



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 Securities Exchange)

Ticker Code: Posadas A

The shares are registered in the National Securities Registry and quoted on the Bolsa Mexicana de Valores (Mexican Securities Exchange), S.A.B. de C.V.

Registration in the National Securities Registry does not imply certification of the merit of the securities, nor of the issuer’s solvency, nor 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, 2024



**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\$380,700,000
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% (Capitalization option for years 1 and 2)
Interest payment periods	Every six months, in the months of June and December
Place and form of principal and interest payment	Capitalization option of up to 50% of interest at a rate of 6% for year one and 7% for year two. Neither of these two options was exercised. All amounts due are to be wire transferred through the "Trustee"
Amortization and early amortization	The Issuer shall have the right to amortize early, in whole or in part, as described in the "Make-Whole" clause.
Guarantee	Administrative and Guarantee Trust of: 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 Cancun g. The Explorean Kohunlich h. 16 apartments in the Nima Bay complex located in Puerto Vallarta 4. Account Receivables of the Company's Vacation Club products: (Timeshares, Access y Kivac) 5. Additional investments that the Company may execute. Pledge Agreement of segregated bank accounts for deposit of all cash collections from the Vacation Club products and the trust rights related to a development located in Acapulco Diamante, Guerrero
Trustee	Banco Invex, S.A., Grupo Financiero Invex, Trust Division, as trustee of a guaranty trust.
Corporate Rating	S&P Global Ratings, "B", *See website: www.standardandpoors.com/es ,
Common representative	Citi Agency & Trust, as "Trustee", and Banco Nacional de Mexico S.A., a member of Grupo Financiero Banamex, Trust Division as "Collateral Agent"
Depository	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 tax provided that a series of conditions are met, (ii) if any of these conditions, such as in article 7, second paragraph of the LMVT.N.is not met, residents abroad may be subject to a 10% withholding tax. 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, including those provided for in the 2027 Senior Notes indenture, upon determining the reserves related to a change of control, corporate restructuring, including acquisitions, mergers, split offs and sale or encumbrance of material assets, taking into consideration the participation of the holders of the previously specified securities, to the extent attributed by such provisions

Translation for information purposes

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Audits of the independent auditors for 2024, 2023 and 2022, reports of the Audit Committee and Corporate Practices Committee.

I) General Information

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, 2024, 2023, and 2022 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. In preparing the financial information used in this report, transactions were recognized using the exchange rate in effect (according to Monetary Law) on the transaction date. At the end of each period, monetary items denominated in Dollars are translated into Pesos at the exchange rates in effect (according to the Monetary Law) in order to consolidate information for the benefit of the information users. However, the Company's Dollar-denominated liabilities and assets are maintained in Dollars; however, it should not be interpreted that the amounts expressed in Pesos for these items are equivalent to said amounts in Pesos or that they may be converted into Pesos for enforceability purposes, pursuant to the exchange rate utilized in preparing this report.
"M"	Millions
"NIIF" or "IFRS", due to its initials in English	International Financial Reporting Standards
"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 2024 performance of Posadas. This information is insufficient for an exhaustive financial analysis or 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 largest hotel operator in Mexico based on the number of hotels and rooms, (Source: Posadas Chain Study 2024 as of December 2024).

As of December 31, 2024, the Company had 201 hotels and resorts operated and/or franchised under Posadas' brands, representing a total of 30,011 rooms in Mexico and the Caribbean; 86% distributed in urban destinations and the remaining 14% in beach destinations. Consequently, it serves a broad tourist and business travelers base.

For most of 2024, out of the 201 hotels, the Company was the majority owner of 12 hotels, operated 141, franchised 32, leased 15 and 1 under the Fee for Service modality. Additionally, it has 4 Loyalty products, building long-term relationships with guests, partners and users.

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, IOH, Fiesta Inn (Fiesta Inn Express, Fiesta Inn LOFT), Gamma and One Hoteles. In addition, it is about to launch new brands such as Funeeq (opening its first hotel in 2025) and Dayforia, as well as its vacation product brands described hereinbelow.

The Issuer obtains its revenues mainly through three main segments: (i) owned and leased hotels; (ii) hotel operating contracts, brand licensing and franchising; (iii) vacation and loyalty products. Our main brands are:

Live Aqua is a curatorship of hotels, resorts and luxury residences that emanate an atmosphere of delight. Our hotels harmonize good taste, warm service, style and comfort; where art, music, gastronomy, architecture, mixology and design are decanted in multicultural expressions in keeping with the most vibrant trends. This is a 5-star brand according to the Ministry of Tourism (SECTUR)¹

During the last few years, we have been consolidating both the services offered and international luxury standards, as well as iconic 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 their needs.

Live Aqua Residence Club (LARC) is a timeshare vacation membership with a select choice of vacation residences and high-end hotels, and travel services so that season after season members can travel with distinction and personalized attention, by acquiring this product, a "40 year right to use " represented by annual points granting the right to use a specific residential facility. 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. Members also have access to the alliance with Resorts Condominium International (RCI), Hilton Grand Vacations, Vail, and the Registry Collection through which members can exchange their points to lodge in one of the destinations in different parts of the world as stated in the agreement.

Grand Fiesta Americana is the 5-star hotel brand¹ where the sophistication of our properties is carefully designed to satisfy the highest expectations of travelers seeking an exclusive and personalized experience. Our rooms combine sublime details with fascinating and contemporary Mexican architecture, designed to captivate and filled with surprising amenities. The taste of the innovative regional and signature cuisine, added together with stellar service makes an emblematic brand.

Curamoria Collection groups 5-star or unclassified hotels that operate under franchise. It is a collection of iconic boutique hotels, designed to live unique, authentic and different experiences in each visit, with our characteristic service and hospitality. These guests are recognized as a traveling generation enjoying authentic

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

locations, appreciating local ambience, valuing genuine design spaces and easy accessibility, and epitomize a slow travel trend through which they share what they have experienced and thus leave their imprint.

Fiesta Americana is the 5-star hotel brand ¹. Our guests create, recreate and live unique trips, always characterized by our warmth and passion for service; we are the perfect setting for an extraordinary trip. The contemporary architecture, signature cuisine, wellness spaces and each of their corners offer an environment containing the best of Mexico.

Fiesta Americana Vacation Club (FAVC) is part of this hotel family, which is our family vacation membership with properties located in the most important beach destinations of our country. It is a timeshare vacation club in which members purchase a “40 year right to use” represented by annual points related to a specific installation. Furthermore, FAVC points may be exchanged for lodging at any of 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 Club, or at any affiliated complex in different parts of the world. The Company has operated FAVC for more than 25 years.

Also, as part of the Fiesta Americana family, beginning in 2023, we launched Fiesta Americana Vacation Club 25th Edition, a special membership that combines aspects of our traditional FAVC membership and our loyalty programs.

The Exploreal is the 4-star Resort brand² created for travelers who want to discover unique experiences in spectacular natural environments. The Exploreal is an exciting journey through magical places, with outdoor activities and exceptional natural paradises.

Fiesta Inn is the 4-star brand with 30 years of experience, Fiesta Inn is the business class pioneer in Mexico. It is a brand that has the ability to understand business travelers, providing efficient and quick solutions to problems, seeking to make a difference in its more than 76 strategic locations throughout the Mexican Republic.

The **Fiesta Inn Suites, Fiesta Inn Loft and Fiesta Inn Express** extensions are an integral part of this brand, all oriented to business travelers. These options are designed to offer a comfortable and productive stay, guaranteeing a comforting experience through functionality of space and its easy service.

The **Gamma** brand is a collection of 3 and 4-star² hotels, under franchise, with each hotel keeping its unique architecture, decoration, design style and personality. Its history is written in each of the properties that make up this collection, each has its own essence and in the most endearing destinations. Gamma is for those of curious spirit, for those who prefer an authentic accommodation, putting aside pre-established standards, because that is how the guests add to their own experience.

One is a comfortable and practical 3 star hotel²: brand with the best locations and which makes possible any travel purpose, not only for its fair price, but also offering solutions, security and comfort to take a break and meet our guests goals. One is a hotel brand focused on self-service.

IOH is the 4-star² hotel brand that merges spaces to satisfy multipurpose travelers searching for flexibility, but where design and digital solutions prevail. It focuses on spaces that adapt to guests' needs and interests.

Access Fiesta Rewards (formerly “Fiesta Americana Vacation Club Access”) is a vacation product consisting of an exclusive discount membership for our clients allowing them to choose the travel moment as they wish, to destinations either in Mexico or abroad, at very attractive prices. Access Fiesta Rewards attained a 24% share of room night production of all loyalty products, growing 150% in comparison to 2023. During 2024, this product represented a 23% share of all vacation products net sales.

Viaja Plus is a vacation product consisting of an online subscription platform that, allied with Travel & Leisure Group, offers the Mexican market an annual travel subscription permitting travel in Mexico and abroad with rate discounts of up to 40% at more than 600,000 hotels.

Fiesta Rewards is our loyalty program. In the national tourism industry, it is the most attractive loyalty program in the market, with 500,000 active members at the end of 2024. The program maintains, in alliance with

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

Santander S.A. Bank, a credit card under shared brand Santander Fiesta Rewards. Derived from this program are the **Motiva** and **Apreciare** loyalty programs.

HOTEL DEVELOPMENTS.

Regarding new hotel development, the Company strengthened the hotel portfolio with 5 openings during 2024:

1. Gamma Durango Plaza Vizcaya
2. Fiesta Inn Suites Silao Airport
3. Live Aqua Private Residence La Paz
4. Gamma Toluca
5. Casa Lucila Mazatlan Curamoria Collection
6. The Hotel Gamma Mazatlan The Inn Centro Historico, changed from a franchised hotel to a hotel operated by the Company.

During 2024, the following contracts were concluded: Hotel Gamma Acapulco Copacabana, IOH Merida Mid Center, Ilo Rojo San Miguel de Allende and Gamma Guadalajara Centro Historico. In January, 2025, the Curamoria Nay Tulum hotel operating contract concluded.

As of December 31, 2024, the Company continues a development plan comprising different commitment level agreements to operate 30 new hotels with 4,760 rooms. Of the \$16,891 million (US\$833 million) estimated total investment for the aforementioned projects, Posadas contributed 2% of the funds and 98% was contributed by outside investors, independent from the Company. This will represent a 16% room supply increase operated under our brands. It should be noted that 61% of these rooms are beach destinations. In this portfolio there stands out the possible opening of a Funeq brand hotel in the Dominican Republic.

We estimate that these hotel opening will begin in the first half of 2025, and pursuant to the commitments assumed by the owners of said properties, they are expected to be fully operational by 2027. The average operating life of these contracts is more than 15 years.

HOSPITALITY.

During 2024 we maintained a 64% average occupancy factor throughout the Posadas system and registered a 4% growth in RevPAR compared to 2023. During the year we served more than 10.5 million guests.

We maintained our leadership in all brands: penetration of the accumulated effective rate for our segments of Resorts was 131%, for Upscale & Luxury 126%, and for Midscale & Economy 115%.

We obtained a Net Promoter Score (NPS) customer recommendation level of 64 points, 20 points above the global hotel industry average (44 points). In addition, Posadas' NPS trend has been positive: At the end of 2024 we obtained one point more than in 2023, and in the February 2024 measurement we attained the highest NPS in the Company's history with a result of 66 points.

Thanks to each of our employees' efforts, we continue to perform positively in our Resorts segment. We observed a solid occupancy factor performance, reaching an average of 76% and observing a 2% increase in the effective pesos rate compared to the previous year. This benefit was mainly due to the MXN/USD exchange rate depreciation in the second half of 2024. The USD effective rate decreased 3%.

In the Upscale & Luxury category we generate 74% of the room nights through our own channels, and because the Fiesta Americana Travelty platform continues growing gradually. In addition, the individual business and virtual wholesale segments grew by 11% and 15%, respectively. Occupancy was 62% and the effective rate registered a 6% growth compared to the previous year.

For Midscale & Economy, there was a 7% increase in the average rate, a 4% effective rate increase and an 80% cumulative per room revenue generated through our channels. In addition, our operating revenue had a 3% increase compared to 2023. Average annual occupancy increased by almost 3pp reaching 63%. The effective rate improved 12% in the same period. Operating margins improved thanks to tight expense control, and increased room rates and Food and Beverages revenues.

LOYALTY

Our vacation and loyalty products accounted for 2.3 million room nights, maintaining 36% of the total occupancy of the entire Posadas System. In 2024, our first *Fee for Service* product was implemented in La Paz, Baja California, which essentially consists of affiliating, marketing and managing third-party timeshare properties.

At the end of 2024, our vacation products showed the following information:

Program	Members at 2024 closing
Fiesta Americana Vacation Club (FAVC)	20,567 members
Live Aqua Residence Club (LARC)	1,881 members
Fiesta Americana 25th Edition	6,329 members
Fiesta Americana Access	29,208 members

Access Fiesta Rewards closed above 28 thousand customers who today enjoy an easy-to-use membership, complemented by all our Fiesta Rewards loyalty program benefits. While Fiesta Rewards reached 500 thousand active members, reflecting the loyalty and preference of all business travelers to our brands and properties. Fiesta Rewards Invitta held more than 30 events in the year, including concerts, plays, sporting events, experiences and two international trips thanks to the shared Santander Fiesta Rewards card. Likewise, we added The Fine Dining Club, a new exclusive benefit for our members giving them access to the best restaurants in Mexico.

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, point exchanges per night of accommodation in the Posadas affiliated hotels, catalogue items, airplane tickets, automobile rental, amongst others. Fiesta Rewards has an experience marketing program through which members can enjoy musical, gastronomic, sporting events, amongst others.

Vacation program memberships are sold in cash and in installments. The membership installment sales receivable portfolio balance, as of December 31, 2024, was \$7,445 million, representing a 9.9% increase compared to the previous year. It should be noted that 35% of the portfolio is denominated in dollars (USD \$ 127 million).

During the 2024 tax year, 610 member contracts with fully paid memberships who failed to pay their maintenance fee for 2 consecutive years were cancelled. This cancellation is equivalent to 2.5 million points, representing \$16.8 million pesos which are returned to the FAVC or LARC programs' property inventory, as applicable.

Regarding the FAVC 25th Edition membership income recognition, it occurs at two moments: upon contract signing since the Company considers that once the contract enters into force, the customer is entitled to the points supported by a vacation property and the performance obligation is fulfilled by transferring a right enforceable against third parties, and by transferring control of the realty to membership purchasers. This recognition is the same as that used for traditional FAVC membership. The second recognition moment is when the member uses the gift Edition Points or their right to use expires; that is, once the hosting service is provided or the period agreed upon with the customer in the contract for the rendering of the service elapses. Furthermore, an estimate is recognized for those points that at maturity will not be used by the program members called "breakage" or expiration.

In order to broaden our inventory, we continue with the 28-apartment unit development project in Acapulco Diamante, which operation is programmed within the next two years. The Issuer intends to assign these properties to its vacation programs. Likewise, these properties will be developed in a residential complex with services provided under the residential Live Aqua brand.

FINANCIAL ASPECTS.

Regarding the Issuer's financial situation, year-end income was \$9,311 million pesos (\$10,645³ million, as reported to the Mexican Securities Exchange) obtaining a \$2,025 million peso EBITDA, a 13% increase compared to that of the previous year. The cash balance at 31 December 2024 was \$2,602 million (US\$129 million), 41% more than the previous year, considering that 85% of the cash is invested in dollars.

³ As of 2023, in the profit and loss statement, we have added the revenues and costs related to advertising and marketing (promotion and advertising), centralized services (hotel executive committee payroll and other recoverable expenses, amongst others) that were previously presented as net. With this change, the Administration segment revenue is better seen.

During 2024 corporate year, our market repurchase program continued for an amount of US\$5,000,000 with a cash implication of US\$4,641,000 plus accrued interest of US\$82,250 adding up to US\$4,723,250. These operations were carried out as part of our debt repurchase program. After canceling the repurchased bonds, the outstanding Senior Notes as of 31 December 2024 was US\$380,700,000.

Total assets were \$22,890 million, after adopting in 2024 a fixed asset valuation policy based on fair value rather than historical cost. As mentioned in note 3 of the consolidated financial statements, starting in 2024 and with retrospective effect to the earliest period presented in these financial statements as required by IAS 8 Changes in Accounting Estimates and Errors, the Issuer changed the accounting policy for valuating land and buildings, as described in this report, moving from a historical cost recognition policy to the accounting policy of asset revaluation based on fair value methodology. This change applies to all Issuer's properties, including land and buildings. At 31 December of 2024 the fair value of these properties amounted to \$ 6,422,336,000 pesos.

Continuing the corporate simplification process, the merger of the following companies was formalized in 2022: Inmobiliaria Administradora del Bajío, S.A. de C.V, Promoción y Publicidad Fiesta, S.A. de C.V and Dirección Corporativa Posadas, S.A. de C.V were merged into Soluciones de Lealtad S.A. de C.V., as the surviving company. The merger took full effect on June 6, 2023, although as of this report date, the merger notice is pending authorization by the tax authority.

On September 21, 2023, the S&P Global Ratings agency informed the Company that it adjusted its corporate rating upwards from 'B-' to 'B' due to continuous improvement in its operational and financial performance, the rating continued through 2024 and up to this report date.

Loan granted to Hotel Fiesta Americana Mérida

On June 22, 2017, the subsidiary Inmobiliaria del Sudeste, S.A. de C.V., owner of hotel Fiesta Americana Mérida obtained a seven-year term secured trust loan for \$210 million. The funds were used for corporate purposes including renovation of 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 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 monthly principal payment will be resumed beginning with the amount of \$2,458. In 2022, the subsidiary made payments of \$30 M corresponding to interest and principal. The outstanding balance as of December 2022 amounted to \$136 million. In 2023, the subsidiary made payments of \$45M corresponding to interest and principal.

In May 2024, this loan unpaid balance was paid early with the proceeds of a new loan agreement entered into with Scotiabank, S.A., granting a mortgage guarantee in the amount of \$90 M with better terms and conditions for Inmobiliaria del Sudeste, S.A. de C.V., with a monthly interest rate of TIIE plus 150 basis points and monthly principal amortizations. The loan balance to December 31, 2024, amounts to \$79.5 M net of debt issuance expenses, said loan is presented in the consolidated financial position statements as long-term debt, except for the corresponding short-term portion.

EXTRAORDINARY ASPECTS.

Hurricane Otis

On October 25, 2023, Hurricane Otis battered the coast of Acapulco, Guerrero, representing a major challenge for the Company. Thanks to strictly adhering to all corresponding protocols, no guest and/or collaborator's health and safety was affected during this phenomenon.

With a renewed image and an investment of more than 600 million pesos, we again opened the Fiesta Americana Acapulco Villas hotel in 2024. The second phase was consolidated in the first 2025 quarter, achieving total production chain reactivation and the creation of more than 750 jobs in the entity.

In Acapulco, we managed three hotels with 683 rooms, and we have 1 owned hotel with 560 rooms, fully time-share allocated. All hotels had both material damages and consequential loss insurance coverage. The impacts to the hotels at this location were:

- Hotel One Acapulco Diamante with 126 rooms: The hotel had no major affectation and is currently operating normally.

- Hotel One Acapulco Costera with 126 rooms: The hotel had no major affectation; however, it was refurbished and remodeled. The hotel re-opened on March 31, 2024.
- Gamma Acapulco Copacabana with 431 rooms: The contract was terminated in February 2023.
- Hotel Fiesta Americana Condesa Acapulco with 560 rooms: The Fiesta Americana Condesa Acapulco hotel remodeling project will cost approximately \$610 million, of which Posadas finances 16%. During 2024, claims for hotel property damage for \$508 million, consequential loss for \$215 million and electronic content claims for \$2 million were filed with the insurer. The first two were concluded in December 2024. In November 2023, we received a first advance for \$100 million, in March 2024 another for \$80 million and finally in December 2024 another for \$250 million, totaling \$430 million. At the end of the corporate year, pending was repayment of the amount of \$296 million. In January 2025, the insurer deposited \$294 million.

Of the claim for damages to the hotel of \$508 million, \$362 million was invested in room remodeling, deemed in the financial statements as real estate inventory (working capital) and therefore, without affecting profit and loss. The \$146 million difference was allocated to food and beverage facilities and public areas with a \$41 million detriment, resulting in a \$105 million EBITDA shown in the Special Operations profit and loss statement.

Our actions have consolidated Posadas' position in a competitive and changing market, reaffirming our industry leadership and our strong sustainability commitment. This year we will publish the first annual Sustainability Report for the 2023 corporate year, in which we chart a clear path for the future.

Selected Financial Information

This consolidated financial information summary is presented for the years 2024, 2023 and 2022, based on the Company's consolidated financial statements 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.

Amounts reported (millions of Mexican pesos) For the years ended December 31 of:			
Summary of results	2024 - IFRS	2023 - IFRS	2022 - IFRS
Total Income	9,311	9,209	9,078
Corporate expenses	504.2	602.3	576.5
Depreciation, amortization, leasing, cost of disposals and deterioration	907.2	981.2	899.2
Operating Profits	1,149.3	855.3	684.7
Integrated Financing Results	1,678.7	236.5	131.9
Taxes	(370.7)	73.9	330.1
(Loss) Consolidated net profit of the year	(158.7)	1,017.9	222.7
(Loss) Net profit of majority shareholders	(164.6)	1,006.2	217.4
Balance Sheet Summary			
Working capital total	6,696.1	5,200.1	5,205.3
Property and equipment, net	6,937.3	6,668.1	6,711.3
Total assets	22,890.2	20,284.6	19,913.7
Working liabilities total	4,848.2	4,459.3	4,989.9
Long-term debt	7,601.7	6,297.6	7,443.6
Total liabilities	18,656.1	15,982.5	16,693.8
Stockholders' equity total	4,234.1	4,302.1	3,219.9
Main financial ratios			
Operating / Revenue Profits	12.3%	9.3%	7.5%
Net Profits / Revenue	(1.7%)	11.1%	2.5%
EBITDA	\$2,024.8	\$1,813.9	\$1,556.1
EBITDA / Revenue	21.7%	19.7%	17.1%
Debt at Cost / EBITDA	3.8 X	3.5 X	4.8 X
Working Capital / Working Liabilities	1.38 X	1.17 X	1.04 X
Total Liabilities / Shareholders' Equity	4.41 X	3.72 X	5.18 X

The shares representing the Company's corporate capital 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) to December 31, 2024, amounted to approximately 496 M.

Series "A" shares have shown medium trading activity 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	2020	2021	2022	2023	2024
Maximum price	38.00	29.75	30.35	28.55	29.50
Minimum price	20.00	20.50	26.00	24.00	24.25
Closing Price	21.30	29.75	28.50	27.30	24.90
Average daily volume (thousands of shares)	21.6	0.7	60.7	198.8	83.5

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 information contained in the Annual Report, and specifically the following risk factors detailed below. These risks factors are not the only ones that the Company faces. Risks and uncertainties of which the Company is unaware, 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.

Risks Relating to the Company

We have significant indebtedness amounts 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 and the restrictions in the 2027 Senior Notes indenture 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.

On May 10, 2024, a 51%-owned subsidiary of the Company contracted a mortgage-backed credit (on the Fiesta Americana Merida hotel) with Scotiabank for \$113 M and withdrew \$90 M on May 22, 2024, at TIE rate plus 150 basis points maturing in May 2027. The financing and its associated charges are defrayed with the resources generated by this business unit; however, lack of operating revenues or sufficient cash flows therefrom may jeopardize performance and the Issuer may have to assume the corresponding payment obligation.

Credit Risk

The deterioration of our financial situation has impacted on and may continue to negatively affect access to financing and its costs, and conserving and obtaining new financing, including commercial loans. The current level or eventual downgrades by rating agencies or the restrictions to which we have been submitted may increase cost and/or limit refinancing availability.

Additionally, our real estate assets and significant portions of accounts receivable are pledged as collateral for our 2027 Senior Notes, and almost all of our subsidiaries are jointly and severally liable for these financial liabilities.

The Company may incur additional debt which may affect its financial situation and ability to generate sufficient cash flow 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 that may arise in this sector, its performance, the flexibility of debt holders, financial, reputational 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 at all.

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 paying dividends to its shareholders, carrying out certain corporate operations, granting guarantees, or disposing of assets, or demanding that investment of liquid resources be made in certain assets or for determined purposes, such as debt prepayment. The latter may make the Issuer's shares unattractive.

Geographic Dependency

To the 2024 corporate year closing, Company operations are concentrated mainly in Mexico, with 200 (including the Kempiski commercial franchise) hotels operated under our brands in this country. Although Mexican inventory 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.

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 software or adapting existing software, 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 the Company's operations, financial situation, or its overall operating results. In 2023, Posadas liquidated the May 2020 termination agreements related to its hotels in Cuba.

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, 2024, three investors own 16 hotels, another investor is the owner of 67 hotels with 9,892 rooms that represent 33% of the total hotels managed by Posadas. This concentration and dependency risk may affect, amongst others, the Company's negotiation, and operating capabilities in keeping with 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 systemic termination of or better terms for our counterparties of current contracts which may cause a negative impact in the Company's cash flow. 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.

Foray into new related industries

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

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, or that present or future regulations for this activity may make its operation unfeasible. Moreover, the implementation and development of these businesses may distract management and divert resources, or the benefits foreseen may be less or not fully obtained. Likewise, these types of operations are being subjected to special state regulations, mainly targeted to personal security, neighborhood coexistence, gentrification limits, land use, among others. Diversity of state regulations may negatively impact the configuration of scalable modalities for different developments, with the consequent limitations or market barriers or operating costs this may represent.

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, execution of franchise contracts regarding third-party operated hotels, and determination of some buildings allocated to Vacation Products (FAVC and LARC) and the sale of prepaid vacation plans or discount clubs (*Access Fiesta Rewards and Viaja Plus*). Our counterparties' performance is not secured by any type of collateral, such as mortgages, pledges, trust rights, amongst others. The Company is also venturing into residential lodging management. 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 or convert existing 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 and residence 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 capacity to manage limited operating flow, including financing availability and the ability to face competitors. This growth strategy may be impacted by situations such as generalized inflation, availability of energy, water and other necessary supplies at competitive prices, exchange rate fluctuations, high interest rates, the effects of geopolitical conflicts, health and safety issues, the impact of tariff policies of the United States and other trading partners, or other domestic situations. Overcoming difficulties will be very important to reactivate economic activity and the transportation of people in general, particularly to urban and business tourism, and especially in and on the markets where we operate, or our guests originate. Generalized inflation, interest rates increases, and exchange rates may seriously impact our margins and those of the hotels we manage to the extent that we cannot prevent price increases or transfer the incremental amount to the hotel rate, or the fact that the owners are unable to obtain funds for building or remodeling, or that investments in financial products are more attractive. There can be no assurance that Company expansion plans will be achieved, or that new brands or hotels or Vacation and Residential 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.

As part of its growth strategy, the Company has carried out and is committed to invest in different acquisitions, construction, and refurbishment of its owned and leased properties. However, multiple factors such as 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, residential 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. Live Aqua opened its doors in February 2021 and plans to open a Funeeq in 2025. 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, and 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 better national support policies of their government, representing, if applicable, possible competitive 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 offering residential lodging or different from traditional hotel lodging such as "Airbnb" has been growing, with competitive rates and electronic communication channels 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 investments and expenses inherent to the industry, in this manner perhaps negatively affecting our business, operating results or financial condition. Furthermore, during a pandemic, travelers' perception of higher exposure to contagion in public spaces, such as hotels, or the privacy or sense of local ambience that these lodging alternatives offer, 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 (involving less contact, such as digital check-in), 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 in the hotel consolidation and non-hotel or international digital services companies' framework.

Competition for operating agreements

When the Company seeks growth by adding new hotel properties operated by the same, it competes against other entities seeking the same opportunities. The Company competes to enter into operating contracts with hotel owners against others that have greater financial resources or that have international brands. 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 Company sacrifice income, and even disburse the shortage in order to comply with such guarantee. In this regard, the Issuer has had to make discounts or disbursements in fulfillment of said obligations. These performance guarantees are frequently denominated in U.S. dollars, and the Company assumes the corresponding exchange rate risk. 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 franchising, based on novelty brands supported by traditional brands. The company has two types of franchisable brands: (i) brands with more rigid standards such as Fiesta Inn and One, and (ii) brands that seek to preserve their own brands and features while adhering to our reservation channels. The success of franchised hotels depends on different factors, including the operation of the owner and the brands and distribution of Posadas. The Company cannot ensure that the operation of franchises will be successful by entering into and operating these franchise agreements, and generally, competition may reduce the number of future growth opportunities, increase the bargaining power of hotel owners, and reduce the Company's operating margins.

Currently the franchised brands are: Gamma, One, Fiesta Inn, The Explorean and Curamoria Collection.

Management Contracts and Brand Licensing

As of December 31, 2024, the Company operated 141 hotels under management, that the Company carries out by executing hotel operating and brand licensing contracts. The Company's 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 perhaps, if new managed hotels and brand licensing contracts cannot be executed. Furthermore, under certain management contracts, the Company binds itself to pay key money, minimum revenue to the hotel owner that may cause Posadas to distribute unbudgeted and unrecoverable amounts, or if determined hotel performance standards are not achieved the owner may cancel the contract. 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 early terminate operating contracts, even if agreements provide otherwise. If terminations occur due to these or other reasons, we may assert our right to damages due to breach of very complex to estimate and prove contract and related claims, which may cause us to incur significant legal fees and expenses, and even if we obtain favorable rulings, these may be uncollectible. 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. A significant loss of agreements due to early terminations may harm our financial performance or our ability to make our business grow and even our reputation.

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 financing to capitalize the project thus ensuring the signing of operating contracts. This financing 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, or their performance of various obligations related to the property ownership, or regulatory compliance decisions, may affect payment of our fees and recoverable expenses, preservation of brand standards under which the hotels operate, the sustainability of the hotels as going businesses, 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 effects of acts of God or *force majeure* resulting in hotel operating restrictions may affect the Company's ability to earn revenues or collect expenses, or to limit or adjust payment of certain performance guarantee obligations. However, the Company may choose the latter possibility, it has historically chosen to negotiate with the owners, and such negotiations may give the Company fewer advantages than those derived from application of acts of God or *force majeure* provisions.

For more details on the principal operated and franchised hotels see the section: 2) *The Company, x) Description of the Company's Principal Assets*

Franchising Contracts

The Company also grows through Gamma, One, Fiesta Inn, The Explorea and Curamoria Collection brand franchising. Posadas is entering a market in which it is not a leader; therefore, the Company cannot ensure that it will be successful in executing and operating franchising contracts. This new operating method implies that the owner or a third party other than the Company will manage the hotel's operation under our brands and distribution channels. These products mean that Posadas invests in creating, adapting, and maintaining and monitoring the franchise system specific to each brand to support the services offered to system users. This operating form distances investment and hotel operation, operational, administrative and compliance policies, amongst others, from Posadas' control, therefore, Posadas cannot guarantee that third parties' hotels outside of Posadas' control will not operate under other unauthorized brands and distribution platforms and that the collection of royalties, commissions and other concepts may not be successful, or that the risks that these hotel customers may suffer do not affect the reputation of Posadas brands in general. 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 our favor.

Owners may assert the right to early 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 however, damages may be very complex to estimate and prove contract and related claims, which may cause us to incur significant legal fees and expenses, and even if we obtain favorable rulings, these may be uncollectible. 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 or even our reputation.

Finally, the economic and financial capacity of hotel owners may affect preservation of the 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, 2024, 32 hotels were operated under franchise.

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

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

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

Luxury hotels:

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 may have a material adverse effect on the operating and financial results of our business.

Approximately 25% of the hotel rooms that we manage are in hotels classified as luxury. Luxury hotels generally command higher and dollar-denominated room rates. In an economic downturn, these hotels are susceptible to decreased revenues since hotels in this segment generally target the business and convention groups 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, the U.S. State Department has recommended not visiting six states in Mexico where we operate. The travel alerts and recommendations issued by said authority are an international reference point in the decision of travelers, especially travel groups or conventions, therefore, if these worsen, they can negatively impact our income.

Most of our luxury hotels are located in coastal areas that may be affected by hydrometeorological hazards that may damage their installations or the visitors' arrivals and stays in the areas during such events. These events may significantly impact their facilities, operations and revenues, thereby affecting those of the Issuer.

Fibra Hotel and other fibras

To December 31, 2024, 40% of our hotels are owned by Fibras (REITs). Of the total hotel rooms operated by the Company, 33% are owned by one of the Fibras' trading on the Mexican Securities Exchange which at some moment may face operational, liquidity, administrative problems, and in general systemic problems, jeopardizing maintaining its optimal operating maintenance conditions, which could affect the brands operated by Posadas and its results, thereby affecting the payment of fees and expenses in favor of Posadas.

Leasing contracts

Of the Company operated hotels to December 31, 2024, 15 operated under a leasing arrangement. 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 abnormally limited operation context or limited occupancy derived from social distancing or similar 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 but one stipulate a fixed rental income portion that we pay regardless of the income or revenue. Due to the COVID-19 pandemic, the Company negotiated with the lessors 20%-75% discounts on monthly fixed hotel rents. The negotiation to reduce leased hotel rent payments concluded on September 30, 2022, and no rent discounts are foreseen for future years.

To December 31, 2024, we were current in rental payment for all leased hotels.

In the 2019 corporate year, the IFRS 16 modifications became effective. 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, discarding 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 \$2,865 million as of December 31, 2023, compared to \$3,017 million as of December 31, 2022.

Vacation Product Sales

We develop and operate Vacation Product resorts by marketing memberships granting the right to use. 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 or a perception by the authorities of non-compliance may adversely affect our business and the manner in which we operate our Vacation Products.

At present, we bear the risks derived from Vacation Product memberships purchase contracts, for a 40 year right to use, evidenced with 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 outstanding purchase price balance. We recognize as

income the entire purchase contract value if 10% downpayment on the sale 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 crisis, a significant portion of our Vacation Product revenues have been recalculated upon request of members facing liquidity difficulties, in Mexican pesos, albeit at a higher interest rate. The great majority of 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 enforceable payment period, 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 sales and consequently affecting profits.

Vacation Product members pay annual maintenance fees allocated to operating and maintaining time-share resorts. Failure to pay maintenance fees by the members results in cancellation of the corresponding 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 by paying a discounted compensation for their membership. However, the preceding breaches of obligation may cause the Company to allocate funds to cover said expenditures.

Substantial investments must be made by the Company to obtain this inventory and require 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 offer 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 carrying 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 Fee

As a subset of our Loyalty and third-party operation business, Posadas established a new product for vacation development investors pursuing the benefits of marketing to customers their properties as vacation products, but with Posadas' support and brand experience, sales force, management infrastructure and guest service. Therefore, in 2023, the Company signed various implementing agreements and acts for this business

that begun to be marketed and opened its doors in 2024 in La Paz, Baja California Sur with the Live Aqua Private Residence La Paz hotel.

The legal, technical, and operational requirements for the sale, operation and management of a development and its vacation program are complex, and although we rely on the operating experience of third-party hotels and our own vacation programs, we cannot guarantee that this modality will have similar success with investors and timeshare purchasers in these developments and that Posadas will timely obtain and charge their fees.

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, 2024, 2023 and 2022. 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 in the architectural business structure of Posadas. Moreover, the implementation and development of these businesses may distract management and divert resources, or the benefits foreseen may be less or not fully obtained. The decision to stop operating some of these businesses with third parties and limit them to service units may entail costs. However, we depend on these businesses to operate various services, such as the Fiesta Rewards loyalty program, Vacation Products customer service, the Posadas System 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

Our industry is capital intensive. Investment in the purchase and development of new hotel properties, their conservation or remodeling, require capital investments to maintain adequate, operationally efficient, facilities or to keep them attractive to the consumer, may be substantial or demanding for the property owners who may not have access to such said funds or have untimely access to them.

Investments in terms of real property assets and/or remodeling in 2024 involved continuing some of those begun in 2022, such as the remodeling of the Fiesta Americana Villas Acapulco hotel pool, and Phase II of the Villas and Spa at the Grand Fiesta Americana Golf & Spa Los Cabos hotel remodeling began. In 2023, the Fiesta Americana Villas Acapulco hotel parking lot remodeling and shoring began, adding parking spaces and a better flow for suppliers thereby making hotel operations more efficient. However, work in Acapulco was suspended due to Hurricane Otis. The work was resumed as part of the efforts to again start up the hotel, which was strongly affected by the hurricane. The work has been concluded together with the restoration of this property.

The development of projects of this nature may involve higher financial leverage, may not be as successful, or may not always result in an additional return.

Part of Posadas' real estate assets are allocated to timeshares. The purchasers of these products pay an annual maintenance fee, which, amongst other purposes, is partially used for property maintenance. Insufficient fee collection or the failure to pay for ordinary or extraordinary maintenance, or damaging events, will result in the Issuer having to cover these expenses with its own resources.

Divestitures and real estate 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 normalizing operating status may have adverse effects due to indemnity obligations and other expenses which may be incurred.

In 2022, an agreement to develop an apartment complex on a land lot located in Acapulco Diamante in Acapulco, Guerrero, was signed. Consequently, Posadas contributed the plot of land to a trust and a third-party developer will build 128 apartments, of which Posadas will keep 29 units, intending to allocate these as timeshare inventory. The project's scheduled completion was in 2024, however, the effects of Hurricane Otis, processing delays of certain permits and licenses, or its adequacy, may either delay or not conclude the construction due to reasons beyond the control or attributable to the third-party developers, or Posadas may not receive authorization under the current indenture to use the properties it receives as timeshares.

Operating Holding Company Structure

The Company nowadays may be defined as a holding company which principal assets consist of the 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, and the hotel operation, brand licensing, franchising, *fee for service*, condominium management and vacation residence contracts, its subsidiaries' shares, as well as the employer of the employees of owned and managed hotels and of the executive committees of managed hotels, condominiums and residences. By virtue of the foregoing, the revenues of the Company primarily depend on its collection of services, royalties and fees arising from hotel operating, brand licensing, franchising condominium management and vacation residence contracts. Only a small part of the real properties are 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.

The Company has a current financial contractual restriction on dividend payment. Even though at present almost all subsidiaries are not contractually limited in the payment of dividends to the Company, 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 Company 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 Company 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 Company's liabilities. Joint liabilities between the group's corporations to third parties are not limited to financial liabilities, and these may extend to other liabilities, 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 exempted) are or will be guarantors for the payment of that instrument.

Since the Company is a holding and operating company, the possibility that the Company may satisfy the demands of its creditors depends, to a certain extent, firstly on its ability to participate in its subsidiaries' dividends, and subsequently on the distribution of the assets of its subsidiaries upon liquidation. The Company'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 Company is the merging entity. Corporate movements reported by the Company that are the object of information 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 consolidating 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 the completion of the corporate restructuring or the Company's 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 or its subsidiaries' 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 corporate creditor, 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 or its subsidiaries, 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 Company. 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, neither the Company nor its subsidiaries may

guarantee that the Company's or its subsidiaries' various corporate movements may be completed, within the deadline foreseen or that they will not result in a disbursement of funds to pay off 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 Company'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 restructuring or relatively significant costs due to executing the above operations. The Company cannot ensure if in its subsidiaries' 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 to normally operate or, if applicable, attain the efficiencies expected. As described above, the merger authorization process of Soluciones de Lealtad S.A. de C.V. as the surviving company, remains pending approval by the Tax Administration Services.

iii) Changes to proposed corporate movement plan and different effects

Posadas continues to study and analyze certain aspects of possible corporate restructurings which may affect the proposed restructuring or produce different effects or of any other nature other than those set forth in the informational leaflets 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 or its subsidiaries would have to disburse thereby.

iv) Foreign legal provisions

Although Posadas consults foreign legal counsel regarding corporate movements in other jurisdictions, neither the Company nor its subsidiaries can ensure that in jurisdictions other than Mexico no obstacles or additional requirements delaying or preventing the planned completion of the corporate restructuring may occur.

v) Share price fluctuation

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

vi) Tax implications

Despite 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 have a different tax interpretation regarding such restructuring.

Following the binding legal precedent enabling companies to distinguish between accounting and tax effects and plenary effects could generate a series of misunderstandings and contradictions that may result in differentiated opinions with third parties or authorities.

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 these investments may be devalued or totally lost.

Taxes

Tax legislation is frequently modified by the competent 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 criteria regarding the applicable law different from those of the Company.

Audit procedures:

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.

In relevant tax matters, regarding the tax liabilities corresponding to the 2006 tax year, reported in the 2015 consolidated financial statements, it is reiterated that in September 2020 the proceeding that declared the tax liability partially null was finally resolved. Consequentially, as of April 30, 2021, a new \$ 222.8 million pesos tax liability was determined. Thus, on March 30, 2022, the Company paid \$174.0 million pesos tax liability benefitting from article 70-A of the Federal Tax Code; thus, said matter was finally concluded. For further details see section: 3) Financial Information, c) Material Loan Information.

On March 08, 2022, the SAT submitted the official notice exercising verification powers for the tax year from January 1 to December 31, 2016, tax year, thus verifying its tax situation. On March 2, 2023, the tax authority issued an official letter regarding observations made to the results obtained when exercising its verification powers and granted 20 business days to present evidence to refute such observations. In its best interest, on March 30, 2023, the Company filed a request for a concluding agreement before the Office of the Taxpayer Defense Attorney General, in order to provide sufficient documentation to refute the observations made in the corresponding official letter. On November 21, 2023, the Company signed a concluding agreement with the Office of the Taxpayer Defense Attorney General whereby the parties agree that various observations were duly clarified by the Company and acknowledged by the tax authority. Furthermore, the Company accepted the observation related to the regularization recorded as "omission to accumulate the amount of \$409 million pesos for deferred currency exchange profit". The Company corrected its tax situation by filing an additional tax return on September 5, 2023, as well as payment of a \$5 million peso fine. It is worth mentioning that the tax profit determined by the accumulation of deferred currency exchange profit was amortized by the tax losses from previous years.

On December 15, 2022, the SAT submitted an official notice exercising verification powers for the tax year from January 1 to December 31, 2017, thus verifying its tax situation. On September 11, 2023, the Company was informed by an official observation letter of the alleged facts and omissions detected by the tax authority during such audit proceeding. On January 23, 2024, the Company filed before the Office of the Taxpayer Defense Attorney General a request for a conclusive agreement, and which was signed on September 27, 2024, making evident the subsistence of the rejection of the key money deduction in the amount of \$202.9 million.

On March 3, 2025, the Company filed a written document responding to the official observations letter, stating that in order to reach an agreement with the tax authority, it had proceeded to self-correct by filing an additional tax return on February 28, 2025, solely with respect to the key money concept in the amount of \$202.9 million. Such self-correction was intended to not recognizing as part of the authorized deductions, the key money concept and to consider it as a deferred charge subject to tax amortization in accordance with the tax provisions in effect during the 2017 tax year. Resulting from the aforementioned self-correction, tax losses from prior years were reduced. Consequently, on March 13, 2025, the tax authority served an official audit conclusion letter, since it considered that the Company fully and satisfactorily self-corrected in relation to the key money concept deductions.

Existence:

Posadas's suppliers may be considered as taxpayers subject to the SAT presuming the material inexistence of their operations, and therefore their supplying of goods or services to Posadas may also be deemed inexistent. Although Posadas relies on reviewing the apparent tax legality of its suppliers' operations, adhering to the systems implemented by the selfsame tax authorities, and collects, to the extent commercially reasonable, evidence of the existence of the supplies and services received, the elements proving the existence of the supply relationship with Posadas 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 or the SAT may retroactively apply suspicion criteria with respect to a supplier. Therefore, corresponding expenses

may be considered non-deductible for Income Tax deduction purposes, as well as make impossible proof of the transferred Value Added Tax, and potentially alter 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.

Value Added Tax and Compensation:

On March 15, 2023, the Second Division of the SCJN resolved conflicting legal precedents (thus becoming binding legal precedent) determining that a civil set-off is not a VAT payment method nor can it result in a refundable payment balance request nor is it a tax payment.

The Company has implemented various strategies to avoid making set-off payments to its suppliers, one of the most common mechanisms for the performance of payment obligations, in order to comply with the corresponding criteria, generating unnecessary cross transactions, liquidity risks and credit risks prevented by the simplified set-off system, or counterparties that apply set-off, by operation of law, as established in the Federal Civil Code, despite our efforts to avoid it.

International Taxes:

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 which may or may not benefit from exemptions provided in international treaties to avoid double taxation. As such, 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.

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.

Subcontracting:

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. Although the authority has issued interpretative criteria as to what it considers to be essential lodging activities, 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 and penalties. 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, pursuant to the terms of the Income Tax and Value Added Tax Laws, is unfulfilled. Furthermore, the authority may not authorize the Issuer's registration renewal in the REPSE, a key mechanism to organizing third party hotel administration. Likewise, the authority could possibly interpret that the criminal predicate of aggravated tax fraud has been committed.

Controlling Beneficiary:

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". 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 a corporate entity whose shares are listed on the securities 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 the issuers, the time frame so that issuers obtain this information, the very logic of securities 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 provisions.

Environmental taxes:

The Company is currently subject to environmental taxes in the states in which we operate. The criteria for considering that we are subject to the different taxes, the costs of monitoring, the implementation of mitigation measures, may be uncertain or may increase hotel operating costs. To date, we have no tax contingencies determined due to this reason, but we cannot guarantee that the criteria we may adopt or the mitigation measures we implement are those of the authorities or that they are sufficient.

Infonavit amendment:

By means of Decree published in the Federal Official Gazette of the Federation on February 21, 2025, several provisions of the National Workers Housing Fund Institute Law (INFONAVIT Law) were amended, introducing significant changes in employers' obligations connected to the deduction applicable to workers' housing loans. Specifically, Article 29 of the INFONAVIT Law was amended to eliminate the employers' possibility to suspend workers' housing loans discounts in cases of disability or absence, under the justification of making the housing loan payments easier thereby reducing the corresponding the loan default probability, avoiding disproportionate unpaid balance increases to the detriment of borrowers' net worth, as well as providing greater financial sustainability to the Fund. Thus, employers' wage discounts obligations amortizing the loans granted to their workers cannot be suspended for absences or disabilities under the terms of the Social Security Act. In this sense, the collection obligation is transferred to employers even if there are absences or disabilities as defined by the Social Security Law. This causes an administrative impact and even the possibility that the employers may not be able to collect from workers the amounts paid on their behalf.

On April 4, 2025, the Company filed an collateral constitutional challenge against the aforementioned amendment, since it deems that there are arguments to conclude that the amendment violates several fundamental constitutional rights; said challenge is pending ruling. This ruling, if favorable, will only apply to those work centers whose employer is Grupo Posadas or Inmobiliaria del Sudeste.

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 further details 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 implements investments or strategies 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, which could negatively affect its performance and, in the applicable case, its effects and the costs to mitigate these.

Risk of unsuccessful investments or outdated room distribution technology or other services..

Due to changes in the purchasing trends of travelers, there exists a greater demand for high-content hotel information 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. Currently the Company 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) Continued adaptation and investment to have a modern and state-of-the-art service in our properties. Specifically, strengthening lodging experience digitalization through our Fiesta Rewards application and introducing new options for our clients, such as the launch of our Digital Concierge and electronic locks in rooms.

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, information leakage, cyber-attacks such as ransomware, phishing, denial of service, malware, amongst 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 reasonable security control and information protection. Despite the fact that the Company allocates significant economic, technological, and human resources to prevent such situations, the attackers' sophistication and resources, technological advances, inadvertent failures amongst other factors could cause that the measures adopted may be insufficient.

Information security and computer system hacking

The Company safeguards the correct functioning of information 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, theft, loss, or misuse of information 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 risks of unauthorized access to information systems and/or equipment, as well as informational misuse, through a control of assignment and use of information access privileges. Failures or omissions in the execution of controls, misuse of privileges, sophistication, and resources of attackers, amongst other factors, could cause that the measures taken may be insufficient.

The business units' management of personal and/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, from the first contact, to clients or third parties 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 thoroughly analyzes the legal requirements that it must fulfill to implement control mechanisms that guarantee the privacy of sensitive customer or third party information that it safeguards, as well as compliance with the processes and regulations to which it is subject due to its business, however, we cannot guarantee that there may not be differences of opinions with respect to regulatory entities or rights holders in the application of the applicable regulations.

The Company has diverse policies to mitigate these risks:

- Corporate Information Security Policies
- Technological Updates of computer equipment
- Resource Monitoring Policy
- Departure Information Backup Policy
- Incident Response Process
- Risk Analysis Procedures
- Vulnerability Management Procedures

As well as the following certifications:

- Certifications: Konexo, our contact center, has PCI (Payment Card Industry Data Security Standard) Level 1, while business units have PCI Level 2.
- Konexo has been certified by MGCIC (Global Model of Customer Interaction Centers) for 7 years.

The certifications have an annual validity and since the company's implementation to date have been renewed on each occasion.

The company uses the following frameworks as a guide to define its security architecture:

- ISO27002 (Safety Control Guides)
- ISO27005 (Risk Management Guidelines)
- CIS (Internet Security Center)
- NIST (National Institute of Standards and Technology)

The foregoing is bolstered by formulation of annual internal and external audits plans integrating data and information protection control processes/procedures that define 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 office and monitors action plans compliance.

The occurrence of any breakdown, intentional or negligent acts, insufficient measures, uncontrolled processes or difference in interpretative guidelines may affect the operations of Posadas, perhaps having a negative impact on its sales and/or operating costs or maybe resulting in litigation and its implicit costs and eventually penalties and indemnities, in addition to the loss of goodwill. 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.

The digital world has resulted in the increase of phishing or fraud using fake websites, emails using our brands, products or designs, for the purpose of defrauding current or potential company customers. In this regard, we have taken certain actions aimed at warning third parties and mitigating, as much as possible, the impact of these fraudulent activities.

Additionally, tourism sector threats and attacks have increased considerably in recent years, to confront these risks, the following actions have been taken:

- Implementation of security solutions that allow us to monitor, detect and respond to internal and external threats.
- Development of personnel awareness campaigns to identify threats and act accordingly.
- Establishment of security policies, processes, and procedures, as well as constant updating to maintain preparation for emerging threats.

- Compliance with security standards, such as the PCI DSS standard for processing customer banking information
- Management of suppliers to reduce the attack surface.
- Specialization of information security personnel
- Security tests to identify vulnerabilities that may compromise systems
- Cybersecurity policy
- Platform monitoring availability

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

We have entered into agreements with third parties to provide certain products 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 investments, 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. and, now, implement new money laundering and terrorist financing prevention policies. However, we cannot ensure that this certification mitigates non-compliance or regulatory non-compliance risks, or that these policies will be applied to all cases, nor can we ensure that the Company will not decide to contract suppliers without this prior certification.

As a result of the subcontracting employment legislative amendment, the Company is required to identify if 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, we always seek to obtain for the Company the best consideration payment terms 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

The Company has entered into and may continue to carry out operations with related parties under some limitations. These types of transactions are regulated by the Related Party Transactions Policy issued by the Board of Directors, certain agreements with private parties and the applicable regulations. The report on material transactions and related party transactions is periodically submitted to the Corporate Practices Committee. Although these transactions are considered to be of an insignificant nature and are considered to have been carried out under market conditions, the Company's shareholders or creditors, or any third party that considers itself a stakeholder, could challenge these transactions seeking their nullity or questioning whether

they were appropriate or necessary, were carried out under market conditions and were duly authorized and executed.

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 may 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 to obtain or keep certain trademarks registered. There is no guarantee that such trademark or trade name registration will be granted or will not be declared expired in the event of not using them. We cannot ensure that all of the steps we have taken to create and 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, 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

New laws and legal provisions passed applicable to our industry and to our general activity, as well as their administrative or judicial interpretation, are 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 or make our activity less profitable. Moreover, such controls and procedures may not be mitigated, and they may modify or restrict the manner in which the Company currently and competitively operates in other regions.

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 Company and, therefore, conclude that the Company is not complying with the applicable regulations. If said predicates materialize, this may represent important costs and risks for the Company.

Recently, important constitutional amendments and the regulatory legislation thereunder, both local and international, could significantly impact different areas, forcing the Company and the economic units it manages to make investments or expenditures to comply with these regulations, reducing the expected profit and loss, or a defective or delayed implementation of the same could result in penalties of different kinds:

Economy: Economic and tax policies adjustments, including new taxes or social contributions. These changes may affect how businesses pay taxes and the controls they must abide.

Investment and employment: National and international economic uncertainty and constitutional and regulatory legislative amendments may influence investors' confidence and job creation. Constant modifications in this area, which contributions are attributed to employers or entrepreneurs, represent important unreasonable adjustments, expenses, and make medium or long-term planning difficult. Doing business is becoming more expensive every day, if it is to be done within the law.

Other constitutional reforms: Other important constitutional amendments have been made in different areas, such as the judicial branch, the "amparo" or collateral constitutional challenge proceeding, energy, personal and public information, mandatory pretrial detention, militarization, amongst others, which significantly modify the public administration's action framework, and how the rights and defense of individuals rights are carried out. Keeping current and integrating the effects of the amendments may represent costs, significant deviations or adjustments or the inability to make these, or may result in the limitation of rights.

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

Collective bargaining agreements for hotel employees and the corporate offices have been signed and are reviewed and renewed periodically. Collective bargaining, union activity, strike rights may make our operations more expensive than they have been in recent years, or disrupt operations, and interfere with our management's ability to focus on executing our business strategies.

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. Amendments to the employment law enforcement system and union life activities involve application criteria changes by administrative and judicial authorities, and may have an adverse impact on the Company or its subsidiaries. Likewise, new labor and central unions have appeared which may dispute with the present worker unions 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.

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 may, despite all precautions, file lawsuits against us or make us jointly and/or severally responsible. Under such circumstances, if our defense is unsuccessful, employment or labor or administrative obligations may be imposed on us.

Under the general subcontracting prohibition and rules under which specialized services may be subcontracted, the Ministry of Labor and Social Security has issued guidelines defining essential activities in lodging services; it has not yet issued guidelines for other activities, so there is uncertainty as to 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. Likewise, the Issuer may not obtain its registration renewal in the REPSE registry, therefore, its managed hotels management and control business model may be subject to a temporary adjustment.

Practically the majority of the employees engaged carrying out the activities of the Company's corporate purpose are hired by the company, including the staff of the owned 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 if these use third party services that may be considered 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 if 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 breaching in any manner the above provisions would constitute a joint obligation that the State transfers to the service beneficiary, so despite the trust placed on the registry, 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. Also, this would apply if the information requirement for delivering said information 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.

Violations of applicable anti-corruption, anti-money laundering, anti-terrorism assistance and other applicable unlawful activities laws and regulations

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 retain 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 our counterparties and beneficiaries presenting accurate and timely information and final beneficiary information, therefore it is possible that our files are in the process of being updated, or that the information received is incomplete or inaccurate, or that 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. Companies must prepare to comply with the new regulations and mitigate risks associated with the new standards, including those of an extraterritorial nature, as those corresponding to money laundering prevention and terrorism assistance. The importance of compliance and implementation of effective strategies to adapt to these changes, so the Company must analyze its risk exposure in the different areas and implement relevant treatment procedures using best practices. It is impossible to guarantee that we can identify all risks and that the established measures and resources are sufficient or timely updated to address the risks, or that they meet the criteria of the interpreting authorities, in addition to implementation costs, monitoring and defense and the possible effects on different Company dynamics where they must be implemented, nor can we guarantee that none of our employees or executives contravene our and/or the authorities' regulations and internal controls and thus incur in any situation contrary to these provisions.

Likewise, the Company provides services to the general public, and it is legally prohibited from discriminating against employees, customers or suppliers 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 could affect operating results, financial conditions, and cash flow, as well as the Company's image.

Violation of anti-corruption and money laundering regulations, assistance to terrorism, amongst other regulatory violations, can seriously damage the Company's reputation, affecting its ability to do business and maintain commercial relationships. Likewise, customers, members and employees may lose confidence in a company that did not allocate sufficient prevention efforts and resources or is involved in unlawful activities, which may lead to the loss of business and talent.

Similarly, violations to these laws may deter investors, both domestic and foreign, from investing in a company or in the country in general. Authorities may impose stricter oversight and control measures, which can increase operating costs and administrative burdens for companies.

Unlawful activities often involve the use of technologies to conceal transactions, which can increase the risk of cyber-attacks and make vulnerable information systems.

Failure to install a compliance management system according to regulations and best practices may entail not only risks associated with regulatory non-compliance, but also aggravate operational, reputational, administrative, civil and criminal consequences for the Company and its employees, officers and directors or the entities we manage.

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., the Mexican Securities Exchange, 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, 2025, the Company is a party to various judicial and administrative proceedings, derived from the ordinary course of business, both as plaintiff and 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 Compañía Mexicana de Aviación unions. The Company has raised its defense and the status of these lawsuits has not progressed significantly.

The Issuer and 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 in Mexico or abroad, 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, they may be related to employment, criminal or consumer protection proceedings.

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 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.

Legal certainty: The amendment stipulating that the Judicial Branch and its oversight body be elected by popular vote introduces an element of uncertain proportions regarding the rule of law in Mexico. The delay, inexperience, possible lack of impartiality or submission to various political interests or the support of the same in pursuit of election, as well as excessive control over the judicial oversight body are aspects that may substantially alter the scope, defense and exercise of the rights and obligations of the Issuer. The possibility of subtracting conflicts from this new judicial system is very limited for the Company's activities, and if possible, it is more costly and does not guarantee the rule of law. This may have as a consequence that the Issuer will be more willing to negotiate and sacrifice rights due to the possibility of more costly unknown situations or interpretations or exposure to unforeseeable or unlawful situations and interests.

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

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

Historically, the majority of our indebtedness has been denominated in dollars. As of December 31, 2024, 99% of our total interest-bearing indebtedness was denominated in dollars and at fixed rates. As a result, we were slightly exposed to risks from fluctuations in interest rates.

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 dollars, 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 a 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 to mitigate risks.

In this same manner, we may determine whether 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.

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

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, due to 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.

As the close of the 2024 corporate year, approximately 85% of our cash was denominated in dollars. At present, we do not have any derivative contracts in our books

Our insurance and bond coverage may be insufficient to cover potential losses.

We carry insurance coverage for general civil liability, property damage, business interruption (consequential loss) 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 or policy coverage exemptions may apply. Although our policies are contracted with insurance companies of proven solvency, we may be faced with situations of unjustified delay or insolvency of the insurers or reinsurers. Although our policies are contracted with insurance companies of proven solvency, we may face situations of unjustified delay or insolvency of the insurers or reinsurers. Moreover, even though the owners of the managed and franchised hotels are obligated to contract these insurance policies, they may not do so, or may do so under different conditions, and the possibility of the real property becoming inoperative will mean the inability of Posadas to receive the income derived from the services it provides to such hotels, or recover the expenses incurred.

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 considers 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 for the 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 grossly negligent acts, as well as damages to guests resulting from breaches of building regulations in force at the time of the property construction. Service standards or authority and judicial decisions can hold hotels responsible for or, if they are not, to compensate 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.

There is a draft modification to the Official Mexican Standard 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 similar policy. The lack of or the insufficiency of said third party policy could make that lodging establishment be held responsible.

Despite having the relevant government authorizations in place, insurance companies verify in each event the possible materialization of a coverage exemption based on their particular assessment not compared with the authority's regarding assessment of compliance, such as construction and civil protection rules, and an exclusion may materialize at the insurer's discretion.

Almost all of our assets are pledged as collateral for our financial liabilities.

The refinancing terms and conditions of our 2027 Senior Notes debt include the granting of (i) a security interest in substantially all of our real estate assets or the rights representing these, the portfolio of the different Vacation Products and their collection, (ii) the granting of a personal guaranty –joint and several obligation– by the subsidiaries. This represents a limitation on the availability of the company's assets, as well as the possible foreclosure of such assets in the event of an actual or claimed default by the holders of such collateral, in which case the company would be unable to continue operations and receive the corresponding revenues related to the collateral.

Reputational 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 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. Likewise, in the residential products arrangement, Posadas licenses its brand to a developer that sells properties developed or to be developed under a promise or expectation of scope and time. 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, contract compliance, 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 this 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), and the residential lodging activity.

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 for the tourism source markets in Mexico and the Dominican Republic;
- Domestic and international political and geopolitical conditions including civil unrest, war, expropriation, nationalization and repatriation;
- Travelers' and personnel's fears of exposure to contagious diseases such as 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;
- Climate change, natural disasters.
- 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, employment, 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 accidents 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 relevant supplies, affecting those zones in the country where the Company operates hotels, negatively impacting the effective rate;
- Inflation increases.
- Corruption, terrorism and money laundering.

The Hotel Industry is Cyclical

The hotel industry is cyclical by nature. Of the 30,011 hotel rooms that the Company operated as of December 31, 2024 (including Vacation Products), 14% are located in coastal 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.

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 costs 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 timeshare 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 timeshare holders 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 for the Company's financial debt. Under such terms, the net result of the sale of assets must be used to pay said debt.

Natural Disasters (Acts of God)

The properties operated by the Company are subject to events of *force majeure*, such as natural disasters and, specifically, in those locations where we have 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 proceeds are specifically allocated to pay owners' financial liabilities 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 operates 24 hotels in beach locations (Resorts and other hotels) and of these 12 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 will be exposed to these same weather phenomena. As of March 2024, the Hotel Gamma Copacabana Acapulco is no longer operated by the Company.

Epidemics and Pandemics

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 economies of our clients' originating countries, has affected and may adversely affect our businesses.

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 that 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 the context of geopolitical, social and commercial tensions, as well as the disparate behavior of the main travel issuing markets.

The risk of outbreak of new diseases similar in nature or impact to COVID 19, vaccine and adequate medical treatments availability and inequity, among others, as well as economic deterioration and inflation and interest rate increase will continue to decrease our services and product demand, prevent our clients from traveling or cause our clients to breach commitments undertaken with both hotels and our Vacation Property (Loyalty) products and segment. Also, it may limit the capacity of the owners whose hotels we operate to build or renovate the hotels 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, should travel restrictions appear again, substantial increases in air and ground transportation and decrease in air transportation capacity mainly due to flight reduction or consolidation may also contribute to reduced demand for Vacation Product (Loyalty) hotel rooms and villas.

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.

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 enforcement of existing environmental protection laws may affect or impose operating or economic costs on our operations. The Company may face high costs to comply with environmental regulations, which can affect its profitability and competitiveness. Implementing sustainable technologies and processes may require significant investments. Likewise, the implementation of environmental regulations can be complicated due to the lack of funds and knowledge in the institutions responsible for supervising and enforcing.

Likewise, frequent changes in environmental laws and regulations can generate uncertainty for the Company, making long-term planning difficult. This can affect investment and project development. Our

compliance with the latter may be challenged by the authority. Accordingly, there can be no assurance that further tightening of existing laws and regulations or the adoption of additional legislation, or our enforcement criteria, would not have a material effect on our business and financials (or other) conditions or budgets.

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. GDP growth for 2022 and 2022 was 3% and 3.2% respectively. In 2024, Mexico's Gross Domestic Product grew annually by 1.2%. This growth was the least dynamic in three years. According to economic activity, it was as follows:

- Primary activities: An annual growth of 0.7%.
- Secondary activities: Annual growth of 1.5%.
- Tertiary activities: Annual growth of 2.4%.

Most of the Company's debt is dollars denominated, however, in 2024 the peso depreciated by 19.9%, while in 2023, it appreciated 13%.

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 result in a fall in demand by foreign visitors for our national territory.

Currency exchange fluctuations

As of December 31, 2024, 99% of our total indebtedness was denominated in dollars, while the majority of the Company's sales (approximately 70%) are peso (Mexican currency) denominated. An important portion of the accounts receivable are denominated in dollars (see Notes in the Company's audited consolidated financial statements included in this Annual Report as Attachment). The peso has been subjected to significant past depreciations and may be depreciated in the future. The devaluation of the peso would negatively affect the Company's results and financial condition due to the implied 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 2024 was \$20.2683 pesos per United States Dollar that represented a 19.98% depreciation during the corporate year. To December 31, 2024, 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 in food and beverages. Inflation may affect the purchasing power of our customers and thus adversely affect demand for hotel rooms and Vacation Products membership. Inflationary fluctuations could have a material impact on the Company's financial condition and results of operations. 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 7.8%, 4.6% and 4.6% for 2022, 2023, and 2024, respectively. Inflation impacts basic staples

products such as gasoline, which, as previously stated, may have an adverse effect on the Company's operation, supply chain and guests, among others.

Likewise, the supply inflation impact may cause a Company operating margin decrease, as well as of 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 unsuccessful, which may be a strategy to not affect beginning recovery demand. This may become unsustainable in the 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 directly affect the Company's integrated financing results, thereby increasing its financing costs, in the event its bank debt is contracted at a floating rate. However, the recently experienced interest rates decline on international markets has reduced the Company's financial risk. Average interest rates on 28-day CETES (Mexican Treasury Bills) for 2022, 2023 and 2024 are: 7.6%, 11.1% and 10.7% (at the corporate year closing 9.74%), respectively.

Insecurity

Cities, areas of influence and highways are experiencing crime increases or perceived as unsafe. These affected tourism and economic activity in cities such as Culiacan and, to a lesser extent, Mazatlan and significantly impacted the results and the supply chains of the hotels located in those cities in 2024.

Likewise, the dissemination of erroneous or exaggerated information about Mexico's situation may affect the perception of tourists and reduce the number of visitors.

Risks Related to a Downturn in Economic Activity and High Inflation in the 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.

Tensions between Mexico and the United States of America (and between the latter and other countries), specifically the imposition of tariffs and trade restrictions, may affect the economy and thus tourism. The T-MEC renegotiation may also bring uncertainty and affect investor confidence, generate new relocations, and the suspension of investments or projects that would attract demand for our services. Armed conflicts in other regions of the world may have indirect effects on Mexican tourism, as they may alter travel routes and the perception of global security. Likewise, stricter migration policies and measures against drug trafficking may cause tensions and affect the image of Mexico as a tourist destination.

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

The countries that compete for the surrounding originating markets: 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 our impossibility of offering tourism products at more competitive prices, 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 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 and budget.

As of December 31, 2024, approximately 86% of the Company's rooms were located in urban destinations, and the remaining 14% are coastal 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 the 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 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 must be provided at the initiation of the Audit 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:
- 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 results 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 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 chairman of the meeting, of the minutes of the meetings of bondholders or other security holders, accompanied by the attendance list signed by the ballot inspectors appointed for such purpose, indicating the number of securities corresponding to each bondholder 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 number of shares in the repurchase fund amounts to 16,855,600 shares, therefore, 495,881,988 Series A shares are circulating in the open market.

On April 03, 2025, the Issuer's Ordinary General Shareholders Meeting was held, which amongst other things, resolved on the 2024 corporate year annual results and reports and ratified the members of its board of directors.

On April 18, 2024, the Issuer's Ordinary General Shareholders Meeting was held, which amongst other things, resolved on the 2023 corporate year annual results and reports and ratified the members of its board of directors.

On March 28, 2023, the Issuer's Ordinary General Shareholders Meeting was held, which amongst other things, resolved on the 2022 corporate year annual results and reports and ratified the members of its board of directors.

f) Public Documents

The information contained in this Annual Report may be consulted or expanded with the investor relations area of the Company by calling (52 55) 5326-6757, or directly at the Company's domicile located at Av. Prolongación Paseo de la Reforma 1015, Floor 9, Torre A, Col. Santa Fe, Cuajimalpa, Ciudad de México, 05348, Del., Cuajimalpa de Morelos, as well as on the Exchange's website at www.bmv.com.mx, where the Code of Best Corporate Practices will also be available for consultation.

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's address is Prolongación Paseo de la Reforma 1015 Piso 9 Torre A, Col. Cuajimalpa, Ciudad de Mexico, 05348. Telephone 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 and in 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. Stock Market Corporation] 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 2023, the Company and Banco Santander renewed for a period of 10 years their co-branded card alliance, relaunching an ambitious card placement, generation and promotion program.

In 2011, 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 FibrHotel.

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 FibrHotel.

In 2012, Posadas sold 12 real properties and hotel equipment to FibrHotel, 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 FibrHotel, and in 2014 sold 2 more Fiesta Inn and One brand hotel. Posadas was the majority owner of all of these hotels. In 2016, the Company agreed to sell the hotel called "Fiesta Americana Hermosillo", which was completed on January 31, 2020, and on June 30, 2017, the Company agreed

to sell the hotel called “Fiesta Americana Hacienda Galindo”, which was completed in 2021. These hotels, as well as the Fiesta Americana Condesa Cancun, sold in 2017, continue to be operated by the Company.

In April 2013, Posadas created The Front Door, a 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 timeshare business. In 2016, The Front Door became Live Aqua Residence Club (LARC). In December 2017, the construction in Los Cabos, Baja California Sur of villas for the product Live Aqua Residence Club, with 109 rooms, was completed.

In connection with our traditional Fiesta Americana Vacation Club, in 2013 we allocated the Fiesta Americana Cozumel hotel to the timeshare system.

In 2011, 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, 2020, the company sold the piece of land in Nayarit and during the 2022 corporate year, the Acapulco land lot was contributed to a real estate housing development trust in exchange for trust rights entitling the Company to receive 28 apartments to be operated under the Live Aqua brand and destined by Posadas to the vacation properties inventory under the Loyalty program. As part of the creditors’ agreements, these rights were granted as collateral for the 2027 Senior Notes.

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 started to execute 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. Prolongación 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.

During 2014, the Vacation Product segment offer was broadened by reopening the hotels Fiesta Americana Cozumel All-Inclusive and The Explocean Cozumel.

In 2015, with the creation of the Gamma brand the Company started its Franchising 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 most of the time allows 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 Explocean and the Curamoria Collection brands.

In May 2015, the Company approved and ratified before the Office of the Taxpayer Defense Attorney General the partially conclusive agreement signed with the Tax Administration Service in the amount of \$67 million regarding the Turística Hotelera Cabos XXI, S.A. de C.V. Subsidiary, and which to date has been completely liquidated.

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: Live Aqua Urban Resort, Live Aqua Beach Resorts and Live Aqua Boutique Resorts.

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

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: In July 2021, Posadas executed a termination agreement of the aforementioned operating contracts and in September 2021, it sold its 12.5% investment trust participation in the development project.

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

- 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 347 rooms. This project opened in February 2021.
- February 2022: 15-year operating contract, under the Funeeq brand with 498 rooms.
- It is worth mentioning that although Posadas entered Cuba with two hotels, the conditions derived from Covid-19 made it unfeasible since 2020 to continue this operation, when the conclusion of these contracts was agreed, and the definitive agreements were liquidated in 2023.

As part of our diversification strategy, in 2022 Posadas developed a new residential lodging product consisting of licensing to third party residential real estate developers to be acquired by different individuals and companies, and the sale of these properties would be promoted among its databases. Posadas would carry out the condominium administration management activities, as well as the lodging management of the residences that under this modality. The real estate brands that would be used for this purpose are Live Aqua, Grand Fiesta Americana, Fiesta Americana and Curamoria Collection.

Likewise, Posadas has established a new product to market third party properties for timeshare, under the brands Fiesta Americana Vacation Club and Live Aqua Residence Club. This product offers third-party investors the advantages of our reputation, experience, sales team, relationship and development management. In 2023 we signed our first Fee for Service product for a development in La Paz, Baja California Sur which opened its doors in 2024 with the Live Aqua Private Residence La Paz hotel.

In 2023, to celebrate its 25th anniversary Posadas decided to issue a special membership in April 2023 called FAVC 25th Edition, which has been well accepted in the market. For more details regarding Loyalty products see section: 1) General information, b) Executive Summary.

In the financial, corporate and realty field, the following activities stand out from 2022 to the publication date of this report:

- To ensure business continuity, as a result of the significant COVID-19-related deterioration, in the Company's operating income and cash flows, as well as the then uncertain impact that COVID-19 would have on Mexico's tourism industry, in 2021, we successfully completed the comprehensive restructuring of our debt, carrying out the exchange of Senior Notes 2022, for new notes due in 2027 for an amount of US\$ 393,235,022 (including premium payable in capital). The latter through a complex agreement established with a previous note-holder representative group, this was later offered to the remaining issue holders and binding through a judicial procedure called "prepackaged Chapter 11", brought before the United States courts. Substantially all of the company's real estate assets and the vacation program portfolio and collection proceeds have been pledged as collateral for the performance of this obligation. The negative and positive covenants represent more restrictive situations than the last issue in effect.

On June 30, 2022, US\$26,850,570 of Senior Notes due in 2027 were subscribed by holders who made a trade request before June 14. In turn, a partial cancellation in the amount of US\$5,346,298 of Non-Qualified Holders was made resulting from the rules established in the restructuring process. With these actions, the restructuring was concluded.

In 2023, with the generation of cash flow, the company began a repurchase program aimed at the 2027 Senior Notes market. The first repurchase period for an amount of US\$1,711,894 was held in June, the second period was in September for an amount of US\$2,300,000, the third in November for an amount of US\$3,000,000, and the fourth and final period was held in December for US\$523,128. The total repurchased and cancelled amount of Senior Notes was US\$7,535,022 with a cash implication of US\$6,440,236 plus accrued interest of US\$131,658 to total

US\$6,571,894. These operations were carried out with the approval of the Board of Directors. After completing this repurchase program, the unpaid balance of Senior Notes to 31 December 2023 was US\$385,700,000.

During 2024, the market repurchase program continued for an amount of US\$5,000,000 with a cash implication of US\$4,641,000 plus the interest accrued of US\$82,250 to add up to US\$4,723,250. These operations were carried out as part of the equity repurchase program with the approval of the Board of Directors. After completing this repurchase program, the unpaid balance of Senior Notes to 31 December 2024 was US\$380,700,000.

- 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 were used for corporate purposes including renovation 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, giving time for the recovery of demand for the 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 2023, the subsidiary made payments of \$45M corresponding to interest and principal. The outstanding balance as of December 31, 2023 amounted to \$101 million. On May 10, 2024, a mortgage-backed credit financing (on the Fiesta Americana Merida hotel) was contracted with Scotiabank for \$113 M and withdrawn \$90 M on May 22, 2024, at a TIIE rate plus 150 basis points due in May 2027.
- In September 2021, we signed a contract subject to condition precedent in order to contribute a plot of land in Acapulco to a mixed-use real property development trust. Consequently, in 2022 we signed a trust whereby, as trustor and trustee, Posadas contributed the land lot and will receive 28 apartments to be used for its vacation products. Likewise, Posadas will grant a brand license and manage the condominium.
- In relevant tax matters, in connection with the tax liabilities corresponding to the 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, and on April 30, 2021 a new \$222.8 million pesos tax liability was determined. The Company filed a nullity proceeding against the new tax liability, as well as a complaint, both of which were withdrawn. 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. For further details see section: 3) *Financial Information*, c) *Material Loan Information*.
- Payments were made to the SAT for \$561 million pesos. \$174 million pesos correspond to the resolution of the 2006 proceeding and \$387 million pesos to the ninth and penultimate annual payment of the conclusive agreement with the Mexican tax authorities entered into in 2017. It is worth mentioning that each of the aforementioned annual payments has been made in due time and manner; the last payment was made on March 31, 2023. For further details see section: 3) *Financial Information*, c) *Material Loan Information*.

The 2024 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 2024 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 2024, 2023 and 2022 consolidated financial statements of Grupo Posadas S.A.B. de C.V. and Subsidiaries, issued by Galaz, Yamazaki, Ruiz Urquiza S.C., (Deloitte).

Main investments 2022-2024

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 from 2022 to 2024:

For 2022, the consolidated annual capital expenses totaled \$223 M:

- 28% was used for the maintenance and remodeling of hotels.
- 52% was used for Vacation Properties (Loyalty)
- The remaining 20% was used for corporate and technological purposes.

For 2023, the consolidated annual capital expenses totaled \$339 M:

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

For 2024, the consolidated annual capital expenses totaled \$454 M:

- 60% was used for hotel remodeling, maintenance and refurbishing, specifically Fiesta Americana Acapulco.
- 13% was used for Vacation Properties.
- The remaining 27% was used for corporate and technological purposes.

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.

Since 1999, it operates a timeshare 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.

The Company operates products selling tourism services and discount clubs memberships under brands such as Access Fiesta Rewards.

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 evidence 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 during the year.

The Company plans to operate and franchise in Mexico 30 additional hotels with 4,760 rooms, the majority of these projected to be operating in the second half of 2026. This will represent a 16% room offer increase and, of this, 35% corresponds to economy and business formats, including the Gamma brand. Of this hotel total, 5 will operate as Live Aqua, 1 as Live Aqua Residence Club, 1 as Grand Fiesta Americana, 1 under the Fiesta Americana brand, 1 as Funeeq, 1 under the Sunviva brand, 1 under the Curamoria brand, 4 under the Fiesta Inn brand, 10 under the three-star hotel chain "one", and 2 under the Gamma brand. 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. Of the total investment for the aforementioned projects of \$16,891 million (US\$833), Posadas contributed

2% of the funds and 98% was contributed by outside investors. It should be noted that 61% of these rooms are beach destinations.

Additionally, there is a project to develop 28 apartments in Acapulco Diamante to be used for vacation products to start operating in the following two years, taking into consideration the timeframe after the impact of Hurricane Otis.

Furthermore, in 2022 Posadas laid the groundwork to venture into the residential lodging product. Through this plan, the Company intends to obtain income from any of the following activities: (i) extend our 5-star [premium] and standard brands to third party housing developments, (ii) promote their sale with our clients, (iii) manage the condominium administration and (iv) manage residential lodging.

Grupo Posadas is a key actor in the procurement of goods and services in the Mexican hotel industry. In the 2024 corporate year, the Procurement area focused on three strategic pillars: Key negotiations, optimization of processes and tools, and sustainability. This report summarizes the achievements and progress in each of these areas.

1. Strategic Negotiations

In 2024, key negotiations were conducted optimizing costs and ensuring quality in the procurement of goods and services. Amongst the most relevant are:

- FF&E (Furniture, Fixtures & Equipment) and OS&E (Operating Supplies & Equipment) for Fiesta American Acapulco.
- Uniforms for various brands and areas.
- Sanitary supplies for hotel operations.
- Konexo, *contact center*, guaranteeing customer service efficiency.
- Internet links, optimizing connectivity and costs.
- New concept Fiesta Inn Express equipment.
- Food and beverages, new Fiesta Inn menu development.
- Bottled water supply.

These negotiations have allowed us to improve costs, operational efficiency and ensure supply continuity, aligning with the resource optimization strategy.

2. Optimization of Processes and Tools

As part of continuous improvement, initiatives were implemented in 2024 to make procurement processes and tools more efficient, amongst which the following stand out:

- New intranet procurement platform, facilitating the management and centralization of the information corresponding to Procurement area policies and procedures.
- Single Service Desk R2P, improving request service efficiency.
- RPA Automation (Robotic Process Automation) in the Procurement Call Center, reducing response times.
- Implementation of the "Guided Sourcing" model, a tool designed to optimize and simplify organizational procurement processes. This model allows buyers to create procurement projects and execute procurement events, such as Proposal Request (RFPs), Information Requests (RFIs) and SAP auctions, optimizing procurement decision-making.

These improvements have made it possible to speed up time, reduce operating costs and strengthen transparency in procurement processes.

3. Sustainability and Supplier Diversification

In line with the company's sustainability objectives, a Procurement Committee was established, strengthening the commitment to responsible and sustainable practices.

Additionally, the main supplier categories were expanded, guaranteeing supply diversity and continuity. New suppliers were added in the Wine and Liquor and Fruit and Vegetable categories, promoting greater competitiveness and mitigating supply risks.

4. Strategic Suppliers and Diversification

In 2024, we worked with a wide supplier network, ensuring constant and competitive sourcing. Amongst the main ones are:

- Construcciones y Edificaciones al Costo
- Sigma Food Service Comercial
- Travelclick Inc.
- Distribuidora Alimenticia para Hoteles y Restaurantes
- Accenture SC
- MetLife México
- Sabre
- Six Sigma Networks México
- Presentation Services
- Beta Procesos

It is important to note that the Issuer is not dependent on any particular supplier, ensuring supply chain flexibility and diversification.

Year after year, the Company carries 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 electrical energy 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 energy contracts for minimum volumes and 5-year terms. However, various political, bureaucratic, and normative issues had 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., in 2025 the modification to the cogeneration permit was approved to incorporate some loading points corresponding to hotels we operate. By the end of 2025 and early 2026 it is expected that, the contract will be adjusted and in force for these loading points. We are currently evaluating self-generating projects and other energy supply alternatives for hotels that would not participate in the program.

For financial information of the Company by line of business and geographical area, 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 a 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 as the company strengthens its distribution channels, we are also strengthening technology in the service sector, which is linked to customer satisfaction and experience. Although, the same 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. At 2024 closing, Fiesta Rewards reached 500 thousand active members, reflecting the loyalty and preference of all business travelers towards our brands and properties.

Fiesta Rewards has significantly contributed to Posadas’ retention of valuable clients and to maintain stable income during different business cycles. The Fiesta Rewards members receive varying benefits such as points, preferential rates, point exchanges per night of accommodation in the Posadas affiliated hotels, catalogue items, airplane tickets, automobile rental, amongst others. Fiesta Rewards has an experience marketing program through which members can enjoy musical, gastronomic, sporting events, amongst others.

In November of 2023, vacation membership Fiesta Americana Vacation Club Access became Access Fiesta Rewards and thus took advantage of its market positioning, the evolution consists of renewed brand identity and new benefits for its members, this product is added to the Fiesta Rewards product portfolio. Amongst its benefits, it offers a 40% discount in 1 million hotels in the world, Fiesta Rewards point bonus, 2X1 plane tickets, amongst others, at the end of 2024, it had 29,208 members.

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.

In 2023, we launched our new Fiesta Americana Travelty platform where our guests can find all our hotels and brands, as well as packages, transportation, and other services in one place, allowing them to plan and book their entire trip with an enhanced personalized experience, underpinned by a new architecture and new technological attributes.

The timeshare marketing system differs from hotel room distribution channels. It is mainly based on 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%. 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 and Access Fiesta Rewards sales, the Company usually offers its clients an average five-year deferred payment plan for both programs. Most sales are made through this method and the customers pay a financing cost.

The Company has an online reservation tool, denominated “Corporate”, specially designed for negotiated rates, aimed at Corporate and Local Agreements, Consortiums, Agencies, Wholesalers, Exchanges, and Grupo Posadas Employees.

Reservations Management and Growth

Over the past year, we managed 3.8 million reservations through our Distribution platform, representing a 4% decrease in the number of reservations compared to the previous year. However, we managed to increase revenue, reflecting an effective strategy of optimizing rates and promotions.

Featured Sales Channels

In 2024, VOZ and OTAS (virtual or *on line travel agencies*) continue to be the most relevant channels in our distribution, representing 18% and 20% of bookings, respectively.

Likewise, in 2024, we handled 900 thousand calls per year on our voice channel and achieved 626 thousand reservations, which underscores the importance of maintaining a comprehensive offering that encompasses different channels and responds to our customers’ preferences.

Our own channels, including Travelty, contributed 65% of the total bookings, consolidating their relevance within our distribution strategy.

GDS Channel (Global Distribution System): In 2024 we implemented commercial strategies that resulted in a 5% increase in rates and promotions, driving a 5% growth in bookings and an increase of 5% in room nights compared to 2023.

Competitive Advantage in Distribution Costs

Thanks to the growth in the number of reservations and room nights, together with our strategic negotiations with suppliers and the continuous optimization of our channels, we have managed to maintain a significant competitive advantage, guaranteeing that the distribution cost remains close to \$9.5 USD per reservation.

Commercial Strategies(rates)

Throughout 2024, we successfully implemented 70 business strategies across all our distribution channels for all our properties, highlighting the positive impact of our initiatives on attracting a wider audience.

Main Consortia in the Distribution Platform

- American Express Company (Mexico) SA de CV
- BCD Travel Mexico
- Corporate Travel Services SA de CV
- ABC Corporate Services
- Viajes El Corte Ingles, S.A.

Main Business Agreements

Our distribution strategy includes agreements with key companies in different sectors. Some of the most relevant are:

- Cerveceria Cuauhtemoc Moctezuma
- Aerovias de Mexico (Aeromexico)
- BBVA Bancomer SA
- Coppel
- Petroleos Mexicanos (PEMEX)
- Kansas City Southern de Mexico
- Grupo Salinas
- Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM)
- Dowell Schlumberger de Mexico
- Laboratorios PISA

Innovation and process Improvement through Automation

In 2024, we started a process of modernizing our platform and optimizing processes, incorporating automation technologies (RPA - Robotic Process Automation). This initiative allows us to obtain benefits such as:

- Increased operational efficiency by reducing manual participation in key processes.
- Optimization of response times, improving customer experience and internal management.
- Reduction of operating costs by automating repetitive tasks.
- Increased accuracy in data management and reports, minimizing errors and improving strategic decision making

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. We are currently venturing into the residential lodging segment.

The Company considers that its hotel and brand operator experience, having its very own important reservation channels, 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 and residence 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. The Live Aqua, Grand Fiesta Americana, Fiesta Americana and Curamoria Collection brands will be used within our residential lodging business.

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.

Through the Kantar Brand Value methodology, a marketing and data analysis world leader, we evaluate our brands in Mexico through our main audiences in 4 different travel-motivated segments: Luxury travel, leisure/vacation travel to beach destinations, leisure/vacation travel to city destinations, and corporate/business travel, obtaining the following results:

1. **Brand awareness:** It refers to the degree of familiarity that consumers have with brands. A high recognition level reflects a strong presence and recall and is essential to be considered by potential customers. In this indicator most of our brands are leaders in their segments.

2. **Consideration:** Kantar's methodology is based on the *brand* funnel, that describes the different stages a consumer goes through from the moment they become aware of a brand until they become a loyal customer. One of these stages is consideration, which is when the consumer begins to consider the brand as a viable option to satisfy a specific need. At this stage, the brand is evaluated against other options, and the goal is to convince the consumer that the brand is a competitive and relevant option.

Our brands are strong at all levels of the funnel and conversion in comparison with the main market competitors.

3. **Brand equity:** This indicator measures the perceived value of the brand, both emotionally and rationally, and is a very reliable predictive indicator in terms of the brands' financial growth indicators.

Strong and profitable brands need to stand out and differentiate significantly from their competitors in 3 dimensions (*meaningful or signifier/signified*: which is the degree to which brands build a clear and consistent emotional connection and are perceived to meet consumer needs; *different or differentiation*: which is the degree to which brands are perceived to offer something others do not offer and *salient or prominence [notability]*: which is the brand's mental availability, that is, how quickly and easily it comes to mind when making a purchase or usage decision).

The Company has signed management contracts to operate hotels which do not belong 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 and residences pay royalties to Posadas. Royalties are calculated as a percentage of each hotel or development's total sales or from other services marketed under the 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 Collection, 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, thus appealing to our customer-centric philosophy. Through Medallia, a global company specialized in Customer and Employee Experience Management, Posadas achieved a Net Promoter Score(NPS) of 64 points, 20 points above the global hotel industry average (44 points). In addition, the NPS trend of Posadas has been positive: At the end of 2024 we obtained one point more than in 2023, and in

the measurement of February of 2024 we reached the highest NPS in the history of the Issuer with a result of 66 points.

To December 31, 2024, the average life of the Company's hotel management contracts (except its owned hotels) was 10 years. 10.3 years for Live Aqua, 7.7 years for Grand Fiesta Americana, 10 years for Fiesta Americana, 10.0 years for Fiesta Inn, 16.4 years for Fiesta Inn Loft, 8.4 years for Fiesta Inn Express, 13.7 years for Gamma, 11.4 years for One Hotels, 17 years for Curamoria Collection and 18.3 for IOH. 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. As of March 31, 2024, the Company ceased operating the following three hotels: IOH Merida MID Center, Gamma Acapulco Copacabana and Ilo Rojo San Miguel de Allende.

Currently the Company provides hotel services basically under 9 brands, and has already signed contracts to operate under two additional brands Funneq and Dayforia:

Translation for information purposes

Posadas Mix of Brands					
Brand	Category	Hotel Rooms	Rooms by range	Location	Segment
	Luxury	2 160	20-100	Luxury residences for Vacation Properties	International tourists and high end locals
	Luxury	5 1,073	130-400	Upscale Resorts and large cities	International tourists and high end locals
	Grand Tourism	9 2,073	200-600	Large cities and upscale Resorts	Domestic and International tourists and business travellers
	Boutique	7 134	1-60	Upscale Resorts and large cities	International tourists and high end locals
	Family / Business	14 3,951	80-650	Large cities and upscale Resorts	Domestic and International tourists and business travellers
	Family	2 96	40-100	Resorts	Ecotourism, Domestic and International tourists
	Family	6 1,780	100-300	Resorts	Domestic and International
	Freestyle		90-220	Small, large and mid size cities	Domestic and International tourists
	Business	72 10,455	90-220	Small and mid size cities	Domestic and International business travellers
	Business	4 388	40-150	Small and mid size cities	Domestic and International business travellers
	Business	3 378	40-150	Small and mid size cities	Domestic and International business travellers
	Family	25 2,780	80-200	Small and mid size cities	Domestic and International business travellers
	Economy	51 6,380	100-140	Mid and large size cities in industrial locations	Domestic business travellers
Total		200 29,648			

Source: Posadas

In addition to these brands, we have explored a strategic alliance with Kempinski Hotel Cancun in Quintana Roo (legendary European luxury hotel brand), which aims to market its 363 rooms so as to have 201 hotels, with 30,011 rooms. The decision is due to an appreciation of Posadas' solid marketing network in Mexico, the United States and the rest of the American continent.

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, gastronomic experiences, production of amenities, jewelry, among others.

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 the 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 a discount club for stays and other tourist services (Access Fiesta Rewards) and (Kivac), which is a vacation pre-purchase modality on dates and destinations to be determined. 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. Currently, the Company has decided to prioritize the marketing of Access Fiesta Rewards, with respect to the Kivac points, which remain redeemable until their maturity and eventual new purchases by said members.

For Vacation Products marketing, the Company establishes or agrees with third parties placement of sales or promotional rooms where potential customers are served by personnel specialized in this type of sales. All our sales rooms are under our control, located mainly in our brand hotels and occasionally in a shopping center or other commercial point of sale.

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

Other relevant contracts

In addition to the hotel management, license and franchise contracts, the timeshare sale and other vacation, license, promotion, condominium, and residential management products, as well as strategic alliances, the hotel business has become highly dependent on information and connectivity systems, and on certain providers of hotel and residential 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. The judicial branch has confirmed precedent 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 room privacy does not exempt the establishment from 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 should pay 40% compensation of its total income. Currently, the Company has entered into long-term contracts for its owned and managed hotels with a great number of the collective management companies holding these types of rights and is negotiating with others who claim to have other similar rights.

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. Consolidating new markets or competition in other destinations may be economically more efficient and may complicate the operating results of this market zone. This dynamic is still observed as the pandemic impact or other economic or political affectations 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 such as Queretaro, Puebla, and Santa Fe in Mexico City, where, despite having no operating restrictions in place, this segment has not returned in attractive volumes, compared to the pre-pandemic available capacity.

Furthermore, there is a trend to consolidate hotel ownership in groups such as FibraHotel and other institutional real property investors. At present, we operate 67 hotels owned by FibraHotel representing 33% of total hotels operated by the Company and 3 other owners concentrate the operation of 16 third-party hotels representing 8% of the total.

v) Applicable Legislation and Tax Situation

In general, hotel, timeshare and residential lodging 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, environmental, food, and beverage supply, including alcoholic beverages, swimming pools, civil defense, health, wastewater use and disposal, consumer protection, personal information, hotel registration and classification, 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 the applicable normativity or with the interpretative criteria we apply. There is a constant modification of regulations that affect the segments we operate. Also, within the regulatory improvement and updating process, the relevant authorities are constantly reviewing federal and local regulations, as well as issuing new regulations, requirements or restrictions, and their corresponding interpretations, that may affect our business.

We have no knowledge of contingencies that may consequently jeopardize or cause 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 Company workers are part of the companies to which there services are contributed, 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 management is entrusted to it, as well as contact center services for certain clients who require some specialized assistance 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.

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. Additionally in the case of the Dominican Republic, there are different provisions and restrictions stipulated for operations related to property, assets, and counterparties.

Our operations are physically developed in Mexico and the Dominican Republic. Additionally, we have corporate offices in the United States of America. However, since our clients, our debt, the express submission to different laws and jurisdictions, and other situations place us in a situation of extraterritorial application of rules on financial markets, personal information, anti-corruption, money laundering and terrorism financing, amongst others.

For details of tax regulations, 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 securities 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 regards 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 \$2,376.7. 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 \$308.6 million each, subject to indexation. The Company closed this audit with the SAT with various agreements and, to this date, the Company has fully paid the aforementioned installments. 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. 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. It is important to mention that a recent binding legal precedent, upheld by the SAT, has been confirmed. This states that VAT cannot be subject to set-off between private parties. This legal precedent is important for set-off operations, swaps or exchanges of goods and services and other usual mechanisms in Posadas management, as well as other less usual, such as donations in payment or similar compliance or extinction of obligations mechanisms.

Additionally, the Company's activities may be burdened with local taxes, such as a Payroll Tax, 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, such as concessions in the federal maritime-terrestrial zone, water extraction and injection wells, amongst others.

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.

As part of the tax obligations, during tax year 2022, several provisions related to the identification of the controlling beneficiary of the entities came into force. After several analyses and processes, the company determined that, due to the nature of a publicly listed limited liability corporation, the capital deposited in S.D. Indeval, S.A. de C.V., as well as other provisions that limit financial intermediaries from disclosing certain information, since it is uncertain to identify the controlling beneficiaries among its shareholders, it identified as such the members of the board of directors of the company.

US Tax Regulations

According to current United States law, the subsidiary operating in that country: Posadas USA, Inc. is subject to pay 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%. The Company has operations with residents abroad, mostly from the USA, in respect of which it analyzes, on a case-by-case basis, whether income tax withholding is appropriate and, if so, whether it can apply Mexico-United States treaty benefits to avoid double taxation. In the case of withholding taxes, the Company delivers at the year's end the corresponding proof to its suppliers.

Dominican Republic Tax Rules

The Company has an affiliate in the Dominican Republic: PSDS Operadora del Caribe, Limited Liability Corporation. This entity is subject to income tax (ISR) at a 27% rate on the tax year's 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, Canada and Spain, with which it has a Tax Treaty to avoid double taxation.

Similarly, there is a 1% tax on fixed assets determined by 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 are authorized by 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 promotional agents for said activity, who are experts in the field and are knowledgeable of strategic points to promote said products.

vi) Human Resources

As of December 31, 2024, 16,929 collaborators worked in the hotels operated under the Posadas brands, of which 8,579 correspond to hotels managed for third parties and 8,170 to Posadas employees.

In Mexico, around 56% 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 access 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 its collaborators, which to December 31, 2024, report a total accumulated reserve of \$162 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.

Occasionally, Posadas hires temporary employees according to hotel occupancy percentages. By the end of 2024, the number of persons temporarily hired by the Issuer, due to common industry seasonality, amounted to 1,499 employees.

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

The Posadas' culture evolves transcending through a purpose shared by all collaborators. In this way, all our actions and decisions are aligned to Posadas' purpose: "Touching people's lives, committed to making the world a better place to travel."

We live and promote a culture of respect and inclusion, where diversity is fundamental to better understanding the world in which we live. Our commitment is based on raising awareness, informing and modifying attitudes, actions, policies and processes in order to achieve a positive impact on people and the communities where we partake.

The hospitality industry is the best example for understanding the value of diversity and the positive impact of living in a culture of inclusion. We will continue implementing initiatives that allow us to raise awareness, inform and modify attitudes, actions, policies, and processes related to the three pillars of our Diversity and Inclusion strategy: Gender Equality, Disabled Person and the LGBTQ+ Community.

With regard to gender equality, we have the following instruments that aim to achieve this goal:

- a) Wage Administration Policy – Seeks to ensure equality and that there are no gender biases in wage management.
- b) Talent Attraction policy – Our talent attraction process seeks to ensure that we have the best talent, ensuring transparency, inclusion, and equal opportunities. Additionally, in our management level vacancies, we ensure that there is always at least one woman participating as a candidate.
- c) Parental Benefits Policy: We guarantee that primary and/or secondary caregivers can have additional leave days than those provided by law, to be able to exercise their parental role, as well as the necessary conditions to promote breastfeeding.

Disabled Persons: Once we identified that hearing impairment greatly impacted our employees, we determine to focus most of our efforts on hearing impaired persons:

- a) Mexican Sign Language interpreter in live broadcasts of management messages and conferences
- b) Initiation course with Mexican Sign Language interpreter
- c) Adapting the talent attracting process to hearing impaired persons, including recruitment area training.
- d) At the end of 2024, we had 208 persons with disabilities.

LGBTQ+ community

- a) Leadership awareness program
- b) Awareness and microaggression elimination program throughout the Company.
- c) Updating the Ethics and Conduct Code, integrating concepts and definitions that ensure a discrimination free workplace

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 hotels.

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

Hotels (including the Live Aqua Punta Cana hotel in the Dominican Republic) are affiliated to obtain the "Green Key" badge, which is globally recognized in the hotel sustainability field industry, seeking to promote the measurement and mitigation of environmental impact derived from hotel establishment operations. Improvement of environmental performance operated by Green Key Mexico is based on strict compliance of 131 criteria defined in 13 guidelines.

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 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, which determines the actions to be followed to comply with the applicable standard.

All real properties managed by Posadas's focus on complying with 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 with the Civil Defense requirements prescribed at the three governmental levels. 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. Regarding franchised hotels, the owners are directly responsible for monitoring these compliance requirements.

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.

Some examples of actions taken to care for the environment are:

- 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 remote control in rooms.
- Lighting controller in public and service areas.
- Program for separation 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.
- Some smoke-free hotels.
- Implementation of brand standards to eradicate single-use plastics. 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.

The Company established a Sustainability Committee which today became a more ambitious ASG (environmental, social and governance) in scope, 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 relationships with relevant interest groups. As well as the use of homogeneous methodologies for the management and follow-up of the sustainability strategy, amongst others.

During 2023, we worked in collaboration with Deloitte so that we could obtain a materiality study based on our shared interests, indicators, short and long-term goals, to result in an ASG strategy and in 2024 issue our first annual sustainability report with 2023 information, using the GRI and SASB methodology.

During 2024, the organization's priority ASG actions were defined, as well as the budget for each one, which will be carried out during 2025.

We reaffirm our commitment to best sustainability practices. The Live Aqua San Miguel de Allende hotel has obtained the LEED Gold® Certification under version 4.1 of the LEED O+M system. This award, granted by the U.S. Green Building Council (USGBC) highlights the hotel's outstanding environmental performance over a year, reflecting its dedication to sustainability and energy efficiency.

The market shows a marked trend towards consumption of sustainable products and services. In this sense, our clients are not the exception, therefore the operation of our hotels is key to marketing our services. For this reason, the company has been gradually 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, as well as to maintain adequate insurance coverage for the damage that properties may suffer due to this reasons.

Our industry requires drinking water and electrical power for guest use, amenities and processes. Drought phenomena can jeopardize water availability for our activities, therefore the establishment of strategies to reduce the use and reuse of water is essential to prevent a low supply of this resource. This risk is not insurable and the consequences of its absence can be devastating.

Ambient temperature variations outside the usual parameters may require additional electrical and water consumption for the operation of hotel equipment. Strategies for their design and use and replenishment should be rethought in order to reduce this additional demand.

HURRICANE OTIS

Hurricane Otis hit the coast of Acapulco, Guerrero, on October 25, 2023, which represented a major challenge for the company. Thanks to the strict adherence to all the corresponding protocols, no guest and/or collaborator's health and safety was affected during this phenomenon.

In this place, as of December 31, 2023, we managed three hotels with 683 rooms and we have 1 owned hotel with 560 rooms, allocated to timeshare. All hotels have both material damage and consequential loss insurance coverage. The impacts in the hotels of this location are:

- Hotel One Acapulco Diamante with 126 rooms: The hotel had no major impact and is currently operating regularly.
- Hotel One Acapulco Costera with 126 rooms: The hotel had no major impact, it was refurbished and remodelled. The hotel re-opened on March 31, 2024.
- Gamma Acapulco Copacabana with 431 rooms: With significant impact that did not allow restarting operations. The company ceased to operate this hotel in the first quarter of 2024.
- Hotel Fiesta Americana Condesa Acapulco with 560 rooms: With a renewed image and an investment of more than 600 million pesos, we opened the hotel again at the end of 2024. The second phase was consolidated in the first quarter of 2025, achieving total reactivation of the production chain and the creation of more than 750 jobs in the entity.

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, security, terrorism, undergoing pandemics and natural disasters, political factors, amongst others.

According to the World Tourism Organization, in a global context during 2024 the following results were achieved:

- *Middle East:* Surpassed levels recorded before the pandemic, as international arrivals were 22% higher than those levels reached in 2019.
- *Europe:* It was the most visited region in the world, reaching 99% of the levels attained in 2019, supported by intraregional demand and travelers from the United States of America.
- *Africa:* It recovered 107% of pre-pandemic visitors, showing a 12% growth compared to 2023.
- *America:* It recovered 97% of pre-pandemic arrivals, with a 7% growth compared to 2023.
- *Asia and the Pacific:* They reached 87% of the levels recorded before the pandemic, showing a fast recovery compared to 66% at the end of 2023.

Economic contribution: Preliminary estimates of tourism's economic contribution, in terms of gross domestic product (GDP), are US\$ 3.3 billion in 2023, or 3% of world GDP. This indicates an almost complete recovery in direct tourism GDP attained before the pandemic, mainly due to the growth of domestic and international tourism.

The following table are estimates of Sustainable Tourism Advanced Research Center (STARC) and data from UN Tourism and the country websites.

Ranking			
2024	2023	International Tourist Arrivals	
#	#	Country	Million arrivals 2024
1	1	 France	101.5
2	2	 Spain	93.8
3	3	 United States	72.6
4	5	 Turkey	59.1
5	4	 Italy	58.3
6	6	 Mexico	45.0
7	7	 United Kingdom	41.3
8	8	 Germany	37.6
9	9	 Greece	35.7
10	11	 Thailand	35.6

Tourism in Mexico (Source: Ministry of Tourism – SECTUR and Sustainable Tourism Advanced Research Center (STARC)).

International Tourism:

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

International tourist arrivals to Mexico in 2024 were 77.4 million, 10% more than in 2023. The most important issuing markets for the country were mainly the United States (65.4% of the total), followed by Canada (11.2%) and Colombia (3.1%). The average expenditure of air tourism was \$1,125.9 dollars, that is, 1.8% above 2023.

Cancun Airport, Mexico City International Airport (AICM) and Los Cabos Airport had the highest number of international tourists with 20.5 million, this is 5.5% more than in 2023.

Domestic Tourism:

The airports with most domestic traffic were Mexico City (AICM), Tijuana, Guadalajara, Cancun and Monterrey.

The arrivals of Mexican tourists to hotel rooms in 2024 were 61.2 million, a figure that represents an increase of 3.0% compared to 2019.

The Tourism Balance reported a 29.3 billion dollar balance, more than three times the Manufacturing Balance and contrasting with the Trade and Oil Balance deficits.

Competition

The hotel industry is highly competitive. Depending on the hotel's category, competition is based mainly on price, quality of the installations and services offered, as well as the 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 (Loyalty) Vacation Properties such as the Fiesta Americana Vacation Club program, Live Aqua Residence Club, Fiesta Americana Vacation Club Access and Kivac.

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, Four Seasons, 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 Exploreal regarding room numbers are: Hilton, Camino Real, Marriott, Westin, Krystal Grand, Sheraton, Crowne Plaza, Hyatt, Wyndham, Airbnb among others.

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, HS Hotsson, Comfort Inn, Best Western, Best Western Plus, Real de Minas and Quality Inn among 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.

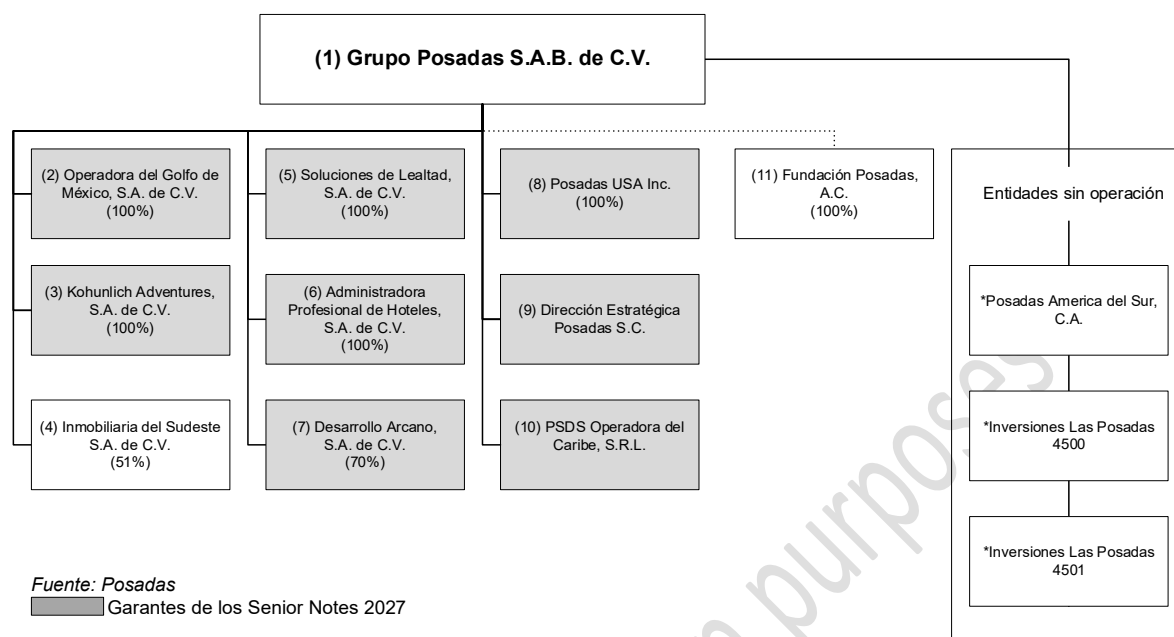
Although the Company considers itself a leader in Mexico in the number of operated hotels and rooms, there is no official publication proving the market participation of its hotels in relation to existing competitors or its competitive position.

In reference to the total rooms available in Mexico (including rooms corresponding to own, leased, franchised and operated hotels, 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 & Exploreal) have a 17% 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 19% market share. In the "economy" three-star segment, the brand One Hotels has a 46% 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 diverse 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 as of April 24, 2025.



1. Grupo Posadas, S.A.B. de C.V.:
 - a. Owns hotel trademarks, under which it operates hotels and residences 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 its corporate offices as well as owned and leased hotels.
 - b. Manages our loyalty program Fiesta Rewards.
 - c. Sells Vacation Products LARC and FAVC, it also manages our vacation exchange club.
 - d. Markets our Kivac and Access Fiesta Rewards.
 - e. 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.
 - f. Owns certain properties and holds the operating rights for all owned and leased hotels.
2. Operadora del Golfo de México, S.A. de C.V., is the bare title owner of certain hotels.
3. Kohunlich Adventures, S.A. de C.V., holds our federal ground transportation permits for transportation of our hotel guests.
4. Inmobiliaria del Sudeste S.A. de C.V., is the owner of, and receives all cash flows of the FA Merida hotel.
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. Desarrollo Arcano, S.A. de C.V., Former developer of a residential venture in Ixtapa, Mexico. It no longer operates.
8. Posadas USA Inc., Performs sales, marketing, and collection activities in the United States on behalf of hotels in Mexico.
9. 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 hotel management company duties in the Dominican Republic.
11. Fundación Posadas A.C. Holds and administers our non-profit charity foundation. This entity is not consolidated 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 America del Sur, C.A., among other foreign entities, these are entities that we plan to liquidate, pursuant to our corporate restructuring plan. None of these entities have operations.

x) Description of the Company's Principal Assets

Herein below is a list of the Company's hotels to December 31, 2024, 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	150
Live Aqua Beach Resort Punta Cana	2021	Dominican Republic	Managed	347
Live Aqua Private Residence La Paz	2024	Mexico	Fee for Service	6
Grand Fiesta Americana Coral Beach Cancún Resort & Spa	2008	Mexico	Managed	602
Grand Fiesta Americana Chapultepec	2001	Mexico	Leased	203

Hotel	Opening	Country	Contract	Rooms
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
Sumiya Cuernavaca	2023	Mexico	Managed	163
Curamoria Náay Tulum	2020	Mexico	Franchised	36
Curamoria Dos Patios Querétaro	2021	Mexico	Franchised	20
Huayacán Cuernavaca Curamoria Collection	2022	Mexico	Franchised	40
Celeste Beach Residences & Spa Huatulco Curamoria Collection	2022	Mexico	Franchised	8
Curamoria Tres79	2023	Mexico	Franchised	14
Curamoria Hotel La Casona142	2023	Mexico	Franchised	8
Casa Lucila Mazatlán Curamoria Collection	2024	Mexico	Managed	8
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	169
Fiesta Americana Hermosillo	1994	Mexico	Managed	220
Fiesta Americana Mérida	1995	Mexico	Propio	350
Fiesta Americana Monterrey Pabellón M	2016	Mexico	Managed	176
Fiesta Americana Reforma	1970	Mexico	Propio	616
Fiesta Americana Guadalajara	1982	Mexico	Propio	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	Propio	310
FAVC Condesa Acapulco	1970	Mexico	Propio	560
FAVC Cozumel	2007	Mexico	Propio	174
FAVC Explorean Cozumel	2014	Mexico	Propio	56
FAVC Explorean Kohunlich	1999	Mexico	Propio	40
FAVC Live Aqua Residence Club Los Cabos	2017	Mexico	Propio	109
FAVC Los Cabos	1998	Mexico	Propio	464
FAVC Live Aqua Residence Club Puerto Vallarta Nima Bay	2013	Mexico	Propio	51
FAVC Grand Los Cabos	1999	Mexico	Propio	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

Hotel	Opening	Country	Contract	Rooms
Fiesta Inn Ciudad Obregón	2007	Mexico	Managed	141
Fiesta Inn Coatzacoalcos	2008	Mexico	Franchised	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	Franchised	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
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	Franchised	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 Toluca	1998	Mexico	Managed	144

Hotel	Opening	Country	Contract	Rooms
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
Fiesta Inn Mazatlán Zona Dorada	2023	Mexico	Managed	138
Fiesta Inn Suites Silao Aeropuerto	2024	Mexico	Managed	139
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	162
Gamma Ciudad de México Santa Fe	2021	Mexico	Managed	198
Gamma Cuernavaca Puerta Paraíso	2017	Mexico	Franchised	102
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	Managed	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
Gamma Villahermosa	2022	Mexico	Franchised	72
Gamma Guaymas Armida	2022	Mexico	Franchised	82
Gamma Colima Garden	2022	Mexico	Franchised	91
Gamma Querétaro	2023	Mexico	Franchised	116
Gamma Los Cabos	2023	Mexico	Franchised	33
Gamma Puebla Hotel Señorial	2023	Mexico	Franchised	78
Gamma Durango Plaza Vizcaya	2024	Mexico	Franchised	113
Gamma Toluca	2024	Mexico	Franchised	91
One Acapulco Costera	2007	Mexico	Managed	126
One Acapulco Diamante	2018	Mexico	Managed	126
One Aguascalientes Ciudad Industrial	2008	Mexico	Managed	126

Hotel	Opening	Country	Contract	Rooms
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 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	149
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
One Xalapa Las Ánimas	2012	Mexico	Managed	126
One Tapachula	2019	Mexico	Managed	126
One Mazatlán Zona Dorada	2023	Mexico	Managed	144
One Irapuato	2023	Mexico	Franchised	126
One Morelia Acueducto	2023	Mexico	Franchised	90

Hotel	Opening	Country	Contract	Rooms
Kempinski Cancún	2023	Mexico	Franchised	363

Source: Posadas

During 2024, the Company opened 5 hotels, representing a total of 357 additional rooms, under the modalities described below:

Hotel	Rooms	Contract
Gamma Durango Plaza Vizcaya	113	Franchised
Fiesta Inn Suites Silao Aeropuerto	139	Managed
Live Aqua Private Residence La Paz	6	Fee for service
Gamma Toluca	91	Franchised
Casa Lucila Mazatlan Curamoria Collection	8	Managed
Total	357	

In 2024, the Company ceased operating the following three hotels: IOH Merida MID Center, Gamma Acapulco Copacabana, Ilo Rojo San Miguel de Allende and Gamma Guadalajara Centro Historico. And to March 31, 2025, the Company stopped operating: Curamoria Naay Tulum, Curamoria Hotel La Casona 142, Curamoria Tres79 and Gamma Los Cabos.

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 refinancing terms of the Company's Senior Notes, it pledged, as a guarantee, practically all 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 as an industrial unit. Potentially, some of the Company or its subsidiaries' remaining assets may be encumbered as guarantee for the Company's or its subsidiaries' obligations, generally undertaken for financing reasons or tax liabilities under litigation; generally, therefore 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 financing 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. As a consequence of the contribution of its land in Acapulco Diamante to a residential development trust, it holds trust rights to receive 28 apartments that will be used as Vacation Properties under the Live Aqua Residence Club brand. These trust rights are currently pledged. Once this transaction occurs, the Company must pledge to payment of its current Senior Notes, the rights and subsequently the properties resulting from this investment.

The Company is the holder of residential land lots in the Arcano development, and of trust rights to a trust vehicle for the disposition of other land lots located in the Porto Ixtapa residential development, both in Guerrero. These assets are not encumbered.

In 2024, regarding remodeling investment plans, we opened the Fiesta Americana Acapulco Villas hotel again with a renewed image and an investment of more than 600 million pesos. This hotel was undergoing a refurbishment interrupted by Hurricane Otis as mentioned in section 1) in the executive summary of this report.

xi) Judicial, Administrative or Arbitral Proceedings

The Company considers it 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. In March 2022, the judge presiding over

the case 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 no notification that has been attempted 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 or any other similar proceedings have been initiated against it, in Mexico or abroad.

To December 31, 2024, 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.

Lawsuit of Turistica Hotelera Cabos Siglo XXI: Derived from the credit and litigation rights transfer and the subsequent award of the corporate capital of the mortgage guarantor denominated Yipa, S.A. (Yipa) and the dation in payment 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., and 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 the Yipa trust capital. The debtors of the assigned financing also sued alleging 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 guaranteed trust under 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 shares executed. The proceeding was brought before the Second Commercial Court of Hermosillo, Sonora.

Reputational Damage. It is possible that the company will be exposed to future reputational damage, considering that, during the year and with no sign of these events coming to an end, some persons have been deceived by individuals who, through the internet and telecommunication means, pass themselves off as the Company and use for these purposes the Company's trademarks, images and identity to impersonate it and deceive persons by selling them non-existent services or by deceiving them with an alleged repurchase of vacation rights. Due to this, the deceived persons consider that the company is liable to a certain extent. The company has filed complaints due to misuse of the Company's rights and its impersonation. At present, as a result of these events, a client defrauded by scammers impersonating the Company may request that the Company be held responsible for their embezzlement, although we consider that the basis of these claims is little and limited, events such as these may repeat and multiply.

Office of the Federal Attorney General 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 employees always attended to 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 inspected Beach Club. On June 17, 2021, Posadas presented to the aforementioned General Director, the written corresponding statements, requesting ending the Beach Club closing, among other issues. On December 8, 2022, we filed a plea of consent in the proceedings. On August 17, 2023, PROFEPA issued a resolution imposing a fine on the Company of \$1,089,270.00 pesos, which was appealed through a nullity proceeding before the Specialized Environmental and Regulatory Matters Division of the Federal Court of Administrative Justice. The authority appealed the judgment of the administrative court. On February 2, 2024, PROFEPA prepared, pursuant to commissioning Official Letter number PFPA/4.1/8C.17.3/0030/2024-OC, a record of the visit to the aforementioned beach club was formulated, recording the lifting of the total temporary closure of the beach club's works and activities.

CONAGUA: On August 10, 2022, the National Water Commission (CONAGUA, due to its initials in Spanish) notified the company of the inadmissibility of the concession extension request contained in document 12QNR101178/32ESDL18. Against this resolution, the company filed an appeal remedy before CONAGUA,

which affirmed its decision. To refute the preceding, the Company filed a nullity proceeding before the Federal Administrative Justice Court, in which no ruling has yet been issued. Furthermore, the company decided to request from CONAGUA a new concession, which is currently being processed by said agency.

On August 31, 2023, notified on September 5, 2023, CONAGUA issued official letter number B00.922.-930 imposing on the Company a monetary penalty in the amount of \$337,732.20 pesos related to ownership of the concession title issued in favor of Gran Operadora Posadas, S.A. de C.V., a Company subsidiary merged into the Company between 2016 and 2017, to exploit national waters in the Fiesta Americana Cozumel hotel. The Company filed on September 26, 2023, an appeal remedy against this decision before the superior of the authority issuing the decision, which is currently in the resolution process.

On January 30, 2024, CONAGUA issued Official Letter number B00.922.-0042 determining as appropriate the administrative modification to concession title 12QNR150215/32EMDL16 in favor of the Company. The concession title is enforceable until December 2025, and the Company will soon begin the extension process for this title.

On June 26, 2023, notified on the same day, CONAGUA issued official letter number B00.922.-0678 imposing on the Company a monetary penalty in the amount of \$314,566.00 pesos related to ownership of the concession title issued in favor of Inversora Inmobiliaria Club, S.A. de C.V., a Company subsidiary that merged into the Company in April 2019, to exploit national waters in the hotel The Exploreal Kohnlich. The Company filed on July 17, 2023, an appeal remedy against this decision before the superior of the authority issuing the decision, which is currently in the process of resolution.

On November 1, 2024, the Company has notice of official letter number B00.922.-0994 dated October 31, 2024, which imposes a monetary penalty of \$ 211,711.50 pesos regarding the alleged non-operation of one water meters of the water wells in the hotel Fiesta Americana Cancun. The Company filed on November 25, 2024, an appeal remedy against this decision before the superior of the authority issuing the decision, which is currently in the resolution process.

Environmental Impact Statement presented to the Ministry of Environment and Natural Resources (SEMARNAT): Regarding Live Aqua Cancun: On December 14, 2022, the company filed an Environmental Impact Statement (EIA) for the Live Aqua Cancun hotel operation before the Ministry of the Environment and Natural Resources (SEMARNAT). The additional information requested by SEMARNAT was also submitted in due course. The MIA is currently under evaluation by SEMARNAT.

Furthermore, regarding the recognition of the debts owed to the Company and its subsidiaries in the Compañía Mexicana de Aviación, S.A. de C.V.'s bankruptcy proceeding for the approximate amount of \$171.2 million, the Company established a reserve of this total amount in 2010. Of said loans, \$115 million correspond to operating transactions entered in the consolidated profit and loss statement, as line items "sale, publicity and promotion" and "direct costs and expenses". Posadas may be subject to collateral legal proceedings or other proceedings with respect to this issue.

These proceedings are documented in the following files: Commercial bankruptcy of Compañía Mexicana de Aviación, S.A. de C.V., File 432/2010, Court: Eleventh Civil District Court in CDMX., commercial bankruptcy of Aerovías Caribe, S.A. de C.V., file 516/2010, Court: Eleventh Civil District Court in CDMX, commercial bankruptcy of Mexicana Inter, S.A. de C.V., file 510/2010, Court: Eleventh Civil District Court in CDMX.

Employment Proceedings

With respect to labor proceedings, there is an accumulation of individual claims that may represent a global contingent amount of approximately \$245 million pesos. This figure reflects the claims at Grupo Posadas' work centers or those where it is sued as a result of its hotel management activity, and this only with respect to the claims that have been quantified. Moreover, an equal materialization probability is not foreseen for all claims.

As we have referred to in other statements, in 2017 the employee labor unions of Compañía Mexicana de Aviación ASPA, (Aviation Pilots Union Association), the SNTTASS (National Union of Transport, Transformation, Aviation, Services and Similar Workers) and Fausto Guerrero Díaz, as well as others, have filed labor lawsuits against Posadas and other relevant defendants to enforce the collective bargaining agreements, individual contracts, unpaid wages, and settlements that the companies comprising Grupo Mexicana had with such unions, attributing to Grupo Posadas the capacity of joint obligor. The amounts claimed are approximately US\$265 million each one. The Company has raised its defense means and the status of these lawsuits has not

progressed significantly. 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 Protection 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 present the same materialization risk.

Consumer Protection Procedures: Our hotels have had several procedures opened against them regarding consumer protection. In general terms, it seems to us that we have a defense to prove a shortcoming in the inspector's interpretation of the regulations or the practice of the visit itself. Despite their whole, they do not represent a significant contingent amount, not all claims are estimated with the same materialization risk.

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

xii) Representative Shares of Corporate Capital

As of December 31, 2024, 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 are 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	2024	2023	2022
	Series "A"	Series "A"	Series "A"
Corporate 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, 2024, 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 Ordinary General Shareholders Meeting held on April 3, 2025, 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, 2024.

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

- I. In the Ordinary General Shareholders' Meeting held on March 28, 2023, there was approved the financial information, mandatory administrative reports, results of the 2022 tax year and their application, the amount that may be allocated to purchase own shares, ratification of the members of the board of directors, as well as the chairmen of the audit and corporate practices committees, and their remuneration. The appointment of delegates to comply with and formalize the resolutions adopted by the Meeting was also resolved.
- II. In the Ordinary General Shareholders' Meeting held on April 18, 2024, there was approved the financial information, mandatory administrative reports, results of the 2023 tax year and their application, the amount that may be allocated to purchase own shares, ratification of the members of the board of directors, as well as the chairmen of the audit and corporate practices committees, and their remuneration. The appointment of delegates to comply with and formalize the resolutions adopted by the Meeting was also resolved.

- III. In the Ordinary General Shareholders' Meeting held on April 3, 2025, there was approved the financial information, mandatory administrative reports, results of the 2024 tax year and their application, the amount that may be allocated to purchase own shares, ratification of the members of the board of directors, as well as the chairmen of the audit and corporate practices committees, and their remuneration. The appointment of delegates to comply with and formalize the resolutions adopted by the Meeting was also resolved.

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 28, 2023, April 18, 2024, and April 03, 2025, no distribution of dividends corresponding to the corporate years ending on December 31, 2022, 2023 and 2024 respectively, was resolved.

The Issuer's ability to declare and pay dividends is conditioned by the restrictions assumed due to the financing contracted and in effect, strongly bound to the Senior Notes. Pursuant to the 2027 Senior Notes, 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 prior obligations constitutes cause for anticipatory 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.

Amounts reported (millions of Mexican pesos) For the years ended December 31 of:			
Financial Highlights	2024-IFRS	2023-IFRS	2022-IFRS
Total Revenues	9,311	9,209	9,078
Corporate expenses	504.2	602.3	576.5
Depreciation, amortization and real estate leasing	907.2	981.2	899.2
Operating income	1,149.3	855.3	684.7
Comprehensive financing cost (income)	1,678.7	236.5	131.9
Taxes	(370.7)	73.9	330.1
Net Income	(158.7)	1,017.9	222.7
Majority net income	(164.6)	1,006.2	217.4
Balance Sheet Data (End of period)			
Current assets	6,696.1	5,200.1	5,205.3
Property and equipment, net	6,937.3	6,668.1	6,711.3
Total assets	22,890.2	20,284.6	19,913.7
Current liabilities	4,848.2	4,459.3	4,989.9
Long-term debt	7,601.7	6,297.6	7,443.6
Total liabilities	18,656.1	15,982.5	16,693.8
Stockholders' equity	4,234.1	4,302.1	3,219.9
Other Financial Data			
EBIT / Revenues	12.3%	9.3%	7.5%
Net Income/Revenues	(1.7%)	11.1%	2.5%
EBITDA	\$2,024.8	\$1,813.9	\$1,556.1
EBITDA to Revenues	21.7%	19.7%	17.1%
Total debt to EBITDA	3.8 X	3.5 X	4.8 X
Current assets / Current liabilities	1.38 X	1.17 X	1.04 X
Total liabilities / Equity	4.41 X	7.05 X	13.30 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 and the risk factors on the Issuer's future performance may be consulted in the section "The Company" of this report.

b) Financial Information by Business Line, Geographic Zone, and Export

The following is a breakdown of the last 3 years sales behavior for each of the Company's business units:

REVENUES BY BUSINESS UNIT (Million pesos)	2024-IFRS		2023-IFRS		2022-IFRS	
	Revenues	Revenues	%	Revenues	Revenues	%
Owned and Leased Hotels	4,962.5	46.6%	4,782.6	45.7%	4,429.9	43.0%
Management	3,976.7	37.4%	3,799.6	36.3%	3,597.0	34.9%
Vacation Properties	1,613.7	15.2%	1,802.8	17.2%	2,208.7	21.4%
Other Businesses	92.1	0.9%	82.7	0.8%	77.6	0.8%
Other Revenues	0.0	0.0%	0.0	0.0%	0.0	0.0%
TOTAL	10,645.0	100%	10,467.8	100%	10,313.1	100%

Source: Posadas

Although our operations in the Dominican Republic may be considered a diverse geographical area, the truth is that their originating markets and seasonal movements, operating costs, amongst other aspects, are substantially similar to those in the Mexican Caribbean. For this reason, they are not disaggregated.

c) Material Financing 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 bondholders, called the Ad-Hoc Group, to be executed by a proceeding before a New York court in the modality of a pre-agreed (prepackaged) 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% annual rate on the principal of US\$5,976,321 for the period from August 1st 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 step-up interest payment scheme was established. Additionally, for years one and two, 50% of the interest could be capitalized (PIK option – capitalization option) by applying a 6% and 7% rate respectively, to the capitalizable portion, which is at the discretion of the Entity. The Entity committed, through a guarantee trust, the vast majority of its assets, and the accounts receivable portfolio and the revenue 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 June 30, 2022, US\$26,850,570 of Senior Notes due in 2027 were subscribed by holders who agreed to the exchange before June 14. In turn, a partial holding cancellation in the amount of US\$5,346,298 of Non-Qualified Holders was made as a consequence of the established restructuring process rules. With these actions, the restructuring was concluded. The balance as of December 31, 2022, was US\$393,235,022. After completing this repurchase program, and cancelling the repurchased negotiable instruments, the unpaid balance of Senior Notes to 31 December 2024 was US\$380,700,000.

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

Upon successfully concluding the restructuring plan, S&P Global at present modified our corporate rating to "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 criteria 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 August 31, 2020. By ruling of June 19, 2019, issued by the full bench 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 thus complying with the ruling of the TFJA, determining a new \$222.8 tax liability. Challenging 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 paid a 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 fiscal 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.

Notwithstanding the foregoing, the SAT reviewed the above-mentioned deferred tax determination. Due to interpretative differences of the applicable legislation, an agreement was reached with the Authority, and the Company closed this audit with the SAT pursuant to the following agreement 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 caused:

- a. Recognition of an additional payment obligation for the total amount, in different corporate years, of \$2,376 M, 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 M each payment, number to be updated each corporate year with payment obligation. As of the date of this report, all annual payments have been made.
- b. A profit loss registered only once in 2017 for \$930 M, 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.

III. On March 20, 2020, the Central Auditing Administration of Supervision Corporate Groups 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 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, for the 2015 tax year, the tax authority did not exercise its verification powers.

IV. On January 29, 2021, official letter number SEFIPLAN/SATQ/DG/DEAF/DAFZN/SMSZN/DVDEZN/0023/II/2021 dated January 18, 2021, issued by the State Tax Audit Director of the Tax Administration Service for the State of Quintana Roo was notified. Said determination was for a tax liability totaling \$9,544,844.84 pesos, for alleged payment omissions in 2017 and 2018 tax years of payroll tax, updates, surcharges, fines and execution expenses.

On March 11, 2021, the entity filed a revocation remedy against the aforementioned official letter. On September 14, 2023, the decision contained in official letter number SEFIPLAN/SATQ/DG/DEJ/DC/SJZS/DCFEZS/0806/VIII/2023, regarding revocation appeal RR-13/2021 was notified. Said decision voided the decision ordering an on-site inspection as well as the determination of the tax liability, therefore, the case concluded favorably and finally for the Company.

V. On March 24, 2023, the decision contained in official letter number TES/LGS/929/2023 dated March 10, 2023, issued by the Municipal Treasury of Guadalajara was notified. By means of said document a tax liability payable by the Company was determined for alleged omissions in payment of property transfer tax, updating, surcharges, fines, and notification expenses in the amount of \$17,385,730.39; regarding the ownership transfer recorded in public instrument number 9433 dated December 31, 2004.

On April 11, 2023, the Company filed an annulment proceeding against the tax liability filed under number 2027/2023, before the III Unitary Division of the Administrative Justice Court for the State of Jalisco. By

means of official letter dated November 22, 2023, issued by the Municipal Treasury of Guadalajara, it was determined to void the tax liability imposed under the concept of transfer of ownership identified in official letter TES/LGS/4727/2023, for a total amount of \$17,385,730.39. This because payment of the corresponding tax was proven. Said official letter was presented as supervening evidence in proceeding 2027/2023, which is pending ruling.

On February 20, 2024, an official letter issued by the Municipal Treasury of Guadalajara cancelling the guarantee for a tax proceeding was notified, since the tax liability was voided, and the corresponding bond was returned.

Translation for information purposes

d) Management Comments and Analysis of the Operating Results and Financial Situation of the Company 2024 - 2023

i) Operating Results

2024 - 2023
Corporate year ending December 31, 2024
Compared with corporate year ending December 31, 2023
Information according to International Financial Reporting Standards (IFRS)

Consolidated Comprehensive Operating Results Statement
For the years ending December 31, 2024 and 2023
(In thousands of Mexican pesos)

	2024	2023
Continuing operations:		
Revenues	\$9,310,869	\$9,209,256
Cost of sales	<u>6,103,101</u>	<u>6,063,022</u>
Gross profit	3,207,768	3,146,234
Administrative expenses	1,117,078	1,181,245
Sale and development expenses	181,274	167,146
Depreciation, amortization and leasing	907,173	981,196
Rent discounts	-	-
Other revenue, net	(147,076)	(38,653)
Interest expense	839,923	659,074
Interest income	(127,698)	(112,832)
Extraordinary income, net	(6,230)	(19,342)
Commissions and financial expenses	61,907	69,006
Foreign Exchange (gain) loss, net	<u>910,818</u>	<u>(832,393)</u>
	<u>3,737,169</u>	<u>2,054,447</u>
(Loss) Profit before profit tax	(529,401)	1,091,787
(Profit) Profit tax	<u>(370,720)</u>	<u>73,886</u>
(Loss) Consolidated net profit for the year	(158,681)	1,017,901
Other comprehensive results:		
Profit (loss) on exchange differences from converting foreign operations, which will be reclassified subsequently results	1,031	(2,534)
Revaluation gain on real estate and land	110,455	69,823
(Loss) Remeasurement of defined benefit obligations, which will not be reclassified subsequently to results	<u>(20,500)</u>	<u>(3,188)</u>
	<u>90,986</u>	<u>64,101</u>
Consolidated comprehensive results for the year	<u>\$ (67,695)</u>	<u>\$1,082,002</u>

(Continued)

	2024	2023
Consolidated profit (Loss) for the year attributable to:		
Controlling interest	\$ (164,581)	\$1,006,186
Non-controlling interest	<u>5,900</u>	<u>11,715</u>
Consolidated profit for the year	<u>\$ (158,681)</u>	<u>\$1,017,901</u>
Consolidated comprehensive results for the year attributable to:		
Controlling interest	\$ (77,873)	\$1,067,583
Non-controlling interest	<u>10,178</u>	<u>14,419</u>
Consolidated comprehensive result for the year	<u>\$ (67,695)</u>	<u>\$1,082,002</u>
(Loss) profit per share:		
(Loss) basic and diluted profit per common share (in Pesos).	<u>\$ (0.32)</u>	<u>\$ 2.05</u>
(Loss) basic and diluted comprehensive result per common share (in Pesos).	<u>\$ (0.14)</u>	<u>\$ 2.18</u>
Weighted average of outstanding shares	<u>495,881,988</u>	<u>495,881,988</u>

In this context, at the end of 2024 the following material circumstances occurred. (Additionally, reference may be made to section 2) *The Company, subsection a) History and Development of the Company.*

Summary of Results - IFRS (Expressed in millions of pesos)	2024		2023		Var%
	IFRS 16	%	IFRS 16	%	
Total Income	10,645.0	100.0	10,467.8	100.0	1.7
Owned and Leased Hotels					
Revenues	4,962.5	100.0	4,782.6	100.0	3.8
Direct Cost	4,044.5	81.5	3,858.8	80.7	4.8
Contribution	918.1	18.5	923.9	19.3	(0.6)
Management					
Revenues	3,976.7	100.0	3,799.6	100.0	4.7
Direct Cost	2,804.5	70.5	2,776.6	73.1	1.0
Contribution	1,172.2	29.5	1,023.1	26.9	14.6
Vacation Properties					
Revenues	1,613.7	100.0	1,802.8	100.0	(10.5)
Direct Cost	1,301.9	80.7	1,353.9	75.1	(3.8)
Contribution	311.8	19.3	448.9	24.9	(30.5)
Other Business					
Revenues	92.1	100.0	82.7	100.0	11.4
Direct Cost	37.3	40.5	29.7	35.9	25.6
Contribution	54.8	59.5	53.0	64.1	3.4
Corporate Expenses	504.3	4.7	453.5	4.3	11.2
Depreciation and Amortization	875.5	8.2	930.5	8.9	(5.9)
Impairment of Assets	0.0	0.0	0.0	0.0	na
Other (Revenues) and Expenses	(42.0)	(0.4)	(10.0)	(0.1)	318.7
Other Revenues	0.0	0.0	0.0	0.0	na
Operating Profits	1,119.1	10.5	1,074.9	10.3	4.1
EBITDA	1,994.7	18.7	2,005.4	19.2	(0.5)
Special Operations	30.2	0.3	(219.6)	(2.1)	na
EBITDA	2,024.8	19.0	1,785.8	17.1	13.4

Note:

1. The figures from the Entity's Annual Report 2024 were reclassified in some items with respect to previous years' Annual Reports and audited Financial Statements.
2. As of 2023, in the profit and loss statement, we have added the income and costs related to advertising and marketing (promotion and advertising), centralized services (hotel executive committee payroll and other recoverable expenses, amongst others) that were previously presented as net. With this change, the Administration segment revenue is better seen. Mainly \$1,334 million in revenue from recoverable third-party expenses related to advertising, marketing, commissions and centralized services, explain the difference in the audited revenues versus those internally presented above.

Total revenue 2024 - 2023

The Company's total revenues increased 1.7% from \$10,467.8 M in 2023 to \$10,645.0 M in 2024. Most of the business segments showed recovery, derived from the gradual reactivation of activities.

In 2024, we saw improvement in the Company's results, particularly during the first and fourth quarter. In 2024 we obtained a comparable EBITDA of \$1,994.7 million, marginally lower by 0.5% than the previous year of \$2,005.4 million. EBITDA IFRS was \$2,024.8 million, 13.4% more than in 2023, which was \$1,785.8 million. Urban hotels continued to show clear improvement during the fourth quarter, particularly Upscale & Luxury hotels followed by Midscale & Economy hotels.

Hotels in 2024 continue to be classified into three groups so their performance could be measured according to market trends:

Resorts

We observed a solid occupancy, reaching a 76% average and observing a 2% increase in the RevPAR (Revenue per available room) compared to the previous year. This benefit was mainly due to the MXN/USD exchange rate performance in the second half of 2024. The USD RevPAR decreased 3%.

Upscale & Luxury Hotels

We generated 74% of night rooms through our own channels, and because the Fiesta Americana Travelty platform continues growing. In addition, the individual business and virtual wholesale segments grew by 11% and 15%, respectively. Occupancy was 62% and the RevPAR registered a growth of 6% compared to the previous year.

Midscale & Economy Hotels

There was a 7% increase in the average rate, a RevPAR of 4% increase and 80% cumulative room reservations generated through our channels. In addition, our operating profit had a 3% increase compared to 2023.

2024 – 2023 Owned and Leased Hotels

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 of 3.8%, \$4,962.5 M in 2024 against \$4,782.6 in 2023.

The Departmental Costs of the hotels owned and leased by the Company consist of salaries related to room staff, food, and beverage costs, as well as other expenses, such as commissions to agencies, reservation charges and room supplies 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 \$4,044.5 million for 2024, which represents an increase of 4.8% compared to \$3,858.8 million for the same 2023 period. Departmental results (Income minus departmental costs and expenses) were \$918.1 million for 2024, thus representing a decrease of 0.6% compared to \$923.9 million for the 2024 comparable period.

General Expenses related to the Company's own and leased hotels consist of administrative expenses, maintenance and energy, property taxes, payment of insurance premiums, payment of auditor's fees and legal advisers. In sum, these expenses decreased by 5.4%, to \$1,117.1 million in 2024 compared to \$1,181.2 million in 2023. The main increases were in professional fees, property taxes and fees, while PTU recorded the largest decrease, the latter due to the Company's functional currency depreciation against the US dollar.

2024 – 2023 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, which are registered as expenses by owned and leased hotels, and subsequently are converted into income for the hotel administration segment.

Revenues in 2024 increased 4.7% compared to 2023, reaching \$3,976.7 million in 2024, compared to \$3,799.6 million in 2023.

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 1.0% to \$2,804.5 million compared to the same 2023 period in which they amounted to \$2,776.6 million. For further details on the eliminations, see note 25, Business Segments Information of the audited consolidated Financial Statements.

At the system level in 2024, including owned, leased, managed, and franchised hotels, an average rate improvement of \$2,103 and a 64% occupancy resulting in an effective rate increase of 4% to \$1,349 in 2024 was observed.

Resorts, Upscale & Luxury y Midscale & Economy. The last two groups refer to city hotels. For Resorts, 2024 was a good performance year; the average available daily rate was \$7,297 with a 76% average occupancy rate resulting in a \$5,524 effective rate, presented in USD to eliminate exchange rate fluctuations, the effective rate was USD\$301, representing a 3% decrease compared to the previous year. For Upscale & Luxury hotels, the result was a \$2,701 available rate at 62% occupancy resulting in a \$1,661 RevPAR, 6% better than in 2023. Midscale & Economy hotels performed similarly to the previous group with a \$1,313 available daily rate of 64% occupancy and a \$837 RevPAR resulting in a 4% improvement over 2023.

In 2024, the company started operating 5 new hotels and stopped operating 4 which are listed in: 1) *General Information*, b) *Executive Summary* herein.

2024 – 2023 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 Access Fiesta Rewards), as well as the Loyalty program.

Vacation Products revenue decreased 10.5% from \$1,802.8 million in 2023 to \$1,613.7 million in 2024. Loyalty products together contributed to 36% hotel occupancy in the entire hotel system, generating 2.3 million room nights through direct channels.

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 decreased by 9.3% from \$1,353.9 million in 2023 to \$1,301.9 million for the same 2024 period.

On the other hand, the IFRS contribution margin was 19.3%, a level lower in comparison with the 20.4% of the previous year, this mainly due to the change in the product mix sold from the traditional FAVC program to Access Fiesta Rewards, and the accounting record given to each of these programs.

For comparable and one-time purposes, in 4T23 for the “Informational” Vacation Property business, the following were added: Revenues and costs related to the “25 Edition” program, corresponding only to the 2023 fourth quarter, as well as the reserve cancellation of \$82 million. After this, the margin decrease would be only 15.3% vs. 51.5% that appears in the profit and loss statement. For more details consult the report of the fourth quarter of 2023.

The membership installment sales receivable portfolio balance, as of December 31, 2024, was \$7,445 million, representing a 9.9% increase compared to the previous year. It should be noted that 35% of the portfolio is denominated in dollars (USD \$ 127 million).

2024 – 2023 Other Businesses

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

2024 – 2023 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 2024 amounted to \$504.3 million, an increase of 11.2% million compared to \$453.5 million for the same period in 2023. In percentage of the Company's revenue, corporate expenses represented 4.7% of its total revenue in 2024, 0.3 pp more than that of previous year.

2024 – 2023 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 \$875.5 million in 2024, this represented a 5.9% decrease compared to the \$930.5 million that were expended for this concept in the comparable period of 2023.

2024 – 2023 Operating Results

The operating results of Grupo Posadas consolidates the income of its owned and leased hotels, management segment (mostly income fees from managed hotels), brands and others, Vacation Properties (Loyalty) and other business lines and it 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 \$1,119.1 million for 2024, 4.1% higher than that reported in 2023.

2024 – 2023 Comprehensive Financial Result

Concept (Figures in thousands of Mexican pesos)	2024	2023
Interest Income	(127,698)	(112,832)
Accrued interest	530,888	379,394
Exchange (gain) loss, net	590,115	(622,062)
Exchange (gain) loss, from lease payments	320,703	(210,330)
Accrued interest from lease payments	309,035	279,680
Other financial costs (products)	(6,230)	(19,342)
Other financial expenses	61,907	69,006
Total CFC	1,678,720	(236,487)

Interest expenses increased 39.9% to \$530.9 million in 2024, compared to \$379.4 million for the period comparable in 2023, this as a result of the 2021 financial restructuring, in which it was agreed to pay interest on the Senior Notes of 7% for year 2024, for more details see note 15f of the Audited financial statements. The exchange gain related to Posadas' operations translated in 2024 into a loss of \$910.8 million, in comparison to the 2023 exchange gain \$832.4 million, since the Mexican peso depreciated 20.0% in comparison to 2023, (currency exchange rate at end of period minus currency exchange rate at beginning of period).

At the end of 2024, the net interest coverage to EBITDA due to IFRS 16 was 3.2 times, while in the previous year was 4.1 times.

2024 – 2023 Revenue from Discontinued Operations, Net Income Tax

The Company recorded a tax profit of \$370.7 million in 2024 and a tax profit of \$73.9 million in 2023.

This item is described in the opinion of the external auditors attached, Note 15 and in section 3) *Financial Information*, c) *Material Credit Report*.

2024 – 2023 Net Majority Result

Our financial statements, per the Auditors', recorded a consolidated loss attributable to the controlling share of \$164.6 million for 2024, and a profit of \$1,006.2 million in the previous year.

2024 – 2023 Financial situation

The cash balance to 31 December 2024 was \$2,602 million (US\$129 million), 41% more than the previous year, considering that the 85% of the cash is invested in dollars.

Total assets summed \$22,890 million after adopting in 2024 a fixed asset valuation policy based on fair value rather than historical cost. For more details of this policy see the 2024 Audited Financial Statements.

As of 2024, with retroactive effect to January 1, 2022, Posadas adopted a land and building valuation policy based on fair value instead of historical cost. However, in accordance with IAS 16 Property, Plant and

Equipment this is a change in accounting policy that should be treated as a revaluation, rather than applying retrospective changes, Posadas decided to apply the change retrospectively for comparability purposes.

This accounting policy change will provide more reliable and material information about the value of its assets and related transactions.

Some of the main reasons why Posadas believes that fair value measurement represents the best and superior use are detailed hereinbelow:

- Fair value provides a more up-to-date and accurate measure of the value of assets, reflecting current market conditions.
- It improves the relevance of financial statements by showing values that are more representative of the current value of assets.
- It provides investors and other interested parties with a clearer and more accurate view of the value of the company's assets, improving transparency.
- With a more accurate asset valuation, management can make more informed strategic and operational decisions.
- It assists in financial planning and resource management, facilitating a more efficient capital allocation.
- It better reflects risks associated with assets, such as depreciation or obsolescence, allowing more proactive management.
- It allows adjustments according to market conditions, which is essential in the hotel sector.
- It provides more accurate and relevant financial indicators to evaluate hotel performance and assets.

Assets valued at fair value may facilitate better terms in financing negotiation, if necessary, as financial institutions can have a clearer view of the value of assets used as guarantee, and even improve access to credit and other forms of financing by providing a more robust image of the company's financial situation.

- It enables financial statements to more accurately reflect current real estate and asset market conditions, which is crucial in the hotel sector where values can fluctuate significantly.

The table below summarizes the impact of accounting policy changes on financial statements:

	2024	2023	2022
Property and equipment increase, net	\$ 157,793	\$ 99,746	\$ 2,806,953
Decrease in deferred profit taxes	<u>(47,338)</u>	<u>(23,923)</u>	<u>(842,086)</u>
Surplus effect of other comprehensive results	<u>\$ (110,455)</u>	<u>\$ (69,823)</u>	<u>\$ (1,964,867)</u>

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

At the end of 2024, total debt was \$7,620 million net of issuance expenses (US \$385million), while net debt according to IFRS was \$5,018 million, the Net Debt to EBITDA ratio was 4.1 times while the previous year was 4.2 including IFRS 16 leases.

The Total Debt mix at the end of 2024 was as follows: almost 100% long-term, 99% in USD and 99% at fixed rate and guaranteed with most of the Company's material assets as described at the beginning of this Annual Report.

At the end of this corporate year, S&P Global ratified our corporate rating to "B" which has continued since the second quarter of 2023.

d) Management Comments and Analysis of the Operating Results and Financial Situation of the Company 2023 - 2022

i) Operating Results

**Corporate year ending December 31, 2023
Compared with corporate year ending December 31, 2022
Information according to International Financial Reporting Standards (IFRS)**

**Consolidated Comprehensive Operating Results Statement
For the years ending December 31, 2023 and 2022
(In thousands of Mexican pesos)**

	2023	2022
Continuing operations:		
Revenue	\$9,209,256	\$9,077,990
Cost of sales	<u>6,063,022</u>	<u>6,275,378</u>
Gross profit	3,146,234	2,802,612
Administrative expenses	1,181,245	1,105,548
Sale and development expenses	167,146	140,249
Depreciation, amortization, and leasing	981,196	899,194
Rent discounts	-	(6,396)
Other revenue, net	(38,653)	(20,692)
Interest expense	659,074	631,351
Interest income	(112,832)	(59,783)
Extraordinary income, net	(19,342)	(107,972)
Commissions and financial expenses	69,006	94,904
Foreign Exchange (gain) loss, net	(832,393)	(426,603)
Equity in associates	-	-
	<u>2,054,447</u>	<u>2,249,800</u>
Profit before profit tax	1,091,787	552,812
Profit tax expense	<u>73,886</u>	<u>330,072</u>
Consolidated profit for the year	1,017,901	222,740
Other comprehensive (loss) results:		
(Loss) profit on exchange differences from converting foreign operations, which will be reclassified subsequently to results	(2,534)	327
Remeasurement of defined benefit obligation, which will not be reclassified subsequently to results, - net of income tax	<u>(3,188)</u>	<u>19,414</u>
	<u>(5,722)</u>	<u>19,741</u>
Consolidated comprehensive result for the year	<u>\$1,012,179</u>	<u>\$ 242,481</u>

(Continued)

	2023	2022
Consolidated profit for the year attributable to:		
Controlling interest	\$1,006,186	\$ 217,373
Non-controlling interest	<u>11,715</u>	<u>5,367</u>
Consolidated profit for the year	<u>\$1,017,901</u>	<u>\$ 222,740</u>
Consolidated comprehensive result for the year attributable to:		
Controlling interest	\$1,000,464	\$ 237,114
Non-controlling interest	<u>11,715</u>	<u>5,367</u>
Consolidated comprehensive result for the year	<u>\$1,012,179</u>	<u>\$ 242,481</u>
Earnings per share:		
From continuing and discontinued operations -		
Basic and diluted profits per common share (in pesos)	<u>\$ 2.05</u>	<u>\$ 0.44</u>
Basic and diluted comprehensive result per common share (in pesos)	<u>\$ 2.04</u>	<u>\$ 0.48</u>
Weighted average of outstanding shares	495,881,988	495,881,988

In this context, at the end of 2023 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)	2023		2022		Var%
	IFRS 16	%	\$	%	
Total Revenues	10,467.8	100.0	10,313.1	100.0	1.5
Owned and Leased Hotels					
Revenues	4,782.6	100.0	4,429.9	100.0	8.0
Direct Cost	3,858.8	80.7	3,473.7	78.4	11.1
Contribution	923.9	19.3	956.2	21.6	(3.4)
Management					
Revenues	3,799.6	100.0	3,597.0	100.0	5.6
Direct Cost	2,776.6	73.1	2,804.9	78.0	(1.0)
Contribution	1,023.1	26.9	792.1	22.0	29.2
Vacation Properties					
Revenues	1,802.8	100.0	2,208.7	100.0	(18.4)
Direct Cost	1,353.9	75.1	1,816.2	82.2	(25.5)
Contribution	448.9	24.9	392.5	17.8	14.4
Other Businesses					
Revenues	82.7	100.0	77.6	100.0	6.6
Direct Cost	29.7	35.9	27.2	35.1	9.0
Contribution	53.0	64.1	50.3	64.9	5.3
Corporate expenses	453.5	4.3	507.5	4.9	(10.6)
Depreciation / Amort. & Leases	930.5	8.9	878.3	8.5	5.9
Impairment of assets	0.0	0.0	0.0	0.0	na
Other (revenues) and expenses	(10.0)	(0.1)	(20.6)	(0.2)	(51.2)
Other revenues	0.0	0.0	0.0	0.0	na
Operating Profit	1,074.9	10.3	825.9	8.0	30.1
EBITDA	2,005.4	19.2	1,704.2	16.5	17.7
Special Operations	(219.6)	(2.1)	(141.2)	(1.4)	55.5
EBITDA	1,785.8	17.1	1,563.0	15.2	14.3

Note: The 2023 Annual Report numbers of the Company were reclassified in some categories in relation to previous Annual Reports and audited Financial Statements

2023 - 2022 Total Revenues

The Company's total revenues increased 1.5% from \$10,313.1 M in 2022 to \$10,467.8 M in 2023. Most of the business segments showed recovery, derived from the gradual reactivation of activities.

As 2023 progressed, we saw an improvement in the company's results, particularly during the first and fourth quarters. In 2023 we obtained a comparable EBITDA of \$2,005.4 million, 17.7% higher than the previous year of \$1,704.2 million. EBITDA was led by coastal hotels labeled as Resorts which boosted occupancy, even above those observed in 2019 before the pandemic. Urban hotels continued to show a clear improvement during the fourth quarter, particularly Upscale & Luxury hotels followed by Midscale & Economy hotels.

Hotels in 2023 continue to be classified into three groups so their performance could be measured according to market trends:

Resorts

This segment continued to perform well. The Revenue per Available Room (RevPAR) was like that of the previous year. There was an occupancy increase of almost 3pp, reaching a 79% average annual occupancy and maintaining the same effective peso rate that we obtained the previous year. However, in dollars we obtained a 13% effective rate growth in comparison to 2022.

Upscale & Luxury Hotels

In this segment we obtained 76% of room nights through our own channels. Furthermore, individual business and group segments recovered and operated above 2022 levels with 15% and 14% growth, respectively.

Average annual occupancy increased by almost 3pp reaching 63%. The RevPAR improved 12% in the same period. Operating margins improved thanks to tight expense control, an appreciation of room rates and an increase in Food and Beverages revenues.

Midscale & Economy Hotels

The "Midscale & Economy" segment had an extraordinary fourth quarter (8% higher than in 2022 in RevPAR). Due to these results, the segment RevPAR for the year grew 17%, being 15% above that of 2019. As in "Upscale & Luxury", in this segment we control over 66% of the rooms generated through our own channels. During the last year, this segment achieved extraordinary results: a 65% average occupancy, a 17% increase in RevPAR and a cumulative room revenue in our channels of 78%.

2023 – 2022 Owned and Leased Hotels

In 2023, the average available daily rate (ADR) improved, resulting in a Revenue Per Available Room of 9% 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 own and leased hotels that the Company operates. This segment registered an increase in Owned and Leased Hotels of 8.0%, \$4,782.6 M in 2023 against \$4,429.9 in 2022.

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 supplies 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 \$3,858.8 million for 2023, which represents an increase of 11.1% compared to \$3,473.7 million for the same period of 2022. The Departmental result (Income minus departmental costs and expenses) was \$923.9 million for 2023, thus representing a decrease of 3.4% compared to \$956.2 million for the comparable period of 2022.

General Expenses related to the Company's own and leased hotels consist of administrative expenses, maintenance and energy, property taxes, payment of insurance premiums, payment of auditor's fees and legal advisers. In sum, these expenses increased by 6.8%, to \$1,181.2 million during 2023 compared to \$1,105.5 million during 2022. The main increases were in energy, maintenance and credit card commissions and professional fees resulting from the operation growth.

2023 - 2022 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, which are registered as expenses by owned and leased hotels, and subsequently are converted into income for the hotel administration segment.

Revenues in 2023 increased 5.6% compared to 2022, reaching \$3,799.6 million in 2023, compared to \$3,597.0 million in 2022.

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 1.0% to \$2,776.6 million compared to the same period in 2022 in which they amounted to \$3,597.0

million. For further details on the eliminations, see note 25, Business Segments Information of the audited consolidated Financial Statements.

At the system level in 2023, including owned, leased, managed, and franchised hotels, the occupancy average rate improved, resulting in a RevPAR increase of 10%, reaching \$1,289 in 2023.

Resorts, Upscale & Luxury y Midscale & Economy. The last two groups refer to urban hotels. For Resorts, 2023 was a good year. The available average daily rate (ADR) was \$6,917 with a 79% average occupancy rate resulting in a \$5,442 in RevPAR, presented in USD to eliminate exchange rate fluctuations, the RevPAR was USD\$309, 13% improvement compared to the previous year and 69% better than in 2019. For Upscale & Luxury hotels, the result was a \$2,494 available rate at 63% occupancy resulting in an \$1,565 RevPAR, 12% and 23% higher than in 2022 and 2019, respectively. Midscale & Economy hotels performed similarly to the previous group with \$1,225 available daily rate, 65% occupancy and \$802 RevPAR resulting in a 17% improvement compared to 2022 and 15% to 2019.

In 2023, the company started operating 6 new hotels and stopped operating 3 which are listed in: 1) *General Information*, b) *Executive Summary* herein.

2023 – 2022 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 Access Fiesta Rewards), as well as Loyalty program.

Vacation Products revenue decreased 18.4% from \$2,208.7 million in 2022 to \$1,802.8 million in 2023. Loyalty products together contributed to 36% of hotel occupancy in the entire hotel system, generating 2.2 million room nights through direct channels.

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 decreased by 25.5% from \$1,816.2 million in 2022 to \$1,353.9 million for the same period in 2023.

On the other hand, the IFRS contribution margin was 24.9%, a higher level in comparison with the 17.8% of the previous year, mainly due to the change in the product mix sold from the traditional FAVC program to Access Fiesta Rewards.

As of 2023, to celebrate its 25th anniversary, Posadas decided to issue a special membership in April 2023 called FAVC 25th Edition, which has had very good acceptance in the market. The memberships sold in the period from April to December 2023 are 3,585. FAVC 25th Edition membership income recognition occurs in two moments considering the two membership components:

- Upon signing the contract, 3/4 of the membership value is recognized since the Entity considers that after this, once it enters into force, the customer is entitled to the points supported by a vacation property and the performance obligation is fulfilled. This recognition is the same as that used for traditional FAVC membership.
- The remaining 25% is recognized when the member uses the gift Edition Points or their right to use expires, that is, once the hosting service is provided or the accrual period agreed in contract with the customer expires.

This generates an income and expenditure reclassification of \$255 million pesos reflected in deferred liabilities and deferred assets (including an expense provision cancellation) for the corporate year. Informationally, considering this reclassification, the contribution margin would be 21.8% for 2023, 4.0 pp higher compared to the previous year.

As of December 31, 2023, vacation club receivables with a \$6,824 value represented a 5% increase compared to the same period of the previous year and is within the normal collection period of less than 90 days.

2023 – 2022 Other Businesses

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

2023 – 2022 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 2022 reached \$453.5 million, which represented a 10.6% decrease in comparison with the \$507.5 million presented for the same period in 2022, this was in part due to the organizational restructuring carried out in December 2022 at a cost of close to \$80 million. In percentage of the Company's revenue, corporate expenses represented 4.3% of its total revenue in 2023, 0.6 pp less than that of the previous year.

2023 – 2022 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 \$981.2 million in 2023, this represented a 9.1% increase compared to the \$899.2 million that were expended for this concept in the comparable period of 2022.

2023 - 2022 Operating Results

The operating income of Grupo Posadas consolidates the income of its owned and leased hotels, management segment (mostly income fees from managed hotels), brands and others, Vacation Properties (Loyalty) and other business lines and it deducts its corporate expenses and expenses for depreciation, amortization, leasing of real estate and impaired assets. The profit from consolidated operations was a profit of \$1,074.9 million for 2023, 30.1% higher than that reported in 2022.

2023 – 2022 Comprehensive Financial Result

Concept (million pesos)	2023	2022
Interest Income	(112,832)	(59,783)
Accrued interest	379,394	337,949
Foreign Exchange (gain) loss, net	(622,062)	(319,404)
Foreign Exchange (gain) loss, from lease payments	(210,330)	(107,199)
Accrued interest from lease payments	279,680	293,402
Other financial costs (products)	(19,342)	(107,972)
Other financial expenses	69,006	94,904
Total CFC	(236,487)	131,897

Interest expenses increased 12.3% to \$379.4 million in 2023, compared to \$337.9 million for the comparable period in 2022, this as a result of the financial restructuring concluded in 2021, in which it was agreed to pay interest on the Senior Notes of 5% for year 2, for more details see note 15f of the Audited financial statements. The exchange gain related to Posadas' operations translated into a gain of \$832.4 million in 2023, in comparison to the exchange gain of \$426.5 million in 2022, since the Mexican peso appreciated 12.7% in comparison to 2022, (currency exchange rate at end of period minus currency exchange rate at beginning of period).

At the end of 2023, net interest coverage to EBITDA including IFRS 16 was 4.1 times, 1.0 times more favorable when compared to 2022.

2023 – 2022 Revenue from Discontinued Operations, Net Income Tax

The Company recorded a \$73.9 million tax in 2023 and \$330.1 million in 2022 resulting from the Income Tax generated from the operating result with profit in both fiscal years.

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

2023 – 2022 Net Majority Result

Our financial statements, per the Auditors', recorded a consolidated profit attributable to the controlling share of \$1,006.2 million for 2023, 4.6 times higher than in the previous year.

2023 – 2022 Financial Situation

The cash balance as of December 31, 2023, was \$ 1,841.2 million (equivalent to US \$109 million), of which \$211.4 million are restricted cash.

The Company's total assets as of December 31, 2023, amount to \$18,249.9 million (US \$1,080.3 million)

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

At the end of 2023, total debt was \$6,398 million net of issuance expenses (US \$392 million), while net debt according to IFRS was \$4,557 million, the Net Debt to EBITDA ratio was 4.2 times while the previous year was 5.5 including IFRS 16 leases.

The Total Debt mix at the end of 2023 was as follows: almost 100% long-term, 98% in USD and 100% at fixed rate and guaranteed with most of the Company's material assets as described at the beginning of this Annual Report.

At the end of this corporate year, S&P Global ratified our corporate rating to "B" which improved one notch at mid-year after reporting results in the second quarter of 2023.

d) Management Comments and Analysis of the Operating Results and Financial Situation of the Company 2022 - 2021

i) Operating Results

2022 - 2021
Corporate year ending December 31, 2022
Compared with corporate year ending December 31, 2021
Information according to International Financial Reporting Standards (IFRS)

Consolidated Comprehensive Operating Results Statement
For the years ending December 31, 2022 and 2021
(In thousands of Mexican pesos)

	2022	2021
Continuing operations:		
Revenue	\$9,077,990	\$7,406,734
Cost of sales	<u>6,275,378</u>	<u>5,502,143</u>
Gross profit	2,802,612	1,904,591
Administrative expenses	1,105,548	855,781
Sale and development expenses	140,249	192,261
Depreciation, amortization, and leasing,	899,194	916,330
Rent discounts	(6,396)	(261,588)
Impairment of assets and technology platforms	-	-
Other revenue, net	(20,692)	(253,243)
Interest expense	631,351	573,863
Interest income	(59,783)	(16,988)
Extraordinary income, net	(107,972)	(724,019)
Commissions and financial expenses	94,904	96,263
Foreign Exchange (gain) loss, net	(426,603)	323,934
Equity participation in associates	<u>-</u>	<u>15,000</u>
	2,249,800	1,717,594
Profit (Loss) before profit tax	552,812	186,997
Profit tax expense	<u>330,072</u>	<u>129,058</u>
Profit (Loss) net yearly	222,740	57,939
Other comprehensive results:		
Profit converting foreign exchange which will be reclassified subsequently to profit or loss	327	2,549
Gain (loss) from remeasurement of obligations from defined benefits, which will not be reclassified subsequently to profit or loss, - net of income tax	<u>19,414</u>	<u>42,553</u>
	<u>19,741</u>	<u>45,102</u>
Consolidated comprehensive result for the year	<u>\$ 242,481</u>	<u>\$ 103,041</u>

(Continued)

	2022	2021
Consolidated (loss) profit for the year attributable to:		
Controlling interest	\$ 217,373	\$ 63,031
Non-controlling interest	<u>5,367</u>	<u>(5,092)</u>
Consolidated (loss) profit for the year	<u>\$ 222,740</u>	<u>\$ 57,939</u>
Consolidated comprehensive (loss) result for the year attributable to:		
Controlling interest	\$ 237,114	\$ 108,133
Non-controlling interest	<u>5,367</u>	<u>(5,092)</u>
Consolidated comprehensive (loss) result for the year	<u>\$ 242,481</u>	<u>\$ 103,041</u>
Profit (loss) per share:		
Basic and diluted (loss) profit per common share (in pesos)	<u>\$ 0.44</u>	<u>\$ 0.13</u>
Basic and diluted comprehensive result per common share (in pesos)	<u>\$ 0.48</u>	<u>\$ 0.22</u>
Weighted average of outstanding shares	495,881,988	495,881,988

(Concluded)

In this context, at the end of 2022 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)	2022		2021		Var%
	IFRS 16	%	\$	%	
Total Revenues	9,078.0	100.0	7,406.7	100.0	22.6
Owned and Leased Hotels					
Revenues	4,429.9	100.0	3,371.7	100.0	31.4
Direct Cost	3,481.9	78.6	2,624.2	77.8	32.7
Contribution	948.0	21.4	747.5	22.2	26.8
Management					
Revenues	1,576.0	100.0	1,026.9	100.0	53.5
Direct Cost	663.4	42.1	674.8	65.7	(1.7)
Contribution	912.7	57.9	352.1	34.3	159.2
Vacation Properties					
Revenues	2,994.5	100.0	2,919.6	100.0	2.6
Direct Cost	2,553.8	85.3	2,320.1	79.5	10.1
Contribution	440.7	14.7	599.5	20.5	(26.5)
Other Businesses					
Revenues	77.6	100.0	88.5	100.0	(12.4)
Direct Cost	27.2	35.1	39.3	44.4	(30.7)
Contribution	50.3	64.9	49.2	55.6	2.3
Corporate expenses	671.1	7.4	616.3	8.3	8.9
Depreciation / Amort. & Leases	878.3	9.7	897.2	12.1	(2.1)
Impairment of assets	0.0	0.0	0.0	0.0	na
Other (revenues) and expenses	(23.6)	(0.3)	(19.1)	(0.3)	23.5
Other revenues	0.0	0.0	0.0	0.0	na
Operating Profit	825.9	9.1	253.9	3.4	225.3
EBITDA	1,704.2	18.8	1,151.1	15.5	48.1
Special Operations	(141.2)	(1.6)	201.2	2.7	na
EBITDA	1,563.0	17.2	1,352.3	18.3	15.6

Note: The 2022 Annual Report numbers of the Company were reclassified in some categories in relation to previous Annual Reports and audited Financial Statements

2022 – 2021 Total Revenues

The Company's total revenues increased by 22.6% from \$7,406.7 M in 2021 to \$9,078.0 M in 2022. Most of the business segments showed a recovery, derived from the lifting of occupancy restrictions as well as the progress of vaccination and the gradual reactivation of activities.

In 2022, and mainly in the first quarter, we continued to operate our hotels in accordance with the provisions of the federal and state epidemiological traffic lights, with limited services according to the occupancy restrictions determined by the health authorities and complying with hygiene and safety protocols that have been reinforced under the strictest standards. As of September 2022, the states stopped publishing occupancy limits and restrictions, and the use of masks in closed areas ceased.

In 2022, we continued to operate with pandemic-related impacts (Omicron); however, during the second half of the year, we saw a recovery better than that projected.

As 2022 progressed, we saw an improvement in the company's results, particularly during the fourth quarter. In 2022 we obtained a comparable EBITDA of \$1,704.2 million, 48.1% higher than the previous year. EBITDA was led by coastal hotels, labeled as Resorts and principally followed by the Vacation Properties

(Loyalty) business unit. Urban hotels continued to show clear improvement during the fourth quarter, particularly Upscale & Luxury hotels followed by Midscale & Economy hotels. Since the Covid-19 vaccination process began in several countries around the world, including Mexico, there has been a significant shift of travelers to beach destinations, seeking space, healthy distance and quality of life while allowing them to meet their commitments remotely through diverse electronic platforms. The latter boosted Resort hotels occupancy levels even beyond those observed in 2019 before the pandemic.

Hotels in 2022 continue to be classified into three groups so their performance could be measured accordingly to market trends:

Resorts

This segment continued to perform extraordinarily well. The revenue per available room (RevPAR) increased 35% compared to last year and 57% compared to 2019. Resorts capitalized higher revenues with a better flow through of 75% to achieve operating margins above 43%, improving 7 pp (percentage points) compared to the previous year.

Upscale & Luxury Hotels

Leveraged by an improved performance in the second half of the year, the Upscale & Luxury segment achieved a RevPAR increase of 62% in comparison to the previous year and 10% compared to 2019.

Midscale & Economy Hotels

The "Midscale & Economy" segment had an extraordinary fourth quarter (11% higher than in 2019). Thanks to these results, the segment RevPAR for the year grew 42%, being only 2% below that of 2019. As in "Upscale & Luxury", in this segment we control over 80% of the rooms generated through our own channels. The flowthrough of this hotel group was 62%, which allowed us to improve operating margins by 8 pp compared to 2021.

2022 – 2021 Owned and Leased Hotels

In 2022, the average available rate improved, resulting in a Revenue Per Available Room of 43% compared to the previous year, mainly due to the factors mentioned above. It should be remembered that this same indicator was 14% higher than that of 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 in Owned and Leased Hotels of 31.4%, \$4,429.9 M in 2022 against \$3,371.7 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 supplies 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 \$3,481.9 million for 2022, which represents an increase of 32.7% compared to the \$2,624.2 million for the same period of 2021. The Departmental result (Income minus departmental costs and expenses) was \$948.0 million for 2022, thus representing a recovery of 26.8% compared to \$747.5 million for the comparable period of 2021.

General Expenses related to the Company's own and leased hotels consist of administrative expenses, maintenance and energy, property taxes, payment of insurance premiums, payment of auditor's fees and legal advisers. In sum, these expenses increased by 29.2%, to \$1,105.5 million during 2022 compared to \$855.8 million during 2021. The main increases were in energy, maintenance, and commissions to agencies as a result of the increase in the operation. Another item that presented a considerable amount but with a decrease of 27.1% compared to the previous year was sales, promotion, and advertising expenses, which amounted to \$140.2 million in 2022 compared to \$192.3 million in the previous year.

2022 – 2021 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, which are registered as expenses by owned and leased hotels, and subsequently are converted into income for the hotel administration segment.

Revenues in 2022 increased 53.5% compared to 2021, reaching \$1,026.9 million in 2021, compared to \$1,576.0 million in 2022.

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 1.7% to \$663.4 million compared to the same period in 2021 in which they represented \$674.8 million. For further details on the eliminations, see note 25, Business Segments Information of the audited consolidated Financial Statements.

At the system level in 2022, including owned, leased, managed, and franchised hotels, the occupancy average rate improved, resulting in an effective rate increase of 43%, reaching \$1,172 in 2022.

Resorts, Upscale & Luxury y Midscale & Economy. The last two groups refer to city hotels. For Resorts, 2021 was a year with excellent performance. The available daily rate (ADR) was \$7,248 with a 76% average occupancy rate resulting in a \$5,502 effective rate, representing a 35% improvement compared to the previous year and 57% better than in 2019. For Upscale & Luxury hotels, the result was a \$2,328 available rate at 60% occupancy resulting in a \$1,398 RevPAR, 62% and 10% better than in 2021 and 2019, respectively. Midscale & Economy hotels performed similarly to the previous group with a \$1,106 available daily rate of 62% occupancy and a \$683 RevPAR resulting in a 42% improvement compared to 2021 but still 2% below 2019. It is important to remember that the three hotel groups showed a sequentially clear upward trend quarter after quarter.

In 2022, the company started operating 6 new hotels and stopped operating 3 which are listed in: 1) *General Information*, b) *Executive Summary* herein.

2022 – 2021 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, now Access Fiesta Rewards), as well as Loyalty program.

Vacation Products revenue increased 2.6% from \$2,919.6 million in 2021 to \$ 2,994.5 million in 2022. Loyalty products together contributed to 35% hotel occupancy in the entire hotel system, generating 2.2 million room nights through direct channels.

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 10.1% from \$2,320.1 million in 2021 to \$2,553.8 million for the same 2022 period.

On the other hand, the IFRS contribution margin was 14.7%, a lower level in comparison to the 20.5% of the previous year, this is mainly due to the change in the product mix sold from the traditional FAVC program to FAVC Access, (now Access Fiesta Rewards).

As of December 31, 2022, the vacation club receivables with a \$6,488 value represented a 5% increase compared to the same period of the previous year and is within the normal collection period of less than 90 days.

2022 – 2021 Other Businesses

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

2022 – 2021 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 2022 reached \$671.1 million, which represented an 8.2% increase in comparison with the \$616.3 million presented for the same period in 2021, this was in part due to the organizational restructuring carried out in December 2022 at a cost of close to \$80 million. In percentages, corporate expenses represented 7.4% of its total revenue in 2022, 0.9 pp less than that of the previous year due to increased income.

2022 – 2021 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 \$899.2 million in 2022, this represented a 1.9% decrease compared to the \$916.3 million that were expended for this concept in the comparable period of 2021.

2022 – 2021 Operating Results

The operating income of Grupo Posadas consolidates the income of its owned and leased hotels, management segment (mostly income fees from 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 \$825.9 million for 2022, 2.5 times higher than that reported in 2021.

2022 – 2021 Comprehensive Financial Result

Concept (million pesos)	2022	2021
Interest Income	(59,783)	(16,988)
Accrued interest	337,949	227,036
Foreign Exchange (gain) loss, net	(319,404)	264,363
Foreign Exchange (gain) loss, from lease payments	(107,199)	59,571
Accrued interest from lease payments	293,402	346,826
Other financial costs (products)	(26,783)	(653,952)
Other financial expenses	13,715	26,197
Total CFC	131,897	253,054

The Company's comprehensive financial result was \$131.9 million for 2022, a decrease when compared to \$253.1 million in 2021. Interest expenses increased 68.9% to \$337.9 million in 2022, compared to \$227 million for the period comparable in 2021, this as a result of the financial restructuring concluded in 2021, in which it was agreed to pay interest on the Senior Notes of 4% for year 1, for more details see note 15f of the Audited financial statements. The exchange gain related to Posadas' operations translated into a gain of \$426.5 million in 2022, in comparison to the exchange loss of \$323.9 million in 2021, since the Mexican peso depreciated 3.1% in comparison to 2021, (currency exchange rate at end of period minus currency exchange rate at beginning of period).

At the end of 2022, net interest coverage to EBITDA including IFRS 16 was 3.1 times, more favorable when compared to 2021.

2022 – 2021 Revenue from Discontinued Operations, Net Income Tax

The Company recorded a \$330.1 million tax in 2022 and \$129 million in 2021 resulting from the Income Tax caused by the operating result with a profit in both tax years.

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

2022 – 2021 Net Majority Result

Our financial statements, per the Auditors', recorded a consolidated profit attributable to the controlling share of \$217.4 million for 2022, 3.4 times higher than in the previous year.

2022 – 2021 Financial Situation

The cash balance as of December 31, 2021, was \$ 1,938.9 million (equivalent to US \$100 million), of which \$184.9 million is restricted cash.

The Company's total assets as of December 31, 2022, amount to \$17,948.8 million (US \$927.0 million)

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

In June 2022, we successfully concluded our comprehensive debt restructuring by exchanging the 2022 Senior Notes for new ones due in 2027 in the amount of USD \$393,235,022 (including a premium payable in capital). For further details see section 3) *Financial Information*, c) *Material Financing Information*.

At the end of 2022, total debt was \$7,478 million net of issuance expenses (US \$400 million), while net debt according to IFRS was \$5,539 million, the Net Debt to EBITDA ratio was 5.5 times while the previous year was 7.0 including IFRS 16 leases.

The Total Debt mix at the end of 2022 was as follows: almost 100% long-term, 98% in USD and 100% at fixed rate and guaranteed with most of the Company's material assets as described at the beginning of this Annual Report.

Upon successfully concluding the final phase of the restructuring plan, S&P Global ratified our corporate rating to "B-".

Translation for information purposes

ii) Financial Situation, Liquidity and Capital Resources

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. Due to these operations, throughout the last 3 years we have invested \$1,029 million pesos in the maintenance and remodeling of our hotels, distribution channels technology, as well as in the Grupo Posadas technological infrastructure.

These investments were made mainly in Live Aqua Cancun Beach Resort, Fiesta Americana Condesa Cancun, Fiesta Americana Guadalajara, Fiesta Americana Merida, Grand Fiesta Americana Chapultepec and Fiesta Americana Villas Acapulco. In 2022, the remodeling of the Fiesta Americana Villas Acapulco hotel pool was completed, and Phase II of the Villas and Spa at the Grand Fiesta Americana Golf & Spa Los Cabos hotel remodeling began, and in 2023 and 2024 the remodeling and rehabilitation of the Acapulco hotel was carried out.

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 2022, a significant recovery was observed even though the pandemic had not disappeared. Due to this, the use of funds during 2022 was reflected in the cash balance, decreasing from \$1,960.1 million in 2021 to \$1,938.9 million in 2022. It should be mentioned that in 2022, the 2027 Senior Notes interest payment was made, as well as payment of \$174 million regarding the 2006 SAT proceeding, which did not occur in 2021. The cash balance at 31 December 2023 was \$1,841 (US\$109 million), \$108 million more than the previous year on comparable bases after adjusting for the Senior Notes repurchase by 7.5 65 million and the 12.7% appreciation of the Mexican peso against the US dollar since 65% of the cash is invested in dollars. The cash balance at 31 December 2024 was \$2,602 million (US\$129 million), 41% more than the previous year, considering the 20.0% depreciation of the MXN against the USD since approximately 85% of the cash is invested in USD.

To December 31, 2024, 2023, and 2022, financial debt was integrated as follows (interest rates in force to December 31, 2024 – 2022, respectively):

Dollars (thousands)	2024	2023	2022
"Senior Notes 2027" step-up rate of 4% to 8%	7,540,952	6,297,640	7,343,598
Mexican pesos (thousands)			
Loan THEat variable annual rate of TIIE plus 150 points	78,707		
Loan at annual fixed rate 9.175%		100,533	133,794
	7,619,659	6,398,173	7,477,392
Minus			
Current portion of long-term debt	18,000	100,533	33,830
Long-term debt	7,601,659	6,297,640	7,443,562

As of December 31, 2024, 99% of the Company's debt was at a fixed rate. The nominal rate with withholding taxes to 2024 closing was 7.4 % in US Dollars.

The long-term debt maturity dates to December 31, 2024, are as follows:

To pay during	Thousands of dollars	Equivalent in Thousands of Mexican pesos
2026		\$18,000
2027	US\$380,700	\$7,716,142
Less-debt issuance cost		\$(175,983)
		\$7,558,159

Hereinafter is a summary of the details of the Corporation's material debt.

Senior Notes

As of December 31, 2024, the balance of Senior Notes due in December 2027 was US\$380,700,000 after the repurchase at market US\$5 million during the tax year.

At the end of 2021, we successfully concluded our debt restructuring, by exchanging the 2022 Senior Notes, for new notes due in 2027 in an amount of USD\$393,235,022 (including a premium payable in capital). 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. On June 30, 2022, US\$26,850,570 of Senior Notes due in 2027 were subscribed by holders who made a trade request before June 14. In turn, a partial cancellation in the amount of US\$5,346,298 of Non-Qualified Holders was made as a consequence of the rules established in the restructuring process. With these actions, the restructuring was concluded.

Principal restrictions and negative covenants stipulated in debt contracts to December 31, 2024:

- 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 to 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 corresponding 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.

The Indenture imposes the 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):

Summary of Results (Expressed in millions of pesos to December 31, 2024)	Grupo Posadas & Guarantors			Consolidated		
	2024	2023	2022	2024	2023	2022
Total Income	9,027	8,918	8,826	9,310	9,209	9,078
Impairment, depreciation and amort.	846,966	928,740	854,336	875,524	958,563	884,712
Leases	31,649	22,633	14,482	31,649	22,633	14,482
(Loss) Consolidated net profit	(179,110)	994,030	211,321	(158,681)	1,017.9	222,740
Total Assets	22,101	17,685	17,367	22,890	18,249	17,949
Total Liabilities	18,532	15,846	16,511	18,656	15,982	16,694

Productive chains program

As of December 31, 2024, the Company had lines contracted with Banca Mifel, S.A. up to \$100 M, currently \$55 M with collateral of 1.0x, and with BBVA, S.A. \$80 M without collateral, and with Monex S.A. in the amount of \$50,000 without collateral. The purpose of the financing lines 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 80% 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 seven-year term secured trust loan for \$210 million. The funds were used for corporate purposes including renovation of 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 August 27, 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 amended agreement to the modified and restated contract, dated April 23, 2021, establishes quarterly interest to be paid quarterly until April 23, 2022, and on this same date principal payment will resume on a monthly basis beginning with the amount of \$2,458. In 2022, the subsidiary made payments of \$30 M corresponding to interest and principal. In 2023, the subsidiary made payments of \$45M corresponding to interest and principal.

In May 2024, this unpaid financing balance was early paid with the proceeds of a new financing agreement entered into with Scotiabank, S.A., granting a mortgage guarantee in the amount of \$90 M with better terms and conditions for Inmobiliaria del Sudeste, S.A. de C.V., with a monthly interest rate of TIIE plus 150 basis points and monthly principal amortizations. The loan balance to December 31, 2024, amounts to \$79.5 M net of debt issuance expenses, said loan is presented as long-term debt, except for the corresponding short-term portion, in the consolidated financial position statements.

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 applicable negative covenants, these 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 anticipatory termination.

Sale of assets.

During the last 3 years the Company has sold relevant assets to meet its capital needs:

Without representing a sale of assets for liquidity purposes, in 2022 the Company transferred the land lot it had in Acapulco Diamante to a co-investment vehicle, as the consideration for the receipt of trust rights of 28 apartments that will be located in said complex. These apartments will be used as inventory for the Company's Vacation Products.

During 2022 and 2024, no assets were sold for liquidity purposes. For prior years' sales, refer to the audited financial statements attached hereto.

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, 2024, the company did not have any financial instrument contracted.

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, financing 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 comprehensive 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.

The cash balance at 31 December 2024 was \$2,602 million (US\$129 million), 41% more than the previous year, considering that 85% of the cash is invested in dollars, of which \$192,559 million was restricted cash.

Capital Expenses. At the close of December 2024, capital expenses amounted to \$454 million; of which 60% was allocated to hotel remodeling and maintenance, 13% to vacation products and 27% for corporate use and technology.

Currently, the Company mostly finances budgeted capital expenses through internal generation. The Company's dependence on debt to finance capital expenses has decreased to the extent that it has expanded through hotel management contracts or leasing contracts.

Balance Account Changes. For the 2024, 2023 and 2022 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, 2024, 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, excepting 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 Assistant Division. This Division has added to its duties advising, based on a risk methodology, the business units, due to the organizational restructuring effectuated at the end of 2020. It reports to the Chief Executive Officer Division and to the Audit Committee.

Annually, the Internal Audit Division, under the Chief Executive Officer, proposes the annual internal audit plan to the Audit Committee, whose quarterly progress and findings are presented to said Committee. Notwithstanding, the Audit Division participates in carrying out unscheduled 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 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, provisions 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, 2024, 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 acts as an agent or principal, which affects the recognition of revenues, operating costs and expenses, and the decision to record assets from use rights and their respective payment obligation for the lease term.

- ii. Vacation Club revenue recognition.

Management makes judgments to decide when the performance obligations in the membership contracts of Vacation Club, such as the transfer of an enforceable right against third parties, and upon transferring control over real property to membership buyers have an effect on revenue recognition.

This income is considered as a financial lease, since all risks and benefits inherent to the ownership of the FAVC are transferred substantially to the acquirers, and the right of use is granted for a period similar to the life of the assets.

- iii. Classification criteria of the Entity's operating segments.

The Entity classifies its businesses into four operating segments, based on internal reports prepared under a managerial approach.

- iv. The estimated amount of investments in securities other than cash equivalents.

The Company estimates the amount of short-term cash it needs considering its operating cycle, the debt service of 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 of 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 with Vacation Club.

Estimates are used to determine the allowances for doubtful accounts, mainly considering collection arrears according to the financing plans established. The allowance for Vacation Club returns is determined based on a percentage of probability that memberships will be canceled.

Documented receivables for the operation of *Vacation Properties* - As of December 31, 2024, the reserve for returns of Vacation Properties according to IFRS amounts to \$230.6 M.

- vii. The presentation of deferred revenues and other Kívac assets, current and long-term.

Kívac points that are expected to be utilized during the following 12 months from the date of the consolidated statement of financial position are classified as current, considering the expected Kívac 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 Entity conducts a review to determine whether the carrying amount exceeds the 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 Entity to determine the future cash flows that should come from the cash-generating units and an appropriate discount rate to calculate the present value. The Entity uses projections of cash flows, estimating the historical performance, the related market conditions, and determination of occupancy levels and rates.

- ix. The future benefit of tax losses.

In order to determine whether these losses can be carried forward, the Entity 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 Entity.

The Issuer 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 and equipment

The Entity uses independent appraisers to estimate the useful life and the residual value of its assets, which consider the useful life according to engineering studies and construction costs and components (foundations, electrical, hydro sanitary and air conditioning installations).

4) ADMINISTRATION

a) External Auditors

From 2002 to 2024, Galaz, Yamazaki, Ruiz Urquiza, S.C., a member firm of Deloitte Touche Tohmatsu Limited, has conducted the independent audit. However, according to the regulations of both the National Banking and Securities Commission and the rules of the external auditor, the auditing partner responsible for the external audit work should rotate every 5 years.

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 2024 tax years, the auditor has included in its audit an emphasis paragraph regarding the COVID 19 pandemic effects, the 2027 Senior Notes Issue and early redemption of 2022 Senior Notes and changes to the accounting policy for asset revaluation based on the fair value methodology. To December 31, 2024, the fair value of the land lots and buildings amounted to \$6,422,336 million pesos.

The independent auditor is appointed by the Company's Board of Directors. Since 2003, the Audit Committee's opinion has been taken into consideration, also taking into account the independence, professionalism, experience, and prior performance evaluation of the firm appointed as independent auditor.

In 2022, the Board of Directors approved the hiring of said firm as external audit firm for tax years 2022, 2023 and 2024, subject each year to the quality and compliance assessment concerning statutory personal, professional and independence requirements.

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 preceding 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 unrelated 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, 2024, these fees represented approximately 45% above those that should be approved by the Board under for the auditing services concept.

The additional or complementary services provided by Galaz, Yamazaki, Ruiz Urquiza, S.C. during the 2024 corporate year included: (i) transfer price analysis regarding Grupo Posadas' subsidiaries and (ii) attestation of reasonable compliance with liabilities due to the IMSS, INFONAVIT and local property taxes, (iii) analysis and advice by Deloitte on accounting and operational separation, financial due diligence, as well as the preparation of a report, without changing the nature of the previously agreed work scope, considering that in the Audit Committee's opinion the contracting of said services did not affect the independence of the external auditor as related to the auditing of the Company's financial statements.

b) Related Party Transactions and Conflicts of Interest

In the normal course of its activities, the Company has entered 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 financing, joint guarantees, current account contracts, consultancy, 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 a 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 carried out on market terms.

In the 2024 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 could 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 2024, 2023 and 2022 in the Audit of the Independent Auditors which is found in Attachment. For further detail regarding payments to Material Directors, please see note 18 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: (A) transactions with particularly material customers, involving operating and brand licensing agreements regarding of hotel contracts located in Monterrey, Saltillo, Queretaro, Tijuana and Mexicali and the leases of a business premises at the Fiesta Americana Guadalajara hotel and another at the Fiesta Americana Reforma hotel; (B) transactions with suppliers, consisting of advisory and consultancy services in hotel matters, reception of hotel stays in hotels located in Monterrey, Saltillo, Queretaro, Tijuana and Mexicali for the Company's loyalty products and vacation programs for employees; (C) systems and marketing consultancy services regarding innovative activities, processes and trends involving technology or offered in the market by third parties; (D) the contracting of a box at the Mexico City baseball stadium for promotional campaigns and benefits to customers of loyalty and vacation programs; (E) consulting, advisory and services regarding gifts for hotel owners; (F) chip wristbands to open the doors of certain hotels; (G) hotel personnel training services; (H) pastry and bakery products; (I) legal advisory services; (J) procurement of promotional gifts for loyalty program and vacation product customers, regarding which the committee issued a favorable opinion. In addition, transactions were entered into with related parties as customers, which are considered to have been justified and considered reasonable and market transactions.

c) Management and Shareholders

Board of Directors

According to the Company corporate by-laws, the Company's management is the responsibility of the 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. As of this date, independent directors represent 33% of the board of directors. 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 18, 2024, is composed of 9 permanent directors and 2 alternate directors which are listed hereinbelow, and the Board members for the current tax year were ratified at the meeting held on April 03, 2025:

Members of the Board of Directors:

Name	Age	Current Position	Year Appointed
Pablo Azcarraga Andrade	66	Chairman of the Board of Directors of Grupo Posadas	April 29, 1997
Enrique Azcarraga Andrade	60	Chief Executive Officer, EXIO, S.C.	May 31, 1991
Jose Carlos Azcarraga Andrade	59	Chief Executive Office, Grupo Posadas	April 30, 2008
Juan Servitje Curzio	67	Chairman of the Board of Directors, Productos Rich, S.A. de C.V.	April 30, 2012
Guillermo Garcia-Naranjo Alvarez*	68	Independent Consultant	February 20, 2019
Silvia Sisset de Guadalupe Harp Calderoni	53	Private Investor	April 5, 2010
Carlos Levy Covarrubias	63	Private Investor	April 27, 2006
Luis Alfonso Nicolau Gutierrez*	63	Independent Consultant	April 30, 2012
Benjamin Clariond Reyes-Retana*	76	Independent Consultant	March 27, 2013

*Independent Director

Pablo Azcarraga Andrade

Mr. Azcarraga holds an accounting degree from Universidad Anahuac, a Master's Degree in Professional Studies from Cornell University in New York, and a graduate of Advanced Management from Harvard University Business School. 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 has been a member of the board of directors of Posadas since 1997; he was the president of the Tourism Business Council (CNET) for 10 years, a leading entity in the tourism sector. He is director of the consultancy firm PPA Consulting, S.C., president of the Association of Hotels and Tourism Companies Investors (AIHET), member of the Mexican Business Council and he is currently the president 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 management investment consulting company. He has been a member of the board of directors of Posadas since 1991 and he is currently the president of the planning and finance executive committee, an auxiliary entity of the board of directors.

Jose Carlos Azcarraga Andrade

Mr. Azcarraga is an industrial engineer from the Universidad Anahuac, with a Master's Degree in Business Administration from Northwestern University J. L. Kellogg School of Management. He has held various positions in the Company, such as Commercial and Marketing Director, Real Estate Development Director, Director of Vacation Properties and since November 11, 2011, he is General Director "CEO" of Grupo Posadas, S.A.B de C.V. Likewise, He has been a member of the board of directors of Grupo Posadas since 2008, a member of the National Tourism Business Council (CNET), of the board of directors of the American Resort Development Association (ARDA), and since 2019 president of the Communication Council "Voz de las Empresas".

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 a member of

the board of directors of Rich Products Corporation for several subsidiaries in Latin America and Europe, member of the board of Grupo FRIALSA (the leading company in Mexico in temperature controlled storage and distribution). Likewise, he participates in various non-profit organizations such as ENACTUS Mexico and as director of other foundations. He has been a member of Posadas' board of directors since 2012.

Guillermo García-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 for almost 40 years, holding different positions until he became Partner General Director, which he held from 2001 to September 30, 2016, during said period, he was also a member of the International Board of KPMG and of KPMG Americas. He is also a director of various companies such as Televisa and Citi Banamex, among others. He is an Independent Director of Posadas since 2019 and he is currently the president of the Audit committee, and member of the corporate practices committee.

Silvia Sisset de Guadalupe Harp Calderoni

Ms. Harp holds a Public Accounting degree from the ITAM. She worked at Robert's and Philanthropy, Education and Culture, 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. She has been a member of Posadas' board of directors since 2010.

Carlos Felipe 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. He was the Chairman of the Mexican Association of Securities Brokers from 2003 through 2005. He has been a member of Posadas' board of directors since 2006, and he is currently a member of its planning and finance executive committee.

Luis Alfonso 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, Grupo Coppel, GCC, Genera and Becele (Cuervo), member of the Investment committee of Promotora Social Mexico, A.C. He is the author of diverse securities markets, corporate governance, mergers and acquisitions publications. He is an Independent Director of Posadas since 2012 and he is currently the chairman of the corporate practices committee and a member of the audit committee.

Benjamin Clariond Reyes-Retana

Mr. Clariond has a degree in Business Administration from the Instituto Tecnológico 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. 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 was a Federal Deputy elected by proportional representation for Nuevo Leon to the LXI Legislature of Mexico's Congress. He is a member of the board of directors of Banco Invex and has been an Independent director of Posadas since 2013 serving as a member of the audit and corporate practices committees.

Furthermore, the Ordinary General Shareholders Meeting of Grupo Posadas, S.A.B. de C.V. of April 18, 2024, 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.

Charbel Christian Francisco Harp Calderoni

Mr. Harp holds a degree in business administration from the Universidad Anahuac del Sur. From 2001 to 2005 he was marketing manager for the Diablos Rojos baseball team of Mexico. In 2007 he founded and served as president of Santo Domingo Animation, an animation production company. He is a member of the board of directors of Interceramic and Grupo Marti. Since 2006 he is a member of the board of directors of Posadas.

Alfredo de Jesus Loera Fernandez

Mr. Loera holds a degree in Economics from the ITAM. In the company Acciones y Valores de Mexico, an entity of which he was a partner in 1984, he was a stock market analyst, analysis director and deputy general manager. He was director of asset management at Banacci and then at Citi Banamex until 2012. He is currently a director of several companies, such as Procorp, Grupo Marti and Posadas and is involved in venture capital investment projects. He has been a member of Posadas board of directors since 2010.

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, shareholder of the company. Silvia Sisset de Guadalupe Harp Calderoni and Charbel Christian Francisco Harp Calderoni are siblings.

The Company benefits from the experience and exposure of its directors in various business and professional activities other than those of the Company, allowing it to keep current on trends and practices used in other companies, going beyond a specialized advisory service.

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 and are entitled to request a shareholder meeting and to include discussion points on the order of business. As of this date, no shareholder or group of minority shareholders have requested to exercise said right. The directors shall continue in their positions, although their appointed term has concluded or if they have resigned from the position, for term of up to thirty calendar days in the absence of their alternate's appointment or if the latter does not take possession of their position, thus Article 154 of the General Law of Business Corporations is inapplicable. Should this be the case, the Board may appoint temporary directors without the approval of the shareholders' meeting.

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 guidelines for the integral remuneration of the relevant executive officers, (iv) the Company and its subsidiaries' financial statements, (v) 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, (vi) the agreements entered into with external auditors, and (vii) 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 Ordinary General Shareholders Meeting of Grupo Posadas, S.A.B. de C.V., held on April 3, 2025, resolved to remunerate the equivalent of two *centenarios* for attendance and participation by the directors,

secretary, and vice-secretary at the board of directors' sessions and the audit and corporate practices committees. The audit and corporate practices committee chairpersons will be remunerated by the equivalent of three *centenarios* for each session of said committees in which they participate.

In addition, permanent directors and alternates are beneficiaries, in accordance with the current Related Persons Policy, of the directors' Omnia program consisting of receiving a number of room nights and other discounts on different services offered at the chain hotels.

Executive Committee on Planning and Finance

In keeping with the Company's corporate by-laws, an Executive Committee on Planning and Finance exists, composed of a minimum of 3 and a maximum of 5 permanent members, who may have alternates. Members of the committee may or may not be directors. The Executive Committee on Planning and Finance is elected by the Board of Directors and its members hold their positions for a one-year term; however, they continue in their positions until the persons appointed to substitute them takes office. The Executive Committee on Planning and Finance 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 as representative of the Company when the Board of Directors so decides. Executive Committee on Planning and Finance 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 3, 2025, and the remaining members will be submitted for designation by the Board of Directors in its session of April 29, 2025. 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 29, 2025. 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 performance 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 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, and the members of the executive management committee in their capacity as relevant executives, as well as determining the comprehensive remuneration and policies corresponding to this group of officers, (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. Said annual report shall comprise, 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
Jose Carlos Azcarraga Andrade	59	Chief Executive Officer of Grupo Posadas	31
Javier Barrera Segura	62	Strategy and Human Capital Vice President	36
Arturo Martinez del Campo Saucedo	58	Management and Finance Vice-President	10
Enrique Calderon Fernandez	58	Upscale & Luxury Hotels Vice President	18
Gerardo Rioseco Orihuela	61	Loyalty Vice President	25
Alejandro Recamier Flores	44	Loyalty Products and Programs Director	14
Adrian Correa Perez	50	Midscale & Economy Director	23
Jose Jaime Lorenzo Doria	48	Hotel Business Commercial Director	16
Mauricio Elizondo Martínez de la Vega	45	Development Director	21

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.

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).

Alejandro 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, Access Fiesta Rewards, amongst others

Adrian Correa Perez

Holds a degree in Administration, graduated from the Universidad del Nuevo Mundo, and 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 Zone, 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

Has a Chemical Engineering degree 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 Martínez de la Vega

An Industrial Engineer graduate from the Universidad Iberoamericana and with a master's degree in upper-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.

Remuneration of Executive Committee (Management) members and Principal Officers

Policies on the comprehensive remuneration of the Executive Committee members are defined by the Board of Directors based on the review and opinion of the Corporate Practices Committee.

The total amount represented by all benefits of any kind received in 2024 were:

- (i) Directors: \$8.6 million pesos, due to their capacity as members of the Board of Directors of the Corporation (this amount does not consider the remuneration given to the Chief Executive Officer as material director, nor the benefits in kind derived from the Omnia program).
- (ii) Executive Management Committee (material directors) due to their employment relationship with the Company: 132.7 million pesos.
- (iii) Related party transactions: The total amount of expenses corresponding to related party transactions is divided into two types:
 - a. Relationships in which the Company is a supplier of goods, services or lessor: \$41 million pesos, which include trademark licensing and operation contracts for hotels located in Monterrey, Saltillo, Queretaro, Tijuana and Mexicali and leases for premises at the Fiesta Americana Guadalajara hotel and another at the Fiesta Americana Reforma hotel.

b. Relationships in which the Company is the recipient or client of goods, services or lessee: \$120 million pesos, which includes hospitality advisory and consultancy services, receipt of lodging in hotels located in Monterrey, Saltillo, Queretaro, Tijuana and Mexicali for our loyalty products and vacation programs for employees, system consulting and marketing services related to activities, innovative processes and trends involving technology that the client has or is offered in the market by third parties, the contracting of a box at a baseball stadium in Mexico City for promotional campaigns and benefits for customers of loyalty and vacation programs, gifts for hotel owners, bracelets with chip to open the doors of certain hotels, staff training services, confectionery and bakery products, legal advisory services, promotional gifts for loyalty program customers and vacation products supply.

The Company has established an Executive Committee retirement and pension plan which to December 31, 2024, reports a total accumulated reserve of \$71 million.

Currently, none of the relevant management remuneration policies or retention plans for directors provide for direct or indirect shareholding in the Company's share capital.

In accordance with our Related Party Guidelines policy, the benefits for board members and shareholders holding more than one million shares of the issuer are: room nights, discounts on food and beverages, spa discounts, room upgrades, second room discounts, early check in, late check out, discounts on banquets and conventions, airport-hotel transportation, among others. These and other benefits are consolidated in a Company program called "Omnia". In addition, there are determined labor benefits regarding the use of room night and hotel consumption.

In order to give greater and timely follow-up to some of the duties of the Chief Executive Officer, good practices include the generation of support committees, and the Company has the following:

Personal Information Committee

Objective: To regulate the management, organization. and development of the Personal Information Protection Committee, its sessions, the powers of its members and monitoring of agreements, reports and proposals approved by the same, according to continuous and sustained improvement corresponding to protection of personal information, in accordance with the provisions of the relative and applicable regulations.

The Personal Information Committee is the highest authority responsible for instructing, coordinating, and supervising the necessary actions, as well as establishing the bases, principles and procedures to guarantee the right of every person to protection of their personal information held by third parties, in order to comply with the applicable provisions. The Committee meets quarterly (four times a year).

Members:

- Chairman: Compliance Officer
- Secretary and 12 members belonging to the different business units:
 - o Chief of Legal Affairs
 - o Information Security
 - o Projects
 - o Infrastructure
 - o Policies and Procedures
 - o Human Capital Business Partner
 - o Club Operations and Senior Management of the Konexo business unit
 - o Learning
 - o Internal Communication
 - o Material resources
 - o Collection
 - o Personnel administration
 - o Operations Call Center Conectum
 - o Talent Attraction
 - o Service area

Vulnerable Activities Committee

Objective: To establish general guidelines and procedures for the fulfillment of the obligations set forth in the Federal Law for the Prevention and Identification of Operations with the Proceeds of Unlawful Activity hereinafter (LFPIORPI), regarding activities classified as vulnerable carried out by Grupo Posadas. The committee meets biannually in June and December.

Members:

1. Director General Grupo Posadas
2. Chairman: Management Director
3. Compliance Officer
4. Secretary
5. Members:
 1. Chief of Legal Affairs
 2. Tax
 3. Audit
 4. Director Comptroller
 5. Director of Loyalty Products and Programs
 6. Assistant Director Fiesta Rewards
 7. Director of Administrative Control
 8. Director of Hotel Administration
 9. Director of Fundacion Posadas
 10. Director of Investor Relations, Real Estate and Treasury
 11. Director of Konexo
 12. Director of Conectum

Diversity and Inclusion Committee

Objective: To establish and align short, medium and long term strategy on inclusion and diversity issues, as well as to integrate these into our Posadas culture. This committee meets biannually.

Members:

- Chairman: Chief Executive Officer of Grupo Posadas
- Vicepresident of Strategy and Human Capital,
- Vicepresident of Upscale & Luxury Hotels,
- Corporate Legal Director
- Director of Products, Generation and Innovation
- Director of Konexo
- Director of Brands, Quality and Standards
- Assistant Director of Business Unit
- Two Hotel General Managers
- Internal Communication Manager
- Committee Coordinators: Director of Human Capital and Organizational Culture Manager

Environmental, Social and Corporate Governance Committee (ESG)

Objective: To generate integration of environmental, social and governance sustainability criteria strategy at all organizational levels and ensure compliance with public commitments in ESG matters and the main challenges of the 2030 Agenda. This committee meets on a quarterly basis.

Members with voice and vote: The members of the Executive Committee

Members with voice but without vote:

- Director of Human Capital and Organizational Culture Manager
- Procurement Director
- Maintenance Director
- Legal Affairs Director
- Fundacion Posadas Director
- Brand Director
- Compliance Director
- Compliance and Investor Relationship Manager

In 2023 and to the present, we are working on a project defining topics relevant to interest groups, their metrics under the GRI and SASB methodology to generate a sustainability report. Therefore, the new committee structure is in the validation and approval process.

Ethics and Conduct Committee

The objectives of the Ethics and Conduct Committee are to promote a responsible and ethical environment, respect and application of the Code of Ethics and Conduct in the institution, guidance on its content and the correction or penalization of any conduct or omissions that violates the Code.

The Committee customarily meets every quarter in the months of January, May, August and December, on dates established by the Chairman. If the Chairman or secretary deem it appropriate, it may meet in an extraordinary manner.

Members with voice and vote:

- Chairman: Chief Executive Officer of Grupo Posadas (with voice and deciding vote)
- Secretary: Director of Human Capital
- Member: Vice President of Posadas Franchising
- Member: Director of Auditing
- Permanent Guest: Assistant Director of Labor Relations (with voice but without vote).

Development Committee

Objective: This committee reviews the new hotel projects to be operated by the Company, giving priority to adequate profitability measured by an internal return rate. This committee meets monthly. Without excluding specific guests to address the topics to be discussed in each session, the permanent members are the following:

Members:

- Chairman: Chief Executive Officer of Grupo Posadas (with voice and deciding vote)
- Members of the Executive Committee: Administration and Finance, Strategy and Human Capital, Upscale & Luxury Hotel Operation, Loyalty, Midscale & Economy Hotel Operation and Development (with Voice and Vote)
- Permanent guests with voice but without vote: Opening Division, Legal Affairs Division and Operational Legal Division, Market Intelligence Assistant Division.
- Other guests depend on the order of business with voice but without vote.

Investments Committee

Objective: This committee reviews the capital investments made and to be made in the following years. Usually, the capital expenditure exercised in the last 12 months is detailed by area and the investments that should be made are proposed, giving priority to the aspects called “zero tolerance”, as well as that the programmed investments have an adequate return measured by an internal rate of return. This committee meets quarterly in the month following the end of each quarter. Without excluding specific guests to address the topics to be discussed in each session, the permanent members are the following:

Members:

- Chairman: Chief Executive Officer of Grupo Posadas
- Members of the Executive Committee: Management and Finance, Upscale & Luxury Hotel Operation, Loyalty, and Midscale & Economy Hotel Operation
- Director of Administration
- Director Administrative Control – Capex
- Director of Investor Relations, Real Estate and Treasury
- Director of Hotel Projects

Employment Inclusion

We live and promote a culture of respect and inclusion, where diversity is fundamental to better understand the world in which we live. Our commitment is based on raising awareness, informing and modifying attitudes, actions, policies and procedure in order to achieve a positive impact on people and the communities where we participate.

Diversity and a culture of inclusion are part of the company's strategic objectives, thus, at the end of 2021 the Diversity and Inclusion Committee was created. The Committee defined as priorities for 2022, the following aspects: disability, gender equality and LGBT+.

The issuer has no policy or program designed to promote employment inclusion without differentiation as to sex in the make up of its governing bodies and the management executive committee; however, it is working on creating policies to achieve these goals amongst its employees at other levels.

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 on the board are male.

For more details of gender statistics, consult the latest annual sustainability report of the Company, with information to 2023.

Principal Shareholders

According to information obtained as of March 26, 2025, (date of the S.D. Indeval S.A. de C.V. report due to the ordinary general shareholders meeting held on April 3, 2025), 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. UBS Financial Services Inc. 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 holders 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, Joan Servitje Azcarraga, 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 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 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 director chairman of the Executive Planning and Finance Committee, a fourth director is related by kinship to members of the Andrade family.
- (iii) Material directors and executives who hold more than 1% and less than 10%. To this date, we know that the group of people comprising: Pablo, Jose Carlos and Enrique Azcarraga Andrade hold in aggregate, directly or indirectly, approximately 5.6%, each one, of the Issuer's corporate capital. (This information corresponds to the information received up to before April 3, 2025, date of the Shareholders' Meeting, since the deadline for the delivery of this information in accordance with Article 49 bis 2 of the general provisions applicable to securities issuers and other participants of the securities market has yet to run.

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, alcoholic beverages and drugs, respect for

Company Assets, intellectual property rights, confidentiality and personal information, conflict of interest, among others.

Additionally, the company has 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.

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.

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 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 a conflict of interest, then the resolutions are taken according to the principles established for such purpose by the Securities Exchange Law (abstain from being present, participating in the discussion and voting).

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 or 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. Moreover, the Issuer's information is available to the Directors. 6. The establishment and operation of a Planning and Finance Executive Committee which holds sessions periodically.

The Company has an internal audit area which reports directly 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, each within the scope of their respective responsibilities. Furthermore, the Company has an Integrity Policy, that complies with the stipulations of the General Law of Administrative Responsibilities. Thereby reenforcing our observance of anticorruption in the public and private guidelines set out by the authorities.

The Company established a Sustainability Committee, now ESG Committee, in order to define socio-cultural, environmental and governance 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 ESG 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.

The Company has an internal Compliance area with limited scope but in the process of expanding its powers. This area is responsible for compliance in the areas of money laundering prevention, personal information and anti-corruption. The Board of Directors has instructed the Office of the Chief Executive Officer so as, based on internationally recognized methodologies and best practices, to take the necessary measures to prevent and manage money laundering and assistance to terrorism risks.

5) CAPITAL MARKETS

a) Securities Structure

The shares representing the Company's corporate capital are listed on the Mexican Securities Exchange, S.A.B. de C.V., where they have traded since 1992. The number of shares outstanding (weighted average - excluding repurchased shares) amounts to approximately 496 M shares. The shares issued and outstanding at this date are as follows:

Negotiable Instrument No. or Provisional Certificate	Issue Date	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

Series "A" shares have shown medium trading activity according to the BMV's rating. Trading in Series "A" shares has never been suspended by the regulatory authorities. From 28 February 2013 only the A Series is traded.

b) Share performance on the Securities Market:

Source: Bloomberg.

Annual last 5 years

POSADAS A	2020	2021	2022	2023	2024
Maximum price	38.00	29.75	30.35	28.55	29.50
Minimum price	20.00	20.50	26.00	24.00	24.25
Closing Price	21.30	29.75	28.50	27.30	24.90
Average daily volume (thousands of shares)	21.6	0.7	60.7	198.8	83.5

Quarterly last 2 years

POSADAS A	1T23	2T23	3T23	4T23	1T24	2T24	3T24	4T24
Maximum price	28.55	28.55	26.90	27.30	29.50	28.91	27.95	27.29
Minimum price	27.50	24.70	24.00	24.50	24.25	27.95	26.85	24.70
Closing Price	28.55	26.50	24.90	27.30	28.91	27.95	27.29	24.90
Average daily volume (thousands of shares)	24.0	40.6	498.9	169.6	190.5	0.0	0.8	115.4

Monthly Last 6 months

POSADAS A	nov-24	dic-24	ene-25	feb-25	mar-25	abr-25
Maximum price	27.29	25.50	25.00	25.00	25.97	26.15
Minimum price	24.80	24.70	22.39	22.39	24.50	25.40
Closing Price	25.50	24.90	22.39	25.00	25.97	25.40
Average daily volume (thousands of shares)	254.9	19.7	218.6	61.2	39.0	211.0

(*Information to April 10, 2025)

c) Market Maker

The Company does not have a market maker.

e) Information of guarantees and guarantors

As mentioned above, our Senior Notes due in 2027 are guaranteed by real estate, the Vacation Products portfolio, bank accounts where its collection is received and the trust rights of other assets. Likewise, all the Mexican, Dominican and U.S. subsidiaries of the Company, with the exception of Inmobiliaria del Sudeste S.A. de C.V. and Fundacion Posadas, A.C., whose financial information is presented consolidated with that of the Issuer, are jointly guarantors of this debt.

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
Jose Carlos Azcarraga Andrade	Chief Executive Officer Posadas	Grupo Posadas, S. A. B. de C. V.
Arturo Martinez del Campo Saucedo	Management and Finance Vice-President	Grupo Posadas, S. A. B. de C. V.
Enrique Calderon Fernandez	Upscale & Luxury Hotels Vice President	Grupo Posadas, S. A. B. de C. V.
Gerardo Rioseco Orihuela	Loyalty Vice President	Grupo Posadas, S. A. B. de C. V.
Javier Barrera Segura	Strategy and Human Capital Vice President	Grupo Posadas, S. A. B. de C. V.
Alejandro Recamier Flores	Loyalty Products and Programs Director	Grupo Posadas, S. A. B. de C. V.

Adrian Correa Perez	Midscale & Economy Director	Grupo Posadas, S. A. B. de C. V
Jose Jaime Lorenzo Doria	Hotel Business Commercial Director	Grupo Posadas, S. A. B. de C. V
Mauricio Elizondo Martinez de la Vega	Development Director	Grupo Posadas, S. A. B. de C. V
Olga Gutierrez Nevarez	Director of Legal Affairs	Grupo Posadas, S. A. B. de C. V.
Fernando Lopez Vazquez	Management Director	Grupo Posadas, S. A. B. de C. V.
Enrique Mena Lopez	Tax Director	Grupo Posadas, S. A. B. de C. V.
Carlos Alberto Torres Villagomez	External Auditor	Galaz, Yamazaki, Ruiz Urquiza, S.C.

7) ATTACHMENTS

Audited financial statements corresponding to the corporate years ending December 31 of 2024, 2023 and 2022.

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 with 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).

**Grupo Posadas, S. A. B. de
C. V. and Subsidiaries**

Consolidated Financial Statements
for the years ended December
31, 2024, 2023 and 2022, and
Independent Auditors' Report
Dated February 26, 2025



Grupo Posadas, S. A. B. de C. V. and Subsidiaries

Independent Auditors' Report and Consolidated Financial Statements for 2024, 2023 and 2022

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Independent Auditors' Report to the Board of Directors and Stockholders of Grupo Posadas, S.A.B. de C.V.

Opinion

We have audited the accompanying consolidated financial statements of Grupo Posadas, S.A. B. de C. V. and Subsidiaries (the Entity), which comprise the consolidated statements of financial position as of December 31, 2024, 2023 and 2022, the consolidated statements of income and other comprehensive (loss) income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Grupo Posadas, S.A. B. de C. V. and Subsidiaries as of December 31, 2024, 2023 and 2022, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Entity in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants* ("IESBA Code") together with the Code of Ethics issued by the Mexican Institute of Public Accountants ("IMCP Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and with the IMCP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter paragraph

As mentioned in note 3a to the accompanying consolidated financial statements, from 2024 onwards, the entity's management made the change in its land and building valuation accounting policy from a historical cost recognition policy to the asset reassessment accounting policy based on fair value methodology. This change will apply to all property owned by the entity, including land and buildings. As of December 31, 2024, the Fair Value of such buildings of \$6,422,336 million.

Other matter

The accompanying financial statements have been translated into English for the convenience of readers.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that the issues described below are the key Service auditor issues of the TAT that should be communicated in our report. We have determined that the matters described below are the key audit matters to be reported in our report



Revenue Recognition for Vacation Club Memberships FAVC, LARC, and FAVC 25th Edition

The Entity recognizes revenue from Vacation Club memberships at the time the contract with the customer is formalized, as the Entity has determined that once the contract becomes effective, a right to a vacation property is granted and the performance obligation is fulfilled by transferring an enforceable right to third parties, and by transferring control of the properties to the membership buyers.

Our audit procedures regarding Vacation Club revenue included the following:

- Review of the design and implementation and operational effectiveness of relevant controls, as well as control testing and substantive testing of details to the OMS revenue system and its respective reconciliation to accounting records (OMS - Ownership Management System, by its acronym in English).
- Selection and documentary review, under statistical sampling, of contracts entered into with new clients, as well as direct test to the different reports that served as a basis for the review.
- Review of the movements of the inventory of available points that support the amount of membership sales made during the period, cancellations, and/or renegotiations with clients; likewise, their respective reconciliation to accounting records.

On the occasion of the 25th anniversary of the Vacation Club memberships, the Entity introduced a variant to the FAVC membership known as FAVC 25th Edition. This variant grants points called "Edition Points" which are supported by real estate inventory similar to the traditional FAVC membership as well as by gift points which, unlike the traditional membership, these gift points are not backed by real estate inventory; however, they can be used for the exchange of lodging services during the membership term.

Revenue recognition for FAVC 25th Edition membership occurs at two times:

- i. At the time of formalizing the contract, since the Entity considers that the right is granted to the client for points backed by vacation property and the performance obligation is fulfilled by transferring an enforceable right to third parties, and by transferring the control of the properties to the membership buyers. This recognition is the same as used for the traditional FAVC membership.
- ii. When the member uses the Edition Points or their right to use them expires, that is, once the lodging service is provided or when the period agreed in the contract with the client for their accrual elapses. Additionally, an estimate is recognized for those points that will not be used by the members of the program upon expiration, referred to as breakage.

Our audit procedures regarding this key issue included the following:

- Revision of the main variables and assumptions of the model used by the Entity for the determination of deferred income, its mathematical accuracy and support in previous experience.
- Review of points redemption reports that support the amount of contracted and collected services, recognized as revenue when provided to customers, with their respective costs and expenses.
- Documentary review under statistical sampling of the contracts entered into with clients, as well as direct tests to the different reports that served as a basis for the review.

Our procedures also included the review of the corresponding disclosures included in the notes to the consolidated financial statements.



Information Other than the Consolidated Financial Statements and Auditors' Report

Management is responsible for the other information. The other information comprises the information that will be incorporated in the Annual Report which the Entity is required to prepare in accordance with article 33, section I, numeral b) of Title Fourth, Chapter First of the General Provisions Applicable to Issuers and other Stock Market Participants in Mexico and the Guidelines accompanying these provisions (the "Provisions"). The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When reading the Annual Report, we will issue a declaration on this regard, as required by Article 33 Section I, paragraph b) numeral 1.2. of the Provisions.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related and using the going concern basis of accounting, unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

The Audit Committee members and the Board of Directors are responsible for overseeing the Entity's consolidated financial reporting process.

Auditor's responsibility for Service auditor the review of financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.


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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Affiliate of a member firm of Deloitte Touche Tohmatsu Limited



C.P.C. Carlos Alberto Torres Villagómez
February 26, 2025



Consolidated Statements of Financial Position

As of December 31, 2024, 2023 and 2022
(In thousands of pesos)

Assets	Notes	2024	2023	2022
Current Assets:				
Cash, cash equivalents, and restricted cash	6	\$ 2,602,366	\$ 1,841,210	\$ 1,938,933
Accounts and documents receivable – Net	7	3,480,099	2,848,292	2,804,519
Inventories		36,377	36,872	39,442
Prepaid expenses		28,446	28,752	48,224
Vacation Club inventory	8	341,213	267,329	161,031
Commissions for membership sales	12	<u>207,626</u>	<u>177,670</u>	<u>213,135</u>
Total current assets		6,696,127	5,200,125	5,205,284
Non-current assets:				
Long-term notes receivable	9	5,043,016	4,696,138	4,427,828
Property and equipment – Net	10	6,937,329	6,668,092	6,711,318
Investment in associates	2°	129,058	129,058	129,058
Right-of-use assets	11	2,672,577	2,646,294	2,665,955
Intangible assets, sold memberships commissions and other assets, net	12	928,993	803,067	538,420
Deferred tax assets	15	<u>483,053</u>	<u>141,849</u>	<u>235,792</u>
Total non-current assets		<u>16,194,026</u>	<u>15,084,498</u>	<u>14,708,371</u>
Total assets		<u>\$ 22,890,153</u>	<u>\$ 20,284,623</u>	<u>\$ 19,913,655</u>

Liabilities and stockholders' equity

	Notes	2024	2023	2022
Current liabilities:				
Current portion of long-term debt	14	\$ 18,000	\$ 100,533	\$ 33,830
Trade accounts payable		760,510	634,060	775,160
Other liabilities and accrued expenses		1,684,910	1,633,776	1,464,348
Income tax payable	15d	-	-	412,162
Current portion of long-term lease liabilities	16	490,920	419,862	424,501
Other taxes payable		500,806	479,092	447,856
Deferred income from Vacation Club	17	1,279,446	1,105,295	1,351,010
Value-added tax payable		<u>113,605</u>	<u>86,695</u>	<u>81,076</u>
Total current liabilities		4,848,197	4,459,313	4,989,943
Long-term liabilities:				
Debt	14	7,601,659	6,297,640	7,443,562
Lease liabilities	16	2,783,124	2,444,881	2,593,003
Accrued liabilities	18	390,918	321,590	297,011
Value-added tax payable		727,435	684,879	654,690
Deferred income from Vacation Club	17	2,304,770	1,774,220	715,564
Total long-term liabilities		<u>13,807,906</u>	<u>11,523,210</u>	<u>11,703,830</u>
Total liabilities		18,656,103	15,982,523	16,693,773
Stockholders' equity:	21			
Contributed capital:				
Capital stock		495,881	495,881	495,881
Shares repurchase reserve		16,856	16,856	16,856
Additional paid-in capital		<u>157,429</u>	<u>157,429</u>	<u>157,429</u>
		670,166	670,166	670,166
Earned capital:				
Shares repurchase reserve		535,000	535,000	535,000
Retained earnings		637,451	802,032	(204,154)
Accumulated comprehensive income		<u>2,112,079</u>	<u>2,025,371</u>	<u>1,963,974</u>
		<u>3,284,530</u>	<u>3,362,403</u>	<u>2,294,820</u>
Total controlling interest		3,954,696	4,032,569	2,964,986
Non-controlling interest		<u>279,354</u>	<u>269,531</u>	<u>254,896</u>
Total stockholders' equity		<u>4,234,050</u>	<u>4,302,100</u>	<u>3,219,882</u>
Total liabilities and stockholders' equity		<u>\$ 22,890,153</u>	<u>\$ 20,284,623</u>	<u>\$ 19,913,655</u>

See accompanying notes to consolidated financial statements.



Grupo Posadas, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Income (Loss) and Other Comprehensive (Loss) Income

For the years ended December 31, 2024, 2023 and 2022

(In thousands of Mexican pesos, except (loss) earnings per share)

	Notes	2024	2023	2022
Continuing operations:				
Revenue	23a	\$ 9,310,869	\$ 9,209,256	\$ 9,077,990
Cost of sales	23b	<u>6,103,101</u>	<u>6,063,022</u>	<u>6,275,378</u>
Gross profit		3,207,768	3,146,234	2,802,612
Administrative expenses	23c	1,117,078	1,181,245	1,105,548
Sales and development expenses	23d	181,274	167,146	140,249
Depreciation, amortization, and leasing		907,173	981,196	899,194
Rent discounts		-	-	(6,396)
Other revenue, net	23e	(147,076)	(38,653)	(20,692)
Interest expense		839,923	659,074	631,351
Interest income		(127,698)	(112,832)	(59,783)
Extraordinary income, net	14b	(6,230)	(19,342)	(107,972)
Commissions and financial				
Expenses		61,907	69,006	94,904
Exchange loss (gain), net		<u>910,818</u>	<u>(832,393)</u>	<u>(426,603)</u>
		<u>3,737,169</u>	<u>2,054,447</u>	<u>2,249,800</u>
(Loss) income before (benefit)				
income tax		(529,401)	1,091,787	552,812
(Benefit) income tax	15	<u>(370,720)</u>	<u>73,886</u>	<u>330,072</u>
Consolidated net (loss)				
income of the year		(158,681)	1,017,901	222,740
Other comprehensive income (loss)				
Income (loss) from foreign currency				
conversion, which will be				
reclassified subsequently to income				
or loss, - net of tax		1,031	(2,534)	327
Surplus of properties and land, - net of				
tax		110,455	69,823	1,964,867
Remeasurement of defined benefit				
obligation, which will not be				
reclassified subsequently to income				
or loss, - net of tax		<u>(20,500)</u>	<u>(3,188)</u>	<u>19,414</u>
		<u>90,986</u>	<u>64,101</u>	<u>1,984,608</u>
Consolidated comprehensive (loss)				
income for the year		<u>\$ (67,695)</u>	<u>\$ 1,082,002</u>	<u>\$ 2,207,348</u>

(Continued)



	2024	2023	2022
Consolidated income for the year attributable to:			
Controlling interest	\$ (164,581)	\$ 1,006,186	\$ 217,373
Non-controlling interest	<u>5,900</u>	<u>11,715</u>	<u>5,367</u>
Consolidated (loss) income of the year	<u>\$ (158,681)</u>	<u>\$ 1,017,901</u>	<u>\$ 222,740</u>
Consolidated comprehensive income for the year attributable to:			
Controlling interest	\$ (77,873)	\$ 1,067,583	\$ 2,125,888
Non-controlling interest	<u>10,178</u>	<u>14,419</u>	<u>81,460</u>
Consolidated comprehensive income for the year	<u>\$ (67,695)</u>	<u>\$ 1,082,002</u>	<u>\$ 2,207,348</u>
(Loss) earnings per share:			
From continuing and discontinued operations			
Basic and diluted (loss) earnings per common share (in pesos)	<u>\$ (0.32)</u>	<u>\$ 2.05</u>	<u>\$ 0.44</u>
Basic and diluted (loss) earnings per common share (in pesos)	<u>\$ (0.14)</u>	<u>\$ 2.18</u>	<u>\$ 4.45</u>
Weighted average number of shares	<u>495,881,988</u>	<u>495,881,988</u>	<u>495,881,988</u>

(Concluded)

See accompanying notes to consolidated financial statements



Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2024, 2023 and 2022
(In thousands of Mexica pesos)

	Contributed capital			Earned capital				Total stockholders' equity
	Capital stock	Shares repurchase reserve	Additional paid-in equity	Shares repurchase reserve	Retained earning	Accumulated comprehensive earnings	Non-controlling interest	
Balance at the beginning of 2022	\$ 495,881	\$ 16,856	\$ 157,429	\$ 535,000	\$ (421,527)	\$ 55,459	\$ 173,195	\$ 1,012,293
Surplus of properties and land	-	-	-	-	-	1,888,774	76,093	1,964,867
Change in non-controlling participation value	-	-	-	-	-	-	241	241
Consolidated comprehensive income for the year	-	-	-	-	217,373	19,741	5,367	242,481
Balance as of December 31, 2022	495,881	16,856	157,429	535,000	(204,154)	1,963,974	254,896	3,219,882
Surplus of properties and land	-	-	-	-	-	67,119	2,704	69,823
Change in non-controlling participation value	-	-	-	-	-	-	216	216
Consolidated comprehensive income for the year	-	-	-	-	1,006,186	(5,722)	11,715	1,012,179
Balance as of December 31, 2023	495,881	16,856	157,429	535,000	802,032	2,025,371	269,531	4,302,100
Surplus of properties and land	-	-	-	-	-	106,177	4,278	110,455
Change in non-controlling participation value	-	-	-	-	-	-	(355)	(355)
Consolidated comprehensive loss for the year	-	-	-	-	(164,581)	(19,469)	5,900	(178,150)
Balance as of December 31, 2024	<u>\$ 495,881</u>	<u>\$ 16,856</u>	<u>\$ 157,429</u>	<u>\$ 535,000</u>	<u>\$ 637,451</u>	<u>\$ 2,112,079</u>	<u>\$ 279,354</u>	<u>\$ 4,234,050</u>

See accompanying notes to consolidated financial statements.



Grupo Posadas, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2024, 2023 and 2022

(In thousands of Mexican pesos)

	2024	2023	2022
Cash flows from operating activities:			
Consolidated net (Loss) income for the year	\$ (158,681)	\$ 1,017,901	\$ 222,740
Adjustments for:			
Income tax (Benefit) expense	(370,720)	73,886	330,072
Depreciation and amortization	875,524	958,563	878,316
Rent discount	-	-	(6,396)
Amortization of debt issue expenses	44,265	54,578	81,757
Extraordinary income, net	(6,230)	(19,342)	(107,972)
Income on sale of fixed assets	(982)	(2,058)	(1,679)
Profit from insurance recovery	(134,333)	-	-
Interest expense	839,923	659,074	631,351
Interest income	(127,698)	(112,832)	(59,783)
Unrealized foreign exchange income	<u>1,604,871</u>	<u>(1,176,880)</u>	<u>(590,934)</u>
	2,565,939	1,452,890	1,377,472
Transactions in working capital:			
Accounts and notes receivable – Net	(978,685)	(313,451)	(468,992)
Inventories	495	2,570	(10,748)
Prepaid expenses	306	19,472	64,179
Vacation Club inventory	(73,884)	(106,298)	2,495
Trade accounts payable	126,450	(141,100)	172,971
Other liabilities and accrued expenses	(25,706)	(36,351)	335,300
Vacation Club deferred income	704,701	812,941	381,605
Income tax payments	<u>(1,428)</u>	<u>(416,907)</u>	<u>(557,780)</u>
Net cash generated by operating activities	2,318,188	1,273,766	1,296,502
Cash flows from investing activities:			
Purchase of property and equipment and upgrades	(397,947)	(293,042)	(189,598)
Intangible assets and other assets	(55,800)	(46,216)	(46,291)
Collected Interest	127,698	112,832	59,783
Sale of property and equipment	2,216	5,147	4,599
Insurance recovery for property damage	<u>134,333</u>	<u>42,765</u>	<u>-</u>
Net cash used in investing activities	(189,500)	(178,514)	(171,507)
Cash flows from financing activities:			
Lease liability payments	(741,268)	(698,316)	(692,692)
Loan obtained	90,000	-	-
Loan payments	(189,856)	(145,735)	(23,521)
Interest paid	(526,408)	(348,924)	(331,071)
Debt renegotiation costs	<u>-</u>	<u>-</u>	<u>(98,896)</u>

(Continued)



	2024	2023	2022
Net cash used in financing activities	(1,367,532)	(1,192,975)	(1,146,180)
Net increase (decrease) in cash and cash equivalents	761,156	(97,723)	(21,185)
Cash and cash equivalents at the beginning of the year	<u>1,841,210</u>	<u>1,938,933</u>	<u>1,960,118</u>
Cash and cash equivalents at the end of the year	<u>\$ 2,602,366</u>	<u>\$ 1,841,210</u>	<u>\$ 1,938,933</u>
			(Concluded)

See accompanying notes to consolidated financial statements.



Grupo Posadas, S. A. B. de C. V. and Subsidiaries

Notes to the Consolidated financial statements

For the years ended December 31, 2024, 2023 and 2022

(In thousands of Mexican pesos)

1. Activities

Grupo Posadas, S. A. B. de C. V. (Posadas) and Subsidiaries (together, the Entity) are primarily engaged in the operation and management of hotels, the granting of hotel franchises, as well as the purchase and sale of real estate within the hospitality industry. The Entity mainly operates hotels under the brands Live Aqua, Beach Resort, Live Aqua Urban Resort, Live Aqua Boutique Resort, Grand Fiesta Americana, Fiesta Americana, The Explorean, Fiesta Inn, Fiesta Inn Loft, Fiesta Inn Express, IOH, One Hotels, Gamma and Curamoria Collection.

The Entity enters into long-term management contracts with all the hotels that it operates, which for purposes of these consolidated financial statements, these hotels are referred to as owned, leased and managed hotels. The number of hotels and rooms operated by the Entity as of December 31 are:

Hotels	2024	2023	2022
Owned (including vacation properties)	12	12	12
Leased	15	15	15
Managed (including Lofts, Franchisees, and Fee for service)	<u>174</u>	<u>173</u>	<u>162</u>
Operated hotels	<u>201</u>	<u>200</u>	<u>189</u>
Operated rooms	<u>30,011</u>	<u>30,446</u>	<u>29,152</u>

Posadas receives fees pursuant to the long-term management contracts it has with all of the hotels it operates. Certain fees, including management, brand use fee, reservation services and technology usage, among others, are based on hotel revenues. Posadas also receives an incentive fee based on the hotels' operating income.

The Entity operates a business called Fiesta Americana Vacation Club (FAVC), as well as a product named Live Aqua Residence Club (LARC), aimed at a segment with high purchasing power, through which members purchase a right to a vacation property enforceable against third parties for a period of 40 years represented by annual points of FAVC and/or LARC. FAVC points can be used for stays at the seven FAVC and/or LARC complexes located in Los Cabos (Villas and Resort), Acapulco, Cancun, Cozumel, Chetumal, and Puerto Vallarta, as well as in the hotels operated by the Entity. Additionally, FAVC/LARC members can use their points at Resorts Condominium International (RCI) and Hilton Grand Vacation Club complexes or any affiliated complex around the world through an exchange program. Furthermore, the Entity markets a product called "Kívac" which consists of the sale of points valid for up to 5 years redeemable for lodging in the hotels operated by the Entity, as well as some properties operated by third parties, and another product called "FAVC Access" which grants a membership with a validity of 5 years to access preferential rates to book hotel rooms, in the properties operated by the Entity as well as some others operated by third parties. During 2024, it began the operation of its Fee for Service product, which consists of a contract whereby the entity markets and manages the time-share of a property owned by third parties, in exchange for a commission, use and secondary exploitation of that property.

Since 2012, the Entity began restructuring its businesses focusing on holding strategic assets and growing its management, hotel franchising, and vacation products business such as FAVC and LARC. As part of this strategy, the Entity has sold several hotels and other non-strategic assets.



The hotel industry is seasonal and particularly sensitive to macroeconomic and social changes, leading to volatility in revenues and the related costs during periods of twelve months. The Entity seeks to reduce the impact of seasonality on its financial performance through marketing strategies such as agreements with institutions, competitive prices and intensive promotion.

The Entity's corporate offices are located in Prolongation Paseo de la Reforma No. 1015, Tower A, Floor 9, Santa Fe, Mexico City.

2. Significant events

a. *FAVC 25th Edition*

During the month of April 2023 in celebration of the 25th anniversary of the vacation club, the Entity incorporated a variant of the FAVC membership known as the FAVC 25th Edition. This variant awards points called "Edition Points" which are backed by both real estate inventory similar to the traditional FAVC membership and by gift points. Unlike the traditional membership, these gift points are not backed by real estate inventory; however, they can be used to exchange lodging services during the membership term. The memberships sold from April to December 2023 were 3,585, and sold from January to December 2024 was 3,618.

b. *Contingencies due to Hurricane Otis*

As a result of Hurricane "Otis" hitting the port of Acapulco, Guerrero, in October 2023, the facilities of the Fiesta Americana Acapulco Villas hotel, owned by the Entity, suffered considerable damage. This hotel has insurance policies covering property damage and consequential losses. The hotel is operated under a timeshare arrangement, and to date, 90% of the resort has been sold. Members who purchased real estate at this hotel may exercise their rights in any property operated by the Entity and in other properties where the Entity has signed vacation exchange agreements.

During 2024, the Entity filed a claim with the insurer for damage to the Fiesta Americana Acapulco Villas hotel property for \$508,238, for consequential loss for \$215,323, and for electronic content for \$2,415, which were finalized in December 2024. The Entity received an advance of \$100,000 in November 2023, another advance of \$80,000 in March 2024, and another advance of \$250,000 in December 2024. A total of \$430,000 has been received, with \$295,976 still pending reimbursement from the insurance company. During January 2025, the insurer made a deposit of \$293,561. Currently, 10 floors of the hotel have opened, and the hotel is expected to be fully operational by April 2025.

The Entity has management contracts in Acapulco for hotels that have insurance policies covering property damage and consequential losses. The One Acapulco Diamante hotel suffered minor damage and has remained in operation to date. At One Acapulco Costera, the damage was insignificant. During 2023 and part of 2024, it was closed for repair and remodeling and is currently in operation. The Gamma Copacabana Hotel suffered considerable damage. As a result of these events, a termination agreement was signed in January 2024, subject to the terms and condition of the Hotel Management and Operations and Brand License Agreement. This agreement was fulfilled in a timely manner, resulting in the termination of the agreement.

c. *Repurchase of Senior Notes 2027*

During 2024 and 2023, with the generation of cash flow, the company initiated a market repurchase program for the Senior Notes due 2027. The first repurchase period was held in June 2023 for US\$1,711,894, the second period was held in September 2023 for US\$2,300,000, the third in November 2023 for US\$3,000,000, and the fourth and final period was held in December for US\$523,128. The total amount of Senior Notes repurchased and repaid was US\$7,535,022, with a cash implication of US\$6,440,236 plus accrued interest of US\$131,658, totaling US\$6,571,894.

In 2024, the market repurchase program continued in the amount of US\$5,000,000, with a cash implication of US\$4,641,000 plus accrued interest of US\$82,250, totaling US\$4,723,250. These transactions were carried out with the approval of the Board of Directors of the repurchase program for treasury securities. After concluding this repurchase program and canceling the repurchased securities, the outstanding balance of the Senior Notes as of December 31, 2024, is US\$380,700,000.



d. ***Cancellation of Senior Notes 2027***

On June 30, 2022, US\$26,850,570 of Senior Notes due 2027 were subscribed for by holders who submitted an exchange request before June 14. Of these, US\$6,598,938 was exchanged for non-qualified holders, a process that concluded on July 25. Due to failure to submit the required information during the Chapter 11 process of the US Bankruptcy Code, Senior Notes amounting to US\$5,346,298 were definitively canceled. With this issuance, the Entity concludes its restructuring process. The outstanding balance of the "Senior Notes Due 2027" was US\$393,235,022 as of December 31, 2022. This liability was presented as long-term.

The new Senior Notes are secured by the Entity's subsidiaries, as well as various assets in accordance with the mentioned plan.

e. ***Provision for restructuring***

In 2022, a reduction of personnel in the corporate offices took place, which generated expenses due to the termination of employment amounting to \$63,588 and a provision of \$17,417 at the end of the year. Both provisions were recognized as a restructuring provision, as there was a detailed formal plan for the restructuring and management had generated a genuine expectation among those affected that the plan would be implemented in compliance with the requirements of IAS 37 "Provisions, Contingent Liabilities, and Contingent Assets."

f. ***Renovation, modification and opening of hotels under new hotel operation and franchise contracts***

In March 2022, an agreement was signed to convert the following hotels from the operating model to a franchise: Hotel Fiesta Inn Coatzacoalcas, Hotel Fiesta Inn Poza Rica, and Hotel Fiesta Inn Tampico.

During 2023, 8 franchise hotels were opened: 3 under the Gamma brand in Querétaro, Baja California Sur, and Puebla; 2 under the Curamoria Collection brand in Veracruz and 2 under the One brand in Michoacán and Guanajuato; and 1 in Quintana Roo under the Kempinski brand.

During 2023, 3 hotels were opened under operating contracts: 2 under the One and Fiesta Inn brands in Sinaloa and 1 under the Grand Fiesta Americana brand in Morelos.

During 2023, the Entity signed an amendment agreement at the One Guadalajara Periférico Vallarta, Fiesta Inn Celaya, Fiesta Americana Querétaro, and Fiesta Americana Satélite hotels.

In August 2023, the lease agreement for the Fiesta Inn Insurgentes Hotel was renewed for 2 periods of 5 years each.

During 2024, the Entity signed an amendment agreement at the Fiesta Inn Triangulo las Animas hotel, modifying the terms of lease term, rent, hotel delivery, right of first refusal, breach, and unforeseen circumstances or force majeure.

During 2024, 2 hotels were opened under operating contracts: 1 under the Fiesta Inn brand in Guanajuato, 1 under the Curamoria brand in Sinaloa, and 1 under the Fee-For-Service product under the Live Aqua Residence Club brand in Baja California Sur.

2 franchised hotels under the Gamma brand were opened in 2024, 1 in Durango and the other in the State of Mexico.

g. ***Performance guarantees***

Some hotel management contracts signed by the Entity contain a performance guarantee clause, which guarantees that the hotels will generate certain annual amounts of operating profit per room in pesos or dollars.



If in any fiscal year the hotels with this clause do not achieve the agreed operating profit, the Entity will grant a discount on their fees, and in the event of a shortfall, the Entity will provide the shortfall as compensation. At the close of each fiscal year, the discounts and compensations are considered final, and with some exceptions, the Entity has no right to recovery.

The Entity recorded \$13,577, \$47,408, and \$67,965 at the end of 2024, 2023, and 2022, respectively, for this concept, corresponding to the Live Aqua San Miguel de Allende, Fiesta Americana Satélite, Fiesta Americana Viaducto, Live Aqua Beach Resort Punta Cana, and various Fibra Uno hotels (for 2024, only guarantees for San Miguel de Allende and Live Aqua Beach Resort Punta Cana were recorded).

h. ***Operating Contracts Signing in the Dominican Republic***

During February 2022, the Entity entered into a 15 year contract to operate a 347 room hotel under the Funneq brand in Punta Cana, Dominican Republic, adjacent to Live Aqua.

i. ***Termination of operation contracts***

During 2022, the Entity terminated early the operating agreement for the One León hotel and the franchise agreements for the Pug Seal Mexico City and Casa de la Marques Querétaro hotels, which operated under the Curamoria Collection brand.

On January 31, 2024, the franchise agreement for the Curamoria Naay Tulum hotel was terminated, becoming a fully-operated hotel with a one-year guarantee. This agreement expired on January 31, 2025.

During 2024, the Entity terminated early the operating agreements for the Gamma Guadalajara, Gamma Acapulco Copacabana, IOH Mérida MID Center, and Curamoria Ilo Rojo San Miguel de Allende.

j. ***Agreements on real estate and office leases***

The Entity negotiated a reduction in the leased area of the Corporate Offices by 852 square meters, resulting in a monthly savings of \$19.5 thousand dollars starting in March 2023, and a 3 year lease extension, which will expire in June 2027.

In August 2023, the lease for the Fiesta Inn Insurgentes Hotel was renewed for 2 periods of 5 years.

In December 2023, the entity negotiated an extension of the lease for the Live Aqua Cancún hotel for two additional years beyond the original expiration date of 2028, in exchange for an annual consideration of USD \$571,430, an amount that will remain fixed without inflation adjustment for each year of rent from 2024 through 2030.

Due to the expiration of the lease for the Fiesta Inn Puebla las Animas hotel, the entity negotiated an extension of the contract for an additional 10 years, considering the equivalent of 21% of Total Revenue (Variable Income) as consideration.

The company negotiated a modification and extension of the One Guadalajara Airport lease and an expansion on the same property to include a Fiesta Inn Express, also leased.



k. ***Agreements with the Tax Administration Service (SAT) on Tax Credits***

In April 2017, various agreements were made with the SAT to resolve differences in criteria related to the amortization of brands, the deduction of interests for the acquisition of said brands, the tax treatment given by real estate investment companies (SIBRAs), the amortization of usufructs, and especially, the effects resulting from the termination of the fiscal consolidation regime. These agreements resulted in the recognition of an additional payment obligation over different fiscal years, for a total amount of \$2,376,766. Of this amount, during April 2017, \$523,885 were settled, and the remaining amount has been covered in annual installments between 2018 and 2023, for an approximate nominal amount of \$308,686 each, subject to indexing. For this reason, as of December 31, 2021, the corresponding long-term part was presented under the taxes payable heading in the consolidated statement of financial position. As of December 31, 2022, it is presented in the short term due to the last payment to be made in 2023. The last payment of \$416,065 was made on March 31, 2023.

l. ***Credit granted to Fiesta Americana Merida hotel***

In June 2017, a subsidiary of the Entity, owner of the Fiesta Americana Mérida hotel, contracted a seven-year loan for \$210,000 at an annual rate of 9.175% with a fiduciary guarantee with Banco Nacional de México, S.A. (Banamex). The funds were used for tax payments, remodeling of the hotel's public areas, and other corporate uses. On January 23, 2018, a capital prepayment of \$10,000 was made on the loan. Starting from July 2018, the subsidiary has been paying \$1,872 monthly and, as of July 2019, the amortization increased to \$2,050. The Entity holds 51% of the subsidiary and is jointly and severally liable for the loan payment under certain conditions.

Due to the COVID-19 pandemic, in April 2020 the subsidiary requested CitiBanamex to waive and modify the conditions and obligations set forth in the credit agreement regarding the payment of principal and interest for April and May 2020, a waiver that was formalized by signing a modification agreement dated June 18, 2020. The agreement grants a deferral of interest payments on the loan from March 23, 2020, to March 23, 2021, and a deferral of principal payments on the loan, so that principal payments according to the original amortization schedule due between April 2020 and March 2021 will be accumulated and paid in a single installment on the last payment date of the loan, which will be June 23, 2024. Moreover, the agreement temporarily waives financial ratios during the years 2020 and 2021 and assigns to the Trust the management of the hotel's revenue-collecting accounts, which will be managed under the instructions of CitiBanamex.

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 principal payment will resume monthly, starting with the amount of \$2,458.

This loan is presented as long-term debt in the consolidated financial position statements, except for the portion payable in the following year according to the modification agreements.

The subsidiary anticipated a working capital deficit for the Fiesta Americana Mérida hotel during 2021 due to the effects of the COVID-19 pandemic, so it requested CitiBanamex for a second deferral in the payment of principal and interest on the loan until April 2022, and an extension of the credit line by \$25,000. The additional credit line was not necessary, and during 2023 the amortization schedule was executed on time. The balance as of December 31, 2023, of the loan amounts to \$100,533 million net of debt issuance expenses, and this loan is presented as short-term debt in the consolidated financial position statements.

In May 2024, the outstanding balance of this loan was settled early with proceeds from a new loan agreement entered into with Scotiabank, S.A., providing a mortgage guarantee for a \$90,000 amount with improved terms and conditions for Inmobiliaria del Sudeste, S.A. de C.V., paying a monthly interest rate of TIIE plus 150 basis points and with monthly principal repayments. The loan balance as of December 31, 2024, amounts to \$79,500, net of debt issuance expenses. This loan is presented as long-term debt, except for the short-term portion, in the consolidated statements of financial position.



m. ***Corporate restructuring***

In November 2022, the Entity merged its subsidiaries Dirección Corporativa Posadas, S.A. de C.V., Promoción y Publicidad Fiesta S.A. de C.V., and Inmobiliaria Administradora del Bajío, S.A. de C.V. into the subsidiary Soluciones de Lealtad, S.A. de C.V. This merger had no effect on the attached consolidated financial statements.

n. ***Acapulco Diamante Trust***

In June 2022, an agreement was signed to develop an apartment complex on land the company acquired in 2013 in the Acapulco Diamante area of Acapulco, Guerrero. The project involves the contribution of land by the Entity and a third party as developer of a building with 128 apartments (units), of which Posadas will retain 29 units. The entire complex will operate under the Live Aqua Residence Club brand. The initial estimated opening year was 2025; however, various factors, such as the effects of Hurricane Otis on the economy and regional availability, have led to an estimated opening date of 2027. During 2022, the Entity pledged trustee rights as security for compliance with the 2027 Senior Notes.

3. Adoption of new and revised standards

a. ***Changes in accounting policies***

Until December 31, 2023, the Entity's Management presented land and buildings in its consolidated financial statements under the historical cost policy, in accordance with "IAS 16 Property, Plant, and Equipment". Land and buildings were stated at cost less depreciation and any accumulated impairment losses.

Beginning in 2024, with retrospective effect to January 1, 2022, the Entity's Management adopted a valuation policy for land and buildings based on fair value rather than historical cost. However, as IAS 8 requires, the initial application of a policy to revalue assets in accordance with IAS 16 Property, Plant, and Equipment is a change in accounting policy that should be treated as a revaluation. Rather than applying retrospective changes, Management decided to apply the change retrospectively for comparability purposes.

The Entity's Management believes that this change in accounting policy will provide more reliable and relevant information about the values of its assets and related transactions.

Below are some of the main reasons why the Entity's Management believes that a fair value measurement represents the highest and best use:

- Fair value provides a more up-to-date and accurate measure of asset value, reflecting current market conditions.
- Improves the relevance of financial statements by showing values that are more representative of the current value of assets.
- It provides investors and other stakeholders with a clearer and more accurate view of the value of the company's assets, improving transparency.
- With a more accurate asset valuation, management can make more informed strategic and operational decisions.
- It assists with financial planning and resource management, facilitating more efficient capital allocation.
- It better reflects the risks associated with assets, such as depreciation or obsolescence, allowing for more proactive management.
- It allows for adjustments based on market conditions, which is essential in the hotel industry.
- It provides more accurate and relevant financial indicators to evaluate the performance of the hotel and its assets.



- Assets valued at fair value can facilitate better terms in financing negotiations, if required, as financial institutions can have a clearer view of the value of the assets used as collateral. It even improves access to credit and other forms of financing by providing a more solid picture of the company's financial situation.
- It allows financial statements to reflect current real estate and asset market conditions more accurately, which is crucial in the hospitality sector where values can fluctuate considerably.

The following table summarizes the impact of the change in accounting policy on the financial statements of the Entity's.

	2024	2023	2022
Increase in property and equipment - net	\$ 157,793	\$ 99,746	\$ 2,806,953
Decrease in deferred income taxes	<u>(47,338)</u>	<u>(23,923)</u>	<u>(842,086)</u>
Effect on surplus in other comprehensive income	\$ <u>(110,455)</u>	\$ <u>(69,823)</u>	\$ <u>(1,964,867)</u>

b. *New and amended IFRS Accounting Standards that are effective for the current year*

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements

has adopted the amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements for the first time in the current year.

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the Entity's liabilities and cash flows. In addition, IFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an Entity's exposure to concentration of liquidity risk.

The amendments contain specific transition provisions for the first annual reporting period in which the Entity applies the amendments. Under the transitional provisions an entity is not required to disclose:

- Comparative information for any reporting periods presented before the beginning of the annual reporting period in which the Entity first applies those amendments.
- The information otherwise required by IAS 7:44H(b)(ii)–(iii) as at the beginning of the annual reporting period in which the Entity first applies those amendments.

In the current year, the Entity has applied a number of amendments to IFRS Accounting Standards issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Classification of Liabilities as Current or Non-current

The Entity has adopted the amendments to IAS 1, published in January 2020, for the first time in the current year.

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.



The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an Entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

*Amendments to IAS 1
Presentation of Financial
Statements—Non-current
Liabilities with
Covenants*

The Entity has adopted the amendments to IAS 1, published in November 2022, for the first time in the current year.

The amendments specify that only covenants that an Entity is required to comply with on or before the end of the reporting period affect the Entity’s right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the Entity’s financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an Entity only has to comply with a covenant after the reporting period. However, if the Entity’s right to defer settlement of a liability is subject to the Entity complying with covenants within twelve months after the reporting period, an Entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the Entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the Entity may have difficulties complying with the covenants.

*Amendments to IFRS 16
Leases—Lease Liability
in a Sale and Leaseback*

The Entity has adopted the amendments to IFRS 16 for the first time in the current year.

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine ‘lease payments’ or ‘revised lease payments’ such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.



As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15 is a lease liability.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the Entity first applied IFRS 16.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorization of these financial statements, the Entity has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

<i>Amendments to IAS 21</i>	<i>Lack of interchangeability</i>
<i>IFRS 18</i>	<i>Presentation and Disclosures in Financial Statements</i>
<i>IFRS 19</i>	<i>Subsidiaries without Public Accountability: Disclosures</i>

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Entity in future periods, except if indicated below.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. Examples of an observable exchange rate include:

- a spot exchange rate for a purpose other than that for which an entity assesses exchangeability
- The first exchange rate at which an entity is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate)



An entity using another estimation technique may use any observable exchange rate—including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations—and adjust that rate, as necessary, to meet the objective as set out above.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the entity is required to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments add a new appendix as an integral part of IAS 21. The appendix includes application guidance on the requirements introduced by the amendments. The amendments also add new Illustrative Examples accompanying IAS 21, which illustrate how an entity might apply some of the requirements in hypothetical situations based on the limited facts presented.

In addition, the IASB made consequential amendments to IFRS 1 to align with and refer to the revised IAS 21 for assessing exchangeability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

The directors of the company anticipate that the application of these amendments may have an impact on the Entity's consolidated financial statements in future periods.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The directors of the company anticipate that the application of these amendments may have an impact on the Entity's consolidated financial statements in future periods.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.



An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

A subsidiary has public accountability if:

- its debt or equity instruments are traded in a public market, or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
- it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements.

The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted. If an entity elects to apply IFRS 19 for a reporting period earlier than the reporting period in which it first applies IFRS 18, it is required to apply a modified set of disclosure requirements set out in an appendix to IFRS 19. If an entity elects to apply IFRS 19 for an annual reporting period before it applied the amendments to IAS 21, it is not required to apply the disclosure requirements in IFRS 19 with regard to Lack of Exchangeability.

The directors of the company do not anticipate that IFRS 19 will be applied for purposes of the consolidated financial statements of the Entity.

4. Accounting policies

a. *Declaration of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards).

b. *Preparation bases*

The consolidated financial statements have been prepared on a historical cost basis, except for buildings and land, which are presented at their revalued value at each period end, as explained in the accounting policies listed below.

i. *Historical cost*

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.



ii. *Fair Value Measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date the fair value for purposes of measuring and/or revealing these consolidated financial statements is determined in such a way, with the exception of share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and valuations that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

c. *Going concern*

The directors have, at the time of approving the financial statements, a reasonable expectation that the Entity has adequate resources to continue in operational existence for the foreseeable future. Thus, the Entity has applied the going concern basis of accounting in preparing the financial statements.

d. *Basis for consolidation*

The consolidated financial statements incorporate the financial statements of the Posadas and entities controlled by the group made up to 31 December each year. Control is achieved when Posadas:

- has power over investee
- is exposed, or has rights, to variable returns from its involvement with the investee
- has the ability to use its power to affect its returns.

The Entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Entity has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Entity considers all relevant facts and circumstances in assessing whether or not the group's voting rights in an investee are sufficient to give it power, including:

- the size of the Posadas holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- rights arising from other contractual arrangements
- any additional facts and circumstances that indicate that the group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the group gains control until the date when the group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the parent company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the group's accounting policies.



The percentage of the share capital of the subsidiaries is as follows:

	Participation (%) 2024, 2023 and 2022
Inmobiliaria del Sudeste, S.A. de C. V.	51%
Dirección Corporativa Posadas, S. A. de C. V. ⁽¹⁾	100%
Posadas USA, Inc.	100%
Inmobiliaria Administradora del Bajío, S.A. de C. V. ⁽¹⁾	100%
Soluciones de Lealtad, S.A. de C. V.	100%
Promoción y Publicidad Fiesta, S. A. de C. V. ⁽¹⁾	100%
Kohunlich Adventures, S.A. de C.V..	100%
Operadora del Golfo de México, S.A. de C. V.	100%
PSDS Operadora del Caribe, S. R. L. ⁽²⁾	100%

- (1) Subsidiary entities merged into Soluciones de Lealtad during 2022.
(2) Subsidiary incorporated in 2019 in the Dominican Republic.

All intragroup balances, transactions and cash flows between members of the Entity are eliminated on Consolidation

Changes in the Entity's holdings in existing subsidiaries

Changes in the Entity's holdings in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent company.

When the Entity loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Entity had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

e. *Cash, cash equivalents, and restricted cash*

In the statement of financial position, cash and cash equivalents are comprised of cash and cash equivalents. Cash equivalents are short-term, highly liquid investments that are readily convertible to a known amount of cash, and which are subject to an insignificant risk of changes in value.

Therefore, an investment normally qualifies as a cash equivalent when it has a short maturity of generally, three months or less from the date of acquisition. Investments in securities are not included in cash equivalents unless they are, in substance, cash equivalents. Otherwise, they are presented as investments in securities. Cash is stated at nominal value and cash equivalents are measured at fair value, the changes in value are recognized in profit or loss.

The cash restricted in 2024, 2023 and 2022 corresponds to lines destined for production chains and credit reserves of Inmobiliaria del Sudeste S. A. de C. V.



f. ***Financial instruments***

Financial assets and financial liabilities are recognized in the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

g. ***Financial assets***

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets.
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the group may make the following irrevocable election / designation at initial recognition of a financial asset:

- the group may irrevocably elect to present subsequent changes in the fair value of an equity investment in other comprehensive income if certain criteria are met
- the group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.



(i) *Amortized cost and effective interest method*

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the group recognizes interest income by applying the credit adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in profit or loss and is included in the “finance income - interest income” line item.

(ii) *Impairment of financial assets*

The Entity recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guaranteed contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.



The group always recognizes lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(iii) *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower
- b) a breach of contract, such as a default or past due event
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) *Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount of guaranteed debt that has been drawn down as at the reporting date, together with any additional guaranteed amounts expected to be drawn down by the borrower in the future by default date determined based on historical trend, the group' understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the Entity expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flow used for determining the expected credit losses is consistent with the cash flow used in measuring the lease receivable in accordance with IFRS 16.



For a financial guarantee contract, as the group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the group expects to receive from the holder, the debtor or any other party.

If the Entity has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Entity recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(v) *Derecognition of financial assets*

The group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognizes its retained interest in the asset and an associated liability for the amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

h. ***Financial liabilities and equity***

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Entity are recognized at the proceeds received, net of direct issue costs.

The repurchase of equity instruments issued by the group is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of equity instruments issued by the Entity.



Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the group, are measured in accordance with the specific accounting policies set out below.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Entity derecognizes financial liabilities when, and only when, the group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognized in profit or loss as the modification gain or loss within other gains and losses.

i. *Vacation Club inventory*

Vacation Club inventories are recorded at cost of construction. Cost of sales is recorded at the time of sales.

When there are long-term vacation club inventories, they are recorded in the long term and correspond to the cost of converting hotel buildings that are under renovation to provide the vacation club service. Short-term Vacation Club units represent hotel buildings approved for sale by Management that are expected to be sold within one year; therefore, they are classified as current assets even though their business cycle could be longer.

j. *Property and equipment - Net*

Land and buildings held for use in the provision of hotel services, are measured in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.



Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognized in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Entity's accounting policy. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixed assets other than land and buildings are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method.

The average percentage depreciation rate of the components of property and equipment are:

	(%)
Buildings - Construction	2 to 5
Buildings - Installation, finishing and improvements	5 to 10
Furniture and equipment	10
Vehicles	25
Computer	30
Operating equipment	33

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

k. ***Intangible assets, sold memberships commissions and other assets***

1. ***Membership Sale Commissions and Others***

This line item includes all capitalized direct expenses, mainly commissions related to the sales of the Kívac product and FAVC 25th Edition, recognized in the consolidated statement of comprehensive income once the service is provided. A short-term estimate of the commissions and others to be amortized within the next 12 months, and a long-term portion for the remaining period associated with the future use of the membership. Additionally, it also includes commissions related to the FAVC Access product, which are amortized in the consolidated statement of comprehensive income on a straight-line basis over 60 months.



2. *Internally Generated Intangible Assets - Research and Development Expenditure*

Expenditures arising from research activities are recognized as an expense in the period in which they are incurred.

An internally generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- There is an intention to complete the intangible asset for use or sale;
- There is an ability to use or sell the intangible asset;
- There is a way in which the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset; and
- The ability to reliably measure the expenditure attributable to the intangible asset during its development.

The initial amount recognized for an internally generated intangible asset is the sum of the expenditures incurred from the time when the intangible asset first meets the recognition criteria outlined above. When an internally generated intangible asset cannot be recognized, development expenditures are charged to the income statement in the period in which they are incurred.

Subsequent to initial recognition, an internally generated intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment losses, on the same basis as separately acquired intangible assets.

3. *Derecognition of Intangible Assets*

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the derecognition of an intangible asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the income statement when the asset is derecognized.

1. *Impairment of tangible and intangible assets*

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.



If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

m. ***Investment in associates***

An associate is an entity over which the Entity has significant influence, the power to participate in decisions regarding the financial and operating policies of the investee, but which does not imply control or joint control. These entities generally hold a shareholding of between 20% and 50% of the voting rights.

The Entity applies IFRS 9, including the impairment requirements, to long-term interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the group does not take into account adjustments to their carrying amount required by IAS 28.

n. ***Leases***

The entity as lessee

The Entity assesses whether an agreement originally includes a lease. The Entity recognizes a right-of-use asset and a lease liability for all the lease agreements in which it acts as the lessee, except for short term leases (12 months or less) and low-value assets (such as tablets, personal computers, small office furniture items and telephones). For these leases, the Entity recognizes lease payments as an operating expense by using the straight-line method throughout the lease duration, unless another method is more representative of the time pattern of the economic benefits obtained from the consumption of the leased assets.

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date, discounted by the rate implied in the agreement. If this rate cannot be readily determined, the Entity uses incremental borrowing rates.

Lease payments included in the lease liability measurement consist of:

- Fixed lease payments (including fixed payments in-kind), less any lease incentive received;
- Variable lease payments which depend on an index or rate, initially measured by using the index or rate at the commencement date;
- The amount expected to be paid by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain it will exercise the options; and
- Penalty payments resulting from lease termination if the lease period reflects the exercise of a lease termination option.

The lease liability is presented as a separate item in the consolidated statement of changes in financial position.



The lease liability is subsequently measured with the book value increase to reflect interest accrued by the lease liability (using the effective interest method) and reducing the book value to reflect lease payments made.

The Entity restates the lease liability (and makes the respective adjustment to the related right-of-use asset) when:

- The lease term is modified or there is a significant change in lease circumstances, thereby resulting in a change of the purchase option exercise assessment, in which case the lease liability is measured by discounting restated lease payments based on a restated discount rate.
- Lease payments are amended as a consequence of changes in indexes or rates or a change in the expected payment under a guaranteed residual value, in which case the lease liability is restated by discounting restated lease payments based on the same discount rate (unless the change in lease payments is due to a variable interest rate change, in which case a restated discount rate is used)
- A lease agreement is amended and the lease amendment is not recorded as a separate lease, in which case the lease liability is restated based on the amended lease term by discounting restated lease payments based on a discount rate restated as of the effective amendment date.

The Entity booked some of these adjustments during the periods presented.

Right-of-use assets consist of the initial measurement of the respective lease liability, lease payments made on or before the commencement date, less any lease incentive received and any initial direct cost. The subsequent valuation is based on cost less accumulated depreciation and impairment losses.

If the Entity acquires an obligation arising from the costs of dismantling and removing a leased asset, restoring the place where it is located or restoring the asset underlying the condition required by the terms and conditions of the lease, a provision measured in accordance with IAS 37 must be recognized. To the extent that the costs relate to a right-of-use asset, they are included in the related right-of-use asset unless they are incurred to generate inventory.

Right-of-use assets are depreciated over the shorter of the lease period and the useful life of the underlying asset. If a lease transfer's ownership of the underlying asset or the cost of the right-of-use asset indicates that the Entity intends to exercise a purchase option, the right-of-use asset will be depreciated over the useful life. Depreciation begins at the lease commencement date. Right-of-use assets are presented as a separate item in the consolidated statement of changes in financial position.

The Entity applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and equipment - Net' policy.

Variable rent leases which do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. Related payments are recognized as an expense in the period in which the event or condition generating the payment occurs and are included under "Other expenses" in the consolidated income statement.

As a practical expedient, IFRS 16 offers the possibility of not separating non-lease components and accounting for any lease and its respective non-lease components as a single agreement. The Entity has not applied to this practical expedient. In the case of contracts with lease components and one or more lease components or additional non-lease components, the Entity assigns the contract payment to each lease component according to the relative stand-alone selling price method and the aggregate of stand-alone selling prices for all non-lease components.



The entity as a lessor.

The entity does not maintain lease contracts as a lessor.

o. ***Foreign currencies transactions***

In preparing the financial statements of each entity, transactions in currencies other than the Entity's functional currency (foreign currencies) is recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

The reporting and functional currencies of the foreign operation are as follows:

Country	Recording and functional currencies
United States of America	Us Dollar
Dominican Republic	Dominican Peso

For the purposes of presenting the consolidated financial statements, the Entity's foreign currency assets and liabilities are expressed in Mexican pesos, using the exchange rates in effect at the end of the period.

p. ***Employee Benefits***

Retirement benefits costs from termination benefits

Payments to defined contributions to retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. The results of the defined plan will be recognized when the agreement occurs.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement.



The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the Entity's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognized at the earlier of when the Entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Entity in respect of services provided by employees up to the reporting date.

Statutory employee profit sharing (PTU)

The PTU (profit sharing) is recorded in the results of the year in which it is incurred and is presented in administration expenses line item in the consolidated statements of comprehensive income (loss).

As result of the 2014, Income Tax Law, on December 31, 2022 and 2021 PTU is determined based on taxable income, according to Section I of Article 9 of such Law. As a result of the amendment to the Federal Labor Act in 2021, the amount of profit-sharing shall be limited to a maximum of three months of the worker's salary or the average participation received in the last three years; the amount that is most favorable to the worker shall be applied.

q. ***Income taxes***

Income tax expense represents the sum of the tax currently payable and deferred tax.

1. *Current tax*

Current income tax (ISR) is recognized in the results of the year in which is incurred.

Current tax is payable on the taxable basis for the year. Taxable profit differs from the net income as it is reported in profit or loss because it excludes components of revenues or expenses that are accruable or deductible in other years and exclude components, which have never been accruable or deductible. The Entity's liabilities for current taxes are calculated using the tax rates that were established at the end of the reporting period.

A provision is recognized accordingly where the determination of the tax is uncertain, but it is considered likely to result in a future outlay of funds for a tax authority. Provisions are valued at the best amount that is expected to be payable. The evaluation is based on the judgment of tax experts supported by the Entity's previous experiences in this type of activity, and in certain cases, the opinion of an independent tax specialist.



2. *Deferred income tax*

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. *Current and deferred tax for the year*

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination the tax effect is included in that recognition.

r. ***Provisions***

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Restructuring

A restructuring provision is recognized when the Entity has developed a detailed formal plan to carry out the restructuring, and a valid expectation has been created among those affected, that the restructuring will take place, either because the implementation of the plan has begun or because it has announced its main characteristics to those affected by it. The restructuring provision should include only direct disbursements arising from it, which include the amounts necessarily arising from the restructuring; and that are not associated with the Entity's ongoing activities.



s. ***Revenue recognition***

The entity recognizes its income as follows:

- i. Revenue from hotel operations, which includes the operation of owned and leased hotels, is recognized as hotel services are provided to guests. These services include the rental of rooms and event spaces, sales of food and beverages, etc. In the case of leased hotels, the Entity determines whether it acts as an agent or principal by assessing whether it provides lodging services on its own behalf or on behalf of a third party, whether it assumes the risk of the inventory of available rooms, whether it assumes the credit risk for the amounts charged to customers, and whether the consideration for its services is equivalent to a fee for hotel operation and management contracts. Based on this determination, the Entity concludes that for leased hotels it can recognize revenue from hotel services for the gross amount it expects to charge for such services, except for the case of the Fiesta Americana Condesa Cancún hotel, where the Entity concludes that it acts as an agent for the lessor.
- ii. Revenue from the operation of FAVC and LARC Vacation Club memberships is recognized at the time of sale, as the Entity considers that, by selling a right to a vacation property, it has fulfilled its performance obligation by transferring an enforceable right against third parties, and by transferring control of the properties to the membership buyers, who acquire the possibility of removing the Entity from management under certain normal business conditions. However, the Entity creates a reserve to adjust the sale price to consider the effect of the financing component of these revenues.

Revenue recognition for FAVC 25th Edition memberships occurs at two points: at the time of contract formalization, as the Entity considers that upon the contract's signature and once it comes into effect, the right is granted to the customer for points backed by a vacation property and the performance obligation is fulfilled by transferring an enforceable right against third parties, and by transferring control of the properties to the membership buyers. This recognition is the same as that used for the traditional FAVC membership. The second point is when the member uses the Edition Points as a gift or when their right to use expires, that is, once the lodging service is provided or when the period agreed upon in the contract with the customer for its accrual elapses. Additionally, a provision is recognized, plus an estimate of those points that will not be used by members of the program upon expiration, known as breakage.

- iii. Revenue from the sale of Kívac points is recognized once the lodging service is provided, plus an estimate of those points that will not be used by members of the program upon expiration. The amount of the contracted but unused services is presented under the line item "Deferred Revenue from Vacation Club" in short and long terms in the consolidated statement of financial position;
- iv. Revenue from the sale of FAVC Access is recognized over 60 months. The amount of the contracted service is presented under the line item "Deferred Revenue from Vacation Club" in short and long terms in the consolidated statement of financial position.

Revenue from management and brand fees, and franchise revenue is recognized as it is earned based on a percentage of the revenues and the operating profit of the hotel operation as established in the respective contracts; and

- v. Other income (expenses) from the sale of non-strategic assets are recognized when control of the assets has been transferred to the buyer and/or the suspensive clauses of the purchase and sale contracts are fulfilled.



t. ***Cost and expense items Presentation and Disclosure***

Costs and expenses presented in the consolidated statements of comprehensive income (loss) were classified according to their function.

u. ***Statements of cash flows***

The Entity reports cash flows from operating activities using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Interest paid is usually classified as financing activities and interest and dividends received are usually classified as investing activities.

v. ***Loyalty programs***

The fair value of the awards is recognized as a reduction in revenue and recognized as deferred revenue until the benefits are delivered to the client. The liability is presented under the heading of “other liabilities and accrued expenses” in the consolidated statements of financial position.

w. ***Earnings (loss) per share of the controlling interest***

Basic earnings (loss) per share are calculated by dividing the net income (loss) attributable to controlling interest by the weighted average number of shares outstanding during the period. As of December 31, 2024, 2023 and 2022, the Entity does not have ordinary shares with potential dilution effects.

5. Critical accounting judgments and key sources for estimating uncertainties

In the application of the Entity’s accounting policies, which are described in Note 4, the Entity’s Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. ***Critical judgments in implementing accounting policies***

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Entity’s accounting policies and that have the most significant effect on the amounts recognized in financial statements consolidated.

- *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 take 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 from use rights and their respective payment obligation for the lease term.



– *Vacation Club revenue recognition*

Management makes judgments to decide when the performance obligations in the membership contracts of Vacation Club, such as the transfer of an enforceable right with regard to third parties, and upon transferring control over real property to membership buyers which have an effect on revenue recognition.

For the FAVC 25th Edition membership, considering that the points awarded create a performance obligation, a deferred revenue must be recognized.

– *Classification criteria for the Entity's operating segments*

The Entity classifies its businesses into four operating segments, based on internal reports prepared under a managerial approach.

– *The estimated amount of investments in securities other than cash equivalents*

At the date of preparation of the consolidated statement of financial position, the Entity estimates the amount of its cash needs in the short-term considering its operating cycle, the debt service of 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.

– *The discount rates and terms of the hotels leased by the Entity*

The Entity values leased assets and defines which are of 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.

b. ***Key sources of uncertainty in estimates***

The key assumptions regarding the future and other key sources of uncertainty in the end-of-period estimates are explained below, which have a significant risk of resulting in significant adjustments in the book values of assets and liabilities over the coming year.

– *The allowance for doubtful accounts and returns related with Vacation Club.*

Estimates are used to determine the allowances for doubtful accounts, mainly considering collection arrears according to the financing plans established. The allowance for Vacation Club returns is determined based on a percentage of probability that memberships will be canceled.

– *The presentation of deferred revenues and other Kívac assets, current and long-term*

Kívac points that are expected to be utilized during the following 12 months from the date of the consolidated statement of financial position is classified as current, considering the expected Kívac collection, which is the trigger that entitles the purchasers to use the hospitality service of this product.

– *Long term asset impairment*

If there is evidence of impairment, the Entity 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 Entity 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 Entity uses projections of cash flows, estimating the historical performance, the related market conditions, and determination of occupancy levels and rates.



– *The future benefit of tax losses*

In order to determine whether these losses can be carried forward, the Entity 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 expiration.

The effects of the contingencies faced by the Entity

The Entity faces various legal proceedings in the ordinary course of business, assessing the likelihood of their becoming a payment obligation. For this purpose, it considers the legal situation as of the estimate date and the opinions of legal advisors. These assessments are periodically reconsidered.

– *The useful life and fair value of real estate.*

The Entity uses independent appraisers to estimate the useful life and fair value of its properties, which considers the useful life based on engineering studies of construction costs and property components such as foundations, electrical, plumbing, and air conditioning installations. In addition, when estimating the fair value of the properties, the Entity hires external appraisers to establish an appropriate valuation technique.

6. Cash, cash equivalents, and restricted cash

	2024	2023	2022
Cash	\$ 137,616	\$ 217,317	\$ 120,246
Cash equivalents:			
Overnight investments and restricted cash	2,426,626	1,581,656	1,789,671
Others	<u>38,124</u>	<u>42,237</u>	<u>29,016</u>
Total	<u>\$ 2,602,366</u>	<u>\$ 1,841,210</u>	<u>\$ 1,938,933</u>

As of December 31, 2024, 2023 and 2022, the amount of cash equivalents includes \$192,559, \$211,376 and \$184,904, respectively, restricted cash corresponds to lines destined for production chains and reserves of the secured loan of Inmobiliaria del Sudeste, S.A. de C.V.

7. Accounts and documents receivable

	2024	2023	2022
Notes receivable from Vacation Club (a)	\$ 1,624,367	\$ 1,486,821	\$ 1,454,778
Kivac and FAVC Access (a)	823,637	628,538	587,800
Other receivables from Vacation Club (c)	134,139	124,047	192,114
Customers and agencies (b)	696,507	724,604	748,983
Others (c)	<u>353,740</u>	<u>47,462</u>	<u>53,466</u>
	3,632,390	3,011,472	3,037,141
Less - Allowance for doubtful accounts (b)	<u>(152,291)</u>	<u>(163,180)</u>	<u>(232,622)</u>
	<u>\$ 3,480,099</u>	<u>\$ 2,848,292</u>	<u>\$ 2,804,519</u>



a. *Notes receivable from Vacation Club, Kivac and FAVC Access*

The Vacation Club membership sales are normally recognized when at least a 10% deposit is received and five-year financing is granted for the remaining portion, with interest charged at market rates. The Entity anticipates that, after the implementation of certain business strategies, those accounts that are at most 12 months old may be reactivated; accounts aged greater than 12 months are normally cancelled.

However, estimates of the reserve for doubtful accounts are recorded based on the entire portfolio.

Composition of the trading portfolio:

Short-term portfolio composition:

	2024	2023	2022
Maturity of notes receivable from Vacation Club, Kivac and FAVC Access			
Less than 90 days	\$ 557,766	\$ 467,483	\$ 452,095
Between 91 and 330 days	902,332	748,465	708,288
Between 331 and 365 days	<u>987,906</u>	<u>899,411</u>	<u>882,195</u>
	<u>\$ 2,448,004</u>	<u>\$ 2,115,359</u>	<u>\$ 2,042,578</u>

b. *Accounts receivable from clients and agencies*

The average credit term related to the amounts owed for hotel services is 16 days. The Entity does not charge interest in outstanding amounts. Normally, the amounts owed within this portfolio are not aged significantly. During 2024, 2023 and 2022 the entity identified and wrote-off \$ 0, \$13,715 and \$2,918, respectively, of the reserve for doubtful accounts, since it was determined that such amounts did not have the possibility of being recovered.

	2024	2023	2022
Customers and Agencies-			
Less than 90 days	\$ 629,518	\$ 643,636	\$ 644,035
Over 90 days	<u>66,989</u>	<u>80,968</u>	<u>104,948</u>
	<u>\$ 696,507</u>	<u>\$ 724,604</u>	<u>\$ 748,983</u>
Allowance for doubtful accounts -			
Clients and agencies	\$ (49,528)	\$ (51,726)	\$ (58,287)
Notes receivable from Vacation Club	<u>(102,763)</u>	<u>(111,454)</u>	<u>(174,335)</u>
	<u>\$ (152,291)</u>	<u>\$ (163,180)</u>	<u>\$ (232,622)</u>

c. *Other Accounts receivable from Vacation Club*

The other accounts receivable from Vacation Club are made up of account receivable the maintenance fees, club fees, interest in financing and other debtors.

The Entity faces a risk of concentration of the owners of hotels it operates, as four investors represent 45% of Inventory process the trading of rooms. This concentration may affect the ability to operate under policies freely established by the entity and may press operating margins.

As of December 31, 2024, the Entity recognized an account receivable with the insurance company AXA Seguros, S.A. de C.V. in the amount of \$293,561 arising from the claim for damages caused by Hurricane Otis in October 2023. See note 2b.



8. Vacation Club inventory

	2024	2023	2022
Vacation Club inventory	\$ 317,425	\$ 243,541	\$ 137,243
Villas and residential lots	<u>23,788</u>	<u>23,788</u>	<u>23,788</u>
	<u>\$ 341,213</u>	<u>\$ 267,329</u>	<u>\$ 161,031</u>

Vacation Club inventories recognized in cost of membership sales during the period in respect of continuing operations was from de \$(57,076), \$(50,336) and \$119,764, on December 31, 2024, 2023 and 2022, respectively.

During 2024, 2023 and 2022, an inventory of \$16,807, \$55,963 and \$128,899, respectively, was recognized, resulting from the recovery and repurchase of inventory due to the early termination of Vacation Club membership contracts.

9. Long-term receivables

The balance of the long-term portion of accounts receivable from sales of Vacation Club memberships (FAVC and LARC), Kívac and FAVC Access are as follows:

	2024	2023	2022
Long-term notes receivable:			
Vacation Club memberships	\$ 3,675,781	\$ 3,696,703	\$ 3,987,850
Kívac and FAVC Access	<u>1,598,122</u>	<u>1,268,612</u>	<u>758,534</u>
	5,273,903	4,965,315	4,746,384
Less:			
Reserve for Vacation Club returns	(230,571)	(268,455)	(293,563)
Allowance for Kívac's doubtful accounts	<u>(316)</u>	<u>(722)</u>	<u>(24,993)</u>
Total	<u>\$ 5,043,016</u>	<u>\$ 4,696,138</u>	<u>\$ 4,427,828</u>

The maturities of the long-term Vacation Club memberships on December 31, 2024, are as follows:

To collect during	Amount
2026	\$ 2,219,613
2027	1,772,662
2028	938,785
2029 onwards	<u>342,843</u>
Total long-term notes receivable	<u>\$ 5,273,903</u>

The Entity performs an analysis of the sales of Vacation Club memberships to identify revenues whose transactional status is associated with an element of uncertainty about uncollected memberships. In accordance with IFRS 9, an allowance for returns is recorded based on the Entity's experience, calculated according to the expected impact of the future flows associated with the transaction.



10. Property and equipment – Net

	2024	2023	2022
Buildings	\$ 6,807,360	\$ 6,437,684	\$ 6,361,174
Furniture and equipment	1,288,960	1,188,627	1,186,557
Computers	104,915	99,249	95,329
Vehicles	<u>36,668</u>	<u>33,871</u>	<u>24,777</u>
	8,237,903	7,759,431	7,667,837
Less - Accumulated depreciation	<u>(3,926,080)</u>	<u>(3,686,576)</u>	<u>(3,455,882)</u>
	4,311,823	4,072,855	4,211,955
Land	2,557,424	2,475,096	2,423,054
Construction in process	<u>68,082</u>	<u>120,141</u>	<u>76,309</u>
	<u>\$ 6,937,329</u>	<u>\$ 6,668,092</u>	<u>\$ 6,711,318</u>

	Land	Buildings	Furniture and equipment	Computers	Vehicles	Construction in progress	Total
Cost:							
Balance at the beginning of 2022	\$ 1,087,601	\$ 4,987,147	\$ 1,186,715	\$ 116,474	\$ 20,449	\$ 70,811	\$ 7,469,197
Revaluation increase	1,464,507	1,342,446	-	-	-	-	2,806,953
Additions and improvements	-	32,205	49,604	1,193	3,923	102,478	189,403
Transfers of prepayments	-	7,000	9,415	97	597	(10,807)	6,302
Transfer of investment in trust	(129,054)	-	-	-	-	-	(129,054)
Transfers from construction in progress	-	17,974	52,587	3,289	-	(86,173)	(12,323)
Depreciation due to sale of assets and fully depreciated assets	-	(25,597)	(111,764)	(25,724)	(192)	-	(163,277)
Balance as of December 31, 2022	2,423,054	6,361,174	1,186,557	95,329	24,777	76,309	10,167,200
Revaluation increase	52,042	47,704	-	-	-	-	99,746
Additions and improvements	-	58,869	75,871	3,086	7,739	130,724	276,289
Transfers of prepayments	-	50,254	14,336	142	4,111	(68,843)	-
Transfers from construction in progress	-	13,383	3,022	1,644	-	(18,049)	-
loss due to fortuitous event	-	(24,261)	(59,405)	-	(165)	-	(83,831)
Depreciation due to sale of assets and fully depreciated assets	-	(69,439)	(31,754)	(952)	(2,591)	-	(104,736)
Balance as of December 31, 2023	2,475,096	6,437,684	1,188,627	99,249	33,871	120,141	10,354,668
Revaluation increase	82,328	75,465	-	-	-	-	157,793
Additions and improvements	-	137,284	83,669	3,016	2,914	184,344	411,227
Transfers of prepayments	-	51,370	21,079	1,791	-	(74,240)	-
Transfers from construction in progress	-	134,388	27,738	37	-	(162,163)	-
Depreciation due to sale of assets and fully depreciated assets	-	(28,831)	(32,153)	822	(117)	-	(60,279)
Balance as of December 31, 2024	<u>\$ 2,557,424</u>	<u>\$ 6,807,360</u>	<u>\$ 1,288,960</u>	<u>\$ 104,915</u>	<u>\$ 36,668</u>	<u>\$ 68,082</u>	<u>\$ 10,863,409</u>

Accumulated depreciation and impairment

Balances at the beginning of 2022	\$ -	\$ (2,487,788)	\$ (669,705)	\$ (105,452)	\$ (18,666)	\$ -	\$ (3,281,611)
Depreciation expense	-	(187,745)	(139,731)	(3,986)	(1,010)	-	(332,472)
Disposals	-	25,306	5,656	-	-	-	30,962
Disposals of assets completely depreciated	-	-	101,323	25,724	192	-	127,239
Balance as of December 31, 2022	<u>-</u>	<u>(2,650,227)</u>	<u>(702,457)</u>	<u>(83,714)</u>	<u>(19,484)</u>	<u>-</u>	<u>(3,455,882)</u>



	Grounds	Buildings	Furniture and equipment	Computer equipment	Transport equipment	Construction in process	Total
Total net investment as of December 31, 2022	<u>\$ 2,423,054</u>	<u>\$ 3,710,948</u>	<u>\$ 484,100</u>	<u>\$ 11,615</u>	<u>\$ 5,293</u>	<u>\$ 76,309</u>	<u>\$ 6,711,319</u>
Depreciation expense	-	(219,252)	(148,040)	(5,204)	(2,292)	-	(374,788)
Disposals	-	-	5,727	29	120	-	5,876
Disposals by damage	-	7,831	33,173	-	62	-	41,066
Disposals of assets completely depreciated	<u>-</u>	<u>70,346</u>	<u>24,695</u>	<u>-</u>	<u>2,111</u>	<u>-</u>	<u>97,152</u>
Balance as of December 31, 2023	<u>-</u>	<u>(2,791,302)</u>	<u>(786,902)</u>	<u>(88,889)</u>	<u>(19,483)</u>	<u>-</u>	<u>(3,686,576)</u>
Total net investment as of December 31, 2023	<u>\$ 2,475,096</u>	<u>\$ 3,646,383</u>	<u>\$ 401,725</u>	<u>\$ 10,360</u>	<u>\$ 14,388</u>	<u>\$ 120,141</u>	<u>\$ 6,668,093</u>
Depreciation expense	-	(170,187)	(117,704)	(7,233)	(4,008)	-	(299,132)
Disposals	-	18,064	18,856	25	-	-	36,945
Disposals of assets completely depreciated	<u>-</u>	<u>977</u>	<u>21,479</u>	<u>7</u>	<u>220</u>	<u>-</u>	<u>22,683</u>
Balance as of December 31, 2024	<u>\$ -</u>	<u>\$ (2,942,448)</u>	<u>\$ (864,271)</u>	<u>\$ (96,090)</u>	<u>\$ (23,271)</u>	<u>\$ -</u>	<u>\$ (3,926,080)</u>
Total net investment as of December 31, 2024	<u>\$ 2,557,424</u>	<u>\$ 3,864,912</u>	<u>\$ 424,689</u>	<u>\$ 8,825</u>	<u>\$ 13,397</u>	<u>\$ 68,082</u>	<u>\$ 6,937,329</u>

The Entity's management is in talks with an independent third party to carry out the sale of certain properties; however, it is uncertain whether the sale of said properties will be completed within the next 12 months.

11. Entity as a lessee

The Entity leases three types of assets: computer equipment, vehicles and real property. In the case of computer equipment, the Entity applies the low value exception and continues to record the expenses as an operating lease. The average lease term for real estate is 10 years and 3 years for car leases.

During 2024, 2023 and 2022 there were new asset leases, as well as indexing updates to existing contracts resulting in the addition of usage rights assets for \$520,848, \$483,938, and \$270,659, respectively.

The analysis of the maturity of lease liabilities is presented in Note 16.

Right-of-use asset	Real property	Vehicles	Total
At the beginning of 2022	\$ 4,008,843	\$ 59,113	\$ 4,067,956
Additions	264,072	6,587	270,659
Disposals	<u>-</u>	<u>(2,734)</u>	<u>(2,734)</u>
As of December 31, 2022	4,272,915	62,966	4,335,881
Additions	439,539	36,666	476,205
Disposals	<u>-</u>	<u>(49,151)</u>	<u>(49,151)</u>
As of December 31, 2023	4,712,454	50,481	4,762,935
Additions	510,200	10,648	520,848
Disposals	<u>-</u>	<u>(9,493)</u>	<u>(9,493)</u>
As of December 31, 2024	<u>\$ 5,222,654</u>	<u>\$ 51,636</u>	<u>\$ 5,274,290</u>



Right-of-use asset	Real property	Vehicles	Total
Accumulated depreciation			
At the beginning of 2022	\$ (1,157,826)	\$ (43,521)	\$ (1,201,347)
Period movements	(457,882)	(12,258)	(470,140)
Disposals	<u>-</u>	<u>1,561</u>	<u>1,561</u>
As of December 31, 2022	(1,615,708)	(54,218)	(1,669,926)
Period movements	(483,525)	(11,649)	(495,174)
Disposals	<u>-</u>	<u>48,459</u>	<u>48,459</u>
As of December 31, 2023	(2,099,233)	(17,408)	(2,116,641)
Period movements	(478,005)	(16,467)	(494,472)
Disposals	<u>-</u>	<u>9,400</u>	<u>9,400</u>
As of December 31, 2024	<u>\$ (2,577,238)</u>	<u>\$ (24,475)</u>	<u>\$ (2,601,713)</u>
Value in books	Real Estate	Transport equipment	Total
As of December 31, 2024	<u>\$ 2,645,416</u>	<u>\$ 27,161</u>	<u>\$ 2,672,577</u>
As of December 31, 2023	<u>\$ 2,613,221</u>	<u>\$ 33,073</u>	<u>\$ 2,646,294</u>
As of December 31, 2022	<u>\$ 2,657,207</u>	<u>\$ 8,748</u>	<u>\$ 2,665,955</u>
Amounts recognized in consolidated statement of income	2024	2023	2022
Asset depreciation expense for usage rights	\$ 494,472	\$ 495,174	\$ 470,140
Financial expenses caused by the lease liability	309,035	279,680	293,402
Lease payments	741,268	698,316	692,692
Spending related to low-value asset leases	68,437	42,336	45,165
Loss will change to dollar contracts	320,703	(210,330)	(107,199)

The Entity has commitments of \$121,761, \$92,911 and \$73,407 as of December 31, 2024, 2023 and 2022, respectively, for leases of computer equipment considered low value.

The additions made during the periods 2024, 2023, and 2022 did not require cash flow.

12. Intangible Assets, Commissions from Membership Sales, and Other Asset

	2024	2023	2022
Kivac's, FAVC Access and FAVC 25th Edition sales commissions (a)	\$ 642,711	\$ 502,785	\$ 178,801
Expenditure on technology projects	168,628	190,669	213,668
Guarantee deposits	18,495	18,027	22,407
Development expenses and others	18,705	27,938	37,376
Other assets	<u>80,454</u>	<u>63,648</u>	<u>86,168</u>
	<u>\$ 928,993</u>	<u>\$ 803,067</u>	<u>\$ 538,420</u>



	2024	2023	2022
Amortizable Intangible Assets (b)	\$ 954,681	\$ 903,298	\$ 857,024
Amortization	<u>(767,349)</u>	<u>(684,691)</u>	<u>(605,980)</u>
	<u>\$ 187,332</u>	<u>\$ 218,607</u>	<u>\$ 251,044</u>

a. *Commissions from the Sale of Kívac, FAVC Access, and FAVC 25th Edition*

These correspond to all direct expenses related to the sale of Vacation Club memberships, mainly commissions pertaining to sales of the Kívac product and FAVC 25th Edition, recognized in the consolidated statement of comprehensive income once the service is provided.

As of December 31, 2024, 2023 and 2022, there is a portion of these commissions amounting to \$207,626, \$177,670 and \$213,135, respectively.

b. *Amortizable Intangible Assets*

Amortizable intangible assets are mainly comprised of expenses for technological projects, development expenses, and others. As of December 31, 2024, 2023, and 2022, the amortization is \$82,480, \$78,762 and \$75,704, respectively.

13. Supplier Financing Agreement

The Entity has credit lines contracted with the following banks: Banca Mifel, S.A., for an amount of \$55,000 with collateral of 1.0x, BBVA, S.A. for an amount of \$80,000 without collateral, and Monex S.A. for an amount of \$50,000 without collateral. The purpose of the credit lines is to carry out financial factoring transactions with suppliers with a maximum payment term of 90 days. For each financial factoring operation, interest is accrued by suppliers at a rate of THIE plus an above rate of between 300 and 350 basis points agreed between suppliers and financial institutions.

As of December 31, the amount of suppliers' invoices, which agreed to financial factoring, is as follows:

	2024	2023	2022
Banca Mifel, S.A.	\$ 55,000	\$ 75,000	\$ 100,000
BBVA Bancomer, S.A.	80,000	50,000	50,000
Monex S.A.	<u>50,000</u>	<u>30,000</u>	<u>-</u>
	<u>\$ 185,000</u>	<u>\$ 155,000</u>	<u>\$ 150,000</u>

Changes in liabilities subject to supplier financing arrangements are primarily attributable to additions resulting from purchases of goods and services and subsequent cash settlements. There were no significant non-cash changes in these liabilities.

In order to facilitate its suppliers' access to credit and facilitate prompt settlement, the Entity has entered into supplier financing arrangements that allow suppliers to obtain payment of invoiced amounts in advance of the invoice due date. The arrangements allow suppliers to obtain early settlement of their invoices. The Entity pays the banks full invoice amount on the scheduled payment date in accordance with the payment policy. Since the arrangements do not allow the Entity to provide financing to banks by paying them later than the Entity would have paid its suppliers, the Entity believes that the amounts payable to banks should be presented as part of accounts payable to suppliers. The Entity does not face significant liquidity risk as a result of its supplier financing arrangements, given the limited amount of liabilities subject to this arrangement. The Entity uses this payment scheme only to facilitate liquidity for suppliers who opt for early settlement, so it does not benefit significantly financially from it.



14. Short- and long-term debt

a. It is as follows:

	2024	2023	2022
US dollar-denominated:			
“Senior Notes 2027”, 4% - 8% step-up rate	\$ 7,540,952	\$ 6,297,640	\$ 7,343,598
Signed in Mexican pesos:			
Variable annual rate loan of THIE plus 150 points (d)	78,707	-	-
Loan, 9.175% annual fixed rate (c)	<u>-</u>	<u>100,533</u>	<u>133,794</u>
Total	7,619,659	6,398,173	7,477,392
Less - current portion	<u>18,000</u>	<u>100,533</u>	<u>33,830</u>
Long-term debt	<u>\$ 7,601,659</u>	<u>\$ 6,297,640</u>	<u>\$ 7,443,562</u>

The movements of the Debt are shown below:

Balance as of December 31, 2021	Debt payments	Debt provisions	Cancellation of senior notes	Exchange rate fluctuation	Balance as of December 31, 2022
<u>\$ 8,108,631</u>	<u>\$ (23,521)</u>	<u>\$ -</u>	<u>\$ (107,972)</u>	<u>\$ (499,746)</u>	<u>\$ 7,477,392</u>
Balance as of December 31, 2022	Debt payments	Debt provisions	Cancellation of senior notes	Exchange rate fluctuation	Balance as of December 31, 2023
<u>\$ 7,477,392</u>	<u>\$ (145,735)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (933,484)</u>	<u>\$ 6,398,173</u>
Balance as of December 31, 2023	Debt payments	Debt provisions	Cancellation of senior notes	Exchange rate fluctuation	Balance as of December 31, 2024
<u>\$ 6,398,173</u>	<u>\$ (189,856)</u>	<u>\$ 90,000</u>	<u>\$ -</u>	<u>\$ 1,321,342</u>	<u>\$ 7,619,659</u>

The maturities of the long-term debt as of December 31, 2024, are as follows:

Payable during	Thousands of American dollars	Thousands of Mexican pesos
2026	-	\$ 61,500
2027	US\$ 380,700	7,716,142
Less - debt issuance costs		<u>(175,983)</u>
		<u>\$ 7,601,659</u>



- b. On December 9, 2021, the US New York State Court approved the Issuer's restructuring plan, and on December 15, the Entity restructured its debt known as Senior Notes due December 30, 2027, for a total amount of US\$398,581,321, consisting of US\$392,605,000 plus 4% per annum on the principal of US\$5,976,321 for the period from August 1 to December 15, 2021. The Senior Notes Due 2022 became unpaid. Initially, a total of US\$360,891,000 of Notes corresponding to the Senior Notes due June 2022 were exchanged, and the remaining balance of US\$31,714,000 was to be exchanged no later than June 15, 2022. Pursuant to the rules of the approved restructuring plan, US\$26,850,570 of Senior Notes due 2027 were subscribed for on June 30, 2022, corresponding to holders of Senior Notes Due 2022 who submitted an exchange request before June 14. Of these, US\$6,598,938 were sold to non-qualified holders, a process that concluded on July 25. Due to the failure to submit the required information during the Chapter 11 proceedings of the U.S. Bankruptcy Code in December 2021 and in the second instance before June 14, 2022, the 2027 Senior Notes in the amount of US\$5,346,298 were definitively canceled. The outstanding balance of the "Senior Notes Due 2027" at that date was US\$393,235,022. After certain repurchases and cancellations of securities by the Entity, the outstanding balance of the "Senior Notes Due 2027" as of December 31, 2024, amounts to US\$380,700,000. This liability is long-term. As part of this agreement, certain conditions were modified with respect to the previous debt, establishing a staggered interest payment schedule starting at 4% per year for year one, 5% for year two, 7% for years three and four, and 8% for years five and six. Additionally, for years one and two, 50% of the interest can be capitalized at a rate of 6% and 7%, respectively, for the capitalizable portion, which is at the Issuer's option. Until December 15, 2021, the holders of the 2022 Senior Notes Due did not meet the principal payment deadline in advance, nor did they exercise their collection rights for accrued interest plus default interest outstanding as of July 31, 2021, and December 31, 2020, amounting to \$413,553 and \$724,019, respectively. Therefore, once the restructuring became effective and as a result, the Entity settled the liability, and its effect is presented in the consolidated statement of income and other comprehensive income, under the heading of net extraordinary income.

The Entity pledged the majority of its assets and the receivables from its vacation club business as part of the guarantee for the benefit of bondholders of the Senior Notes Due 2027. These assets, which were contributed to a Guarantee and Administration Trust, consist of the three-property complex comprising the Fiesta Americana Reforma hotel, the properties comprising the Fiesta Americana Guadalajara hotel, and the following properties used for the vacation club business: Grand Fiesta Americana Los Cabos, Live Aqua Residence Club Los Cabos, Fiesta Americana Acapulco, Fiesta Americana Cozumel, Fiesta Americana Cancún, Explorean Kohunlich, and 16 condos known as Nima Bay located in Puerto Vallarta, as well as the receivables from the vacation property business. Additionally, the following subsidiaries are guarantors of the Senior Notes: Posadas USA, Inc., Soluciones de Lealtad, S. A. de C. V., Kohunlich Adventures, S. A. de C. V., Operadora del Golfo de México, S. A. de C. V., Administradora Profesional de Hoteles, S. A. de C. V., Dirección Estratégica Posadas, S. A. de C. V., Desarrollo Arcano, S. A. de C. V., and PSDS Operadora del Caribe, S. R. L. Likewise, a Pledge Agreement was entered into between the Entity as the pledgee debtor and Banco Nacional de México, S.A., a member of the Banamex Financial Institution, Trust Division, as the pledgee, creating a pledge over the Entity's rights in the bank accounts where the Entity receives payments from the receivable portfolio of the vacation property business. During 2022, a pledge agreement was entered into over the trustee rights arising from the Entity's participation in the Acapulco Diamante project.

- c. The most significant restrictions and obligations contained in debt agreements as of December 31, 2024, prohibit the Entity from:
- Incur in additional indebtedness.
 - Granting guarantees
 - Making certain restricted payments or investments.
 - Selling assets are over US\$1,000,000.
 - Paying dividends
 - Making certain intercompany transactions.
 - Merging with other companies.



As of December 31, 2024, 2023, and 2022, the restrictions and covenants are not to do of the Senior Notes 2027 has been complied with.

- d. On June 22, 2017, a subsidiary of the Entity contracted a fiduciary-secured loan (on credit card collections at the Fiesta Americana Mérida hotel) with Banamex for \$210,000 at an annual fixed of 9.175%, maturing in June 2024. This loan was repaid in advance in May 2024.
- e. On May 10, 2024, a subsidiary of the Entity contracted a mortgage-backed loan (on the Fiesta Americana Mérida hotel) with Scotiabank for \$113,000, with \$90,000 withdrawn on May 22, 2024, at a TIIE rate plus 150 basis points, maturing in May 2027.

At the end of 2024, 2023, and 2022, the Entity recorded \$192,559, \$211,376, and \$184,904 of restricted cash within its cash equivalents balance, as described in Note 6.

- f. Below is detail of key financial items of the Entity and the subsidiary guarantors of the “Senior Notes 2027”:

	2024		2023		2022	
	Guarantors	Total consolidated	Guarantors	Total consolidated	Guarantors	Total consolidated
Total Revenue	\$ 9,027,838	\$ 9,310,869	\$ 8,918,520	\$ 9,209,256	\$ 8,826,517	\$ 9,077,990
Depreciation, amortization and impairment	846,966	875,524	928,740	958,563	854,336	884,712
Lease expense	31,649	31,649	22,633	22,633	14,482	14,482
Consolidated (loss) income	(179,110)	(158,681)	994,030	1,017,901	211,321	222,740
Total Assets	22,101,546	22,890,153	19,490,067	20,284,623	19,110,122	19,913,655
Total liabilities	\$ 18,532,300	\$ 18,656,103	\$ 15,846,543	\$ 15,982,523	\$ 16,511,279	\$ 16,693,773

15. Income taxes

The standard income tax rate applied to the reported tax income is 30% for 2024, 2023 and 2022, respectively.

Taxation in the United States of America - The subsidiary that operated in that country was subject to income taxes at a rate of 21%.

Taxation in the Dominican Republic – The subsidiary that operated in that country was subject to income taxes at a rate of 27%.

- a. Income tax expense recognized in profit or loss:

	2024	2023	2022
Current tax-			
Current income tax ^{(1) (2)}	\$ 4,917	\$ -	\$ 1,347
Income tax previous years	4,119	8,500	36,546
	9,036	8,500	37,893
Deferred income tax	(388,542)	64,020	292,179
Deferred income tax Other			
comprehensive income	8,786	1,366	-
	(379,756)	65,386	292,179
Total income tax	\$ (370,720)	\$ 73,886	\$ 330,072



- (1) Income tax for fiscal years 2024 and 2022 of \$1,881 and \$1,347, respectively, generated by PSDS Operadora del Caribe, S.R.L., a subsidiary of the Entity in the Dominican Republic.
- (2) In 2024, Posadas USA, Inc., a subsidiary of the Entity, reflects a taxable income tax of \$3,036 for the fiscal year.

- b. The reconciliation of the legal income tax rate and the effective rate expressed as a percentage of profit (loss) before income taxes are:

	2024 %	2023 %	2022 %
Statutory Rate	30%	30%	30%
(Less) Plus:			
Non-deductible Expenses	(38)	10	23
Annual inflation adjustment	(8)	(1)	10
Movements of Tax Losses	9	(19)	(25)
Income Tax from			
Deconsolidation	-	1	7
Others	<u>77</u>	<u>(13)</u>	<u>(16)</u>
Effective rate	<u>70</u>	<u>7</u>	<u>60</u>

- c. The main items originating the balance of the deferred ISR asset (liability) as of December 31, are:

	2024	2023	2022
Notes receivable	\$ (1,388,802)	\$ (1,309,827)	\$ (1,371,230)
Allowance for doubtful accounts	115,515	135,288	180,594
Vacation Club inventory	(110,928)	(88,763)	(56,874)
Property and equipment	(539,107)	(496,376)	(525,052)
Intangible assets, sold			
memberships commissions and			
other assets, net	(75,264)	(79,699)	(162,061)
Operating reserves and deferred			
income	1,344,787	1,003,349	699,887
Tax loss carryforwards reserve	753,178	912,221	1,499,086
Exchange losses and interest			
pending deduction	203,234	121	118
Right-of-use assets - net	180,440	65,535	105,465
Unrealized exchange rate			
fluctuation (e)	<u>-</u>	<u>-</u>	<u>(134,141)</u>
Deferred ISR active	<u>\$ 483,053</u>	<u>\$ 141,849</u>	<u>\$ 235,792</u>

As a result of the change in the accounting policy for real estate valuation, the effect on deferred income tax assets and other comprehensive income within stockholders' equity for 2024, 2023, and 2022 was \$(47,338), \$(29,925), and \$(842,086).

- d. The benefits from unrealized tax losses for which the deferred income tax asset has already been partially recognized can be recovered by meeting certain requirements. As of December 31, 2024, 2023, and 2022, unrealized tax losses amounted to \$2,613,338, \$3,142,578, and \$5,116,581, respectively. As of December 31, 2024, 2023, and 2022, the Entity has decided not to recognize a deferred tax asset for unrealized tax losses for which it is unlikely that they will be utilized before maturity. These amounts amounted to \$102,746, \$101,845, and \$119,627, respectively.



- e. As a result of the conclusive agreement reached between Grupo Posadas and the General Administration of Large Taxpayers of the Tax Administration Service, carried out during the latter's review for the close of fiscal year 2016, it was agreed to regularize the results for said fiscal year, accumulating the amount of \$409,400 in deferred exchange gains, thereby reducing the company's deferred income tax. This gain was amortized against tax losses from prior fiscal years.
- f. Tax loss carryforwards.

Expiration dates and restated amounts of tax loss carryforwards as of December 31, 2024, are:

Year	Amount
2025	\$ 305,878
2026	14,356
2027	9,374
2028	17,689
2029	584,373
2030	1,637,655
2031	12,277
2032	16,854
2033	10,674
2034	4,208
	<u>\$ 2,613,338</u>

- g. Tax credits

As a result of various agreements with the Tax Administration Service (SAT) entered into in April 2017, the Entity recognized a current portion of the income tax provision payable as of December 31, 2022, amounting to \$412,162, which was settled in 2023.

16. Lease liabilities

	2024	2023	2022
Circulating	\$ 490,920	\$ 419,862	\$ 424,501
Not circulating	<u>2,783,124</u>	<u>2,444,881</u>	<u>2,593,003</u>
Lease liabilities	<u>\$ 3,274,044</u>	<u>\$ 2,864,743</u>	<u>\$ 3,017,504</u>

Maturity Analysis:

	2024	2023	2022
Year 1	\$ 770,077	\$ 675,530	\$ 678,150
Year 2	703,582	658,641	617,783
Year 3	608,983	597,608	590,227
Year 4	577,565	510,115	539,645
Further	<u>1,841,657</u>	<u>1,623,098</u>	<u>1,839,474</u>
Less: not accrued interest	<u>(1,227,820)</u>	<u>(1,200,249)</u>	<u>(1,247,775)</u>
Total lease liabilities	<u>\$ 3,274,044</u>	<u>\$ 2,864,743</u>	<u>\$ 3,017,504</u>



The discount rate consists of the U.S. Treasury rate, increased by a spread according to the Entity's rating in effect at the beginning of each lease, and adjusted by the real estate guarantee, in the case of real estate. For leases of properties containing term renewal options, the Entity considers on a case-by-case basis whether it will exercise the option to renew at the end of the initial compulsory period, based on the economic benefits it expects to obtain.

17. Short-term and long-term deferred income for Vacation Club

	2024	2023	2022
Short-term deferred income from Vacation Club:			
Income to be amortized from FAVC			
Access contracts	\$ 644,420	\$ 456,450	\$ 507,276
Revenue to be made by Kivac contracts	21,918	175,891	345,692
Income to be recognized from FAVC			
25th Edition contracts	68,772	15,522	-
Income to be amortized from maintenance fees	444,900	372,436	406,599
Income to be amortized from club fees	<u>99,436</u>	<u>84,996</u>	<u>91,443</u>
	<u>\$ 1,279,446</u>	<u>\$ 1,105,295</u>	<u>\$ 1,351,010</u>
Long-term deferred income from Vacation Club:			
Income to be amortized from FAVC			
Access contracts	\$ 1,887,682	\$ 1,428,929	\$ 425,558
Income to be recognized from Kivac contracts	31,319	106,346	290,006
Income to be recognized from FAVC			
25th Edition contracts	<u>385,769</u>	<u>238,945</u>	<u>-</u>
	<u>\$ 2,304,770</u>	<u>\$ 1,774,220</u>	<u>\$ 715,564</u>

18. Employee benefits and other accrued liabilities

	2024	2023	2022
Employee Benefits	\$ 356,599	\$ 295,152	\$ 265,944
Other accumulated liabilities	<u>34,319</u>	<u>26,438</u>	<u>31,067</u>
	<u>\$ 390,918</u>	<u>\$ 321,590</u>	<u>\$ 297,011</u>

19. Employee benefit plans

The Entity sponsors funded defined benefit plans for qualifying employees. These defined benefit plans are managed by a fund that is legally separate from the Entity. The pension fund is administered by Valmex based on predefined investment profile criteria. There is a Pension Fund Management Committee that defines the fund's statutes for qualifying employees. The Management Committee is responsible for setting investment criteria in relation to the plan's assets.



The entity manages a plan that also covers seniority premiums, consisting of a one-time payment of 12 days for each year worked on the basis of the last salary, limited to twice the minimum wage established by law. The relative liability and annual cost of benefits are calculated per independent actuary according to the basis defined in the plans, using the projected unit credit method.

The Entity manages defined benefit plans for employees who qualify in the Entity and its subsidiaries.

According to these plans, employees are entitled to retirement benefits that range from 40% to 45% of the final salary upon reaching the retirement age of 65, in addition, there is an option for early retirement under certain conditions. No other post-retirement benefits are provided.

The defined benefit plans do not require contributions from employees.

The plans typically expose the Entity to actuarial risks such as: investment risk, interest rate risk, longevity risk, and salary risk.

<i>Investment risk</i>	The present value of the defined benefit plan liability is calculated using a discount rate that is determined based on the yields of the high-quality corporate bonds; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estate. Due to the long-term nature of the plan liabilities, the board of the pension fund considers appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.
<i>Interest risk</i>	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments
<i>Longevity risk</i>	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
<i>Salary risk</i>	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of the plan's assets and the present value of the defined benefit obligation were carried out as of December 31, 2024, by independent actuaries. The present value of the defined benefit obligation, the current service cost, and the past service cost were calculated using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2024 %	2023 %	2022 %
Discount rate(s)	10.25	9.70	9.45
Expected rate(s) of salary increase	5.00	5.00	5.00
Other (<i>Applies for males and females</i>)	Early retirement 60 years age and 20 years of service Normal retirement 65 years age		



Amounts recognized in comprehensive income in regard to these defined benefit plans are as follows:

	2024	Seniority Premium 2023	2022
Service cost:			
Current services cost:	\$ 10,964	\$ 10,718	\$ 10,475
Net interest expense	<u>8,210</u>	<u>7,513</u>	<u>6,000</u>
Defined benefit cost portions in earnings	<u>\$ 19,174</u>	<u>\$ 18,231</u>	<u>\$ 16,475</u>
	2024	Pension plan 2023	2022
Service cost:			
Current services cost:	\$ 13,921	\$ 12,800	\$ 14,203
Net interest expense	<u>23,298</u>	<u>19,723</u>	<u>17,941</u>
Defined benefit cost portions in earnings	<u>\$ 37,219</u>	<u>\$ 32,523</u>	<u>\$ 32,144</u>
Total of defined benefit plan recognized in income	<u>\$ 56,393</u>	<u>\$ 50,754</u>	<u>\$ 48,619</u>
	2024	Seniority Premium 2023	2022
Remeasurement of the net defined benefit liability:			
Actuarial (gains) and losses arising from changes in financial assumptions	\$ 17,066	\$ (5,193)	\$ (9,106)
Actuarial (gains) and losses arising from experience adjustments	<u>5,307</u>	<u>(6,846)</u>	<u>(4,256)</u>
Defined benefit cost items recognized in other comprehensive income	<u>\$ 22,373</u>	<u>\$ (12,039)</u>	<u>\$ (13,362)</u>
	2024	Pension plan 2023	2022
Remeasurement of the net defined benefit liability:			
Actuarial (gains) and losses arising from changes in financial assumptions	\$ (9,311)	\$ (4,096)	\$ (28,410)
(Gains)/actuarial losses arising from pas adjustments	17,855	19,470	16,758
Actuarial (gains) and losses arising from experience adjustments	<u>(1,631)</u>	<u>1,219</u>	<u>5,600</u>
Defined benefit cost items recognized in other comprehensive income	<u>\$ 6,913</u>	<u>\$ 16,593</u>	<u>\$ (6,052)</u>
Total of defined benefit plan recognized in other comprehensive income	<u>\$ 29,286</u>	<u>\$ 4,554</u>	<u>\$ (19,414)</u>



The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the statements of financial position arising from the Entity's obligation with respect to its defined benefit plans is \$356,599, \$295,152, and \$265,944, as of December 31, 2024, 2023, and 2022, respectively.

Movements in the present value of the defined benefit obligation in the period:

	2024	Seniority Premium 2023	2022
Opening balance defined benefit obligation	\$ 88,241	\$ 82,402	\$ 79,858
Current service cost	10,964	10,718	10,475
Past service cost losses	213	41	(23)
Interest cost	8,210	7,513	6,000
Remeasurement (gains) losses:			
Actuarial (gains) and losses arising from changes in financial assumptions	17,066	(5,193)	(9,106)
Actuarial (gains) and losses arising from experience adjustments	5,307	(6,846)	(4,256)
Liabilities assumed in a business combination	-	-	-
Benefits paid	<u>(7,272)</u>	<u>(394)</u>	<u>(546)</u>
Defined benefit obligation total before present value	<u>\$ 122,729</u>	<u>\$ 88,241</u>	<u>\$ 82,402</u>

Movements in present value of the plan assets in the period:

	2024	Seniority Premium 2023	2022
Contributions from the employer	\$ 7,272	\$ 394	\$ 546
Benefits paid	<u>(7,272)</u>	<u>(394)</u>	<u>(546)</u>
Total plan assets at fair value	<u>-</u>	<u>-</u>	<u>-</u>
Closing balance defined benefit obligation	<u>\$ 122,729</u>	<u>\$ 88,241</u>	<u>\$ 82,402</u>

Movements in the present value of defined benefit obligation in the period:

	2024	Pension plan 2023	2022
Opening balance defined benefit obligation	\$ 251,929	\$ 213,879	\$ 250,667
Current service cost	13,921	12,800	14,203
Interest cost	23,298	19,723	17,941
Remeasurement (gains)/losses:			
Actuarial gains and losses arising from changes in financial assumptions	(9,311)	(4,096)	(28,410)



	2024	Pension plan 2023	2022
Actuarial gains and losses arising from experience adjustments	17,855	19,470	16,758
Cost of past services including (losses/gains) for adjustments	1,518	1,234	(385)
Past services reduction		(6,959)	(6,549)
Benefits paid	<u>(13,375)</u>	<u>(4,143)</u>	<u>(50,346)</u>
Defined benefit obligation total before present value	<u>\$ 285,835</u>	<u>\$ 251,908</u>	<u>\$ 213,879</u>

Movements in present value of the plan assets in the period:

	2024	Pension plan 2023	2022
Opening fair value of plan assets	\$ 44,997	\$ 30,337	\$ 81,348
Interest income	3,225	2,522	4,934
Remeasurement (gains)/losses:			
The return on plan assets (excluding amounts included in net interest expense)	1,631	(1,219)	(5,599)
Contributions from the employer	15,487	17,500	-
Benefits paid	<u>(13,375)</u>	<u>(4,143)</u>	<u>(50,346)</u>
Total plan assets at fair value	<u>\$ 51,965</u>	<u>\$ 44,997</u>	<u>\$ 30,337</u>
Closing defined benefit obligation	<u>\$ 233,870</u>	<u>\$ 206,911</u>	<u>\$ 183,542</u>
Defined benefit obligation total as of December 31	<u>\$ 356,599</u>	<u>\$ 295,152</u>	<u>\$ 265,944</u>

The significant actuarial assumptions for the determination of the defined obligation are the discount rate, the expected wage increase and mortality. The rest of the revelations were considered to be insignificant.

The balance of defined benefit obligations, which will not be subsequently reclassified to income, and which are presented within accumulated comprehensive income in the consolidated statements of changes in stockholders' equity for the years 2024, 2023, and 2022, was \$(4,736), \$15,764, and \$18,952, respectively.

20. Financial instruments

a. *Classes and categories of financial instruments and their reasonable values.*

The following table combines information about:

- Classes of financial instruments based on their nature and characteristics
- The book values of financial instruments;
- Reasonable values of financial instruments (except financial instruments when the book value approaches Fair Value Measurement their market value); and
- The levels of the Fair Value Measurement equity hierarchy of the financial assets and liabilities for which Fair Value Measurement the market was disclosed.



The levels of the hierarchy from Fair Value Measurement 1 to 3 are based on the degree to which Fair Value Measurement the item is observable:

- Level 1: Fair Value Measurement the measurements of the market are those derived from quoted (unadjusted) prices on active markets, for identical assets or liabilities;
- Level 2: Level Fair Value Measurement 2 measurements are those derived from inputs other than the listed prices included in Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as price derivatives); and
- Level 3: Fair Value Measurement level 3 metric measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (non-observable entries).

The entity is exposed to market risks (including interest rate risk and exchange rate risks), credit risk, and liquidity risk, which are all managed centrally.

b. *Capital risk management*

The Entity manages its capital to ensure that it will continue as a going concern, while striving to maximize the return to stockholders through the optimization of debt and equity structure. During 2024 overall strategy of the entity has not changed compared to 2023 and 2022.

The Entity analyzes the capital structure for each project independently, in order to minimize the risk for the Entity and optimize stockholder returns.

The Entity's Management reviews net debt and accrued interest monthly, as well as its relationship to EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization). This is done when presenting financial projections as part of the business plan to the Entity's Board of Directors and shareholders.

The Entity is incorporated as a S.A.B. de C.V., in accordance with the Securities Market Law and the General Law of Companies.

Debt index

The debt index at the end of the reporting period was as follows:

	2024	2023	2022
Debt (i)	\$ 7,619,659	\$ 6,398,173	\$ 7,477,392
Leasing	3,274,044	2,864,743	3,017,504
Cash, banks and investments in securities	<u>2,602,366</u>	<u>1,841,210</u>	<u>1,938,933</u>
Net debt	<u>8,291,337</u>	<u>7,421,706</u>	<u>8,555,963</u>
Stockholders' equity (ii)	<u>\$ 4,234,050</u>	<u>\$ 4,302,100</u>	<u>\$ 3,219,882</u>
Net debt-to-equity index	<u>1.96</u>	<u>1.73</u>	<u>2.66</u>

(i) Debt is defined as short- and long-term borrowings in national and foreign currency, as described in Note 14.

(ii) Stockholders' equity includes all capital stock and reserves that are managed as capital.



c. **Categories of financial instruments**

	2024	2023	2022
Financial Assets:			
Cash	\$ 137,616	\$ 217,317	\$ 120,246
Cash equivalents	2,464,750	1,623,893	1,818,687
Accounts and notes receivable	8,523,115	7,544,430	7,232,347
Financial liabilities:			
Trade accounts payable	\$ 760,510	\$ 634,060	\$ 775,160
Debt	7,795,642	6,617,560	7,749,186
Other liabilities and accrued expenses	1,234,822	1,192,421	1,048,735
Lease liabilities	3,274,044	2,864,743	3,017,504

d. **Market risk**

The Entity's activities primarily expose it to financial risks related to exchange rate fluctuations. There have been no changes in the Entity's exposure to market risks or in the way these risks are managed and valued.

e. **Exchange risk management**

The Entity considers the risk to be material because, as of December 31, 2024, 99% of its total debt is in US dollars. Considering the net monetary position in US dollars as of December 31, 2024, a 10% depreciation of the Mexican peso against the US dollar would result in a foreign exchange loss in the Entity's results and stockholders' equity of approximately \$324,098. Currently, the Entity has no derivative financial instruments to hedge exchange rate volatility risks.

The current exchange rates in Mexican pesos are as follows:

	December 31			February 26
	2024	2023	2022	2025
Mexican pesos per US dollar	\$ 20.2683	\$ 16.8935	\$ 19.3615	\$ 20.4683

f. **Interest rate risk management**

The Entity has little exposure to market risks related to interest rate fluctuations, since as of December 31, 2024, its debt accrues interest at fixed and tiered fixed rates, so an increase in these rates would not increase the risk at the expected maturity date. Only 1% of the debt is contracted at a variable rate referenced to the THIE.

g. **Credit risk management**

Credit risk refers to the risk that the counterparties will default on their contractual obligations, resulting in a loss for the Entity. The Entity's principal credit risk stems from cash and cash equivalents, investments in securities and accounts and notes receivable.



The Entity has a policy of maintaining cash and cash equivalents only with recognized, prestigious institutions with a high credit rating. Additionally, investments are limited to instruments with high credit quality. In the case of accounts and notes receivable, the credit risk mainly stems from the Vacation Club portfolio; otherwise, the respective guarantees are obtained in accordance with established credit policies.

The maximum exposure to credit risk is represented by the amounts shown in the consolidated statement of financial position.

h. **Liquidity risk management**

During 2021 and 2020, due to the drop in revenues due to the COVID-19 pandemic, a liquidity risk materialized due to the Entity's short-term debt. On December 9, 2021, the restructuring plan was approved by the New York City court, and on December 15, 2021, said plan was executed with the holders of Senior Notes Due 2022. The Entity's main sources of liquidity have been cash flows from operating activities, mainly from operating income from owned and leased hotels, administrative income, the sale and financing of Vacation Club memberships, items that were affected by the COVID-19 pandemic, the proceeds from the sale of non-strategic assets, and financing used to bridge certain payments that needed to be made in the first quarter of 2021, such as the eighth annual income tax loan. In October, it was liquidated before maturity with the proceeds from the aforementioned asset sale. In 2022, revenue recovered 23% year-over-year and increased cash flow generation from operations, with a cash balance of \$1,938, similar to that of 2021. This was after paying the two semi-annual interest installments (payments in June and December 2022) on the Senior Notes due 2027 in cash. In 2023, revenue recovered 23% year-over-year and increased cash flow generation from operations, with a cash balance of \$1,841, a comparable amount \$108 million higher than that of 2022. This was after paying the two semi-annual interest installments (payments in June and December 2023) on the Senior Notes due 2027 in cash, adjusting the end-of-period exchange rate, and repurchasing US\$7.5 million in senior notes. In 2024, there was increased cash flow generation from operations, with a cash balance of \$2,602,366, 41% higher than that recorded in 2023. This was after paying the two semi-annual interest payments (in June and December 2024) on the Senior Notes due in 2027, adjusting the end-of-period exchange rate, repurchasing the 2027 Senior Notes with cash flow implications of US\$4.6 million, and receiving \$330,000 in compensation for Hurricane Otis.

As of December 31, 2022	Interest rate average effective weighted	3 months	6 months	1 year	Between 1 and 3 years	More than 3 years	Total
Debt	4.1%USD /						
Suppliers	9.175%MN	\$ 18,739	\$ 201,309	\$ 228,919	\$ 1,300,114	\$ 8,295,612	\$ 10,044,693
Leasing		775,160	-	-	-	-	775,160
Other liabilities and accrued expenses		167,849	163,181	316,624	1,189,788	1,928,151	3,765,593
		<u>1,048,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,048,735</u>
Total		<u>\$ 2,010,483</u>	<u>\$ 364,490</u>	<u>\$ 545,543</u>	<u>\$ 2,489,902</u>	<u>\$ 10,223,763</u>	<u>\$ 15,634,181</u>
As of December 31, 2023	Interest rate average effective weighted	3 months	6 months	1 year	Between 1 and 3 years	More than 3 years	Total
Debt	4%USD /						
Suppliers	9.175%MN	\$ 19,355	\$ 323,036	\$ 239,228	\$ 1,022,676	\$ 7,100,699	\$ 8,704,994
Leasing		634,060	-	-	-	-	634,060
Other liabilities and accrued expenses		171,296	167,928	335,413	1,258,290	2,128,692	4,061,619
		<u>1,192,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,192,421</u>
Total		<u>\$ 2,017,132</u>	<u>\$ 490,964</u>	<u>\$ 574,641</u>	<u>\$ 2,280,966</u>	<u>\$ 9,229,391</u>	<u>\$ 14,593,094</u>



As of December 31, 2024	Interest rate average effective weighted	3 months	6 months	1 year	Between 1 and 3 years	More than 3 years	Total
	7.364% USD / TIIE +1.50 pb MN						
Debt		\$ 20,046	\$ 276,742	\$ 299,470	\$ 9,079,027	\$ 15,124	\$ 9,690,409
Suppliers		760,510	-	-	-	-	760,510
Leasing		202,386	189,643	378,509	1,315,435	2,417,703	4,503,676
Other liabilities and accrued expenses		<u>1,234,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,234,822</u>
Total		<u>\$ 2,217,764</u>	<u>\$ 466,385</u>	<u>\$ 677,979</u>	<u>\$ 10,394,462</u>	<u>\$ 2,432,827</u>	<u>\$ 16,189,417</u>

The amounts included as Debt accrue interest at a fixed rate. The Entity expects to fulfill its obligations with the cash flows from operations and any resources received from the maturity of financial assets.

i. ***Fair value of financial instruments:***

Valuation techniques and assumptions applied to determine fair value - The fair value of the financial assets and liabilities is determined as follows:

- The fair value of the financial assets and liabilities with standard terms and conditions, and negotiated in active liquid markets, are determined based on the prices quoted in the market.
- The fair value of the other assets and liabilities is determined in accordance with generally accepted price determination models, which are based on the analysis of discounted cash flows.

Fair value of financial assets and liabilities - Except as noted below, management believes that the carrying amount of financial assets (including investments in securities) and liabilities recorded at amortized cost in the consolidated statements of financial position approximates their fair value, given their short-term nature.

As of December 31, 2024, 2023, and 2022, the fair value of Club Vacacional's long-term notes receivable amounts to \$3,157,228, \$3,377,893, and \$3,530,770, respectively, which is higher than their carrying amount. To measure the fair value of these notes receivable, the Entity employs a present value technique using a discount rate. This is done through the use of a (zero) government bond interest rate curve. This curve is obtained from the comprehensive pricing provider "PiP."

The financial instruments measured after the initial recognition to Fair Value Measurement TASs, grouped at level 1, are those derived from quoted (unadjusted) prices in active markets for identical assets or liabilities, the Fair Value Measurement long-term debt is as follows:

	2024	2023	2022
Thousands of US dollars:			
Senior Notes 2027	<u>US\$ 345,634</u>	<u>US\$ 324,567</u>	<u>US\$ 304,861</u>
Thousands of Mexican pesos			
Senior Notes 2027	<u>\$ 7,005,408</u>	<u>\$ 5,483,065</u>	<u>\$ 5,899,565</u>
Scotiabank Inverlat	<u>\$ 64,495</u>	<u>\$ -</u>	<u>\$ -</u>
Banamex	<u>\$ -</u>	<u>\$ 85,730</u>	<u>\$ 113,002</u>



As of December 31, 2024, a portion of the Entity's revenues, approximately 30%, have been denominated either directly or indirectly in US dollars. This is due to the fact that room rates at beach hotels (primarily in Cancún and Los Cabos) are denominated in US dollars, and also because, historically, a portion of sales and financing of Vacation Club memberships have been denominated in US dollars.

Because a portion of its revenues are denominated directly or indirectly in U.S. dollars, and to minimize exposure to peso-denominated interest rates, the Bank's policy has been to maintain a significant portion of its debt in U.S. dollars. This has been achieved through borrowing in dollars when market conditions permit.

21. Stockholders' equity

- a. As of December 31, stockholders' equity is comprised of the following nominal shares:

	Number of shares 2024, 2023 and 2022
Authorized capital	
Less:	512,737,588
Repurchase of shares	<u>(16,855,600)</u>
	<u>495,881,988</u>

- b. As of 31 December 2024, 2023 and 2022, the share capital is composed solely of Series "A" ordinary stocks, representative of fixed capital, free-to-subscribe.
- c. The Ordinary General Assemblies of April 18, 2024, March 28, 2023, and April 5, 2022 resolved to maintain the maximum amount of resources for the purchase of own shares at the \$535,000.
- d. As of December 31, 2024, 2023, and 2022, the reserve fund is presented in the accumulated results and amounts to \$99,187 (at nominal value), representing 20% of the nominal share capital. This fund cannot be distributed to shareholders except in the form of stock dividends.
- e. Stockholders' equity, except for restated paid-in capital and tax retained earnings, will be subject to ISR payable by the Entity at the rate in effect upon distribution. Any tax paid on such distribution may be credited against annual and estimated ISR of the year in which the tax on dividends is paid and the following two fiscal years.

Dividends paid from profits generated from January 1, 2014, to residents in Mexico and residents abroad, could be excisable of an additional profit income (ISR) of to 10%, which must be retained by the Entity.

The following are the accumulated earnings that could be subject to withholding up to 10% ISR on distributed dividends:

Year	Amount that could be subject to withholding	Amount not subject to withholding
Retained earnings as of December 31, 2013	\$ -	\$ 4,980,552



22. Balances and transactions in foreign currency

The significant monetary position in foreign currencies as of December 31 is:

	2024	2023	2022
Thousands of US dollars:			
Circulating:			
Monetary assets	147,775	109,718	98,216
Monetary liabilities	<u>(24,209)</u>	<u>(21,165)</u>	<u>(93,533)</u>
	123,566	88,552	74,683
Long term:			
Monetary assets	84,098	81,369	49,300
Monetary liabilities	<u>(457,425)</u>	<u>(450,029)</u>	<u>(463,637)</u>
	<u>(373,327)</u>	<u>(368,660)</u>	<u>(414,337)</u>
Net liability position	<u>(249,761)</u>	<u>(280,107)</u>	<u>(339,653)</u>
Equivalent in thousands of Mexican pesos	<u>\$ (5,062,222)</u>	<u>\$ (4,731,994)</u>	<u>\$ (6,576,198)</u>

Foreign currency transactions entered by entities located in Mexico are mainly income from hotel operations, certain sales of Vacation Club memberships and interest expenses.

23. Revenue, cost of sales, and operating expenses

a. Revenue:

	2024	2023	2022
Hotel operation	\$ 3,417,735	\$ 3,225,454	\$ 2,908,951
Vacation Club	3,863,382	4,079,012	4,507,159
Management fee, brand and other expenses	<u>2,029,752</u>	<u>1,904,790</u>	<u>1,661,880</u>
	<u>\$ 9,310,869</u>	<u>\$ 9,209,256</u>	<u>\$ 9,077,990</u>

b. Cost of Sales:

	2024	2023	2022
Hotel operation	\$ 1,733,071	\$ 1,606,864	\$ 1,443,591
Vacation Club	3,391,138	3,470,824	3,840,031
Management fee, brand and other expenses	<u>978,892</u>	<u>985,334</u>	<u>991,756</u>
	<u>\$ 6,103,101</u>	<u>\$ 6,063,022</u>	<u>\$ 6,275,378</u>

c. Administrative expenses:

	2024	2023	2022
Salaries, employee benefits and others	\$ 456,941	\$ 435,366	\$ 503,710
PTU	74,705	219,654	138,298
Electricity	168,818	159,794	149,458
Maintenance	103,445	104,738	98,951
Professional fees	130,449	89,843	78,400
Credit card commissions	56,229	51,858	47,635



	2024	2023	2022
Property taxes and duties	41,465	33,496	32,003
Office rentals	4,370	4,352	4,321
Insurance and bonds	18,705	18,825	16,999
Services and supplies	14,557	13,023	9,403
Equipment leasing	813	910	930
Others	<u>46,581</u>	<u>49,386</u>	<u>25,440</u>
	<u>\$ 1,117,078</u>	<u>\$ 1,181,245</u>	<u>\$ 1,105,548</u>

d. **Sales and development expenses:**

	2024	2023	2022
Marketing and publicity	\$ 110,981	\$ 101,325	\$ 85,029
Salaries, employee benefits and other	59,826	56,465	46,507
Travel expenses	1,173	891	1,136
Subscription fees	164	187	296
Others	<u>9,130</u>	<u>8,278</u>	<u>7,281</u>
	<u>\$ 181,274</u>	<u>\$ 167,146</u>	<u>\$ 140,249</u>

e. **Other (revenues) expenses, net:**

	2024	2023	2022
Other (revenues) expenses, net			
Effects of insurance recovery for damages caused by Hurricane Otis ⁽¹⁾	\$ 104,890	\$ -	\$ -
Others	<u>42,186</u>	<u>38,653</u>	<u>20,692</u>
	<u>\$ 147,076</u>	<u>\$ 38,653</u>	<u>\$ 20,692</u>

- (1) During 2024, the Entity recognized in the consolidated statement of income the recovery of insurance claims for damage caused by Hurricane Otis, as mentioned in note 2b, for a total amount of \$330,000. As of December 31, 2024, there is a balance receivable from the insurer of \$122,277 related to property damage, effects not recognized in results for 2023 of \$11,320, as well as applications for the reconstruction of the vacation property in the amount of \$211,621 and the provision for onerous contracts for construction work in the amount of \$147,086.

24. Related party transactions

Employee benefits granted to key management personnel (and/or directors) of the Entity, were as follows:

	2024	2023	2022
Direct, short- and long-term benefits	<u>\$ 112,482</u>	<u>\$ 115,681</u>	<u>\$ 109,530</u>



25. Operating segments

The information summarized by the operating segment is presented according to management's criteria. Because management evaluates the performance of each segment using earnings before interest, taxes, depreciation, and amortization (EBITDA), the Entity does not segregate depreciation and amortization charges among the various segments. Additionally, the Entity centrally manages the funds generated by its segments to address various investment and financing needs and therefore does not report the cash flow generation of each segment separately. The main long-term assets and related cash flows from the Hotel Operations and Vacation Club are shown in the consolidated statements of financial position and consolidated statements of cash flows.

- a. **Hotel Operation** - Revenues generated by this segment are represented by the rental of hotel rooms, the sale of food, beverages and related services (laundry, telephones, spa, etc.) to guests. The expenses incurred by the segment are related to the payroll of the personnel that attend guests in hotels, the cost of food, beverages, and hotel operating expenses, including sales and administrative personnel, office expenses, electricity, insurance and property taxes. In the case of leased hotels, an additional rent expense is generated.
- b. **Vacation Club** - Revenue from this segment includes membership sales, interest income on financed sales, annual membership dues, and revenue derived from the effective use of the “Kivac,” “FAVC Access,” and “FAVC 25th Edition” programs. Costs and expenses include the value of real estate sold under the FAVC and LARC programs, marketing expenses to attract prospects to our sales rooms, collection expenses, payroll for the staff at the resorts that operate the vacation clubs, including energy and insurance, payroll and office expenses for sales and administration staff, and the cost of hotel exchanges.
- c. **Hotel Management, brand and Other** - Revenue in this segment includes fees billed to hotels under the terms of hotel operation contracts; brand or franchise use, as well as billing for various centralized services. The costs and expenses in this segment are mainly the payroll of the staff that oversees the operation of the hotels, the cost of the reservation center, the costs of centralized accounting, purchasing and technology services, and the recovery of GDS (Global Distribution Systems) costs. Revenues generated by this segment include fees billed to hotels under the terms of hotel management contracts; brand use and franchise fees, as well as billing of different centralized services. The costs and expenses incurred by this segment primarily involve payroll of the personnel that supervise hotel operations, the cost of the reservation services, centralized accounting, purchasing and technology service expenses and the recovery of GDS (Global Distribution System) costs.

2024							
	Hotel operation	Vacation Club	Hotel management, brand and other	Total Segments	Other corporate expenses	Eliminations	Total consolidated
Consolidated status of end-to-end result:							
Total Revenue	\$ 3,455,027	\$ 3,866,510	\$ 2,069,791	\$ 9,391,328	\$ -	\$ (80,459)	\$ 9,310,869
Cost and general expenses	2,529,018	3,223,824	1,256,487	7,009,329	-	(80,459)	6,928,870
Corporate expenses	-	-	-	-	504,232	-	504,232
Depreciation, and amortization	-	-	-	-	875,524	-	875,524
Other income, net	-	-	-	-	(147,076)	-	(147,076)
Operating income	<u>\$ 926,009</u>	<u>\$ 642,686</u>	<u>\$ 813,305</u>	<u>\$ 2,381,999</u>	<u>\$ 1,232,680</u>	<u>\$ -</u>	<u>\$ 1,149,319</u>
					Financial expenses, net		\$ 1,678,720
					Equity in associate		<u>-</u>
					Income before income taxes		<u>\$ (529,401)</u>



2023							
	Hotel operation	Vacation Club	Hotel management, brand and other	Total Segments	Other corporate expenses	Eliminations	Total consolidated
Consolidated status of end-to-end result:							
Total Revenue	\$ 3,256,056	\$ 4,083,989	\$ 1,947,074	\$ 9,287,119	\$ -	\$ (77,863)	\$ 9,209,256
Cost and general expenses	2,342,030	3,316,119	1,251,482	6,909,631	-	(77,863)	6,831,768
Corporate expenses	-	-	-	-	602,277	-	602,277
Depreciation, and amortization	-	-	-	-	958,563	-	958,563
Other income, net	-	-	-	-	(38,653)	-	(38,653)
Operating income	<u>\$ 914,026</u>	<u>\$ 767,870</u>	<u>\$ 695,592</u>	<u>\$ 2,377,488</u>	<u>\$ 1,522,187</u>	<u>\$ -</u>	<u>\$ 855,301</u>
					Financial expenses, net		\$ (236,487)
					Equity in associate		-
					Income before income taxes		<u>\$ 1,091,787</u>
2022							
	Hotel operation	Vacation Club	Hotel management, brand and other	Total Segments	Other corporate expenses	Eliminations	Total consolidated
Consolidated status of end-to-end result:							
Total Revenue	\$ 2,936,098	\$ 4,511,651	\$ 1,698,481	\$ 9,146,230	\$ -	\$ (68,240)	\$ 9,077,990
Cost and general expenses	2,092,624	3,727,496	1,207,243	7,027,363	-	(68,240)	6,959,123
Corporate expenses	-	-	-	-	576,534	-	576,534
Depreciation, and amortization	-	-	-	-	878,316	-	878,316
Other income, net	-	-	-	-	(20,692)	-	(20,692)
Operating income	<u>\$ 843,474</u>	<u>\$ 784,155</u>	<u>\$ 491,238</u>	<u>\$ 2,118,867</u>	<u>\$ 1,434,158</u>	<u>\$ -</u>	<u>\$ 684,709</u>
					Financial expenses, net		\$ 131,897
					Equity in associate		-
					Income before income taxes		<u>\$ 552,812</u>

26. Commitments

- a. As of December 31, 2024, 2023, and 2022, the Entity has long-term leases for computer equipment and other equipment, which are typically valid for three years. The lease amounts are based on the value of the leased assets and vary depending on the requirements of the Entity's operating areas. As of December 31, 2024, 2023, and 2022, \$59,748, \$40,393, and \$35,755 were paid for this purpose, respectively. The estimated lease rent for the following years is shown below:

Years	Amount
2025	\$ 63,052
2026	44,283
2027	14,426



27. Contingencies

- a. The Entity filed a nullity suit against a tax credit assessed by the International Tax Administration of the SAT for alleged failure to pay income tax (ISR) for the 2006 fiscal year in the amount of \$767,248. A ruling issued by the Superior Chamber of the Federal Administrative Court of Justice declared the partial nullity of the tax credit, which was confirmed by the Twelfth Collegiate Court for Administrative Matters of the First Circuit in its session on September 4, 2020. Therefore, the lawsuit has been definitively resolved.
- b. On March 24, 2021, the administrative resolution contained in the letter dated March 22, 2021, was notified. The resolution was issued by the Central Administration of International Taxation, attached to the General Administration of Large Taxpayers of the Tax Administration Service. This resolution determined a tax credit of \$222,896 for income tax, surcharges, and fines corresponding to the 2006 fiscal year, in compliance with the final judgment mentioned in the previous paragraph.

The Entity filed a nullity claim against said credit, which was filed before the First Metropolitan Regional Chamber of the Federal Administrative Court of Justice. As it suited its interests, the Entity filed a withdrawal notice, which was ratified on September 1, 2021, and the lawsuit was dismissed.

Likewise, against the aforementioned notice, a complaint was filed before the Superior Chamber of the Federal Administrative Court of Justice for failure to comply with the final judgment issued by the Superior Chamber. As it was in its best interest, the Entity filed a letter withdrawing the complaint, and therefore, by judgment of December 1, 2021, the Superior Chamber deemed the Entity to have withdrawn the complaint for failure to comply.

On March 30, 2022, the Entity paid the tax obligation of \$174,062 for obtaining the benefit of Article 70-A of the Federal Tax Code, and the matter has therefore been definitively concluded.

- c. On January 29, 2021, the resolution contained in the official letter dated January 18, 2021, issued by the State Director of Tax Audit of the Tax Administration Service of the State of Quintana Roo, was notified. This resolution assessed the entity a tax credit totaling \$9,545 for alleged omissions in the payment of payroll tax for the fiscal years 2017 and 2018, including updates, surcharges, fines, and execution costs.

On March 11, 2021, the Entity filed an appeal against the aforementioned letter.

On September 14, 2023, a letter issued by the State Legal Directorate of the Tax Administration Service of the State of Quintana Roo was served, reversing the tax credit contained in the letter of January 18, 2021, issued by the State Director of Tax Audit of the Tax Administration Service of the State of Quintana Roo. This letter determined that the entity owed a tax credit in the total amount of \$9,545 for alleged omissions in the payment of payroll tax for the 2017 and 2018 fiscal years, including updates, surcharges, fines, and execution expenses. Therefore, the matter is definitively concluded.

- d. The Entity is facing a series of legal proceedings arising from the normal course of its operations. Due to the current status of these proceedings and the difficulty in determining a probable contingent amount, no reserves have been established for these purposes.
- e. There are labor lawsuits corresponding to different fiscal years, which the Entity, together with its external advisors on the matter, consider having sufficient grounds to obtain favorable results.



28. Authorization of the financial statements

The accompanying consolidated financial statements as of December 31, 2024, were approved on February 26, 2025, by the Board of Directors with the prior opinion of the Audit Committee and authorized for issuance by Ing. José Carlos Azcárraga Andrade, Chief Executive Officer, and Ing. Arturo Martínez del Campo Saucedo, Corporate Chief Financial Officer. Consequently, they do not reflect events that occurred after that date and are subject to the approval of the Ordinary Stockholders Meeting of the Entity, which may decide to amend them in accordance with the provisions of the Securities Market Law.

The consolidated financial statements as of December 31, 2023, and 2022, were approved at the General Stockholders Meetings held on April 18, 2024, and April 26, 2023, respectively.

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