GRUPO POSADAS, S.A.B. de C.V.

Prolongación Paseo de la Reforma 1015, Torre A, Piso 9
Col. Santa Fe Cuajimalpa, delegación Cuajimalpa
Ciudad de México, 05348

Series "A" shares representing the corporate capital of Grupo Posadas, S.A.B. de C.V. quoted on the Bolsa Mexicana de Valores, S.A.B. de C.V. (Mexican Stock Exchange)

Ticker Code: Posadas A

The shares are registered in the National Securities Registry and quoted on the Mexican Securities Exchange Market, S.A.B. de C.V.

Registration in the National Securities Registry does not imply certification of the merit of the securities, or of the issuer's solvency, of the accuracy or truthfulness of the information contained in this Annual Report, nor does it validate those acts which, if applicable, were in violation of the law

ANNUAL REPORT PRESENTED IN KEEPING WITH THE GENERALLY APPLICABLE PROVISIONS TO SECURITIES ISSUERS AND OTHER MARKET PARTICIPANTS FOR THE CORPORATE YEAR ENDING DECEMBER 31, 2021

INFORMATION RELATED TO DEBT SECURITIES IN EFFECT ISSUED BY GRUPO POSADAS S.A.B. DE C.V.

Debt Instruments	Senior Notes Due 2027
Ticker symbol	“POSADA”
Amount	US$398,581,321
Issue Date	December 15, 2021
Maturity Date	December 30, 2027
Issue term	A single payment on December 30, 2027
Interest and calculation procedure	Step up interest rate: year 1: 4%, year 2: 5%, year 3 and 4 :7%, years 5 and 6: 8% (PIK option for years 1 and 2)
Interest payment periods	Every six months, in the months of June and December
Place and method for paying interest and principal	PIK option up to 50% of interest at a rate of 6% for year one and 7% for year two. All amounts due are to be wire transferred through the “Trustee”
Amortization and early amortization	“Make-Whole” clause
Guarantee	Administrative and Guarantee Trust and Pledge Agreement of segregated bank accounts to deposit all cash collections from the Vacation Club products: 1. Hotel Fiesta Americana Reforma 2. Hotel Fiesta Americana Guadalajara 3. Vacation property real estate: a. Grand Fiesta Americana Los Cabos b. Fiesta Americana Villas Los Cabos c. Live Aqua Residence Club Los Cabos d. Fiesta Americana Acapulco e. Fiesta Americana Cozumel f. Fiesta Americana Cancún g. The Explorean Kohunlich h. 16 apartments within the Nima Bay complex located in Puerto Vallarta 4. Accounts Receivables of the Company´s Vacation Club products: (Timeshares, Access y Kivac) 5. Additional investments that the Company may execute.
Trustee	Banco Invex, S.A., Grupo Financiero Invex, División Fiduciaria, as Trustee of the collateral
Rating by rating institution and its meaning*	S&P Global Ratings, “B-”, *See website: www.standardandpoors.com/es,
Common representative	Citi Agency & Trust, as “Trustee”, and Banco Nacional de México S.A. integrante de Grupo Financiero Banamex, División Fiduciaria as “Collateral Agent”
Depositary	Citi Agency & Trust
Tax rules	Applicable withholding rate on the date of this report, regarding interest paid on Senior Notes is subject to (i) for foreign resident individuals and legal entities, for tax purposes, to a 4.9% withholding rate provided that a series of conditions are met, (ii) if any of these conditions, such as in article 7, second paragraph of the LMV[T.N.] is not

[T.N.] These are the initials in Spanish for the *Ley Mexicana de Valores*, which translates into English as the Mexican Securities Law

	met, residents abroad may be subject to a 10% withholding rate. In both cases, advisors should be consulted regarding the tax consequences of investing in Senior Notes, including the enforcement of specific rules relating to their particular situations. It is possible that the tax rules in force may be modified during the Program period and during the Issue term.
Calculation Agent	**Citi Agency & Trust**

The Issuer shall operate in accordance to its applicable corporate by-laws, legal and contractual provisions upon determining the reserves related to a change of control, corporate restructuring, including acquisitions, mergers, split offs, sale or encumbrance of material assets, taking into consideration the participation of the holders of the previously specified securities.

ÍNDICE

Audits of the independent auditors for 2021, 2020 and 2019, reports of the Audit Committee and Corporate Practices Committee.

a) Glossary of Terms and Definitions

TERM	DEFINITION
“BMV” or “Securities Exchange”	Shall mean Mexican Securities Exchange Market, S.A.B. de C.V.
“CNBV”	Shall mean National Banking and Securities Commission.
“Company”, “Group” or “Posadas”	Shall mean Grupo Posadas, S.A.B. de C.V. and its subsidiaries.
“Issuer”	Grupo Posadas, S.A.B. de C.V.
“Audited Financial Statements”	The financial statements audited by Galaz, Yamazaki, Ruiz Urquiza, S.C. for the corporate years ending December 31, 2019, 2018 and 2017 included in the present Annual Report.
“Fibras”	Mexican trusts principally established to develop, acquire, lease, own and operate hotels.
“Report”	The present Annual Report.
“RNV”	National Securities Registry under the National Banking and Securities Commission.
“$” or “Pesos” or “M.N.”	Currency of legal tender in the United Mexican States.
“US” or “Dollars”	Currency of legal tender in the United States of America.
“M”	Millions.
“NIIF” or “IFRS”, due to its initials in English	International Financial Reporting Standards
“Vacation Properties”	Company Segment responsible for marketing and operation of vacation products, i.e. time-share, and vacation plans, i.e. pre-payment and discount club.
“NPS”	Net Promoter Score: index that measures the customer´s loyalty to the brand.
Posadas System	Group of hotels that are managed under the brands of Grupo Posadas, S.A.B. de C.V., whether as owned, leased, operator or franchised hotels.

b) Executive Summary

This executive summary briefly summarizes information regarding the 2021 performance of Posadas. This information is insufficient for an exhaustive financial analysis nor to make decisions related to Posadas' financial information. Therefore, the investing public should read both the Annual Report, including the audited consolidated financial statements, as well as the corresponding notes completing and clarifying the information contained in the consolidated financial statements before making an investment decision.

Grupo Posadas, S.A.B. de C.V. is the biggest hotel operator in Mexico based on the number of hotels and rooms, (Source: 2021 Posadas Chain Study with Information from Smith Travel Research Census Database to December, 2021).

As of December 31, 2021, the Company had 186 hotels and resorts operated and/or franchised under Posadas' brands, representing a total of 28,888 rooms in Mexico and the Caribbean; 87% distributed in urban destinations and the remaining 13% in beach destinations. Consequently, it serves a broad base of tourist and business travelers.

For most of 2021, out of the 186 hotels, the Company was the majority owner of 12 hotels, operated 140, franchised 19 and leased 15.

The Company has expanded through strong brand positioning and development, which ensures service consistency and client recognition. The Company operates its hotels in Mexico principally through Posadas' brands, which have been updated in diverse aspects: Live Aqua (Live Aqua Urban Resort, Live Aqua Beach Resorts, Live Aqua Boutique Resort, Live Aqua Residence Club, Grand Fiesta Americana (GFA), Curamoria Collection, Fiesta Americana (FA), The Explorean, Fiesta Americana Vacation Villas, Fiesta Inn (Fiesta Inn Express, Fiesta Inn LOFT), Gamma and One Hoteles. On April 4, 2020, Posadas opened the first IOH hotel. Additionally, the new brands Funeeq and Dayforia are soon to be launched onto the market.

Live Aqua is the 5-star Urban, Beach and Boutique Resorts brand[1] that offers a wide variety of services and luxury rooms with avant-garde details and designs focused on creating unique and sensorial experiences, seeking to attract high economic level tourism to beach destinations and executive business travelers to city destinations focused on adults. During the last years, we have been consolidating both the service offered and experiential excellence under this brand. Our most demanding guests can find a sophisticated yet relaxed atmosphere, avant-garde design and international cuisine, to satisfy all of their needs. This is the brand with which in 2021 we initiated operations in a 347-room Beach Resort hotel in Punta Cana, Dominican Republic.

Live Aqua Residence Club (LARC) is a vacation membership offering a variety of the Live Aqua family high-level residential real properties.

Grand Fiesta Americana is the 5-star[1] luxury hotel chain located in the most important cities offering an exclusive and personalized lodging experience with superior service and quality expectations but without losing the warm hospitality that characterizes Mexico. It focuses on persons searching for an exceptional luxurious Mexican experience in a classical contemporary environment.

Curamoria Collection groups 5-star or unclassified hotels that operate under franchise, where the traveler can find original, iconic or trendy facilities especially allocated for boutique hotels, with an emphasis on design or originality, gourmet experiences, authenticity and luxury.

Fiesta Americana is the leading 5-star[1] hotel chain in Mexico centered on creating great memories for all the family. It is designed for persons traveling for pleasure and/or business pursuing 5-star hotel complexes with all the services and amenities of large hotels. **Fiesta Americana Vacation Club** is part of this family, which is our traditional family vacation membership with properties located in the most important beach destinations of our country.

The Explorean is the Resort Brand providing outdoor experiences and activities in natural environments, leaving behind the routine, and coming into contact with nature without sacrificing the comfort of a 4-star hotel[2].

[1] Classification given according to the self-assessment mechanism regulated by the Ministry of Tourism (SECTUR)

[2] Classification given according to the self-assessment mechanism regulated by the Ministry of Tourism (SECTUR)

Fiesta Inn is the 4-star[2] Business Class chain addressed to business and/or leisure travelers. Fiesta Inn adapts to current business travelers' needs with an excellent location, multifunctional areas, comfortable rooms, public areas, meeting rooms, event halls and restaurants offering a balance between relaxation and work.

As a part of the Fiesta Inn brand are the Fiesta Inn **Express and Fiesta** Inn **Loft** variations, likewise, addressed to business and/or leisure travelers, providing a comforting and productive stay through the design, comfort, and functionality of each space. The rooms are fully equipped to be adapted for working, eating, or resting.

The **Gamma** brand is a collection of 3 and 4-star[2] hotels, under franchise, with each hotel keeping its unique architecture, decoration, design style and personality. It is directed to persons that, regardless of their reason for travelling, are looking for local traditional lodging locations and leaving aside hotel chain standardization.

One is the practical and affordable 3-star[2] hotel brand with modern design and accelerated development. It is designed for pleasure and/or business travelers searching for hotels with guaranteed fair-price and friendly service focused on self-service in a variety of destinations and key locations, but without losing the trustworthiness, comfort and cleanliness of a chain hotel.

With **IOH** promoting existing and creating new brands, we reaffirm investors' trust in Posadas' strength. This is the case of IOH which on April 4, 2022 materialized in the IOH Hotel Merida MID Center. IOH not only merges opportunities to satisfy national travelers searching for flexibility in multipurpose trips, but where design and digital solutions prevail for modern and hyper-connected guests.

We also strategically updated our Fiesta Americana and Grand Fiesta Americana brands.

Regarding new hotel development, the Company strengthened the hotel portfolio with 9 openings during 2021 and three more in 2022:

1. Live Aqua Beach Resort Punta Cana (Dominican Republic).
2. Ilo Rojo San Miguel de Allende.
3. Casa de la Marquesa Queretaro.
4. Dos Patios Queretaro Curamoria.
5. One Coatzacoalcos Forum.
6. One Saltillo Aeropuerto.
7. One Chihuahua Norte.
8. Pug Seal Curamoria Collection.
9. Gamma Ciudad de Mexico Santa Fe.
10. Huayacan Cuernavaca Curamoria Collection (2022).
11. IOH Merida MID Center (2022).
12. Gamma Villahermosa (2022).

The hotels that ceased to operate under our brands are:

1. Grand Fiesta Americana Puerto Vallarta.
2. Fiesta Inn Toluca Aeropuerto.
3. Gamma Cancun Centro.
4. One Tuxtla Gutiérrez.
5. One Leon Antares (2022).
6. Pug Seal Curamoria Collection (2022).

As of December 31, 2021, we have a development plan comprising different commitment level agreements to operate 18 new hotels with 3,585 rooms. Of the $14,773 million (US$718 million) total investment for these projects, 2% of the funding is contributed by Posadas and 98% by independent investors. This will represent a 12.4% room supply increase.

These hotel openings began in the first quarter of 2022, and pursuant to the commitments undertaken by the owners of said properties, it is estimated that the majority will be operating by 2023. The average operating life of these contracts is more than 15 years.

Also, there is a project to develop 28 apartments in Acapulco Diamante, which is programmed in the next two years.

On September 29, 2021, we transferred our 12.5% interest in the Rivera Maya development project investment trust. This transaction completed the hotel operating contract conclusion in said project announced on July 8, 2021.

In March 2021, we received $156 million from the previously announced sale of the Fiesta Americana Hacienda Galindo hotel. On August 15, 2021, the Grand Fiesta Americana Puerto Vallarta hotel lease was early terminated.

Regarding operations, despite continuing pandemic consequences, we observe a recovery trend. We continue operating under some restrictions established by federal and state authorities to deal with the health emergency. This context led us to implement and adjust various measures throughout the year, such as supplier agreements, a new operating model that allows us to modify our operation to face the new environment. As a result of the consulting alliance with the ABC Medical Center and the 3M Company, all our properties have the necessary cleaning and disinfection measures that apply prevention, hygiene, and disinfection protocols.

Likewise, we continue the “Work Safely” program, which includes cleaning and hygiene protocols throughout the workplace, and the necessary protective equipment to work safely, as well as the "Travel Safely" program for travelers, which encompasses application of health protocol initiatives, and new operating procedures adapted to the new reality. The latter includes our digital program allowing check-in trough kiosks in most of our urban hotels offering a fast, personalized experience, but above all, without any contact. Furthermore, are other actions such as the digitization of service menus and the offer of travel insurance allowing guests lodging flexibility in our hotels, amongst other hygiene and security measures.

Supported by marketing programs, we launched VIAJA LATAM, that markets our hotels in countries such as Colombia, Chile, Costa Rica, Guatemala and the Dominican Republic. Thanks to this initiative, individual traveler room-night sales have doubled in the American market, The *Coleccion Resorts* by Fiesta Americana increased the occupied room nights number, surpassing 2019 levels and achieving a 19% average contribution to the web channel for the Upscale & Luxury portfolio brands.

Today, Posadas’ portfolio has 9 hotel market brands and 4 Vacation Property market brands; the last has 24 Mexican territory sale points where our products are offered, thus being one of the major leaders in the vacation property industry.

As mentioned in 2020, in order to face industry challenges, as well as for greater clarity of goals and efficient guest-centered processes, the company established a new organizational structure. In this structure, the Vacation Properties area became the Loyalty are, integrating our Fiesta Rewards program and forming a synergizing relationship with the clients of each product, gaining clients using digital channels and optimizing sales procedures, achieving higher margin and profitability holiday products. It is worth mentioning that this is an internal operational change, therefore, no reclassifications were made to the 2021 income statement and the results will continue to be presented in the Vacation Properties category:

The Company operates the following Vacation Products:

- **Fiesta Americana Vacation Club** (FAVC) is a timeshare vacation club in which members purchase a “40 year right to use” represented by annual points related to a concrete development. FAVC points, furthermore, may be exchanged for lodging at any of the seven complexes located in Los Cabos (Villas and Resort), Baja California Sur; Acapulco, Guerrero; Cancun, Cozumel (two complexes) and Kohunlich (Chetumal), Quintana Roo and Puerto Vallarta, as well as any Company-operated hotel. Additionally, FAVC members may use their points at Resorts Condominium International (RCI) complexes and Hilton Grand Vacation

Clubs, or at any affiliated complex in different parts of the world. The Company has operated FAVC for more than 21 years.

To close of 2021 there were 32,963 members.

- **Live Aqua Residence Club** (LARC) is a timeshare vacation membership with a select option of vacation residences and high-level hotels, and travel services so that season after season members can travel with distinction and personalized attention. By acquiring this product, they buy a "40 year right to use " represented by annual points granting the right to use a specific residential development. Moreover, points may be exchanged in other LARC brand residential developments (located in Puerto Vallarta, Los Cabos, and Huatulco), or in the Fiesta Americana family hotel complexes. They also have access to the alliance with Resorts Condominium International (RCI), Hilton Grand Vacations, Vail, and the Registry Collection through which the member can exchange their points to lodge in one of the destinations in the agreement in different parts of the world.

To close of 2021 there were 1,525 members.

- **Fiesta Americana Vacation Club Access** (antes "Re_SET") is an exclusive discount plan for our clients allowing them to choose as they wish the travel moment, to destinations either in Mexico or abroad.

To close of 2021, there were 1784 members.

- **KIVAC**: is a prepaid vacation and point repurchase package plan that allows travel to destinations located in Mexico and the United States of America. The validity period for the points is up to 5 years.

To close of 2021, there were 38,096 members.

- **Kívac Xpand,** is a Kivac complementary points package program, which allows all-year travel without seasonal restrictions, providing access to new international destinations and more than 10,000 hotels in Mexico. In 2021, it generated more than $5,376,181 Mexican Currency redemption points.

- **Kívac Travel Suite** so that Mexican companies could incorporate their Mexican employees into the benefit packages, a new product called Kivac Travel Suite was launched. It consists of a points bag model to be used by company collaborators to access a travel plan with destinations in Mexico and the United States. To close 2021, there were 583 members.

- **Viaja Plus** is the subscription platform which, along with the Travel & Leisure Group, offers on the Mexican market an annual travel subscription allowing travel in Mexico and abroad with up to 40% discount rates for more than 600,000 hotels.

In 2021, the Loyalty program result generated 313,832 room nights, resulting in a $617.9 million income for the Posadas system.

In turn, Loyalty launched its virtual sales platform, thereby reducing marketing expense by 10.3 pp compared to 2020, obtaining clients with a more aligned profile, as well as a more efficient lower cost sales process.

The Loyalty strategy allowed us to achieve the following in 2021:

- Net sales 11% above the forecast, representing a 41% increase above the previous year.
- EBITDA 32% higher than forecast and 109% higher than 2020.

- Sales closing percentage of 25.5% (higher than the pre-pandemic 22% in 2019).
- 2 Business units achieved a historic annual sales year: Los Cabos and Cozumel.
- Loyalty segment represented 34% of the total POSADAS system occupancy.

Our clients' loyalty is one of the great foundations of the Company. In 2021, our "Fiesta Rewards" loyalty program contributed 32.6% to Posadas' system occupancy. During 2021, 270,000 new members joined, achieving a total of 337,000 active members. The Fiesta Rewards mobile app continues evolving, integrating the Loyalty sale points program function, and improving the digital pre-check-in experience, allowing guests to pay for their stay and choose their room a day before their arrival.

The "Fiesta Rewards" loyalty program maintains its alliance with Banco Santander, the co-branded Santander-Fiesta Rewards credit card, through which members obtain travel-related benefits. At the close of 2021, the Santander Fiesta Rewards credit card had more than 188,500 cardholders; in the same year, 43,000 new cardholders were enrolled.

Fiesta Rewards has contributed significantly to Posadas retaining valuable customers and maintaining stable income during diverse business cycles. Fiesta Rewards members receive various benefits such as points, preferential rates, pre-sales, exclusive experiences, and exchange points for nights spent at Posadas-affiliated hotels, catalog items, airline tickets, car rentals, amongst other things. Fiesta Rewards, in terms of active members, is the most recognized loyalty program amongst hotel chains in Mexico.

Regarding the Company in general, year-end income was $7,406.7 million, a 42% increase in comparison to 2020, and a $1,352.3 million EBITDA in comparison to the 2020 negative EBITDA of $85.6 million. The consolidated profit and loss for the year was a $63 million profit corresponding to the controlling shares, with a cash balance as of December 31, 2021, of $1,960.1 million of which $110.8 million were restricted cash.

Generation in USD of approximately 30% of the 2021 annual consolidated income for the corporate year, worked at corporate year closing as a direct hedge for dollar-denominated obligations.

In material tax matters, in this regard and monitoring the tax liability corresponding to 2006 tax year, reported in the 2015 consolidated financial statements, it is informed that in September 2020 the proceeding that declared the tax liability partially null was finally resolved. As of April 30, 2021, consequentially a new $ 222.8 million pesos tax liability was determined, in compliance with the latter ruling, that we presented for review. In regard to the new tax liability, the Company filed legal actions to invalidate e tax liability as well as a complaint, which it withdrew as it was convenient for its interests.

On March 30, 2022, the Company paid a $174.0 million pesos tax liability benefitting from article 70-A of the Federal Tax Code; thus, said matter was finally resolved. For more details see section *See section 3) Financial Information, c) Material Loan Information.*

The 2013 consolidated tax rules resulted in additional payment obligations for different corporate years for a total amount of $2,376 million pesos, which includes accrued taxes and surcharges to April 7, 2017. Of this, $524 million pesos were liquidated in the corporate year ($488 million pesos were paid on April 7, and the remainder during the month of April 2017). The balance is to be paid annually between 2018 and 2023, as updated, for an approximate amount of $309 million pesos each, numbers to be updated for each payment obligation corporate year. As of the issuance of this report date, all annual payments have been met, including the ninth annual payment corresponding to 2022, paid in March.

For more details see section *3) Financial Information, c) Material Loan Information*

On June 22, 2017, the subsidiary *Inmobiliaria del Sudeste, S.A. de C.V.*, owner of hotel Fiesta Americana Merida obtained a seven-year term secured trust loan for $210 million. The funds will be used for corporate purposes including remodeling of the hotel public areas. As of December 31, 2020, the remaining balance amounted to $ 159 M. On August 27, 2020, the second amendment agreement was signed by which the bank granted a 12-month grace period deferring interest and principal payment starting in April 2020. The third amended agreement to the modified and restated contract, dated April 23, 2021, establishes quarterly interest to be paid until April 23, 2022, and on this same date monthly principal payments will be resumed beginning with the amount of $2,458 M. So far in 2022, the subsidiary has paid $7.4 million due to deferred interest.

To maintain ordinary company operations and the liquidity necessary to confront the challenges faced by the accommodation and tourism sector due to the Covid-19 epidemic uncertainty, the Company announced on March 24, 2021, the contracting of a loan in the amount of $ 450 million pesos. The amount of the resources received was mainly used to pay the eighth annual payment agreed with the Tax Administration Service (SAT) in 2017. Said loan was prepaid in October 2021.

The company continued in default of its 2022 Senior Notes coupon payment, payable in June 2021 and continues negotiating with a certain group of holders. Finally, on December 15, 2021, our comprehensive debt restructuring was successfully concluded by exchanging the 2022 Senior Notes for notes due in 2027 for an amount of USD $398,581,321 (including a PIK- Paid in Kind). The latter through a complex agreement convened with a previous note-holder representative group, that was offered to the rest of the issue holders and became binding through a judicial proceeding denominated "prepackaged Chapter 11", before the United States courts. Excepting the note holders, no other creditors were affected by the restructuring plan, and once executed plan, the payment processes of suppliers and other creditors, which had been temporarily limited, were resumed.

The new notes are guaranteed by real property and accounts receivable generated by the Loyalty business, the bank accounts where the collection of said portfolio is deposited, as well as by the joint and several obligations of eleven subsidiaries of the Group.

Selected Financial Information

As of January 1, 2019, the Company adopted the new international accounting standard, IFRS 16 *leases* (issued in January 2016 by the IASB) which establishes new or modified requirements related to lease accounting. Thus, eliminating the difference between operating and financial leases and requiring recognition of a right-to-use asset and the corresponding lease liability as of the beginning lease date with some exceptions.

In May 2020, the IASB issued an amended IFRS 16, - lease concessions related to COVID-19 that provides a practical resource for lessee's concessions resulting as a direct consequence of the pandemic, thus introducing an IFRS 16 practical file. The practical file allows a lessee to evaluate whether a COVID-19 related lease concession is a lease modification. The lessee making this choice must account for any lease payment change resulting from the COVID-19 concession applying IFRS 16 as if the change were not a lease modification.

The Company has benefited from lease payment reductions for hotel property leases. Suspended lease payments amount to $ 261,588 and have been accounted for as a variable lease in the yearly results. For more details, see note 3.c of the Audited Consolidated Financial Statements.

This consolidated financial information summary is presented for the years 2021, 2020 and 2019, based on the Company's consolidated financial statements which have been audited by Galaz, Yamazaki, Ruiz Urquiza, S.C., the Company's external auditors.

The financial information presented should be reviewed jointly with the financial statements indicated in the previous paragraph and their respective notes. Likewise, the financial information summary should be reviewed with all the explanations provided by Posadas' management in the "Financial Information" Chapter, specifically in the section "Management Comments and Analysis of Operating Results and Financial Situation of the Company". Some figures may vary due to rounding off.

Audited Financials (million pesos) As of December 31st:			
Financial Highlights	**2021 - IFRS**	**2020 - IFRS**	**2019 - IFRS**
Total Revenues	7,406.7	5,225.7	9,072.7
Corporate expenses	397.2	361.7	403.9
Depreciation, amortization and real estate leasing	916.3	980.5	931.8
Operating income	455.1	(1,000.4)	678.8
Comprehensive financing cost (income)	253.1	1,431.6	687.1
Taxes	129.0	(293.9)	66.3
Net Income	57.9	2,138.0	(67.4)
Majority net income	63.0	(2,118.7)	(79.9)
Balance Sheet Data (End of period)			

Current assets	4,991.0	3,764.3	5,285.8
Property and equipment, net	4,187.5	4,406.9	4,513.2
Total assets	18,244.4	19,244.1	20,695.5
Current liabilities	4,226.2	12,165.4	3,838.8
Long-term debt	8,085.1	135.1	7,371.3
Total liabilities	17,232.1	18,334.8	17,639.2
Stockholders' equity	1,012.2	909.2	3,056.4
Other Financial Information			
EBIT / Revenues	6.1%	-19.1%	7.5%
Net Income/Revenues	0.8%	40.9%	(0.7%)
EBITDA	$1,090.7	-$231.4	$1,566.5
EBITDA to Revenues	14.7%	-4.4%	17.3%
Total debt to EBITDA	7.4 X	-34.1 X	4.7 X
Current assets / Current liabilities	1.18 X	0.31 X	1.38 X
Total liabilities / Equity	17.02 X	20.17 X	0.01 X

The shares representing the Company's corporate capital are listed on the Mexican Securities Exchange Market, S.A.B. de C.V., where they have traded since 1992. The number of shares in circulation (weighted average) to December 31, 2021, amounted to approximately 496 M.

Series "A" shares have shown low trading according to the BMV's rating. Trading in Series "A" shares has never been suspended by the regulatory authorities.

The following table shows the annual performance of the Series "A" shares during the last five years on the Securities Exchange Market:

POSADAS A	2017	2018	2019	2020	2021
Maximum Price	47.60	42.00	40.00	38.00	29.75
Minimum Price	35.00	29.90	35.50	20.00	20.50
Closing Price	38.00	40.00	38.00	21.30	29.75
Daily Average Volume (Thousands of shares)	113.40	100.85	65.51	21.60	0.74

Source: Bloomberg, except 2017 with information from Reuters. (The daily average volume is based on trading days).

For additional information regarding share performance see section 5*) Capital Market, b) Share Performance on the Securities Exchange.*

c) Risk Factors

The investing public should consider carefully all the information contained in the Annual Report, and specifically the following risk factors which are detailed below. These risks factors are not the only ones that the Company faces. Risks and uncertainties of which the Company is not aware, as well as those currently thought immaterial, may have a material adverse effect on the Company's operations, financial situation, operating results, or cash flows.

<u>Risks Relating to the Company</u>

The health and global economic situation and its effects on financing markets, the health and economy of the countries in which we operate, as well as the economy of our clients' countries has affected and may continue adversely affecting our businesses.

The COVID 19 health and global economic crisis and its effects have affected and foreseeably may continue to adversely affect Posadas' businesses, financial situation, and operating results. Despite observing a recovery, upticks, COVID 19 variant, vaccine availability and inequality or ineffective infection containment mechanisms, as well as an economic deterioration scenario have decreased and may continue to decrease our services and product demand, prevent our clients from travelling or cause our clients to breach commitments undertaken with both hotels and our Vacation Property (Loyalty) products and segment. Also, it may limit the building capacity of the owners whose hotels we operate, that we have agreed to operate or that are under our franchise, put at risk maintaining ownership of said real property, make the investments required or the timely investment of the same, and therefore, impact on our results and profitability. Likewise, travel restrictions, substantial increases in air and ground travel costs, and decreases in airline capacity arising primarily from reduced or consolidated flights may also contribute to reduced demand for Vacation Product (Loyalty) hotel rooms and villas.

Currently, the tourism sector is one of the most affected by the COVID-19 outbreak, with repercussions on both travel supply and demand. The situation poses an additional negative in the context of a weak world economy, significant inflation, wars and geopolitical, social, and commercial tensions, as well as the disparate behavior of the main travel issuing markets. It is still uncertain when the tourism sector may recover its pre-pandemic level dynamism, or the medium or long-term impact on demand in the “new normal” context such as modifications in the work travel segment, groups and conventions, or the economic impact on the markets originating our clients.

As part of the new normal, our group and convention segment return may not be correctly identified and serviced in all our locations, since most jobs continue under a hybrid scheme and with little corporate event reactivation of both national and foreigner groups, which may negatively impact our business. Most of our hotels have events space, which due to COVID rebound and uncertainty, provokes hesitancy if we should reduce or allocate them to new areas within the hotel, satisfying new demands and other business segments.

Our financial results, as well as our growth, have been and may continue to be significantly affected by the continuing or a new heath and economic crisis, affecting the conditions of our businesses and liquidity. The effects of the current health and economic situation are difficult to forecast and mitigate.

The Company has sought to mitigate this risk by (i) rapidly adopting new sanitary protocols, operating and business procedures to benefit collaborators and guests; (ii) containing capital expenditures or certain operating expenses; (iii) timely reviewing relationships with clients (hotel owners) and suppliers; (iv) restructuring of corporate personnel; (v) suspending payment of certain financial obligations.

Structurally, the Company is seeking to increase its regional diversity, geographic markets, as well as participating in leisure or business segments, increasing its brand portfolio, promoting the franchise model, especially for hotel reconversion. Although these strategies have given stability to our past results, we cannot guarantee their success in the future as we consider the current situation constantly changes, especially in a pandemic or post-pandemic context as in 2021 we were able to observe a generalized world economic impact.

The recovery from pandemic effects is "uneven and fragile". Control measures cause an adverse impact on the world and regional economies, affecting unemployment rate, discretionary expenses, consumer confidence, travel restrictions and regulations, thus they influence Company income, cost increases, supplier shortages, our ability to pay commitments, as well as those of owners, franchisees, or members, amongst others.

Income loss has affected operating results, and cash generation during the corporate year and the use of tax losses in the future. Likewise, this situation resulted in increasing the allowance amount for doubtful accounts.

The pandemic has subjected our business, operations, and financial condition to a series of risks, including, amongst others, the following:

(i) Income and Expenses: The company's efforts have been focused on preserving liquidity and, as a result, the March 31, 2021, cash balance was $1,960.1 million of which $110.8 million was restricted cash. Throughout the year the authorities, differentially and regionally, authorized the reopening of non-essential activities, including the hotel business, but in all cases, with reduced capacity, consumption center limitations or operating prohibitions (restaurants, event rooms), and other public areas (gyms, recreational areas). The new operating rules increased operating expenses to comply with sanitary provisions and generate trust in our guests and collaborators.

    All operating, brand licensing and franchising contracts provide for a variable portion of the fee charges that we collect based on income or results, insofar as the latter do not materialize, no fees are accrued in our favor. It is important to note that epidemics and inflation are not a risk covered by consequential loss insurance.

(ii) Operations:

In 2021, regional epidemiological indicator lights continued. State measures were modified from time to time. As of this date, all states have a green epidemiological indicator, and operational restrictions in terms of capacity have decreased significantly. However, re-openings may be partially reversed depending on epidemiological indicators, in consequence of new variants, case increase, hospital occupation, amongst others.

Likewise, various governmental levels authorities have established sanitary security protocols and mechanisms which we have implemented in our hotel operation or in certain activities (event halls). The plurality of new applicable regulations can be overwhelming, as can the consensus of different authorities for their issuance and monitoring, whose application guidelines are still unknown to us and could be subject to different application criteria amongst themselves and to the way we have adapted them in our different work centers. These protocols require rapid modification of guest servicing processes, special cleaning and hygiene, installations and procedures of all kinds, the establishment of barriers or physical distancing between people, continuous monitoring of employee activities and health, and training, availability of tests in hotels for collaborators and for foreign travelers, amongst others. Even if we consider that our protocols and additional measures comply with the corresponding new provisions, the possibility of exposure to contagion in public spaces remains or the authorities may have a different opinion.

(iii) Financing:

At the end of the year, we successfully concluded our comprehensive debt restructuring, exchanging 2022 Senior Notes for new notes due in 2027 in an amount of USD $398,581,321, which gave us our current "B-" corporate rating assigned by S&P Global (for more details see section 3) Financial Information, c) Material Loan Information). However, our indebtedness level increase may negatively affect our financial and operating activities or the capacity to incur additional indebtedness. Furthermore, as a result of the aforementioned risks, we may need to raise additional capital and our financing access and cost will depend on, amongst other things, global economic conditions, financing markets, availability of sufficient financing amounts, our outlook, our credit ratings, and the hotel industry outlook in general. Likewise, under the terms of the 2027 Senior Notes, the Company is bound to certain restrictions or limitations on contracting additional debt, granting guarantees, distributing dividends, selling assets, amongst other situations that may affect the ability to obtain financing or financing costs.

However, if our credit ratings are further downgraded, or general market conditions deteriorate, we would not be able to obtain sufficient liquidity to maintain our operation and fulfill our financial commitments, or our debt maturity will be accelerated, an increased credit rating levels risk would be generated to our industry and our company. In said context, access to capital and debt financing cost would be further affected. The interest rate of existing debt instruments, including credit lines, depend on these ratings, so our debt financing cost may increase further or become inaccessible.

Some of our business agreements may require guarantees due to rating changes, as well as future debt agreements, conditions and terms may be more restrictive, including incremental guarantees, which may further limit our business operations or cause new financing unavailability due to current restrictions

Considering the developing nature of the pandemic and other related circumstances, such as the shortage crisis, world inflation, economic importance of geopolitical conflicts, Mexican governmental structural decisions, it is too early to calculate their full impact on our markets and financial situation.

We have significant indebtedness amounts which are due in the upcoming years, and we cannot ensure their refinancing or that it will be on fully favorable terms.

Historically, we have addressed our liquidity needs (including funds required to make scheduled principal and interest payments, refinance indebtedness, and fund working capital and planned capital expenditures) with operating cash flow, borrowings under credit facilities, and proceeds from debt offerings and asset sales. The present situation may negatively impact our ability to access additional short-term and long-term refinancing or financing, or to do so on less favorable terms, which would negatively impact our liquidity and financial condition.

Credit Risk

The deterioration of our financial situation has impacted and may continue to negatively affect access to financing and its costs, and conserving and obtaining new financing, including financial loans. Downgrades by the rating agencies or the restrictions to which we have been submitted may increase our cost and/or limit financing availability which would impede availability of capital necessary to operate.

The Company may incur additional debt which may affect its financial situation and ability to generate sufficient cash to meet its payment obligations.

Income and cash flow requirements have caused and may continue to compel the Company to incur additional debt which may have or worsen the following effects: (i) limit its ability to pay its debts; (ii) increase, generally, its vulnerability to economic conditions and to industry conditions; (iii) require that the Company allocate a significant amount of its cash flow to debt payment; (iv) limit its flexibility to plan or react to changes in its business; (v) limit its ability to obtain additional financing, and (vi) increase the cost or make more expensive additional financing conditions..

The Company's ability to generate sufficient cash or foreign currency to pay its debt depends on its operating performance and refinancing ability, which may be affected by prevailing economic conditions such as those currently existing in this sector, its performance, financial, reputation and other factors, many of which are beyond the Company's control. Posadas may be forced to adopt alternative strategies to fulfill its obligations, including cancelling, decreasing, or delaying investments, selling assets, restructuring or refinancing its debt, drastically reducing expenses or needing additional capital. Said activities may occur on unfavorable terms; have uncertain consequences or may not be timely carried out or not carried out.

Posadas' financing terms contain determined financial, operating, and corporate restrictions, which may negatively affect the Company's ability to react to market changes, take advantage of business opportunities, obtain financing, make investments, improve its operating costs, or face business difficulties. These currently limit the payment of dividends to its shareholders, the carrying out of certain corporate operations, granting of guarantees, or disposing of assets, or demanding that investment of liquid resources be made in certain assets or purposes, such as debt prepayment.

Taxes

Tax legislation is frequently modified by the competent authorities. These modifications or the authority's interpretations of applicable provisions may have a material adverse effect on the Company's tax liabilities and on their compliance costs. Likewise, the authority may have an applicable criterion to apply and interpret the relevant regulations different from the Issuer.

The Company is frequently subject to tax audit proceedings by tax authorities and subject to possible tax liabilities determined by said authorities, which may adversely impact the businesses' financial situation and cash flows.

In relevant tax matters, in this regard and monitoring the tax liabilities corresponding to 2006 tax year, reported in the 2015 consolidated financial statements, it is informed that in September 2020 the proceeding that declared the tax liability partially null was finally resolved. As of April 30, 2021, consequentially a new $ 222.8 million pesos tax liability was determined, in compliance with the latter ruling, that we presented for review. In regard to the new tax liability, the Company filed legal actions to invalidate the tax liability as well as a complaint, which it withdrew so as to be able to pay the tax liability.

Consequently, on March 30, 2022, the Company paid the $174.0 million pesos tax liability benefitting from article 70-A of the Federal Tax Code; thus said matter was finally concluded. For more details see section *See section 3) Financial Information, c) Material Loan Information.*

For tax years 2010 and 2013, official audit closing letters were obtained from the Tax Administration Service (SAT). As to tax years 2007, 2008 and 2009, the Company was notified of SAT official letters ruling revocation of the determined tax liabilities and ordered issuance of new official letters which instructed payment of the surcharges derived from the Company-made corrections to these tax years. The Company may continue under the contingency and/or a fortuitous event could impact the previous agreements with the governmental authority, such as a change in administration or an administrative interpretation. For additional information see section 3) *Financial Information*, c) *Material Loan Information*.

For the 2014 tax year, audit closing letters were obtained from the SAT, which concluded that there were no observations by the tax authority regarding the aforementioned tax year. It is important to point out that, in 2015, the tax authority did not exercise its verification powers.

On March 8, 2022, the SAT notified an official letter informing that auditing powers were initiated for the January 1 to December 31, 2016, tax year, in order to verify its tax situation. On March 28, 2022, the SAT notified authorization of an extension to provide the information formally requested, therefore the delivery deadline expired on April 18, 2022.

Posadas's suppliers may be deemed as the type of taxpayers for which the SAT presumes the material inexistence of their operations, and therefore the supply of goods or services provided to Posadas may also be deemed inexistent. The elements proving existence of the supply relationship that Posadas has may, at the SAT's discretion, be insufficient to prove the existence and performance of the supply obligation, and of the affirmative and/or negative covenants of each supplier. Therefore, corresponding expenses may be considered non-deductible for Income Tax deduction purposes, as well as the impossibility of proving the transferred Value Added Tax, and potentially altering the tax basis of the correspondingly tax determined and paid during the last 5 (five) years to the date of the income tax statement. Thus, taxpayers are obligated to recalculate and pay the corresponding taxes, furthermore, if they do not prove the material existence of the operations covered in the tax receipts, these will be considered as simulated acts or contracts and possibly tax crimes.

On the other hand, incursion into new markets causes our operations to be subject to tax obligations, which may or may not be subject to withholdings in other jurisdictions or to benefit from exemptions provided in international treaties to avoid double taxation. In this sense, we cannot assure that the tax effects of operating in other countries may be comparable to or less burdensome than the effects of operating in national markets.

Finally, certain tax modifications imposed since 2020 obligated our foreign technology digital platforms and media service suppliers to pay value added tax. Our suppliers may choose to transfer or not transfer the aforementioned tax, but if they do not do so, Posadas would be obligated to pay the tax and, subsequently, prove payment of the same.

During the 2021 corporate year, amendments regarding labor subcontracting and tax reform became enforceable. The amendments mandate a general subcontracting prohibition and stipulate rules under which specialized services may be subcontracted. However, there are no clear criteria or certainty to determine when rendering services may be considered as subcontracting and therefore be subject to prohibition. The Company renders and receives different services that may be considered specialized. The Company has obtained its registration in the Specialized Services or Specialized Employment Rendition Registry (REPSE, due to its initials in Spanish) and in turn seeks to identify those specialized services it receives, conforming these to the new provisions. The criteria adopted by the Company to identify specialized activities may differ from the criteria of the authority, thereby incurring labor and tax consequences. Amongst the preceding are penalties, including Income Tax non-deductibility of payments made for these services, and the paid Value Added Tax would not be credited, if the information obligation to send, on the terms of the Income Tax and Value Added Tax Laws, is not fulfilled. Likewise, the authority may deem that the predicate of aggravated criminal tax fraud has been materialized.

In 2022, a new obligation became enforceable for all legal entities and entities to identify or collect information on what the tax legislation has defined as the "Controlling Beneficiary" of the above. The legal provisions may not be entirely clear and the Miscellaneous Tax Resolution interpreting them is insufficient to accurately apply identification criteria in the context of an entity whose shares are listed on the stock exchange. Regulatory provisions such as banking, fiduciary or stock market secrecy, the equity held by investment funds in the corporate capital of listed entities, the lack of, limited or imperfect obligation of shareholders to disclose information to their issuers, the time frame so that issuers obtain this information, the very logic of stock trading, may prevent the Company from being able to identify the Controlling Beneficiary with certainty, timeliness and under the same criteria used by the authority, or the Beneficiary may not provide the information required by the Miscellaneous Tax Resolution, thus being subjected to fines and other penalties provided for in the applicable.

Geographic Dependency

To the 2021 corporate year closing, Company operations are concentrated mainly in Mexico, with 185 hotels operated under our brands in this country. Although inventory in Mexico is diversified to service beach and city destinations as well as vacation and business travelers, groups, or individuals, etc., the Company is significantly dependent on its operations in Mexico, market in which it already has a high penetration. If these Mexican operations do not work according to Company designed plans and strategies, this may have a significant adverse effect on the operations, financial situation, or operating results of the Company in general.

As part of its Caribbean expansion plan, the Company signed a contract in 2017 to operate a hotel under the Grand Fiesta Americana brand, another in 2019 to operate a hotel under the Live Aqua brand, and in

2022 another under the Funeeq brand, for 15-year terms, located in Punta Cana, Dominican Republic. In February 2021, the Live Aqua 347 room hotel began to operate. In order to perform its hotel operator obligations in said country, the Company incorporated an affiliate in December 2019, same which is already operating.

Posadas' ability to operate and grow in the Dominican Republic and other Caribbean destinations may also be affected by commercial barriers, currency fluctuations, currency exchange controls, political situations, inflation, taxes, and current and future legislative amendments in said countries, operating with new tools or adapting existing tools, mainly marketing in other markets, and adapting to mechanisms stipulated by the owner and the country's system. This may have a material adverse effect on Company operations, financial situation, or its overall operating results.

In the pandemic context, Posadas, and the owner of the managed properties in the Republic of Cuba agreed in May 2020 to terminate the operating contracts of two hotels: Fiesta Americana Punta Varadero and Fiesta Americana Holguin. The delivery-reception process is currently on going but has been hampered by pandemic restrictions. Posadas will incur certain yet to be established termination costs.

Concentration in one industry

The Company's operation is principally concentrated in one industry –hotel and tourism service industry- and the current strategy consists of staying focused on this industry and other related business, such as Vacation Products, and other lodging service sale modalities and contact centers. The Company has also undergone an ownership consolidation process of the hotels under its operation. To December 31, 2021, only three investors own 16 hotels, another investor is the owner of 68 hotels with 10,091 rooms that represent 37% of the total hotels managed by Posadas. This concentration and dependency risk may affect, among others, the Company's negotiation, and operating capabilities pursuant to policies freely established by the Company and sacrifice its operating margins.

This concentration level may adversely affect future contract negotiations, renewals and modifications, as well as a systemic termination of current contracts may cause a negative impact in the Company's cash flows. In the same manner, it may affect the owners' investment capacity to bear maintenance or investment expenses, thus affecting the competitiveness of the properties and eventually the fees the Company receives from their operation. In the current context of operation suspension and slow reopening, this concentration may also affect the capacity of the owners to bear operating expenses.

Foray into new related industries

As part of consumer trend and available inventories of temporary housing arrangements changes (lodging platforms or rental of apartments and houses), as well as participation in designing capital requirements for new real estate investments by third parties in this sector, the Company returns to the residential properties segment. This is to offer brand licenses, condominium management services and other services related to residential or mixed complexes, mainly destined to tourism, under Posadas standards and brands.

It is not possible to ensure attainment of Company plans, consumer acceptance of developments and services, or that these will be profitably operated by the Company. Moreover, the implementation and development of these businesses may distract the management and divert resources, or the benefits foreseen may be less or not fully obtained.

Growth Strategy

The Company has designed a growth strategy for its hotel, Vacation Product, and other service businesses in Mexico and the Caribbean, primarily based on the execution of hotel operating or leasing agreements related to third party realty, the execution of franchise contracts regarding third-party operated hotels, and the determination of some buildings allocated to Vacation Products (FAVC and LARC) and the sale of prepaid vacation plans or discount clubs (KIVAC Travel Suite, KIVAC Xpand, FAVC Access and Viaja Plus). The Company's expansion ability depends on a number of global economic factors including, but not limited to, the condition of the United States, Mexican and other Latin American countries' economies, the ability of investors to construct new properties for the Company to operate and/or lease, or to enter into franchise contracts concerning such properties, the selection and availability of new hotel locations, and the creation and acceptance of new hotel brands or vacation products, the successful operation by Posadas in other jurisdictions, the owners and the Company's scarce capacity to manage limited operating flow, including financing availability. The growth strategy may be impacted by the economic crisis resulting from COVID 19 effects or by circumstances such as generalized inflation, geopolitical conflict consequences, or by national scenarios. The tourism business has been specially affected, and this has not been less important for lodging establishments and passenger transportation. The overcoming of difficulties will be very important to reactivate economic activity and the transportation of persons in general, particularly to urban and business tourism, and especially in and on the markets where we operate, or guests originate. Generalized inflation may seriously impact our margins and those of the hotels we manage to the extent that we cannot prevent price increases or transferring the incremental amount to the hotel rate. There can be no assurance that Company expansion plans will be achieved, or that new brands or hotels or Vacation Product development will have consumer acceptance or be operated profitably in all jurisdictions. In this same manner, the Company continues to offer certain contact center services to third parties, and in the near future, the management of residential condominiums.

In the context of the pandemic, 7 projected hotels in Mexico have been paused.

As part of its growth strategy, the Company has been carrying out and is obligated to invest in different acquisitions, construction, and refurbishment of its owned and leased properties. However, multiple factors such as the COVID 19 health emergency, including the liquidity crisis or investment return expectations, financing, regulatory, or climatological events may delay the latter's timely completion, or the amortization term for said investment. This may adversely affect the Company's financial condition. Furthermore, Company growth plans in new hotel and Vacation Product areas may be affected.

As part of its Caribbean expansion plan, the Company signed 15-year contracts to operate three hotels in the Dominican Republic under the Grand Fiesta Americana, Live Aqua, and Funeeq brands. The. Live Aqua hotel opened its doors in February 2021. Management and operation in said country depends on global economic, political, commercial, governmental, tax and employment factors as well as on market knowledge and acceptance. Likewise, the suppliers that meet our brands' standards may not be able to operate in these countries, therefore the selection of new suppliers may generate additional expenses moreover failure to fulfill the same standards may affect Company profitability and brand.

The risks applicable to our ability to successfully operate in the current markets also apply to our ability to operate in new markets where operation and legislation are unknown, or which require that authorities of other countries or that third party countries authorize entry. The Company may not obtain these authorizations given the discretionary nature of that country's government administrative legislation interpretation, or our interpretation may be contrary to that of the authorities, or our suppliers could not obtain the necessary permits, or these may be revoked. Additionally, the Company would incur additional expenses and may not have the same knowledge or familiarity levels of the new markets' dynamics and conditions and regulations, which may affect its growth or operating ability in said markets, thereby affecting its profitability.

Competition

Competition for guests

The hotel business is highly competitive. Foreign investors, using Mexican corporations, may directly or indirectly purchase a 100% holding in tourism-related businesses, including construction, sale, lease, or operation of non-residential realty in Mexico.

Competition in the hotel sector is represented by a variety of both national and international hotel operators, some of these, especially international operators, are substantially bigger than the Company and may have greater marketing and financial resources, as well as better distribution capacity than the Company. Said operators may operate under recognized international or Mexican brands. In addition to competing for guests with other Mexican resorts, the Company (and the national industry) also competes for guests with resorts in other countries. International competitors and other country destinations may benefit due to greater national support policies of their government, representing, if applicable, possible competition advantages for competitors and destinations.

The intensity of our competition varies depending on urban or beach hotels, family or individual trips, amongst others. In this last market of individuals, travelers seek substitutes and any other trend that reduces costs and offers a variety of options, thus the participation and competition of platforms such as "Airbnb" has been growing, with competitive rates and electronic communication means that may add another competitive dimension to the industry. The latter are not regulated in the same manner as the hotel industry and do not need to transfer or absorb the expenses inherent to the industry, in this manner perhaps negatively affecting our business, operating results or financial condition. Furthermore, travelers' perception of higher exposure to contagion in public spaces, such as hotels, may lead them to choose that type of lodging options, substituting traditional hotel lodging.

The Company has attempted to mitigate this risk by keeping regional leadership and developing competitive operating, marketing, and distribution advantages such as its brand recognition and new brand creation responsive to market trends and technology changes, as well as diversifying and marketing its Vacation Property (Loyalty) segment. Up to now, these measures have been sufficiently successful, but we cannot guarantee that they will be effective in the future within the international hotel business consolidation framework.

Moreover, all lodging establishments must implement, during the time of the public health threat, special COVID-19 related hygiene and health protocols. Additionally, there must be the option to carry out PCR and/or antigen tests to detect COVID 19 in hotels, so that guests can return to their destination, according to the travel restrictions established by the United States of America, one of the main originating markets for our resort hotels.

However, the perception of safety by potential guests may pose competition amongst establishments or destinations which best generate in guests a perception of safety when traveling. This may increase even more operating expenses necessary not only to fulfill the new measures, but also to stand out amongst different markets and offers.

The group and convention and the business travel markets continue to be heavily impacted by the pandemic. The destinations and limitation of activities of the above according to epidemiological indicator lights, economic or health restrictions of our potential clients, and the new normal have modified and could modify for a longer term, the dynamism of these guest segments compared to performance and trends prior to the pandemic phenomenon and therefore the results of our hotel brands.

Competition for operating agreements

When the Company seeks growth through the operation of new hotel properties, it competes against other entities seeking the same opportunities. The Company competes against others that have greater financial resources or that have international brands to enter into operating contracts with hotel owners. In addition to competing for new opportunities, the Company also competes against other hotel chains when its existing operating contracts expire. Therefore, the Company cannot ensure that it will successfully continue entering into or renewing its operating contracts or that it will do so under similar or more satisfactory economic terms or characteristics. Generally, competition may reduce the number of future growth opportunities, increase the bargaining power of hotel owners, and reduce the Company's operating margins. Likewise, said competition has forced the Issuer to negotiate operation and licensing contracts, where it undertakes contingent obligations to guarantee specific operating results which, should the hotel obtain negative operating results, would make the Issuer sacrifice income, and even disburse the deficit amounts in order to comply with such guarantee. Likewise, the Company has been put in the situation of offering leasing contracts with lease amounts aligned to the profits or sales of the hotel business, undertaking the obligation of paying minimum rents or for mandatory terms.

Competition for franchise agreements

The Company has resolved to also grow by granting franchises, based on novelty brands supported by traditional brands. In 2019, it launched onto the market the Curamoria Collection brand focused on boutique hotel collection franchises, specially aimed at hotels which intend to preserve their own brands and characteristics but using our reservation channels. This means a foray into a new market that, until now is unknown to Posadas, as regards different hotel brand franchises under a collection and in which Posadas is not a leader. Therefore, the Company cannot guarantee success in the execution and operation of these franchise contracts and, in general, the competition may decrease the number of future growth opportunities by increasing the hotel owners' negotiating power and decreasing the Company's operating margins.

Currently, Gamma, One, Fiesta Inn, The Explorean and Curamoria Collection are franchiseable brands.

Management Contracts and Brand Licensing

As of December 31, 2020, the Company had 140 managed hotels, that the Company carries out by executing hotel operating and brand licensing contracts. The Company management and financial condition may be adversely affected to the extent that hotel management and brand licensing contracts which are about to expire are not renewed or are renewed on less favorable terms, or otherwise, if new managed hotels and brand licensing contracts cannot be executed. Furthermore, under certain management contracts, the Company guarantees minimum revenue to the hotel owner that may cause Posadas to distribute un-budgeted and un-recoverable amounts, otherwise the owner may cancel the contract if determined hotel performance standards are not achieved. However, this does not mean that the Company breached the operating contract.

All Brand operating and licensing contracts stipulate variable fee charges based on the income or revenue; insofar as these benchmarks are not attained, no fees will be accrued in our favor.

Owners may assert the right to terminate operating contracts, even if agreements provide otherwise. When terminations occur due to these or other reasons, we may assert our right to damages due to breach of contract and related claims, which may cause us to incur significant legal fees and expenses. Any damages finally collected may be less than the projected future value of the fees and other amounts that we would have otherwise collected under the management or operating agreement. The significant loss of agreements due to early terminations may harm our financial performance or our ability to make our business grow.

Furthermore, although under our management and lease agreements the owner cannot transfer, convey the hotels, or assign the rights over said hotels to a third party, we cannot assure that said transfer or conveyance will not be carried out, nor that the third party to whom the property or the rights are transferred will continue to be bound by said contracts. To date, no transfer of rights has significantly adversely affected the Company's contractual relationship with the owners, but we cannot ensure that this situation will continue to be in our favor in the future.

In special cases, Posadas has provided key money to ensure the signing of operating contracts. This key money is amortized during the contractual term; therefore, if the contract terminates beforehand, Posadas may not recover the proportional part of said contribution.

Finally, the economic and financial capacity of hotel owners may affect payment of our fees and recoverable expenses, preservation of brand standards under which the hotels operate and, in those cases in which hotel owners have taken control of the cash balance, the fees of Posadas and its strategic suppliers may be affected. The Company may need to notify termination of brand licensing contracts due to breach of said standards or of the owners' payment obligations, and this situation may adversely affect the hotel and fee income received.

The *force majeure* effects caused by governmental authorities´ imposed operating restrictions as a result of the pandemic or any other future situation may impair the Company's ability to limit or adjust payment of certain performance guarantee obligations. However, and despite this possibility, the Company has chosen to negotiate with the owners, which could give the Company fewer advantages than those derived from application of *force majeure* provisions.

During 2021, the Company stopped operating the Fiesta Inn Toluca Aeropuerto, Gamma Cancun Centro and One Tuxtla Gutierrez.

For additional information regarding main assets see section *2) The Company, x) Description of its Main Assets.*

Leasing contracts

Of the Company operated hotels to December 31, 2021, 15 operated under a leasing arrangement. In 2021, the Company agreed to early terminate the Hotel Grand Fiesta Americana Puerto Vallarta lease. The Company's operating and financial conditions have been and may continue to be adversely affected to the extent that income and operating profits are insufficient to make the minimum lease payments stipulated in the lease agreements. This is much more probable in an abnormal limited operation context or limited occupancy derived from social distancing measures.

Likewise, non-performance of the lessors' obligation under the leasing agreements may adversely affect the operation and, ultimately, the Company's profitability.

All lease agreements stipulate a fixed rental income portion that we pay regardless of the income or revenue. To December 31, 2021, we were current in rental payment for all leased hotels. From 2020 and to December 31, 2021, as a result of the state of emergency of *force majeure* declared by the General Health Council, the *force majeure* predicate which may release lessors from lease payments became effective. Although the Company has entered into various temporary agreements in this regard with the lessors of the real properties it leases, these agreements may be insufficient in comparison to income expectations and related expenses. Negotiations are still ongoing; however, owners may be reluctant to maintain or extend any rental discounts.

The *force majeure* effects caused by the operating restrictions ordered by the authorities in reaction to the pandemic and other similar situations may result in the Company's inability to limit or adjust the payment of certain leasing obligations or enable early termination of leasing contracts. However, and despite this possibility, the Company has decided to negotiate with the owners, but such negotiations may grant less advantages to the Company than those advantages derived from application of *force majeure* provisions in leasing agreements.

In the 2019 corporate year, the IFRS 16 modifications became effective. According to the aforesaid, lessees must recognize the right to use as an asset and the corresponding liability. The right to use an asset is initially calculated at cost and is later measured at cost (with some exceptions) minus accumulated depreciation and losses due to deterioration, adjusted for any re-valuation of the liability due to leasing. A leasing liability is initially measured at present value of the minimum leasing payments, as well as by the impact of lease modifications, amongst others. Lease payments will be divided into principal and an interest portion that will be presented as financing and operating cash flow respectively.

In this regard, Posadas decided to adopt this norm under the modified retrospective method for hotel (and car) leasing that to 2019 closing are represented as operational leasing, sacrificing comparison with previous years. This norm will impact financial leverage and interest hedging ratios; therefore, it eventually may limit the manner how the Company obtains income through this operating mechanism. The initial liability entry for leased hotels, including transportation equipment decreased to $3,260 million as of December 31, 2021, compared to $4,045.3 million as of December 31, 2020, principally due to the Grand Fiesta Americana Puerto Vallarta hotel lease cancellation.

During 2020 and 2021, the Company adopted in advance the practical resource for accounting of discounts received as a direct consequence of COVID-19. This allows the lessee to not determine if a temporary discount on leases is or is not lease modification, allowing to account it as if the discount was not a modification. (In this regard, see note 3 of the audited Financial Statements).

Franchising Contracts

The Company has also resolved to grow through Gamma, One, Fiesta Inn, The Explorean and Curamoria Collection brands. This is entering a new market that until now was unknown to Posadas and in which Posadas is not a leader, therefore the Company cannot ensure that it will be successful in executing and operating franchising contracts in new formats. This new operating method implies that the owner or a third party other than the Company will manage the hotel's operation. These products mean that Posadas must invest in creating, adapting, and maintaining the franchise system supporting the services offered to this system's users. Moreover, it implies that third parties' hotels outside of Posadas' control will operate under their unauthorized brands and distribution platforms. We cannot guarantee that Posadas will succeed in its franchising business, or that it will soon be successful, nor can we guarantee that its franchisees under this new segment will succeed, or that their operating format does not negatively impact Posadas and its brands.

All franchise contracts stipulate a variable portion of fee charges based on the income or revenue, insofar as these contracts are not attained, no fees will be accrued in its favor.

Owners may assert the right to terminate franchise contracts, although agreements provide otherwise. If terminations occur due to these or other reasons, we may assert our right to damages due to breach of contract and related claims, which may cause us to incur significant legal fees and expenses. Any damages finally collected may be less than the projected future value of the fees and other amounts that we would have otherwise collected under the franchise agreement. A significant loss of agreements due to early terminations may harm our financial performance or our ability to make our business grow.

Finally, the economic and financial capacity of hotel owners may affect preservation of brand standards under which the hotels operate, or the upkeep of the hotels owned. The Company may need to notify termination of franchise contracts for breach of said standards or of the franchisees' payment obligations, and this situation may adversely affect Posadas' possibilities to receive the consideration stipulated in said franchise contracts. To December 31, 2021, 19 hotels were operated under franchise.

Cash flow generation derived from franchise hotels depends on fulfillment of the obligations undertaken by the franchisees due to the lack of administrative control of the liquid resources as occurs more frequently in an operating contract. Therefore, the credit risk of franchise agreements is greater than that which Posadas typically incurs for operating agreements.

The loss of the right to commercially exploit the managed and franchised hotels implies termination of the corresponding contract with Posadas.

For further information regarding main assets, see section: *2) The Company, x) Description of the Company's Principal Assets.*

A high percentage of the hotels we manage are luxury hotels or they are in locations impacted by the current economic slowdown or by the perception of violence or guests come from places affected by said contingencies. The preceding has had and continues to have a material adverse effect on the operating and financial results of our business.

Approximately 25% of the rooms that we manage are in hotels classified as luxury. Luxury hotels generally command higher room rates. In an economic downturn, these hotels are susceptible to decreased revenues since hotels in this segment generally target the business and high-end vacation travelers as compared to hotels in economy categories.

Likewise, national, and international perception of violence, as well as alerts issued by other countries regarding states in the Mexican Republic or areas of the Dominican Republic, may adversely affect travelers' decisions to travel to or to keep lodging plans at our hotels at certain Mexican or Dominican Republic locations or to keep their lodging plans and events in our hotels.

Currently, Mexico does not have restrictions to receive travelers in the destinations where we operate, so a significant arrival recovery is expected for this 2022, although not necessarily at the anticipated rates. However, we do not know how long these more favorable conditions will remain, which may subsequently affect our inventory and forecasts, which may change as other countries lift or ease restrictions.

Fibra Hotel and other fibras[T:N.]..

To December 31, 2021, 44% of our hotels are the property of Fibras. Of the total hotel rooms operated by the Company, 35% are the property of one Fibra trading on the Mexican Stock Exchange which at some moment may face operational or liquidity problems in maintaining its operations or hotels in optimum conditions which could affect the brands operated by Posadas and its results. Likewise, these operational problems may affect the hotels´ operational continuity and consequently Company operations, or this lack of liquidity could affect the payment of collectible fees and expenses in favor of Posadas.

Vacation Product Sales

We develop and operate Vacation Product resorts by marketing memberships granting the right to use said resorts. Most of the time, to pay the price of the memberships, interest-accruing monthly payments are granted. The applicable related provisions grant the purchaser the right to rescind the purchase contract without justification in a five-business day term counted from the signing of the contract. The operation and sale of said memberships is subject to Mexican legal provisions, which we believe to have fulfilled or are in the process of fulfillment. Changes to these legal requirements (at present the regulating Official Mexican Standard is being publicly commented and foreseeably it may impose increased requirements, restrictions, and costs) or a perception of non-compliance by the authorities may adversely affect our business and the manner in which we operate our Vacation Products.

At present, we bear the risks derived from purchase contracts for Vacation Product memberships, for a 40 year right, evidenced in a yearly assignation of Vacation Product points. We typically charge an initial payment of between 10% and 30% of the total membership price and offer monthly installment payment plans that comprise both capital and interest payments on the unpaid balance of the purchase price. We recognize as income the entire value of a purchase contract when 10% of the purchase price is paid. Our policy is to cancel, against the corporate year's profits, those memberships that unsuccessfully passed through all recovery collection proceedings. If a purchaser executes a Vacation Product installment purchase contract, the possible default on said sale is covered by a reserve. However, our reserve could be insufficient to offset contract breaches and negatively affect our financial statements.

Also, historically, our Vacation Product sales have been substantially denominated in U.S. dollars. Due to financial crises, a significant portion of our Vacation Product revenues have been recalculated at the request of members facing liquidity difficulties, to Mexican pesos, albeit at a higher interest rate. The great majority of

[T:N.] These are the initials in Spanish for an investment instrument similar to a Real Estate Investment Trust.

Mexican members that wanted to convert or agreed from the onset their installment payment obligations from U.S. dollars to Mexican pesos have been able to do so. We expect to continue to offer peso-denominated payment plans to Mexican residents.

Notwithstanding our currency redenomination of a significant portion of our Vacation Product receivables portfolio, many installment Vacation Product sales remain denominated in U.S. dollars. Accordingly, our results will still be affected by U.S. dollar-peso exchange rate fluctuations.

While membership payments are made in U.S. dollars throughout the payment period in force, and sales revenues are registered in U.S. dollars at the time the contract is signed, the value of the memberships may ultimately be discounted in the same currency offering natural currency coverage. We do not completely hedge our exposure to exchange rate fluctuation risk. Traditionally, we have not executed hedging transactions for this exposure.

Nowadays, our Vacation Products have signed exchange agreements with RCI, Hilton Grand Vacations Club, The Registry Collection, Save on Resorts, and the selfsame Posadas hotels. However, said agreements may terminate or not be renewed, which would decrease the sale quality of Vacation Product memberships, thereby affecting sale and consequently affecting profits.

Vacation Product members pay annual maintenance fees that are allocated to operate and maintain time-share resorts. Failure to pay maintenance fees by the members results in cancellation of the pertinent contract, thus freeing inventory for a new sale. With respect to our members who paid 100% (one hundred percent) of their membership, failure to pay maintenance fees entitles the member to terminate the right to use, or the company may rescind the contract. However, the preceding breaches of obligation may cause the Company to allocate funds to cover said expenditures.

Considerable amounts must be invested by the Company to maintain and obtain inventory and this inventory investment requires lengthy time periods to complete its implementation and availability. Lack of inventory to sell time-share arrangements could negatively impact sale possibilities of Vacation Product memberships.

The Company has developed other Vacation Products in addition to timeshare memberships, seeking to adapt to new preferences and the possible shortage of inventory destined and allocated for said purpose. These products generally entail access to closed and preferential lodging services marketing arrangements and other tourist services provided by the Posadas System or by un-related third parties, shorter validity terms, more moderate sale prices, amongst other characteristics. Posadas may not be successful in maintaining the attractiveness or diversity of the underlying offer of said products or its marketing effort may not be efficient, despite palliative measures.

Posadas hired a third-party advertiser for its Dominican Republic vacation products to present our products in said market so that potential clients have access to execute international electronic market transactions. Although the resources that the supplier allocates to carry out this advertising are theirs and under its direction, the labor and tax authorities of said country may consider that Posadas or the hotels where the promotion is done constitute a direct Company activity in said country, impacting various aspects such as employment, tax, administrative and consumer protection.

Service businesses may not be successful and affect our hotel business

The operation of certain services businesses, such as Konexo and Conectum, represent, on a consolidated basis, less than 10% of the Company's total revenues to December 31, 2021, 2020 and 2019. These businesses have evolved from our hotel business and have a varying degree of independence from the hotel business, but there are no assurances that said businesses will perform in accordance with their established expectations within the architectural business structure of Posadas. Furthermore, the implementation and development of these businesses may distract our executive officer team and detour funds, or the anticipated benefits may be less or none; decision to cease operations of some of these businesses as related to third parties and limit them to service units, may bring about expenses. However, we depend on these businesses to operate various services, such as the Fiesta Rewards loyalty program, the contact center (call center), accounting processes, payroll payments, and technology services, amongst others. If any of these businesses cease to provide their respective services to us, or if they provide them less effectively, the Company results, operations and financial condition may be adversely affected.

Investments and remodeling

In 2019, due to good Vacation Property (Loyalty) segment results, the Company decided to convert the 249-room Fiesta Americana Grand Los Cabos hotel into a 40 year time share. If in the future the Company decides to release the real property lien or encumbrance resulting from the conversion into a timeshare property, it will have to go through various processes outside of its control, which may totally or partially frustrate said purpose.

Asset and/or remodeling investments ceased in 2020, due to prioritization of operating expenses, to ensure business continuity, resulting from the significant COVID-19 related deterioration to the Company's operating income and cash flows. The deferred maintenance needs may be present requiring necessary repairs for correct hotel management or to maintain the hotel's sector competitiveness in the location.

In 2021, we resumed and concluded our Grand Fiesta Americana Chapultepec hotel remodeling plan.

Developing projects of this kind may imply greater leverage, which may not be as successful and profitable or their development may be delayed or not materialized, or the corresponding or expected financing or returns may not be obtained.

Disinvestment and Sales

The Company has carried out diverse disinvestment operations, conveying assets on which it has granted guarantees typical of sellers of operating assets. The presence of hidden defects, allegations of better third-party rights, the impossibility of obtaining either the real property or operating status may have adverse effects due to indemnity obligations and other expenses which may be incurred.

In accordance with the company's plan to sell unproductive assets, on February 24, 2020, we concluded the sale of a piece of land in Nuevo Vallarta, Nayarit for $ 240 million pesos.

On January 31, 2020, we received $108 million from the Fiesta Americana Hermosillo hotel sale announced on April 29, 2016, and likewise in March 2021, we received $156 million as the sale proceeds of the Fiesta Americana Hacienda Galindo hotel, as informed in 2017. Both hotels continue to be part of the Posadas System through operating contracts.

On September 29, 2021, we transferred our 12.5% interest in the Rivera Maya development project investment trust. This transaction complemented the termination of the hotel operation contract in said project announced on July 8, 2021. As a result of these transactions, Posadas received the sale value, return of the Key Money advanced, reimbursement of certain project expenses incurred and the recognition value of its participation in its development. A low-price balance remains as a guarantee should there occur circumstances that are not under the Company's control, so it is possible that said balance will not be received. The Company considers that it has complied with the regulations applicable to this transaction, however, an authority may demand additional requirements or consider that there is a breach.

Holding Company Structure

The Company nowadays may be defined as a holding company which principal assets consist of the shares of its subsidiaries, entitlement to the right to use and full ownership of various real properties, ownership of its Vacation Programs portfolio, ownership of the Company's main brands, operating and franchising hotel contracts, as well as the employer of the employees of owned and managed hotels, and of the executive committees of managed hotels. By virtue of the foregoing, the revenues of the Company primarily depend on the collection of dividends and fees arising from hotel operating, brand licensing, and franchising contracts. Part of the real properties will be held by the Company's subsidiaries. This regrouping of assets and operations also encompasses consolidation of contingent liabilities and obligations, and moreover considers economic capacity and the recurrence of penalties, especially administrative, taking into consideration a larger capital group.

Even though at present almost all the subsidiaries are not contractually limited in the payment of dividends to the Issuer, any financing or other agreement that may restrict the subsidiaries' ability to pay dividends, to directly exploit owned or leased hotels or to make other payments to the Issuer may adversely affect the latter's liquidity, financial situation, and operating results. Generally, Mexican corporations may pay dividends to their shareholders if dividend payments and the financial statements reflecting distributable net profits have been approved by the shareholders, after establishing the legal reserves, and only if all losses have been absorbed or paid. Likewise, the Issuer is the principal creditor of Posadas' financial liabilities and may act as guarantor for the obligations undertaken by its subsidiaries or its subsidiaries may be the guarantors of the Issuer's liabilities. Joint liabilities between the group corporations to third parties are not limited to financial liabilities, and these may extend to other liability types, such as those resulting from real property sale agreements or leasing agreements amongst others. During its 2027 Senior Notes term, all current or future Posadas' subsidiaries (except those expressly excepted) are or will be guarantors in the payment of that issue.

Since the Company is a holding company, the possibility that the Issuer may ultimately satisfy the demands of its creditors firstly depends on its ability to participate in its subsidiaries' dividends, and subsequently on the distribution of the assets of its subsidiaries upon liquidation. The Issuer's right, and, therefore, its creditors' right to participate in said dividend or asset distribution, is effectively subordinated to the subsidiaries' creditors' payment claims (including claims having legal preference and the Company's creditors' claims which are guaranteed by said subsidiaries).

Corporate restructuring

In the past, operations consolidation processes have been carried out mainly through mergers where the issuer is the merging entity. Corporate movements reported by the Company that are the object of the informational brochures and other similar acts that, due to authorization thresholds, did not require this formality, are eminently internal in nature, that have their own associated risks. The entity considers that in the future, it may continue to carry out corporate movements according to future asset consolidation interests, eliminating inactive subsidiaries or for other efficiency reasons leading to these adjustments, which could be subject to certain risks. Said risks are described hereinbelow but are not the only factors that may affect completion of the corporate restructuring or Company performance. Any additional risks currently unknown to the Company or those which at this time may be deemed insignificant may adversely affect the outlined restructuring plan, the price of the shares representing Grupo Posadas, S.A.B. de C.V's corporate capital or its operations.

i) Creditors' Opposition

To the extent that the Company's corporate restructuring has been conducted by executing various mergers and do not contemplate any agreement to pay, prior to the due date, all debts of the corporations to be merged, or to deposit the above amount or to obtain all their creditors' consent, the General Law of Business Corporations grants to any creditor of the corporations, subject to merger or split off, the right to oppose the conclusion of any such merger or split off. In this context, the different types of creditors (or those which may be deemed to be creditors) of the Company, including its clients, suppliers, financial creditors, employees, or tax authorities, may oppose the merger or split-off of any Subsidiaries from other Subsidiaries or from the Issuer. The creditor's opposition may result in suspending the various mergers, until a final judicial ruling is issued, payment is made to those creditors which judicially and timely opposed the merger or split off or an agreement is reached with the creditors. Due to the above, the Issuer may not guarantee that the Company's various corporate movements may be completed, within the deadline foreseen or that they will not result in a disbursement of funds to pay creditors, all of which may adversely affect Posadas' financial situation or operating results, or the attainment of efficiencies sought.

ii) Governmental authority authorizations

The corporate movements of some of the Issuer's subsidiaries need, in the preliminary stage, authorization from some governmental agencies, including the tax authorities, amongst others. Likewise, and in order to comply with the various applicable norms, such as consumer, employment and administrative protection rights, specific governmental authorization may be required to conduct our usual operations, as adjusted to the new corporate format resulting from the restructuring or relatively significant costs due to executing the above operations. The Issuer cannot ensure that in the authorization obtainment process, there will be no delays nor impediments nor disbursements that make it unable to obtain authorizations relevant to completing corporate restructuring or normally operate or, if applicable, attain the efficiencies expected.

iii) Changes to proposed corporate movement plan and different effects

Posadas continues to study and analyze certain aspects of the explained corporate restructuring projects which may affect the proposed restructuring or produce diverse effects or of any other nature other than those set forth in the informational leaflet or the corporate acts authorizing the latter. Therefore, Grupo Posadas cannot guarantee that such restructuring takes place in the manner planned, nor can it guarantee that it will not have effects of a nature other than those foreseen, such as additional costs or expenses, or any other expenditure, that the Company would have to disburse thereby.

iv) Foreign legal provisions

Although Posadas consults foreign legal counsel regarding corporate movements in other jurisdictions, the Company cannot ensure that in jurisdictions other than Mexico no obstacles or additional requirements delaying or preventing the planned completion of the corporate restructuring may not occur.

v) Share price fluctuation

The corporate restructuring detailed in the informational leaflet may generate price fluctuations in Company shares. It cannot be guaranteed that such fluctuations will be positive.

vi) Tax implications

In spite of the fact that efficiency is one of the objectives sought by this restructuring, we cannot guarantee that an unforeseen tax may not be incurred thus causing a material adverse effect or that the tax authorities may not have a different tax interpretation regarding such restructuring.

vii) Opportunity

Due to the complexity and number of corporate operations contemplated by restructuring, Posadas cannot guarantee that the Company's different corporate movements may be completed within the deadline foreseen, or that they will not result in a disbursement of additional funds, all of which may adversely affect Posadas' financial situation or operating results, or the attainment of the efficiencies sought.

viii) Minority interests

The Company holds some minority interests in companies that were operative or were aimed at developing business lines aligned with the tourism or vacation recreation industry. The implementation of these companies may require equity holders' contributions that may divert funds from Posadas or not all equity holders may contribute or devalue or total loss of these investments.

Dependence on Key Employees

Several of the Company's executives have vast operating experience, industry knowledge, market recognition and these qualifications are acknowledged by the market. The Company depends on its executive staff to define strategy and manage its business, and it considers their intervention relevant to its operations. Consequently, the Company's inability to keep its executive officers or attract new ones may have an adverse effect on its operations and ultimately on its profitability. For additional information see section *4) Management, c) Management and Shareholders.*

The Company may not be able to save on costs and successfully obtain determined operating efficiencies.

In the process of operating more efficiently, the Company makes investments intended to enhance its procedures and reduce its operating costs. The Company may be unable to reduce costs or attain efficiencies or be unable to confront issues arising from operating changes pursuing said end, which could negatively affect its performance and, in the applicable case, its effects and the costs to mitigate these.

Risk of outdated room distribution technology.

Due to changes in the purchasing trends of travelers, there exists a greater demand for high-content hotel information in order to make purchasing decisions. Likewise, personal and purchasing preferences may include different services such as airplane, hotel, car rental and the attractions existing at the destination selected. All of the above, require a robust informational architecture, online information transfers coming from different sites or databases that demand high-capacity systems infrastructure to consolidate information both from Posadas as well as from those other intermediaries that render services connecting our products and the final consumer.

This demand may imply important technology and content investments, as well as high distribution costs that may make less profitable the marketing of our products. Furthermore, due to the lack of investment, or investment in inappropriate products, or accelerated technology trends, we may become outdated in technological advances in comparison with our competitors and suppliers. This could negatively affect optimal connectivity with principal channels and/or not have the capacity to send the content (images, videos, information) to all websites.

The Company has implemented actions to mitigate this risk, amongst which are:

(i) Alliances with external suppliers to maintain a hybrid distribution network. The Company currently has the following alliances: alliance on websites with Amadeus TravelClick, alliance for rate distribution, availability and content to wholesalers through IBS (HBSI) and Omnibees, alliance with Duetto to have dynamic rate optimization capabilities and “open price”.

(ii) Internal development of central functionality connected to market leaders in each of the interfaces and channels.

(iii) We will continue adapting and investing to have a modern and state-of-the-art service in our properties. Specifically, we will be strengthening lodging experience digitization through our Fiesta Rewards application and introducing new options for our clients, such as the launch of our digital Concierge.

If these measures are successful, they would allow us to ensure that the systems and their architecture are updated in technology and according to trends, while the Company would maintain control of the central and strategic pieces.

Stoppages or failures in information systems

The Company’s operation depends on sophisticated information systems and infrastructure through which it supports or carries out its operations or processes. Systems are prone to failures arising from fires, floods, power outages, information or infrastructure theft, telecommunication failures, system failures, supplier breaches or interruptions, service delays or cutoffs due to Company non-compliance, among other reasons. The occurrence of any failure may affect Posadas’ operations, which may negatively impact its controls, operations, sales and/or operating costs. Even though there are some plans to reduce the impact of such failures, said plans may not be effective.

To mitigate information loss and operating failures in its systems, the Company stores its technological platform on a hybrid cloud and with high availability programs pursuant to best industry practices, complemented with the best security control and information protection, however ese measures may be insufficient.

Information security and computer system hacking

The Company safeguards the correct functioning of computer security controls designed to reasonably guarantee the trustworthiness, compliance, confidentiality, integrity, and availability of the information which it possesses and that is under its safekeeping. It seeks to identify, evaluate, and mitigate risks, vulnerabilities and threats that may adversely impact the information, databases, systems and the continuity of operations, including the risk existing from the departure of personnel.

Likewise, information management systems and procedures for the use and preservation of the same are exposed to failures derived from fires, flood, loss of electrical energy, theft of information or infra-structure, telecommunication breakdowns, imperfections in the selfsame systems, amongst other reasons, or to interpretative guidelines by the authorities, different from those applied by the Company administration.

The Company keeps a system access control registry to prevent any unauthorized access to information systems and/or equipment, as well as informational misuse, through a strict control of assignment and use of information access privileges.

The business units’ management of personal or sensitive information is regulated by the Federal Law for the Protection of Personal Information in the Possession of Private Parties, referencing or making available to clients or third parties from the first contact by means of a clear and verifiable privacy notification regarding protection of their personal information. The privacy notification should state, amongst others, the principal purpose for compiling, utilizing, and disclosing the information pertaining to clients or third parties.

The Company analyzes in detail the legal requirements to be fulfilled in order to implement control mechanisms that guarantee the privacy of clients' or third parties' sensitive information under its safekeeping.

The Company has diverse policies to mitigate these risks:

- Corporate Information Security Policy
- Computer Equipment Renewal Policy
- Resource Monitoring Policy
- Departure information Backup Policy

The foregoing is bolstered by formulation of an annual internal audit plan integrating data and information protection control processes that defines formal, continuous, and timely review mechanisms, including specific organizational areas, persons and systems. The latter to comply with the normativity established by the Technology Division. Likewise, the Audit area informs its audit results to the CEO and monitors action plans compliance.

The occurrence of any breakdown, intentional acts, or difference in interpretative guidelines may affect the operations of Posadas, perhaps having a negative impact on its sales and/or operating costs, maybe resulting in litigation and its implicit costs and eventually penalties and indemnities, in addition to the loss of good will. Although some plans exist to reduce the impact of these breakdowns, said plans may not be sufficiently effective. Although the Company considers that it carries out sufficient activities and efforts to mitigate these risks, these measures may be insufficient or ineffective and adversely affect the operation of systems and/or have a negative impact on information use or disposal.

Contracts with third parties to provide some products or services essential to our business.

We have entered into agreements with third parties to provide certain product or services essential to our operations, such as call center services, distribution and technological services, catering, food and beverage supplies, advertising, security, transportation, among others. The loss or termination of these agreements or our inability to maintain or renew these agreements or to negotiate new agreements with other suppliers at comparable rates may damage our business and operating results. Additionally, our reliance on third parties to provide essential services on our behalf gives us less control over the costs, efficiency, timeliness, and quality of those services.

Negligence, inexperience, or intentional acts of a contractor may compromise our services and/or our guests' security, this would have a significant adverse effect on our Business and reputation. The Company has a supplier selection process, as well as Supplier certification by an external company, allowing us to make a better supplier selection decision, including detecting and eliminating relationships with companies that do not respect human rights, use child labor, discriminate in any manner, affect the environment, have harmful practices towards fauna, etc. However, we cannot ensure that these policies will be applied to all cases.

As a result of the subcontracting employment amendment, the Company is required to identify when a service provision may be considered subcontracting and therefore be subject to legal prohibition or compliance with amendment requirements. The Company receives different services that could be considered specialized. The criteria adopted by the Company to identify specialized activities may differ from the criteria of the authority, in which case, it could be subject to labor and tax consequences and sanctions, including non-deductibility of payments made for these services.

On the other hand, to control liquidity we are concentrating on negotiating payment term modifications to the consideration paid to our suppliers. In some situations, the payment terms may not be satisfactory to our suppliers, and the supply or procurement of goods or services may be terminated or withdrawn, or their payment may be judicially claimed.

Contractors may breach obligations to develop real properties or commissioned works

The Company contracts with third parties: the rendering of design, construction work, coordination, supervision, and equipment services for owned and leased hotels, it also entrusts the creation of intellectual property works under the guidelines and standards of the Company to third parties. Even though the Company signs agreements regarding quality standards, price and services and compliance with regulatory provisions for the finished products, and the performance of said services, the Company cannot ensure that the professionals and service providers hired will comply with said obligations or do so timely. This may cause risk related operating circumstances adverse to the Company's economy, legal position, and reputation.

Operations with related parties

In the Company's operation, it has entered into and may continue to carry out operations with related parties under some limitations. Although these type of operations are regulated by the Related Parties Operations Policy issued by the Board of Directors and the Corporate Practices Committee is informed. These operations are considered not to be insignificant in nature, and that have been carried out under market conditions. The shareholders or creditors of the company or any third party that thinks they may have an action, could dispute these operations seeking their nullity or questioning whether they were carried out under market conditions.

Any failure in the creation and protection of our brands could have a negative impact on the value of our brand names and adversely affect our business.

We believe our brands and trade names are an important component of our business and of the hotel business in general. We rely on laws that protect intellectual and industrial property rights to protect our registered proprietary rights. The success of our business depends in part upon our continued ability to use our industrial property rights to increase brand awareness and further develop our brands on both the Mexican and international markets. Monitoring and restricting the unauthorized use of our intellectual property is difficult, expensive, and burdensome. In the future, litigation may be necessary to enforce our intellectual property rights or to determine the validity and scope of the intellectual proprietary rights of third parties. Litigation of this type could result in substantial costs, and we could be forced to allocate funds to said purposes and this may result in counterclaims or other claims against the Company, diverting management's attention and could significantly harm our operating results.

Frequently, we apply for registration in order to obtain or keep certain trademarks registered. There is no guarantee that such trademark or trade name registrations will be granted. We cannot ensure that all of the steps we have taken to protect our trademarks in Mexico and other countries will be sufficient, since the Company's operation and finances may be adversely affected if the income and the operating profits are insufficient to prevent infringement of our trademarks by third parties. The unauthorized reproduction of our trademark may result in diminishing the value of our brand and its acceptance in the market, loss of competitive advantage or brand goodwill, and could adversely affect our business.

During the course of our activities, third parties may consider that Posadas violates or infringes their industrial or intellectual property rights. Although Posadas intends to implement measures that mitigate possible exposure to these claims, these measures may be insufficient or ineffective or differ in interpretation. In the future, it may be necessary to use litigation proceedings to defend the use of intellectual or industrial property rights, including copyrights such as the rights to audiovisual or musical works, images, amongst others, in order to determine the validity and scope of third-party intellectual property rights. Litigation of this nature may result in substantial costs and obligate us to allocate funds for said purposes, which may result in counterclaims or other lawsuits against the Company, distract the attention of company directors, impact our reputation, and may significantly affect the results of our operations. Perhaps we may possibly be formally requested to pay royalties to the copyright or industrial property holders or their representatives, which would represent increased operating expenses or modification of our standards.

The offer of hotel products is in constant renewal, the trend being to establish new brands by segments, individualizing the types of service, travel experiences, target markets, amongst others. Posadas has been investing in research and the creation of new hotel products and concept brands. The launch, positioning, and acceptance of these new brands by the market is uncertain, thus these efforts may represent investments and expenses that do not necessarily represent successful products, perhaps adversely affecting our business.

Impact of government regulatory changes

The passing of new laws and legal provisions applicable to our industry and to our general activity, as well as their administrative or judicial interpretation, is implemented at various government levels, and such laws and legal provisions may be amended from time to time. The effects of these amendments on our activity, on our market and countries where we operate or to whose rules our activities may be subject, on our clients' economy, in their capacity to travel to and stay in our hotels are unpredictable and unquantifiable. Furthermore, such effects may result in the implementation of specific controls and procedures which may represent important costs and risks for the Company, increase compliance costs, and make our activity less profitable. Moreover, such controls and procedures may not be mitigated or they may modify or restrict the manner in which the company is currently operating.

Likewise, it is possible that in interpreting or changing the interpretation of the applicable norms, the competent authorities differ from the interpretation criteria used by the Issuer and, therefore, conclude that the Issuer is not complying with the applicable regulations. If said predicates materialize, this may represent important costs and risks for the Company.

Costs of compliance with labor laws, agreements, and regulations which could adversely affect operating results.

Collective bargaining agreements for hotel employees and some corporate offices have been signed and are reviewed and renewed periodically. Although under administration contracts, collective bargaining agreements or individual contracts terms, as well as the performance terms of certain specialized service contracts executed with third parties rendering recurring or temporary services in our facilities, as applicable, the employees at our managed hotels or third-party hotels are employed by the hotel owners or third parties, nevertheless these employees may file their claims against us. In such circumstances, if we are not successful in defending our position before a labor court, we may be held liable for those employee claims. A similar situation could occur in franchised hotels.

We also have a large number of outsourcing, construction work, security, promotion or intermediation services suppliers, among other service providers, whose employees or auditing authorities such as the IMSS or INFONAVIT[1] may, despite all precautions, file lawsuits against us or make us jointly and/or alternatively responsible. Under such circumstances, if our defense is not successful, employment or labor or administrative obligations may be imposed on us.

During the 2021 corporate year, amendments regarding labor subcontracting and tax reform became enforceable. The amendments mandate a general subcontracting prohibition and stipulate rules under which specialized services may be subcontracted. However, there are no clear criteria or certainty to determine when rendering services may be considered as subcontracting and therefore be subject to prohibition. The Company renders and receives different services that may be considered specialized. The Company has obtained its registration in the Specialized Services or Specialized Employment Rendition Registry (REPSE, due to its initials in Spanish) of the Ministry of Labor and Social Security and has followed the formal contracting procedures to contract these services. In turn the Company seeks to identify those specialized services it receives, conforming these to the new provisions. The criteria adopted by the Company to identify specialized activities may differ from the criteria of the authority, thereby incurring labor and tax consequences.

Practically the majority of the employees engaged in the activities of the Company's corporate purpose are hired by the company, including the staff of the own and leased hotels, sales and administrative staff of the vacation package sales rooms, our call center staffs (Konexo) and accounting processing shared services center (Conectum), as well as the executive committees (senior management) of the hotels we manage, all of them under our subordination and as dependents. The Company oversees for itself and for those hotels that it manages should these use third party services that may be considered as under the subcontracting rules, that said services are performed by entities that have the corresponding registration and continue to comply with their periodic tax and employment obligations. Notwithstanding this monitoring, it is expected that even when the service beneficiary had contracted with a registered provider and had received from them the documents that could prove the periodic fulfillment of their obligations, the risk of non-fulfillment any manner by any of the above would constitute a joint obligation that the State transfers to the service beneficiary, despite the trust placed on in the registry and that it is the State that has the authority to supervise and enforce the applicable provisions. Additionally, the payments made to these contractors would no longer be considered a deductible expense for Income Tax purposes and the value added tax paid would not be credited. This would apply if the information requirement of delivering said information and imposed on the service provider is not satisfied, pursuant to the terms of the Income Tax and Value Added Tax Laws. Likewise, the authority could interpret that the criminal predicate of aggravated tax fraud has materialized.

In addition, we have a significant number of employees working at our own hotels. Although we have not experienced significant labor stoppages or disruptions to this date, the failure to timely renegotiate expiring contracts may result in labor strikes or disruptions which could adversely affect our revenues and profitability or harm our client relationships.

Employment costs, generally, including those related to indemnity and payments under employment, administrative and tax laws are significant, and may escalate beyond our expectations which could have an adverse effect on our operating margins. Recently, amendments were made in the area of administration of employment justice and union membership sector. However, and notwithstanding the result, the application criteria of said amendment by the administrative and judicial authorities are still unknown and may have an adverse effect on the Company or its subsidiaries. Likewise, new worker and central unions have appeared which may dispute with the present worker unions regarding collective bargaining contracts at our work centers and potentially cause that labor conflicts transcend to the operation and profitability of our business and the third-party businesses that we manage.

Violations to applicable anticorruption, money laundering, and other applicable unlawful activities laws

Our business operations in Mexico and abroad are subject to anticorruption laws which generally prohibit enterprises and their intermediaries from making inappropriate payments to government officials or to any other person in order to obtain or hold onto business, obtain government authorizations, non-application of the law; or carry out operations with unlawful persons or proceeds, and to periodically report operations denominated “vulnerable” as well as to compile files thereof.

The Company has implemented policies and procedures to identify vulnerable activities and comply with the policies provided for in the Federal Law for the Prevention and Identification of Operations with the Proceeds of Unlawful Activities (LFPIORI, due to its initials in Spanish). However, we cannot guarantee that our interpretation of vulnerable activities coincides with that of the authority or that reporting format limitations may result in a situation contrary to the provisions. Likewise, we are subject to the information and final beneficiary information provided by our counterparties and beneficiaries, therefore it is possible that our files are being updated, or that the information received is incomplete or inaccurate, or we should not carry out operations with third parties because we lack information. This would affect operating results.

The Company has policies applicable to our employees, managers, and directors regarding compliance with anticorruption and money laundering laws, we consider that we comply with said national provisions related to identification and prevention of operations with unlawful proceeds. However, we cannot ensure that none of our employees or executives contravene our internal or the authority’s regulations and thus violate these provisions.

Since, the Company provides services to the general public, and it is legally prohibited from discriminating for any reason or refusing to provide service to the public, unless a judicial order exists to the contrary. Consequently, it is possible that persons charged as probably responsible for committing unlawful activities by Mexican or foreign authorities are unidentified users of our services.

The Company makes reasonable efforts within a legal and preventive framework to deter criminal conduct in its installations and its operated hotels, but it cannot ensure success. However, employees, guests or clients using the installations may furtively, unperceivably, or threateningly carry out other unlawful or violent conduct that may represent an all-around risk to the Company, its employees and guests, or hotel owners.

In case of contravention of the applicable normativity, the corresponding administrative, civil, and criminal penalties would be applicable, which would affect operating results, financial conditions and cash flow, as well as the Company’s image.

Non-compliance with requirements to keep securities market listing and/or registration in the National Securities Registry.

The applicable norms impose a series of requirements to keep listing on the Bolsa Mexicana de Valores S.A.B. de C.V. and keep our securities registered in the National Securities Registry. To this date, the Issuer does not have certainty of information to conclude that it complies in full with the aforementioned registration requirements. Notwithstanding that it has taken certain actions to promote compliance, such measures may not be successful, and result in the application of the corresponding penalties.

Proceedings and claims

To March 31, 2021, the Company is a party to various judicial and administrative proceedings, derived from the ordinary course of business, both as plaintiff and as defendant. Although none of the judicial or administrative proceedings in which Posadas is a party and has knowledge of may be considered to have the characteristic of “material” in terms of the General Provisions Applicable to Securities Issuers and other

Securities Market Participants, due to their incipient procedural status, the indeterminate amount, or the merits of the proceeding.

As we have referred in other communications, in 2017, Posadas, and other relevant defendants were the subject of a labor proceeding by two *Compañia Mexicana de Aviacion* unions. The company has presented its defense and, procedurally, these proceedings have not progressed significantly.

Some subsidiaries are facing claims, other than tax claims, arising from customary operations or the ordinary course of business. Of these claims, only some principal amounts are covered by contingency reserves included in the consolidated financial position statement under long-term accumulated liabilities. The Company considers that said contingencies uncovered by reserves will not significantly affect the Company's consolidated financial situation.

The Company and its executives may be subject to proceedings of various types which would cause the Company to allocate resources to respond to said proceedings and, if applicable, to comply with the outcome of said proceedings. Said proceedings may be related to the collection of the Company's obligations resulting from its non-compliance with administrative provisions, ownership of assets or rights. Also, to employment, criminal or consumer protection proceedings.

The Issuer had a minority investment in a project under development on the Riviera Maya. Since 2017, said project is in the possession of and managed by the consortium's other investor. Some environmental organizations have recently brought proceedings against development of the project, and criminal proceedings against persons and entities that are and were part of the project. We consider that during the management and possession of the land lot under the Company, there were no activities or omissions that would result in said liabilities. It being that these proceedings are still in stages too early to estimate the impact of a negative result on the Company's investment project.

The Company has been sued in some administrative and judicial proceedings for having allegedly breached different legal or contractual provisions, such as lease contracts, image use rights, violations of Consumer Protection provisions, among others. The Company is defending these proceedings in good faith but considers that some of these contingencies against it could materialize, and they could even result in modifying its current operating manner.

On the other hand, the Company has initiated several collection proceedings regarding accounts receivable in its favor, or proceedings challenging the applicability or legality of several norms. Although, the Company believes that it has all the legal elements to obtain a favorable ruling, a contrary interpretation of the same may result in a loss of expected collections or these may result in the implementation of determined controls and procedures that may imply costs to the Company or change the Company's current operational structure.

For more details, see section *xi) Judicial, Administrative or Arbitral Proceedings.*

We are exposed to currency and currency exchange rate risks on our debt, and derivatives contracts.

Historically, the majority of our indebtedness had been denominated in U.S. dollars. As of December 31, 2021, 98% of our total interest-bearing indebtedness was denominated in U.S. dollars and at fixed rates. As a result, we were slightly exposed to risks from fluctuations in interest rates.

So as to lessen our exposure to highly volatile Mexican peso interest rates, we attempt to maintain a significant portion of our debt in US dollars. Generally, if there exists the possibility of placing debt on markets that do not trade in US dollars, we execute derivative instruments with financial institutions so as to balance and align our debt with our revenues. At present, we have not contracted derivative financial instruments to cover volatility risks from currency exchange rates or interest rates, but this does not mean that we may not recur to said instruments in the future.

Likewise, the night/room rates of certain Mexican hotels are typically quoted in U.S. dollars, as well as is the sale and financing of Vacation Product memberships, nevertheless we have observed a greater tendency to set most of these debts at a fixed currency exchange rate or fixed rate agreed upon at the moment the operation is executed. As such, these operations are denominated in Mexican currency. However, the Company in the future may use derivative financial instruments for interest rates and currency exchange rates so as to mitigate risks.

In this same manner, we may determine that such risks are acceptable or that the protection available through derivative instruments is insufficient or too costly. These determinations depend on many factors, including market conditions, the specific risks in question and our expectations concerning future market developments. However, our derivative positions or our decision to not cover with derivatives may be insufficient to lessen our risks.

We do not usually enter into derivative financial instruments for any purpose other than those already stated; however, these are limited in amount and frequency, and we may so enter in the future. The types of derivative instruments that we have executed encompass, principally, cross-currency swaps, in which we generally pay United States dollar amounts based on fixed interest rates and receive Mexican peso amounts at floating interest rates and dollar sales on terms less than three months.

If financial markets experience periods of heightened volatility, as they have recently, our operating results may be substantially affected by variations in exchange rates.

Although we attempt to match the cash flows of our derivative transactions with our indebtedness flows, the net effects on our reported results in any period are difficult to predict and depend on market conditions and our specific derivatives positions. Although we seek to enter into derivatives that are not significantly affected by volatility, in the event of volatile market conditions, our exposure under derivative instruments may increase to a level that impacts our financial condition and operating results. In addition, volatile market conditions may require us to post collateral to counterparties in our derivative instrument transactions, which would affect our cash flow position, the availability of cash for our operations, as well as our financial condition and operating results.

Our derivative instrument transactions may also be subject to the risk that our counterparties will seek commercial insolvency protection. Instability and uncertainty in financial markets have made it more difficult to assess the counterparty risk in derivatives contracts. Moreover, in light of greater volatility in the derivatives and securities exchange markets, there may be fewer financial entities available with which we could continue entering into derivative financial instruments to protect the Company against currency exchange risks, and the financial conditions of our counterparties may be adversely affected under stressful conditions.

To the 2021 corporate year closing, approximately 65% of our cash was denominated in dollars. At present, we do not have any derivative contract.

Our insurance coverage may be insufficient to cover potential losses.

We carry insurance coverage for general civil liability, damage to property, business interruption resulting from damages, terrorism, and other contingencies with respect to our owned and some leased hotels; likewise, the owners of managed, leased and franchised hotels are contractually bound to have the same coverage for the same risks. However, the owners may fail to contract and maintain such insurance.

The policies contracted by the Company offer coverage terms and conditions that we believe are usual and customary for our industry. Generally, our "all-risk" policies foresee that coverage is available on a per-occurrence basis and that each occurrence has a limit as well as various sub-limits on the amount of insurance proceeds that we will receive in excess of applicable deductibles. In addition, there may be overall indemnification limits under policy terms. Sub-limits exist for certain types of claims such as service interruption, debris removal, immediate costs or landscaping vegetation replacement, and other landscaping elements; however, the amounts covered by these sub-limits are significantly lower than the amounts covered under the overall coverage limit. Our policies also provide that, for coverage of earthquakes, hurricanes and floods, all claims from any hotel resulting from a covered event must be combined for purposes of the annual aggregate coverage limits and sub-limits. In addition, any such claims will be combined with the claims made by the owners of managed and franchised hotels that participate in our insurance program. Therefore, if covered events occur affecting more than one of our owned hotels and/or managed and/or franchised hotels that participate in our insurance program, the claims from each affected hotel will be added together to determine whether, depending on the claim type, the per-occurrence limit, annual aggregate limit, or sub-limits have been reached. If the limits or sub-limits are exceeded, then each affected hotel would only receive a proportional share of the insurance payout amount provided for under the policy. In addition, under those circumstances, claims by third-party owners would reduce the coverage available for our owned and leased hotels; the insured amounts are based on Probable Maximum Loss studies.

There are also other risks including, but not limited to, armed conflicts or guerilla warfare, certain forms of nuclear, biological, or chemical terrorism, certain forms of political risks, some health (such as COVID-19) and environmental hazards and/or certain events or acts of God that may be deemed or considered outside of the general coverage limits of our policies, uninsurable (such as unlawful conduct) or for which carrying insurance coverage is cost prohibitive.

Obtaining indemnity payments from insurance providers for a particular claim that we believe to be covered under our policy may also be considered a risk. Should an uninsured loss or a loss in excess of our insured limits occur, we could lose all or a portion of the capital that we have invested in a hotel owned, managed, franchised or leased by us, as well as the anticipated future income from any such hotel. In that event, we might nevertheless remain bound to any lease payments, or any other financial obligations related to the hotel, or that a third party consider that the corporation is liable for criminal negligence or negligence of our personnel and decides to hold us responsible for the actual or consequential losses.

When we contract third parties for certain services such as construction services, we usually require that they contract determined insurance policies or bonds in benefit of the Company. It may occur that third parties are affected by situations for which the insurance or bond retained is unenforceable or that events arise that may be deemed or considered to fall outside coverage of the insurance or bond policies, or that are uninsurable.

Damages that occur to our guests and their assets and rights are frequently covered by our civil liability policies, however, not all risks to which they are exposed in our facilities, such as unlawful acts perpetrated by third parties, such as other guests or Hotel employees are not covered by civil liability insurance, especially those derived from intentional or negligent acts. Service standards or authority and judicial decisions can hold hotels to be responsible for or, if they are not, compensating the guest for their damage or loss. This fact may affect the hotels performance and results, regardless of whether the measures implemented to mitigate them are sufficient or effective.

A draft modification to the official Mexican standard has recently been published, and which regulates the requirement that lodging facilities have a civil liability insurance policy. There are some change proposals that are not yet clear. Amongst the most significant is the liability attributed to lodging service providers to verify that third parties that provide services offered in or subcontracted by hotels have a policy of this nature. The lack or insufficiency of said policy by third parties could make lodging establishments be held responsible.

Reputation Risk

Some of the events previously mentioned and others that may not be mentioned in this report and/or that may be beyond our control, may affect the reputation of one or more of our properties, of the hotels that we manage or franchise or, in general, affect the reputation of our brands. Many other factors can also influence our reputation and the value of our brands, including service, food quality and hygiene, safety of our guests and members, availability and management of limited natural resources, supply chain management, diversity, human rights, environment, our economic and financial situation among others.

Reputational value is also based on perceptions, and broad access to social media makes it easy and invites anyone to post information and/ or comments that may influence perceptions of our brands and our hotels. Negative advertising may be difficult to control or manage effectively, regardless of whether the information is true or not. It is important to mention, that presently, a reputation is even more important and attractive due to users' capacity to create and transmit information rapidly. In addition to the latter, our industry is one of the most sensitive to clients' opinions and comments. While reputation can take decades to build, negative incidents can quickly erode trust, especially if they result in adverse publicity on social media and any other communication medium, including resulting in government investigations or penalties, or proceedings.

Both the Company and third parties use our brands for the sale of our Vacation Products, our Loyalty Program is linked to a bank credit card, as well as for lodging in owned and leased, managed and franchised hotels. Both we as well as third parties interact directly with guests and under our brand and trade names, if there is a failure to maintain or act according to law and norms, brand standards, accidents or incidents on our properties, including any informational incident involving guests' or employees' information or a circumstance affecting a member, guest, collaborators or suppliers, both as to health or safety; or project a brand image incompatible with our standards, norms and values, our image and reputation may be tarnished. In the same manner, public perception of construction management by our partners on the Riviera Maya development project has led some third parties to file legal proceedings against said development or against us, against the Company or its employees, which significance is still unknown.

Incidents or negative perception could have tangible adverse effects on our business, including loss of sales, participation in our Loyalty Program, drop in the sales or payment rate of our vacation programs, decreased access to our websites and reservation systems, deterioration in our investments, loss of development opportunities or difficulties in employee retention and recruitment, amongst others. Any decline in the reputation or perceived quality of our brands or corporate image may affect our market share, business, financial condition, or operating results.

Risks Related to the Hospitality Industry

We are subject to all operating risks common to the hotel and vacation products business industries (Loyalty)

These risks include the following:

- Changes in general economic conditions, including the timing and robustness of recovery from the current economic downturn;
- Impact of the perception of violence, wars and terrorism activities on travel desirability;
- Obligation to fully or partially close hotels due to health or general regulations of any nature at the state and federal level in Mexico and the Dominican Republic;
- Limitations or extraordinary departure or return requirements on the markets originating Mexican and the Dominican Republic tourists.
- Domestic and international political and geopolitical conditions, including civil uprisings, expropriation, nationalization and repatriation problems;
- Travelers' and personnel's fears of exposure to contagious diseases such as the present COVID-19 and its variants pandemic;
- Decrease in demand or insufficient inventory for the sale of vacation properties, or increase in the overdue portfolio of accounts receivable from installment sales of these products or of the related maintenance fees;
- Impact of internet intermediaries on pricing and continuing reliance on technology;
- Restrictive changes or interpretations of laws and regulations, as well as any other governmental actions, related to zoning and land use, tourism, financial aspects, health, security, the environment, operations, taxation, and immigration;
- Changes in travel patterns;
- Weakness of the markets which originate tourists relevant to our geography;
- Changes in operating costs including energy, employment, insurance and others related to natural disasters and their consequences;
- Disputes with third parties which may result in litigation;
- Fees or disputes relating to the right to use patents and brands and other industrial or Intellectual property rights;
- Availability of capital to fund construction, remodeling and other investments;
- Currency exchange fluctuations;
- Personal injuries or incidents that may result in claims brought by our clients or third parties in general;
- The legal-operational and financial condition of the owners whose properties we operate.
- The financial condition of the airline industry and its impact on the hotel industry.
- The lack or untimeliness of national and international promotion and publicity of the destinations where Posadas operates hotels.
- Shortage or lack of supply of gasoline, affecting those zones in the country where the Company operates hotels, negatively impacting the effective rate
- Inflation increase

The Hotel Industry is Cyclical

The hotel industry is cyclical by nature. Of the 28,888 hotel rooms that the Company operated as of December 31, 2021 (including Vacation Products), 13% are located in beach destinations where the cyclical aspect is more pronounced in contrast to business hotels. Generally, our Resort hotel revenues are greater in the first and fourth quarters, which reflect winter vacations, than in the second and third quarters. This seasonal cycle may generate quarterly fluctuations in the Company's revenues. In 2021, the Resort occupancy behavior was very outstanding even if compared to that before the pandemic in contrast to the urban hotels. We cannot ensure that this trend will continue in the future or that it is unaffected by diverse factors such as the reopening of other competitor tourist markets and products.

General Real Property Investment Risks

The Company is subject to the risks inherent in real property ownership and operation. Profitability from the Company's hotels may be affected by changes in local economic conditions, competition from other hotels, interest rate variations and financing availability, legislation impact and compliance with environmental and civil protection laws, issuance and renewal of licenses and permits to operate its businesses, amongst others, continual need for improvements and remodeling, especially of older structures, tax modifications affecting realty, adverse changes in governmental and fiscal policies, as well as disasters, including earthquakes, hurricanes and other natural disasters, adverse changes in federal, state and municipal laws and other factors beyond the Company's control. All of these may significantly affect operating cost and capacity.

Lack of Real Property Liquidity

Real property is relatively liquid. The Company's ability to diversify its investment in hotel properties in response to economic or other conditions may be limited. There can be no assurance that the market value of any of the Company's hotels will not decrease in the future. The Company cannot guarantee that it will be able to dispose of any of its properties should it deem it advantageous or necessary, nor can the Company assure that the sale price of any of its properties will be sufficient to recoup or exceed the Company's original investment amount. The assets allocated to time-share are registered with a real property lien in the corresponding Public Registry of Property in favor of the holders of the time-share for the period of their vested right (40 years), consequently, the rights of the holders of the time-shares are enforceable against or have a preference with respect to the persons entitled to said real properties. Practically all the real estate assets have been granted as real property guarantees of the Company´s financial debt. Under such terms, the net result of the sale of assets title must be used to pay said debt.

Natural Disasters (Acts of God)

The real properties operated by the Company are subject for events of forcé majeure, such as natural disasters and, specifically in those locations where we have a property or where we operate various hotels. Some of these events may be hurricanes, earthquakes, epidemics, terrorism, and environmental circumstances (for example, the unusual presence of bladder wrack) and not all can be insured, or the insurance would be very costly with significant deductibles for the Company. Although the company policy is that said realty has an "All Risk" insurance policy", the damages that may be caused by these types of events or that the real properties have not been correctly insured by their respective owners or that there is a coverage exemption, or the insurance proceed is specifically allocated to pay financial liabilities of owners represent a risk factor that may have a significant adverse effect on the operation of the real properties and on the income derived from the same, on the financial situation or the operating results of the Company. Likewise, once the damage has occurred, rebuilding may be compromised by unusual supply and labor requirements, or other requirements imposed by the authority.

Since there may be more than one hurricane at the same time in the same region, we may be exposed to greater risk depending on the region. The Company operate 22 hotels in beach locations (Resorts and other hotels) and of these 11 are situated in Cancun, Cozumel, and the Riviera Maya, same which are subject to hurricanes and that may be affected by loss of business due to a decrease in activity in the hurricane zone. Likewise, our hotels in the Caribbean are exposed to the same meteorological hazards.

Epidemics and Pandemics

The hotel industry is also susceptible to any sanitary contingencies that may directly affect national and international tourist flow, as well as business traveler flow which may affect occupancy factors and consumption at the real properties operated by the Company.

The spread of contagious diseases in places where we own, operate, lease or franchise properties and/or different parts of the world from which a large number of guests come, may continue or worsen in the future to some extent and during periods we cannot predict.

These events can reduce general lodging demand, limit the prices we can obtain or increase our operating costs and affect our income.

The tourism sector is one of the most affected by the COVID-19 outbreak, with repercussions on both travel supply and demand. The situation poses an additional negative risk in a context of a weak world economy, and geopolitical, social and commercial tensions, as well as the disparate behavior of the main travel issuing markets.

Environmental Regulations and other Regulations

We are subject to municipal, state, and federal laws, ordinances and regulations relating to, among other things, taxes, environmental regulations, the preparation and sale of food and beverages, handicap accessibility, use and disposal of water and waste, construction, occupational, health, sanitation and safety, and general building, zoning and operating requirements in the various jurisdictions in which our hotels are located and protection of personal information to which we have access, amongst other exhaustive regulations. Hotel owners and managers are also subject to compliance with laws governing employment and social security. Compliance with and monitoring these laws may be complex and costly. Failure to comply with the preceding laws may substantially and adversely affect our operating results. The Company currently faces a beach club closing located in Cozumel. After expressing our observations regarding said act, the authority has not processed our request within the legal terms established for such purpose, thus, these circumstances have been suspended.

Environmental laws, ordinances, and regulations in the various jurisdictions in which we operate may make us liable, amongst others, for the costs of removing, cleaning up or eliminating unhealthy, hazardous or toxic substances on, under, or in the property we currently own, operate or lease or that we previously owned, operated or leased without regard to whether we knew of, or were responsible for, the presence of hazardous or toxic substances. The presence of hazardous or toxic substances or the failure to properly clean up such substances, if present, could jeopardize our ability to develop, use, sell or rent the affected realty or to borrow money using such property as a guarantee. We are also subject to other laws, ordinances and regulations relating to lead, materials containing asbestos, operation and closure of storage tanks, and preservation of wetlands, coastal zones, or endangered species, which could limit our ability to develop, use, sell or rent our real property or use it as collateral. Future changes in environmental laws or the discovery of currently unknown environmental conditions, including archeological zones, may have a substantial adverse effect on our financial condition and operating results. In addition, Mexican and Dominican environmental regulations have become increasingly stringent. This trend is likely to continue with the passing of time and may be influenced by various international environmental agreements.

The creation of new environmental protection laws or the execution of existing environmental protection laws may affect or impose operating or economic costs on our operations. Our compliance with the latter may be challenged by the authority. Accordingly, there can be no assurance that a more stringent enforcement of existing laws and regulations or the adoption of additional legislation or our interpretative criteria of the same would not have a material effect on our business and financial (or other) conditions or prospects.

Posadas acknowledges the importance of its environment, the significance of its activity in the communities in which it operates, as well as the conservation of natural resources, it is for this reason that it integrates the efforts of all its business units and aligns its practices for social, economic, and environmental development through its Sustainability Committee. This Committee’s principal objective is to promote and insert into daily practices, activities to establish an authentic culture which privileges sustainability guidelines, both in the business as well as with the interest groups with which it interacts (collaborators, suppliers, clients, shareholders, investors, and partners).

Risks Relating to Mexico

Mexican Economic Conditions and Government Policies

The Company and a significant part of its subsidiaries are incorporated under Mexican law, and its corporate offices, as well as an important part of its assets, are located in Mexico. Thus, the Company’s operating results have been and, in the future, will be significantly affected by Mexican political, social, and economic conditions.

In the past, Mexico has experienced periods of slow, and even negative economic growth; the peso suffered drastic devaluations and currency exchange controls were implemented. Beginning in 1994, and during 1995, Mexico underwent an economic crisis characterized by devaluation of the peso in regard to other currencies, increased inflation, high interest rates, capital flight, negative economic growth, reduction in consumer purchasing power, and a high unemployment rate.

The Mexican economic crisis and slowdown may generate a material adverse effect on the Company's operations and financial conditions, as well as a stronger currency exchange rate could reduce the flow of international tourists to our country. In 2019, 2020 and 2021, the GDP was only (0.1%), (8.5%) and 5%)respectively, this due mainly to an increase of 2.9% in primary, 6.5% in secondary and 4.1" in tertiary activities.

Most of the Company's debt is US dollars denominated, however, during 2020 and 2021 the peso depreciated by 5.2% and 3.7%, respectively.

Countries invest important amounts of funds in promoting and publicizing to attract tourists to their country. The decision by the Federal government to cancel the Tourism Promotion Council of Mexico and the reassignment of the Mexico tourism brand promotion and its destinations to the Ministry of Foreign Affairs may have as a consequence a fall in demand by foreign visitors for our national territory.

Currency exchange fluctuations

As of December 31, 2021, 98% of our total indebtedness was denominated in U.S. dollars, while the majority of the Company's sales (approximately 70%) are peso (Mexican Currency) denominate. An important portion of the accounts receivable are denominated in US dollars; see Notes 8,11 and 17 in the Company's audited consolidated financial statements included in this Annual Report (Attachment). The peso has been subjected to significant past depreciations and may be depreciated in the future. Peso depreciation would negatively impact the Company's results and financial condition due to implicit increased financing costs. This because the peso cost of the Company's dollar indebtedness would increase and would affect the Company's ability to pay its dollar denominated debt. The currency exchange rate for the period ending in December 2021 was $20.5835 pesos per United States Dollar that represented a 3.70% depreciation during the corporate year. To December 31, 2021, the Company did not have any financial derivative instrument signed.

Inflation

Given that a significant portion of the Company's operating costs are peso-denominated, a considerable inflation increase may in turn increase the Company's operating costs and in the managed hotels, such as n food and beverages. Inflation may affect our client's purchasing power, and, in this manner, it may adversely affect the demand for hotel rooms and Vacation Products memberships. Inflation fluctuations may importantly affect the Company's financial situation and operating results. The annual inflation rates, in accordance with the National Consumer Price Index ("INPC", due to its initials in Spanish) measurements published by Banco de Mexico have been 2.8%, 3.2% and 7.4 for 2019, 2020, and 2021, respectively. Mexico had not presented such high inflation in the last 20 years, affecting from basic staples products to gasoline, which, as previously stated, may have an adverse effect on the Company's operation, supply chain, guests, among others.

Likewise, the supply inflation impact may cause a Company operating margin decrease, as well as its managed hotels and from which our income or guaranteed profit is calculated, to the extent that the strategy and cost containment savings or the failure to transfer this impact to our hotel rates is not successful, which may constitute a strategy trying to not affect the demand that is beginning to recover. This may become unsustainable in a long term.

Interest Rates

As in the case of the value of the peso against the dollar and inflation levels, historically interest rates in Mexico have undergone volatility periods. These adverse situations have affected the Mexican economy, including inflation increases, and thus have resulted in substantial interest rate increases in the Mexican market during such periods. Interest rate movements may affect directly the Company's integrated financing result, thereby increasing its financing costs, in the event its bank debt is contracted at a floating rate. However, the recently experienced interest rates fall on international markets has reduced the Company's financial risk. Average interest rates on 28-day CETES (Mexican Treasury Bills) for 2019, 2020 and 2021 are: 7.8%, 5.3% and 4.4% (at the corporate year closing 5.49%), respectively.

Risks related to Economic Downturn and High inflation in United States of America or other countries

The risk of an economic downturn or high inflation in the United States of America, Europe or other countries may imply changes to the inhabitants' spending patterns, such as postponing or cancelling travel decisions which may be reflected in lower occupancy or in the inability to increase rates at the Company's hotels, specifically those beach destinations with greater influx of tourists from the United States, such as Cancun and Los Cabos.

The economic problems associated with the European armed conflict may affect travelers from the United Kingdom, the third originating market for Mexico; in South America, the economic crisis in Argentina, and the macroeconomic weakness of Brazil (fourth and fifth originating markets for Mexico, respectively) may have as a consequence less flow of tourists from these alternative international markets in the zone where our country has influence.

However, the main risk arises from the effects of the Russian invasion of the Ukraine and the economic consequences of this war. The growing export restrictions for countries in conflict imply the rising of inflationary pressures associated with raw materials (gas and wheat, among others) and global supply chains shortages (chips, containers) resulting in turn from the imbalance between the composition of the demand for goods and services caused by the pandemic. The foregoing may generate an interest rate increase, which reduces recovery growth momentum.

Risks related to Competitive Advantages of Surrounding Countries for the Same Markets

The countries that compete for the surrounding originating markets of North America, South America and Europe, such as the Dominican Republic or Costa Rica, are attempting to attract tourist flow by means of public investment in publicity, promotion and communication. Likewise, some of said countries are willing to grant tax credits or benefits to tourism investment or activity. These governmental decisions may give competitive advantages in relation to the present conditions in Mexico. If these investments or subsidies are successful, the Mexican tourism market may lose opportunities to retain or increase international travelers entering the country as regards those countries, or the impossibility of offering tourism products at more competitive prices, that may displace or limit our country's quota growth of the international tourism market or international competitors may more comfortably face the challenges confronted by the global sector in contrast to the national industry.

This same effect may present itself once the global economic activity is gradually reactivated. Currently, Mexico has benefited from the few entry restrictions to enter the destinations where we operate, however, this may only be temporary, as restrictions are lifted, travelers can change their travel patterns and destinations to more attractive destinations according to their interests.

As of December 31, 2021, approximately 87% of the Company's rooms were located in urban destinations, and the remaining 13% are beach hotels.

External Information Sources and Expert Statements

All of the information contained in the present Annual Report is the responsibility of Grupo Posadas, S.A.B. de C.V. and has been prepared by this Company.

This Annual Report contains, amongst others, information related to the hotel industry. This information has been collected from a series of sources, including the Ministry of Tourism, and the National Institute for Statistics, Geography, and Computer Science, the World Tourism Organization, the National Tourism Business Board, amongst others. Likewise, the Company has utilized a series of public information sources, including among others, *the Banco de Mexico.* Information which is not source-based has been prepared in good faith by the Company, based on its industry knowledge and the market in which it participates. The terms and methodology used by the different sources are not always congruent among themselves, and for these reasons, comparisons are difficult.

The present Annual Report includes certain statements concerning the future of Posadas. These statements appear in different parts of the Report and make reference to the intention, the opinion, or the present expectations of the Company or of its officers regarding future plans and economic and market tendencies that affect the Company's financial situation and its operating results. These statements should not be interpreted as a future yield guarantee and imply risks and uncertainty, Company decisions and real results may vary from those expressed herein due to different factors. The information contained in this Report including, amongst others, the sections "Risk Factors", "Management Comments and Analysis of Company Operating Results and Financial Situation" and "Company" identify some important circumstances that may cause said variations. Possible investors are advised to take said expectation statements with the appropriate reservations. The Company is not obligated to publicly reveal results of the review of the expectations statements so as to reflect events or circumstances subsequent to the date of this Report, including possible future plans, business strategy changes, or the application of capital investments in expansion plans, or to reflect the occurrence of unexpected events.

d) Other Securities

In March 1992, the Issuer registered the shares representing its corporate capital in the National Securities and Intermediaries Registry, today the National Securities Registry (RNV, according to its initials in Spanish) under the National Banking and Securities Commission (CNBV, according to its initials in Spanish) so as to trade on the BMV. In our opinion, the Issuer has fully, timely and substantially delivered, since its registration and trading, its quarterly, annual, and occasional reports, as well as of material events both to the BMV, as well as to the CNBV, in compliance with the Securities Exchange Law and any other applicable provisions. The Issuer is obligated to file similar reports before other authorities that regulate the markets in which the corporation's debt securities are issued or registered, such as the Luxembourg Securities Exchange, as well as to the common legal representative of said securities holders.

Based on the applicable regulations, neither the "2027 Senior Notes" nor related documents thereto were submitted for review or approval before any federal or state securities commission or regulatory entity of any country.

Maintenance Requirements

The Company is obligated to provide the CNBV and the BMV, among other information, the financial, economic, accounting, administrative and legal information that is described hereinbelow, based on the text of the "Generally Applicable Provisions to Securities Issuers and other Securities Market Participants". During the last three corporate years, the Company considers that, on general terms, it has fully and timely delivered this information, or any other information requested by the authorities.

I. Annual Information:

(a) The third business day immediately following the date on which the ordinary general shareholders meeting is held which issues a resolution on the results of the corporate year, and which should be held within the 4 months following the close of said corporate year:

1. Reports and opinion mentioned in article 28, section IV, of the Securities Exchange Law.

2. Annual financial statements, accompanied by an external auditor's opinion, as well as of the Issuer's associated entities which contribute more than 10 percent to its profits or total consolidated assets.

3. Communication signed by the secretary of the board of directors reporting the updated status of the books containing the records of the minutes of the shareholders' meetings, sessions of the board of directors, share record book and, if a variable capital corporation, the registry book containing corporate capital increases and decreases.

4. A statement related to fulfillment of professional requirements and independence that since Audit initiation that there is documentation evidencing implementation of a quality control Report system and consent so that the External Auditor may be included in the Annual Report or the prospectus, as mandated under the Generally Applicable Provisions to Entities and Issuers supervised by the National Banking and Securities Commission for those entities and issuers that contract external auditing services for basic financial statements (CUAE), article 39.

(b) Publication no later than April 30 of each year:

1. Annual Report corresponding to the immediately preceding corporate year.

Publication no later than May 31 of each year:

2. Report corresponding to the immediately preceding corporate year related to the degree of compliance with the Code of Better Corporate Practices.

II. Quarterly Information:

Within twenty business days following the end of each of the first three quarters of the corporate year, and within forty business days following the conclusion of the fourth quarter, the financial statements, as well as the economic, accounting, and administrative information detailed in the corresponding electronic formats, at least comparing the numbers of the quarter in question with the numbers for the same period of the previous corporate year

III. Legal Information:

(a) On the day of its publication, the call to the meeting of shareholders, debenture holders or other securities holders.

(b) Pursuant to the Generally Applicable Provisions to Entities and Issuers supervised by the National Banking and Securities Commission those aforementioned entities that contract external auditing services for basic financial statements (CUAE), the issuer should carry out diverse evaluation, review and information procedures on them (amongst others):

a. The results of the evaluation regarding compliance by the Firm and by the Independent External Auditor with the independence requirements stipulated in article 6.
b. The results of the review of the External Audit Report and the Basic Financial Statements attached thereto, as well as the communications and opinions of the Independent External Auditor demanded by article 15.
c. The mention and follow-up of the implementation of the preventive and corrective measures derived from the observations of the External Auditor.
d. The results of the performance evaluation of the External Independent Auditor.
e. Information regarding the measures adopted due to the claims made by shareholders, directors and others related to issues with the External Audit.

(c) The business day immediately following the shareholders meeting in question:

1. Summary of the resolutions adopted in the shareholders meeting held in compliance with the provisions of article 181 of the General Law of Business Corporations, which expressly includes the allocation of profits, and, in the respective case, the dividend determined, the number of the coupon or coupons to be paid, as well as the payment location and date.
2. Summary of the resolutions adopted by the meetings of shareholders, debenture holders or other securities holders.

(d) Within five business days following the shareholders meeting:

1. Copy authenticated by the Company's secretary of the board of directors or by the person empowered to authenticate of the records of the minutes of the shareholders meetings, accompanied by the attendance list signed by the ballot inspectors designated for said purpose, indicating the number of shares corresponding to each shareholder and, if applicable, by the shareholder's representative, as well as the number of shares represented.
2. Copy authenticated by the meeting chairman of the record of minutes of the debenture holders or other securities holders' meetings, accompanied by the attendance list signed by the ballot inspectors designated for this purpose, indicating the number of securities corresponding to each debenture holder and, if applicable, by whom they are represented, as well as the total number of securities represented.

(e) At least six business days before each one of the acts referred to, the following notifications:

1. Notification to the shareholders for exercising the corresponding preemptive right due to a corporate capital increase, and the subsequent issuance of shares, which payment should be presented in cash.
2. Notification of delivery or exchange of shares, debentures, or other securities.
3. Notification of dividend payments, stating the amount and proportion of the dividends, and if applicable, interest payment.
4. Any other notification addressed to the shareholders, debenture holders, and other securities holders or the investing public.

(f) On June 30 every three years, the formalization of the general shareholders meeting which approved verification of the Company's corporate by-laws or the certification that the same have not been modified.

IV. Purchase of own shares:

The Company is obligated to inform the BMV, no later than the business day immediately following the agreement date of any transaction to purchase its own shares.

V. Material Shareholdings:

The Company is obligated to present no later than June 30 of each year a report containing disclosed shareholding information related to material directors and officers and the holders of significant percentages of the Issuer's shares.

VI. Material Events:

The Company is obligated to inform the BMV of its material events, in the manner and on the terms stipulated by the Securities Market Law and the General Provisions.

The Company considers that, in general, it has fully and timely delivered for the last three corporate years the required reports on material events and periodic information.

e) Significant Changes to Securities Rights Registered in the National Securities Registry.

Since 2014, the stated corporate capital without withdrawal rights amounts to $512,737,588.00 (five hundred twelve million, seven hundred thirty-seven thousand, five hundred eighty-eight pesos 00/100 Mexican Currency), represented by 512,737,588 (five hundred twelve million, seven hundred thirty-seven thousand, five hundred eighty-eight) common, registered Series A shares, without par value

To this date, the share number in the repurchase fund amounts to 16,855,600 shares, therefore. 495,881,988 Series A shares are circulating.

During 2021 tax year, two Company's bylaws were amended, as recorded in public deed instrument 48,591 dated December 2, 2021, attested to before. Juan Jose Barragan Abascal, Notary Public 171, who formalized the resolutions modifying eighth clause subsection (a) (of the bylaws) of the Extraordinary Shareholders' Meeting of November 30, 2021 to read as follows:

*"**Eighth.** The corporate capital shares shall be subject to the following stipulations:*

*(a) Each share shall confer equal rights and obligations to its holders, **therefore the issuance of shares without voting rights shall be prohibited.***
(b) …"

(the rest of the clause remains the same)

And public deed instrument 47,358 dated July 21, 2021, containing the amendment of the Fifth Clause of the corporate bylaws, corresponding to the corporate purpose of the Company.

In the General Extraordinary and Ordinary Shareholders Meeting, dated March 29, 2019, no changes were made to the securities registered in the RNV nor modification to the clauses, approving the take-over by merger of Inversora Inmobiliaria Club, S.A. de C.V. and Konexo Centro de Soluciones, S.A. de C.V., with and into Grupo Posadas, S.A.B. de C.V., the first two entities disappearing in their capacity as merged corporations and the last entity surviving in its capacity as the surviving corporation. Said merger became effective on October 3, 2019.

On June 25, 2020, the Issuer's ordinary general shareholders' meeting took place, which, amongst other things, resolved on the annual results and reports, as well as ratification of the members of its board of directors.

On April 5, 2022 the General Ordinary Shareholders Meeting of the Issuer was held, which amongst other things, resolved on the 2021 corporate year annual results and reports as well as on the members of its board of directors.

f) Public Documents

The information contained in this Annual Report may be consulted or supplemented with the Company's investor relations area at telephone (52 55) 5326-6757, or directly at the domicile of the Company located at Prolongacion Paseo de la Reforma Number 1015, Piso 9, Torre A, Col. Santa Fe Cuajimalpa, Mexico City, 05348, Alcaldia Cuajimalpa de Morelos as well as on the Internet page of the Securities Exchange at www.bmv.com.mx, where the Better Corporate Practices Code may also be consulted.

For more information, please consult the Company's Internet page at: www.posadas.com.

2) THE COMPANY

a) History and Development of the Company

Grupo Posadas, S.A.B. de C.V., was incorporated in Mexico, Federal District on April 18, 1967, under the original corporate name of Promotora Mexicana de Hoteles, S.A., with a corporate life of 99 years. The Company is domiciled at Prolongacion Paseo de la Reforma Number 1015 Piso 9 Torre A, Col. Cuajimalpa, Mexico City, 05348, and its telephone is 53-26-67-00.

The Company has its roots in 1967, when Gaston Azcarraga Tamayo established Promotora Mexicana de Hoteles, S.A. for the purpose of participating in the tourism sector by building and operating a hotel in the Federal District, the Fiesta Palace, now known as Fiesta Americana Reforma. In 1969, Promotora Mexicana de Hoteles associated itself with American Hotels, a subsidiary of American Airlines so as to establish Operadora Mexicana de Hoteles, S.A. de C.V., a Mexican company created to manage hotel properties. The first Fiesta Americana hotel opened in 1979 in Puerto Vallarta; currently it is operated by the Company.

The subsequent new Company facet dates back to 1982, when Promotora Mexicana de Hoteles, S.A. and Gaston Azcarraga Tamayo bought 50% of the corporate capital of Posadas de Mexico S.A. de C.V. Initially, Posadas de Mexico was established in 1969 by Pratt Hotel Corporation, a United States corporation, to operate Holiday Inn franchises in Mexico. In 1990, Promotora Mexicana de Hoteles bought the remaining 50% of shares representing the corporate capital of Posadas de Mexico S.A. de C.V. The latter purchase brought about the largest hotel company in Mexico, operating 13 hotels at that time. Its principal corporate purpose was the management of Holiday Inns and the management of Fiesta Americana hotels ("FA").

At the end of the 80's, the Mexican hotel industry was undergoing a saturation period and the Company realized that management of third-party hotels reported more reservations than those that it obtained. Consequently, the Company decided to focus on developing its own brands (Fiesta Americana ("FA") and Fiesta Inn ("FI")), while it continued operating the Holiday Inn franchises in some viable destinations.

In 1992, the Company changed its name from Promotora Mexicana de Hoteles, S.A. de C.V. to Grupo Posadas, S.A. de C.V. In March of this same year, the Company was listed on the Mexican Securities Exchange. In 1993, it began to address the business traveler segment by opening the first Fiesta Inn in a city destination. In 1998, the Company began to expand to South America by acquiring the Caesar Park chain, along with its brand rights in Latin America. Likewise, in 2001, the Company opened its first Caesar Business hotel in Sao Paulo, Brazil. In 2012, the Company sold the hotel operation business in South America.

The Company entered the Vacation Products business in 1999 opening the first resort under the brand Fiesta Americana Vacation Club in Los Cabos, Mexico. Since then, Posadas has added three resorts under this concept in Cancun, in Acapulco, close to the archeological zone of Kohunlich, Cozumel.

In 2003, the Company established Conectum, the management services center, which is responsible for management control of owned, leased and third-party hotels.

In December 2005, the Company made a strategic investment in Grupo Mexicana de Aviacion, S.A. de C.V., which was sold at a symbolic value on August 13, 2010.

In the General Extraordinary Shareholders Meeting held in November of 2006, the Company adopted the form of “Sociedad Anonima Bursatil”T.N.and changed its corporate name to Grupo Posadas, S.A.B. de C.V., in order to comply with the provisions of the Securities Market Law.

In December 2006, the first hotel under the brand “One Hotels” opened in the city of Monterrey, Mexico.

In 2008, development of non-hotel businesses continued with the consolidation of Ampersand which engages in the management of loyalty programs, and the Konexo call center.

In 2010, the Company launched the product “Kivac” which consists in the sale of points effective for 5 years exchangeable for lodging at any of the Company’s hotels, and the company-initiated conversion of three of its beach hotels to the “all inclusive” category. This situation consolidated in 2011. It also purchased ownership of the shares of one of its subsidiaries (Sudamerica en Fiesta S.A.) which was owned by IFC, thereby acquiring full control over the South American business.

In 2011, the Company allied itself with Santander Bank to issue the shared brand credit card Santander-Fiesta Rewards, with which clients accumulate points exchangeable in the company’s loyalty program operating under the same “Fiesta Rewards” Brand.

In 2011, the Fiesta Inn concept was re-launched. The Company exercised the share purchase option right from third parties regarding one of its subsidiaries, indirect owner of one of its beach hotels, the Fiesta Americana Condesa Cancun. In 2017, this hotel was sold to Fibra Hotel.

From the corporate viewpoint, in 2011, Jose Carlos Azcarraga Andrade was appointed Director General of the Company, and the shareholders meeting agreed to unify Series L shares (shares with limited vote) into Series A. This was executed in February 2013.

On July 16, 2012, Posadas announced that it had reached an agreement with Accor, S.A. (Accor), to sell its operations in South America. On October 10, 2012, the sale was officially completed.

In 2012, the Company acquired 47.8% of the corporate capital of SINCA, which was the holding company for a company group that owned 10 hotels that were sold to FibraHotel.

In 2012, Posadas sold 12 real properties and hotel equipment to FibraHotel, located in central and northern Mexico, operated under the Fiesta Inn and One hotel brand. In mid-2013, the Company sold three additional “Fiesta Inn” hotels to FibraHotel, and in 2014 sold 2 more Fiesta Inn and One brand hotel. Posadas was the majority owner of all of these hotels. Regarding all the hotels conveyed to Fibrahotel, the Company has signed contracts to keep operating them.

In April 2013, Posadas created The Front Door, a new luxury brand in the Vacation Products Business intended to offer a select portfolio of residential and hotel properties at exclusive destinations. That same year, the Company acquired 16 luxury apartments located in Puerto Vallarta (Marina Vallarta) allocated to the time-share business. In 2016, The Front Door became Live Aqua Residence Club (LARC). In December 2015, the Company acquired a land lot in Los Cabos, Baja California Sur, to allocate to constructing villas for the Live Aqua Residence Club product. During 2016, the first construction stage of these villas continued, which concluded in 2017 with 109 rooms and a total investment of $434 million pesos.

In connection with our traditional Fiesta Americana Vacation Club, in 2013 we allocated the Fiesta Americana Cozumel hotel to the timeshare system. The real property operates under the “all-inclusive” format. Finally, in 2013 and 2014, Phase III of our time-share facility allocated to Vacation Products in Los Cabos, Baja California Sur, was finalized. Both projects are estimated at an approximate investment of $450 million.

In 2013, Posadas acquired two lots of land that it intended to use for Vacation Products, one of them located in Bucerias, Nayarit (Nuevo Vallarta), and the other in Acapulco, Guerrero. On February 24 we concluded the sale of the Nayarit land lot for $240 million pesos and for this 2022 corporate year it is planned to contribute the real property to a real property development.

In 2013, we contributed to a trust (as a sale vehicle) the last land lots to which Posadas is entitled in Porto Ixtapa. We expect that economic development at that location will result in a successfully concluded sale.

In 2013, Posadas executed a strategy to sell non-priority assets or non-strategic assets. In this context, in June it agreed with FibraUno to sell the real properties which contained its Corporate Offices located at Reforma 155 and enter into a mandatory ten-year term lease agreement. Subsequently, Posadas terminated the lease contract for the Reforma 155 corporate offices and entered into a mandatory 10-year term lease contract with the same party related to offices located at Av. Prolongacion Paseo de la Reforma 1015, Torre A.

On August 30, 2013, the sale of the property located on Costa Maya, Quintana Roo, was agreed upon. This transaction was executed in 2014.

In May 2013, we took advantage of the federal government's tax forgiveness program regarding 7 tax liabilities attributed to the Company. Thus, we withdrew the corresponding defense proceedings and paid $143 million.

During 2014, the Vacation Product segment offer was broadened by reopening the hotels Fiesta Americana Cozumel All-Inclusive and The Explorean Cozumel which were remodeled for an approximately $300 million investment.

As part of its product renovation strategy, during 2014 Posadas developed and launched the new "Fiesta Americana" and "Grand Fiesta Americana" concept, an integral renovation, encompassing image and logotype including public areas and rooms. Likewise, the Fiesta Inn Express and Fiesta Inn Loft brand expansion to respond to travelers' needs.

In 2015, with the creation of the Gamma brand the Company started its Franchise operations. Based on this brand, Posadas markets its services through franchising, thus recognizing that there are business opportunities in good quality Mexican hotels, with market presence but which however lack new systems and distribution channels. Therefore, these hotels are not market-competitive for the principal corporate accounts and need better marketing tools to increase market share. The foregoing allows most of the time, the owners of said hotels or those legally entitled to freely convey them, to preserve their operation, increase quality standards and, at the same time, take advantage of the Franchisor's distribution channels infrastructure. At present, Posadas has franchises for Gamma, one, Fiesta Inn, The Explorean and the Curamoria Collection brands

In May 2015, the Company approved and ratified before the Taxpayers' Defender Office the partially conclusive agreement signed with the Tax Administration Service in the amount of $67 million regarding the Turistica Hotelera Cabos XXI, S.A. de C.V. subsidiary. Under said conclusive agreement, the Company has made 9 payments out of 10 installments corresponding to the tax credit.

As part of the activity and service consolidation process, the Company has been focusing on the hotel business industry. Therefore, the company has maintained service businesses: (i) Conectum, the administrative service center, responsible for the administrative control of the owned, leased, and third-party hotels, as well as of the corporate offices and (ii) Konexo, the contact center ("Call Center"), amongst whose relevant clients are the Company's subsidiaries and Compras which offers management and administration of centralized purchasing services to our different owned, leased and third-party hotels. These businesses have become or are in the process of becoming internal service areas for the corporate offices and for the hotels operating under our brands.

During 2016 Live Aqua presented the Live Aqua Urban Resort, Live Aqua Beach Resorts and Live Aqua Boutique Resorts.

In 2018, Posadas sold the Ramada Laredo Civic Center hotel, the last of its US properties.

Regarding our growth strategy outside of Mexico, the Company entered into the following operating contracts in Punta Cana, Dominican Republic

- September 2017: 15-year operating contract, under the Grand Fiesta Americana brand, with 554 rooms. This local investment project is estimated to be operating in 2020.
- August 2019: 15-year operating contract under the Live Aqua brand with 345 rooms. This project is estimated to be operating in 2021.
- February 2022: 15-year operating contract, under the Funeeq brand with 498 rooms.

In the financial, corporate and realty field, the following activities stand out from 2019 to publication date of this report:

- On June 30, 2015, the Issuer carried out a debt issue for US$350 M dollars in notes known as "2022 Senior Notes" by way of the Luxemburg Securities Exchange. The intention was to substitute the US$310 M dollars issue known as "2017 Senior Notes" that the Issuer held to December 31, 2014, and for which US$1,060 dollars were offered for each thousand dollars of the prior issue.
  As a result of the offer, it was possible to repurchase US$271.7 M dollars of "2017 Senior Notes" equivalent to 87.63% of the principal amount. The "2022 Senior Notes" accrue 7.875% annual interest with maturity date on June 30, 2022. The interest is bi-annually payable starting December 30, 2015.

- In connection with the Senior Notes issue due in 2017, issued in November 2012, in January 2013, the Senior Notes issue due in 2017 was modified to total an issue of US$275.0 M. In February 2014, US$31.6 M Senior Notes due in 2015 were exchanged for Senior Notes due in 2017 and an add-on issue was made in such a manner that the issue due in 2017 totaled the principal amount of US$310.0 M. Likewise, Impulsora de Vacaciones Fiesta S.A. de C.V. and Controladora de Acciones Posadas S.A. de C.V. have been included as payment guarantors of such notes. Due to the issuance of the notes denominated "2022 Senior Notes", the remaining balance of this program decreased to US$38.3 M to December 31, 2015. In November 2016, the US$38.3 million balance was pre-paid since the Company made an add-on issue on May 16, 2016, of US$50 M dollars of the "Senior Notes 2022" program at an annual 7.875% rate due in 2022. With the add-on issue, the "Senior Notes 2022" program amounted to US$400 M dollars.

- On May 2, 2016, the Company informed the lease and future sale of the Fiesta Americana Hermosillo hotel with 220 rooms, which will continue to be operate by Posadas. On January 31, 2020, we received $108 million derived from said sale.

- In 2017, the Company acquired 6% of a trust to develop a hotel project on the Riviera Maya, ("Tulkal"), where two hotels will be built: A Fiesta Americana with 515 rooms and a Live Aqua with 340 rooms; both to be operated by Posadas. In 2018, Posadas began construction of this development and from 2018 to 2021 Posadas made several contributions. Posadas had signed a contract to operate said properties under the Live Aqua and Fiesta Americana brands. In July 2021, Posadas signed a termination agreement for the aforementioned operating contracts and in September 2021, it sold its 12.5% investment trust shareholding in the development project.

- On June 22, 2017, the subsidiary Inmobiliaria del Sudeste, S.A. de C.V., owner of the Fiesta Americana Merida hotel contracted a seven-year term secured trust loan for $210 million. The funds will be used for corporate purposes including refurbishment of hotel public areas. The Company has made the following payments: 1) January 23, 2018, the Company prepaid $10 M, reducing the outstanding balance to $200 M. 2) As of July 2018, monthly payments of $1,872. As of December 31, 2020, the remaining balance amounts to $159 million. As a result of COVID, the company obtained from Citibanamex a grace period beginning on April 23, 2020 to give time for the recovery of demand for Fiesta Americana Merida hotel, measured per occupancy factor. The third modification agreement to the modified and restated contract, dated April 23, 2021, establishes that interest will be paid quarterly until April 23, 2022, and on this same date the monthly principal payments will be resumed beginning with the amount of $2,458.

- In relation to material tax issues and monitoring the tax liability corresponding to the 2006 tax year, informed in the 2015 consolidated financial statements, it is informed that in September 2020, there was issued a final ruling that declared partially null said tax liability. Consequently, on April 30, 2021, a new tax liability in the amount of $222.8 mdp was determined in compliance with the aforesaid ruling, and which we submitted to review. The Company filed legal actions to invalidate the tax liability as well as a complaint remedy which it withdrew since it was convenient for its interests. On March 30, 2022, the Company paid the $174.0 million pesos tax liability as a result of the benefit granted by article 70-A of the Federal Tax Code; thus said matter was definitely concluded. For more details see section *See section 3) Financial Information, c) Material Loan Information.*

- In 2017, the Company agreed to the sale and subsequent leasing of the Fiesta Americana Condesa Cancun hotel with 507 rooms to FibraHotel (“FIHO”), for a total sale price of $2,892 million. The Company and FIHO agreed to invest approximately $60 million each, for the renovation of public areas during 2017 and 2018, without affecting hotel inventory. In January 2018 as part of the sale agreement, Posadas as lessee and FIHO as lessor executed a leasing contract for a total term of 15 years, by virtue of which the Company would continue to operate the Hotel. During 2018, Posadas agreed to increase its remodeling investment commitment to reach $75 million for each of the parties, said remodeling to conclude in 2020. As a temporary measure for corporate years 2020 and 2021, the Company obtained discounts and rent payment and other obligation deferrals from the lessor.

- On February 20, 2019, pursuant to the contract (“Indenture”) of the 7.875% Senior Notes Due 2022, the Company, through the BMV, announced to the market the Offer to Purchase for Cash to prepay and cancel up to $515 million of its debt due in 2022. The offer period expired on March 20, 2019, and was liquidated on March 22, 2019, making a payment of US$7,4 that represents the consideration to the holders of the repurchased Bonds and payment of the interest accrued by said Bonds. After the cash purchase offer, the balance of the "7.875% Senior Notes Due 2022" is of US$392,605,000.

- In the resolutions resulting from the Extraordinary and Ordinary General Shareholders’ Meeting, held on March 29, 2019, it was approved that Inversora Inmobiliaria Club, S.A. de C.V. and Konexo Centro de Soluciones, S.A. de C.V. would merge with and into Grupo Posadas, S.A.B. de C.V., the first two disappearing as merged corporations and the last company surviving as the merger corporation. Said merger became effective on October 3, 2019.

- On February 19, 2019, a trust was constituted in Banco Santander, S. A., with $224 million derived from the sale of the Hotel Fiesta Americana Condesa Cancun, so that in compliance with the provisions of the 2022 Senior Notes these funds would be applied to payment of the consideration stipulated in the Investment Plan contained in the selfsame trust contract. Said trust includes five hotel projects and its estimated duration would be approximately 12 months, but it has been extended due to the current market conditions. To the issuance date of this annual report, this trust has ceased to exist.

- In February 2021, the first Posadas branded hotel in Dominican Republic was opened. The Company incorporated a subsidiary in that country in order to manage said hotel, and which will be responsible for the administration of the hotel.

- On April 30, 2019, the Company early terminated the operation and license agreement for the Fiesta Americana Grand Puerto Vallarta hotel with Parks Operadora Hotelera, S. de R.L. de C.V. (“Parks”) and simultaneously signed a mandatory 10-year lease on said property as of May 1, 2019. On August 15, 2021, the Grand Fiesta Americana Puerto Vallarta hotel lease contract was early terminated.

- On February 24, 2020, we concluded the sale of a land lot in Nuevo Vallarta, Nayarit for $240 million pesos.

- In March 2021, we executed the sale of the Fiesta Americana Hacienda Galindo hotel, receiving $156 million, also previously announced.

- In September 2021, we signed a contract subject to condition precedent in order to contribute a piece of land in Acapulco to a mixed-use real property development trust. As trustor and trustee, Posadas will receive apartments to be used for its vacation products. Likewise, Posadas will grant a brand license and manage the condominium administration.

- To ensure business continuity, as a result of the noteworthy COVID-19 deterioration on the Company's operating income and cash flows, as well as the still uncertain impact that COVID-19 will have on the Mexican tourism industry in the near future, we were obligated to omit interest payments for an amount of approximately $15.5 million dollars each, payable on December 30, 2020, and June 30, 2021, with respect to its 7.875% Senior Notes due 2022. We also negotiated the terms of most of our relationships with suppliers, lessors, and owners.

- At the end of the year, we successfully concluded our comprehensive debt restructuring, exchanging the 2022 Senior Notes for new notes due in 2027 in an amount of USD $398,581,321 (including a premium payable in capital). This through a complex process in which an agreement was established with an old note holders' representative group, which was offered later to the rest of the holders of the issue and binding through a judicial procedure called "prepackaged Chapter 11", brought before the courts of the United States of America. Practically all of the company's real estate assets and the vacation program portfolio and collection products have been pledged as collateral for compliance with said obligation. The negative and affirmative covenants impose more restrictive conditions than the last current issue.

The 2021 detailed corporate year closing financial situation is presented in the Financial Statements to this report and demonstrates, duly explained, and classified, the Corporation's profit and loss during the corporate year. Likewise, it presents the financial situation changes during said year, and evidences the 2019 corporate year changes in the entries that comprise the corporate net worth. The necessary notes complementing and clarifying the information contained in the financial statements are also detailed in the Independent Auditors Report and the 2021, 2020 and 2019 consolidated financial statements of Grupo Posadas S.A.B. de C.V. and Subsidiaries issued by Galaz, Yamazaki, Ruiz Urquiza S.C., (Deloitte).

Principal Investments 2019-2021

During past years, the Company strategy has been to continually grow through hotel management contracts, and now hotel franchise contracts. This implies allocating limited capital expenses to determined expansion projects and focus investing in maintaining already existing properties.

The following details the principal investments that the Company has made between 2019 and 2021:

For 2019, the consolidated annual capital expenses totaled $501 M:

- 54% was used for the maintenance and remodeling of hotels, specifically the Live Aqua Beach Resort Cancun, Grand Fiesta Americana Chapultepec.
- 25% was used for Vacation Properties.
- The 21% remaining was utilized for corporate and technological

Use.

For 2020, the consolidated annual capital expenses totaled $335 M:

- 66% was used for the maintenance and remodeling of hotels, specifically the Grand Fiesta Americana Chapultepec.
- 18% was used for Vacation Properties.
- The 16% remaining was utilized for corporate and technological use.

For 2021, the consolidated annual capital expenses totaled $268 M:

- 41% was used for maintenance and remodeling of hotels, specifically the Grand Fiesta Americana Chapultepec.
- 22% was used for Vacation Properties (Loyalty)
- The 37% remaining was utilized for corporate and technological use.

b) Business Description

i) Principal Activity

The principal activities of Grupo Posadas, S.A.B. de C.V. and its Subsidiaries are the construction, purchase, leasing, promotion, franchising, operation and management of hotels that mainly operate under the commercial brands of: Live Aqua Urban Resort, Live Aqua Beach Resorts, Live Aqua Boutique Resort, Live Aqua Residence Club, Grand Fiesta Americana, Fiesta Americana, Curamoria Collection, The Explorean, Fiesta Americana Villas, Fiesta Inn, Fiesta Inn Express, Fiesta Inn Loft, Gamma and One Hotels. On April 4, 2022, the Merida MID-Center hotel under the IOH brand was opened. During 2020, the opening of one hotel under the new IOH brand is anticipated.

Since 1999, it operates a time-share sale and administration business under the trade name of Fiesta Americana Vacation Club, for resorts located in Los Cabos, Baja California Sur, Cancun, Cozumel and Kohunlich, Quintana Roo and Acapulco, Guerrero, and under the "Live Aqua Residence Club" brand in Puerto Vallarta and Los Cabos. For the operation of the above, it has formed alliances with Hilton Grand Vacations Club, The Registry Collection and Resort Condominiums International (RCI), furthermore it has international reservation access through Save on Resorts, which has allowed it to penetrate foreign markets with greater force.

Since 2010, Posadas started marketing the Kivac product (and its corporate extension Kivac Travel Suite), consisting of the sale of points exchangeable for stays in the group's hotels. This is an advance sale of accommodation services, and the points serve as account units. It also operates sale of membership products under brands such Fiesta Americana Access, tourism services discount clubs.

In 2014, Posadas made an incursion into the hotel franchising market under the Gamma brand and in 2018 signed its first One Hotel brand franchise contract. Since then, it has increased the number of franchisable brands with The Explorean, Curamoria and Fiesta Inn.

Posadas' income evidences seasonal behavior throughout the year. For beach hotels, occupancy tends to be higher during the winter and vacation periods (Easter Week, Summer), while city hotels have very stable occupancies throughout the year.

The Company plans to operate and franchise in Mexico 18 additional hotels with 3,585 rooms, the majority of these projected to be operating in 2023. This will represent a 12.4% room offer increase and, of this, 23% corresponds to economy and business formats, including the Gamma brand. Of this hotel total, 4 will operate as Live Aqua, 1 as Grand Fiesta Americana, 2 under the Fiesta Americana brand, 1 under the Curamoria brand, one under the IOH brand, one under the Dayforia brand, 1 under the Fiesta Inn brand, 3 under the three-star hotel chain "one", and 4 under the Gamma brand. Of the projected hotels, 6 are under construction by diverse owners. In line with the Company's strategy of operating a larger number of hotels with minimal investment, the Company plans to be the operator or franchisor of said rooms through franchising, management, and leasing contracts with third party investors. The Company estimates total investment for the aforecited Mexican development plan at approximately $14,773 million (US$718 million) of which Posadas contributed 2% of the resources and 98% was contributed by outside investors.

In February 2022, the company signed a 15-year operation contract under the Funeeg brand with 498 rooms.

Additionally, there is a project to develop 28 apartments in Acapulco Diamante which will be used for vacation products to start operating in the following two years.

Posadas is an important purchaser of a broad spectrum of goods and services in the Mexican hotel industry. During 2021, 3 sectors were developed:

New negotiation:

- The Works and Service Category encompasses subcategories never before corporately managed, such as Atmospheric Release of Gas Emissions Study, Lighting and Noise, Electrical Substation Maintenance, Internal Civil Protection Program, Environmental Consulting, achieving average two-digit savings by large scale negotiation, standardization of processes, payment conditions improvement, etc.
- Technology: Renegotiation of different platforms and technological solutions achieving, in addition to savings, improvement in payment terms and conditions.

Processes:

Operational efficiency: work continued on cataloging recurring products and services, at present a 84% -86% percentage.

Sustainability:

This year, a Responsible Purchasing Policy was implemented for all suppliers who wish to work with the Company, as well as for all Purchase tenders, said policy includes anti-corruption, flora and fauna care, child labor, sustainable material, gift policy issues amongst others.

Likewise, the ESG Certification was implemented for suppliers with annual consumption greater than $500,000.

Due to the pandemic, during 2021 supply and raw material increases were an aspect that became very important during the year due to the impact on United States of America and China product supply. This was contained through alternate products and suppliers, demand planning and renegotiations with key suppliers, ensuring compliance with brand standards and commitments and thus safeguarding the company's reputation.

Supply variations due to exchange rates and inflation have been partially controlled by substituting imported products with national similar quality products. Likewise, supplier consolidation has resulted in better terms and conditions.

Some of our principal suppliers during this year are: Sigma Food Service, Accenture, Beta Procesos, TCA Software solutions, Dell Leasing, among others. It should be mentioned that the Issuer is not dependent on any supplier.

Since the Company sustains its development on hotel management, the price volatility of the principal hotel construction and equipment raw materials would indirectly affect it through a developer. Raw material price volatility for hotel operations would directly affect operating expenses. Year after year, the Company has attempted to carry out corporate negotiations with its suppliers so as to obtain better prices and standardized qualities and characteristics.

The product or similar services categories, or those individual products that represent 10% or more of total consolidated income for each one of the last 3 corporate years, indicating the amount and percentage are found in section: *iii) Patents, Licenses, Brands and Other Contracts of this Annual Report and in Section 3, Financial Information, subsection b) Financial Information by Business Line, Geographic Zone and Export Sales, and subsection c) Risk Factors, Concentration in One Industry in this Annual Report*.

During 2019, the Company entered into a global agreement in which various owned and managed hotels would participate in the corporation Cogeneracion del Altamira, S.A. de C.V. and enter into self-supply contracts for minimum volumes and 5-year terms. However, various political, bureaucratic, and normative issues have hindered obtaining the necessary authorizations, so that the programs enter into force. According to information from the company Cogeneracion del Altamira, S.A. de C.V. at present it is currently litigating, the omissions of the authorities and various norms issued by the Congress of the Union or the administrative authorities in this area. To this moment, there is no certainty as to the result of the above. This situation affects not only the cogeneration entity of which we are partners, but also the electric power cogeneration industry. We are currently evaluating self-generation projects in certain hotels.

For the Company's financial information according to business line and geographic zone, see section *3) Financial Information b) "Financial Information by Business Line, Geographic Zone and Export Sales".*

For information on risk and the effects of climate change on the Issuer's business see risk section *1) General Information c) Risk Factors, part Natural Disasters and Environmental regulations.*

ii) Distribution Channels

The Company considers investment in new systems and technology as critical to its growth. During the course of its history, the Company has developed new systems and technology which have permitted it to optimize product distribution and manage its operations.

The technological platform system which the Company uses to market and sell hotel rooms incorporates third party technology and services and that the selfsame Company developed and denominated "Inventario Central", or Central Inventory. Central Inventory consolidates into one room-availability database the entire hotel portfolio, updated in real time in line with room availability changes. This database may be simultaneously consulted by all the distribution channels which the Company uses to sell its rooms. Said distribution channels include the Company's own reservation center located in Morelia, Michoacan, global distribution systems (GDS), travel agencies, Internet intermediaries, and the Company's own web site.

In the same manner the company strengthens its distribution channels, we are also strengthening technology in the service sector, which is linked to customer satisfaction and experience. Although, it is applied to organization or internal process improvement, all the benefits result in providing operational optimization and better services.

The Company Loyalty program “Fiesta Rewards” maintains, in alliance with Santander Bank, a credit card under the shared brand Santander-Fiesta Rewards, with which the clients obtain travel benefits. To 2021 corporate year closing, the Santander Fiesta Rewards credit card has more than 188,500 card holders, in the same year 43,000 new cardholders were affiliated.

Fiesta Rewards has significantly contributed to Posadas’ retention of valuable clients and maintain stable income during different business cycles. The Fiesta Rewards members receive varying benefits such as points, preferential rates, advance sales, exclusive experiences and point exchanges per night of accommodation in the Posadas affiliated hotels, catalogue items, airplane tickets, automobile rental, amongst others. Fiesta Rewards is the best-known loyalty program as between the Mexican hotel chains in regard to active members.

The Fiesta Rewards mobile app continues evolving by adding the loyalty point sale program function and improving the digital pre-check-in experience allowing guests to pay for their lodging and chose their room a day before their arrival.

The domestic, United States and Canadian markets are the main objectives of our market efforts abroad, which are mainly allocated to resorts promoted under the “The Collection” brand. Part of this work is done from our subsidiaries in the United States. The Collection Resorts by Fiesta Americana increased its night occupancy room number exceeding the 2019 levels and achieving a 19% average contribution in the web channel.

In 2021, we launched *TRAVEL LATAM*, a marketing program for our hotels in countries such as Colombia, Chile, Costa Rica, Guatemala, and Dominican Republic. Thanks to this initiative, the night room sales have duplicated in the individual traveler segment.

The timeshare marketing system differs from hotel room distribution channels. It is mainly based in the implementation of a promotional system by launching campaigns to attract potential clients to the Vacation Products experience, providing them with complementary passes, and through a local sale program and showroom network. Vacation Products sales cost around 35% of the product and part of this process may be executed by specialized third parties contracted for such purpose. Along with timeshare membership, the client becomes an exchange club member in which the client may use their points to travel to other Company destinations allocated to timeshare, to hotels operating under Company brands or to third party hotels. This flexibility presupposes an additional reservation channel for hotels affiliated in the system.

With respect to Vacation Products sales, Fiesta Americana access and Kivac, the Company usually offers its clients an average five-year deferred payment plan for both programs. Most sales are made in installments for both programs. Regarding Kivac, clients may only use their effectively paid points. Regarding timeshare, payment is not related to membership rights, which are sold for 40 years. In Vacation Products marketing, clients pay a financing cost for the grant of a payment term.

The abovementioned Kivac product was launched on the market in 2010 aimed at commercializing hotel inventory, through the sale of points redeemable for stays. The points are valid for 5 years. With the purpose of benefiting both companies and employees in Mexico, a new product was launched in 2019 called Kivac Travel Suite, which consists of a benefit model for company employees with access to a travel plan for destinations in Mexico and U.S. In 2020, there were 40,993 members.

In 2019, we renewed and renamed the “Re_SET” product created in 2017 into Fiesta Americana Vacation Club Access in response to the trend of connecting with new customers, lifestyles and technological changes. It consists of an exclusive discount plan with which families and groups of friends have the liberty of traveling a greater number of times, when they wish, whether in Mexico or abroad. In 2021, there 1,784 members.

For their part, the products Live Aqua Residence Club (LARC) and Fiesta Americana Vacation Club (FAVC), closed 2021 with 1,525 and 32,963 active members, respectively.

The Company has an online reservation tool for specially negotiated rates, denominated "Corporate" for Corporate and Local Agreements, Consortiums, Agencies, Wholesalers, Exchanges, and Grupo Posadas Employees. Amongst the most important Corporate accounts are found the following:

1. Univision (USA)
2. Alijumex, S.A. de C.V.
3. ACA Fun Viajes S.A. de C.V
4. Comercializadora Eloro S.A
5. Aerovias de Mexico S.A. de C.V.
6. Representaciones de HTLS de Mexico S.A. de C.V
7. Abarrotera del Duero S.A de C.V
8. SJMB S.A. de C.V.
9. AT Engine Mexico SAPI de C.V
10. Carso Eficentrum S.A de C.
11. Halliburton de Mexico S.A. de C.V.

During 2021, the following results were obtained in the following sales segments:

- We had 3 million reservations (6 reservations per minute). It was a 62% growth compared to 2020
- Room income generated through "Corporate" increased 42%, compared to 2020.
- Our own channels (including groups) maintain a contribution of 66% of the bookings.
- The Distribution platform OPEN PRICING allowed us to simplify our rate structures and to increase our RevPAR, which are the basis for significant company growth.
- Our distribution cost per reservation remained below USD 10.
- The voice channel and OTAS remained the most important channels generating the largest number of reservations, representing, respectively, 20% and 25% of the reservations.

The number of reservations and room nights received in 2021 had a significant recovery compared to 2020. Additionally, the negotiations with our suppliers continued as well as our channel optimization allowing us to keep our competitive advantage at a low distribution cost.

Additionally, our resort web channel, www.lacoleccionresorts.com, aimed at the international market, grew around 70% on reservation basis compared to 2019, and 60% compared to 2020. As a result of this success, we will replicate the technology, strategies and lessons learned for our remaining websites during 2022.

iii) Patents, Licenses, Brands and Other Contracts

The Company operates its hotel business under four principal models: (I) owned hotels and leased hotels commercially exploited to the benefit of Posadas; (ii) third party hotels managed by Posadas to the benefit of said third parties; (iii) hotels leased from third parties but managed by Posadas to the benefit of the lessors and (iv) franchised hotels.

The Company considers that its hotel operator experience, having its very own reservations system, technological investments as well as a loyalty reward system are the principal attributes through which it adds value for independent hotel owners. For the purpose of increasing yield on invested capital, in recent years the Company strategy has concentrated on selling hotel management and operating services by signing management contracts with local partners to develop new properties and by converting already existing properties to the Company brands. Additionally, the Company has a system to provide franchising services under the Gamma, One Hotels, Curamoria Collection, Fiesta Inn and The Explorean brands.

In order to continue its growth strategy, the Company is continually looking for opportunities to operate hotels in new locations. The Development division is responsible for identifying new project locations. The Company does not apply strict statistical or numerical parameters when deciding to expand its operations to a particular location, instead it takes into consideration the city's population, the level of economic activity and local investors' willingness to invest their capital in said location. Once the Development area determines the location's expansion potential, the Company's Market area evaluates the proposal's feasibility by analyzing offer and demand in the locality, competition, and rate ranges.

The Company has signed management contracts to operate hotels not belonging to it but that give it varying degrees of control over the properties' operation. In addition, the Company has executed contracts for the use of its brands from which it receives royalty income. In some cases, the Company also signs lease agreements for the properties that it operates. As consideration for the Company's technical and operational assistance and the use of industrial property rights and copyrights in Mexico, the managed hotels pay royalties to Posadas. Royalties are calculated as a percentage of each hotel's total sales or from other services marketed under Company brands. The Company is the holder of diverse industrial and intellectual property rights it has created and developed throughout the years, such as: Live Aqua and its derivatives, Grand Fiesta Americana, Fiesta Americana, The Explorean, Fiesta Inn and its derivatives, Gamma, One Hotels, IOH, Curamoria, Fiesta Americana Vacation Club, Fiesta Rewards, Conectum, and Konexo, amongst others. These brands are protected in different jurisdictions, subject to the terms and conditions each jurisdiction stipulates.

We implemented the Net Promoter Score (NPS) as the fundamental indicator to measure hotel performance based on guest appreciation, appealing to our customer-centered philosophy.

To December 31, 2021, the average life of the Company's hotel management contracts (except its owned hotels) was 10.3 years. Detailed per brand, it was: 12.3 years for Live Aqua, 8.2 years for Grand Fiesta Americana, 10.9 years for Fiesta Americana, 11.0 years for Fiesta Inn, 18.4 years for Fiesta Inn Loft, 10.4 years for Fiesta Inn Express, 14.5 years for Gamma, 12.6 years for One Hotels and 18.6 years for Curamoria Collection. Generally, once the contract terminates, the owner may choose to renew the management contract, normally for periods shorter than the initial period. See chapter "Risk Factors" for more information related to contract renewal.

Currently, the Company provides hotel services basically under 9 brands:

Posadas Mix of Brands					
Brand	**Category**	**Hotel Rooms**	**Rooms by range**	**Location**	**Segment**
Live Aqua Residence Club	Lujo	2 160	20-100	Luxury residences for Vacation Properties	International tourists and high end locals
Live Aqua Hotels & Resorts	Lujo	5 1,076	130-400	Upscale Resorts and large cities	International tourists and high end locals
Grand Fiesta Americana Hotels & Resorts	Grand Tourism	8 1,910	200-600	Large cities and upscale Resorts	Domestic and International tourists and business travellers
Curamoria Collection	Boutique	5 125	ene-60	Upscale Resorts and large cities	International tourists and high end locals
Fiesta Americana Hotels & Resorts	Family / Business	14 3,952	80-650	Large cities and upscale Resorts	Domestic and International tourists and business travellers
Fiesta Inn Hoteles Business Class	Business	70 10,178	90-220	Small and mid size cities	Domestic and International business travellers
Fiesta Inn Loft	Business	4 388	40-150	Small and mid size cities	Domestic and International business travellers
Fiesta Inn Express	Business	3 378	40-150	Small and mid size cities	Domestic and International business travellers
Gamma Hoteles & Resorts	Family	19 2,728	80-200	Small and mid size cities	Domestic and International business travellers
One hotels	Economy	49 6,123	100-140	Mid and large size cities in industrial locations	Domestic business travellers
Fiesta Americana Vacation Club	Family	5 1,774	100-300	Resorts	Domestic and International tourists
The Explorean Discovery Resorts	Family	2 96	40-100	Resorts	Ecotourism, Domestic and International tourists
Total		**186** **28,888**			

Source: Posadas

The Company has entered strategic alliances related to certain products and services offered to third parties or offered jointly by Posadas and the third parties, such as the shared-brand Santander-Fiesta Rewards credit card mentioned in section: 1) General Information, subsection b) Executive Summary and section 2) The Company in this document. Recently, in some of its hotels it has begun to incorporate third party brands and franchises in consumption centers.

The Company moves its vacation products inventory by marketing timeshare contracts pursuant to Mexican law terms. These are usually installment sales, and purchasers may purchase more points to improve the conditions of the product purchased. For operation of the Vacation Products, it has alliances with the Company's own hotels, Hilton Grand Vacation Club and Resort Condominiums International (RCI); these last alliances have allowed us to better penetrate foreign markets.

The Vacation Product (Loyalty) segment of the Company has four lodging service marketing modalities. On one hand, it has two timeshare products both granting, in relation to hotel properties, a 40 year right to use represented by annual points. These modalities are our traditional Fiesta Americana Vacation Club and the product Live Aqua Residence Club (LARC); this last one addressed to a high-level purchasing power. FAVC points may be exchanged for lodging at any of the 7 FAVC complexes located in Los Cabos, Acapulco, Cancun, Cozumel and Kohunlich, as well as at any Posadas operated hotel. LARC points may be exchanged in Puerto Vallarta, Cozumel, and Los Cabos, in addition to the aforementioned destinations. Additionally, FAVC members may use their points at Resorts Condominium International ("RCI") complexes and Hilton Grand Vacation Club or at any affiliated complexes in different parts of the world. In the case of "Live Aqua Residence Club", to exchange these points the Company allied itself with The Registry Collection.

Secondly, the Company operates two Vacation Product programs that consist mainly of the advance point purchase which may be exchanged for stays and tourist services (Kívac), and a discount club for stays and other tourist services (Fiesta Americana Access). These products mainly serve as one of the Posadas' System own channels, however, the complementary requirements of the clients mean that tourist services provided by third parties can be offered.

Other relevant contracts

In addition to the hotel management, license and franchise contracts, the timeshare sale and related strategic alliances, the hotel business has become highly dependent on information and connectivity systems, and on certain providers of hotel inventory distribution channels, as previously described in section *ii) "Distribution Channels"*.

Furthermore, Posadas executed with Accenture, and other technological service and license suppliers such as Oracle TCA and SAP (Ariba, HCA/UNET and Gigya social log in) important contracts supporting the Company's operations. Posadas would need to retain similar third-party services, if these contracts are not renewed which could imply costs due to supplier substitution.

The Company may directly or indirectly incorporate third party intellectual property into its products and promotions. Recently, the judiciary branch has confirmed criteria related to satellite or cable signal transmission, providing that said activity does not include the right of public exhibition of audiovisual works in hotels, and that the privacy of the room does not exempt the establishment from the payment of the corresponding royalty. Likewise, in March 2022, a binding legal precedent was recorded in the sense that if a hotel lacks a license to use audiovisual works, it shall pay a 40% compensation of its total income. Currently, the Company has entered into long-term contracts with some of the collective management companies of this type of rights for its owned and managed hotels.

iv) Principal Clients

Given the nature of the hotel industry, the Company considers that it is not significantly dependent on any or several identifiable clients as users of hotel services whose loss would adversely affect the Company's operating results or financial situation. The Company has a business strategy based on targeting the Mexican business and vacation market segments through the Grand Fiesta Americana, Fiesta Americana, Fiesta Inn, Gamma and One Hotels brands; the wholesale segment in the North American market, is principally for the resort line under the Live Aqua, Grand Fiesta Americana and Fiesta Americana brands; and the Mexican group and conventions market segment for Fiesta Americana and Fiesta Inn. However, it is worth mentioning that the Company's marketing efforts are focused on the Mexican, United States and Canadian markets, therefore, a slowdown or closing of said markets may significantly and adversely affect the Company's operating results. Delay in consolidating new markets or competition in other destinations, may be economically more competitive and may complicate the operating results of this markets. This dynamic is still observed in the pandemic impact period, although it is true that some originating markets have become more relevant, such as the Colombian market and South America in general, they are still very far from the production of countries such as the United States of America and Canada.

The segment of business travel and tourism for groups and conventions has returned more slowly and there are places where despite few operating restrictions it has not returned in attractive volumes. It still seems early to predict the impact that the new normal could generate in these travelers in the medium and long term.

Furthermore, there is a trend to consolidate hotel ownership in groups such as FibraHotel and other institutional real property investors. At present, we operate 68 hotels owned by FibraHotel representing 37% of total hotels operated by the Company and 3 other owners concentrate the operation of 16 third-party hotels representing 9% of the total.

This trend is expected to continue increasing in the near future. The loss of FibraHotel or other family groups as a client, as well as a negative impact on their operations and structure would seriously and adversely affect the Company's operating results and financial situation.

v) Applicable Legislation and Tax Situation

In general, hotel and time-share activity are subject to diverse local (municipal, state) and national (federal) regulations, in the diverse operating jurisdictions. In this manner, modification of said provisions may mean a cost increase that the Company must incur to comply therewith, in addition to the limitations which they may impose on its activity.

In this same line of reasoning, the authorizations most relevant to hotel service operations are related to licenses or authorizations concerning operations, food, and beverage supply, including alcoholic beverages, swimming pools, civil defense, health, wastewater use and disposal, consumer protection, hotel registration and classification, environmental, amongst others. Thus, we rely on administrative authorities that said authorizations are issued in a timely manner, and that the application guidelines of said authorities are congruent and pursuant to applicable normativity.

We have no knowledge of contingencies that, consequently, may result in the assumption of, or cause a material adverse damage to hotel operations related to the obtainment or compliance with said authorizations or modifications to applicable norms. However, we are continuously correcting any deviations from or adapting our operations to the existing or new applicable rules.

In labor terms, the 2021 subcontracting amendment did not have a significant impact on the composition of the Company's workforce, since practically all of its workers are part of the companies benefitted by their services, except for its material directors. However, the Company identified that it provides services to third parties that could be interpreted as specialized services, such as: the hotel management body, which, being Company personnel, performs part of the hotel on-site administration services whose administration is entrusted to it, as well as contact center services for certain clients who require some specialized nature based on financial or other regulations. Based on this, the Company modified its corporate purpose to specify these services and obtained its registration in the REPSE (Provision of Specialized Services or Specialized Works Registry). Likewise, the company and the hotels it manages receive services that can be considered as specialized services, such as private security services, computer control and maintenance services, amongst others.

Finally, various subsidiaries of the Company hold concessions for different purposes, governed by the applicable laws and specifically by the terms of the concession. Of these the principally important are the Federal Maritime and Territorial Land Zones, water, and wastewater wells.

Similarly, the federal government has passed a decree guaranteeing free passage of people over federal maritime land zones, including those concessioned to individuals. The applicable rules have not yet been published

The challenge of Posadas' arrival to new markets in different jurisdictions is adapting its operations to comply with local regulations, which generally are like those existing in Mexico. And in the case of the Dominican Republic, additionally there are different provisions and restrictions stipulated for operations related to property, assets and counterparties.

To check Tax Situation details, see section: *2) The Company, b) Business Description, v) Applicable Legislation and Tax Situation, subsection Tax Regulations in Mexico.*

Securities Market Law and other Stock market regulations.

On December 28, 2005, the Securities Market Law was published in the Official Gazette of the Federation and entered into force on June 28, 2006. In the extraordinary general shareholders' meeting held on November 30, 2006, the Company modified its bylaws to incorporate the newly established requirements. The Securities Market Law, amongst other things (i) clarifies public tender offer rules classifying them as mandatory or voluntary, (ii) issues information disclosure criteria for the shareholders of Issuers, (iii) augments and strengthens the duties of the board of directors, (iv) precisely determines the board of directors' duties as well as those of its members, the secretary and the director general, introducing new concepts such as duties of due diligence and loyalty, (v) substitutes the concept of statutory auditor and their obligations with an audit committee, the corporate practices committee and external auditors, (vi) defines the director general's obligations and those of upper-level officers, (vii) broadens minority shareholders' rights, and (viii) broadens the penalty definition for violations of the new Securities Market Law, and, in general terms, regulates the relationship and informational obligations of the Issuer to shareholders, related parties, authorities, among others.

Likewise, the Company is obligated to comply with the regulatory provisions issued by the National Banking and Securities Commission related to corporate operations and publicity of the issuers, operations with the Issuer's own securities, operations with related parties, independent external audits, amongst other aspects.

The Company deems that it has complied with all material aspects of the applicable laws and regulations and has obtained or is in the process of obtaining all licenses and permits allowing it to run its business in compliance with the law.

Mexican Tax Regulations

Mexican enterprises are subject to Income Tax ("ISR", due to its initials in Spanish) which continues enforceable to this report publication date. ISR is calculated by considering certain inflationary effects as taxable or deductible, such as depreciation calculated on constant price values.

ISR - The rate is 30% for the years 2021 and 2022 and subsequent years. For the 2013 tax year, various agreements were made with the SAT to resolve differences in criteria related to brand amortization, interest deduction due to said brands acquisition, tax treatment granted by real estate investment companies (SIBRAs), the amortization of usufructs and, in particular, the effects derived from the termination of the tax consolidation rules. In regard to this last point, the loss derived from a sale of shares was eliminated from the calculation of the termination of the tax rules consolidation, which resulted in the recognition of an additional payment obligation in different years, for a total amount of $2,376,766. Of this amount, during April 2017, $523,885 were paid and the remaining amount will be covered in annual installments between 2018 and 2023, for an approximate nominal amount of $308,686 each, subject to indexation. The Company closed this audit with the SAT, with various agreements. For further detail, see section: *3) Financial Information, c) Material Loan Information*.

Pursuant to Transitional Article 9, section XV, subsection d) of the 2014 Law, given that as of December 31, 2013 the Entity was considered to be a holding company and subject to the payment scheme contained in Article 4, Section VI of the transitional provisions of the ISR law published in the Federal Official Gazette on December 7, 2009, or article 70-A of the repealed 2013 ISR law, it must continue to pay over the tax that it deferred in 2007 and prior years under the tax consolidation rules as based on the aforementioned provisions, until full payment is made.

The services provided by the Company in Mexico are subject to Value Added Tax.

Additionally, the Company's activities may be burdened with local taxes, such as an Accommodations Tax, environmental taxes (waste, CO2 emissions to the environment), and diverse taxes levied on other events which we occasionally carry out, such as contests, gambling, and lottery activities, or be subject to the payment of rights for the use and exploitation of public assets or services, among others.

In December 2013, the 0% tax rate for hotel services rendered to foreign groups was repealed and became a tax incentive effective from January 1, 2014. A 16% tax is imposed on the services provided to such groups and, if specific requirements are met, the 16% VAT may be credited.

While the aforementioned 2014 Law repealed the tax consolidation rules, corporate groups were given the option to jointly calculate Income Tax (tax integration rules). The new rules allow integrated corporations directly or indirectly owned in more than 80% by an integrating corporation, to obtain certain tax payment benefits (if in the corporate group there exist entities with profits or loss in the same corporate year), which may be deferred for three years and paid over, as updated, on the date on which the tax return corresponding to the corporate year following the corporate year in which the aforementioned return must be filed. It is worth mentioning that the company abandoned these rules as of tax year 2019.

Regarding the impact of environmental normativity related to climate change, see: *2) The Company, vii) Environmental Performance.*

US Tax Regulations

According to current United States law, the subsidiaries operating in that country are subject to Federal Income Tax computed at a 21% rate, and in different states of that country with an income tax rate ranging from 4.90% to 9.80%.

Dominican Republic Tax Rules

The company has an affiliate in the Dominican Republic: PSDS Operadora del Caribe, Limited Liability Company. This entity is subject to income tax (ISR) at a 27% rate on the tax year profit, which is calculated considering income minus deductible expenses. In that country there is a tax regulation regarding payments abroad or to abroad that provides for a high 27% withholding rate regardless of what type of services are being paid, with few exceptions and a decrease in said rate with countries with which has a Tax Treaty to avoid double taxation, Canada and Spain.

Similarly, there is a 1% tax on fixed assets determined with the annual income tax return. This tax is incurred when it is higher than the ISR determined in said return.

The company has clients that are not related parties, who have an authorization from the Dominican government to operate hotels with foreign marketers and Advance Payment Agreements (APA), conditioned to certain compliance and information transparency with said government.

Likewise, the company promotes certain vacation products for which it has hired promotion agents for said activity, who are experts in the field and know strategic points to promote said products.

vi) Human Resources

As of December 31, 2021, 15,675 collaborators worked in the hotels operated under the Posadas brands, of which 7,761 correspond to Hotels managed for third parties and 7,914 to Posadas employees.

In Mexico, around 53% of the employees are unionized. Generally, one union represents the unionized employees of each hotel. The collective bargaining agreements are generally reviewed yearly for salary adjustments and every two years for other clauses contained therein. Each of the individual hotel unions is affiliated to one of the larger national labor organizations: either the “CTM” (due to its initials in Spanish, *Confederacion de Trabajadores de Mexico*) or the “CROC” (due to its initials in Spanish, *Confederacion Revolucionaria de Obreros y Campesinos*).

For the last 10 years, the Company has not had a material labor dispute with the unions representing its employees. The Company considers that it has a good relationship with all employees in all of its properties, as well as with its employees’ unions.

Likewise, the Company has a pension plan, seniority premiums and severance pay for non-unionized personnel thus complementing the legal seniority premium and pensions granted by law. In order to have access to the pension plan, employees must be older than sixty. The annual cost of legal seniority premiums, retirement and pension plans for personnel meeting certain requirements is calculated by an independent actuary based on the projected unit credit method.

The Company has established pension and retirement plans for collaborators, which to December 31, 2021, report a total accumulated reserve of $133 M.

A group of executives and employees has the right to receive an annual bonus based on the Company’s global performance, as well as on individual performance.

The Company has operative staff training programs and has training schools specifically designed for operating all brands. The training programs include operations, administration, as well the hotel areas’ executive committee. Posadas also supports at each of its different properties, the professional growth of hotel executives rotating hotel executive officers at its different properties for the purpose of enhancing their management skills. Occasionally, Posadas hires temporary employees according to hotel occupancy percentages. Campaigns such as "Empower Your Development" are offered to the executive staff, allowing employees to receive training through Posadas DNA.

The company continues with its evaluation plan for internal talent management and detection plan, as well as with the development of succession plans.

vii) Environmental Performance

The construction and hotel industries in Mexico are subject to federal, state and municipal laws, as well as to strict regulations in preservation, conservation and environmental protection matters, hotel operations and safety aspects, amongst others. The Company is implementing actions within its reach to reasonably comply with the laws governing hotel and environmental matters. We are currently in the process of modifying or processing various authorizations, licenses, permits and concessions necessary for the operation of its hotels.

The Company has an internal environmental and safety compliance program aimed at ensuring that all its operating and under construction properties and businesses comply with applicable environmental laws and regulations.

In Mexico, most hotels have entered into agreements with the Federal Environmental Protection Agency submitting themselves to exhaustive policy and procedure reviews to deserve the Environmental Tourism Quality Certificate conferred by *Profepa* upon proving that all environmental rules have been complied. The degree of progress in said procedures is satisfactory and varies from hotel to hotel.

In the same manner, the hotels are affiliated to obtain the "Green Key" badge, which is globally recognized in the sustainability field in the hotel industry, seeking to promote the measurement and mitigation of the environmental impact derived from the hotel establishment operations. The improvement of environmental performance that Green Key Mexico operates is based on strict fulfillment of 131 criteria defined in 13 guidelines. The Live Aqua Punta Cana hotel in the Dominican Republic will begin its certification process in 2022.

The Company has an Engineering and Maintenance Department, which is entrusted with environmental and civil protection issues that arise both in the hotels and in the corporate office. This Department reports to the General Hotel Operations Division and relies on the hotel maintenance managers to comply with the laws established by the competent authorities, as well as the Company established environmental and civil protection policies. When any discrepancy is detected, a Corrective Action Plan is drawn up, in which determines the actions to be followed to comply with the applicable standard.

All real properties managed by Posadas's focus on complying with the local civil protection regulations, and to the extent possible, are aimed at fulfilling the fire protection certification normativity of the National Fire Protection Association (NFPA), certifying it in fire protection. All Posadas' properties have prevention measures, including the use of fire hydrants, sprinklers, fire extinguishers, fire detectors and alarms.

Moreover, Posadas' hotels strive to comply 100% of the Civil Defense requirements prescribed at the three governmental levels, obtaining Civil Defense accreditation. In formulating new, existing, hotels Corrective Plans and maintenance tasks, the Unit works jointly with NFPA-certified and specialized consultants, as well as with insurance companies to monitor compliance with the required certification standards.

Grupo Posadas' sustainable tourism model has positioned it as leader in environmental issues in this sector in Mexico.

The basic tools include construction and operation manuals, that in turn determine the use of materials, finishes, high-technology equipment, and installations, in addition to administrative and operating procedures. All of these attempt to minimize impact on natural and social surroundings and allow us to make progress in protecting and caring for the environment.

The Company established a Sustainability Committee, to define the socio-cultural and environmental commitment, strategy and actions lines that must be considered in the strategic planning and execution of Posadas' activities in the short, medium and long term, establishing homogeneous management principles, including the relationship with relevant interest groups. As well as the use of homogeneous methodologies for the management and follow-up of the sustainability strategy.

Sustainability and respect are part of our culture and DNA. We are a fundamental piece of the tourism industry; therefore we seek to adopt measures and good practices that allow us to protect and care for nature, the environment and promote sustainable tourism. We care about the environment in the present and we act to preserve natural resources and care for the environment, social welfare, and economic growth for the future, starting from local consumption to develop the communities where we operate to benefit the community, society and the national economy.

All these points make up our Travel with Meaning plan, where we have laid the foundations for a comprehensive strategy that provides competitiveness and sustainability focusing on working on the following axes:

- Compliance and alignment with the UN Sustainable Development Goals in its three main axes: environmental sustainability, social sustainability and economic sustainability.
- Compliance with national laws on sustainability, human rights, etc.
- Health care and well-being of employees and guests.
- Transparency and ethical behavior.
- Respect for the interests of related parties.
- Support and participation in campaigns aimed at eliminating all forms of abuse, such as the Spotlight Initiative, a global partnership between the European Union and the UN to invest in equality and the empowerment of girls and women to achieve sustainable development goals.

Likewise, to take care of the environment Posadas joins the fight against pollution and climate change through the following actions:

- Low water consumption showers.
- Low water consumption mixer taps.
- Low water consumption double flush toilets.
- Low water consumption and dry urinals.
- High efficiency and low emission water heaters.
- Solar water heaters.
- Chillers with heat recuperators for heating water.
- Chillers with ecological refrigerant gas.
- Led type lighting.
- Lighting and air conditioning controller in rooms
- Lighting controller in public and service areas.
- Program for segregation of organic and inorganic waste.
- Program for storage and final disposal of waste.
- Inorganic waste recycling program.
- Program for the use of biodegradable chemical products.
- Program to reduce the use of plastics.
- Program for the protection and release of sea turtles.
- Program for the care of green areas and responsible irrigation.
- Program for the use of ecological transportation (bicycles)
- Environmental management and regulatory compliance program.
- Greenhouse gas registration program.
- Water footprint registration program.
- Smoke-free hotels.
- Implementation of brand standards to eradicate single-use plastics by 2022. Plan eliminates straws in resorts and places dispensers for amenities such as shampoo, soap, etc.
- Efficient use of water and treatment plants by reusing water for irrigation and washing of public areas.
- Compliance with conditions imposed by environmental authorities in their various determinations during project development and later in hotel operation.

Acknowledgements for green initiatives to December 31, 2021:

- PROFEPA / Tourist Environmental Quality Certificate.
- Certificate guaranteeing federal, state, and municipal regulatory compliance by companies in the tourism sector in Mexico.
- SECTUR / “S” Certificate.
- Certificate acknowledging the sustainability of the operations of Mexican tourism sector companies.
- FEE / Green Key international certificate.
- Certificate guaranteeing compliance of sustainable operations and adherence to the UN Sustainable Development Goals for international tourism sector companies.
- FEE / Blue Flag Distinction
- Acknowledgement that guarantees compliance with environmental safety, services, education, and beach water quality of international tourism sector companies.
- SECTUR and Ministry of Health / “H” Badge
- Certificate that guarantees compliance of regulatory sanitary food production by Mexican tourism sector companies.
- CRISTAL / International Standards Crystal Certificate.
- Certificate that verifies sanitary regulatory compliance of food production for companies in the international tourism sector.

The market shows a marked trend towards consumption of sustainable products and services. In this sense, our clients are not the exception therefore operation of our hotels is key to marketing our services. For this reason, gradually, the company has been implementing sustainable consumption and management policies.

According to publicly accessible information, climate change, among many others, could be a factor in generating unusual or unpredictable catastrophic events such as a hurricane or flooding that could affect mainly our beach hotels. Climate change is also considered to cause high tide movements, which are a determining reference mark for federal sea and land zones of the country’s coasts. Our properties located near such federal zones may be affected by such movements and, in this context, it may be necessary to request special permits and make substantial investments to recover and maintain beach zones adjacent to the Company’s properties.

viii) Market Information

Industry´s Global Context

The tourism industry is susceptible to an ample variety of factors, from changes in consumer habits and preferences, international security, terrorism, undergoing pandemics and natural disasters, political factors, amongst others.

Without a doubt, the effects of the pandemic at the end of 2021 have an unprecedented impact on the global economy and tourism, especially. This in an environment of uncertainty derived from the fluctuating control measures instituted in different countries.

According to the World Tourism Organization information, It is estimated that 54 million tourists crossed international borders in 2021, which represents 67% less than in the same month of 2019, but these are the best results since April 2020.

In 2021 there was a 4% growth in international tourist arrivals. Nonetheless, 2021 was another difficult year, with arrivals remaining 72% below pre-pandemic levels.

The Asia-Pacific region continues to be impacted by the pandemic and also maintain stricter restrictions, with a drop of 94%. Middle East and Africa continued with falls of 75% and 73%, respectively.

Europe had a drop in the number of international arrivals of 62%, while the Americas region had a drop of 60% compared to 69% in the previous year.

The following table is a preliminary view of the countries with the largest international tourists' arrivals in 2021, based on the best information available (Source: Panorama of tourism activity number 35 of the National Tourism Council "CNET" and the World Tourism Organization "OMT", and receiving countries).

Ranking WTO				
2021	2019	International Tourist Arrivals		
#	#	Country	Million arrivals 2021	Growth Rate 2021/ 2019
1	1	France	54.0	(40.0%)
2	7	Mexico	31.9	(29.2%)
3	2	Spain	31.2	(62.7%)
4	6	Turkey	29.9	(41.5%)
5	5	Italy	26.3	(59.3%)
6	3	United States	22.1	(72.2%)
7	-	Greece	14.7	(53.1%)
8	-	Austria	12.7	(60.1%)
9	9	Germany	11.7	(70.5%)
10	-	Croatia	10.6	(38.7%)

Tourism in Mexico *(Source: Banco de Mexico, National Statistics and Geography Institute (INEGI), Ministry of Tourism (SECTUR)*

International. Mexico is the Latin American country which attracts most international tourism and is one of the most important worldwide tourist destinations.

According to quarterly tourism employment indicators from SECTUR, in the fourth quarter of 2021 vs. the first quarter of 2020, there were 223,229 less jobs.

According to the National Tourism Business Council with data from *Datatour*, Mexico received 32 M international tourists in 2021, a figure 31.3% higher than that observed in 2020 but lower by 29.2% than that of 2019. Of which tourist arrivals border crossings were 13.8 million, representing 2.6% more compared to 2020, but still 35% less than 2019.

In 2020, 90% of tourists entered Mexico by air, through 5 main airports: Cancun (46.5%), CDMX (18%), Los Cabos (12.43%), Puerto Vallarta (7.5%) and Guadalajara (6.9%).

It is estimated that the foreign currency income from international visitors to Mexico decreased 19.4% compared to 2019 (about 4.8 million dollars less) at the end of the year.

The 2021 Tourism Balance was US$14.6 billion, which means a marginal reduction compared to the same period in 2019.

Domestic. The arrival of national tourists to those hotel rooms in destinations with more than 2,000 rooms was 43.4 million, 61.4% more than in 2020, but still 25.9% less than in 2019.

Hotel occupancy levels. According to the Datatur system, hotel occupancy percentages in these establishments reported an increase of 15.8 pp, going from 26.3% to 42.1%, but still a variation of 19.3 pp compared against 2019.

As for Vacation Properties, according to information from RCI, by December 2021, the weeks sold exceeded those in all of 2020; however, they are still below the sales made in 2019.

The impact of hotel activity restrictions as part of the COVID-19 pandemic management measures, translated into an occupancy percentage decrease of 19.3 percentage points in relation to 2019, from 61.4% (2019) to 42.1%. Tourist beach destinations have proven to be particularly active, as well as northern border destinations.

International tourism continues its recovery in 2022, with a much better behavior compared to the weakness at the beginning of 2021, the fact that Mexico did not impose limitations on the entry of visitors from other countries, the extraordinary efforts of destinations and companies regarding the implementation of health protocols, as well as the government's declaration that tourism as an essential activity in some entities of the country, the reliance on the North American market and the very important progress in vaccination in the latter country.

However, Russia's invasion of Ukraine adds tension to already existing economic uncertainties, coupled with numerous Covid-imposed travel limitations still in place. According to WTO as of March 24, 2022, 12 destinations had no COVID-19 restrictions and a growing number of destinations were relaxing or removing travel limitations, helping to release repressed demand.

Competition

The hotel industry is highly competitive. In general, the Company's hotels compete against diverse Mexican and International hotel operators, some of which are larger than the Company and operate under well-known international brands. In mid-size cities and large city suburbs, the Company's hotels primarily compete against Mexican and international chains as well as different independent hotel operators.

Depending on the hotel's category, competition is based mainly on price, quality of the installations and services offered, as well as a location in a particular market. Hotel operators must make continuing capital expenditures in modernization, refurbishment, and maintenance, to prevent competitive obsolescence of their properties and thereby lose competitiveness. The competitiveness of the Company's hotels has been enhanced by our loyalty program (Fiesta Rewards), as well as by its Vacation Properties such as the Fiesta Americana Vacation Club program, Live Aqua Residence Club, Fiesta Americana Vacation Club Access and Kivac.

The information source for reporting by chain is STR Census Database (Smith Travel Research) leading hotel industry information provider.

The principal competitors of Live Aqua and Grand Fiesta Americana according to room numbers are other international and Mexican chains such as: InterContinental, JW Marriot, Quinta Real, amongst others. While the competitor of Live Aqua Residence Club is Inspirato.

The principal competitors of the Fiesta Americana brand, including the Vacation Product Industry and Explorean regarding room numbers are: Camino Real, Hilton, Marriott, Sheraton, Crowne Plaza and Westin, amongst others.

It is important to mention that international hotel chains have been launching new brands focused on more segmented markets. These new brands may compete against those already mentioned by occupying spaces in the already mentioned brand market structure. Confronted with this situation, Posadas has been investing in the creation of new brands designed for more specific markets and, during 2020 it launched the Curamoria Collection, the new boutique hotel collection under a franchise business model.

The principal competitors of Fiesta Inn hotels, including its derivatives Fiesta Inn Loft and Fiesta Inn Express, as to room numbers are independent local operators and Mexican and international chains such as: Holiday Inn, Holiday Inn Express, City Express, Hampton, Courtyard, Hilton Garden Inn, Fairfield Inn, Wyndham Garden, Real Inn, Four Points, amongst others.

The principal competitors of Gamma hotels in room numbers are: Mission Express, Comfort Inn, Best Western, Best Western Plus, Comfort Inn, Real de Minas and Quality Inn, amongst others.

The principal competitors of One hotels in room numbers are: IBIS, IBIS Styles, IBIS Budget, City Express Junior, Sleep Inn, and Microtel Inn & Suites.

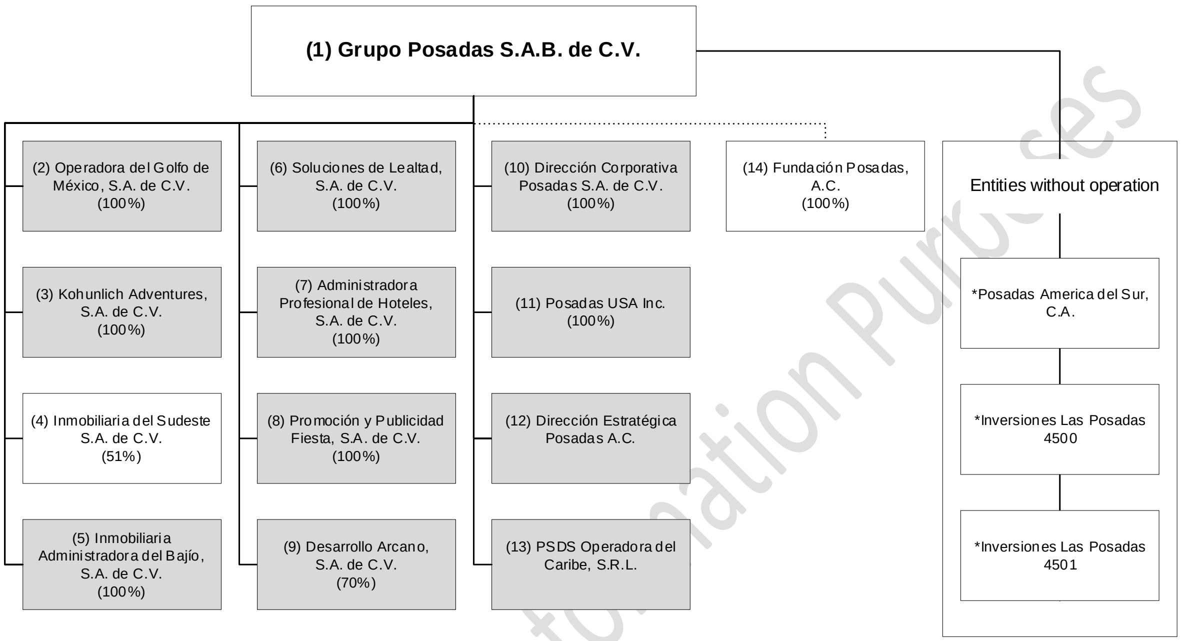
Although the Company considers itself a leader in Mexico in the number of operated hotels and rooms, there is no official publication proving the market participation of its hotels in relation to existing competitors or its competitive position. Information regarding competitors has as its source, the Posadas Chain 2021 study with information of STR Census Database (Smith Travel Research) to December 2021.

In reference to total rooms available (including own, leased, and operated rooms) in Mexico and based on the 2021 Posadas Chains study with STR Census Database information for Hotel Groups, jointly the Posadas brands have a 14% market participation. Per brand in the competitor set: luxury hotels corresponding to brands Live Aqua, including Live Aqua Residence Club have a 9% market share; Grand Tourism hotels (Grand Fiesta Americana) have a 23% market share; in the five star category, the hotels operating under the Fiesta Americana brand (including FAVC & Explorean) have a 20% market share; in the four star category, Fiesta Inn (including Fiesta Inn Loft and Fiesta Inn Express) have a 16% market share; likewise the Gamma brand has a 20% market share. In the "economy" three-star segment, the brand One Hotels has a 44% market share. The foregoing information includes the total inventory availability of the top 10 corresponding to each brand.

ix) Corporate Structure

The Company is organized as a holding corporation and furthermore conducts a very important number of its operations by itself and its mainly Mexican subsidiaries. After the corporate restructuring, it is intended that the Company operate with the fewest possible number of subsidiaries.

The following organizational chart illustrates how the Company's principal subsidiaries are organized, as well as the principal activities of each entity to Abril 31, 2022:



Source: Posadas

Guarantor of the Senior Notes 2027

(1) Grupo Posadas, S.A.B. de C.V.:
   a. Owns hotel trademarks, under which it operates hotels in Mexico through management and/or franchise contracts, and it receives net cash flows from owned and leased hotels. This Entity pays rents for leased hotels to third parties. This Entity hires employees for the corporate offices as well as owned and leased hotels.
   b. Manages our loyalty program Fiesta Rewards.
   c. Sells time share rights in Los Cabos (owned property), Cozumel, Acapulco, Cancun, Marina Vallarta and Kohunlich (beneficially owned). It also manages our vacation club exchange program
   d. Markets our Kivac and Fiesta Americana Vacation Club Access.
   e. It operates the call center or contact center (Konexo) and the accounting shared services center (Conectum) for the benefit of the activities of the Issuer and its subsidiaries and third parties.

(2) Operadora del Golfo de México, S.A. de C.V., is the owner of the bare title of certain hotels.
(3) Kohunlich Adventures, S.A. de C.V., Holds our federal ground transportation permits for transportation of our hotel guests.
(1) Inmobiliaria del Sudeste S.A. de C.V., Is the owner of, and receives all of the cash flows of, the FA Mérida hotel
(4) Inmobiliaria Administradora del Bajío S.A. de C.V., Does not have operations.
(5) Soluciones de Lealtad, S.A. de C.V., Does not have operations.
(6) Administradora Profesional de Hoteles, S.A. de C.V., Does not have operations.
(7) Promoción y Publicidad Fiesta, S.A. de C.V., The Company is in the process of terminating the operations of this subsidiary to Grupo Posadas.
(2) Desarrollo Arcano, S.A. de C.V., Former developer of a residential venture in Ixtapa, Mexico. It no longer has any operation.
(8) Dirección Corporativa Posadas, S.A. de C.V., it was the payroll entity for the Executive Committee, and it operated during 2021. On April 1, 2022, the employees of that company migrated to Grupo Posadas. It maintains the ownership of minority shares within the group.
(9) Posadas USA Inc., Performs sales, marketing and collection activities in the United States on behalf of hotels in Mexico.
(3) Dirección Estratégica Posadas, A.C., Is the Company savings account for certain executive personnel.
(10) PSDS Operadora del Caribe S.R.L., Affiliate incorporated to fulfill our duties as hotel management company in the Dominican Republic.
(4) Fundación Posadas A.C. Holds and administers our non-profit charity foundation. This entity does not consolidate in Grupo Posadas, and according to its by-laws Grupo Posadas has no right over its assets.

* Inversiones Las Posadas 4500, C.A., Inversiones Las Posadas 4501, C.A., Posadas América del Sur, C.A., Among other foreign entities, these are entities that we plan to liquidate, pursuant to our on-going corporate restructuring, none of them have operations.

The General Extraordinary and Ordinary Shareholders' Meeting, held on March 29, 2019, approved the merger of Inversora Inmobiliaria Club, S.A. de C.V. and Konexo Centro de Soluciones, S.A. de C.V. with and into Grupo Posadas, S.A.B. de C.V., the first two disappearing as merged corporations and the last company surviving as the surviving corporation. Said merger became effective on October 3, 2019.

x) Description of the Company´s Principal Assets

Herein below is a list of the Company's hotels to December 31, 2021, including number of rooms, age, location and type (franchised, owned, managed or leased):

Hotel	Opening	Country	Contract	Rooms
Live Aqua Urban Resort Monterrey	2016	Mexico	Managed	70
Live Aqua Beach Resort Cancún	2004	Mexico	Leased	371
Live Aqua Urban Resort México	2012	Mexico	Managed	135
Live Aqua San Miguel de Allende	2018	Mexico	Managed	153
Live Aqua Beach Resort Punta Cana	2021	Dominican Republic	Managed	347
Grand Fiesta Americana Coral Beach Cancún Resort & Spa	2008	Mexico	Managed	602
Grand Fiesta Americana Chapultepec	2001	Mexico	Leased	203
Grand Fiesta Americana Guadalajara Country Club	2007	Mexico	Managed	207
Grand Fiesta Americana Puebla Angelópolis	2016	Mexico	Managed	168
Grand Fiesta Americana Monterrey Valle	2016	Mexico	Managed	180
Grand Fiesta Americana Veracruz	1995	Mexico	Managed	233
Grand Fiesta Americana Querétaro	2003	Mexico	Managed	173
Grand Fiesta Americana Grand Fiesta Americana Oaxaca	2020	Mexico	Managed	144
Curamoria Nááy Tulum	2020	Mexico	Franchised	36
Curamoria Ilo Rojo San Miguel de Allende	2021	Mexico	Franchised	30
Curamoria Casa de la Marquesa Querétaro	2021	Mexico	Franchised	13
Curamoria Dos Patios Querétaro	2021	Mexico	Franchised	20
Pug Seal Polanco Antole France Curamoria Collection	2021	Mexico	Franchised	26
Fiesta Americana Aguascalientes	1993	Mexico	Managed	191
Fiesta Americana Condesa Cancún	1989	Mexico	Leased	507
Fiesta Americana Hacienda San Antonio el Puente	2011	Mexico	Managed	148
Fiesta Americana CDMX Toreo	2016	Mexico	Leased	252
Fiesta Americana CDMX Satélite	2018	Mexico	Managed	223
Fiesta Americana Hacienda Galindo	1977	Mexico	Managed	168
Fiesta Americana Hermosillo	1994	Mexico	Managed	220
Fiesta Americana Mérida	1995	Mexico	Owned	350
Fiesta Americana Monterrey Pabellón M	2016	Mexico	Managed	178
Fiesta Americana Reforma	1970	Mexico	Owned	616
Fiesta Americana Guadalajara	1982	Mexico	Owned	391
Fiesta Americana Puerto Vallarta	1979	Mexico	Managed	291
Fiesta Americana Viaducto Aeropuerto	2019	Mexico	Managed	260
Fiesta Americana San Luis Potosí	2019	Mexico	Managed	157
FAVC Cancún	1981	Mexico	Owned	310
FAVC Condesa Acapulco	1970	Mexico	Owned	560
FAVC Cozumel	2007	Mexico	Owned	174
FAVC Explorean Cozumel	2014	Mexico	Owned	56
FAVC Explorean Kohunlich	1999	Mexico	Owned	40
FAVC Live Aqua Residence Club Los Cabos	2017	Mexico	Owned	109
FAVC Los Cabos	1998	Mexico	Owned	464
FAVC Live Aqua Residence Club Puerto Vallarta Nima Bay	2013	Mexico	Owned	51

Hotel	Opening	Country	Contract	Rooms
FAVC Grand Los Cabos	1999	Mexico	Owned	266
Fiesta Inn Aeropuerto Ciudad de México	1970	Mexico	Leased	327
Fiesta Inn Aguascalientes	1993	Mexico	Managed	125
Fiesta Inn Aguascalientes Patio	2018	Mexico	Managed	126
Fiesta Inn Cancún Las Américas	2012	Mexico	Leased	187
Fiesta Inn Cencali Villahermosa	2015	Mexico	Managed	159
Fiesta Inn Centro Histórico	2003	Mexico	Leased	140
Fiesta Inn Chetumal	2013	Mexico	Managed	131
Fiesta Inn Chihuahua	1993	Mexico	Managed	152
Fiesta Inn Chihuahua Fashion Mall	2017	Mexico	Managed	156
Fiesta Inn Ciudad del Carmen	2003	Mexico	Managed	131
Fiesta Inn Ciudad Juárez	1999	Mexico	Managed	166
Fiesta Inn Ciudad Obregón	2007	Mexico	Managed	141
Fiesta Inn Coatzacoalcos	2008	Mexico	Managed	122
Fiesta Inn Colima	2004	Mexico	Managed	104
Fiesta Inn Cuautitlán	2004	Mexico	Managed	128
Fiesta Inn Cuernavaca	2008	Mexico	Managed	155
Fiesta Inn Culiacán	2003	Mexico	Managed	146
Fiesta Inn Durango	2008	Mexico	Managed	138
Fiesta Inn Ecatepec	2005	Mexico	Managed	143
Fiesta Inn Fórum Buenavista	2017	Mexico	Managed	129
Fiesta Inn Guadalajara Expo	1995	Mexico	Managed	158
Fiesta Inn Hermosillo	2002	Mexico	Managed	155
Fiesta Inn Insurgentes Viaducto	2003	Mexico	Leased	210
Fiesta Inn León	1995	Mexico	Managed	160
Fiesta Inn Los Mochis	2016	Mexico	Managed	125
Fiesta Inn Mérida	2014	Mexico	Managed	166
Fiesta Inn Mexicali	2004	Mexico	Managed	150
Fiesta Inn Monclova	1997	Mexico	Managed	121
Fiesta Inn Monterrey Fundidora	2007	Mexico	Managed	155
Fiesta Inn Monterrey La Fe	1999	Mexico	Managed	161
Fiesta Inn Monterrey Tecnológico	2010	Mexico	Managed	201
Fiesta Inn Monterrey Valle	1994	Mexico	Managed	177
Fiesta Inn Morelia Altozano	2018	Mexico	Managed	155
Fiesta Inn Naucalpan	1997	Mexico	Managed	119
Fiesta Inn Nogales	2004	Mexico	Managed	107
Fiesta Inn Nuevo Laredo	2011	Mexico	Managed	120
Fiesta Inn Oaxaca	1993	Mexico	Managed	145
Fiesta Inn Pachuca Gran Patio	2016	Mexico	Managed	156
Fiesta Inn Periférico Sur	2001	Mexico	Leased	212
Fiesta Inn Perinorte	1996	Mexico	Managed	127
Fiesta Inn Playa del Carmen	2016	Mexico	Managed	129
Fiesta Inn Plaza Central	2014	Mexico	Managed	169
Fiesta Inn Poza Rica	2004	Mexico	Managed	107
Fiesta Inn Puebla FINSA	2006	Mexico	Managed	123
Fiesta Inn Puebla Triángulo Las Ánimas	2012	Mexico	Leased	140
Fiesta Inn Puerto Vallarta La Isla	2017	Mexico	Managed	144
Fiesta Inn Querétaro	2000	Mexico	Managed	175

Hotel	Opening	Country	Contract	Rooms
Fiesta Inn Querétaro Centro Sur	2014	Mexico	Managed	134
Fiesta Inn Saltillo	1998	Mexico	Managed	149
Fiesta Inn San Luis Potosí Glorieta Juárez	1996	Mexico	Managed	156
Fiesta Inn San Luis Potosí Oriente	2004	Mexico	Managed	140
Fiesta Inn Silao Aeropuerto Bajío	2017	Mexico	Managed	142
Fiesta Inn Tampico	2002	Mexico	Managed	124
Fiesta Inn Teatro Insurgentes	2011	Mexico	Leased	162
Fiesta Inn Tepic	2008	Mexico	Managed	139
Fiesta Inn Tijuana Otay Aeropuerto	2005	Mexico	Leased	142
Fiesta Inn Tlalnepantla	1994	Mexico	Managed	131
Fiesta Inn Toluca Centro	2009	Mexico	Managed	85
Fiesta Inn Toluca Tollocan	1998	Mexico	Managed	144
Fiesta Inn Torreón Galerías	2004	Mexico	Managed	146
Fiesta Inn Tuxtla Fashion Mall	2018	Mexico	Managed	128
Fiesta Inn Tuxtla Gutiérrez	2007	Mexico	Managed	120
Fiesta Inn Veracruz Boca del Río	1999	Mexico	Managed	144
Fiesta Inn Veracruz Malecón	2001	Mexico	Managed	92
Fiesta Inn Xalapa	1993	Mexico	Managed	119
Fiesta Inn Zacatecas	2011	Mexico	Managed	146
Fiesta Inn Parque Puebla	2019	Mexico	Leased	160
Fiesta Inn Guadalajara Periférico Poniente	2019	Mexico	Managed	142
Fiesta Inn Celaya Galerías	2019	Mexico	Managed	145
Fiesta Inn Guadalajara Aeropuerto	2020	Mexico	Leased	115
Fiesta Inn & Loft Ciudad del Carmen	2018	Mexico	Managed	253
Fiesta Inn Loft Monclova Loft	2014	Mexico	Managed	37
Fiesta Inn Loft Monterrey La Fe Loft	2016	Mexico	Managed	48
Fiesta Inn Loft Querétaro Loft	2014	Mexico	Managed	50
Fiesta Inn Express Querétaro Constituyentes	2018	Mexico	Managed	117
Fiesta Inn Express Monterrey Centro (Altea Versalles)	2019	Mexico	Managed	123
Fiesta Inn Express Puebla Explanada	2019	Mexico	Leased	138
Gamma Monterrey Gran Hotel Ancira	2015	Mexico	Franchised	253
Gamma Xalapa Nubara	2015	Mexico	Franchised	121
Gamma Boca del Río Oliba	2018	Mexico	Franchised	81
Gamma Campeche Malecón	2015	Mexico	Franchised	139
Gamma Ciudad Juárez Lincoln	2018	Mexico	Franchised	160
Gamma Ciudad de México Santa Fe	2021	Mexico	Managed	198
Gamma Cuernavaca Puerta Paraíso	2017	Mexico	Franchised	102
Gamma Guadalajara Centro Histórico	2018	Mexico	Managed	195
Gamma Lausana Tijuana	2014	Mexico	Managed	140
Gamma Mérida el Castellano	2015	Mexico	Franchised	160
Gamma Morelia Belo	2014	Mexico	Franchised	84
Gamma Plaza Ixtapa	2015	Mexico	Franchised	153
Gamma Pachuca	1998	Mexico	Leased	114
Gamma Tampico	2018	Mexico	Franchised	136
Gamma Mazatlán The Inn Centro Histórico	2019	Mexico	Franchised	63
Gamma Monterrey Rincón de Santiago (Santiago Presa de la Boca)	2019	Mexico	Franchised	87
Gamma Orizaba Grand Hotel de France	2019	Mexico	Franchised	91
Gamma Morelia Vista Bella	2020	Mexico	Franchised	20

Hotel	Opening	Country	Contract	Rooms
Gamma Acapulco Copacabana	2020	Mexico	Managed	431
One Acapulco Costera	2007	Mexico	Managed	126
One Acapulco Diamante	2018	Mexico	Managed	126
One Aguascalientes Ciudad Industrial	2008	Mexico	Managed	126
One Aguascalientes San Marcos	2009	Mexico	Managed	126
One Cancún Centro	2014	Mexico	Managed	126
One Chihuahua Fashion Mall	2017	Mexico	Managed	126
One Chihuahua Norte	2021	Mexico	Managed	126
One Ciudad de México Alameda	2014	Mexico	Managed	117
One Ciudad de México La Raza	2018	Mexico	Managed	123
One Ciudad de México Patriotismo	2007	Mexico	Managed	132
One Ciudad de México Periférico Sur	2015	Mexico	Managed	144
One Ciudad del Carmen	2012	Mexico	Managed	126
One Cuautitlán	2016	Mexico	Managed	156
One Cuernavaca	2015	Mexico	Managed	125
One Culiacán	2012	Mexico	Managed	119
One Coatzacoalcos Fórum	2021	Mexico	Managed	126
One Durango	2016	Mexico	Managed	126
One Guadalajara Centro	2012	Mexico	Managed	146
One Guadalajara Expo	2017	Mexico	Managed	126
One Guadalajara Periférico Norte	2011	Mexico	Managed	142
One Guadalajara Periférico Vallarta	2014	Mexico	Managed	121
One Guadalajara Tapatío	2013	Mexico	Managed	126
One La Paz	2014	Mexico	Managed	126
One León	2014	Mexico	Managed	126
One León Antares	2017	Mexico	Managed	126
One Mexicali	2017	Mexico	Managed	120
One Monclova	2014	Mexico	Managed	66
One Monterrey Aeropuerto	2006	Mexico	Managed	126
One Monterrey Tecnológico	2018	Mexico	Managed	126
One Oaxaca Centro	2013	Mexico	Managed	109
One Puebla Angelópolis	2018	Mexico	Managed	126
One Puebla Finsa	2013	Mexico	Managed	126
One Puebla Serdán	2017	Mexico	Managed	126
One Puerto Vallarta Aeropuerto	2014	Mexico	Managed	126
One Playa del Carmen Centro	2010	Mexico	Managed	108
One Querétaro Aeropuerto	2013	Mexico	Managed	126
One Querétaro Centro Sur	2014	Mexico	Managed	126
One Querétaro Plaza Galerías	2008	Mexico	Managed	126
One Salina Cruz	2013	Mexico	Managed	126
One San Luis Potosí Glorieta Juárez	2008	Mexico	Managed	126
One Saltillo Derramadero	2009	Mexico	Managed	120
One Saltillo Aeropuerto	2021	Mexico	Managed	139
One Silao	2014	Mexico	Managed	126
One Tijuana Otay	2018	Mexico	Managed	120
One Toluca Aeropuerto	2007	Mexico	Managed	126
One Villahermosa 2000	2015	Mexico	Managed	126
One Villahermosa Centro	2014	Mexico	Managed	110

Hotel	Opening	Country	Contract	Rooms
One Xalapa Las Ánimas	2012	Mexico	Managed	126
One Tapachula	2019	Mexico	Managed	126

Source: Posadas

According to our standards, all these properties must have insurance covering property damage, which is common for this industry (such as fires, explosions, earthquakes, and hurricanes). These insurance policies also include coverage for consequential losses. All these policies are contracted with prestigious insurance companies.

According to the terms of the Company's Senior Notes refinancing, it pledged, as guarantee, practically all of its real estate subject to an expedited trust execution procedure. Additionally, the subsidiary Inmobiliaria del Sudeste, S.A. of C.V. pledged the Fiesta Americana Merida hotel and other assets as a guaranteed trust. Likewise, the guarantee is subject to an abbreviated fiduciary execution proceeding Potentially, some of the Company or its subsidiaries' remaining assets may be encumbered as guarantee for the Company's or its subsidiaries' obligations, which are generally undertaken for financing reasons or tax liabilities in litigation; therefore, generally, the attachment proceeding is a typical mortgage or fiduciary proceeding or the execution of a final ruling. For further details of the general characteristics of the loans these guarantees, see section*: 3) Financial Situation, d) Comments and Analysis of Management on the Operating Results and Financial Situation of the Company, ii) Financial Situation, Liquidity and Capital Resources*.

Moreover, the Company holds certain real property allocated to office use in Morelia and at present is the owner of one land lot located in Guerrero to be used to build hotel or residential properties, and two land lots in Arcano. It currently plans to contribute the Acapulco land to a real estate development from which it hopes to receive apartments that it will allocate as Vacation Properties under the Live Aqua Residence Club brand. Once this transaction occurs, the Company must pledge to the payment of its current Senior Notes, the rights and subsequently the properties resulting from this investment.

The Hotel Fiesta Americana Hacienda Galindo with 168 rooms was remodeled in stages in 2017, due to the execution of a leasing contract by the Company. Likewise, at that time, a sale-purchase contract was signed subject to diverse conditions which was formalized and paid in 2021. The price is a multiple of 10.06 times EBIDTA of the hotel during the 2019 corporate year minus investments and rents. A present the Company manages said hotel pursuant to operating contract.

As part of its Caribbean expansion plan, the Company signed a contract in 2017 to operate a hotel under the Fiesta Americana brand and another in 2019 to operate a hotel under the brand Live Aqua, both in Punta Cana, Dominican Republic for a 15-year term. The last 347 room hotel was opened on February 1, 2021. Likewise, in February 2022, it entered into a 15-year operating contract, under the Funeeq brand with 498 rooms.

On September 29, 2021, the Company sold 12.5% interest in the investment trust of the Rivera Maya development project. This transaction concluded the termination announced on July 8, 2021, of the hotel operating contract in said project.

During 2021, the Company opened 9 hotels, representing a total of 1,025 additional rooms in the modalities described below:

Hotel	Rooms	Contract
Live Aqua Beach Resort Punta Cana	347	Managed
Ilo Rojo San Miguel de Allende	30	Franchised
Casa de la Marquesa Querétaro	13	Franchised
Dos Patios Querétaro	20	Franchised
Coatzacoalcos Fórum	126	Managed
Saltillo Aeropuerto	139	Managed
Chihuahua Norte	126	Managed
Pug Seal Curamoria Collection	26	Franchised
Ciudad de México Santa Fe	198	Managed

Hotel	Rooms	Contract
Total	1,025	

During 2021, the Company closed 4 hotels (3 managed and 1 leased) representing a total of 830 rooms.

Regarding the remodeling investment plan for own and leased hotels and the Live Aqua Residence Club in Los Cabos to be allocated to our Vacation Product segment, please see section Vacation Products (Vacation Products) refer to section *1) General Information, b) Executive Summary* and section *2) The Company, History and Development* in this Annual Report.

xi) Judicial, Administrative or Arbitral Proceedings

The Company is currently in substantial compliance with its obligations related to goods and service supply operations, leases and payments of key money.

During the 2021 corporate year and as part of its 2022 Senior Notes negotiated restructuring, the Company filed bankruptcy proceedings under the prior agreement or "pre-packaged" modality before the courts of the United States of America. Temporarily, the court resolved to suspend the debt payments accrued prior to the application date and provided certain exception measures and treatment of obligations that enabled the Company to maintain its operations in the ordinary course of business. Within the judicial proceeding, the proposed restructuring plan was formally considered by all company creditors, of these it could only be voted by the groups of creditors affected by the restructuring, that is, by the holders of Senior Notes due in 2022. Once the necessary majorities were obtained and the plan approved by the jurisdictional and auxiliary bodies of the process, on December 9, 2021, the judge presiding over the case confirmed and approved the validity of the plan, and deemed it as binding on all creditors and debtors, subject to the execution of the Senior Notes due in 2027 issuance process in substitution of the current issue, the guarantees were constituted and the conditions established in the restructuring plan were met. On December 15, 2021, all the effective requirements of the plan were met, as described in the section: 3) *Financial Information, ii) Financial Situation, Liquidity and Capital Resources*. In March 2022, the judge presiding over the cases instructed the closing of the proceeding, leaving safe and sound the rights of third parties that could be considered affected. As of this date, we have not informed that notification has been attempted notification by third parties in this regard.

As of this date, the Company is not in bankruptcy, insolvency, reorganization, or other similar proceedings, and to the best of its knowledge, no such proceedings have been initiated against it, or any other similar proceedings, in Mexico or abroad

To December 31, 2021, the Company was a party to various judicial and administrative proceedings, derived from the ordinary course of business, both as plaintiff and as defendant. However, none of the judicial or administrative proceedings that Posadas is aware of may be characterized as “material” in terms of the General Provisions applicable to Securities Issuers and other Securities Market Participants, given the early procedural status, the uncertainty of its amount, or the merits of the proceeding, in the opinion of our advisers. The most important proceedings are described below, both in the ordinary course of business and those that the Company considers extraordinary.

Proceedings against LYSA: Licencias y Servicios Audiovisuales, S.A. of C.V. (LYSA), acquired temporary licenses from of audiovisual image producers that authorize it to exclusively sublicense businesses to publicly broadcast audiovisual content and registered its agreement with the Copyright Institute. Having done the foregoing, it has offered different businesses, such as hotels and restaurants ,to enter into royalty payment agreements with it for the broadcast of images on the screens and televisions that these businesses have. Due to the silence or refusal to agree to the payment of fees, LYSA, as from other hotel chains or hotels in particular, sued Posadas for the payment of royalties in 4 (four) hotels for audiovisual image broadcasting on Hotel room screens. Even though these proceedings are in the evidentiary period, LYSA has ceased to proceed. However, it is a noteworthy fact, and LYSA has made it known to us, that in another proceeding against a hotel that is not part of the chain, the petitioner obtained a ruling from the First Division of the Supreme Court of Justice of the Nation which issued a non-binding precedent deciding that hotels must pay royalties for the images transmitted on the hotel room screens. Additionally, last year this group formed a collective management company called EGEDA (protected by the Federal Copyright Law), which is authorized to collect royalties on behalf of its members. From this point on, and based on the strength of the judicial ruling mentioned above and due to the fact that it is already a collective management entity and not a commercial company, EGEDA has begun to claim from the Company's hotels the payment of royalties for movie, series and program broadcasting on room screens.

Grupo Posadas and We Work Arbitration Proceedings: Due to a (pre-COVID) promotion and sale project for vacation club packages and prepaid vacations, Posadas recruited a group of promoters in Mexico City, which it decided to install in offices on Reforma 26 (historic downtown). The Company entered into a space use contract with the We Work company. Said contract was entered into for the rendering of services at a specific We Work location for an obligatory term and with an arbitration clause. Upon the outbreak of COVID, the city government restricted office use, excepting for so-called essential activities. Given this circumstance, Posadas requested a services payment exemption for the months of office use prohibition and a consequent reduction in the term and monthly services contracted. Given We Work 's refusal, Posadas subjected to arbitration asking that non-payment of the monthly payments be comparable to *force majeure*. To the contrary, We Work denied Posadas' claims and demands contractual termination due to Posadas' breach and payment of all amounts owed as liquidated damages. Once the arbitration proceedings were concluded, the arbitral award was issued in favor of Grupo Posadas determining that We Work return the deposit delivered by Posadas and the belongings left in the offices which were contracted. In September 2021, Posadas was notified of the special commercial transactions and arbitration procedure by which We Work requests annulment of the arbitration award filed before the Elleventh District Court of the First Circuit. Posadas timely answered aid proceedings and to date we are waiting for the ruling. To this date , We Work has not returned the deposit nor the belongings which were awarded despite these being formally requested.

Federal Consumer Prosecutor's Office. Fines for breaches of the Law: Amongst the promotions launched by Posadas, there are a series of discount offers at current public rates which could be booked through the different company websites: Live Aqua, Fiesta Americana, Fiesta Inn, and other brands. Based on these promotions, the Federal Consumer Prosecutor's Office officially reviewed the promotions and offers and,, in its opinion, these did not comply with the mandates of the Federal Consumer Protection Law determining that the rates were presented net of taxes prior to reservation of accommodation. Except for a four hundred thousand peso fine related to showing on the web pages the calculation of reservations with the current rates but without adding the additional tax component, the other fines have been declared null by the competent courts.

Lawsuit of Turistica Hotelera Cabos Siglo XXI: Derived from the credit and litigation rights transfer and the subsequent award of the capital stock of the mortgage guarantor denominated Yipa, S.A. (Yipa) and the payment as a gift of the mortgaged properties (Fiesta Inn Aeropuerto CDMX) in favor of Turistica Hotelera Cabos Siglo XXI, S.A. de C.V. ("Turistica"), then a subsidiary of Grupo Posadas, S.A.B. de C.V., now merged into it, in November 2000 and June 2004 certain debtor companies sued the trustee institution executing the guarantee trust and Turistica, for the alleged incorrect execution of Yipa trust capital. The debtors of the assigned credit also sued alleging based on the non-existence of the credit. Then, by an additional claim in the complaint, the plaintiffs centered their claim attempting to prove that at the time of execution by the trustee, the assignor bank, as well as being a creditor, also administered the guarantee trust under of a business commission agreement between the trustee and the creditor. This in the opinion of the plaintiffs constitutes a simulation, since the legislation prohibited, at that time, that the trustee and beneficiary be the same entity. Given the nature of the claims, when resolved, it is possible that they may affect the trustee's management, and may be resolved against the interests of Posadas, if so, it would harm Posadas, and the latter would be obligated to pay the value of the executed shares. The proceeding was brought before the Second Commercial Court of Hermosillo, Sonora.

Office of the Federal Attorney for Environmental Protection. Closing of Fiesta Americana Cozumel Reef Hotel Beach Club: The inspection took place from June 8 to 10, 2021 directly at the Fiesta Americana Cozumel Hotel Beach Club, the hotel officers at all times guided the inspectors and provided the available documents. The number of the Inspection Order is PFPA/4.1/2C.27.5/0013/2021 dated June 8, 2021, issued by the General Director of Environmental Impact and Federal Maritime Terrestrial Zone of PROFEPA. The security measure imposed by PROFEPA is the temporary closing of the Beach Club inspected. On June 17, 2021, Posadas presented to the aforementioned General Director, the written document of the corresponding statements, irequesting the ending of the Beach Club closing, among other issues. To date, we have not been notified of PROFEPA's resolution.

In terms of Environmental Impact, on January 4, 2022, the Environmental Impact Statement for operation of the Beach Club called "Rehabilitation and Operation of the Fiesta Hotel Americana Cozumel Recreational Area", was filed in the corresponding window of the pertinent SEMARNAT Central Office under file number 23QR2022T0001-6.

On March 24, 2022, Posadas was notified of an additional information request to continue the environmental impact assessment. This additional information is being prepared and will be submitted to SEMARNAT within the granted term (expires on July 19, 2022).

In relation to the Chemuyil Trust, an entity in which the Company had a minority12.5% investment, trustor/trustee entities face different complaints related to alleged violations of environmental protection provisions, which are ongoing.

ABC AIRLINES SA DE CV (INTERJET).

There are accounts receivable in an amount of $10,101 thousand pesos, with this airline we do not have an intermediary to continue managing collection, for this reason, we have reserved this account receivable at 100% as uncollectible. As of this date, we are aware that some other creditor has requested an insolvency proceeding of said entity, but to date we are not aware of any progress or procedural advance.

Aerovias de Mexico S.A. de C.V (AEROMEXICO)

Aeromexico and its affiliates requested bankruptcy proceedings before the United States of America courts. AeroMexico's debt invoices were registered in the corresponding portal and we received from the Client the notification that according to the court resolution under Chapter 11 proceedings, hey will begin to pay their creditors based on the provisions regarding terms and discounts established according to each classification, For Posadas this implies a discount on accounts receivable of 70% ($2.8 M), which implies that we will only be collecting 30% of the amount, equivalent to $1.2 M.

Employment Proceedings

Regarding employment proceedings, there are a number of individual lawsuits that may represent, as a whole, a significant contingent amount. However, not all of the lawsuits are deemed to have the same materialization risk.

On the other hand, regarding the loans recognized by the Company and its subsidiaries due to Compañia Mexicana de Aviacion, S.A. de C.V.'s bankruptcy proceeding for the approximate amount of $171.2 million, the Company reserved this total amount in 2010. Of said loans, $115 million correspond to operating transactions registered in the consolidated profit and loss statement, as line items "sale, publicity and promotion" and "direct costs and expenses". In this framework, Posadas may be subject to collateral legal proceedings or other proceedings with respect to this issue.

These proceedings are processed under the following files: commercial bankruptcy of Compañia Mexicana de Aviacion, S.A. de C.V., file 432/2010, Eleventh Civil District Court in the F.D., commercial bankruptcy of Aerovias Caribe, S.A. de C.V., file 516/2010, Court: Eleventh Civil District Court in the F.D., commercial bankruptcy of Mexicana Inter, S.A. de C.V., file 510/2010, Eleventh Civil District Court in the F.D., commercial bankruptcy of Mexicana Inter, S.A. de C.V., file 510/2010, Eleventh Civil District Court in the F.D.

As we have referred in other statements, in 2017, Posadas, and other material defendants were sued in an employment proceeding by two of *Compañia Mexicana de Aviacion* unions. The company has presented its defense and the procedural status of this proceedings has not significantly progressed. These proceedings are brought before the Federal Conciliation and Arbitration Board of Mexico City.

Proceedings regarding Vacation Properties: Regarding administrative proceedings before the Federal Consumer Attorney General's Office or commercial courts, there are many individual claims that, despite the number, do not represent a significant contingent amount. However, not all of the lawsuits are deemed to have the same materialization risk.

For further detail of ongoing tax proceedings, see section: *3) The Company c) Material Loan Information.*

xii) Representative Shares of Corporate Capital

As of December 31, 2021, the Company's corporate capital is made up of 512,737,588 no par value shares, fully subscribed, and paid, of which 495,881,988 were in circulation and 16,855,600 shares have been redeemed by the Issuer in terms of the third paragraph of article 56 of the Securities Exchange Law. To said date, 512,684,913 shares of the total of 512,737,588 are deposited with the S.D. Indeval, *Institucion para el Deposito de Valores, S.A. de C.V.* in two negotiable instruments. Therefore 52,675 shares representing the corporate capital of Grupo Posadas are not deposited with said institution.

Of said corporate capital, the Issuer directly holds shares charged to the repurchase fund as follows:

Number of shares	**2021**	**2020**	**2019**
	Series "A"	**Series "A"**	**Series "A"**
Capital	512,737,588	512,737,588	512,737,588
Minus-			
Repurchase of shares	(16,855,600)	(16,855,600)	(16,855,600)
	495,881,988	**495,881,988**	**495,881,988**

To the date of this report, the corporate capital is composed of Series "A" shares, common, registered, no par value and freely subscribed.

As of December 31, 2021, the legal reserve is presented in accumulated earnings and amounts to $99.2 million (face value) and represents 20% of nominal corporate capital. Said reserve cannot be distributed in dividends to shareholders.

The General Ordinary Shareholders Meeting held on April 05, 2022, approved that the maximum amount of funds to be allocated to purchasing the company's shares, according to the Securities Exchange Law's limitations, would be the amount of $535 million. This amount does not exceed the withheld earnings balance to December 31, 2021.

Hereinbelow, are the events that have occurred in the last corporate years:

I. In the Extraordinary and Ordinary General Shareholders' Meeting of the Issuer, held on March 29, 2019, approved that Inversora Inmobiliaria Club, S.A. de C.V. and Konexo Centro de Soluciones, S.A. de C.V. would merge with and into Grupo Posadas, S.A.B. de C.V., the first two disappearing as merged corporations and the last company surviving as the merger corporation. Said merger became effective on October 3, 2019.

II. In the Ordinary General Shareholders' Meeting dated June 25, 2020, the financial information, the mandatory administrative reports, the corporate year results and their application, the ratification of the members of the board of directors, as well as of the chairmen of the audit and corporate practices committees. The meeting also approved that directors will not be remunerated for their participation in board sessions.

III. In the Ordinary General Shareholders' Meeting held on April 19, 2021, the financial information, the mandatory administrative reports, the corporate year results and their application, the ratification of the members of the board of directors, as well as the chairpersons of the audit and corporate practices committees, and their remuneration.

IV. In the Extraordinary General Shareholders' Meeting held on September 9, 2021, the Proposal to modify the Fifth Clause of the bylaws, corresponding to the corporate purpose of the Company and approval of the bylaws verification, was approved.

V. In the Ordinary General Shareholders' Meeting held on April 19, 2021, a resolution was presented, discussed and resolved on the terms and conditions of the restructuring of certain liabilities of the Company, including (i) the issuance of new Senior Notes for US$392,605,000.00, to be exchanged for the notes (Senior Notes) in circulation, (ii) the granting of real property guarantees regarding certain real properties of the Company, of the accounts receivable resulting from the different vacation programs, among other assets in guarantee, and the granting of personal guarantees by all subsidiaries, (iii) the approval of the financial support agreement with certain debt holders (Restructuring Support Agreement), and (iv) the restructuring implementation mechanisms, including, where appropriate, the voluntary request for protection and approval of the restructuring provided for in Chapter 11 of the United States Code.

VI. the Extraordinary General Shareholders' Meeting held on November 30, 2021, the Proposal to amend the Eighth Clause, paragraph (a) of the bylaws was approved, to prohibit the issuance of shares without voting rights as well as the bylaws verification.

VII. In the Ordinary General Shareholders' Meeting held on April 5, 2022, there as approved the financial information, the mandatory reports by administration, the results of the corporate year and their application, the ratification of the restructuring operation of its financial liabilities and granting of guarantees, the ratification of the members integrating the board of directors, as well as of the chairmen of the audit and corporate practices committees, and their remuneration.

xiii) Dividends

The periodicity, amount and form of dividend payments are proposed by the Company's Board of Directors and are put to the consideration of the ordinary annual general shareholders meeting for approval. The dividend amount depends on operating results, financial situation, capital expenses, investment projects and other factors deemed important by the Board of Directors.

In the General Shareholders' Meeting held on March 29, 2019, June 25, 2020, April 19, 2021, and April 5, 2022 no distribution of dividends corresponding to the corporate years ending on December 31, 2019, 2020 and 2021, respectively, was resolved.

The issuer's ability to declare and pay dividends is conditioned by the restrictions assumed due to the financing contracted and enforceable, being strongly linked to the Senior Notes. Pursuant to the Senior Notes 2027, the Company will not declare or pay dividends, nor will it reimburse capital to its respective shareholders, nor will it authorize or make any other distribution, payment or delivery of property or cash to its shareholders. Breach of the above constitutes a cause for early maturity.

3) FINANCIAL INFORMATION

a) Selected Financial Information

The following summarizes the Company's most relevant financial information regarding the last three corporate years. For a better understanding, this summary should be reviewed along with the Annual Financial Statements and their respective notes, as well as with the explanations provided by the Company's management contained in subsection 3 d) of this annual report with the explanations provided by the Company's management contained in subsection 3 d) of this annual report.

Audited Financials (million pesos) As of December 31st:			
Financial Highlights	**2021 - IFRS**	**2020 - IFRS**	**2019 - IFRS**
Total Revenues	7,407	5,225.7	9,072.7
Corporate expenses	397.2	361.7	403.9
Depreciation, amortization and real estate leasing	916.3	980.5	931.8
Operating income	455.1	(1,000.4)	678.8
Comprehensive financing cost (income)	253.1	1,431.6	687.1
Taxes	129.0	(293.9)	66.3
Net Income	57.9	(2,138.0)	(67.4)
Majority net income	63.0	(2,118.7)	(79.9)
Balance Sheet Data (End of period)			
Current assets	4,991.0	3,764.3	5,285.8
Property and equipment, net	4,187.5	4,406.9	4,513.2
Total assets	18,244.4	19,244.1	20,695.5
Current liabilities	4,226.2	12,165.4	3,838.8
Long-term debt	8,085.1	135.1	7,371.3
Total liabilities	17,232.1	18,334.8	17,639.2
Stockholders' equity	1,012.2	909.2	3,056.4
Other Financial Data			
EBIT / Revenues	6.1%	-19.1%	7.5%
Net Income/Revenues	0.8%	40.9%	(0.7%)
EBITDA	$1,090.7	-$231.4	$1,566.5
EBITDA to Revenues	14.7%	-4.4%	17.3%
Total debt to EBITDA	7.4 X	-34.1	4.7 X
Current assets / Current liabilities	1.18 X	0.31 X	1.38 X
Total liabilities / Equity	17.02 X	20.17 X	0.01 X

Please refer to the Notes to the audited consolidated Financial Statements that are attached to this annual report.

The operational and financial trends discerned from this financial information may not necessarily be indicative of the Issuer's future performance, since in these years the Company has executed unusual operations and its results have been significantly affected by changes to applicable tax provisions, and it cannot be ensured that there may or may not be legal modifications that affect the Company's results. Both unusual operations or the risk factors on the Issuer's future performance may be consulted in the section "The Company" of this report.

b) Financial Information per Business Line, Geographic Zone and Export Sales

Sales behavior during the last three years for each of the Company's business units is hereinafter explained in detail:

REVENUES BY BUSINESS UNIT (Million pesos)	2020-IFRS		2019-IFRS		2018-IFRS	
	Revenues	%	Revenues	%	Revenues	%
Owned and Leased Hotels	2,181.6	29.5%	1,494.4	28.6%	3,735.2	41.2%
Management	1,026.9	13.9%	546.8	10.5%	1,158.9	14.7%
Vacation Properties	4,092.8	55.3%	3,070.3	58.8%	3,995.8	50.5%
Other Businesses	105.4	1.4%	114.3	2.2%	182.7	2.0%
Other Revenues	0.0	0.0%	0.0	0.0%	0.0	0.0%
TOTAL	**7,406.7**	**100%**	**5,225.7**	**100%**	**9,072.7**	**100%**

Fuente: Posadas

c) Material Loan Information

Section B. *Financial Situation, Liquidity and Capital Resources*, found later in this Report, contains a detailed discussion of the Company's total debt structure composition.

In August 2021, a restructuring agreement was signed with a group of bondholders representing more than 25% of the issue, called the Ad-Hoc Group, to be executed by a proceeding before the New York court within the modality in a pre-agreed format under chapter 11 of the US Bankruptcy Code. This agreement only involved the interests of the bondholders known as Senior Notes due 2022. No other counterparty was affected through this proceeding. On December 9, 2021, the court approved the Entity's restructuring plan and on December 15, the Entity restructured its debt known as Senior Notes with new maturity date on December 30, 2027, for a total amount of US$398,581,321, comprised of US$392,605,000 plus 4% per year on the principal of US$5,976,321 for the period from August 1 to December 15, 2021. Initially, a total of US$360,891,000 of Notes corresponding to the Senior Notes due June 2022 and the remaining US$31,714,000 will be exchanged no later than June 15, 2022. As part of this agreement, certain conditions of the previous debt were modified, and a staggered interest payment scheme was established. Additionally, for years one and two, 50% of the interest can be capitalized by applying a 6% and 7% rate respectively, to the capitalizable portion, which is at the discretion of the Entity as of December 15, 2021. The Entity committed, through a guarantee trust, the vast majority of its assets, and the accounts receivable portfolio and the product of its collection (pledge) of its Vacation Property business, as well as the joint and several obligation of 11 subsidiaries (For more details see section: *b) Business Description ix) Corporate Structure*) as part of the guarantee for the benefit of the Senior Notes due 2027 bondholders, which ensured a satisfactory restructuring of the financial debt. For more details on the Senior Notes, consult section: 3) Financial information, ii) *Financial Situation, Liquidity and Capital Resources*, *Senior Notes.*

On the other hand, the notes grant us a debt service reduction and the extension of its term, allowing us to reinforce the prioritization of the cash use for operating activities, the preservation of jobs and the maintenance of our brand quality and service standards.

With this process we are even better positioned to continue operating with the highest standards, open new properties as the tourism sector recovers, and maintain our leadership in the operation of hotels in Mexico for many years to come.

For all of the above, our current corporate rating by S&P Global is "B-".

Tax legislation is frequently modified by the pertinent authorities. Said modifications or interpretations by the authority regarding applicable provisions may have a significant negative effect on the tax liabilities imposed on the Company and compliance costs therewith. Likewise, it is possible that the authority has application and interpretation criterion regarding the applicable law different from those of the Issuer.

The Company is frequently subjected to audits by tax authorities and is vulnerable to becoming debtor of tax liabilities determined by said authorities which may adversely affect the Company businesses financial situation and cash flows. The relevant liabilities are detailed hereinbelow, some of which have been settled:

I. Regarding the 2006 corporate year, there is a proceeding against a tax liability determined by the Central International Auditing Administration of the Tax Administration Service (SAT, due to its initials in Spanish) for an updated $975.4 million amount to December 31, 2019. By ruling of June 19, 2019, issued by the en banc court of the Federal Administrative Justice Court (TFJA, due to its initials in English), the tax liability was partially annulled. Said ruling was challenged by both the Company and the SAT but affirmed by the Twelfth Collegiate Administrative Court for the First Circuit in court session of September 4, 2020, thus the ruling of the TFJA became final. On March 24, 2021, the SAT notified the Company an official letter issuing a resolution complying with the ruling of the TFJA, determining a new $222.8 tax liability. Against the new liability, the Company filed a new annulment proceeding as well as a complaint. The Company withdrew the above because it was convenient to its interests.

On March 30, 2022, the Company made payment of the tax liability for $174.0 million pesos due to obtaining the benefit of article 70-A of the Federal Tax Code, therefore the matter has been definitively concluded.

II. Pursuant to the new Income Tax Law (LISR, due to its initials in Spanish) in force in 2014, the tax consolidation rules were eliminated and therefore the Issuer is obligated to pay the tax that was financially deferred until December 31, 2013, during the following five tax years counting from 2014. The deconsolidation tax determined by the Company to said date was recognized in the December 31, 2013, consolidated comprehensive operating results statement, under the heading of profit tax amounting to $882.3 million. The updated balance to December 31, 2016, after 3 annual payments, totaled $309 million, recognizing the respective short-term and long-term liability.

Due to differences in interpretation of the applicable legislation, an agreement was reached with the Authority and the Company closed this audit with SAT on the following agreed terms:

Eliminate from the calculation upon the termination of tax consolidation rules determined in corporate year 2013, the loss registered due to the sale of shares. Said elimination causes:

a. Recognition of an additional payment obligation for the total amount, in different corporate years, of $2,376 million pesos, which includes accrued taxes and surcharges to April 7, 2017. Of this amount, $524 million pesos were liquidated during the corporate year ($488 million pesos were paid on April 7, and the remaining amount April 2017). The balance is to be paid in annual payments between 2018 and 2023, subject to updates, for the approximate amount of $309 million pesos each payment, number to be updated each corporate year with payment obligation. To date on which this report is issued, all annual payments have been met, including the ninth payment corresponding to 2022, paid in March.

b. A profit loss registered only once in 2017 for $930 million pesos, as the consequence of the long-term tax liability increase.

c. Ratify the right of Grupo Posadas to amortize pending tax losses accumulated to 2013, for an approximate amount of $7,751 million pesos.

By executing said agreements, the audits, tax liabilities and observations received to date for the aforementioned concepts related to the 2007 to 2013 tax years, have been duly determined and resolved.

This agreement was implemented by self-correction, eliminating the tax loss deduction from the sale of shares from the original calculation. Said situation was ratified and approved by the tax authorities through the issuance of an approval ruling.

For the first three annual payment, authorization was requested to apply article 70-A of the Federal Tax Code of the Federation (surcharges at the extension rate and elimination of fines) which was accepted and confirmed by the Decentralized Collection Administration in the Federal District "1", by issuing an approval resolution.

I. On March 11, 2021, the Company filed a revocation remedy against the tax liability determined by the Quintana Roo Tax Administration Service for the total amount of $ 9.5 for alleged omissions of payroll tax payments. This is pending resolution, therefore as of the date of this Annual Report, it is not possible to forecast a result for the Company.

II. On March 20, 2020, the Central Auditing Administration of Corporate Groups Supervision of the General Administration of Large Taxpayers of the Tax Administration Service (SAT), notified the Company and its subsidiaries Controladora de Valores Posadas and Promocion Inmobiliaria Hotelera of the official letters requesting diverse documentation and information related to the 2014 tax year.

For the 2014 tax year, the audit closing letter were obtained from the SAT in which concluded that there were no observations by the tax authority regarding the aforementioned tax year. It is important to point out that, for the 2015 tax year, the tax authority did not exercise its verification powers.

On March 8, 2022, the SAT notified official letter informing that verification powers were initiated for the tax year from January 1 to December 31, 2016, in order to verify its tax situation; and on March 28, 2022, the SAT notified the authorization of the extension to provide the information requested, so the deadline to deliver it expired on April 18, 2022.

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d) Management Comments and Analysis of the Operating Results and Financial Situation of the Company

i) Operating Results

2021 - 2020

Corporate year ending December 31, 2021
Compared with corporate year ending December 31, 2020
Information according to International Financial Reporting Standards (IFRS)

Consolidated Comprehensive Operating Results Statement
***For the years ending December 31,* 2020 and 2019**
(*In thousands of Mexican pesos*)

	2021	2020
Continuing operations:		
Revenue	$7,406,734	$5,225,743
Cost of sales	5,502,143	4,645,322
Gross profit	1,904,591	580,421
Administrative expenses	855,781	767,998
Sale and development expenses	192,261	131,722
Depreciation, amortization, and leasing,	916,330	925,518
Rent discounts	(261,588)	(211,577)
Impairment of assets and technology platforms	-	55,000
Other revenue, net	(253,243)	(87,871)
Interest expense	573,863	1,140,053
Interest income	(16,988)	(31,754)
Extraordinary income, net	(724,019)	-
Commissions and financial expenses	96,263	82,509
Exchange (gain) loss, net	323,934	240,767
Equity in associate	15,000	-
	1,717,594	3,012,365
(Loss) income before income tax	186,997	(2,431,944)
Income tax expense	129,058	(293,947)
(Loss) income from continuing operations	57,939	(2,137,997)
Discontinued operations		
Income (loss) from discontinued operations	-	-
Consolidated (loss) income for the year	57,939	(2,137,997)
Other comprehensive income (loss)	2,549	5,693
Loss on exchange differences from translating foreign operations, which will be reclassified subsequently to profit or loss	42,553	(14,827)
Remeasurement of defined benefit obligation, which will not be reclassified subsequently to profit or loss, - net of income tax	45,102	(9,134)
	$ 103,041	$(2,147,131)

(Continued)

	2021	2020
Consolidated (loss) income for the year attributable to:		
Controlling interest	$ 63,031	$(2,118,681)
Non-controlling interest	(5,092)	(19,316)
	$ 57,939	$(2,137,997)
Consolidated (loss) income for the year		
Consolidated comprehensive (loss) income for the year attributable to:	$ 108,133	$(2,127,815)
Controlling interest	(5,092)	(19,316)
Non-controlling interest	$ 103,041	$(2,147,131)
Consolidated comprehensive (loss) income for the year		
Earnings (loss) per share:	$ 0.13	$ (4.27)
From continuing and discontinued operations -		
Basic and diluted (loss) earnings per common share (in pesos)	$ 0.22	$ (4.29)
From continuing operations -		
Basic and diluted (loss) earnings per common share (in pesos)	$495,881,988	$495,881,988

(Concluded)

In this context, at the end of 2021 the following material circumstances occurred. (Additionally, reference may be made to section 2) The Company, subsection a) History and Development of the Company.

Profit and Loss Statement - IFRS (million pesos)	2021		2020		Var%
	IFRS 16	%	$	%	
Total Revenues	**7,406.7**	100.0	**5,225.7**	100.0	41.7
Owned and Leased Hotels					
Revenues	2,181.6	100.0	1,494.4	100.0	46.0
Direct Cost	1,550.8	71.1	1,480.8	99.1	4.7
Contribution	630.8	28.9	13.6	0.9	4,547.4
Management					
Revenues	1,026.9	100.0	546.8	100.0	87.8
Direct Cost	649.6	63.3	726.7	132.9	(10.6)
Contribution	377.3	36.7	(179.8)	(32.9)	Na
Vacation Properties					
Revenues	4,092.8	100.0	3,070.3	100.0	33.3
Direct Cost	3,328.5	81.3	2,492.8	81.2	33.5
Contribution	764.3	18.7	577.4	18.8	32.4
Other Businesses					
Revenues	105.4	100.0	114.3	100.0	(7.7)
Direct Cost	371.2	352.1	267.1	233.8	39.0
Contribution	(265.8)	(252.1)	(152.8)	(133.8)	73.9
Corporate expenses	360.6	4.9	361.4	6.9	(0.2)
Depreciation / Amort. & Leases	897.2	12.1	914.8	17.5	(1.9)
Impairment of assets	0.0	0.0	0.0	0.0	na
Other (revenues) and expenses	(206.2)	(2.8)	(17.5)	(0.3)	1,078.9
Other revenues	0.0	0.0	0.0	0.0	na
Operating Profit	**455.1**	**6.1**	**(1,000.4)**	**(19.1)**	na
EBITDA	**1,352.3**	**18.3**	**(85.6)**	**(1.6)**	**na**

Note: The 2021 Annual Report numbers of the Company were reclassified in some categories in relation to previous Annual Reports and audited Financial Statements

Total Revenues 2021 - 2020

The Company's total revenues increased by 41.7% from $5,225.7 M in 2020 to $7,406.7 M in 2021. All business segments showed a recovery, derived from the lifting of worldwide flight restrictions as well as the advancement of vaccination and the gradual reactivation of activities.

During 2021, we continue to operate our hotels in accordance with the provisions of the federal and state epidemiological traffic lights, with limited services in accordance with the capacity restrictions determined by the health authorities and complying with health and safety protocols that have been reinforced under the strictest standards

2021 was a year in which economic and health uncertainty remained constant, so our priority was and continues to be to maintain the company's liquidity.

To anchor the cash position, in March a security loan was contracted in the amount of $450 million pesos with GBM. The funds of said loan were mainly used to pay the eighth annual payment of the 2017 agreement with the SAT. Said credit was prepaid in advance in the month of October.

Along the same lines, we reconfigured our hotel portfolio, through the following actions:

- In March we sold the Fiesta Americana Hacienda Galindo hotel, which we continue to operate.
- On September 29, 2021, we sold our 12.5% interest in the investment trust of the Rivera Maya development project. This transaction complemented the termination announced on July 8, 2021, of the hotel operation contract in said project.
- On August 15, 2021, the lease agreement for the Grand Fiesta Americana Puerto Vallarta hotel was early terminated.

As 2021 progressed, an improvement in the company's results was observed, particularly during the fourth quarter, accompanied by the evolution of the restrictions established based on epidemiological traffic lights. In 2021, an EBITDA higher than the previous year was generated by $1,438 million to register a cash flow generation of $1,352 million. EBITDA was led by hotels in beach destinations, labeled as Resorts, and followed mainly by the Vacation Properties (Loyalty) business unit. City hotels showed a clear improvement during the fourth quarter, particularly those in the Upscale & Luxury category, followed by Midscale & Economy hotels. Since the vaccination process against Covid-19 began in several countries around the world, including Mexico, there has been a significant movement of travelers to beach destinations, looking for spaces, a healthy distance and quality of life, while allowing them to fulfill their remote work commitments through the various electronic platforms, which boosted the occupancy factors of Resort hotels, even higher than those observed in years prior to the pandemic.

Owned and Leased Hotels 2021 - 2020

In 2021, the average available rate improved, resulting in an effective rate (Revenue Per Available Room-RevPAR) of 77% compared to the previous year, mainly due to the factors mentioned above. It should be remembered that this same indicator continues 20% lower than that generated in 2019, prior to the pandemic.

Owned hotels include the income and costs and expenses derived from the operation of the own and leased hotels that the Company operates. This segment, registered an increase Owned and Leased Hotels of 46.0%, $1,494.4 M in 2020 against $2,181.6 in 2021.

From an operational point of view, this is so because the hotels had an occupancy rate increase resulting in an effective rate of 77% higher, that is, from $518.3 in 2020 to $916 in 2021.

The Departmental Costs of the hotels owned and leased by the Company consist of salaries related to the room staff, food and beverage costs, as well as other expenses, such as commissions to agencies, reservation charges and room utility and laundry services. As of January 1, 2019, real estate leases are recorded in the Comprehensive Financial Result as indicated by IFRS-16. Departmental costs and expenses are equivalent to $1,550.8 million for 2021, which represents an increase of 4.7% compared to the $1,480.8 million for the same period of 2020. The Departmental result (Income less departmental costs and expenses) was $630.8 million for 2021, thus representing a recovery of 4,547.4% compared to $13.6 million for the comparable period of 2020.

General Expenses related to the Company's own and leased hotels consist of administrative expenses, as well as expenses for sales, promotion and advertisements, maintenance and energy, property taxes, payment of insurance premiums, payment of auditor's fees and legal advisers. In sum, these expenses increased by 11.4%, to $855.8 million during 2021 compared to $768 million during 2020. The main increases were in energy, maintenance and commissions to agencies items as a result of the increase in the operation and also in professional fees for the previously detailed restructuring of the Senior Notes due in 2022. Another item that represented an increase of 46.0% in addition to the above was sales, promotion and advertising expenses, this expense amounted to $192.3 million in 2021 compared to $131.7 million the previous year.

2021 – 2020 Management

The management business includes hotel administration services, brand licensing and franchising as well as loyalty programs and call centers corresponding to Posadas managed hotels.

Due to the adoption of IFRS, inter-company operations were eliminated, such as: administration commissions, were eliminated. These were registered as expenses by owned and leased hotels, and subsequently were converted into income for the hotel administration segment.

Revenues in 2021 increased 87.8% compared to 2020, reaching $546.8 million in 2020, compared to 1,026.9 million in 2021.

Direct costs and corporate expenses related to Hotel Management, Brands and Others category mainly include costs and expenses of corporate sales, as well as hotel operations. These costs and expenses decreased by 10.6% to $649.6 million compared to the same period in 2020 in which they represented $726.7 million. For further details on the eliminations, see note 25, Business Segments Information of the audited consolidated Financial Statements.

At the system level in 2020, including owned, leased, managed, and franchised hotels, the occupancy average rate improved, resulting in an effective rate increase of 77%, reaching $834 in 2021.

Hotels in 2021 have been classified into three groups in order to measure their performance more accurately, these groups are Resorts, Upscale & Luxury and Midscale & Economy. The last two groups refer to city hotels. For Resorts, 2021 was a year with excellent performance, the available rate was $5,833 with a 66% average occupancy rate resulting in a $3,845 effective rate, representing a 105% improvement compared to the previous year and 17% better than in 2019. For Upscale & Luxury hotels, the result was a $1,909 available rate at 45% occupancy resulting in an $860 effective rate, 81% better than in 2020 but still 33% below the effective rate recorded in 2019. Midscale & Economy hotels performed similarly to the previous group with a $948 available rate of, 50% occupancy and a $479 effective rate resulting in a 64% improvement compared to 2020 but still 31% below 2019. It is important to remember that the three hotel groups showed a sequentially clear upward trend quarter after quarter.

In 2021, the company started operating 9 new hotels listed herein on page 7 and stopped operating 4 (Grand Fiesta Americana Puerto Vallarta, Fiesta Inn Toluca Aeropuerto, Gamma Cancun Centro and One Tuxtla Gutierrez).

In January 2021, the One Guadalajara Centro Historico and the Fiesta Inn Express Puebla Explanada hotels were temporarily closed, but the latter reopened in 2022.

For more details see the section: *1) General information, b) Executive Summary.*

2021 – 2020 Vacation Properties (Loyalty)

This segment mainly includes the revenue derived from the marketing of vacation properties: Fiesta Americana Vacation Club (FAVC), Live Aqua Residence Club (LARC) and vacation plans (KIVAC Travel Suite, Viaja Plus and Fiesta Americana Vacation Club Access – previously “Re_Set”).

Vacation Products revenue increased 33.3% from $3,070.3 million in 2020 to $4,092.8 million in 2021, representing a 33.3% increase. As of December 31, 2021, the Vacation Properties (Loyalty) result was the generation of 313,832 room nights, which resulted in $617.9 million in hotel income.

Vacation Products expenses mainly include expenses related to sales, financing, administration, marketing, collection, payroll, energy and insurance, hotel exchanges and operation expenses for our destinations. These costs increased by 33.5% from $2,492.8 million in 2020 to $3,328.5 million for the same 2021 period.

On the other hand, the IFRS contribution margin was 18.7%, a similar level in comparison with the previous year.

As of December 31, 2021, the vacation products portfolio profile with a $6,190 value represented an increase compared to the same period of the previous year and is within the normal collection period of less than 90 days.

2021 – 2020 Other Businesses

This segment presents third parties operations related to the Konexo and Conectum units, in order to independently measure their performance.

2021 – 2020 Corporate Expenses

Company corporate expenses include expenses such as salaries, administrative expenses, legal advisory fees, or the payment of corporate restructuring fees, as well as different payments related to its financial, corporate human resources and technology departments, as well as those of the CEO´s office. Corporate expenses in 2021 represented $360.6 million, which represented a 0.2% decrease in comparison with the $361.4 million presented for the same period in 2020. In Company percentages, corporate expenses represented 4.9% of its total revenue in 2021, 2.0 pp less than that of previous year.

2021 – 2020 Depreciation, Amortization, Real Estate Property Leasing and Wear and Tear

Grupo Posadas had expenses for depreciation, amortization, and leasing of real estate for an amount equivalent to $897.2 million in 2021, this represented a 1.9% decrease compared to the $914.8 million that were expended for this concept in the comparable period of 2020.

2021 – 2020 Operating Results

The operating income of Grupo Posadas consolidates the income of its owned hotels, managed hotels, brands and others, Vacation Properties (Loyalty) and other business lines and deducts its corporate expenses and expenses for depreciation, amortization, leasing of real estate and deterioration of assets. The profit from consolidated operations was a profit of $455.1 million for 2021 and $1,000.4 million loss for 2020.

2021 – 2020 Comprehensive Financial Result

Concept *(million pesos)*	**2021**	**2020**
Interest Income	(16,988)	(31,754)
Accrued interest	227,036	729,523
Exchange (gain) loss, net	264,363	113,956
Accrued interest from lease payments	59,571	126,812
Exchange (gain) loss, from lease payments	346,826	410,531
Other financial costs (products)	(653,952)	70,800
Other financial expenses	26,197	11,708
Total CFC	**253,054**	**1,431,575**

The Company's comprehensive financial result was $253.1 million for 2021, a decrease when compared to $1,431.6 million in 2020. Interest expenses decreased 68.9% to $227.0 million in 2021, compared to $729.5 million for the period comparable in 2020, this as a result of the financial restructuring concluded in 2021, for more details see note 15 f of the Audit. The exchange gain related to Posadas' operations translated into a loss of $323.9 million in 2021, in comparison to the exchange gain of $240.7 million in 2020, since the Mexican peso depreciated 3.1% in comparison to 2020, currency exchange rate at end of period minus currency exchange rate at beginning of period.

At the end of 2021, coverage of net interest to EBITDA and with IFRS 16 effect was 2.4 times more favorable compared to the 2020 negative coverage.

2021 – 2020 Revenue from Discontinued Operations, Net Income Tax

The Company recorded a $129 million tax in 2021 while the previous year there was a benefit of $293.9 million resulting from the Income Tax obtained from the operating result with a profit in 2021 and a loss in 2020.

This item is described in the opinion of the external auditors attached, Note 16 and in section *3) Financial Information, c) Material Credit Report.*

2021 – 2020 Net Majority Result

Our financial statements, per the Auditors', report a consolidated profit attributable to the controlling share of $63 million for 2021 and a loss of $2,118.7 million for 2020.

2021 – 2020 Financial Situation

The cash balance as of December 31, 2021, was $ 1,960.1 million (equivalent to US $ 95 million), of which $110.8 million are restricted cash.

The Company's total assets as of December 31, 2021 amount to $18,244.5 million (US $886.4 million).

The main entries for cash use were, among others, capital expenditures and taxes.

At the end of 2021, we successfully concluded our comprehensive debt restructuring by exchanging the 2022 Senior Notes for new ones due in 2027 in an amount of USD $398,581,321 (including a premium payable in capital). The latter through a complex process that established an agreement with a representative group of the previous note holders, which was later offered to the rest of the issuance holders and binding through a judicial proceeding denominated brought before the US Courts. For further details see section *3) Financial Information, c) Material Loan Information*).

At the end of 2021, total debt was $8,126 million net of issuance expenses (US $406 million), while net debt according to IFRS was $6,166 million, the Net Debt to EBITDA ratio was 10.8 times while the previous year was negative including IFRS 16 leases.

The Total Debt mix at the end of 2021 was as follows: almost 100% long-term, 98% in USD and 100% at fixed rate and guarantee with most of the Company´s material assets as described at the beginning of this Annual Report.

Upon successfully concluding the restructuring plan, S&P Global modified our corporate rate to “B-“.

d) Management Comments and Analysis of the Operating Results and Financial Situation of the Company

i) Operating Results

2020 - 2019

Corporate year ending December 31, 2020
Compared with corporate year ending December 31, 2019
Information according to International Financial Reporting Standards (IFRS)

Consolidated Comprehensive Operating Results Statement
***For the years ending December 31,* 2020 and 2019**
(In thousands of Mexican pesos)

	2020	2019
Continuing operations:		
Revenue	$ 5,225,743	$ 9,072,708
Cost of sales	4,645,322	6,184,045
Gross profit	580,421	2,888,663
Administrative expenses	767,998	1,063,209
Sale and development expenses	131,722	252,013
Depreciation, amortization, and leasing,	925,518	925,599
Rent discounts	(211,577)	-
Impairment of assets and technology platforms	55,000	6,200
Other revenue, net	(87,871)	(37,170)
Interest expense	1,140,053	1,004,038
Interest income	(31,754)	(95,412)
Commissions and financial expenses	82,509	90,623
Exchange (gain) loss, net	240,767	(312,140)
Equity in associate	-	-
	3,012,365	2,896,960
(Loss) income before income tax	(2,431,944)	(8,297)
Income tax expense	(293,947)	66,304
(Loss) income from continuing operations	(2,137,997)	(74,601)
Discontinued operations		
Income (loss) from discontinued operations	-	7,191
Consolidated (loss) income for the year	(2,137,997)	(67,410)
Other comprehensive income (loss)		
Loss on exchange differences from translating foreign operations, which will be reclassified subsequently to profit or loss	5,693	(2,162)
Remeasurement of defined benefit obligation, which will not be reclassified subsequently to profit or loss, - net of income tax	(14,827)	(61,867)
	(9,134)	(64,029)
Consolidated comprehensive (loss) income for the year	$ (2,147,131)	$ (131,439)

(Continued)

	2020	2019
Consolidated (loss) income for the year attributable to:		
Controlling interest	$ (2,118,681)	$ (79,859)
Non-controlling interest	(19,316)	12,449
Consolidated (loss) income for the year	$ (2,137,997)	$ (67,410)
Consolidated comprehensive (loss) income for the year attributable to:		
Controlling interest	$ (2,127,815)	$ (143,888)
Non-controlling interest	(19,316)	12,449
Consolidated comprehensive (loss) income for the year	$ (2,147,131)	$ (131,439)
Earnings (loss) per share:		
From continuing and discontinued operations - Basic and diluted (loss) earnings per common share (in pesos)	$ (4.27)	$ (0.16)
From continuing operations - Basic and diluted (loss) earnings per common share (in pesos)	$ (4.29)	$ (0.29)
Weighted average number of shares	495,881,988	495,881,988

(Concluded)

In this context, at the end of 2020, the following material circumstances occurred. (Additionally, reference may be made to section *2) The Company, subsection a) History and Development of the Company*.

Profit and Loss Statement – IFRS (Million pesos)	2020 IFRS 16	2020 %	2019 $	2019 %	Var %
Total Revenues	5,225.7	100.0	9,072.7	100.0	(42.4)
Owned and Leased Hotels					
Revenues	1,494.4	100.0	3,735.2	100.0	(60.0)
Direct Cost	1,480.8	99.1	2,778.5	74.4	(46.7)
Contribution	13.6	0.9	956.8	25.6	(98.6)
Management					
Revenues	546.8	100.0	1,158.9	100.0	(52.8)
Direct Cost	726.7	132.9	849.7	73.3	(14.5)
Contribution	(179.8)	(32.9)	309.3	26.7	(158.2)
Vacation Properties					
Revenues	3,070.3	100.0	3,995.8	100.0	(23.2)
Direct Cost	2,492.8	81.2	3,083.8	77.2	(19.2)
Contribution	577.4	18.8	912.0	22.8	(36.7)
Other Businesses					
Revenues	114.3	100.0	182.7	100.0	(37.5)
Direct Cost	267.1	233.8	413.6	226.4	(35.4)
Contribution	(152.8)	(133.8)	(230.9)	(126.4)	(33.8)
Corporate expenses	361.4	6.9	403.9	4.5	(10.5)
Depreciation / Amort. & Leases	914.8	17.5	887.7	9.8	3.0
Impairment of assets	0.0	0.0	0.0	0.0	na
Other (revenues) and expenses	(17.5)	(0.3)	(23.3)	(0.3)	(25.0)
Other revenues	0.0	0.0	0.0	0.0	na
Operating Profit	**(1,000.4)**	**(19.1)**	**678.8**	**7.5**	Na
EBITDA	**(85.6)**	**(1.6)**	**1,566.5**	**17.3**	na

Note: The 2020 Annual Report numbers of the Company were reclassified in some categories in relation to previous Annual Reports and audited Financial Statements, likewise, items derived from the new IFRS 16 on leases and the sale of the Fiesta Americana Condesa Cancun were added. However, these differences do not represent an interpretation risk to users of the information.

2020 – 2019 Total Revenues

The Company's total revenues decreased by 42.4% from $ 9,072.7 M in 2019 to $ 5,225.7 M in 2020. All business segments showed deterioration, derived from the COVID-19 pandemic impact, which triggered flight restrictions worldwide and the declaration of health emergency published by the Mexican government on March 31, 2020. The restrictive measures taken to contain the pandemic negatively affected the Company's results.

In 2020, the SARS COVID19 health emergency led us to continue operating our hotels in accordance with the provisions of federal and state epidemiological signal lights, with limited services according to capacity restrictions determined by health authorities. During the months from April to June 2020, most of the Company operated hotels remained closed and as of July began to reopen gradually as allowed by federal and local governments as the result of the epidemiological signal lights. Our first quarter of 2020 results were solid despite the volatility and uncertainty environment of the macroeconomic outlook for the world and Mexico caused by the Covid-19 pandemic. The health emergency resulted in the temporary closing of 160 hotels of the 187 that we operate; The 27 hotels that remained open met the specifications determined by the competent authorities serving essential activities while applying hygiene and safety policies that have been enforced under the strictest standards.

This has had an impact on operating results during the isolation period that we are undergoing, for this reason we are implementing containment strategies that allow us to continue business.

During the months of January and February 2020, the hotels presented solid operating results, generating 55% more EBITDA than in the first two months of the previous year. In the second half of March, reservations decreased by such a magnitude causing the rescheduling of reservations for both hotels and vacation programs for later.

In today's environment, the highest priority remains the health of our guests and employees, followed by the important priority of preserving liquidity.

The company continues to work with suppliers and other partners to preserve its working capital or obtain additional financing sources.

2020 – 2019 Owned and Leased Hotels

2019 registered a contraction in the average available rate of 1.8% compared to the previous year, mainly due to the factors mentioned above.

Owned hotels include the income and costs and expenses derived from the operation of the own and leased hotels that the Company operates. This segment, due to the aforementioned pandemic, suffered an income decrease of Own and Leased Hotels of 60%, $ 3,735.2 M in 2019 against $ 1,494.4 million in 2020.

From the operating point of view, this is so because the hotels had a rate decrease of 4.3%, in occupancy of 41.2% and in effective rate of 58.7%, that is, from $1,253 in 2019 to $518.3 in 2020. City hotels had a decrease in the average rate of 14.6% and effective rate of 66.7%, decreasing from $1,120 in 2019 to $373 in 2020.

Beach hotels had an average rate increase of 3.7% with a decrease in occupancy of 33.8 pp. All of the above resulted in an effective rate lower by 43.4%, decreasing from $1,642 in 2019 to $929 in 2020, compared to the previous year, due in part to the decrease in the flow of tourists in beach destinations, mainly from the States United, as a result of the restrictions imposed by the pandemic.

The Departmental Costs of the hotels owned and leased by the Company consist of the salaries related to the room staff. Additionally, these include leases, food, and beverage costs, as well as other expenses, such as agency commissions, reservation fees, and laundry and room amenities services. Departmental costs and expenses equal $1,480.8 million for 2020, which represents a 46.7% decrease compared to the $2,778.5 million that they represented in the same period of 2019. The Departmental result (Income less departmental costs and expenses) was $13.6 million for 2020, representing a 98.6% decrease compared to $956.8 million for the comparable 2019 period.

General Expenses related to the Company's own and leased hotels consist of administrative expenses, as well as expenses for sales, promotion and advertisements, maintenance and energy, property taxes, payment of insurance premiums, payment of auditor's fees and legal advisers. In sum, these expenses decreased by 27.8%, to $ 768 million during 2020 compared to $ 1,063.2 million during 2019. This decrease was due to the hotel closings and their opening in keeping with epidemiological signal lights, as well as various measures, such as agreements with suppliers, a new operating model allowing us to detect efficiencies, confront obstacles, prioritize disbursements, and the ability to turn these challenges into opportunities, generating a decrease in the main expense items, standing out energy, fees, bank commissions and office leasing.

2020 - 2019 Management

The management business includes hotel administration services, brand licensing and franchising as well as loyalty programs and call centers corresponding to Posadas managed hotels.

Due to the adoption of IFRS, inter-company operations were eliminated, such as: administration commissions, were eliminated. These were registered as expenses by owned and leased hotels, and subsequently were converted into income for the hotel administration segment.

Revenues in 2020 decreased 52.8% compared to 2019, reaching $546.8 million in 2020, compared to $1,158.9 million in 2019.

Direct costs and corporate expenses related to Hotel Management, Brands and Others category mainly include costs and expenses of corporate sales, as well as hotel operations. These costs and expenses decreased by 14.5% to $726.7 million compared to the same period in 2019 in which they represented $849.7 million. For further details of the eliminations, see note 25, Business Segments Information of the audited consolidated Financial Statements.

At the system level in 2020, including owned, leased, managed, and franchised hotels, there was a 6.3% decrease in the average rate and in occupancy of 35.1 pp, resulting in an effective rate decrease of 56.8%, decreasing from $891 in 2019 to $385 in 2020.

For city hotels, at the system level we observed a decrease in both the average rate and occupancy of 8.9% and 35.3 pp, respectively, resulting in a lower effective rate of 58.8%. On the other hand, beach hotels showed a decrease in average rate of 1.0% and in occupancy of 32.3 pp, for a lower effective rate of 46.3%.

In 2020, the company started operating 6 new hotels and stopped operating 8 (Fiesta Americana Punta Varadero, Fiesta Americana Holguin Costa Verde, Holiday Inn Merida, Live Aqua Playa del Carmen, one Coatzacoalcos Forum, Gamma Leon Universidad, Gamma Ciudad Obregon, FI San Cristobal).

In January 2021, the Fiesta Inn Express Puebla Explanada hotel was temporarily closed and operations at the Fiesta Inn Toluca Aeropuerto hotel were ceased.

For more details see the section: *1) General information, b) Executive Summary*.

2020 – 2019 Vacation Properties

This segment mainly includes the revenue derived from the marketing of vacation properties: Fiesta Americana Vacation Club (FAVC), Live Aqua Residence Club (LARC) and vacation plans (KIVAC Travel Suite and Fiesta Americana Vacation Club Access – previously "Re_Set").

Vacation Products revenue decreased from $3,995.8 million in 2019 to $3,070.3 million in 2020, representing a 23.2% drop. As of December 31, 2020, the Vacation Properties result was the generation of 287,169 room nights, which resulted in $363.3 million in hotel income.

Vacation Products expenses mainly include expenses related to sales, financing, administration, marketing, collection, payroll, energy and insurance, hotel exchanges and operation expenses of our destinations. These costs decreased by 19.2%, to $ 2,492.8 million in 2020, compared to $ 3,083.8 million for the same 2019 period.

On the other hand, the IFRS contribution margin decreased by 36.7% in comparison with the previous year of 22.8%.

As of December 31, 2020, the vacation products portfolio profile with a $ 5,939 million value of the previous year, representing a marginal decrease compared to the same period in the prior year, is within the normal collection period of less than 90 days.

2020 – 2019 Other Businesses

This segment presents third parties operations related to the Konexo and Conectum units, in order to independently measure their performance.

2020 – 2019 Corporate Expenses

Company corporate expenses include expenses such as salaries, administrative expenses, legal advisory fees, or the payment of corporate restructuring fees, as well as different payments related to its financial, corporate human resources and technology departments, as well as those of the CEO´s office. Corporate expenses (according to the Segment Note 25 of the audited Financial Statements) in 2020 represented $361.4 million, which represented a 10.5% decrease in comparison with the $403.9 million presented for the same period in 2019. In Company percentages, corporate expenses represented 6.9% of its total revenue in 2020, 2.5 pp greater than that of previous year.

Sale of 2020 – 2019 Depreciation, Amortization and Real Estate Property Leasing

Grupo Posadas had expenses for depreciation, amortization, and leasing of real estate for an amount equivalent to $914.8 million in 2020, this represented a marginal decrease compared to the $887.7 million that were expended for this concept in the comparable period of 2019.

2020 – 2019 Operating Results

The operating income of Grupo Posadas consolidates the income of its owned hotels, managed hotels, brands and others, Vacation Properties and other business lines and deducts its corporate expenses and expenses for depreciation, amortization, leasing of real estate and deterioration of assets. The profit from consolidated operations was a loss of $1,000.4 million for 2020 and $678.8 million profit for 2019.

2020 – 2019 Comprehensive Financial Result

Concept *(Million pesos)*	**2020**	**2019**
Interest Income	(31,754)	(95,412)
Accrued interest	729,523	645,357
Exchange (gain) loss, net	113,956	(224,266)
Accrued interest from lease payments	410,531	358,681
Exchange (gain) loss, from lease payments	126,812	(87,874)
Other financial costs (products)	70,800	75,613
Other financial expenses	11,708	15,010
Total CFC	**1,431,575**	**687,109**

The Company's comprehensive financial result was $1,431.6 million for 2020, an increase when compared to $ 687.1 million in 2019. Interest expenses increased 11.5% to $729.5 million in 2019, compared to $645.3 million for the period comparable in 2019. The exchange gain related to Posadas' operations translated into a loss of $240.7 million in 2020, in comparison to the exchange gain of $312.1 million in 2019, since the Mexican peso depreciated 5.2% in comparison to 2019, currency exchange rate at end of period minus currency exchange rate at beginning of period.

At the end of 2020, the coverage of net interest to EBITDA and with the effect of IFRS 16 were negative.

2020 – 2019 Revenue from discontinued operations, net income tax

The Company recorded a $ 293.9 million loss in 2020 while the previous year there was a tax of $ 66.3 million resulting from the sale of the Fiesta Americana Condesa Cancun hotel. This item is described in the opinion of the external auditors attached, Note 16 and in section *3) Financial Information, c) Material Credit Report*.

2020 – 2019 Net Majority Result

Our financial statements, per the Auditors', report a consolidated net loss of $2,118.7 million for 2020 and of $79.9 million for 2019.

2020 – 2019 Financial Situation

The cash balance as of December 31, 2020, was $ 502 million (equivalent to US $ 25 million), of which $114 million are restricted cash.

The Company's total assets as of December 31, 2020, amount to $ 19,244.1 million (US $ 964.7 million).

The main of uses cash were, among others, capital expenditures and taxes.

At the end of 2020, total debt was $8,557 million net of issuance expenses (US $401 million), while net debt according to IFRS was $8,055 million, including unpaid interest in 2020 related to Senior Notes 2022 (US $ 404 million), the Net Debt to EBITDA ratio was negative including IFRS 16 leases.

The Total Debt mix at the end of 2020 was as follows: almost 100% long-term, 98% in USD and 100% at fixed rate. The average life of the debt was short-term and only 2% was debt secured by a real estate asset.

It is worth mentioning that on June 30, 2020 and December 30, 2020, the interest payments due on those dates was omitted, as stated in the material events of June 25 and December 30, 2020. Said liability is presented as short-term

As of December 31, 2020, the corporate ratings were:

- Moody´s: global scale “Ca”.
- S&P: global scale “D”.

The rating for notes “7.875% Senior Notes Due 2022” were: Moody’s “Ca”/ S&P: “D”..

d) Management Comments and Analysis of the Operating Results and Financial Situation of the Company

i) Operating Results

2019 - 2018

Corporate year ending December 31, 2019
Compared with corporate year ending December 31, 2018
Information according to International Financial Reporting Standards (IFRS)

Consolidated Comprehensive Operating Results Statement
***For the years ending December 31,* 2019 and 2019**
(In thousands of Mexican pesos)

		2019		2018
Continuing operations:				
Revenue	$	9,072,708	$	8,325,848
Cost of sales		6,184,045		5,393,149
Gross profit		2,888,663		2,932,699
Administrative expenses		1,063,209		1,151,869
Sale and development expenses		252,013		211,992
Depreciation, amortization, and leasing,		925,599		917,575
Rent discounts		-		-
Impairment of assets and technology platforms		6,200		19,498
Other revenue, net		(37,170)		(1,391,474)
Interest expense		1,004,038		653,537
Interest income		(95,412)		(172,765)
Commissions and financial expenses		90,623		83,516
Exchange (gain) loss, net		(312,140)		(81,335)
Equity in associate		-		(15,000)
		2,896,960		1,377,413
(Loss) income before income tax		(8,297)		1,555,286
Income tax expense		66,304		591,985
(Loss) income from continuing operations		(74,601)		963,301
Discontinued operations				
Income (loss) from discontinued operations		7,191		(31,202)
Consolidated (loss) income for the year		(67,410)		932,099
Other comprehensive income (loss)				
Loss on exchange differences from translating foreign operations, which will be reclassified subsequently to profit or loss		(2,162)		(2,478)
Remeasurement of defined benefit obligation, which will not be reclassified subsequently to profit or loss, - net of income tax		(61,867)		34,417
		(64,029)		31,939
Consolidated comprehensive (loss) income for the year	$	(131,439)	$	964,038

(Continued)

		2019		2018
Consolidated (loss) income for the year attributable to:				
Controlling interest	$	(79,859)	$	928,724
Non-controlling interest		12,449		3,375
Consolidated (loss) income for the year	$	(67,410)	$	932,099
Consolidated comprehensive (loss) income for the year attributable to:				
Controlling interest	$	(143,888)	$	960,663
Non-controlling interest		12,449		3,375
Consolidated comprehensive (loss) income for the year	$	(131,439)	$	964,038
Earnings (loss) per share:				
From continuing and discontinued operations - Basic and diluted (loss) earnings per common share (in pesos)	$	(0.16)	$	1.87
From continuing operations - Basic and diluted (loss) earnings per common share (in pesos)	$	(0.29)	$	1.94
Weighted average number of shares		495,881,988		495,881,988

(Concluded)

In this context, at the end of 2019, the following material events occurred. (Additionally, reference may be made to section *2) The Company, subsection a) History and Development of the Company*.

Profit and Loss Statement – IFRS	2019				2018		Var %
(Million pesos)	IFRS 16	Leases	BAU	%	$	%	
Total Revenues	9,072.7		9,072.7	100.0	8,325.8	100.0	9.0
Owned and Leased Hotels							
Revenues	3,735.2		3,735.2	100.0	3,403.8	100.0	9.7
Direct Cost	2,778.5	672.7	3,451.2	92.4	2,903.5	85.3	18.9
Contribution	956.8	(672.7)	284.1	7.6	500.4	14.7	(43.2)
Management							
Revenues	1,158.9		1,158.9	100.0	1,177.2	100.0	(1.5)
Direct Cost	849.7	3.1	852.8	73.6	786.8	66.8	8.4
Contribution	309.3	(3.1)	306.2	26.4	390.4	33.2	(21.6)
Vacation Properties							
Revenues	3,995.8		3,995.8	100.0	3,564.2	100.0	12.1
Direct Cost	3,083.8	3.6	3,087.4	77.3	2,634.6	73.9	17.2
Contribution	912.0	(3.6)	908.4	22.7	929.5	26.1	(2.3)
Other Businesses							
Revenues	182.7		182.7	100.0	180.7	100.0	1.1
Direct Cost	413.6	2.7	416.3	227.8	386.3	213.8	7.8
Contribution	(230.9)	(2.7)	(233.6)	(127.8)	(205.6)	(113.8)	13.6
Corporate expenses	403.9	28.6	432.5	4.8	379.4	4.6	14.0
Depreciation / Amort. & Leases	887.7	501.1	386.6	4.3	402.1	4.8	(3.9)
Impairment of assets	0.0		0.0	0.0	0.0	0.0	Na
Other (revenues) and expenses	(23.3)		(23.3)	(0.3)	(1,190.1)	(14.3)	(98.0)
Other revenues	0.0		0.0	0.0	0.0	0.0	Na
Operating Profit	**678.8**	**(209.6)**	**469.2**	**5.2**	**2,023.2**	**24.3**	**(76.8)**
EBITDA (excludes FACC)			**855.8**	**9.4**	**1,272.4**	**15.3**	**(32.7)**
EBITDA	**1,566.5**	**710.7**	**855.8**	**9.4**	**2,425.3**	**29.1**	**(64.7)**

Note: The 2019 Annual Report numbers of the Company were reclassified in some items in relation to previous years' Annual Reports and audited Financial Statements. Likewise, items based on the new IFRS 16 on leases and the sale of the Fiesta Americana Condesa Cancun were added. However, these differences do not represent an interpretation risk to users of the information.

2019 - 2018 Total Revenues

The Company's total revenues grew 9.0% from $ 8,325.8 M in 2018 to $ 9,072.7 M in 2019. All business segments presented growth as compared to the previous year, except for the Management segment.

In 2019 several unexpected events happened, it is worth mentioning that we had expected the 2018 trend would continue, but various domestic and foreign situations such as the cancellation of the New Mexico City airport (NAIM) began to change the outlook for 2019 that explain the lower generation of EBITDA, AA, which we describe below:

I. The austerity policies of the new federal and Mexico City governments led to a slowdown in the trend of government reservations, groups and conventions.
II. The federal government suspended the Mexico Tourism Promotion Council (CPTM, due to its initials in Spanish) fund, thus limiting the advertising of "Mexico" as a brand abroad, which may partially explain a smaller inflow of inbound tourists traveling to Mexico.

III. In the effort to combat crime related to fuel theft ("Huachicol"), certain shortages occurred in early 2019 that caused a relative immobilization of operations in certain areas of the country. This situation had the effect of very low occupancies factors of 34% of Posadas' room inventory mainly in the central area of Mexico.

IV. Incorporation of two leased hotels that have needed more time to reach stable occupancies, the Grand Fiesta Americana Puerto Vallarta and Fiesta Inn Puebla hotels.

V. Impact of strong sargassum season in Quintana Roo from May to August 2019, causing competitor discounts of up to 20% and shifting traffic to other destinations.

VI. Three other recently opened hotels with lower performance than expected:

- The Live Aqua Cancun hotel (341 rooms) was remodeled expecting to increase rates by 20%, however, limited demand caused that this expectation has not been met. Even though the monthly lease payment after being remodeled increased, since 50% of the $450 million peso remodeling was carried out by the lessors of this hotel.
- Live Aqua San Miguel Allende (150 rooms), a "high-end" hotel that has needed more time to achieve stable rates and occupancies.
- Fiesta Americana Satelite, a new recently opened hotel that has not provided the initial performance expected.

2019 – 2018 Owned and Leased Hotels

Owned and Leased Hotels (Accumulated)	Total		Urban		Coastal	
	2019	% Var.	2019	% Var.	2019	% Var.
Average rooms available	5,199	11.9	3,723	4.5	1,476	36.3
ADR	1,740	(1.8)	1,561	(0.7)	2,177	(9.8)
Occupancy (Var. in pp)	72%	(3.1)	72%	(3.3)	74%	(3.0)
RevPar	1,258	(5.9)	1,118	(5.1)	1,610	(13.3)

2019 recorded a contraction in the average available rate of 1.8% compared to the previous year, mainly due to the factors mentioned above.

Owned hotels include the income and costs and expenses derived from the operation of the owned and leased hotels that the Company runs. The 9.7% increase in revenues from Owned and Leased Hotels of $3,735.2 M in 2019 versus $3,403.8 M in 2018 is mainly attributed to adding three leased hotels: Grand Fiesta Americana Puerto Vallarta, Fiesta Inn Puebla and Fiesta Inn Express Puebla Explanada. From an operational point of view, it is attributed to the fact that urban hotels had a decrease in the average rate of 0.7% and an effective rate of 5.1%, decreasing from $1,174 in 2018 to $ 1,118 in 2019. This, accompanied with an increase of 4.5% in the number of average rooms available.

Beach hotels operated 36.3% more rooms due to the rooms that were under renovation at the Live Aqua Beach Resort Cancun hotel and the Grand Fiesta Americana Puerto Vallarta hotel that the previous year was under a management contract. Also, beach hotels suffered a decrease in the average rate of 9.8% with a decrease in occupancy of 3.0 pp. All of the above resulted in an effective rate of 13.3% lower in comparison to the previous year, due in part to the decrease in the flow of tourists to beach destinations, mainly from the United States, as a result of US government alerts and the lack of advertisement abroad that was previously done with the funds of the Tourism Promotion Council of Mexico (CPTM, due to its initials in English).

The Departmental Costs of the hotels owned and leased by the Company consist of the salaries related to the room staff. In addition, they include leases, food and beverage costs, as well as other expenses, such as travel agency fees, reservation fees, and room amenities and laundry services. Departmental costs and expenses are equivalent to $3,451.2 million for 2019, representing an 18.9% increase compared to $2,903.5 million for the same period in 2018. The Departmental result (income less costs and departmental expenses) was $284.1 million for 2019, representing a decrease of 43.2% compared to $500.4 million for the comparable period of 2018.

General Expenses related to the Company's owned and leased hotels consist of administrative expenses, as well as sales and marketing, maintenance and energy expenses, property taxes, payment of insurance premiums, payments of auditors' fees and legal advisers. In sum, these expenses decreased by 7.7%, to $1,063.2 million during 2019 compared to $1,151.9 million during 2018. This decrease was attributed to the double-digit decrease in office leasing and a marginal decrease in insurance and bonds.

2019 - 2018 Management

The management business encompasses hotel administration services, brand license and franchising, as well as those of the loyalty program and call center corresponding to the hotels operated by Posadas.

Due to the adoption of IFRS, intercompany operations, such as: management fees recorded as expenses in the owned and leased hotels segment that subsequently recorded as revenue for the hotel management segment, are eliminated.

Revenue in 2019 decreased 1.5% compared to 2018, obtaining $1,158.9 million in 2019, compared to $ 1,177.2 million in 2018.

The direct costs and corporate expenses related to the category of Hotel Management, Brands and Others mainly include corporate sales costs and expenses, as well as hotel operations. These costs and expenses increased 8.4% to $852.8 million compared to the same period in 2018 in which they represented $786.8 million. For more detail on the eliminations, please see note 24, Business Segment Information, of the audited consolidated Financial Statements.

Management (Accumulated)	Total		Urban		Coastal	
	2019	% Var.	2019	% Var.	2019	% Var.
Average rooms available	24,594	5.2	22,079	5.3	2,515	3.9
ADR	1,370	(0.4)	1,242	1.0	2,398	(5.8)
Occupancy (Var. in pp)	65%	(1.5)	64%	(1.6)	71%	(0.7)
RevPar	888	(2.6)	797	(1.4)	1,693	(6.7)

System-wide in 2019, including owned, leased, managed, and franchised hotels, an increase in average rooms of 5.2% and a decrease in the average daily rate of 0.4% were observed. There was an occupancy decrease of 1.5 pp resulting in an effective rate decrease of 2.6%. The table above details the operating results for urban and beach hotels, respectively.

The following operating information takes into consideration the performance of all hotels operated in Mexico "same hotels" (hotels operating during the last 24 months):

Management (Accumulated)	Total		Urban		Coastal	
	2019	% Var.	2019	% Var.	2019	% Var.
Average rooms available	21,756	0.5	19,685	0.1	2,071	4.8
ADR	1,378	(0.8)	1,240	(0.2)	2,592	(6.1)
Occupancy (Var. in pp)	67%	(0.9)	66%	(1.0)	72%	0.2
RevPar	922	(2.0)	823	(1.6)	1,862	(5.9)

In comparison with the preceding year:

For urban hotels, system-wide, we observed that the number of average rooms operated presented a 0.5% increase with a decrease in both the average rate and occupancy of 0.8% and 0.9 pp, respectively, to reach a lower effective rate of 2.0%. On the other hand, beach hotels presented a 4.8% decrease in average rooms. The average rate decreased by 6.1% with a higher occupancy of 0.2 pp, yielding a lower effective rate of 5.9%.

During 2019, the Company began operating 14 new hotels, stopped operating 5 (One Reynosa Valle Alto, One Celaya, Fiesta Inn Celaya, One Irapuato, and Gamma Torreon). Two conversions were made: Fiesta Americana Veracruz to Gran Fiesta Americana Veracruz and Grand Fiesta Americana Vallarta changed from a management contract to a leasing contract. For more details see section: 1) General Information, b) Executive Summary.

2019 - 2018 Vacation Properties

This segment mainly includes the revenue derived from the marketing of vacation properties: Fiesta Americana Vacation Club (FAVC), Live Aqua Residence Club (LARC) and vacation plans (KIVAC Travel Suite and Fiesta Americana Vacation Club Access – previously "Re_Set").

The revenue from vacation products increased from $3,564.2 million in 2018, to $3,995.8 million in the 2019 comparable period, representing an 12.1% increase. Growth defined the vacation properties business, to December 31, 2019, it closed with more than 79,000 members and travelers. Of these 31,525 are FAVC members, 1,123 LARC members and 45,406 members including the new KIVAC Travel Suite product and 1,507 Fiesta Americana Vacation Club Access program members. (previously "Re_Set").

It is worth mentioning that Food and Beverage revenues grew 8.3%.

The expenses of Vacation Products mainly include sales, financing, administration, marketing, collection, payroll including energy and insurance, hotel exchanges and operating expenses of our destinations. These costs increased 17.2% to $3,087.4 million in comparison to $2,634.6 million for the same period in 2018.

On the other hand, the IFRS contribution margin decreased 2.3% in comparison with the previous year at 22.7%, and the business margin was 8.1% lower than the previous year.

As of December 31, 2019, the vacation properties portfolio profile valued at $6,213 million, representing a 25% increase in comparison to the same period of the preceding year. Thus, revealing the soundness of the portfolio since 91.5% of the same is in the normal collection period of less than 90 days.

2019 - 2018 Other Businesses

This segment presents third parties operations related to the Konexo and Conectum units, in order to independently measure their performance.

2019 - 2018 Corporate Expenses

Company corporate expenses include expenses such as salaries, administrative expenses, legal advisory fees, or the payment of corporate restructuring fees, as well as diverse payments related to its financial, corporate human resources and technology departments, including those of the CEO´s office. Corporate expenses (according to the Business Segment Information Note 24 of the audited consolidated Financial Statements) in 2019 represented $432.5 million, which represented a 14.0% decrease in comparison with $379.4 million in the same period of 2018. Corporate expenses represented 4.8% of its total revenue in 2019, 0.2 pp greater than that of the previous year.

2019 – 2018 Depreciation, Amortization and Real Estate Property Leasing

Grupo Posadas had expenses for depreciation, amortization, and leasing of real estate for an amount equal to $931.8 million in 2019. This represented a marginal decrease compared to the $937.1 million that were expended for this concept in the comparable period of 2018.

2019 – 2018 Operating Results

The operating income of Grupo Posadas consolidates the income of its owned hotel and leased hotels, management, brands and others, Vacation Properties and other business lines and deducts its corporate expenses and expenses for depreciation, amortization, leasing of real estate and deterioration of assets. It is important to note that in the line of Other (income) expenses, net, the profit from the sale of the Fiesta Americana Condesa Cancun hotel was recorded in 2018. Consequently, as a result of the foregoing, the profit from consolidated operations was $469.2 million for 2019 and $2,023.2 million for 2018.

2019 – 2018 Comprehensive Financial Result

Concept *(Million pesos)*	**2019**	**2018**
Interest Income	(95,412)	(172,765)
Accrued interest	645,357	653,537
Exchange (gain) loss, net	(224,266)	(81,335)
Accrued interest from lease payments	358,681	0
Exchange (gain) loss, from lease payments	(87,874)	0
Other financial costs (products)	75,613	71,616

Other financial expenses	15,010	11,899
Total CFC	**687,109**	**482,952**

The Company's comprehensive financial result was $687.1 million for 2019, an increase when compared to $ 482.9 million in 2018. Interest expenses decreased 1.3% to $645.3 million in 2019, compared to $653.5 million for the period comparable in 2018. The overall exchange gain of $312.1 million in 2019, compares favorably to the exchange gain of $81.3 million in 2018, since the Mexican peso appreciated 4.1% when compared to 2018.

At the end of 2019, the net interest coverage to EBITDA was 1.6 times, the important change with that reported the previous year was due to the fact that the profit obtained from the sale of the Fiesta Americana Condesa Cancun hotel is no longer considered. With the effect of IFRS 16 it is 1.7 times.

2019 – 2018 Revenue from discontinued operations, net income tax

The Company recorded taxes of $66.3 million in 2019 while the previous year was $592.0 million as a result of the sale of the Fiesta Americana Condesa Cancun hotel. This item is described in the opinion of the external auditors attached, Note 16 and in section 3) Financial Information, c) Relevant Credit Report.

2019 – 2018 Net Majority Result

According to the opinion of our auditors, our financial statements report a consolidated net loss of $79.9 million for 2019 and a profit of $928.7 million for 2018.

2019 – 2018 Financial Situation

The cash balance as of December 31, 2019 was $1,239.5 million (equivalent to US$65.7 million).

The Company's total assets amount to $20,695.5 million (US$1,096.6 million).

The main uses of cash were, amongst others, capital expenses, interest payments corresponding to the "Senior Notes Due 2022" coupon, and taxes.

Total debt amounted to $7,397 (US$401 million) million net of issuance expenses, while net debt according to IFRS was $6,157 million (US$326 million). The ratio of Net Debt to EBITDA was 7.2 times and 6.6 times including IFRS 16-leases.

The Total Debt mix was as follows: almost 100% long-term, 98% in USD and 100% fixed rate. The average life was 2.5 years and only 2% of the was secured.

As of December 31, 2019, the corporate ratings were:

- Moody´s: global scale "B2" with positive outlook
- S&P Global Ratings: global scale "B" with stable outlook.
- Fitch Ratings: global scale Issuer Default Rating (IDR) "B" and local scale "BB+(mex)", both with negative outlook.

The rating for the notes "7.875% Senior Notes Due 2022" were: Moody´s: "B2"/ S&P: "B"/Fitch: "B RR4".

ii) Financial Situation, Liquidity and Capital Markets

The Company operates in a capital-intensive industry; thus, it requires significant funds to meet its capital expense needs. Historically, its capital expense needs have been provided by a combination of funds derived from internal generation, sale of assets, capital, and debt.

For some years, the Company strategy had been to continue growing through hotel management contracts, which implied less capital expense. However, certain investors have preferred to execute leasing contracts whereby Posadas undertakes the maintenance, equipment, furnishings, operating equipment, and working capital investment obligations. Moreover, in certain hotels such as Live Aqua Cancun, Fiesta Americana Condesa Cancun and Grand Fiesta Americana Chapultepec, it has undertaken investment commitments for the remodeling and adaptation of the real property, its installations and equipment, furnishings, and operating equipment. Resulting from these operations, throughout the last 3 years we have been able to invest more than $1,100 million pesos in the maintenance and remodeling of our hotels (principally Live Aqua Cancun Beach Resort, Fiesta Americana Condesa Cancun, Fiesta Americana Guadalajara, Fiesta Americana Merida, Fiesta Americana Chapultepec), distribution channel technology, as well as in the technological infrastructure of Grupo Posadas.

Usually, the source of the Company's operating expenses was internal income, however, the effects of the Covid 19 pandemic in 2020 limited the capacity to generate income and the liquidity necessary to do so. During 021, a significant recovery was observed even though the pandemic has not disappeared, due to this, the use of funds during 2020 was reflected in the cash balance from January 1, 2021, to December 31, 2021 which increased from $501.7 million to $1,960.1 million, mainly due to the Riviera Maya development sale.

To December 31, 2021, 2020 and 2019, financial debt was integrated as follows (interest rates in force to December 31, 2021 – 2019, respectively):

USD (Thousands)	**2021**	**2020**	**2019**
"Senior Notes 2022" fixed interest rate 7.875%	-	7,727,116	7,233,874
"*Senior Notes 2027*" at staggered rate of 4% to 8%	7,951.884		
MXN (Thousands)			
Loan at annual rate 9.175%	156,747	156,539	163,178
	8,108,631	**7,883,655**	**7,397,052**
Minus			
Long-term maturities	(23,521)	(7,748,597)	(25,766)
Long-term debt	**8,085.110**	**135,058**	**7,371,286**

To December 31, 2021, 100% of the Company's debt was at a fixed rate. Its nominal weighted interest rate with tax withheld at the close of 2021 was 4.21% in US Dollars.

The long-term debt maturity dates to December 31, 2021, are as follows:

To pay during	**Thousands of Mexican pesos**
2023	33,830
2024	101,736
2025 and therefore	8,204,199
Equivalent in thousands of Mexican pesos	8,339,765
Less - debt issuance costs	(254,655)
	$ 8,085,110

Hereinafter is a summary of the details of the Corporation's material debt.

Senior Notes

At the end of the year, we successfully concluded our debt restructuring, by exchanging the 2022 Senior Notes, for new notes due in 2027 in an amount of USD$398,581,321 (including a premium payable in kind). The latter through a complex agreement established with a previous note-holder representative group, which was later offered to the rest of the issue holders and binding through a judicial procedure called "prepackaged Chapter 11", brought before the United States courts.

As background, on June 30, 2015, the Company issued debt for US$350 million dollars in notes known as "2022 Senior Notes" by way of the Luxemburg Securities Exchange. The intention was to substitute the US$310 million dollars issue known as "2017 Senior Notes" that the Issuer held to December 31, 2014, and for which US$1,060 dollars were offered for each thousand dollars of the prior issue. As a result of the offer, it was possible to repurchase US$271.7 million dollars of "2017 Senior Notes" equivalent to 87.63% of the principal amount. The "2022 Senior Notes" accrue 7.875% annual interest with a principal due date of June 30, 2022. The interest is payable bi-annually starting on December 30, 2015. It is worth to remember that in May 2016, a $50 million dollar reopening was carried out on the same 2015 issue terms and conditions.

On February 20, 2019, pursuant to the contract ("Indenture") of the 7.875% Senior Notes Due 2022, the Company announced to the market through the BMV, the Offer to Purchase for Cash to prepay and cancel up to $515 million of its debt due in 2022. The offer period expired on March 20, 2019 and was liquidated on March 22, 2019. After the cash purchase offer, the balance of the 7.875% Senior Notes Due 2022 is US$392,605,000.

On February 19, 2019, a trust was constituted in Banco Santander, S. A., with $224 million derived from the sale of the Hotel Fiesta Americana Condesa Cancun, so that in compliance with the 2022 Senior Notes provisions, these funds would be applied to payment of the consideration stipulated in the Investment Plan that is contained in the selfsame trust contract. Said trust considers five hotel projects and estimated its duration would be approximately 12 months. To the issuance date of this annual report, the trust had been extinguished after fulfilling its purpose

Principal restrictions and negative covenants stipulated in the debt contracts to December 31, 2021:

- Limitations to incur in additional debt
- Limitations to grant guarantees
- Restriction on making certain payments and investments
- Obligation to grant in guarantee the rights resulting from investments
- Restrictions on the possibility and terms of asset sales
- Obligation to allocate net asset sale profits for certain purposes, such as payment of certain identified tax liabilities or debt repurchase
- Dividend payments
- Transactions with affiliates
- Merging with other entities and change of control
- Obligation to pay the withholding taxes so that creditors receive the full amounts they would have received if said taxes were not incurred.

Likewise, the following predicates, amongst others, may trigger an accelerated maturity: default in the payment of principal and interest, crossed payment and crossed acceleration with any other financial debt, breach of affirmative and negative covenants, bankruptcy or request for bankruptcy, liquidation or commercial insolvency proceeding, delivery of false or incorrect material information and change of control.

On October 3, 2019, the merger of Inversora Inmobiliaria Club, S.A. de C.V., entered into effect, which was guarantor of the Indenture of the Senior Notes Due 2022. Therefore, the Senior Notes are guaranteed by Operadora del Golfo de Mexico, S.A. de C.V. The Indenture imposes customary obligations and restrictions for this type of instrument. The following is a breakdown of the main financial items of the Company plus the guarantor subsidiaries separated from the non-guarantor subsidiaries (some figures may vary due to rounding):

Results (Million pesos as of December 31, 2020	Grupo Posadas & Guarantors	Consolidated

	2021	2020	2019	2021	2020	2019
Total Revenues	7,258	5,054	8,698	7,407	5,226	9,073
Impairment, depreciation and amort.	864	882	853	897	915	888
Leases	(242)	(201)	44	(242)	(201)	44
(Net Loss)	48	(2,042)	(48)	58	(2,138)	(67)
Total Assets	17,645	18,469	19,850	18,244	19,244	20,696
Total Liabilities	17,030	18,007	17,258	17,232	18,335	17,639

Chain supply (factoring credit lines)

The Company established four factoring credit lines programs, with Banco Santander (Mexico), S.A., Banco Actinver, S.A., BBVA Bancomer, S.A. and Banco Monex, S. A., for a total amount of up to $280 M. As of December 31, 2019, the Company had the lines used at 30%. As of December 31, 2020, the Company had lines for $100 M, used at 100%

As of December 31, 2021, the Company had lines contracted with Banca Mifel, S.A. up to $100 M, with collateral of 1.0x. The purpose of the lines of credit is to carry out financial factoring transactions with suppliers with a maximum payment term of 90 days. As of this same date, the lines were 100% used.

Inmobiliaria del Sudeste

On June 22, 2017, the subsidiary Inmobiliaria del Sudeste, S.A. de C.V., owner of hotel Fiesta Americana Merida obtained a secured trust loan for $210 million for a seven-year term. The funds were used for corporate purposes including remodeling of the hotel public areas. On January 23, 2018, the Company prepaid $10 M, reducing the unpaid balance to $200 M. As of December 31, 2019, and December 31, 2020, the outstanding balance amounted to $165 M and $159 M, respectively. On June 18, 2020, the second amended agreement was signed by which the bank granted a grace period to defer the payment of interest and principal for 12 months beginning in April 2020.

The third amendment agreement to the modified and restated contract, dated April 23, 2021, establishes that interest will be paid quarterly until April 23, 2022, and on this same date principal payment will be resumed on a monthly basis beginning with the amount of $2,458.

Amongst the main affirmative covenants of this loan are those inherent to a loan contract, such as compliance with financial indexes and delivery of quarterly and annual financial information. Regarding the applicability of negative covenants, are changes in the nature of the business, conveyance of assets, change of control, modification of the hotel, amongst others. Any breach of the obligations undertaken will be cause for termination.

Liquidity Loan 2021

On March 24, 2021, the Company announced the contracting of a $450 million peso loan, guaranteed with a guarantee trust on its Fiesta Americana Reforma and Fiesta Americana Guadalajara hotels and a pledge guarantee on the rights over said trust. The loan was contracted on market terms and was essential to maintain ordinary company operations and the liquidity necessary in the face of the challenges that the uncertainty derived from the Covid-19 epidemic has imposed on the accommodation and tourism sector. The amount of the funds received was used mainly for payment of the eighth out of ten annual payments that are part of the agreement with the Tax Administration Service (SAT) in 2017. The remaining amount will be used to finance expenses related to this transaction, taxes, and other corporate purposes. This loan was paid in advance in the month of October 2021.

Sale of assets.

The Company has executed the sale of the Fiesta Americana Hacienda Galindo hotel, which it continues operating.

On September 29, 2021, we sold our 12.5% interest in the Rivera Maya development project investment trust. This transaction completed the termination announced on July 8, 2021, of the hotel operation contract in said Project

Derivatives The Company monitors and has occasionally participated in the derivatives market, using these instruments as an economic hedge for its debt. As of December 31, 2020, the company did not have any financial instrument contracted.

To finance its operation and growth, as of December 31, 2021, the Company had only one bond issue abroad. In March 2021, it contracted a loan with a real property guarantee to meet certain liquidity needs. Said loan was anticipatorily paid in the month of October. See section: *3) Financial Information, c) Material Loan Report.*

The Company occasionally uses derivative financial instruments by relating hedges to debt incurred. The derivative financial instruments which have been used are those involving the exchange of principal and interest from one currency to another (CCS) and instruments to fix variable debt interest rates (IRS). The preceding is for economic hedging purposes. To date, the Company does not have any of these instruments contracted.

The reference or underlying variables of derivative financial instruments applicable to Cross Currency Swaps (CCS) held by the Issuer may be subject to market, loan and operation risks that may result in unexpected and material losses. A fall in asset valuation, an unanticipated financing event or unforeseen circumstances causing a correlation of factors that were previously uncorrelated, may cause losses resulting from risks inappropriately unaccounted for when a derivative financial instrument was structured and traded. Some of these factors are the exchange rate (“FX”), Libor rate changes represented in basis points (“pbs”), changes in Spread or Basis pbs and changes in the TIIE rate represented in pbs. Currently, the notional value of these instruments has been considerably reduced and the hedge by these instruments is maintained, and the depreciation corresponding to monthly markets valuations are recorded in the integrated net profit and loss statement of savings corresponding to monthly flow exchanges for each coupon in pesos and dollars as part of the Comprehensive Financial Result (“RIF”, due to its initials in Spanish). For greater detail please see section: *3) Financial Information, ii) Financial Situation, Liquidity and Capital Resources, Derivative Financial Instruments.*

Treasury. The corporate treasury manages the treasury of hotels of which Posadas is owner and lessee and of the service businesses other than those strictly related to the hotel business.

Historically, the Company has sought to keep a balanced currency investment structure and this structure is mainly composed of a Mexican-peso and US-dollar debt mix that each one of the Grupo Posadas‘ companies hold. In Grupo Posadas, the bulk of the investments are concentrated in money market government issued instruments. These instruments allow the Company to keep liquidity and availability to meet its daily cash flow needs.

At the close of tax year 2021, approximately 60% of our cash was denominated in dollars, with a cash balance as of December 31, 2021, of $1,960.1 million of which $110.8 million were restricted cash.

Capital Expenses. At the close of December 2021, capital expenses amounted to $268 million; of which 41% was allocated to hotels, 22% to vacation products and 37% for corporate use.

Currently, the Company mostly finances budgeted capital expenses by internal generation. The Company’s dependence on debt to finance capital expenses has decreased in the extent that it has expanded through hotel management contracts or leasing contracts.

On February 19, 2019, a trust was constituted in Banco Santander, S. A., with $224 million derived from the sale of the Hotel Fiesta Americana Condesa Cancun, so that in compliance with the provisions of the 2022 Senior Notes these funds would be applied to payment of the consideration stipulated in the Investment Plan contained in the selfsame trust contract. Said trust considers five hotel projects and estimates its duration at approximately 12 months. As of December 31, 2020, the trust has been extinguished since its purpose has been achieved..

Balance Account Changes. For the 2021, 2020 and 2019 corporate years, the company is recognizing the adoption of IFRS which principally affects the items of fixed assets, credit risks, Vacation Properties reserves and deferred taxes, amongst others. For greater detail consult the Audited Financial Statements in the Attachment.

Off-the-Books operations. As of December 31, 2021, the Company had not carried out any material operation that was not recorded in the Audited Financial Statements.

iii) Internal Control

The Company has an Audit Committee which carries out audit activities established by the Mexican Securities Market Law (LMV, due to its initials in Spanish), as well as those corporate practices activities determined by the Board of Directors. The Audit Committee is formed by at least three independent directors appointed by the Company Board of Directors or its Shareholders Meeting. The Chairman of this Committee is appointed by the General Shareholders Meeting.

Likewise, the Company has a Corporate Practices Committee responsible for activities related to corporate practices as established by the Securities Market Law, except for those similar activities that the Board of Directors assigns to the Audit Committee or other Committees which meet the requirements and obligations established by the Securities Market Law. The Corporate Practices Committee is made up of at least three independent directors appointed by the Company Board of Directors or its Shareholders Meeting. The Chairman of this Committee is appointed by the General Shareholders Meeting.

To mitigate risks and continue strengthening Corporate Government, the Company has an Internal Audit Division. This Division has added to its duties advising, based on a risk methodology, the business units, because of the organizational restructuring effectuated at the end of 2020. This division reports to the Chief Executive Officer Division and to the Audit Committee.

Annually, the Internal Audit Division, under the Chief Executive Officer, proposes to the Audit Committee the annual internal audit plan, whose quarterly progress and findings are presented to said Committee. Notwithstanding, the Audit Division participates in carrying out un-scheduled audits at the request of the Office of the Chief Executive Officer, or of any other upper-level body.

The Vice-presidency of Finance and the Administration Division are responsible for designing, establishing, and verifying general guidelines for the critical internal control points of the Company operations, so that they comply with the IFRS. These mechanisms, guidelines and criteria are continuously subject to auditing by the external auditor of the Company, which may be pointed out and discussed by the latter, at least quarterly in the Audit Committee sessions.

e) Critical Accounting Estimates, Allowances or Reserves

See Note 5 of the Audited Financial Statements in the Attachment.

The critical accounting opinions and key uncertainty sources when applying the estimates made to the date of the consolidated financial statements December 31, 2021, are:

i. The evaluation of the Entity’s role as agent or principal in the real property leases.

Complex situations are assessed regarding property leases where both lessor and lessee may make decisions about an identified asset, and the way in which each party benefits from such assets, in order to determine whether the Entity act as an agent or principal, which affects the recognition of revenues, operating costs and expenses, and the decision to record assets by use rights and their respective payment obligation for the lease term.

ii. Vacation Club Revenue Recognition

Management makes judgments to decide when membership contract performance obligations in the of Vacation Club are fulfilled, such as the transfer of a right enforceable as regards to third parties, and upon transferring control over real property to membership buyers which have an effect on revenue recognition.

This revenue is considered financial leasing, since almost all the risks and benefits inherent in the FAVC ownership are transferred to the purchasers, and the right of use is granted for a period similar to the life of the assets.

iii. Classification criteria of the Company’s operating segments

The Company classifies its results into four operating segments, based on internal reports prepared using a managerial approach.

iv. The estimated amount of investments in securities other than cash equivalents.

To the preparation date of the consolidated financial position statement, the Company estimates the amount of its short-term cash needs considering its operating cycle, the debt service for the following year, and the budget authorized by the Investment Committee for capital investments. The surplus is presented as Investments in securities, other than cash equivalents.

v. The discount rates and terms of the hotels leased by the Company.

The Company values leased assets and defines which are low-value. Those for which usage rights are recorded are analyzed to determine contractual terms, renewal possibilities based on economic benefits, committed payment projections and the discount rates used for each asset type to determine the amount to be recorded.

vi. The allowance for doubtful accounts and returns related to Vacation Club Properties.

Estimates are used to determine allowances for doubtful accounts, considering mainly collection arrears pursuant to the established financing plans. The allowance for Vacation Club returns is determined based on a percentage of probability that memberships will be cancelled.

Documented receivables for the operation of Vacation Properties - As of December 31, 2021, the reserve for returns of Vacation Properties according to IFRS amounts to $272.7 M.

vii. The presentation of deferred revenues and other Kivac assets, short and long-term.

Kivac points that are expected to be utilized during the following 12 months from the date of the consolidated financial position statement are classified as current, considering the expected Kivac collection, which is the trigger that entitles the purchasers to use the hospitality service of this product.

viii. Long-term Asset Impairment.

If there is evidence of impairment, the Company conducts a review to determine whether the carrying amount exceeds its recoverable value of its assets. During this analysis, it is necessary to make estimates regarding the value in use assigned to the buildings. Value-in-use calculations require the Company to determine the future cash flows that should arise from the cash-generating units and an appropriate discount rate to calculate the present value. The Company uses projections of cash flows, estimating the historical performance, the related market conditions, and determination of occupancy levels and rates.

ix. The use of tax losses

In order to determine whether these losses can be carried forward, the Company projects earnings and taxable income that will be generated individually in the following years through a detailed business plan at the Business Unit level, which includes the sale of non-strategic assets, new investment projects, and the reorganization of entities within the group, among others, which would generate sufficient profits and provide possibilities to utilize tax losses before they expire.

x. The effects of the contingencies faced by the Company

The Company is subject to legal proceedings in the ordinary course of business, for which it assesses the likelihood of an unfavorable outcome, considering the status of the legal process at the date of the estimate and the opinion of legal advisers; said evaluations are periodically reviewed.

xi. The useful life and residual value of properties

The Company uses independent appraisers to estimate the useful life and the residual value of its assets, which considers the useful life according to engineering construction costs studies and real property components, foundations, electrical, hydro sanitary and air conditioning installations.

4) MANAGEMENT

a) External Auditors

During the last corporate years (2002-2021) Galaz, Yamazaki, Ruiz Urquiza, S.C., a member firm of Deloitte Touche Tohmatsu Limited, has conducted the independent audit.

During the last sixteen corporate years, the Company's financial statements have not been subject to qualification or negative opinion by the external auditors, nor have said auditors refrained from issuing an opinion. For the 2020 and 2021 tax years, the auditor has included in its audit an emphasis paragraph regarding the COVID 19 pandemic effects and the 2022 Senior Notes financial restructuring.

The independent auditor is appointed by the Company's Board of Directors. Since 2003, the Audit Committee's opinion has been taken into consideration, taking into account the independence, professionalism, experience, prior performance evaluation of the firm appointed as independent auditor.

In October 2021, the external audit firm Galaz, Yamazaki, Ruiz Urquiza, S.C. informed the Company that C.P.A. Carlos M Pantoja Flores decided, for personal reasons, to retire from the firm. In substitution, the firm appointed Carlos Torres Villagomez to take over the external audit of the company's consolidated financial statements as of December 31, 2021, as Independent External Auditor. This substitution was previously assessed by the Audit Committee and approved by the Board of Directors.

During the 2013 corporate year, the Audit Committee directed the selection process for the legal entity that provides the Company's external audit services by way of a quantitative and qualitative evaluation process of the four principal auditing firms in Mexico. The latter to make a recommendation to the Board of Directors regarding the hiring of the legal entity that would provide external audit services. Due to the entry into force of the new applicable circular, the Company has followed the evaluation processes of the different personal, professional, quality control and independence aspects amongst others so as to evaluate and recommend to the Board the contracting of external auditor services. This included the fee proposal, as well as the amount of the services to be provided by said firm under the concept of permitted services un-related to audits, and which, based on internal rules, could not exceed 30% of the total auditing fees agreed with said firm. During the corporate year ending on December 31, 2021, additional or complementary services represented approximately 27% of the professional fees approved by the Board under the concept of auditing services.

The additional or complementary services provided by Galaz, Yamazaki, Ruiz Urquiza, S.C. during the 2021 corporate year included: (i) transfer price analysis regarding Grupo Posadas' subsidiaries (ii) attestation of the reasonable compliance of liabilities due to the IMSS, INFONAVIT and local property taxes, and (iii) credit risk and anticipated losses management tool, in accordance with IFRS9, taking into consideration in the opinion of the Audit Committee that the contracting of said services does not affect the independence of the external auditor in relation to the auditing of the financial statements of the Company.

b) Related Party Transactions and Conflicts of Interest

In the normal course of its activities, the Company has entered into commercial and financial transactions with its subsidiaries and a good number of entities where it has a shareholding participation, whether or not it has material influence. Regarding the latter, the most relevant transactions refer to loans, joint guarantees, current account contracts, leasing, rendering of services, purchase and sale of shares, assets, inter-company loans, merger of Company subsidiaries, diverse operations to administratively simplify the corporate and subsidiary structure, and hotel management operation contracts, and/or licenses to use brands which it may have signed for managing hotel properties of Inmobiliaria del Sudeste. The Company intends to continue entering into part of these transactions in the future. From time to time, the Company analyzes transfer prices, thus, in the opinion of the administration, the transactions with related companies are executed on market terms.

In the 2021 corporate year, the Corporate Practices Committee was not informed of any matter requiring the Board of Directors approval so that any director, relevant officer or person with power to control could take advantage of a business opportunity for themselves or in favor of third parties and which would correspond to the Issuer or to the legal entities controlled by the Issuer, or on which it has a material influence on the terms of Article 28, section III, subsection f) of the Securities Exchange Law.

The employee benefits granted to key management personnel and/or Material Directors of the Issuer within the normal course of the Company's business may be summarized as presented for corporate years 2021, 2020 and 2019 in the Audit of the Independent Auditors which is found in Attachment. For further detail regarding payments to Material Directors, please see note 19 of the Audited Financial Statements attached hereto.

The Corporate Practices Committee informed the Board of Directors of the Issuer that it had information regarding specific operations between the Company's subsidiaries or between the Company's subsidiaries and the Company which were ordinary or customary for the business. The above operations were considered to have been concluded at market price; and operations with related parties consisting of the supply of pastry and bakery products, rendering hotel consultancy services, legal advisory services, rendering operating and reception services to hotels located in Monterrey, Saltillo, Tijuana, Mexicali, and Queretaro; subleasing of premises in the Fiesta Americana Guadalajara hotel, acquiring Christmas gifts for hotel owners, acquiring hotel signposting fixtures, acquiring of chip bracelets to open certain hotel doors, acquiring promotional gifts for vacation club clients, and committing to a money loan, as to which the committee issued a favorable opinion.

c) Management and Shareholders

Management and Shareholders.

According to the Company corporate by-laws, the Company's management is the responsibility of a Board of Directors, whose members are annually elected or ratified at a General Ordinary Shareholders Meeting.

The corporate by-laws provide that the Board of Directors must meet at least every three months. The Company corporate by-laws establish, amongst others, that the Issuer companies must have a minimum of 5 directors and a maximum of 21, and that at least 25% of the members must be independent. The Permanent and Alternate Secretaries are not members of the Board of Directors.

The Board of Directors designated by the Ordinary Shareholders Meeting of the Company, held on April 19, 2021 and valid through April 4, 2022 is composed of 10 permanent directors which are listed hereinbelow:

Members of the Board of Directors:

Member	Age	Occupation	Appointed Date
Pablo Azcárraga Andrade	63	Presidente del Consejo de Administración de Grupo Posadas	29-Apr-97
Enrique Azcárraga Andrade	57	Director General, EXIO, S.C.	31-May-91
Fernando Chico Pardo**	69	Presidente, Promecap, S.C.	26-Jul-95
José Carlos Azcárraga Andrade	56	Director General de Grupo Posadas	30-Apr-08
Juan Servitje Curzio	64	Presidente del Consejo de Administración de Productos Rich S.A. de C.V.	30-Apr-12
Guillermo García-Naranjo Álvarez*	65	Consultor independiente	20-Feb-19
Silvia Sisset de Guadalupe Harp Calderoni	50	Inversionista Privado	05-Apr-10
Carlos Levy Covarrubias	60	Inversionista Privado	27-Apr-06
Luis Alfonso Nicolau Gutiérrez*	60	Consultor independiente	30-Apr-12
Benjamín Clariond Reyes-Retana*	73	Consultor independiente	27-Mar-13

* Independent Consultant
** As of the Ordinary General Assembly of April 5, 2022, he ceased to be part of the Company's Board of Directors

Pablo Azcarraga Andrade
Mr. Azcarraga holds an accounting degree from Universidad Anahuac and a Master's Degree in Hotel Management with a certificate in Marketing and Finance from Cornell University in New York. From 1986 to date, he has held various positions within Posadas, such as General Director of Fiesta Americana Condesa Cancun hotel, General Director of the Fiesta Americana Hotel Division, and he is currently the Chairman of the Board of Directors of Posadas.

Enrique Azcarraga Andrade
Mr. Azcarraga is an industrial engineer with an MBA degree from Harvard University. He has collaborated in several companies such as Operadora de Bolsa, Grupo Posadas, DESC – Sociedad de Fomento Industrial, GBM – Grupo Bursatil Mexicano, and is currently the General Director of Exio, S.C., a wealth investment consulting company.

Fernando Chico Pardo

Mr. Chico holds a degree in Business Administration and a Master's Degree in Business Administration from Northwestern University. Mr. Chico has held several positions in the following companies: Bimbo, Anderson-Clayton, Bank of America, Salomon Brothers, Standard Chartered Bank, Mocatta Metals Corporation, Casa de Bolsa Acciones y Asesoria Bursatil, Inversora Bursatil, Grupo Financiero Inbursa and is currently the Chairman of Promecap, S.C. and ASUR. Mr. Chico is also, amongst others, a member of the Board of Directors of: Grupo Financiero Inbursa, Condumex, Grupo Carso, Sanborns, Sears Roebuck de Mexico, United Pension Fund, Quantum Group of Funds and Papalote Museo del Niño.

Jose Carlos Azcarraga Andrade

Mr. Azcarraga is an industrial engineer from the Universidad Anahuac, with a Master's Degree in Business Administration from Kellogg School of Management at Northwestern University. He has held various positions in the Company, such as General Director of Vacation Properties Posadas, and since November 11, 2011, he is General Director "CEO" of Grupo Posadas, S.A.B de C.V.

Juan Servitje Curzio

Mr. Servitje is an industrial engineering graduate from the Universidad Anahuac and holds a Master's Degree in Business Administration with honors from Northwestern University, J.L. Kellogg School of Management. He is the Chairman of the Board of Directors of Productos Rich, S.A. de C.V., and since 2000, he is the Chairman of Rich Products Corporation for Latin America, also he is a member of the Grupo FRIALSA Board (Leading Company in Mexico in controlled temperature Storage and Distribution). Likewise, he participates in various non-profit organizations such as USEM (Mexican Social Entrepreneurs Union), SIFE (Students in Free Enterprise), amongst others.

Guillermo Garcia-Naranjo Alvarez

Mr. Garcia-Naranjo is a Certified Public Accountant, and for more than 20 years he has served as statutory auditor of multiple companies in different industries, actively participating in diverse associations such as the Mexican Institute of Financial Executives (IMEF), the College of Public Accountants of Mexico (CCPM), the Mexican Institute of Public Accountants (IMCP) and the Mexican Financial Reporting Standards Council (CINIF). He worked at KPMG during almost 40 years, holding different posts until he became Partner General Director, position that he held from 2001 to September 30, 2016, during said time period, he was also a member of the International Board of KPMG and of KPMG Americas.

Silvia Sisset de Guadalupe Harp Calderoni

Ms. Harp holds a Public Accounting degree from the ITAM. She worked at Robert's and at Filantropia, Educacion y Cultura, A.C. Ms. Harp was the General Director of Fundacion Alfredo Harp Helu and since 2006 she holds the position of Chairwoman. At the moment, she participates on the Boards of Directors of Grupo Marti and the Fundacion Teleton Trust.

Carlos Levy Covarrubias

Mr. Levy holds a Bachelor's Degree in Business Administration from the Universidad Iberoamericana. In 1987, he joined Casa de Bolsa Accival and held several equity operations positions until he became Operations Director. From 1991 through 2005, Mr. Levy held various positions in Banamex-Accival Financial Group, such as the Group's Director of Wealth Coordination, Deputy General Director of Treasury, General Director of Casa de Bolsa Accival and Corporate Director for Specialized Banking and Investment Management of Banamex Financial Group. After leaving the Financial Group, Mr. Levy founded an investment management company in which he currently participates. Likewise, he was the Chairman of the Mexican Association of Securities Brokers from 2003 through 2005.

Luis A. Nicolau Gutierrez

Mr. Nicolau is a law graduate of the *Escuela Libre de Derecho* and holds a Master's Degree in Law from Columbia University (Fullbright Scholar). Since 1999 he is a partner of the law firm Ritch, Mueller, Heather y Nicolau, S.C. He is a member of the Board of Directors of Coca-Cola FEMSA, KIO Networks, Morgan Stanley Mexico, Grupo Financiero Credit Suisse, UBS Asesores Mexico and Lazard Mexico. Member of the Investment Committee of Ignia Fund and Promotora Social Mexico, A.C., and a member of the Supervisory Committee of the Mexican Securities Exchange. He is the author of diverse securities market, corporate governance, mergers and acquisitions publications.

Benjamin Clariond Reyes-Retana

Mr. Clariond has a degree in Business Administration from the Instituto Tecnologico y de Estudios Superiores de Monterrey, a certificate in upper-level corporate management from the Industrial Studies Center in Geneva, and a certificate in Family-Owned Enterprise Management from the Wharton School, incorporated into the University of Pennsylvania. He has held various upper-level executive positions in Grupo IMSA in Monterrey and was chairman and board member of industrial, banking and service institutions. A legislative representative elected to the LIV Legislature for the 1st Federal Electoral District of Nuevo Leon, at that time he was a member of the Committees for Human Settlements and Public Works, Industrial Capital and Promotion and Communication and Transportation, and was also on the Technical Committee of the Chamber of Deputies. He was the Municipal President of Monterrey from January 1, 1992, to October 31, 1994 and on April 17, 1996 the State Congress designated him interim Governor of the state of Nuevo Leon. He is a Federal Deputy elected by proportional representation for Nuevo Leon to the LXI Legislature of Mexico's Congress.

Mr. Pablo Azcarraga Andrade, Mr. Enrique Azcarraga Andrade and Mr. Jose Carlos Azcarraga Andrade are brothers. Mr. Juan Servitje Curzio is married to Cecilia Azcarraga Andrade.

Furthermore, the Ordinary General Shareholders Meeting of Grupo Posadas, S.A.B. de C.V also ratified the following alternate members to the Board of Directors: Alfredo Loera Fernandez and Charbel Christian Francisco Harp Calderoni, to represent indistinctly Silvia Sisset Harp Calderoni and Carlos Levy Covarrubias in their absence.

The majority of the members of the Board of Directors must be Mexican. The minority shareholders holding 10% of the corporate capital are also entitled to appoint a director and their corresponding alternate. The directors shall continue in their positions, although their appointed term has concluded or if they have resigned from the position, for up to a term of thirty calendar days in the absence of their alternate's appointment or if the latter does not take possession of their position, thus the Article 154 provisions of the General Law of Business Corporations are inapplicable. Should this be the case, the Board may appoint temporary directors without the shareholders meeting approval.

So that a Board of Directors meeting is legally convened, the majority attendance requirement of the permanent members or their respective alternates must be met, and the resolutions of the Board of Directors shall be valid if taken by a majority vote of those present at the meeting. Should a tie exist, the Board of Directors' chairman shall have the deciding vote. However, should the Board convene to discuss any proposal to purchase Company shares, the presence of at least 75% of the permanent directors or their respective alternates shall be required.

The Company's corporate by-laws provide that the Board of Directors shall convene at least once every three months, and that the Chairman of the Board, 25% of the directors, the Secretary or the Vice-Secretary, the Chairman of the Audit Committee or the Chairman of the Corporate Practices Committee may call for a Board meeting.

In compliance with the Securities Exchange Law, the Company's Board of Directors shall approve all operations different from the Company's ordinary business, and which, amongst others, include: (i) the Company's general strategy, (ii) operations with related parties, except if these are immaterial to the Company due to their amount, (iii) non-recurring and unusual transactions and the purchase or sale of assets with a value equal to or greater than 5% of the Company's consolidated assets, and (iv) granting guarantees or undertaking liabilities in an amount equal to or greater than 5% of the Company's consolidated assets.

The Board of Directors is the Company's legal representative. The Board of Directors is responsible, amongst other things, for:

- approving the Company's general business strategy;
- approving, after hearing the Audit Committee or the Corporate Practices Committee's opinion, as applicable case: (i) operations with related parties, subject to determined exceptions, (ii) the appointment of the Chief Executive Officer or Chairman, their remunerations and removal, for justifiable cause, (iii) the Company and its subsidiaries' financial statements, (iv) unusual or non-recurring operations and any operation or series of operations in the same corporate year which involve (a) the purchase or sale of assets in an amount equal to or greater than 2.5% of the Company's consolidated assets, or (b) the granting of guarantees or undertaking of liabilities in an amount equal to or greater than 2.5% of the Company's consolidated assets, (v) the agreements entered into with external auditors, and (vi) accounting policies;
- establishing special committees and determining their powers and authority, in the understanding that the Board of Directors may not delegate to any said committee the powers expressly reserved, in

accordance with the law, to the Company's shareholders or Board;

- determining matters related to the change in control clause provided for in the corporate by-laws.

Duties of Due Diligence and Loyalty

The LMV (Securities Exchange Law) imposes duties of due diligence and loyalty on the directors. The duty of due diligence implies that the Company's directors must act in good faith and in the Company's best interest. To said purpose, the Company's directors are obligated to request from the Chief Executive Officer, the material officers, and the external auditors the information reasonably necessary to make decisions. Directors who breach their due diligence duty shall be severally responsible for actual and consequential damages caused to the Company or its subsidiaries.

The duty of loyalty implies that the Company's directors must maintain as confidential all information they obtain due to their positions and refrain from participating in the deliberation and voting on any issue in which they have any conflict of interest. Directors are disloyal to the Company if they obtain economic benefits for themselves, if they knowingly favor a determined shareholder or group of shareholders, or if they take advantage of business opportunities without an exemption granted by the Board of Directors. The duty of loyalty also implies that the directors shall (i) inform the Audit Committee and/or the Corporate Practices Committee and the external auditors of all irregularities of which they obtain knowledge during the performance of their duties, and/or (ii) refrain from disclosing false information and from ordering or causing the omission of recording transactions carried out by the Company affecting any financial statement concept.

Directors who breach their duty of loyalty are considered liable for actual and consequential damages caused to the Company or its subsidiaries resulting from the aforementioned acts or omissions. This liability applies also to the actual and consequential damages caused to the Company resulting from the economic benefits obtained by the directors or third parties due to their breach of loyalty.

Directors may be subject to criminal penalties of up to 12 years imprisonment should they act in bad faith affecting the Company, including the alteration of its financial statements and reports.

A liability action for breach may be exercised by shareholders representing at least 5% of the corporate capital, and criminal proceedings may only be exercised by the Ministry of Finance and Public Credit pursuant to the CNBV's prior opinion. Directors will not incur in the aforementioned responsibilities (including criminal responsibilities) if acting in good faith: (i) they fulfill the legally approved requirements for those matters which should be presided over by the Board of Directors or its committee, (ii) they make decisions pursuant to the information provided by material officers or third parties whose capacity and credibility are not subject to reasonable doubt, (iii) they choose, to the best of their knowledge, the most appropriate alternative, or the negative patrimonial consequences were unforeseeable, and (iv) they comply with shareholders' resolutions, provided that said resolutions do not contravene the applicable laws.

In compliance with the Mexican Securities Exchange Law (LMV), for the exercise of its supervisory powers, the Board of Directors may be supported by an Audit Committee and a Corporate Practices Committee, and the Company's external auditor. The Audit Committee and the Corporate Practices Committee, jointly with the Board of Directors, exercise the duties previously carried out by the Statutory Auditor in keeping with the General Law of Business Corporations.

Remuneration of Directors

The Shareholders Ordinary General Meeting of Grupo Posadas, S.A.B. de C.V., held on April 19, 2021 resolved, ratified by the 2022 meeting, to return to the remuneration model of 2019. This is the equivalent of two *centenarios* for attendance and participation by the directors, secretary, and vice-secretary at the sessions of the board of directors and the audit and corporate practices committees. The audit and corporate practices committee chairpersons will be remunerated by the equivalent of three *centenarios*[T.N.] for each session of said committees in which they participate. Directors who are members of the Board of Directors' executive committee will not be remunerated for their participation in said committee sessions for the 2021 and 2022 corporate year. From April 2020 and until April 19, 2021, the directors did not receive any remuneration for the performance of their duties.

Executive Committee

[T.N.] This is the word in Spanish for a gold coin minted to celebrate the centennial of Mexican Independence.

In keeping with the Company's corporate by-laws, an Executive Committee exists, composed of a minimum of 3 and a maximum of 5 permanent members, who may have alternates and who may or may not be directors. The Executive Committee is elected by the Board of Directors and its members hold their positions for the term of one year; however, they continue in their positions until the persons appointed to substitute them takes office. The Executive Committee is in charge of analyzing Company issues, matters or problems regarding its business or new businesses, taking into consideration the economic, legal or any other perspectives considered relevant. The Committee may present proposals before the Board of Directors regarding the matters under discussion and it may only act representative of the Company when the Board of Directors so decides. Executive Committee members do not receive any remuneration for carrying out their duties. The Board of Directors may delegate to said Committee certain responsibilities in addition to the ones stipulated in the corporate by-laws.

Audit Committee and Corporate Practices Committee

At the present time, the Audit Committee is composed of three members: Guillermo Garcia-Naranjo Alvarez, as Chairman, Benjamin Clariond Reyes-Retana and Luis Alfonso Nicolau Gutierrez. The Chairman was ratified by the Ordinary General Shareholders Meeting held on April 5, 2022, and the remaining members will be submitted for designation by the Board of Directors in its session of April 27, 2022. The Chairman of the Audit Committee is appointed by the Company's shareholders meeting and the other members by the Board of Directors.

At present, the Corporate Practices Committee is composed of three members: Luis Alfonso Nicolau Gutierrez (appointed by the Shareholders Meeting held on April 5, 2022), as Chairman, Guillermo Garcia-Naranjo Alvarez and Benjamin Clariond Reyes-Retana, were ratified as members of this committee at the Board of Directors meeting of April 27, 2022. The Chairman of the Corporate Practices Committee is appointed by the Company's shareholders meeting, and the remaining members by the Board of Directors.

In the opinion of the Board, each committee has at least one financial expert.

The Audit Committee and the Corporate Practices Committee are responsible for, amongst other matters and within their jurisdiction per the terms of the Securities Exchange Law, (i) supervising the duties of the external auditors and analyzing their reports, (ii) discussing and supervising the formulation of the financial statements, (iii) presenting before the board of directors a report on the effectiveness of the internal control systems, (iv) requesting reports from the members and material directors whenever they deem it necessary, (v) informing the board of directors of all irregularities of which they have knowledge, (vi) receiving and analyzing the comments and observations formulated by the shareholders, members of the board, relevant directors, third parties or external auditors, and carrying out, in their opinion, the pertinent actions related to said comments, as well as complying with determined obligations related to the designation, contracting, quality evaluation, independence, requisites, observations, communications, etc. of the external auditing firm, (vii) calling shareholders meetings, (viii) evaluating the performance of the Chief Executive Officer or Chairman, (ix) preparing and presenting its annual activity report to the Board of Directors, (x) providing opinions to the Board of Directors, (xi) requesting and obtaining opinions from independent experts, and (xii) attending Board of Directors sessions when drafting annual reports and fulfilling all other information presentation obligations.

The Chairman of the Audit Committee shall prepare an annual activity report for said committee and present it to the board of directors. Such annual report shall include, at least: (i) the status of the internal control and internal audit system and, if applicable, the descriptions of its deficiencies and deviations, as well as the aspects requiring improvements, taking into consideration the opinions, reports, communiques and the external audit report, as well as the reports issued by independent experts; (ii) report and monitor prevention and corrective measures implemented based on investigative results related to breaches of the Company's operating and accounting registration guidelines and policies; (iii) a performance assessment of the legal entity rendering the external audit services, as well as of the external auditor in charge of the same, the quality of the external auditors' report, and of the observation made to the fundamental auditing procedures, the internal controls and other material comments formulated by the external auditor; (iv) the description and evaluation of the additional or complementary services, if applicable, provided by the legal entity entrusted with carrying out the external audit, as well as those rendered by the independent experts, the evaluation of the independence requisites, and the measures implemented to guarantee the independence of the auditing firm, the external auditor and their work team; (v) material results of the review of the financial statements of the Company and its subsidiaries, (vi) the description and effects of modifications of accounting policies; (vii) the measures adopted due to material observations formulated by shareholders, members, material directors, employees and, in general, by any third party, regarding accounting, internal controls, and matters related to external or internal audits, or derived from the accusations made of non-conforming administrative conduct; and (viii) the follow-up of the resolutions resulting from the shareholders' and Board of Directors' meetings.

The Chairman of the Corporate Practices Committee shall prepare an annual report of the activities of said body and present it to the board of directors. Said annual report shall comprise, at least: (i) observations regarding the performance of the material directors; (ii) transactions executed with related parties, specifying the details of important and material operations; (iii) remunerations of the members of the board and material directors, (iv) exemptions granted by the Board of Directors pursuant to the terms stipulated in article 28, (3), subsection f of the Securities Exchange Law.

Principal Officers

A brief biographical summary of the principal officers is herein as follows:

Name	Age	Current Position	Years with the Company
José Carlos Azcárraga Andrade	56	Director General de Grupo Posadas	28
Javier Barrera Segura	59	Vicepresidente Estrategia, Alianzas y Capital Humano	33
Jorge Carvallo Couttolenc	65	Vicepresidente Desarrollo	28
Arturo Martínez del Campo Saucedo	55	Vicepresidente Administración y Finanzas	7
Enrique Calderón Fernández	55	Vicepresidente Upscale & Luxury	15
Gerardo Rioseco Orihuela	58	Vicepresidente Lealtad	22

Javier Barrera Segura

Mr. Barrera holds a degree in Economics from the ITAM and a Master's Degree in Business Administration from Tulane University. For more than 20 years, he has held important positions in the Company. Before becoming Vice-President of Posadas´ Franchising. Mr. Barrera was responsible for designing and launching the Fiesta Americana Vacation Club business and he was also Marketing Director. In 1986, he was granted the National Economics Award.

Jorge Carvallo Couttolenc

Mr. Carvallo holds a Chemical Engineering degree and a Master's degree in Business Administration from the ITAM. In the Company, he has held various positions in the Finance and Development areas. As General Director of Real Property, he has been responsible for developing the Mexican and South American expansion plans and he is currently Vice-President of Inmobiliaria Posadas (Real Estate).

Arturo Martinez del Campo Saucedo

Mr. Martinez del Campo is an Industrial Engineering graduate from the Universidad Iberoamericana with a Master's Degree in Administration from the University of California. He joined Grupo Posadas, S.A.B. de C.V. on February 2, 2015. He obtained broad experience in Grupo Financiero Banamex – Citigroup; he held the following positions: Mexico Cost Management Head, Financial Planning Corporate Banking and Treasury (Mexico / Latam), Chief Financial and Administrative Officer at *Credito Familiar* and Chief Financial Officer at Avantel / Banamex Citigroup, among others.

Enrique Calderon Fernandez

Mr. Calderon has a degree in Hotel Administration from the Centro de Estudios Superiores de San Angel. He has served for more than 20 years in the hotel marketing and tourism service areas in Posadas and other companies of the tourism sector, creating marketing, promotional and sales strategies. In 1999, he joined Posadas as Sales Director for Fiesta Americana hotels, and since then he has held several positions such as Sales Director South Region, Urban Hotels Key Accounts and Mexico Sales Director.

Gerardo Rioseco Orihuela

Mr. Rioseco is an Industrial Engineering graduate from the Universidad Anahuac del Sur. With prior experience in the finance and tourism sectors, he joined the Company in 1999 participating in the launch of Fiesta Americana Vacation Club as Project Director in Los Cabos. From 2002 on, he is the Commercial Director of FAVC and subsequently Vacation Properties Vice-President. In November 2011, he was appointed Vice-President of Vacation Properties. He is Vice-President of the Mexican Association of Tourism Developers (AMDETOUR) and a board member of the American Resort Development Association (ARDA).

In addition to the Executive Committee described above, at the end of 2020, the Company created a new corporate structure, which has a new Extended Committee as regards the regarding the general management executive committee:

Name	Age	Current Position	Years with the Company
Alejandro Recamier Flores	41	Products and Loyalty Programs Director	11
Adrián Correa Pérez	47	Midscale & Economy Director	20
José Jaime Lorenzo Doria	45	Revenue Management, Distribution & Technology Director	13
Mauricio Elizondo Martínez de la Vega	42	Development Director	18
Patricio Servitje Azcárraga	36	Planning Director	5

This change seeks, in a more efficient structure, to cover new fronts, develop new generations and nurture the Company with multidisciplinary talents.

A brief biographical description of the Extended Committee is presented hereinbelow:

Alejando Recamier Flores

Holds an Economics degree with a master's degree in Business Administration from ITAM. He has more than 10 years of experience in the tourism sector. Since 2010, he has held management positions in the Posadas Vacation Properties division, actively participating in developing products such as Kivac, FAVC Access, amongst others.

Adrian Correa Perez

Holds a degree in Administration, graduated from the Universidad del Nuevo Mundo, joined the company in 2001 in the Commercial area, holding various positions in the area of Key Accounts, Sales Divisions in Urban hotels and Resorts, Regional Sales Director for the Central- Zone. Bajio and Central Zona, Sales Director for Fiesta Inn, Gamma and One Hotels and Sales Director for Urban hotels and Resorts. Subsequently, in the Operations area, he held various positions such as Operations Director and General Director of the Fiesta Americana Reforma hotel, Western Region Operations Director, Operations Director of the Fiesta Inn, Gamma and One brands. In October 2020, he was appointed Director of Midscale and Economy Hotels.

Jose Jaime Lorenzo Doria

A Chemical Engineer from the Universidad Iberoamericana with a Master's Degree in Process Optimization from Imperial College. In 2008, he joined Posadas as Director of Commercial Competitiveness, from then on, he has held various positions such as Director of Strategic Planning, and Director of Distribution and CRM.

Mauricio Elizondo Martinez de la Vega

An Industrial Engineer graduated from the Universidad Iberoamericana and with a master's degree in higher-level business management, he joined Posadas in December 2003 after having worked for a few years in banking. Within the group, he has held various management positions in areas such as revenue management, distribution, and vacation properties, and has more than 17 years of experience in the hospitality sector.

Patricio Servitje Azcarraga

Industrial Engineer from the Universidad Iberoamericana with a master's degree in Business Administration from Stanford. He joined the company in 2016 as Director of Strategic Planning and since 2020 he also directs the Financial Planning area. Prior to Posadas, he was a consultant at Boston Consulting Group. Mr. Servitje is no longer a company employee as of December 31, 2021.

On December 31, 2021, Jorge Carvallo Couttolenc and Patricio Servitje Azcárraga ceased to being company employees and members of the Executive Committee and the Extended Committee, respectively.

Remuneration of Executive Committee (Management) members and Principal Officers

The Company has established an Executive Committee retirement and pension plan which to December 31, 2021, reports a total accumulated reserve of $36.4 million.

As of December 31, 2021, material directors and other employees of the Company had received loans, and as of that date, their aggregate unpaid balance amounted to approximately US$1.2 M.

As of December 31, 2021, the total amount of benefits of any nature received from the Company´s and its subsidiaries by members of the Board of Directors, material Directors and related persons amounted to $244.7 million. The nature of the benefits includes remunerations for directors, consideration for supplying goods or rendering services, as well as salaries and employee benefits for material Directors.

Employment Inclusion

Diversity and a culture of inclusion are part of the company's strategic objectives, thus, at the end of 2021 the Diversity and Inclusion Ccommittee was created. The Committee defined as priorities for 2022, the following aspects: disability, gender equality and LGBT+.

The issuer does not have any policy or program promoting non-discriminatory employment inclusion regardless of sex in the composition of its governing bodies and among its employees.

At present, 89% of the permanent directors of the board are male and 100% of the alternate directors are men. 100% of the independent directors are men. Only 11% of the permanent directors are female (one director). While 100% of the material directors of the board are male.

Principal Shareholders

According to information obtained as of March 28, 2022, (date of the S.D. Indeval S.A. de C.V. report due to the ordinary general shareholders meeting held on April 5, 2022), from the information disclosed by the shareholders, board members and material officers of the Issuer, as of the date of this report and to the extent of the Company's knowledge, the following shareholders fall into the predicates stated herein below:

(i) Shareholders or group of shareholders who are beneficiaries of more than 10% of the shareholder equity of the Company:

a. Blk Acciones Mexico Disc II S.A. de C.V., Variable Income Investment Fund. We have no information that allows us to identify a "shareholder beneficiary" of this corporate capital holding.

b. A group of the members of the Azcarraga Andrade family are the holder of more than 10% of the equity of the Company. Said persons are: Maria Beatriz, Maria Cecilia, Maria Luisa, Pablo, Enrique, Jose Carlos Azcarraga Andrade, Mariana, Jeronimo, Pedro, and Xavier Azcarraga De Leschevin de Prevoisin, Nicolas Servitje Azcarraga, Fernanda Azcarraga Galas, Andres de Haro Azcarraga, Alvaro Azcarraga Fuentes. To the extent of the disclosure, each of them is beneficiary, in their portion, of beneficiary rights to the selfsame, therefore amongst them, a "shareholder beneficiary" cannot be identified.

(ii) Shareholders or group of shareholders with material influence, control over or power to control the Company:

a. A group of persons who are members of the Azcarraga Andrade Family may exercise material influence and power to control the Company, should they exercise their voting rights for the same purpose. Various family members or persons to related to them, are material board directors and/or executive directors of the Issuer, amongst others, the Chairman of the Board of Directors, the Chief Executive Officer, and a member of the extended executive committee.

(iii) Material directors and executives who hold more than 1% and less than 10% to this date: To this date, it is known that group composed of Pablo, Jose Carlos and Enrique Azcarraga Andrade hold in aggregate, directly or indirectly, approximately 18.83% of the Issuer's corporate capital.

Code of Ethics and Conduct

The Company has a Code of Ethics and Conduct containing provisions on the duties of the Issuer's employees regarding the following aspects: Diversity and non-discrimination, bullying and harassment, respect and honesty, corruption, security, violence in the workplace work, alcoholic beverages and drugs, respect for Company Assets, intellectual property rights, confidentiality and personal information, conflict of interest, among others.

In February 2019, the Board of Directors approved updating some of the provisions of the Code of Ethics and Conduct.

Additionally, in 2019, the company prepared an Integrity Policy, which complies with the provisions of the General Law of Administrative Responsibilities, thereby reinforcing our adherence to the guidelines established by the authority in the fight against corruption in the public and private sector.

The Ethics and Conduct Committee holds quarterly sessions to discuss and resolve issues presented by means of formal accusation channels established by the Company.

Within the framework of complying with the National Code of Conduct promoted by the Ministry of Tourism, there was published an Interpretation Criteria of the National Code of Conduct regarding the prohibition of child labor, sexual and work exploitation, and human trafficking. The Company Hotels are bound to observe said Code and have implemented the measures contained therein.

d) Corporate By-laws and Other Agreements

The Board of Directors has the authority to determine the criteria for the compensation packages of the Chief Executive Officer and other material executives, and in legal terms, the power to approve policies and guidelines for the use and enjoyment of assets of Posadas, operations between related persons, amongst these, board members, executives or approval so that a relevant board member or director or a person with the power to control may take advantage of business opportunities to benefit themselves or in favor of third parties. Based on the above, the Board of Directors determined the operations policy with related parties that includes, amongst other aspects, benefits granted by the Company to shareholders, Directors and collaborators, guidelines to be observed to identify, authorize, control and report transactions/operations with related parties, how to treat and manage conflicts of interests as well as the policy for operations with shares of the Issuer.

During 2021 corporate year, the shareholders twice approved amending the company's bylaws, regarding to: (i) the corporate purpose and (ii) the prohibition of issuing non-voting shares .

In accordance with the corporate by-laws in effect for the Company, the quorum requirements for convening and validity of the resolutions adopted in the Ordinary and Extraordinary Shareholders' Meeting are the following:

To consider legally convened an ordinary general shareholders meeting at first call to meeting at least 50% of the ordinary Series "A" shares should be represented. Through second or subsequent calls, the Ordinary General Shareholders' Meeting shall be considered validly convened if any number of Series "A" shares are represented.

To consider legally convened an extraordinary general shareholder's meeting at first call at least 75% of the ordinary Series "A" shares should be represented. At second or subsequent calls, the Extraordinary General Shareholders' Meeting, in reference, shall be considered validly convened if at least 50% of the Series "A" shares are represented.

In accordance with the Company's by-laws, the Board of Directors has, amongst others, the following powers: 1) general power of attorney for collections and lawsuits with all the general and special powers that require a special clause in accordance with the Law; 2) general power of attorney to manage business and corporate assets on the broadest terms in compliance with the provisions of the respective law; 3) general power of attorney for acts of ownership, pursuant to the provisions of the respective law; 4) the Board of Directors shall have general legal representation powers by the delegation of legal representation of the corporate principal to represent it in trials or employment proceedings under the terms of the Federal Labor Law in force; 5) general power of attorney to draw, accept, endorse, negotiate, issue, guarantee, certify and in any other manner subscribe negotiable instruments on behalf and representation of the company, on the terms established in the General Law of Negotiable Instruments and Credit Operations; 6) powers to open and cancel bank, investment or other accounts as well as to make deposits and draw on said accounts through the person or persons designated by the selfsame Board of Directors; 7) powers to appoint and remove the chief executive officer of the company and lower-ranking officers, as well to determine their attributions, powers, performance bonds, employment conditions and remunerations; 8) powers to grant general or special powers of attorney, as well as to substitute or delegate the powers granted to it, always reserving the right to exercise the same, and to revoke any of the powers granted, substituted or delegated; 9) the Board of Directors, through its chairperson, secretary or vice-secretary, may call Ordinary or Extraordinary General Shareholders' Meetings, in all the cases set forth in these By-laws or when deemed convenient, and to set the date, time and order of business for said Meetings; 10) to execute the resolutions adopted by any Company Shareholders' Meeting which shall be done through its chairperson, except if that power is delegated to another board member; 11) to establish and modify the

Company's or its subsidiaries employee share sales or purchase options or share subscription plans; 12) to appoint and remove the Executive Committee members, as well as members of other mid-level administration or operation bodies, establishing their composition, powers and functioning subject to the provisions of the applicable law; and 13) to establish the Audit and Corporate Practices Committee or Committees referred to in the Securities Exchange Law and to appoint and remove their members, with the exception of the Chairperson, who shall be appointed by the Shareholders' Meeting in compliance with the Securities Exchange Law provisions; 14) to present to the General Shareholders' Meeting held at the close of the corporate year the following reports: the annual Audit Committee report, the annual Corporate Practices Committee report and the report of the Chief Executive Officer referred to in the Securities Exchange Law; as well as those other reports, opinions and documents required to comply with and under the terms of the Securities Exchange Law, the General Law of Business Corporations and other applicable laws; and 15) to preside over, discuss, and resolve on the matters referred to in the Second Section of the Twelfth Clause of the Company's corporate by-laws strictly adhering to the terms therein stipulated.

The members of the Board of Directors of the Issuer are elected by the favorable majority vote of the holders of Series "A" shares in circulation, present at an ordinary general shareholder's meeting. If the directors state to have a conflict of interest, then the resolutions are taken according to the principles established for such purpose by the Securities Exchange Law.

The Issuer's corporate by-laws establish measures preventing the purchase of shares granting control of the Issuer. In accordance with these measures, certain purchases of Series "A" shares representing the Issuer's corporate capital must be previously approved by the Issuer's Board of Directors or the Extraordinary General Shareholders' Meeting when, amongst other things, the consequence of such acquisitions is that the shareholding of the acquiring party in question, either individually or jointly with determined persons, represents a holding equal to or above ten percent of all Series "A" shares or five percent if the purchaser is considered a competitor. For a description of the measures referred to in this article, the procedure to request authorization from the Issuer's Board of Directors and/or the Extraordinary General Shareholders' Meeting, the quorum to convene and resolve, and the consequences of acquiring the shares, consultation of the complete text of the Second Section of the Twelfth Clause of the Issuer's corporate by-laws is suggested.

Minority Shareholder Rights

In line with the Securities Exchange Law, the Company's corporate by-laws stipulate the following minority shareholder rights:

- The right of holders of at least 10% of the shares representing the Company's corporate capital to request that the chairperson of the Board of Directors or of the Audit Committee and of the Corporate Practices Committee to call a shareholders' meeting in which they have the right to vote.

- The right of holders of at least 5% of the shares representing the Company's corporate capital to bring, subject to satisfaction of certain legal requirements, an action to determine the liability of any director.

- The right of holders of at least 10% of the shares with the right to vote and represented in the respective shareholders' meeting to request postponement of the vote on any matter on which they believe they lack sufficient information.

- The right of holders of at least 20% of the shares representing the Company's corporate capital to bring, subject to meeting certain legal requirements, legal action challenging any resolution of the general meetings in which they have the right to vote,

- The right of holders, either individually or jointly representing at least 10% of the corporate capital, to appoint at least one director and their respective alternate director in the corresponding meetings,

- the issuer may not issue non-voting shares.

e) Other Corporate Governance Practices

In accordance with the Securities Exchange Law, the Corporate By-Laws and the decision of the Board of Directors, the Company has implemented diverse corporate government practices, including: 1. The establishment and operation of an Audit Committee and a Corporate Practices Committee that convene periodically. 2. The inclusion of independent members on its Board of Directors. 3. The Shareholder's Meeting establishing the feasibility of alternate Directors attending the sessions of the Board of Directors, at present, only two directors have designated alternate directors. 4. The holding of sessions by the Board of Directors convening at least once every three months to present the results of the immediately preceding quarter. 5. The, moreover, the Issuer's information is available to the Directors. 6. The establishment and operation of a Planning and Finance Committee which holds sessions periodically.

The Company has an internal audit area which directly reports to the Audit Committee and the Chief Executive Officer. Additionally, said area has an ongoing relationship with the Company's external auditor which is appointed by the Board of Directors after hearing the prior opinion of the Audit Committee.

The Company has diverse guidelines and policies so that the Corporate Government of the selfsame becomes more efficient and professional. These are the Code of Ethics and Conduct, Internal Control and Audit Policies, Investment Policy, Issuer's Securities Operation Policy which is the responsibility of directors, officers and employees, the Issuer's Owned Shares Operation Policy which is the responsibility of the Issuer, the Company's Loans to Material Directors Policy and the Related Persons Policy, which were approved by the Board of Directors session after hearing the prior opinion of the Audit and Corporate Practices Committees, within the scope of their respective responsibilities. Furthermore, the Company has an Integrity Police, that complies with the stipulations of the General Law of Administrative Responsibilities, thus reenforcing our observance of the anti-corruption in the public and private guidelines set out by the authorities.

The Company established a Sustainability Committee in order to define the socio-cultural and environmental commitments, strategies and lines of action to be considered in the strategic planning and execution of Posadas' activities in the short, medium and long term, establishing homogeneous management principles, including the relationship with relevant interest groups. As well as the use of homogeneous methodologies to manage and monitor the sustainability strategy.

The Sustainability Committee is a collegiate decision-making body, regarding the activities carried out by Posadas for its own benefit, as well as for standards and activities for the rendering of third-party services.

5) CAPITAL MARKETS

a) Securities Structure

The shares which represent the corporate capital of the Company are listed on the Mexican Securities Exchange, S.A.B. de C.V., where they have traded since 1992. The number of shares in circulation (weighted average - excluding shares in repurchase -) amounts to approximately 496 million. The stock certificates issued and in effect to this date are the following:

Security or Provisional Certificate Number	Date of Issuance	Number of shares represented	Series
CP8	21-12-98	10,000	A
1	15-10-14	512,424,496	A
2	18-06-15	260,417	A
3	12-06-17	42,675	A

Shares have shown low trading according to the selfsame BMV's rating. Trading in series "A" shares has never been suspended by the regulatory authorities. As of February 28, 2013, only the Series "A" shares are traded.

b) Share Performance on the Securities Market

Source: Bloomberg except number from 2017 Reuters (The daily average volume is based on trading days).

Annual performance in the past 5 years

POSADAS A	2017	2018	2019	2020	2021
Price Max.	47.60	42.00	40.00	38.00	29.75
Price Min.	35.00	29.90	35.50	20.00	20.50
Price at closing	38.00	40.00	38.00	21.30	29.75
Daily operated volume (Thousands of shares)	113.40	100.85	65.51	21.60	0.74

Quarterly last 2 years

POSADAS A	1T20	2T20	3T20	4T20	1T21	2T21	3T21	4T21
Price Max.	38.00	23.90	22.61	21.30	30.35	23.71	26.01	29.75
Price Min.	23.00	22.61	20.00	20.40	20.50	20.50	23.65	24.70
Price at closing	23.00	22.61	20.40	21.30	28.75	23.65	25.40	29.75
Daily operated volume (Thousands of shares) Price Max.	126.3	0.5	0.1	0.0	22.8	0.4	0.2	1.9

Monthly last 6 months

POSADAS A	Nov-21	Dec-21	Ene-22	Feb-22	Mar-22	Apr-22
Price Max.	27.81	29.75	30.35	29.50	28.85	28.75
Price Min.	26.50	25.65	28.05	28.85	28.75	28.20
Price at closing	26.50	29.75	29.50	28.85	28.75	28.20
Daily operated volume (Thousands of shares) Price Max.	0.3	4.2	313.0	0.1	0.1	0.1

(*Information as of april 23, 2021)

c) Market Maker

The Company does not have a market maker.

6) PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE ANNUAL REPORT

The persons indicated below have prepared, within the scope of their respective duties, the information in this annual report and which, to the best of their knowledge, fairly reflects the Company's situation and they have no knowledge that any material information may have been omitted or falsified in this annual report or that the same contains information that would mislead investors. This document has been subjected to review and comments by the Corporate Practices Committee and the approval of the Board of Directors of the Issuer.

Name	Position	Institution
Ing. Jose Carlos Azcarraga Andrade	Chief Executive Officer	Grupo Posadas, S. A. B. de C. V.
Ing. Arturo Martínez del Campo Saucedo	Chief Financial Officer (Management and Finance Vice-President)	Grupo Posadas, S. A. B. de C. V.
Lic. Enrique Calderon Fernandez	Vice-President Upscale & Luxury	Grupo Posadas, S. A. B. de C. V.
Ing. Gerardo Rioseco Orihuela	Vice-President Loyalty	Grupo Posadas, S. A. B. de C. V.
Lic. Javier Barrera Segura	Vice-President Strategy, Alliances and Human Resources.	Grupo Posadas, S. A. B. de C. V.
Lic. Alejandro Recamier Flores	Products and Loyalty Programs Director	Grupo Posadas, S. A. B. de C. V
Lic. Adrian Correa Perez	Midscale & Economy Director	Grupo Posadas, S. A. B. de C. V
Ing. Jose Jaime Lorenzo Doria	Revenue Management, Distribution & Technology Director	Grupo Posadas, S. A. B. de C. V
Ing. Mauricio Elizondo Martinez de la Vega	Development Director	Grupo Posadas, S. A. B. de C. V
Dra. Olga Gutierrez Nevarez	Chief of Legal Affairs	Grupo Posadas, S. A. B. de C. V.
C.P. Fernando Lopez Vazquez	Chief Corporate Comptroller and Treasury	Grupo Posadas, S. A. B. de C. V.
C.P. Roberto Alvarez Lopez	Tax director	Grupo Posadas, S. A. B. de C. V.
C.P.C. Carlos Torres Villagomez	External Auditor	Galaz, Yamazaki, Ruiz Urquiza, S.C.

7) ATTACHMENTS

Audited financial statements corresponding to the corporate years ending December 31 of 2021, 2020 and 2019.

Annual reports prepared by the Audit Committee and the Corporate Practices Committee in accordance with article 43 of the Securities Market Law.

Documents issued by Galaz, Yamazaki, Ruiz Urquiza, S.C. and the person in charge of the external audit, pursuant to article 33, section I, subsection a), numbered paragraph 5 and article 84 Bis of the Generally Applicable Provisions to Securities Issuers and other Securities Market Participants and in accordance to the generally applicable Provisions to entities and issuers supervised by the National Banking and Securities Commission that contract external auditing services for basic auditing services (CUAE).