

# POSADAS®



## Operating & Financial Results: First Quarter 2021



## Grupo Posadas, S.A.B. de C.V. & Subsidiaries Mexico City, April 29, 2021.

Information presented with respect to the same quarter of previous year under IFRS accounting standards (figures in MXN):

- The COVID-19 pandemic has required us to continue operating our hotels in accordance with the provisions of federal and state epidemiological traffic lights, with limited services in accordance with the capacity restrictions determined by health authorities.
- In 1Q21, revenues reached \$1,388 million, representing a 35% decline QoQ.
- 1Q21 EBITDA was \$35 million, reflecting the application of IFRS 16, which went into effect on January 1, 2019.
- In February 2021 we opened the Live Aqua Punta Cana hotel with 345 rooms.
- On March 24, 2021, we obtained a secured loan of \$450 million with a fiduciary guarantee and pledge.
- We completed the sale of the Fiesta Americana Hacienda Galindo hotel for \$156 million.
- We made the eighth of ten payments of the deconsolidation taxes, in compliance with the 2017 agreement with the Tax Administration Service (SAT).
- Cash available as of March 31, 2021 of \$655 million (equivalent to US\$32 million), \$108 million in restricted cash.

Million pesos as of March 31, 2021.	1Q21		Var. YY %
	\$	%	
<b>Total Revenues</b>	1,387.5	100	(34.5)
<b>EBIT</b>	(216.8)	(16)	na
<b>EBITDA</b>	35.1	3	(88.9)

COVID-19 continued to impact the company's operations in January and February due to the change in most epidemiological traffic lights from yellow and orange to red following a second wave of cases after the December 2020 holiday period. Additionally, the North American market remained restricted by travel policies that require COVID testing to enter the United States.

Despite this, our performance in the month of March allowed us to offset part of the negative results of the first two months of the year. Demand for rooms in the center of Mexico continues to be low as most companies continue to operate remotely.

As of the date of issuance of this report, 6 states are on an orange traffic light, 20 are on yellow, and 6 are on green.

During this quarter, coastal destinations had a return

in occupancies. In March 2021 the occupancy rate was 59%, 17 pp above March 2020 but still 22 pp below the occupancy rate of March 2019.

The slow performance of urban hotels resulted from the restrictions imposed by the epidemiological traffic lights, especially in the metropolitan area, which saw 44% occupancy, far below the 67% we observed in March 2019. The decreased occupancy is largely attributable to the fact that corporate offices have not yet returned to pre-COVID operations and that the groups and conventions segment is below 2019 levels.

On March 24, we secured a five-year, \$450 million loan through a Guarantee and Administration Trust and Pledge Contract for the assets related to two of our hotels. The proceeds were used mainly to make the \$359 million payment for the eighth annuity of the agree

2017 agreement with the tax authorities of Mexico. As of today, we are current with the tax authorities.

On March 24, the tax authorities (SAT) issued a tax credit derived from a final resolution that declared the partial nullity of the 2006 tax credit. The amount determined is \$222 million, an amount that includes fines and surcharges. Posadas filed a complaint appeal arguing inconsistencies in compliance with the final resolution.

As of March 31, 2021, the balance of the vacation club receivables portfolio was \$6,055 million.

In March 2021, we sold the Fiesta Americana Hacienda Galindo hotel for \$156 million, which we will continue to manage for a ten-year period.

We opened the Live Aqua Beach Resort Punta Cana hotel in the Dominican Republic with 347 rooms under a management contract and 2 hotels with a franchise scheme under the new Curamoria boutique hotel brand: Ilo Rojo San Miguel de Allende with 30 rooms and Casa de La Marquesa Querétaro with 13 rooms.

In this quarter, the Fiesta Americana Toluca Aeropuerto hotel management contract was canceled, and we temporarily closed the Fiesta Inn Express Puebla Explanada Hotel.

> Hotel Development

During the first quarter we opened 3 new hotels ending the quarter with a total of 183 hotels and 28,933 rooms in more than 60 destinations.

Openings LTM	No. of Rooms	Type of Contract
<b>Gamma Morelia Vista Bella</b>	20	Franchised
<b>Curamoria Náay Tulum</b>	36	Franchised
<b>Gamma Acapulco Copacabana</b>	431	Managed
<b>Live Aqua Beach Resort Punta Cana</b>	347	Managed
<b>Curamoria Ilo Rojo San Miguel de Allende</b>	30	Franchised
<b>Curamoria Casa de la Marquesa Querétaro</b>	13	Franchised
<b>Total</b>	<b>877</b>	

## > EBITDA

EBITDA in the first quarter was \$35 million, while in the same quarter of the previous year it was \$316 million.

## > Comprehensive Financial Results

At the end of the quarter (LTM), the net coverage ratio was negative, considering the effect of IFRS 16.

The exchange loss in the 1Q21 was \$323 million (including leases), as a result of the MXN / USD depreciation of 3.5%.

Concept	1Q21	1Q20
<b>Interest Income</b>	(3,359)	(13,449)
<b>Accrued interest</b>	184,799	170,058
<b>Exchange (gain) loss, net</b>	262,521	1,261,050
<b>Accrued interest from lease payments</b>	96,446	102,723
<b>Exchange (gain) loss, from lease payments</b>	60,534	482,324
<b>Other financial costs (products)</b>	17,517	17,754
<b>Other financial expenses</b>	2,385	3,102
<b>Total</b>	<b>620,843</b>	<b>2,023,562</b>

Figures in thousands of pesos

## > Net Majority Income

As a result of the above, net loss in the quarter was \$659 million, while in the previous year it was \$1,659 million due to the depreciation of the MXN/USD.

> Indebtedness

Concept (Figures in millions)	1Q21		1Q20	
	US\$	MXN	US\$	MXN
<b>FX eop:</b>		20.6047		23.5120
<b>EBITDA LTM</b>		(1,215)		765
<b>Cash</b>		655		1,192
<b>Indebtedness:</b>				
<b>Interests</b>		867		
<b>Senior Notes 2022</b>	393	8,090	393	9,231
<b>Secured loan</b>	22	450		
<b>Subsidiary</b>	8	159	7	159
<b>Issuance expenses (IFRS)</b>		(101)		(159)
<b>Total</b>	422	9,465	399	9,231
<b>Net Debt to EBITDA</b>		(na)		10.5
<b>Lease liabilities</b>		4,074		4,788
<b>Leases LTM</b>		849		841
<b>Adjusted Net Debt to EBITDA</b>		na		8.0

The outstanding balance as of 1Q21 of the “7.875% Senior Notes Due 2022” is USD \$393 million. It is worth noting that on June 30 and December 30, 2020, payment of the interest due on those dates was omitted, as reported to the Mexican Stock Exchange (Bolsa Mexicana de Valores) in the relevant events. There has been no news about accelerating this indebtedness and this liability is presented as short-term.

As of 1Q21, the \$210 million bank loan drawn in June 2017 in our subsidiary that holds the Fiesta Americana Mérida hotel has an outstanding balance of \$159 million. On April 23, 2021, the third modifying agreement was signed where the payment of principal is being deferred for twelve additional months and the interest payment modality is changed from monthly to quarterly, this applies until April 23, 2022.

As of the date of this report, the existing corporate ratings are:

- Moody’s: global scale “Ca” with negative outlook.
- S&P: global “D” with negative outlook.

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

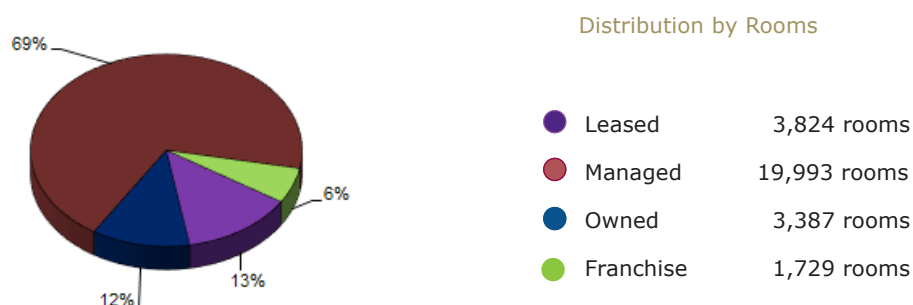
In compliance with Article 4.033.02 Section VIII of the Mexican Stock Exchange rules, Grupo Posadas coverage is provided by:

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> Grupo Posadas as of March 31<sup>st</sup>, 2021.

Posadas is the leading hotel operator in Mexico that owns, leases, franchises and manages 183 hotels and 28,933 rooms in the most important and visited urban and coastal destinations in Mexico. Urban hotels represent 85% of total rooms and coastal hotels represent 15%. Posadas operates the following brands: Live Aqua Beach Resort, Live Aqua Urban Resort, Live Aqua Boutique Resort, Curamoria Collection, Grand Fiesta Americana, Fiesta Americana, The Explorean, Fiesta Americana Vacation Villas, Live Aqua Residence Club, Fiesta Inn, Fiesta Inn LOFT, Fiesta Inn Express, Gamma and One Hotels.

Posadas has been trading on the Mexican Stock Exchange since 1992.



Brand	Mexico		Caribbean		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
<b>Live Aqua</b>	4	729	1	347	5	1,076
<b>Live Aqua Residence Club</b>	2	160			2	160
<b>Grand Fiesta Americana</b>	9	2,354			9	2,354
<b>Curamoria</b>	3	79			3	79
<b>Fiesta Americana</b>	14	3,952			14	3,952
<b>The Explorean</b>	2	96			2	96
<b>FAVC</b>	5	1,749			5	1,774
<b>Fiesta Inn</b>	70	10,178			70	10,178
<b>Fiesta Inn Loft</b>	4	388			4	388
<b>Fiesta Inn Express</b>	3	378			3	378
<b>Gamma</b>	19	2,640			19	2,640
<b>One</b>	47	5,858			47	5,858
<b>Total</b>	<b>182</b>	<b>28,586</b>	<b>1</b>	<b>347</b>	<b>183</b>	<b>28,933</b>
<b>%</b>		<b>99%</b>		<b>1%</b>		<b>100%</b>

## > Income Statement IFRS (million pesos)

Concept	1Q21		1Q20		Var %
	\$	%	\$	%	
Total Revenues	1,387.5	100.0	2,116.8	100.0	(34.5)
<b>Owned &amp; Leased Hotels</b>					
Revenues	405.4	100.0	760.6	100.0	(46.7)
Direct cost	388.2	95.8	603.3	79.3	(35.7)
Contribution IFRS	17.2	4.2	157.3	20.7	(89.0)
Intersegment fee eliminations (1)	56.2		33.9		
<i>Business Contribution</i>	73.4	18.1	191.2	25.1	(61.6)
<b>Managed</b>					
Revenues	172.7	100.0	268.4	100.0	(35.7)
Direct cost	180.3	104.4	235.5	87.7	(23.4)
Contribution IFRS	(7.5)	(4.4)	33.0	12.3	na
Intersegment fee eliminations (1)	35.3		17.8		
<i>Business Contribution</i>	27.7	16.1	50.8	18.9	(45.4)
<b>Vacation Properties</b>					
Revenues	780.0	100.0	1,062.4	100.0	(26.6)
Direct cost	630.9	80.9	813.8	76.6	(22.5)
Contribution IFRS	149.1	19.1	248.6	23.4	(40.0)
Intersegment fee eliminations (1)	(40.7)		(70.2)		
<i>Business Contribution</i>	108.4	13.9	178.4	16.8	(39.2)
<b>Other Businesses (2)</b>					
Revenues	29.3	100.0	25.3	100.0	15.8
Direct cost	94.1	320.9	109.3	431.6	(13.9)
Contribution IFRS	(64.8)	(220.9)	(84.0)	(331.6)	(22.9)
Intersegment fee eliminations (1)	(50.8)		24.0		
<i>Business Contribution</i>	(115.6)	(394.2)	(60.0)	(237.0)	92.6
Corporate Expenses	86.1	6.2	86.7	4.1	(0.7)
Intersegment fee eliminations (1)	0.0		(5.5)		
Depreciation/Amortization and asset impairment	251.9	18.2	256.5	12.1	(1.8)
Other expenses (revenue) (3)	(27.2)	(2.0)	(47.7)	(2.3)	(43.1)
Other	0.0	0.0	0.0	0.0	na
Operating Profit	(216.8)	(15.6)	59.5	2.8	na
<b>EBITDA</b>	<b>35.1</b>	<b>2.5</b>	<b>316.0</b>	<b>14.9</b>	<b>(88.9)</b>
Comprehensive financing cost	620.8	44.7	2,023.6	95.6	(69.3)
Other	0.0	na	0.0	0.0	na
Part. in results of Associated Companies	0.0	0.0	0.0	0.0	na
<b>Profit Before Taxes</b>	<b>(837.7)</b>	<b>(60.4)</b>	<b>(1,964.0)</b>	<b>(92.8)</b>	<b>(57.4)</b>
Discontinued Operations	0.0	0.0	(10.3)	(0.4)	na
Income taxes	21.2	1.5	16.3	0.8	30.1
Deferred taxes	(196.9)	(14.2)	(321.7)	(15.2)	(38.8)
<b>Net Income before Minority</b>	<b>(662.0)</b>	<b>(47.7)</b>	<b>(1,658.6)</b>	<b>(78.4)</b>	<b>(60.1)</b>
<b>Minority Interest</b>	<b>(3.1)</b>	<b>(0.2)</b>	<b>0.8</b>	<b>0.0</b>	<b>na</b>
<b>Net Majority Income</b>	<b>(658.9)</b>	<b>(47.5)</b>	<b>(1,659.4)</b>	<b>(78.4)</b>	<b>(60.3)</b>

(1) Intersegment fee eliminations: Management, brand and incentive fees, among others, were eliminated from each segment.

(2) Includes the following businesses: GloboGo, Promoción y Desarrollo, Summas. Also includes third parties operations for Conectum, Konexo.



## > Consolidated Balance Sheet as of March 31, 2021 and December 31<sup>st</sup>, 2020 IFRS (million pesos)

CONCEPT	MAR-21	%	MAR-20	%	VAR. %
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	655.2	3.3	501.7	2.6	30.6
Trade and other current receivables	2,939.5	14.9	2,661.8	13.8	10.4
Current tax assets, current	-	0.0	-	0.0	-
Other current financial assets	-	0.0	-	0.0	-
Current inventories	284.0	1.4	292.2	1.5	(2.8)
Other current non-financial assets	186.8	0.9	194.9	1.0	(4.2)
<b>Total</b>	<b>4,065.5</b>	<b>20.6</b>	<b>3,650.7</b>	<b>19.0</b>	<b>11.4</b>
Assets held for sale	-	0.0	113.7	0.6	(100.0)
<b>Total current assets</b>	<b>4,065.5</b>	<b>20.6</b>	<b>3,764.3</b>	<b>19.6</b>	<b>8.0</b>
<b>Non current assets</b>					
Trade and other non-current receivables	3,803.2	19.3	3,814.7	19.8	(0.3)
Non-current inventories	-	0.0	-	0.0	-
Other non-current financial assets	15.5	0.1	17.1	0.1	(9.3)
Investments in subsidiaries, joint ventures and associates	1,089.0	5.5	1,088.0	5.7	0.1
Property, plant and equipment	4,378.3	22.2	4,406.9	22.9	(0.6)
Right-of-use assets that do not meet definition of investment property	3,701.8	18.8	3,761.4	19.5	(1.6)
Intangible assets other than goodwill	969.3	4.9	912.7	4.7	6.2
Deferred tax assets	1,675.8	8.5	1,479.0	7.7	13.3
Other non-current non-financial assets	-	0.0	-	-	-
<b>Total non-current assets</b>	<b>15,632.9</b>	<b>79.4</b>	<b>15,479.7</b>	<b>80.4</b>	<b>1.0</b>
<b>Total assets</b>	<b>19,698.4</b>	<b>100.0</b>	<b>19,244.1</b>	<b>100.0</b>	<b>2.4</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other current payables	3,330.7	16.9	2,778.1	14.4	19.9
Current tax liabilities, current	364.2	1.8	352.0	1.8	3.5
Other current financial liabilities	8,031.0	40.8	7,748.6	40.3	3.6
Current lease liabilities	404.4	2.1	402.3	2.1	0.5
Other current non-financial liabilities	941.9	4.8	808.2	4.2	16.5
Current provisions for employee benefits	115.6	0.6	77.5	0.4	49.2
<b>Total current liabilities other than liabilities included in disposal groups classified as held for sale</b>	<b>13,187.8</b>	<b>66.9</b>	<b>12,166.6</b>	<b>63.2</b>	<b>8.4</b>
Liabilities included in disposal groups classified as held for sale	-	0.0	-	0.0	-
<b>Total current liabilities</b>	<b>13,187.8</b>	<b>66.9</b>	<b>12,166.6</b>	<b>63.2</b>	<b>8.4</b>
<b>Non Current Liabilities</b>					
Trade and other non-current payables	598.5	3.0	616.2	3.2	(2.9)
Non-current lease liabilities	3,669.9	18.6	3,643.0	18.9	0.7
Bank loans	566.9	2.9	135.1	0.7	319.8
Stock market loans	-	0.0	-	-	-
<b>Other non-current financial liabilities</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>-</b>
Non-current provisions for employee benefits	273.9	1.4	281.2	1.5	(2.6)
Other non-current provisions	212.4	1.1	212.4	1.1	0.0
<b>Total non-current provisions</b>	<b>486.4</b>	<b>2.5</b>	<b>493.7</b>	<b>2.6</b>	<b>(1.5)</b>
Deferred tax liabilities	940.7	4.8	1,280.3	6.7	(26.5)
<b>Total non-current liabilities</b>	<b>6,262.4</b>	<b>31.8</b>	<b>6,168.3</b>	<b>32.1</b>	<b>1.5</b>
<b>Total liabilities</b>	<b>19,450.2</b>	<b>98.7</b>	<b>18,334.8</b>	<b>95.3</b>	<b>6.1</b>
<b>EQUITY</b>					
Total equity attributable to owners of parent	73.1	0.4	731.0	3.8	(90.0)
Non-controlling interests	175.2	0.9	178.3	0.9	(1.7)
<b>Total equity</b>	<b>248.2</b>	<b>1.3</b>	<b>909.2</b>	<b>4.7</b>	<b>(72.7)</b>
<b>Total equity and liabilities</b>	<b>19,698.4</b>	<b>100.0</b>	<b>19,244.1</b>	<b>100.0</b>	<b>2.4</b>

## > Consolidated Cash Flow Statement - IFRS

(Million pesos from January 1<sup>st</sup> to March 31, 2021 & 2020)

<b>STATEMENT OF CASH FLOWS</b>		
	<b>1Q21</b>	<b>1Q20</b>
Cash flows from (used in) operating activities		
Profit (loss)	(662.0)	(1,658.6)
Adjustments to reconcile profit (loss)		
Discontinued operations	0.0	0.0
Adjustments for income tax expense	(175.7)	(305.4)
Adjustments for finance costs	284.5	277.1
Adjustments for depreciation and amortisation expense	251.9	256.5
Adjustments for unrealised foreign exchange losses (gains)	318.2	2,303.9
Adjustments for losses (gains) on disposal of non-current assets	(37.9)	(33.9)
Participation in associates and joint ventures	0.0	0.0
Adjustments for decrease (increase) in inventories	8.2	10.2
Adjustments for decrease (increase) in trade accounts receivable	(188.0)	(509.5)
Adjustments for decrease (increase) in other operating receivables	(57.8)	(103.7)
Adjustments for increase (decrease) in trade accounts payable	125.2	(35.2)
Adjustments for increase (decrease) in other operating payables	375.2	150.3
Other adjustments for non-cash items	0.0	0.0
Other adjustments to reconcile profit (loss)	(53.4)	0.0
Total adjustments to reconcile profit (loss)	850.6	2,010.3
Cash flows from (used in) operations	188.6	351.7
Income taxes paid (refund), classified as operating activities	358.5	341.5
Cash flows from (used in) operating activities	(169.9)	10.2
Other cash payments to acquire interests in joint ventures, classified as investing activities	1.0	0.0
Proceeds from sales of property, plant and equipment, classified as investing activities	157.0	347.9
Purchase of property, plant and equipment, classified as investing activities	69.7	61.6
Purchase of intangible assets, classified as investing activities	14.0	132.5
Interest received, classified as investing activities	3.4	13.4
Other inflows (outflows) of cash, classified as investing activities	0.0	0.0
Cash flows from (used in) investing activities	75.7	167.2
Proceeds from borrowings, classified as financing activities	450.0	0.0
Repayments of borrowings, classified as financing activities	0.0	6.2
Payments of lease liabilities	187.5	199.7
Dividends paid, classified as financing activities	0.0	0.0
Interest paid, classified as financing activities	14.8	18.8
Income taxes paid (refund), classified as financing activities	0.0	0.0
Other inflows (outflows) of cash, classified as financing activities	0.0	0.0
Cash flows from (used in) financing activities	247.7	(224.6)
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	153.5	(47.2)
Effect of exchange rate changes on cash and cash equivalents	0.0	0.0
Increase (decrease) in cash and cash equivalents	153.5	(47.2)
Cash and cash equivalents at beginning of period	501.7	1,239.5
Cash and cash equivalents at end of period	655.2	1,192.4