, the Group tries to implement its ESG management model in different countries and to promote participation in different recognised rankings and indexes.

During this year, all the hotels of Mexico have obtained the certificate of Socially Responsible Company, thus valuing its effort and commitment in ESG terms. This award, granted by the Mexican Centre for Philanthropy and the Alliance for Corporate Social Responsibility is one of the most prestigious ESG certificates in Mexico and Hispanic America.

Best 2022 Compliance Team

The Compliance Team has received the Best 2022 Compliance Team award in the Iberian Legal Summit Awards. The recognition, which was granted following the deliberation of a jury consisting of highly qualified legal and financial professionals, has recognised the work developed by the Company in this field, which is essential to progress in the fields of compliance, transparency, data protection, crime prevention, anti-corruption and prevention of money laundering, among others.

Consolidation in the Ecovadis qualification as a responsible supplier

The improvements promoted by the Company in its own responsible management have been recognised once again with a GOLD level in the assessment made by ECOVADIS. This qualification assesses the non-financial management system which includes environmental impacts, labour practices, human rights, ethics and sustainable purchases.

Corporations assessed by their commitment to sustainable management are classified, and it offers to those companies which desire to contract its services or acquire its products an assessment on the ESG management developed by the assessed companies, thus allowing to reduce the risks linked to the supply chain and increase the alignment level of suppliers with the ESG commitments of the contracting companies.

Corporate Governance

Changes in the composition of the Board of Directors

Changes in the composition of the Board of Directors in the first half of 2022 were the following:

- Resignation by Maria Antonia Escarrer Jaume as an External Proprietary Director.
- Confirmation and re-election of Ms Cristina Áldamiz-Echevarría González de Durana as an External Independent Director.
- Confirmation and re-election of Mr. Luis María Díaz de Bustamante y Terminel as an External Proprietary Director.
- Appointment of Ms Montserrat Trapé Viladomat as an External Independent Director.

With the new composition, the Board maintains 54.54% of independent directors, and 36.36% of female directors. Regarding diversity, the Company maintains a percentage above the recommendation of 30% and the average of the IBEX 35 companies (34.20%).

Remuneration Measures

In May 2022, the long-term variable remuneration scheme of the Chief Executive Officer for 2022 to 2024, linked to the strategic objectives of the Company, was resumed and subsequently approved.

Such remuneration scheme is made up of the following set of objectives:

- Evolution of the share value.
- Financial solvency.
- Business objectives (this objective groups the objectives linked to fees of third parties, and the sales of the own channel and centralised sales).
- Sustainability and positioning objectives.

The General Shareholders' Meeting held on 16 June 2022 approved the Annual Remuneration Report for 2022 and a remuneration scheme for the Executive Director, the Senior Management and other professionals of the Company and its Group partially tied to the market value of the shares, for a period of three years (2022 to 2024).

General Shareholders' Meeting

Following the recommendations of Good Governance Code of Listed Companies of CNMV, the Company has continued to bet on the implementation of measures for telematic attendance and voting, allowing the shareholders and investors an active and informed participation at the Ordinary General Shareholders' Meeting for 2022, through the digital platform designed for that purpose.

During this year, the quorum at the Meeting increased from 74.88% to 77.31% of the share capital with voting rights.

Likewise, the Board of Directors, given the uncertainty about the future impacts as a result of Covid-19, decided not to propose to the General Shareholders' Meeting the distribution of dividends.

Regulatory Framework

For the purposes of strengthening our Governance Model, the General Shareholders' Meeting approved the amendment and adaptation of the Company Bylaws to the last reform of the Corporate Enterprises Act, allowing the holding of meetings only by telematic means, among other improvements in terms of good governance. The change of the name of the Appointments, Remuneration and Corporate Social Responsibility Committee to "Appointments, Remuneration and Sustainability Committee" was also approved.

Likewise, the amendment of the Regulations of the General Shareholders' Meeting was approved in order to regulate in detail the holding of meetings only by telematic means.

The Board of Directors, in turn, approved the amendment of the Regulations of the Board in order to adapt them to the mentioned amendments of the Company Bylaws, including other improvements, such as the inclusion of the recommendations of the Good Governance Code of Listed Companies of the CNMV.

4. Liquidity and Capital Resources

At the end of June, the net debt amounted to EUR 2,904 million, which means an increase of EUR 51.1 million during this first half of the year. During the same period, Net Financial Debt pre IFRS 16 increased by EUR 43.9 million, amounting to EUR 1,329.8 million. It is worth mentioning that in April the Company generated a positive cash, however, during this second quarter of the year the appreciation of US dollar against the Euro has had an effect on the net debt of EUR 20 million increase. During the second quarter, the net debt was reduced by EUR 23.4 million, net of the effect of the impact of translation differences on the debt.

At the last General Shareholders' Meeting, the Chief Executive Officer confirmed the commitment to implement the financial strategy aimed at reducing the financial debt of the Group and gradually returning to the excellent leverage levels prior to the pandemic. The said debt reduction for this year is quantified in the amount of, at least, EUR 250 million. As first steps towards the said objective, it is worth remembering that the Group has stopped using cash after overcoming Omicron, and it expects to close a new transaction for the sale of several assets in the second half of this year.

The liquidity situation, including liquid assets, as well as the unused credit facilities, amounts to approximately EUR 320 million. It is worth mentioning that this liquidity does not include the collection of direct government subsidies, in the amount of EUR 40 million, which are expected to be received shortly.

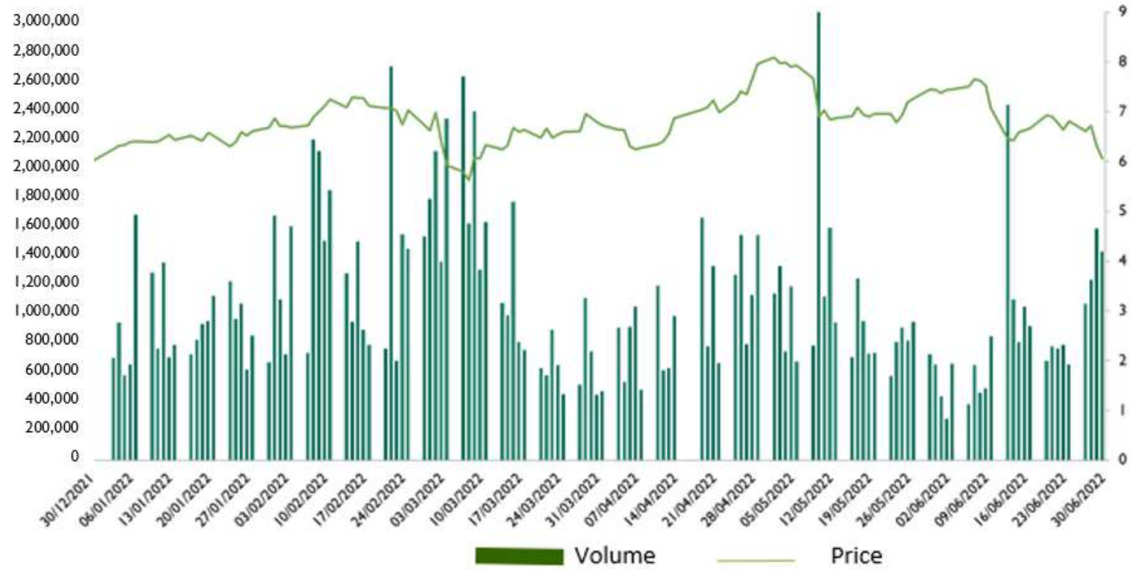
The Company presents the following maturity dates. The figures included below (million EUR), do not include drawdown credit facilities and European Commercial Papers (ECP's):

	2022	2023	2024	2025	2026	> 5 years	TOTAL
Bank loans & others	65.2	239.2	327.7	176.6	169.2	228.7	1,206.6
Capital Markets	5.0	-	-	-	-	52.5	57.5
TOTAL DEBT (no policies and ECP)	70.2	239.2	327.7	176.6	169.2	281.2	1,264.1

5. Other Information

Stock Information

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



	Q1 2022	Q2 2022	2022
Average Daily Volume (Thousand Shares)	1,155.5	948.1	1,052.6
Melia performance	13,4%	-11.0%	0.9%
IBEX 35 performance	-3.1%	(4.1%)	-7.1%

	H1 2022	H1 2021
Number of Shares (Millions)	220.40	220.40
Average Daily Volume (Thousand shares)	1,052.61	1,026.70
Maximum share price (euros)	8.09	7.30
Minimum share price (euros)	5.62	5.33
Last price (euros)	6.06	6.24
Market capitalization (million euros)	1,334.52	1,375.30

Source: Bloomberg

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

Dividend Policy

The Board of Directors, given the uncertainty of the future impacts derived from Covid-19, decided not to propose to the General Shareholders' Meeting the distribution of dividends for 2021, as it did in 2021 with the distribution of benefits for 2020.

Environmental Risks

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

6. Events after the Reporting Date

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

PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND MANAGEMENT REPORT
FOR THE FIRST HALF OF YEAR 2022

CERTIFICATE OF PREPARATION OF FINANCIAL STATEMENTS. I, the Director-Secretary of the Board of Directors of MELIÁ HOTELS INTERNATIONAL, S.A., hereby issue this certificate to place on record that at the meeting of the Board of Directors of the Company held on 26 July 2022 (Tuesday); previously convened in a proper and timely manner and according to the provisions of Article 35 and related articles of the Company Bylaws and Article 17 and related articles of the Regulations of the Board of Directors; with address/head office for this purpose in the registered office at Calle Gremio Toneleros, No.24 of E-07009-Palma (Majorca); the attached condensed consolidated interim financial statements and management report have been prepared and approved unanimously by all the members of the Board of Directors. The said document is issued in 37 sheets (pages from 1 to 37) which have been signed electronically by me, the Secretary of the Board of Directors.

In witness whereof and for all pertinent legal and formal purposes, I, the Secretary, hereby certify the above information in Palma on 26 July 2022.

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