

POSADAS®



Operating & Financial Results: Second Quarter 2021



Grupo Posadas, S.A.B. de C.V. & Subsidiaries Mexico City, July 28th, 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 with limited services, in accordance with capacity restrictions determined by health authorities.
- 2Q21, revenue was \$1,934 million, representing a 364% increase QoQ.
- 2Q21 EBITDA was \$315 million, reflecting the implementation of IFRS 16, which went into effect on January 1, 2019.
- As of June 30, 2021, the Company had \$810 million (US\$41 million) in cash on hand, \$156 million of which is in restricted cash.

Million pesos as of June 30, 2021.	2Q21		Var. YY %
	\$	%	
Total Revenues	1,933.6	100	363.7
EBIT	91.1	5	na
EBITDA	315.1	16	na

The Ministry of Health has submitted a new methodology for determining the restrictions required for epidemiological safety in Mexico to the General Health Council corresponding to the states to implement it. The system reflects traffic lights, with red and orange zones reflecting greater restrictions than yellow and green zones. In response to the recent resurgence in COVID-19 cases, several states have reinstated restrictions. As of the date of issuance of this report, according to the federal traffic light, one state is red, thirteen are orange, fifteen are yellow and three are green.

Notably, Mexico continues to be impacted by a sustained decline in business travel. With most corporations continuing to operate remotely or on a hybrid model, there is lower demand for hotel rooms in Central Mexico, which accounts for 40% of the Company's inventory.

Nonetheless, during 2Q21, the Company observed better performance than in the prior quarter. This improvement was primarily concentrated in coastal destinations, as occupancy in urban hotels continued to be lower than in previous years. The average occupancy in urban hotels was 50%, compared to 67% in coastal areas. As a result of the aforementioned restrictions, RevPAR (revenue per available room) in urban hotels declined 33% compared to the same period in 2019.

As of June 30, the balance of the vacation club receivables portfolio was \$5,947 million, in line with the prior quarter.

In 2Q21, the Company terminated hotel management contracts with the Gamma Cancun Downtown and Fiesta Inn Tuxtla Gutierrez and temporarily closed the One Guadalajara Downtown hotel.

On June 29, the Company announced that it would forgo the payment of its coupon due June 30, 2021 on the "7.875% Senior Notes Due 2022", as well as that it has resumed negotiations with a group of bondholders.

In its July 8 relevant event titled, "Grupo Posadas consolidates its portfolio of hotels in Mexico," the Company announced that as of August 15, 2021, it is terminating its lease with the Grand Fiesta Americana Puerto Vallarta hotel agreeing a discount on rent payments; the Company also communicated that it will no longer be operating the project under development for two hotels in the Riviera Maya. The termination agreement related to the operation of these two dictates that payments previously made will be reimbursed, as described in the 2020 audited Consolidated Financial Statements (see Note: Significant events 2. t.) and services performed for US\$ 6 million.

On July 21, a Special Meeting of Shareholders was held to update the Company's corporate purpose. Minor changes to the corporate purpose were made in order to specify the commercial activity of the Company to provide greater clarity and understanding to authorities and third parties.

> Hotel Development

We end the quarter with a total of 181 hotels and 28,697 rooms in more than 60 destinations.

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

> EBITDA

EBITDA in the second quarter was \$315 million, while in the same quarter of the previous year it was \$382 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 gain in 2Q21 was \$201 million (including leases), as a result of the MXN / USD appreciation of 3.9% versus the prior quarter.

Concept	2Q21	2Q20	2021	2020
Interest Income	(4,459)	(5,329)	(7,818)	(18,778)
Accrued interest	195,673	192,397	380,471	362,455
Exchange (gain) loss, net	(295,734)	(147,169)	(33,212)	1,113,882
Accrued interest from lease payments	(72,971)	(55,633)	(12,437)	426,691
Exchange (gain) loss, from lease payments	94,731	99,434	191,177	202,157
Other financial costs (products)	17,517	17,754	35,033	35,508
Other financial expenses	5,508	4,573	7,893	7,674
Total	(59,736)	106,027	561,108	2,129,589

Figures in thousands of pesos

> Net Majority Income

As a result of the above, net income in the quarter was \$227 million, while in the second quarter of the previous year, the Company recorded a net loss of \$428 million loss due to the depreciation of MXN/USD. In 1H21, the Company recorded a net loss of \$432 million.

> Indebtedness

Concept (Figures in millions)	2Q21		2Q20	
	US\$	MXN	US\$	MXN
FX eop:		19,8027		22,9715
EBITDA LTM		(507)		(86)
Cash		810		925
Indebtedness:				
Interests		1,027		
Senior Notes 2022	393	7,775	393	9,019
Secured loan	23	450		
Subsidiary	8	159	7	159
Issuance expenses (IFRS)		(85)		(141)
Total	423	9,326	400	9,037
Net Debt to EBITDA		na		na
Lease liabilities		4,006		4,557
Leases LTM		837		804
Adjusted Net Debt to EBITDA		na		na

As of 2Q21, the outstanding balance of the “7.875% Senior Notes Due 2022” is USD \$393 million. As reported to the Mexican Stock Exchange (Bolsa Mexicana de Valores), the Company did not pay the interest due on these notes on June 30, December 30, 2020 and June 2021. There has been no news about accelerating this indebtedness and this liability is presented as short term.

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.

On September 24, the Company decided to discontinue with the services of Fitch Ratings.

The ratings for the “7.875% Senior Notes Due 2022” were:

- Moody’s: “Ca”
- S&P: “D”.

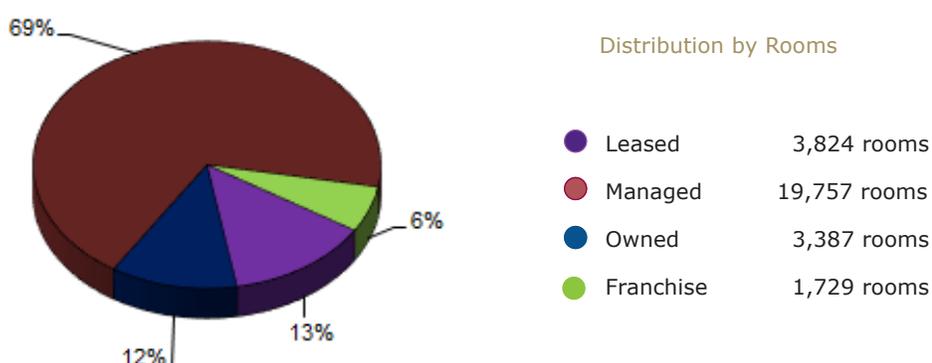
In compliance with Article 4.033.02 Section VIII of the Mexican Stock Exchange rules, Grupo Posadas coverage is provided by:

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> Grupo Posadas as of June 30th, 2021.

Posadas is the leading hotel operator in Mexico that owns, leases, franchises and manages 181 hotels and 28,697 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
Live Aqua	4	729	1	347	5	1,076
Live Aqua Residence Club	2	160			2	160
Grand Fiesta Americana	9	2,354			9	2,354
Curamoria	3	79			3	79
Fiesta Americana	14	3,952			14	3,952
The Explorean	2	96			2	96
FAVC	5	1,774			5	1,774
Fiesta Inn	70	10,178			70	10,178
Fiesta Inn Loft	4	388			4	388
Fiesta Inn Express	3	378			3	378
Gamma	18	2,530			18	2,530
One	46	5,732			46	5,732
Total	180	28,350	1	347	181	28,697
%		99%		1%		100%

> Income Statement IFRS (million pesos)

Concept	2Q21		2Q20		Var %	2021		2020		Var %
	\$	%	\$	%		\$	%	\$	%	
Total Revenues	1,933.6	100.0	417.0	100.0	363.7	3,321.1	100.0	2,533.8	100.0	31.1
Owned & Leased Hotels										
Revenues	566.7	100.0	49.1	100.0	1,053.9	972.1	100.0	809.8	100.0	20.0
Direct cost	426.2	75.2	184.7	376.0	130.8	814.4	83.8	788.0	97.3	3.4
Contribution IFRS	140.4	24.8	(135.6)	(276.0)	na	157.7	16.2	21.8	2.7	624.4
Intersegment fee eliminations (1)	41.3		96.8			97.5		130.7		
<i>Business Contribution</i>	<i>181.8</i>	<i>32.1</i>	<i>(38.7)</i>	<i>(78.9)</i>	<i>na</i>	<i>255.2</i>	<i>26.3</i>	<i>152.5</i>	<i>18.8</i>	<i>67.3</i>
Managed										
Revenues	252.1	100.0	0.9	100.0	27,493.5	424.8	100.0	269.3	100.0	57.7
Direct cost	193.8	76.9	144.0	15,760.7	34.6	374.1	88.1	379.5	140.9	(1.4)
Contribution IFRS	58.3	23.1	(143.1)		na	50.7	11.9	(110.1)	(40.9)	na
Intersegment fee eliminations (1)	52.1		(64.4)			87.4		(46.6)		
<i>Business Contribution</i>	<i>110.4</i>	<i>43.8</i>	<i>(207.5)</i>		<i>na</i>	<i>138.1</i>	<i>32.5</i>	<i>(156.7)</i>	<i>(58.2)</i>	<i>na</i>
Vacation Properties										
Revenues	1,085.8	100.0	346.5	100.0	213.4	1,865.8	100.0	1,408.9	100.0	32.4
Direct cost	812.6	74.8	336.8	97.2	141.3	1,443.5	77.4	1,150.6	81.7	25.5
Contribution IFRS	273.2	25.2	9.7	2.8	2,722.1	422.3	22.6	258.3	18.3	63.5
Intersegment fee eliminations (1)	(46.1)		(50.7)			(86.7)		(120.9)		
<i>Business Contribution</i>	<i>227.2</i>	<i>20.9</i>	<i>(41.0)</i>	<i>(11.8)</i>	<i>na</i>	<i>335.6</i>	<i>18.0</i>	<i>137.4</i>	<i>9.8</i>	<i>144.2</i>
Other Businesses (2)										
Revenues	29.0	100.0	20.5	100.0	41.8	58.3	100.0	45.8	100.0	27.4
Direct cost	98.0	338.0	64.4	315.0	52.1	192.1	329.4	173.7	379.5	10.6
Contribution IFRS	(69.0)	(238.0)	(44.0)	(215.0)	56.9	(133.8)	(229.4)	(128.0)	(279.5)	4.5
Intersegment fee eliminations (1)	(47.3)		23.7			(98.1)		47.7		
<i>Business Contribution</i>	<i>(116.3)</i>	<i>(401.2)</i>	<i>(20.3)</i>	<i>(99.0)</i>	<i>474.4</i>	<i>(231.9)</i>	<i>(397.7)</i>	<i>(80.3)</i>	<i>(175.4)</i>	<i>188.9</i>
Corporate Expenses	91.4	4.7	64.7	15.5	41.3	177.5	5.3	151.4	6.0	17.3
Intersegment fee eliminations (1)	0.0		(5.5)			0.0		10.9		
Depreciation/Amortization and asset impairment	224.0	11.6	207.2	49.7	8.1	475.9	14.3	463.7	18.3	2.6
Other expenses (revenue) (3)	(3.5)	(0.2)	4.7	1.1	na	(30.7)	(0.9)	(43.1)	(1.7)	(28.8)
Other	0.0	0.0	0.0	0.0	na	0.0	0.0	0.0	0.0	na
Operating Profit	91.1	4.7	(589.5)	(141.4)	na	(125.7)	(3.8)	(530.0)	(20.9)	(76.3)
EBITDA	315.1	16.3	(382.3)	(91.7)	na	350.2	10.5	(66.3)	(2.6)	na
Comprehensive financing cost	(59.7)	(3.1)	106.0	25.4	na	561.1	16.9	2,129.6	84.0	(73.7)
Other	0.0	na	0.0	0.0	na	0.0	na	0.0	0.0	na
Part. in results of Associated Companies	0.0	0.0	0.0	0.0	na	0.0	0.0	0.0	0.0	na
Profit Before Taxes	150.8	7.8	(695.5)	(166.8)	na	(686.8)	(20.7)	(2,659.6)	(105.0)	(74.2)
Discontinued Operations	0.0	0.0	0.0	0.0	na	0.0	0.0	0.0	0.0	na
Income taxes	3.8	0.2	(1.4)	(0.3)	na	24.9	0.8	14.9	0.6	67.6
Deferred taxes	(77.7)	(4.0)	(256.7)	(61.6)	(69.7)	(274.5)	(8.3)	(578.5)	(22.8)	(52.5)
Net Income before Minority	224.7	11.6	(437.4)	(104.9)	na	(437.2)	(13.2)	(2,096.0)	(82.7)	(79.1)
Minority Interest	(2.6)	(0.1)	(9.1)	(2.2)	(71.0)	(5.7)	(0.2)	(8.3)	(0.3)	(30.7)
Net Majority Income	227.4	11.8	(428.3)	(102.7)	na	(431.5)	(13.0)	(2,087.7)	(82.4)	(79.3)

(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 June 30, 2021 and December 31st, 2020

IFRS (million pesos)

CONCEPT	JUN-21	%	DIC-20	%	VAR. %
ASSETS					
Current Assets					
Cash and cash equivalents	810.4	4.1	501.7	2.6	61.5
Trade and other current receivables	2,943.3	14.8	2,661.8	13.8	10.6
Current tax assets, current	-	0.0	-	0.0	-
Other current financial assets	-	0.0	-	0.0	-
Current inventories	254.8	1.3	292.2	1.5	(12.8)
Other current non-financial assets	180.4	0.9	194.9	1.0	(7.5)
Total	4,188.9	21.1	3,650.7	19.0	14.7
Assets held for sale	-	0.0	113.7	0.6	(100.0)
Total current assets	4,188.9	21.1	3,764.3	19.6	11.3
Non current assets					
Trade and other non-current receivables	3,830.2	19.3	3,814.7	19.8	0.4
Non-current inventories	-	0.0	-	0.0	-
Other non-current financial assets	14.3	0.1	17.1	0.1	(16.2)
Investments in subsidiaries, joint ventures and associates	1,090.5	5.5	1,088.0	5.7	0.2
Property, plant and equipment	4,336.8	21.9	4,406.9	22.9	(1.6)
Right-of-use assets that do not meet definition of investment property	3,676.9	18.5	3,761.4	19.5	(2.2)
Intangible assets other than goodwill	945.4	4.8	912.7	4.7	3.6
Deferred tax assets	1,753.5	8.8	1,479.0	7.7	18.6
Other non-current non-financial assets	-	0.0	-	-	-
Total non-current assets	15,647.6	78.9	15,479.7	80.4	1.1
Total assets	19,836.5	100.0	19,244.1	100.0	3.1
LIABILITIES					
Current Liabilities					
Trade and other current payables	3,383.0	17.1	2,778.1	14.4	21.8
Current tax liabilities, current	366.6	1.8	352.0	1.8	4.1
Other current financial liabilities	7,712.2	38.9	7,748.6	40.3	(0.5)
Current lease liabilities	422.0	2.1	402.3	2.1	4.9
Other current non-financial liabilities	1,125.1	5.7	808.2	4.2	39.2
Current provisions for employee benefits	159.1	0.8	77.5	0.4	105.4
Total current liabilities other than liabilities included in disposal groups classified as held for sale	13,167.9	66.4	12,166.6	63.2	8.2
Liabilities included in disposal groups classified as held for sale	-	0.0	-	0.0	-
Total current liabilities	13,167.9	66.4	12,166.6	63.2	8.2
Non Current Liabilities					
Trade and other non-current payables	589.8	3.0	616.2	3.2	(4.3)
Non-current lease liabilities	3,584.1	18.1	3,643.0	18.9	(1.6)
Bank loans	586.9	3.0	135.1	0.7	334.6
Stock market loans	-	0.0	-	-	-
Other non-current financial liabilities	-	0.0	-	-	-
Non-current provisions for employee benefits	281.3	1.4	281.2	1.5	0.0
Other non-current provisions	212.4	1.1	212.4	1.1	0.0
Total non-current provisions	493.8	2.5	493.7	2.6	0.0
Deferred tax liabilities	942.0	4.7	1,280.3	6.7	(26.4)
Total non-current liabilities	6,196.7	31.2	6,168.3	32.1	0.5
Total liabilities	19,364.6	97.6	18,334.8	95.3	5.6
EQUITY					
Total equity attributable to owners of parent	299.5	1.5	731.0	3.8	(59.0)
Non-controlling interests	172.5	0.9	178.3	0.9	(3.2)
Total equity	472.0	2.4	909.2	4.7	(48.1)
Total equity and liabilities	19,836.5	100.0	19,244.1	100.0	3.1

> Consolidated Cash Flow Statement - IFRS

(Million pesos from January 1st to June 30, 2021 & 2020)

STATEMENT OF CASH FLOWS		
	2Q21	2Q20
Cash flows from (used in) operating activities		
Profit (loss)	(437.2)	(2,096.0)
Adjustments to reconcile profit (loss)		
Discontinued operations	0.0	0.0
Adjustments for income tax expense	(249.6)	(563.6)
Adjustments for finance costs	585.8	581.3
Adjustments for depreciation and amortisation expense	475.9	463.7
Adjustments for unrealised foreign exchange losses (gains)	(68.9)	2,035.9
Adjustments for losses (gains) on disposal of non-current assets	(38.2)	(28.7)
Participation in associates and joint ventures	0.0	0.0
Adjustments for decrease (increase) in inventories	37.4	(5.2)
Adjustments for decrease (increase) in trade accounts receivable	(156.6)	348.7
Adjustments for decrease (increase) in other operating receivables	(95.3)	(71.3)
Adjustments for increase (decrease) in trade accounts payable	239.7	114.4
Adjustments for increase (decrease) in other operating payables	355.9	(356.4)
Other adjustments for non-cash items	0.0	0.0
Other adjustments to reconcile profit (loss)	(122.1)	0.0
Total adjustments to reconcile profit (loss)	963.9	2,518.9
Cash flows from (used in) operations	526.7	422.9
Income taxes paid (refund), classified as operating activities	358.9	342.2
Cash flows from (used in) operating activities	167.7	80.7
Other cash payments to acquire interests in joint ventures, classified as investing activities	2.5	0.2
Proceeds from sales of property, plant and equipment, classified as investing activities	157.6	347.9
Purchase of property, plant and equipment, classified as investing activities	104.7	113.4
Purchase of intangible assets, classified as investing activities	22.5	141.2
Interest received, classified as investing activities	7.8	18.8
Other inflows (outflows) of cash, classified as investing activities	0.0	0.0
Cash flows from (used in) investing activities	35.7	111.9
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	328.7	482.7
Dividends paid, classified as financing activities	0.0	0.0
Interest paid, classified as financing activities	16.1	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	105.2	(507.6)
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	308.7	(315.0)
Effect of exchange rate changes on cash and cash equivalents	0.0	0.0
Increase (decrease) in cash and cash equivalents	308.7	(315.0)
Cash and cash equivalents at beginning of period	501.7	1,239.5
Cash and cash equivalents at end of period	810.4	924.5