



POSADAS®



CHALLENGES TURNED INTO **opportunities**

2020 ANNUAL REPORT

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MESSAGE FROM THE CEO

Dear Board Members and Shareholders,

The world faced an unprecedented situation in 2020, and tourism has undoubtedly been one of the sectors most impacted by COVID-19. The pandemic has required Posadas to demonstrate resilience, move quickly to reinvent the company with focus and creativity, and calibrate to a new normal.

Our foremost priority throughout this challenging time has been the wellbeing of our guests and employees.

We were also able to help our local communities in Mexico by making several of our hotels in various cities available free of charge, with food and transportation, to doctors, nurses, orderlies, researchers, and cleaning personnel caring for COVID-19 patients.

In response to the health emergency, we temporarily closed all hotels from March through May 30, 2020.

Our foremost priority
throughout this challenging
time has been the
wellbeing of our guests and
employees.

After that date, in accordance with the provisions of federal and state epidemiological traffic lights, we began gradually reopening hotels. We also implemented agreements with suppliers and a new operating model to enable us to detect inefficiencies and convert challenges into opportunities.



COVID-19 SANITARY EMERGENCY

We were also able to *help our local communities* in Mexico by making several of our hotels in various cities available *free of charge*, with *food and transportation*, to doctors, nurses, orderlies, researchers, and cleaning personnel caring for COVID-19 patients.



HIGHLIGHTS

OPERATIONS

Prior to reopening our hotels, we assessed all of our properties and in partnership with the ABC Medical Center and the 3M Company, implemented robust prevention, hygiene, and disinfection protocols.

Upon the gradual reopening of our hotels with limited services in June, we created the “Work with Confidence” program to ensure the safety and maintain the trust of our employees. The program included cleanliness and hygiene measures in all workplaces and protective equipment to enable our employees to work safely. We also created the “Travel with Confidence” program for guests, including hygiene and safety measures in our hotels and travel insurance to provide flexibility.

We also launched two promotional programs to boost traveler confidence. The “Vuelve a Viajar” (Go Back to Travel) campaign offered guests who stayed in our hotels through November 30, 2020 a free night. At an international level, our ongoing “Mextraordinary” campaign is offering discounts on rooms, with transportation included, and additional benefits in connection with promotional periods such as “Black Friday” and “Cyber Monday” for the “La Coleccion Resorts”

(Resorts Collection). Importantly, reservations for both advertisements offer complete flexibility in regard with changes and cancellations.

In times like the ones in which we are living, communication is essential. We are leveraging technology to establish permanent communication channels with our clients, shareholders, employees, suppliers, and partners.

HIGHLIGHTS

OUR HOTELS

In 2020, we opened six new hotels and closed eight existing ones, ending the year with a total of 181 hotels and 28,633 rooms in more than 60 destinations.

Hotels opened in 2020:

1. Grand Fiesta Americana Oaxaca with 144 rooms
2. Fiesta Inn Guadalajara Aeropuerto with 115 rooms
3. one Tuxtla Gutiérrez with 126 rooms
4. Gamma Morelia Vista Bella with 20 rooms
5. Gamma Acapulco Copacabana with 431 rooms
6. Náay Tulum Curamoria Collection with 36 rooms

Hotels closed in 2020:

1. Fiesta Americana Punta Varadero
2. Fiesta Americana Holguín Costa Verde
3. Holiday Inn Mérida
4. Live Aqua Playa del Carmen
5. one Coatzacoalcos Fórum
6. Gamma León Universidad
7. Gamma Ciudad Obregón
8. FI San Cristóbal

Hotels closed in January 2021:

1. Fiesta Inn Express Puebla Explanada
2. FI Toluca Aeropuerto

As of December 31, 2020, we have a development plan to operate 25 new hotels.

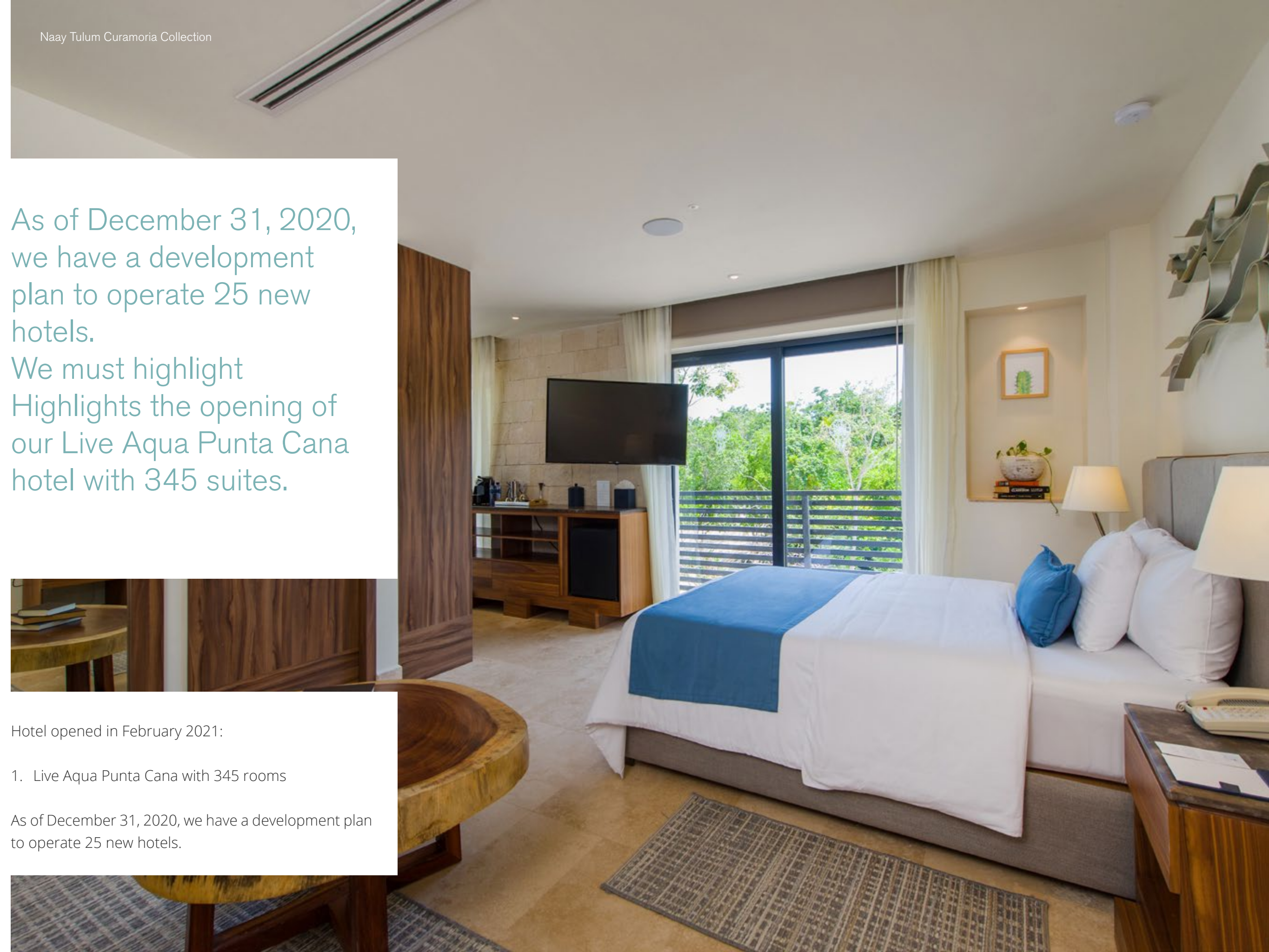
We must highlight Highlights the opening of our Live Aqua Punta Cana hotel with 345 suites.



Hotel opened in February 2021:

1. Live Aqua Punta Cana with 345 rooms

As of December 31, 2020, we have a development plan to operate 25 new hotels.



Naay Tulum Curamoria Collection

HIGHLIGHTS

OUR BRANDS

At Posadas, we are committed to creating unique and memorable travel experiences, with the highest quality standards in the industry. Therefore, we are very pleased to share that we are adding Curamoria Collection, a new boutique hotel collection brand, to our diverse portfolio. Curamoria has a franchise business model, through which we will seek to convert hotels already in operation to our brand. This launch is part of an intense and solid growth plan for Posadas in the best destinations in Mexico.

To further the growth of Posadas, we have also adopted the franchise model for the Fiesta Inn and The Explorean brands, which join Curamoria in Posadas' portfolio of franchisable brands.

We also executed a strategic facelift for our Fiesta Americana and Grand Fiesta Americana brands.

On the other hand, we entered into an alliance with RCI to sell a new vacation product that will give purchasers access to that inventory platform with discounted rates, and incorporate our partners from vacation programs to a platform with greater scope of access to inventory outside our system, and in turn to our hotels as part of said offer.



Naay Tulum Curamoria Collection



Fiesta Americana Hacienda Galindo Resort & Spa



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Fiesta Americana México Viaducto

HIGHLIGHTS

INNOVATION AND TECHNOLOGY

Innovation and technology are key to the way we are transforming the hospitality industry.

Committed to meeting the current needs of our guests, we provide safe and efficient services. Through our “phygital” program, we have scaled up the digital welcome, through check-in kiosks in most of our urban hotels, which offer a fast, personalized, and most importantly, contactless experience. We also have new Flex-Office marketing models.

Additionally, at the end of 2020 we launched our Fiesta Rewards application, which will include a pre-check in function for guests, who will only need to program their key at the kiosks to start having a memorable stay.

We received several local and international awards and distinctions for our responsible operations, quality, safety, and attention to guests.

- 4th best company to work for in Mexico, according to the Great Place to Work ranking.
- Konexo was selected by S21SEC as the #1 Company in terms of “PCI DSS Certification (Payment Card Industry Data Security Standard) and Maturity in Internal Processes of an Organization,” for Latin America.

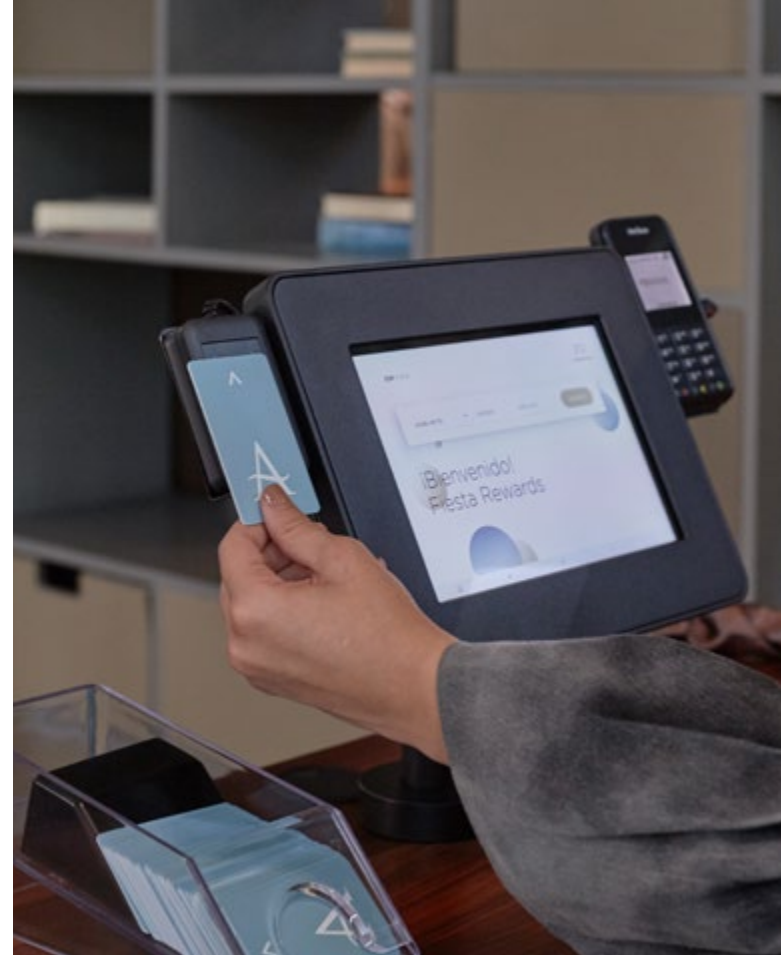
Our hotels also received recognition.

- Live Aqua Urban Resort San Miguel de Allende was recognized by Forbes Travel Guide with Four Stars.
- Grand Fiesta Americana Coral Beach Cancun All Inclusive Spa Resort, was selected as “Leading Hotel in Mexico and Central America” in the 27th edition of the World Travel Awards (Mexico), “Best Hotel

Spa” in the Condé Nast Johansens 2021, in the category of Canada, the United States, Mexico and the Caribbean; and the Gem Spa, belonging to the same hotel, was recognized by Forbes Travel Guide with Four Stars.

Finally, there are actions that demonstrate the values of our company, the true DNA of Posadas, and our commitment to Mexico.

In August 2020, we joined the Government of Mexico, the United Nations Children’s Fund (UNICEF), and the United Nations Population Fund (UNFPA), to collaborate within the framework of the Spotlight Initiative - to eliminate violence against women and girls - by opening the doors of our hotels to victims of violence and their children.



HIGHLIGHTS

FINANCIAL RESULTS

We remain committed to developing strategic capital structure solutions to enable us to maintain our position as the leading hotel operator in Mexico.

Throughout 2020, the health emergency led us to operate our hotels in accordance with the provisions of federal and state epidemiological traffic lights, and limited services throughout the entire period, obtaining the following financial results.

Revenues at the end of the year were \$5,226 million, down 42% from 2019, and a negative EBITDA comparable to 2019 of \$937 million. In accordance with IFRS 16-Leases that went into effect on January 1, 2019, negative EBITDA is \$86 million. Consolidated income for the year was a loss of \$2,119 million, with a cash balance as of December 31, 2020 of \$502 million.

The balance of the vacation club receivables portfolio, as of December 31, 2020, was \$ 6,184 million, representing a marginal decrease compared to the previous year.

During 2020, we sold an unproductive plot of land located in Nuevo Vallarta, Mexico, and the Fiesta Americana Hermosillo hotel for a total of \$340 million. The procedure related to the fiscal audit for fiscal year 2006 has been definitively resolved and we are waiting for the fiscal authority to issue a resolution in which it determines a new tax credit in compliance with the judgment, the amount of which has yet to be determined.

To ensure business continuity, as a result of the significant deterioration related to COVID-19 in the Company's operating income and cash flows, as well as the still uncertain impact that COVID-19 will have on Mexico's tourism industry in the near future, we were forced to skip an interest payment, in the amount of approximately \$15.5 million dollars each, payable on June 30 and December 30, 2020, with respect to our

"7.875% Senior Notes due in 2022." We also negotiated the terms of most of our relationships with suppliers, lessors, and hotel owners. This decision aims to prioritize the use of cash for operational activities, in order to help maintain the high-quality standards that distinguish our hotels, and to preserve relationships and honor commitments with clients, agencies, employees, suppliers, and other stakeholders.

We remain committed to developing strategic capital structure solutions to enable us to maintain our position as the leading hotel operator in Mexico.

The full details of the financial situation at the end of the 2020 fiscal year are included in the Financial Statements of this report and present the results of the company during the fiscal year duly explained and clas-



sified. They also present the changes in the financial position during the year and show the changes in the items comprising the company's equity in the 2020 fiscal year. The necessary notes that complete and clarify the information contained in such financial statements are also detailed in the Report of the Independent Auditors and the 2018, 2019 and 2020 consolidated financial statements of Grupo Posadas S.A.B. de C.V. and Subsidiaries issued by Galaz, Yamazaki, Ruiz Urquiza S.C. (Deloitte).

We strongly believe that the hospitality and tourism sectors are essential to Mexico's economic recovery.

Even though the recovery has been slow, we are confident that we will forge ahead on the basis of our new management style, clear and measurable goals, control of expenses and investments, market share, economically rational and guest-focused processes, flexibility and openness to adapt to the environment, and by providing a better customer experience and taking advantage of the technological platform, both at our headquarters and hotels.

The great competitive advantages that we have built throughout our 50 years in the business have made us the best hotel company in the country:

We strongly believe that the hospitality and tourism sectors are essential to Mexico's economic recovery.

- Expertise and experience in hotel management
- Our brands
- Distribution platform
- Vacation programs
- The best ownership network
- The best talent
- Compliance with standards and regulations

I would like to thank each and every one of our collaborators for their dedication, commitment and responsibility during the past year, as well as for their effort and support in such trying times. My appreciation also goes out to those who, in spite of the circumstances, continue to believe in Posadas.

To the collaborators we lost due to COVID-19 and to



their families, we owe an undying debt of gratitude, for without their contributions this company would not be what it is today.

And last but not least, to our partners, suppliers, investors and shareholders, our most profound thanks for their unwavering support during a most challenging year.

As better times lie ahead for all of us, I am confident that together we will reinvent Posadas.

Azcárraga
José Carlos Azcárraga
CHIEF EXECUTIVE OFFICER

HIGHLIGHTS



Because our guests are first

VIAJA
con confianza



+180
hotels



69,046
visits to our website



11,510
trained
employees



8^{OUT} OF 10
satisfied guests



55,368
protection insurance
for guests



Because we are the best hotel company in our country

100%
hotels with
digital menu



Fiesta Americana
and Grand Fiesta
Americana refresh



15,500
digital check-in

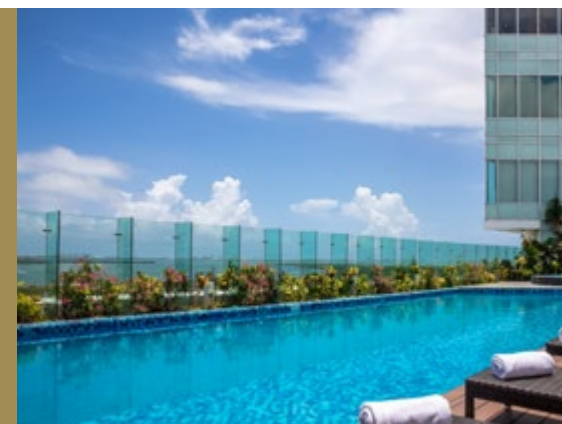


+7.6PP
satisfaction level
in NPS



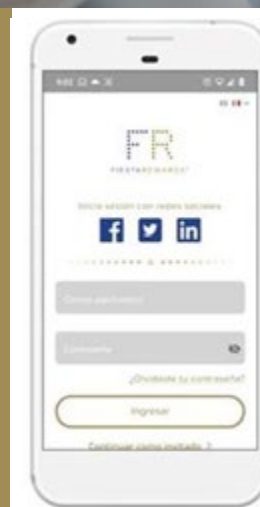
New
site and
mobile
app

Digital
welcome in
66
hotels



Curamoria
Collections
launch

25^{hotels}
in development
plan





Vacation programs

287,169

rooms night

\$363,359,700

hotels revenue

SALES ROOMS

22 in 45

business units

hotels

TOTAL SALES

1,700

million pesos

PRODUCTS



903
transactions

1,005
calls

1,214
partners

LIVE AQUA RESIDENCE CLUB



57,191
transactions

250,237
calls

32,117
partners

FIESTA AMERICANA VACATION CLUB



59,132
transactions

140,603
calls

40,993
partners

KIVAC



2,590
transactions

12,340
calls

903
partners

FAVC ACCESS



Because we are responsible



We support the
SPOTLIGHT
Initiative
Nearly
100
Victims supported



4TH place in Great
Place to Work
ranking



COVID-19
Free
ACCOMMODATION
to the medical
community
+1,000 rooms

Psychological and
physical support
to our employees