NH Hotel Group, S.A. and Subsidiaries

Auditor's Report,
Consolidated Financial Statements and
Consolidated Management Report
at 31 December 2023

pwc

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.

Independent auditor's report on the consolidated annual accounts

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 its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2023, and the statement of profit and loss, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2023, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

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

Key audit matters

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

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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 2023 total EUR 86 million (note 8), EUR 1,635 million (note 7), EUR 1,590 million (note 6) and EUR 136 million (note 9), respectively, representing 82% 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 0.8 million (note 10.3). In view of the significance of the judgements made by the Group management 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	How the matters were addressed in the audit
Recognition and measurement concerning the acquisition of hotel assets in Portugal from related companies As outlined in note 24 to the accompanying consolidated annual accounts, on 18 December 2023 the company NH Hotel Group, S.A entered into a share purchase agreement with MHG Continental Holding Pte. LTD. whereby it acquired 100% of the share capital of Minor Continental Holding S.à r.l., which in turn owns directly or indirectly the shares of the companies Hotelagos, S.A., Minor Hotels Portugal, S.A. and Minor Luxury Hotels Vilamoura, S.A., owners, holders of the administrative concession or lease contract, in turn, of five hotel assets in Portugal. The consideration paid on that date amounted to a disbursement of €133.2 million. IFRS 3 provides an action framework which entities may use in evaluating whether an acquired integrated set of activities and assets may be considered an acquisition of assets and not the acquisition of a business. In this respect, it includes an optional concentration test (the concentration test) in order to determine whether substantially all the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. Group management has opted to carry out the concentration test and concluded that the transaction carried out is an acquisition of assets and not an acquisition of a business (notes 2.9.2 and 2.9.5) and therefore, as outlined in notes 6 and 9, it has largely recognised under the headings property, plant and equipment and other intangible assets the fair value allocated to the assets acquired in the transaction. In light of the qualitative and quantitative significance of the transaction and management's requisite measurement and estimation procedures, we consider the assessment of the accounting recognition of this related party transaction a key audit matter.	Our audit procedures included, among others, reviewing and understanding the process for identifying the assets and liabilities acquired and the related measurement procedures. The procedures carried out included: • An analysis of the purchase agreement to verify the amount of the corresponding consideration, as well as other relevant terms of the transactions. • An assessment of the asset concentration test and the technical analysis performed by management, with the support of an independent third party. This assessment includes qualitative and quantitative considerations regarding the transaction and its compliance with the established guidelines, as well as the consistency between management's conclusions on the existence of asset concentration and the appropriate recognition thereof in the accompanying consolidated annual accounts. • An analysis of the report drawn up by a management expert concerning the measurement of the assets on which we performed, with the collaboration of our internal experts, certain checks such as an assessment of the methodology used, the discount rates considered and a review of the key assumptions included in the measurement model for the selected assets and the arithmetic accuracy of the calculations. • An evaluation of the sufficiency of the information disclosed in the consolidated annual accounts in this respect. The results of the procedures carried out have allowed us to achieve the audit objectives for which such procedures were designed.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2023 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to:

a) Verify only that the consolidated statement of non-financial information, certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as referred to in the Auditing Act, have been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2023 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit and control committee for the consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether 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 aforementioned directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent company's audit and control committee is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

Auditor's responsibilities for 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 auditor's report that includes our opinion.

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

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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 a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

- 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Parent company's audit and control committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the aforementioned those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Parent company's audit and control committee, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are therefore the key audit matters.

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

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 its subsidiaries for the 2023 financial year that comprise an XHTML file which includes the consolidated annual accounts for the financial year and XBRL files with tagging performed by the entity, which 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 2023 financial year in accordance with the formatting and markup requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation). In this regard, the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration have been incorporated by reference in the consolidated management report.

Our responsibility is to examine the digital files prepared by the Parent company's directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the consolidated annual accounts included in the aforementioned digital files completely agrees with that of the consolidated annual accounts that we have audited, and whether the format and markup of these accounts and of the aforementioned files has been effected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

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

Report to the audit and control committee of the Parent company

The opinion expressed in this report is consistent with the content of our additional report to the audit and control committee of the Parent company dated 8 February 2024.

Appointment period

The General Ordinary Shareholders' Meeting held on 30 June 2022 appointed us as auditors of the Group for a period of three years, as from the year ended 31 December 2022.

Previously, we were appointed by resolution of the General Ordinary Shareholders' Meeting for a period of three years and we have audited the accounts continuously since the year ended 31 December 2019.

Services provided

Services provided to the Group for services other than the audit of the accounts are disclosed in note 23.2 to the consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish signed by Mariano Cortés Redín (21829)

8 February 2024