

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

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

To the shareholders of NH Hotel Group, S.A.

Report on the consolidated annual accounts

Opinion

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

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

Basis for opinion

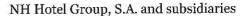
Our audit has been carried out in accordance with prevailing Spanish auditing regulations. Our responsibilities under these regulations are described below in the section Responsibilities of the auditor in relation to the audit of the consolidated annual accounts.

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

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

Key audit matters

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





Key audit matters

How the matters were addressed in the audit

Recoverability of assets associated with the hotel business

The Group carries out its business through 350 hotels. All assets associated with the hotel business include goodwill, right-of-use assets, property, plant and equipment and other intangible assets whose carrying amounts at 31 December 2022 total EUR 89 million (note 8), EUR 1,584 million (note 7), EUR 1,479 million (note 6) and EUR 120 million (note 9), respectively, representing 80% of total assets.

The Group assesses its assets for indications of a decline in value each year and if they exist, and in any event, with respect to the recoverability of goodwill, it assesses whether there is impairment requiring the write-down of the carrying amounts of the assets, calculated as described in notes 4.2, 4.4 and 10 to the consolidated annual accounts.

When estimating the recoverable amount of each cash generating unit (CGU), Group Management considers the higher of fair value less costs to sell and value in use. Value in use is calculated based on future cash flows estimated by applying expected discount and growth rates, in accordance with the business plans approved by management.

As recognised in the consolidated statement of comprehensive income, the Group has recognised a net reversal of impairment losses amounting to EUR 6.8 million (note 10.3).

In view of the significance of the judgements made by the Group and the significant estimates made to perform such calculations and having regard to the quantitative relevance of such assets, we consider the assessment of the recoverability of the assets associated with the hotel business to be a key audit matter (note 2.7).

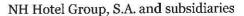
Our audit procedures included, among others

Understanding the methodology employed and evaluating the controls in place in the Group's asset recovery analysis processes

Obtaining from management the impairment tests performed, with respect to which we applied the following procedures, assisted by our internal experts:

- Verifying the reasonableness of the procedures and methods used to perform impairment testing.
- Assessing the reasonableness of the key assumptions and estimates included in the model in relation to future cash flow forecasts and the key aspects considered in estimating cash flows, and the methodology applied to estimate discount rates within an acceptable range.
- Arithmetic verification of the calculations taken into consideration in the impairment test and assessment of the sensitivity analyses, including the ranges within which the key model assumptions should fluctuate in order to give rise to the impairment of assets or the reversal of existing provisions.
- Evaluating the sufficiency of the related information disclosed in the consolidated annual accounts.

The results of the procedures carried out have allowed us to achieve the audit objectives for which the procedures were designed.





Key audit matters

Recoverability of deferred tax assets

As recognised in the accompanying consolidated statement of financial position, at 31 December 2022 deferred tax assets amount to EUR 258 million, of which, according to note 17 to the accompanying consolidated annual accounts, EUR 132 million relates to available tax losses.

In assessing whether the amount recognised in the consolidated annual accounts for these assets is recoverable, Group management takes into account, as outlined in notes 4.10 and 17 to the accompanying consolidated annual accounts, forecasts of future tax profits, using the method defined to analyse the recovery of its assets, based on the evaluation of estimates of the results of each entity or tax group in accordance with the Group's strategic direction.

In view of the significance of the judgements made by the Group and the significant estimates made to perform such calculations, and having regard to the quantitative relevance of such assets, we consider assessing the recoverability of deferred tax assets to be a key audit matter (note 2.7).

How the matters were addressed in the audit

Our audit procedures included, among others:

Understanding of the methodology employed and evaluation of the controls in place in the Group's deferred tax asset recovery analysis processes.

Obtaining the deferred tax asset recovery plans, with respect to which we applied the following procedures:

- Analysing, with the support of our tax experts, the recoverability plans for such assets and obtaining evidence of the reasonableness of the projections and tax profits for future years budgeted and included in the recoverability plans.
- Evaluation of the sufficiency of the related information disclosed in the consolidated annual accounts.

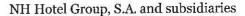
The results of the procedures carried out have allowed us to achieve the audit objectives for which the procedures were designed.

Other information: Consolidated management report

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

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

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





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

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

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

In preparing the consolidated annual accounts, the parent company's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the directors either intend to wind up the Group or to cease trading, or have no realistic alternative but to do so.

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

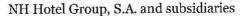
Responsibilities of the auditors in relation to the audit of the consolidated annual accounts

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

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

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

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





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

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

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

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

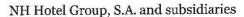
We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

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

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





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

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

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

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

Term of engagement

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

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

Services provided

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

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish signed by Mariano Cortés Redín (21829)

22 February 2023