

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For quarterly period ended September 30, 2021

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

COMMISSION FILE NO. 1-38012

**Playa Hotels & Resorts N.V.**

(Exact name of registrant as specified in its charter)

The Netherlands

(State or other jurisdiction of incorporation or organization)

98-1346104

(IRS Employer Identification Number)

Nieuwezijds Voorburgwal 104

1012 SG Amsterdam, the Netherlands

(Address of Principal Executive Offices)

Not Applicable

(Zip Code)

+31 6 82 55 84 30

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Ordinary Shares, €0.10 par value	PLYA	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past ninety (90) days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

As of October 29, 2021, there were 164,220,739 shares of the registrant's ordinary shares, €0.10 par value, outstanding.

**Playa Hotels & Resorts N.V.**  
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PART I. FINANCIAL INFORMATION

Item 1. *Financial Statements*

**Playa Hotels & Resorts N.V.**  
**Condensed Consolidated Balance Sheets**  
**(\$ in thousands, except share data)**  
**(unaudited)**

	As of September 30, 2021	As of December 31, 2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 231,460	\$ 146,919
Restricted cash	24,623	25,941
Trade and other receivables, net	40,271	25,433
Accounts receivable from related parties	4,319	3,726
Inventories	15,466	13,813
Prepayments and other assets	38,903	47,638
Property and equipment, net	1,595,613	1,727,383
Assets held for sale	—	34,472
Goodwill, net	61,654	61,654
Other intangible assets	7,857	8,556
Deferred tax assets	—	2,130
<b>Total assets</b>	<b>\$ 2,020,166</b>	<b>\$ 2,097,665</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Trade and other payables	\$ 128,574	\$ 123,410
Payables to related parties	5,843	8,073
Income tax payable	122	348
Debt	943,203	1,251,267
Related party debt	193,771	—
Derivative financial instruments	31,136	46,340
Other liabilities	28,770	29,768
Deferred tax liabilities	64,794	77,637
<b>Total liabilities</b>	<b>1,396,213</b>	<b>1,536,843</b>
Commitments and contingencies (see Note 7)		
<b>Shareholders' equity</b>		
Ordinary shares (par value €0.10; 500,000,000 shares authorized, 166,428,743 shares issued and 164,220,739 shares outstanding as of September 30, 2021 and 136,770,086 shares issued and 134,571,290 shares outstanding as of December 31, 2020)	18,493	14,871
Treasury shares (at cost, 2,208,004 shares as of September 30, 2021 and 2,198,796 shares as of December 31, 2020)	(16,697)	(16,642)
Paid-in capital	1,174,141	1,030,148
Accumulated other comprehensive loss	(22,086)	(30,949)
Accumulated deficit	(529,898)	(436,606)
<b>Total shareholders' equity</b>	<b>623,953</b>	<b>560,822</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,020,166</b>	<b>\$ 2,097,665</b>

The accompanying Notes form an integral part of the Condensed Consolidated Financial Statements.

**Playa Hotels & Resorts N.V.**  
**Condensed Consolidated Statements of Operations**  
(\$ in thousands, except share data)  
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>Revenue</b>				
Package	\$ 124,331	\$ 22,705	\$ 293,005	\$ 176,062
Non-package	25,211	5,518	60,808	28,336
Management fees	673	8	1,469	635
Cost reimbursements	1,072	505	2,554	1,913
Total revenue	151,287	28,736	357,836	206,946
<b>Direct and selling, general and administrative expenses</b>				
Direct	90,788	35,679	230,543	153,957
Selling, general and administrative	32,055	22,943	85,273	76,514
Depreciation and amortization	19,927	22,518	60,827	69,877
Reimbursed costs	1,072	505	2,554	1,913
Impairment loss	—	867	24,011	42,308
(Gain) loss on sale of assets	(4)	—	644	1,729
Gain on insurance proceeds	—	(220)	—	(3,170)
Direct and selling, general and administrative expenses	143,838	82,292	403,852	343,128
Operating income (loss)	7,449	(53,556)	(46,016)	(136,182)
Interest expense	(19,047)	(19,973)	(56,164)	(61,844)
Other income (expense)	587	224	(747)	1,171
Net loss before tax	(11,011)	(73,305)	(102,927)	(196,855)
Income tax (provision) benefit	(1,360)	(5,299)	13,043	8,237
<b>Net loss</b>	<b>\$ (12,371)</b>	<b>\$ (78,604)</b>	<b>\$ (89,884)</b>	<b>\$ (188,618)</b>
<b>Earnings per share</b>				
Losses per share - Basic	\$ (0.08)	\$ (0.58)	\$ (0.55)	\$ (1.44)
Losses per share - Diluted	\$ (0.08)	\$ (0.58)	\$ (0.55)	\$ (1.44)
Weighted average number of shares outstanding during the period - Basic	164,218,262	134,493,864	163,067,561	131,426,886
Weighted average number of shares outstanding during the period - Diluted	164,218,262	134,493,864	163,067,561	131,426,886

The accompanying Notes form an integral part of the Condensed Consolidated Financial Statements.

**Playa Hotels & Resorts N.V.**  
**Condensed Consolidated Statements of Comprehensive Loss**  
(\$ in thousands)  
(unaudited)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Net loss</b>	<b>\$ (12,371)</b>	<b>\$ (78,604)</b>	<b>\$ (89,884)</b>	<b>\$ (188,618)</b>
<b>Other comprehensive income (loss), net of taxes</b>				
Gain (loss) on interest rate swaps	2,958	2,958	8,778	(9,164)
Release of foreign currency translation reserve related to sale of Capri Resort (see Note 4)	—	—	140	—
Pension obligation gain (loss)	38	100	(55)	197
Total other comprehensive income (loss)	2,996	3,058	8,863	(8,967)
<b>Comprehensive loss</b>	<b>\$ (9,375)</b>	<b>\$ (75,546)</b>	<b>\$ (81,021)</b>	<b>\$ (197,585)</b>

The accompanying Notes form an integral part of the Condensed Consolidated Financial Statements.

**Playa Hotels & Resorts N.V.**  
**Condensed Consolidated Statements of Shareholders' Equity**  
(\$ in thousands, except share data)  
(unaudited)

	Ordinary Shares		Treasury Shares		Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
<b>Balance at December 31, 2019</b>	<b>129,121,576</b>	<b>\$ 14,215</b>	<b>1,846,095</b>	<b>\$ (14,088)</b>	<b>\$ 1,001,088</b>	<b>\$ (24,642)</b>	<b>\$ (174,236)</b>	<b>\$ 802,337</b>
Net loss	—	—	—	—	—	—	(22,556)	(22,556)
Other comprehensive loss	—	—	—	—	—	(15,103)	—	(15,103)
Share-based compensation, net of tax withholdings	493,226	55	4,500	(34)	3,168	—	—	3,189
Repurchase of ordinary shares	(340,109)	—	340,109	(2,500)	—	—	—	(2,500)
<b>Balance at March 31, 2020</b>	<b>129,274,693</b>	<b>\$ 14,270</b>	<b>2,190,704</b>	<b>\$ (16,622)</b>	<b>\$ 1,004,256</b>	<b>\$ (39,745)</b>	<b>\$ (196,792)</b>	<b>\$ 765,367</b>
Net loss	—	—	—	—	—	—	(87,458)	(87,458)
Other comprehensive income	—	—	—	—	—	3,078	—	3,078
Share-based compensation, net of tax withholdings	332,735	38	8,092	(20)	2,681	—	—	2,699
Equity issuance, net	4,878,049	553	—	—	19,005	—	—	19,558
<b>Balance at June 30, 2020</b>	<b>134,485,477</b>	<b>\$ 14,861</b>	<b>2,198,796</b>	<b>\$ (16,642)</b>	<b>\$ 1,025,942</b>	<b>\$ (36,667)</b>	<b>\$ (284,250)</b>	<b>\$ 703,244</b>
Net loss	—	—	—	—	—	—	(78,604)	(78,604)
Other comprehensive income	—	—	—	—	—	3,058	—	3,058
Share-based compensation	10,863	1	—	—	1,924	—	—	1,925
<b>Balance at September 30, 2020</b>	<b>134,496,340</b>	<b>\$ 14,862</b>	<b>2,198,796</b>	<b>\$ (16,642)</b>	<b>\$ 1,027,866</b>	<b>\$ (33,609)</b>	<b>\$ (362,854)</b>	<b>\$ 629,623</b>

**Playa Hotels & Resorts N.V.**  
**Condensed Consolidated Statements of Shareholders' Equity (continued)**  
(\$ in thousands, except share data)  
(unaudited)

	Ordinary Shares		Treasury Shares		Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
<b>Balance at December 31, 2020</b>	<b>134,571,290</b>	<b>\$ 14,871</b>	<b>2,198,796</b>	<b>\$ (16,642)</b>	<b>\$ 1,030,148</b>	<b>\$ (30,949)</b>	<b>\$ (436,606)</b>	<b>\$ 560,822</b>
Cumulative effect of accounting changes, net of tax	—	—	—	—	—	—	(3,408)	(3,408)
<b>Balance at January 1, 2021</b>	<b>134,571,290</b>	<b>\$ 14,871</b>	<b>2,198,796</b>	<b>\$ (16,642)</b>	<b>\$ 1,030,148</b>	<b>\$ (30,949)</b>	<b>\$ (440,014)</b>	<b>\$ 557,414</b>
Net loss	—	—	—	—	—	—	(69,745)	(69,745)
Other comprehensive income	—	—	—	—	—	2,883	—	2,883
Share-based compensation, net of tax withholdings	708,285	87	9,208	(55)	3,092	—	—	3,124
Equity issuance, net (see Note 8)	28,750,000	3,512	—	—	134,204	—	—	137,716
<b>Balance at March 31, 2021</b>	<b>164,029,575</b>	<b>\$ 18,470</b>	<b>2,208,004</b>	<b>\$ (16,697)</b>	<b>\$ 1,167,444</b>	<b>\$ (28,066)</b>	<b>\$ (509,759)</b>	<b>\$ 631,392</b>
Net loss	—	—	—	—	—	—	(7,768)	(7,768)
Other comprehensive income	—	—	—	—	—	2,984	—	2,984
Share-based compensation	180,300	22	—	—	3,428	—	—	3,450
<b>Balance at June 30, 2021</b>	<b>164,209,875</b>	<b>\$ 18,492</b>	<b>2,208,004</b>	<b>\$ (16,697)</b>	<b>\$ 1,170,872</b>	<b>\$ (25,082)</b>	<b>\$ (517,527)</b>	<b>\$ 630,058</b>
Net loss	—	—	—	—	—	—	(12,371)	(12,371)
Other comprehensive income	—	—	—	—	—	2,996	—	2,996
Share-based compensation	10,864	1	—	—	3,269	—	—	3,270
<b>Balance at September 30, 2021</b>	<b>164,220,739</b>	<b>\$ 18,493</b>	<b>2,208,004</b>	<b>\$ (16,697)</b>	<b>\$ 1,174,141</b>	<b>\$ (22,086)</b>	<b>\$ (529,898)</b>	<b>\$ 623,953</b>

The accompanying Notes form an integral part of the Condensed Consolidated Financial Statements.

**Playa Hotels & Resorts N.V.**  
**Condensed Consolidated Statements of Cash Flows**  
(\$ in thousands)  
(unaudited)

	Nine Months Ended September 30,	
	2021	2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (89,884)	\$ (188,618)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	60,827	69,877
Amortization of debt discount and issuance costs	3,078	1,793
Share-based compensation	9,899	7,867
(Gain) loss on derivative financial instruments	(6,425)	9,737
Impairment loss	24,011	42,308
Deferred income taxes	(14,123)	(8,243)
Loss on sale of assets	644	1,729
Amortization of key money	(404)	(673)
(Recovery of)/provision for doubtful accounts	(210)	2,051
Other	641	(333)
Changes in assets and liabilities:		
Trade and other receivables, net	(14,337)	48,328
Accounts receivable from related parties	(593)	2,715
Inventories	(1,741)	1,870
Prepayments and other assets	8,578	1,508
Trade and other payables	10,320	(51,663)
Payables to related parties	(3,556)	1,663
Income tax payable	(226)	(866)
Other liabilities	(533)	(1,602)
<b>Net cash used in operating activities</b>	<b>(14,034)</b>	<b>(60,552)</b>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(11,727)	(28,817)
Receipt of key money	—	8,500
Purchase of intangibles	(212)	(466)
Proceeds from the sale of assets, net	88,904	58,507
<b>Net cash provided by investing activities</b>	<b>76,965</b>	<b>37,724</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from debt issuances, net of discount	—	199,600
Issuance costs of debt	—	(8,677)
Proceeds from ordinary shares, net of issuance costs	137,716	19,558
Repayments of debt	(31,954)	(7,575)
Repayments of debt from related parties	(681)	—
Proceeds from borrowings on revolving credit facility	—	40,000
Repayments of borrowings on revolving credit facility	(84,667)	(15,333)
Repurchase of ordinary shares	—	(2,500)
Repurchase of ordinary shares for tax withholdings	(55)	(54)
Principal payments on finance lease obligations	(67)	(20)
<b>Net cash provided by financing activities</b>	<b>20,292</b>	<b>224,999</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>83,223</b>	<b>202,171</b>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF THE PERIOD</b>	<b>\$ 172,860</b>	<b>\$ 20,931</b>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF THE PERIOD</b>	<b>\$ 256,083</b>	<b>\$ 223,102</b>
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>		
Cash and cash equivalents	\$ 231,460	\$ 195,516
Restricted cash	24,623	27,586
<b>TOTAL CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>\$ 256,083</b>	<b>\$ 223,102</b>

The accompanying Notes form an integral part of the Condensed Consolidated Financial Statements.



**Playa Hotels & Resorts N.V.**  
**Condensed Consolidated Statements of Cash Flows (continued)**  
(\$ in thousands)  
(unaudited)

	<b>Nine Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 58,485	\$ 48,762
Cash paid for income taxes, net	\$ 2,042	\$ 2,146
<b>SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Capital expenditures incurred but not yet paid	\$ 1,575	\$ 3,109
Intangible assets capitalized but not yet paid	\$ 109	\$ 225
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ —	\$ 2,333
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 262	\$ —
Termination of right-of-use asset and operating lease liability	\$ —	\$ 646
Par value of vested restricted share awards	\$ 110	\$ 94

The accompanying Notes form an integral part of the Condensed Consolidated Financial Statements.

**Playa Hotels & Resorts N.V.**  
**Notes to the Condensed Consolidated Financial Statements**  
**(unaudited)**

## **Note 1. Organization, operations and basis of presentation**

### ***Background***

Playa Hotels & Resorts N.V. (“Playa” or the “Company”) is a leading owner, operator and developer of all-inclusive resorts in prime beachfront locations in popular vacation destinations. We own and/or manage a portfolio of 22 resorts located in Mexico, the Dominican Republic and Jamaica. Unless otherwise indicated or the context requires otherwise, references in our condensed consolidated financial statements (our “Condensed Consolidated Financial Statements”) to “we,” “our,” “us” and similar expressions refer to Playa and its subsidiaries.

### ***COVID-19 impact***

Due to the spread of the coronavirus (“COVID-19”) global pandemic, and in response to related governmental restrictions and advisories, reductions in scheduled commercial airline service, and potential health risks to our employees and guests, we temporarily suspended operations at all of our resorts from late March through June 2020. Our resorts began reopening in July, in stages, based on incremental easing of government restrictions and advisories and increases in scheduled commercial airline service. As of September 30, 2021, all of our resorts are open. We also implemented additional safety measures at our resorts to mitigate the potential health risks of COVID-19. We cannot predict when our business will return to normalized levels because we cannot predict when all effects of the pandemic will subside. The longer and more severe the pandemic, the greater the material adverse effect the pandemic will have on our business, results of operations, cash flows, financial condition, access to credit markets and ability to service our debt.

### ***Basis of preparation, presentation and measurement***

Our Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information. Certain information and disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. Accordingly, these unaudited interim Condensed Consolidated Financial Statements should be read in conjunction with our Consolidated Financial Statements as of and for the year ended December 31, 2020, included in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission (the “SEC”) on March 4, 2021 (the “Annual Report”).

In our opinion, the unaudited interim Condensed Consolidated Financial Statements have been prepared on the same basis as the annual Consolidated Financial Statements and include all adjustments, consisting of only normal recurring adjustments, necessary for fair presentation.

The results of operations for the three and nine months ended September 30, 2021 are not necessarily indicative of the results of operations to be expected for the full year ended December 31, 2021. All dollar amounts (other than per share amounts) in the following disclosures are in thousands of United States dollars, unless otherwise indicated.

In connection with our efforts to remediate the Tax Weakness (as defined in Item 4. *Controls and Procedures*) in our internal control over financial reporting, we identified an error in our previously disclosed deferred tax liabilities for one of our Dominican Republic entities during the quarter ended September 30, 2021. Our Dominican Republic entities are subject to a hybrid tax regime where deferred tax liabilities are recognized using a hybrid tax rate. We determined that the basis difference related to the underlying purchase price value of land was not included in our initial hybrid tax calculation, which resulted in a \$7.3 million understatement of our deferred tax liabilities and accumulated deficit for all prior periods presented.

We assessed the materiality of the error on our financial statements for prior periods in accordance with SEC Staff Accounting Bulletin (“SAB”) No. 99, *Materiality*, codified in Accounting Standards Codification (“ASC”) 250, *Presentation of Financial Statements*, and concluded that it was not material to any prior annual or interim periods. However, the aggregate amount of the prior period corrections of the immaterial error through September 30, 2021 of \$7.3 million would have been material, if corrected, to the results of operations in the quarter and nine-month period ended September 30, 2021. Consequently, in accordance with ASC 250 (specifically SAB No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*), we have corrected the error for all prior periods presented by revising the Condensed Consolidated Financial Statements and other financial information included herein. The adjustment had no impact on our Condensed Consolidated Statements of Operations or Condensed Consolidated Statements of Cash Flows for all prior periods presented.

## Note 2. Significant accounting policies

### Standards adopted

Standard	Description	Date of Adoption	Effect on the Financial Statements or Other Significant Matters
ASU No. 2019-12, <i>Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes</i>	The standard simplifies the accounting for income taxes, eliminates certain exceptions within ASC 740, Income Taxes, and clarifies certain aspects of the current guidance to promote consistency among reporting entities.	January 2021	The adoption of ASU No. 2019-12 resulted in changes to our deferred tax liabilities and deferred income tax expense for our resorts located in the Dominican Republic, which are subject to hybrid tax regimes. We adopted ASU No. 2019-12 on a modified retrospective basis through a \$3.4 million cumulative-effect adjustment to opening retained earnings in our Condensed Consolidated Financial Statements for the three months ended March 31, 2021.

### Standards not yet adopted

Standard	Description	Date of Adoption	Effect on the Financial Statements or Other Significant Matters
ASU No. 2020-04, <i>Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting</i>	The amendments in this update provide optional expedients and exceptions for applying generally accepted accounting principles (GAAP) to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met.	January 2022	We are currently evaluating the impact of ASU No. 2020-04 on the Condensed Consolidated Financial Statements. We may elect to early adopt the standard prior to the discontinuation of one-month LIBOR rates.

## Note 3. Revenue

The following tables present our revenues disaggregated by geographic segment (refer to discussion of our reportable segments in Note 15) (*\$ in thousands*):

	Three Months Ended September 30, 2021					
	Yucatán Peninsula	Pacific Coast	Dominican Republic	Jamaica	Corporate/Other	Total
Package revenue	\$ 43,993	\$ 19,874	\$ 35,131	\$ 25,333	\$ —	\$ 124,331
Non-package revenue	8,813	2,794	7,701	5,671	232	25,211
Management fees	—	—	—	—	673	673
Cost reimbursements	—	—	—	789	283	1,072
<b>Total revenue</b>	<b>\$ 52,806</b>	<b>\$ 22,668</b>	<b>\$ 42,832</b>	<b>\$ 31,793</b>	<b>\$ 1,188</b>	<b>\$ 151,287</b>
	Three Months Ended September 30, 2020					
	Yucatán Peninsula	Pacific Coast	Dominican Republic	Jamaica	Corporate/Other	Total
Package revenue	\$ 14,775	\$ 526	\$ 1,889	\$ 5,515	\$ —	\$ 22,705
Non-package revenue	3,128	261	564	1,306	259	5,518
Management fees	—	—	—	—	8	8
Cost reimbursements	—	—	—	474	31	505
<b>Total revenue</b>	<b>\$ 17,903</b>	<b>\$ 787</b>	<b>\$ 2,453</b>	<b>\$ 7,295</b>	<b>\$ 298</b>	<b>\$ 28,736</b>

**Nine Months Ended September 30, 2021**

	<b>Yucatán Peninsula</b>	<b>Pacific Coast</b>	<b>Dominican Republic</b>	<b>Jamaica</b>	<b>Corporate/ Other</b>	<b>Total</b>
Package revenue	\$ 111,378	\$ 45,167	\$ 80,512	\$ 55,948	\$ —	\$ 293,005
Non-package revenue	22,637	7,603	17,137	12,705	726	60,808
Management fees	—	—	—	—	1,469	1,469
Cost reimbursements	—	—	—	1,970	584	2,554
<b>Total revenue</b>	<b>\$ 134,015</b>	<b>\$ 52,770</b>	<b>\$ 97,649</b>	<b>\$ 70,623</b>	<b>\$ 2,779</b>	<b>\$ 357,836</b>

**Nine Months Ended September 30, 2020**

	<b>Yucatán Peninsula</b>	<b>Pacific Coast</b>	<b>Dominican Republic</b>	<b>Jamaica</b>	<b>Corporate/ Other</b>	<b>Total</b>
Package revenue	\$ 71,337	\$ 19,160	\$ 33,078	\$ 52,487	\$ —	\$ 176,062
Non-package revenue	10,862	3,362	5,019	8,800	293	28,336
Management fees	—	—	—	—	635	635
Cost reimbursements	—	—	—	1,484	429	1,913
<b>Total revenue</b>	<b>\$ 82,199</b>	<b>\$ 22,522</b>	<b>\$ 38,097</b>	<b>\$ 62,771</b>	<b>\$ 1,357</b>	<b>\$ 206,946</b>

**Contract assets and liabilities**

We do not have any material contract assets as of September 30, 2021 and December 31, 2020 other than trade and other receivables on our Condensed Consolidated Balance Sheet. Our receivables are primarily the result of contracts with customers, which are reduced by an allowance for doubtful accounts that reflects our estimate of amounts that will not be collected.

We record contract liabilities when cash payments are received or due in advance of guests staying at our resorts, which are presented as advance deposits (see Note 14) within trade and other payables on our Condensed Consolidated Balance Sheet. Our advanced deposits are generally recognized as revenue within one year.

**Note 4. Property and equipment**

The balance of property and equipment, net is as follows (*\$ in thousands*):

	<b>As of September 30, 2021</b>	<b>As of December 31, 2020</b>
<b>Property and equipment, gross</b>		
Land, buildings and improvements	\$ 1,758,942	\$ 1,863,406
Fixtures and machinery <sup>(1)</sup>	79,717	83,802
Furniture and other fixed assets	203,951	225,869
Construction in progress	2,924	4,552
<b>Total property and equipment, gross</b>	<b>2,045,534</b>	<b>2,177,629</b>
Accumulated depreciation	(449,921)	(450,246)
<b>Total property and equipment, net</b>	<b>\$ 1,595,613</b>	<b>\$ 1,727,383</b>

<sup>(1)</sup> Includes the gross balance of our finance lease right-of-use asset, which was \$2.3 million as of September 30, 2021 and December 31, 2020.

Depreciation expense for property and equipment was \$19.6 million and \$21.9 million for the three months ended September 30, 2021 and 2020, respectively, and \$59.8 million and \$68.6 million for the nine months ended September 30, 2021 and 2020, respectively.

## ***Sale of assets***

### ***Capri Resort***

On March 31, 2021, we entered into an agreement to sell our equity interest in the Capri Resort, which is reported within our Yucatán Peninsula reportable segment, for \$55.0 million in cash consideration. Upon entering into the agreement, we classified the resort and related deferred tax liabilities as held for sale and recorded an impairment loss of \$24.0 million based on the sale price. The sale price is considered an observable input other than quoted prices (Level 2) in the U.S. GAAP fair value hierarchy (see Note 13). The impairment is recorded within impairment loss in the Condensed Consolidated Statements of Operations.

On June 24, 2021, we completed the sale, received total cash consideration of \$55.2 million, after customary closing costs, and recognized a loss of \$0.5 million within (gain) loss on sale of assets in the Condensed Consolidated Statements of Operations. In accordance with our Existing Credit Agreement (as defined in Note 11), we utilized 50% of the Capri Resort's net proceeds of \$24.4 million, after deducting incremental expenses, to repay a portion of our Term Loan on June 29, 2021. The remaining net proceeds, after deducting capital expenditures incurred across our portfolio for up to 18 months following the sale, will be used to repay our Term Loan and Term A3 Loan in December 2022.

### ***Dreams Puerto Aventuras***

On February 5, 2021, we completed the sale of the Dreams Puerto Aventuras, which is reported in our Yucatán Peninsula reportable segment, for \$34.5 million in cash consideration. Upon closing, we received total cash consideration of \$34.3 million, after customary closing costs, and recognized a gain of less than \$0.1 million within (gain) loss on sale of assets in the Condensed Consolidated Statements of Operations. A portion of the net proceeds from the sale, after deducting incremental expenses and capital expenditures incurred across our portfolio for up to 24 months following the sale, will be used to repay our Term Loan and Term A3 Loan in February 2023.

### ***Jewel Dunn's River Beach Resort & Spa and Jewel Runaway Bay Beach Resort & Waterpark***

On May 22, 2020, we completed the sale of the Jewel Dunn's River Beach Resort & Spa and Jewel Runaway Bay Beach Resort & Waterpark, which were reported within our Jamaica reportable segment, for \$60.0 million in cash consideration. Upon classification as held for sale, we recorded an impairment loss of \$25.3 million based on the sale price of the properties, which is considered an observable input other than quoted prices (Level 2) in the U.S. GAAP fair value hierarchy. Upon closing, we received total cash consideration of \$58.7 million, after customary closing costs, and recognized a \$1.8 million loss within (gain) loss on sale of assets in the Condensed Consolidated Statements of Operations. A portion of the net proceeds from the sale, after deducting incremental expenses and capital expenditures incurred across our portfolio for up to 24 months following the sale, will be used to repay our Term Loan in May 2022.

## ***Lessor contracts***

We rent certain real estate to third parties for office and retail space within our resorts. Our lessor contracts are considered operating leases and generally have a contractual term of one to three years. The following table presents our rental income for the three and nine months ended September 30, 2021 and 2020 (*\$ in thousands*):

<b>Leases</b>	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Operating lease income <sup>(1)</sup>	\$ 796	\$ 254	\$ 2,189	\$ 1,400

<sup>(1)</sup> Our operating lease income, which is recorded within non-package revenue in the Condensed Consolidated Statements of Operations, includes variable lease revenue which is typically calculated as a percentage of our tenant's net sales.

## **Note 5. Income taxes**

We file tax returns for our entities in key jurisdictions including Mexico, Dominican Republic, Jamaica and the United States. We are domiciled in the Netherlands and our Dutch subsidiaries are subject to a Dutch general tax rate of 25%. Our other operating subsidiaries are subject to tax rates up to 30% in the jurisdictions in which they are domiciled.

We recorded an income tax provision of \$1.4 million and an income tax benefit of \$13.0 million for the three and nine months ended September 30, 2021, respectively. The income tax provision and benefit include the impact of certain discrete adjustments related to the sale of our resorts and our valuation allowance for our Jamaica and Mexico entities.

For the nine months ended September 30, 2021, we recognized a net \$5.5 million income tax benefit in connection with the sale of the Capri Resort and the Dreams Puerto Aventuras Resort (see Note 4). This represents the aggregate tax impact of capital gains, impairment, and elimination of related deferred tax balances.

We continually monitor the realizability of our deferred tax assets, which consist primarily of net operating loss carryforwards. After considering the residual economic effects of the COVID-19 pandemic (see Note 1) and the timing of reversals of deferred tax liabilities, we recognized an additional \$0.7 million tax benefit and \$3.0 million tax expense related to valuation allowances against the deferred tax assets of our Mexico and Jamaica entities during the three and nine months ended September 30, 2021, respectively.

All of our outstanding Advanced Pricing Agreements (“APAs”) for our Dominican Republic entities expired during the third quarter of 2021. We are currently in the process of renegotiating the terms of our APAs and expect that the terms will be finalized before 2021 year-end. This is reflected in our estimated annual effective tax rate calculation.

We had no uncertain tax positions or unrecognized tax benefits as of September 30, 2021. We expect no significant changes in unrecognized tax benefits over the next twelve months.

## **Note 6. Related party transactions**

### ***Relationship with Hyatt***

Hyatt Hotels Corporation (“Hyatt”) is considered a related party due to its ownership of our ordinary shares by its affiliated entities. Hyatt also had representation on our Board of Directors until August 18, 2021. We pay Hyatt fees associated with the franchise agreements of our resorts operating under the all-ages Hyatt Ziva and adults-only Hyatt Zilara brands and receive reimbursements for guests that pay for their stay using the World of Hyatt® guest loyalty program.

### ***Relationship with Sagicor***

Sagicor Financial Corporation Limited and its affiliated entities (collectively “Sagicor”) is considered a related party due to its ownership of our ordinary shares and representation on our Board of Directors. We pay Sagicor for insurance coverage for one of our Jamaica properties. Sagicor is also a part owner of the Jewel Grande Montego Bay Resort & Spa and compensates us as manager of the property.

### ***Relationship with Davidson Kempner Capital Management L.P.***

Davidson Kempner Capital Management L.P. (“DKCM”) is the investment manager of multiple affiliated funds and is considered a related party due to the funds' ownership of our ordinary shares following the equity raise in January 2021 (see Note 8). The affiliated funds managed by DKCM are also the lenders to our Property Loan and Additional Credit Facility, which consists of our Term A1, Term A2 and Term A3 loans (see Note 11). We pay DKCM periodic interest payments related to the outstanding debt.

### ***Lease with our Chief Executive Officer***

One of our offices is owned by our Chief Executive Officer and we sublease the space at that location from a third party.

## Transactions with related parties

Transactions between us and related parties during the three and nine months ended September 30, 2021 and 2020 were as follows (\$ in thousands):

Related Party	Transaction	Three Months Ended September 30,		Nine Months Ended September 30,	
		2021	2020	2021	2020
Hyatt	Franchise fees <sup>(1)</sup>	\$ 5,310	\$ 1,102	\$ 13,285	\$ 7,666
Sagicor	Insurance premiums <sup>(1)</sup>	\$ 213	\$ 187	\$ 571	\$ 720
Sagicor	Cost reimbursements	\$ 926	\$ 488	\$ 2,214	\$ 1,652
Chief Executive Officer	Lease expense <sup>(2)</sup>	\$ 189	\$ 186	\$ 605	\$ 564
DKCM	Interest expense	\$ 5,563	\$ —	\$ 16,434	\$ —

<sup>(1)</sup> Included in direct expense in the Condensed Consolidated Statements of Operations with the exception of certain immaterial fees associated with the Hyatt franchise agreements, which are included in selling, general, and administrative expense.

<sup>(2)</sup> Included in selling, general, and administrative expense in the Condensed Consolidated Statements of Operations.

## Note 7. Commitments and contingencies

We are involved in various claims and lawsuits arising in the normal course of business, including proceedings involving tort and other general liability claims, and workers' compensation and other employee claims. Most occurrences involving liability and claims of negligence are covered by insurance with solvent insurance carriers. We recognize a liability when we believe the loss is probable and reasonably estimable. We currently believe that the ultimate outcome of such lawsuits and proceedings will not, individually or in the aggregate, have a material effect on our Condensed Consolidated Financial Statements.

The Dutch corporate income tax act provides the option of a fiscal unity, which is a consolidated tax regime wherein the profits and losses of group companies can be offset against each other. With the exception of Playa Romana B.V., Playa Romana Mar B.V. and Playa Hotels & Resorts N.V., our Dutch companies file as a fiscal unity. Playa Resorts Holding B.V. is the head of our Dutch fiscal unity and is jointly and severally liable for the tax liabilities of the fiscal unity as a whole.

## Note 8. Ordinary shares

On January 11, 2021, we issued 28,750,000 ordinary shares with a par value of €0.10 per share in connection with a public equity offering. We received \$137.7 million in cash consideration, net of underwriting discounts and customary closing costs.

As of September 30, 2021, our ordinary share capital consisted of 164,220,739 ordinary shares outstanding, which have a par value of €0.10 per share. In addition, 4,225,350 restricted shares and performance share awards and 27,501 restricted share units were outstanding under the 2017 Plan (as defined in Note 9). The holders of restricted shares and performance share awards are entitled to vote, but not dispose of, such shares until they vest. The holders of restricted share units are neither entitled to vote nor dispose of such shares until they vest.

## Note 9. Share-based compensation

We adopted our 2017 Omnibus Incentive Plan (the "2017 Plan") to attract and retain independent directors, executive officers and other key employees and service providers. As of September 30, 2021, there were 4,850,439 shares available for future grants under the 2017 Plan.

Restricted share awards consist of restricted shares and restricted share units that are granted to eligible employees, executives, and board members and consist of ordinary shares (or the right to receive ordinary shares).

A summary of our restricted share awards from January 1, 2021 to September 30, 2021 is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value
<b>Unvested balance at January 1, 2021</b>	<b>2,225,139</b>	<b>\$ 8.53</b>
Granted	1,925,298	5.45
Vested	(908,657)	8.63
Forfeited	(16,448)	7.53
<b>Unvested balance at September 30, 2021</b>	<b>3,225,332</b>	<b>\$ 6.67</b>

Performance share awards consist of ordinary shares that may become earned and vested at the end of a three-year performance period based on the achievement of performance targets adopted by our Compensation Committee. On January 4, 2021, we issued 1,027,519 performance share awards with market conditions where 50% of the performance awards will vest based on the total shareholder return of our ordinary shares relative to those of our peer group (“Relative TSR Awards”) and 50% will vest based on the compound annual growth rate of the price of our ordinary shares (“Absolute TSR Awards”). The Relative TSR Awards may vest between 0% and 150% of target, with the award capped at 100% of target should Playa’s TSR be negative. The Absolute TSR Awards may vest up to 100% of target.

The table below summarizes the key inputs used in the Monte-Carlo simulation to determine the grant date fair value of our performance share awards (*\$ in thousands*):

Performance Award Grant Date	Percentage of Total Award	Grant Date Fair Value by Component	Volatility <sup>(1)</sup>	Interest Rate <sup>(2)</sup>	Dividend Yield
<b>January 4, 2021</b>					
Peer Shareholder Return	50 %	\$ 3,088	57.69 %	0.16 %	— %
Growth Rate	50 %	\$ 2,230	57.69 %	0.16 %	— %

<sup>(1)</sup> Expected volatility was determined based on the historical share prices in our industry.

<sup>(2)</sup> The risk-free rate was based on U.S. Treasury zero coupon issues with a remaining term equal to the remaining term of the measurement period.

A summary of our performance share awards from January 1, 2021 to September 30, 2021 is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value
<b>Unvested balance at January 1, 2021</b>	<b>—</b>	<b>\$ —</b>
Granted	1,027,519	5.18
<b>Unvested balance at September 30, 2021</b>	<b>1,027,519</b>	<b>\$ 5.18</b>



## Note 10. Earnings per share

Basic and diluted earnings or losses per share (“EPS”) are as follows (*\$ in thousands, except share data*):

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Numerator</b>				
Net loss	\$ (12,371)	\$ (78,604)	\$ (89,884)	\$ (188,618)
<b>Denominator</b>				
Denominator for basic EPS - weighted-average number of shares outstanding	164,218,262	134,493,864	163,067,561	131,426,886
<b>Effect of dilutive securities</b>				
Unvested restricted share awards	—	—	—	—
Denominator for diluted EPS - adjusted weighted-average number of shares outstanding	164,218,262	134,493,864	163,067,561	131,426,886
<b>EPS - Basic</b>	<b>\$ (0.08)</b>	<b>\$ (0.58)</b>	<b>\$ (0.55)</b>	<b>\$ (1.44)</b>
<b>EPS - Diluted</b>	<b>\$ (0.08)</b>	<b>\$ (0.58)</b>	<b>\$ (0.55)</b>	<b>\$ (1.44)</b>

For the three and nine months ended September 30, 2021 and 2020, 1,027,519 and 1,200,714 shares of unvested performance-based equity awards, respectively, were not included in the computation of diluted EPS after assumed conversions as their effect would have been anti-dilutive. The performance targets of our unvested performance-based equity awards were partially achieved as of September 30, 2021, but were not achieved as of September 30, 2020.

For the three and nine months ended September 30, 2021 and 2020, 3,225,332 and 2,300,089 shares of unvested restricted share awards were not included in the computation of diluted EPS as their effect would have been anti-dilutive.

For the three and nine months ended September 30, 2021 and 2020, outstanding earnout warrants to acquire a total of 2,987,770 ordinary shares were not included in the computation of diluted EPS after assumed conversions because the warrants were not exercisable as of the end of the respective reporting period.

## Note 11. Debt

Our debt consists of the following (*\$ in thousands*):

	Interest Rate	Maturity Date	Outstanding Balance as of	
			September 30, 2021	December 31, 2020
<b>Revolving Credit Facilities</b>				
Revolving Credit Facility <sup>(1)</sup>	LIBOR + 3.00% LIBOR + 4.00%	April 27, 2022 (\$17.0 million) January 27, 2024 (\$68.0 million)	\$ —	\$ 84,667
<b>Senior Secured Credit Facilities</b>				
Term Loan <sup>(2)</sup>	LIBOR + 2.75%	April 27, 2024	\$ 944,393	\$ 976,348
Term A1 Loan	11.4777%	April 27, 2024	35,000	35,000
Term A2 Loan	11.4777%	April 27, 2024	31,000	31,000
Term A3 Loan <sup>(3)</sup>	LIBOR + 3.00%	April 27, 2024	27,319	28,000
Total Term Loans (at stated value)			1,037,712	1,070,348
Unamortized discount			(1,279)	(1,658)
Unamortized debt issuance costs			(4,662)	(6,015)
Total Term Loans, net			\$ 1,031,771	\$ 1,062,675
<b>Property Loan</b>				
Property Loan (at stated value)	9.25%	July 1, 2025	\$ 110,000	\$ 110,000
Unamortized discount			(3,323)	(3,960)
Unamortized debt issuance costs			(3,700)	(4,409)
Total Property Loan, net			\$ 102,977	\$ 101,631
<b>Finance lease obligations</b>			\$ 2,226	\$ 2,294
<b>Total debt, net</b>			<b>\$ 1,136,974</b>	<b>\$ 1,251,267</b>

<sup>(1)</sup> Undrawn balances bear interest between 0.25% to 0.5% depending on certain leverage ratios. We had \$85.0 million and \$0.3 million available as of September 30, 2021 and December 31, 2020, respectively. The weighted-average interest rate on the outstanding balance of our Revolving Credit Facility was 3.15% as of December 31, 2020.

<sup>(2)</sup> One-month London Interbank Offered Rate (“LIBOR”) is subject to a 1.0% floor. The interest rate was 3.75% as of both September 30, 2021 and December 31, 2020. Our two interest rate swaps fix LIBOR at 2.85% on \$800.0 million of our Term Loan (see Note 12).

<sup>(3)</sup> LIBOR is subject to a 1.0% floor. The interest rate was 4.00% as of both September 30, 2021 and December 31, 2020.

### ***Fifth Amendment to Amended and Restated Credit Agreement***

On February 5, 2021, we entered into the Fifth Amendment to the Amended & Restated Credit Agreement (the “Fifth Amendment”, and collectively with the unamended terms of the Senior Secured Credit Facility, the “Existing Credit Agreement”). The terms of the Senior Secured Credit Facility remain in effect except for the following terms modified by the Fifth Amendment:

- i. extend the maturity date for \$68.0 million of our \$85.0 million Revolving Credit Facility through January 2024. The remaining \$17.0 million matures in April 2022;
- ii. repaid the \$84.7 million outstanding balance on our Revolving Credit Facility as a condition to maturity extension;
- iii. increase the interest rate on the extended portion of our Revolving Credit Facility to LIBOR plus an applicable margin of 4.00%;
- iv. extend the replacement of the total net leverage ratio requirement of the financial covenant with a minimum liquidity balance through March 31, 2022 (the “Relief Period”);
- v. further modify the financial covenant for certain test dates after the Relief Period; and

- vi. add certain restrictions on, among other things, the incurrence of additional debt and making of investments, dispositions and restricted payments during the Relief Period and thereafter.

### ***Second Amendment to Additional Credit Facility***

On February 5, 2021, we entered into the Second Amendment to the Additional Credit Facility (the “Second Amendment”). The terms of the Additional Credit Facility remain in effect except for the following terms modified by the Second Amendment:

- i. extend the Relief Period through March 31, 2022;
- ii. further modify the financial covenant for certain test dates after the Relief Period; and
- iii. add certain restrictions on, among other things, the incurrence of additional debt and making of investments, dispositions and restricted payments during the Relief Period and thereafter.

### ***Financial maintenance covenants***

We were in compliance with all applicable covenants as of September 30, 2021. A summary of our applicable covenants and restrictions is as follows:

<b>Debt</b>	<b>Covenant Terms</b>
Existing Credit Agreement	<p>We are required to maintain a minimum liquidity balance of \$70.0 million through the Relief Period.</p> <p>If we have more than 35% drawn on the Revolving Credit Facility for periods subsequent to December 31, 2021, we will be subject to the following total net leverage ratio requirements:</p> <ul style="list-style-type: none"> <li>▪ 6.50x for the period ended March 31, 2022;</li> <li>▪ 6.00x for the period ended June 30, 2022; and</li> <li>▪ 4.75x for periods thereafter.</li> </ul>
Term A1 Loan	Same terms as the Existing Credit Agreement.
Term A2 Loan	No applicable debt covenants.
Term A3 Loan	No applicable debt covenants.
Property Loan	No applicable debt covenants other than the requirement to maintain a cash reserve until the Properties achieve a debt service coverage ratio of 1.50x for two consecutive quarters.

## **Note 12. Derivative financial instruments**

Effective March 29, 2018, we entered into two interest rate swaps to mitigate the interest rate risk inherent to our floating rate debt. The interest rate swaps are not for trading purposes and have fixed notional values of \$200.0 million and \$600.0 million. The fixed rate paid by us is 2.85% and the variable rate received resets monthly to the one-month LIBOR rate, which results in us fixing LIBOR at 2.85% on \$800.0 million of our Term Loan. The interest rate swaps mature on March 31, 2023.

Our interest rate swaps are designated as cash flow hedges, but are deemed ineffective due to the decrease in interest rates. All changes in fair value are recognized through interest expense in the Condensed Consolidated Statements of Operations.

The following tables present the effect of our interest rate swaps, net of tax, in the Condensed Consolidated Statements of Comprehensive Loss and Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2021 and 2020 (\$ in thousands):

	2021	2020
<b>AOCI from our cash flow hedges as of January 1</b>	<b>\$ 26,369</b>	<b>\$ 20,164</b>
Change in fair value	—	16,956
Reclassification from AOCI to interest expense	(2,894)	(1,908)
OCI related to our cash flow hedges for the three months ended March 31	(2,894)	15,048
Change in fair value	—	—
Reclassification from AOCI to interest expense	(2,926)	(2,926)
OCI related to our cash flow hedges for the three months ended June 30	(2,926)	(2,926)
Change in fair value	—	—
Reclassification from AOCI to interest expense	(2,958)	(2,958)
OCI related to our cash flow hedges for the three months ended September 30	(2,958)	(2,958)
<b>AOCI from our cash flow hedges as of September 30<sup>(1)</sup></b>	<b>\$ 17,591</b>	<b>\$ 29,328</b>

<sup>(1)</sup> As of September 30, 2021, the total amount expected to be reclassified from AOCI to interest expense during the next twelve months is \$11.7 million.

Derivative Liabilities for Ineffective Hedges	Financial Statement Classification	Three Months Ended September 30,		Nine Months Ended September 30,	
		2021	2020	2021	2020
Interest rate swaps <sup>(1)</sup>	Interest expense	\$ 3,807	\$ 3,803	\$ 10,209	\$ 22,306

<sup>(1)</sup> Includes the change in fair value of our interest rate swaps and the cash interest paid for the monthly settlements of the derivative.

The following table presents the effect of our interest rate swaps in the Condensed Consolidated Balance Sheet as of September 30, 2021 and December 31, 2020 (\$ in thousands):

Derivative Liabilities for Ineffective Hedges	Financial Statement Classification	As of September 30,	As of December 31,
		2021	2020
Interest rate swaps	Derivative financial instruments	\$ 31,136	\$ 46,340

Derivative financial instruments expose us to credit risk in the event of non-performance by the counterparty under the terms of the interest rate swaps. We incorporate these counterparty credit risks in our fair value measurements (see Note 13) and believe we minimize this credit risk by transacting with major creditworthy financial institutions.

### Note 13. Fair value of financial instruments

The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. U.S. GAAP establishes a hierarchical disclosure framework, which prioritizes and ranks the level of observability of inputs used in measuring fair value as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Unadjusted quoted prices for similar assets or liabilities in active markets, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Inputs are unobservable and reflect our judgments about assumptions that market participants would use in pricing an asset or liability.

We believe the carrying value of our financial instruments, excluding our debt, approximate their fair values as of September 30, 2021 and December 31, 2020. We did not have any Level 3 instruments during any of the periods presented in our Condensed Consolidated Financial Statements.

The following tables present our fair value hierarchy for our financial liabilities measured at fair value on a recurring basis as of September 30, 2021 and December 31, 2020 (\$ in thousands):

	September 30, 2021	Level 1	Level 2	Level 3
<b>Fair value measurements on a recurring basis</b>				
Interest rate swap	\$ 31,136	\$ —	\$ 31,136	\$ —
	<b>December 31, 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Fair value measurements on a recurring basis</b>				
Interest rate swap	\$ 46,340	\$ —	\$ 46,340	\$ —

The following tables present our fair value hierarchy for our financial liabilities not measured at fair value as of September 30, 2021 and December 31, 2020 (\$ in thousands):

	Carrying Value	Fair Value		
	As of September 30, 2021	Level 1	Level 2	Level 3
<b>Financial liabilities not recorded at fair value</b>				
Term Loan	\$ 940,977	\$ —	\$ —	\$ 931,813
Term A1 Loan	34,060	—	—	35,515
Term A2 Loan	30,167	—	—	31,456
Term A3 Loan	26,567	—	—	27,153
Property Loan	102,977	—	—	112,240
<b>Total liabilities</b>	<b>\$ 1,134,748</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,138,177</b>

	Carrying Value	Fair Value		
	As of December 31, 2020	Level 1	Level 2	Level 3
<b>Financial liabilities not recorded at fair value</b>				
Term Loan	\$ 971,920	\$ —	\$ —	\$ 936,799
Revolving Credit Facility	84,667	—	—	84,769
Term A1 Loan	33,792	—	—	35,182
Term A2 Loan	29,930	—	—	31,161
Term A3 Loan	27,033	—	—	28,028
Property Loan	101,631	—	—	109,871
<b>Total liabilities</b>	<b>\$ 1,248,973</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,225,810</b>

The following table summarizes the valuation techniques used to estimate the fair value of our financial instruments measured at fair value on a recurring basis and our financial instruments not measured at fair value:

	<b>Valuation Technique</b>
<b>Financial instruments recorded at fair value</b>	
Interest rate swaps	The fair value of the interest rate swaps is estimated based on the expected future cash flows by incorporating the notional amount of the swaps, the contractual period to maturity, and observable market-based inputs, including interest rate curves. The fair value also incorporates credit valuation adjustments to appropriately reflect nonperformance risk. The fair value of our interest rate swaps is largely dependent on forecasted LIBOR as of the measurement date. If, in subsequent periods, forecasted LIBOR exceeds 2.85%, we will recognize a gain and future cash inflows. Conversely, if forecasted LIBOR falls below 2.85% in subsequent periods, we will recognize a loss and future cash outflows.
<b>Financial instruments not recorded at fair value</b>	
Term Loans and Property Loan	The fair value of our Term Loans and Property Loan are estimated using cash flow projections over the remaining contractual period by applying market forward rates and discounting back at the appropriate discount rate.
Revolving Credit Facility	The valuation technique of our Revolving Credit Facility is consistent with our Term Loans. The fair value of the Revolving Credit Facility generally approximates its carrying value as the expected term is significantly shorter in duration.

#### **Note 14. Other balance sheet items**

##### *Trade and other receivables, net*

The following summarizes the balances of trade and other receivables, net as of September 30, 2021 and December 31, 2020 (*\$ in thousands*):

	<b>As of September 30, 2021</b>	<b>As of December 31, 2020</b>
Gross trade and other receivables <sup>(1)</sup>	\$ 42,787	\$ 28,346
Allowance for doubtful accounts <sup>(2)</sup>	(2,516)	(2,913)
<b>Total trade and other receivables, net</b>	<b>\$ 40,271</b>	<b>\$ 25,433</b>

<sup>(1)</sup> The opening balance as of January 1, 2020 was \$73.0 million.

<sup>(2)</sup> We recognized an additional \$3.1 million in bad debt expense during the year ended December 31, 2020 primarily as result of the negative effects of COVID-19.

We have not experienced any significant write-offs to our accounts receivable during the three and nine months ended September 30, 2021 and 2020.

### Prepayments and other assets

The following summarizes the balances of prepayments and other assets as of September 30, 2021 and December 31, 2020 (*\$ in thousands*):

	As of September 30, 2021	As of December 31, 2020
Advances to suppliers	\$ 6,510	\$ 8,748
Prepaid income taxes	12,976	12,731
Prepaid other taxes <sup>(1)</sup>	8,926	14,033
Operating lease right-of-use assets	3,959	4,263
Key money <sup>(2)</sup>	2,403	2,700
Other assets	4,129	5,163
<b>Total prepayments and other assets</b>	<b>\$ 38,903</b>	<b>\$ 47,638</b>

<sup>(1)</sup> Includes recoverable value-added tax, general consumption tax and other sales tax accumulated by our Mexico, Jamaica, Netherlands and Dominican Republic entities.

<sup>(2)</sup> Represents a cash deposit related to the Sanctuary Cap Cana management contract. In April 2021, we entered into an agreement to classify this deposit as key money.

### Goodwill

We recognized no goodwill impairment losses on our reporting units nor any additions to goodwill during the three and nine months ended September 30, 2021. The gross carrying values and accumulated impairment losses of goodwill by reportable segment (refer to discussion of our reportable segments in Note 15) as of September 30, 2021 and December 31, 2020 are as follows (*\$ in thousands*):

	Yucatán Peninsula	Pacific Coast	Dominican Republic	Jamaica	Total
Gross carrying value	\$ 51,731	\$ —	\$ —	\$ 35,879	\$ 87,610
Accumulated impairment losses	(6,168)	—	—	(19,788)	(25,956)
<b>Net carrying value</b>	<b>\$ 45,563</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 16,091</b>	<b>\$ 61,654</b>

As a result of COVID-19 and the temporary suspension of operations at our resorts (see Note 1), the forecasted future cash flows of our reporting units materially decreased during the first quarter of 2020. We performed an interim quantitative impairment analysis as of March 31, 2020 and recognized goodwill impairment losses at the following reporting units for the three months ended March 31, 2020 as we determined that their carrying values exceeded their fair value (*\$ in thousands*):

Reporting Unit	Reportable Segment	Impairment Loss
Jewel Runaway Bay Beach Resort & Waterpark	Jamaica	\$ 7,318
Jewel Dunn's River Beach Resort & Spa	Jamaica	\$ 5,400
Jewel Paradise Cove Beach Resort & Spa	Jamaica	\$ 4,321

## Other intangible assets

Other intangible assets as of September 30, 2021 and December 31, 2020 consisted of the following (\$ in thousands):

	As of September 30, 2021	As of December 31, 2020
<b>Gross carrying value</b>		
Casino and other licenses <sup>(1)</sup>	\$ 875	\$ 875
Management contract	1,900	1,900
Enterprise resource planning system <sup>(2)</sup>	6,291	6,047
Other	4,045	4,238
<b>Total gross carrying value</b>	<b>13,111</b>	<b>13,060</b>
<b>Accumulated amortization</b>		
Management contract	(309)	(238)
Enterprise resource planning system <sup>(2)</sup>	(1,678)	(1,125)
Other	(3,267)	(3,141)
<b>Total accumulated amortization</b>	<b>(5,254)</b>	<b>(4,504)</b>
<b>Net carrying value</b>		
Casino and other licenses <sup>(1)</sup>	875	875
Management contract	1,591	1,662
Enterprise resource planning system <sup>(2)</sup>	4,613	4,922
Other	778	1,097
<b>Total net carrying value</b>	<b>\$ 7,857</b>	<b>\$ 8,556</b>

<sup>(1)</sup> Our casino and other licenses have indefinite lives. Accordingly, there is no associated amortization expense or accumulated amortization.

<sup>(2)</sup> Represents software development costs incurred to develop and implement SAP as our integrated enterprise resource planning system, of which \$0.9 million and \$1.4 million was placed into service in 2021 and 2020, respectively, and is being amortized over a weighted-average amortization period of 7 years.

Amortization expense for intangible assets was \$0.3 million and \$0.6 million for the three months ended September 30, 2021 and 2020, respectively, and \$1.0 million and \$1.3 million for the nine months ended September 30, 2021 and 2020, respectively.

## Trade and other payables

The following summarizes the balances of trade and other payables as of September 30, 2021 and December 31, 2020 (\$ in thousands):

	As of September 30, 2021	As of December 31, 2020
Trade payables	\$ 18,495	\$ 23,348
Advance deposits <sup>(1)</sup>	39,245	29,707
Withholding and other taxes payable	31,132	37,450
Interest payable	99	618
Payroll and related accruals	21,491	15,668
Accrued expenses and other payables	18,112	16,619
<b>Total trade and other payables</b>	<b>\$ 128,574</b>	<b>\$ 123,410</b>

<sup>(1)</sup> The opening balance as of January 1, 2020 was \$53.8 million.



## Other liabilities

The following summarizes the balances of other liabilities as of September 30, 2021 and December 31, 2020 (\$ in thousands):

	As of September 30, 2021	As of December 31, 2020
Pension obligation <sup>(1)(2)</sup>	\$ 6,285	\$ 6,231
Lease liabilities	4,478	4,762
Unfavorable ground lease liability	2,021	2,090
Key money <sup>(3)</sup>	15,089	15,790
Other	897	895
<b>Total other liabilities</b>	<b>\$ 28,770</b>	<b>\$ 29,768</b>

<sup>(1)</sup> For the three months ended September 30, 2021 and 2020, the service cost component of net periodic pension cost was \$0.2 million and \$0.2 million, respectively. For the nine months ended September 30, 2021 and 2020, the service cost component of net periodic pension cost was \$0.6 million and \$0.6 million, respectively. These costs are recorded within direct expense in the Condensed Consolidated Statements of Operations.

<sup>(2)</sup> For the three months ended September 30, 2021 and 2020, the non-service cost components of net periodic pension benefit or cost were nominal and \$0.3 million, respectively. For the nine months ended September 30, 2021 and 2020, the non-service cost components of net periodic pension benefit or cost were \$0.5 million and \$1.6 million, respectively. These costs are recorded within other income (expense) in the Condensed Consolidated Statements of Operations.

<sup>(3)</sup> Represents the unamortized balance of key money received, which is amortized as a reduction to franchise fees within direct expenses in the Condensed Consolidated Statements of Operations. We received \$8.5 million of additional key money in 2020.

## Note 15. Business segments

We consider each one of our owned resorts to be an operating segment, none of which meets the threshold for a reportable segment. We also allocate resources and assess operating performance based on individual resorts. Our operating segments meet the aggregation criteria and thus, we present four separate reportable segments by geography: (i) Yucatán Peninsula, (ii) Pacific Coast, (iii) Dominican Republic and (iv) Jamaica. For the three and nine months ended September 30, 2021 and 2020, we have excluded the immaterial amounts of management fees, cost reimbursements and other from our segment reporting.

Our operating segments are components of the business which are managed discretely and for which discrete financial information is reviewed regularly by our Chief Executive Officer, Chief Financial Officer and Chief Operating Officer, all of whom represent our chief operating decision maker (“CODM”). Financial information for each reportable segment is reviewed by the CODM to assess performance and make decisions regarding the allocation of resources.

The performance of our business is evaluated primarily on adjusted earnings before interest expense, income tax (provision) benefit, and depreciation and amortization expense (“Adjusted EBITDA”), which should not be considered an alternative to net loss or other measures of financial performance or liquidity derived in accordance with U.S. GAAP. The performance of our segments is evaluated on Adjusted EBITDA before corporate expenses and management fee income (“Owned Resort EBITDA”).

We define Adjusted EBITDA as net loss, determined in accordance with U.S. GAAP, for the period presented, before interest expense, income tax (provision) benefit, and depreciation and amortization expense, further adjusted to exclude the following items: (a) impairment loss; (b) loss on sale of assets; (c) other income (expense); (d) repairs from hurricanes and tropical storms; (e) share-based compensation; (f) other tax (expense) income; (g) transaction expenses; (h) contract termination costs; and (i) severance expenses.

There are limitations to using financial measures such as Adjusted EBITDA and Owned Resort EBITDA. For example, other companies in our industry may define Adjusted EBITDA differently than we do. As a result, it may be difficult to use Adjusted EBITDA or similarly named financial measures that other companies publish to compare the performance of those companies to our performance. Because of these limitations, Adjusted EBITDA should not be considered as a measure of the income or loss generated by our business or discretionary cash available for investment in our business and investors should carefully consider our U.S. GAAP results presented in our Condensed Consolidated Financial Statements.

The following table presents segment owned net revenue and a reconciliation to total revenue for the three and nine months ended September 30, 2021 and 2020 (\$ in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>Owned net revenue</b>				
Yucatán Peninsula	\$ 51,209	\$ 17,351	\$ 129,879	\$ 79,689
Pacific Coast	21,982	773	51,117	21,854
Dominican Republic	42,794	2,453	97,563	38,060
Jamaica	29,502	6,458	65,358	58,458
<b>Segment owned net revenue <sup>(1)</sup></b>	<b>145,487</b>	<b>27,035</b>	<b>343,917</b>	<b>198,061</b>
Other	232	258	726	293
Management fees	673	8	1,469	635
Cost reimbursements	1,072	505	2,554	1,913
Compulsory tips	3,823	930	9,170	6,044
<b>Total revenue</b>	<b>\$ 151,287</b>	<b>\$ 28,736</b>	<b>\$ 357,836</b>	<b>\$ 206,946</b>

<sup>(1)</sup> Segment owned net revenue represents total revenue less compulsory tips paid to employees, cost reimbursements, management fees and other miscellaneous revenue not derived from segment operations.

The following table presents segment Owned Resort EBITDA, Adjusted EBITDA and a reconciliation to net loss for the three and nine months ended September 30, 2021 and 2020 (\$ in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>Owned Resort EBITDA</b>				
Yucatán Peninsula	\$ 17,518	\$ (1,820)	\$ 37,714	\$ 15,111
Pacific Coast	6,429	(2,330)	13,992	3,726
Dominican Republic	11,267	(6,296)	20,859	(3,388)
Jamaica	5,632	(7,473)	6,924	3,503
<b>Segment Owned Resort EBITDA</b>	<b>40,846</b>	<b>(17,919)</b>	<b>79,489</b>	<b>18,952</b>
Other corporate	(9,749)	(8,205)	(28,778)	(26,782)
Management fees	673	8	1,469	635
<b>Total Adjusted EBITDA</b>	<b>31,770</b>	<b>(26,116)</b>	<b>52,180</b>	<b>(7,195)</b>
Interest expense	(19,047)	(19,973)	(56,164)	(61,844)
Depreciation and amortization	(19,927)	(22,518)	(60,827)	(69,877)
Impairment loss	—	(867)	(24,011)	(42,308)
Gain (loss) on sale of assets	4	—	(644)	(1,729)
Other income (expense)	587	224	(747)	1,171
Repairs from hurricanes and tropical storms	(435)	—	(435)	—
Share-based compensation	(3,270)	(1,925)	(9,899)	(7,867)
Other tax (expense) income	(67)	170	(228)	(298)
Transaction expenses	(210)	(541)	(928)	(1,416)
Contract termination costs	(400)	—	(400)	—
Severance expense	—	(1,448)	(1,287)	(3,892)
Non-service cost components of net periodic pension (benefit) cost <sup>(1)</sup>	(16)	(311)	463	(1,600)
<b>Net loss before tax</b>	<b>(11,011)</b>	<b>(73,305)</b>	<b>(102,927)</b>	<b>(196,855)</b>
Income tax (provision) benefit	(1,360)	(5,299)	13,043	8,237
<b>Net loss</b>	<b>\$ (12,371)</b>	<b>\$ (78,604)</b>	<b>\$ (89,884)</b>	<b>\$ (188,618)</b>

<sup>(1)</sup> Represents the non-service cost components of net periodic pension (benefit) cost recorded within other income (expense) in the Condensed Consolidated Statements of Operations. We include these costs in calculating Adjusted EBITDA as they are considered part of our ongoing resort operations.

The following table presents segment property and equipment, gross and a reconciliation to total property and equipment, net as of September 30, 2021 and December 31, 2020 (*\$ in thousands*):

	<b>As of September 30, 2021</b>	<b>As of December 31, 2020</b>
<b>Segment property and equipment, gross</b>		
Yucatán Peninsula	\$ 665,731	\$ 799,849
Pacific Coast	288,122	288,328
Dominican Republic	679,057	678,900
Jamaica	407,826	406,047
<b>Total segment property and equipment, gross</b>	<b>2,040,736</b>	<b>2,173,124</b>
Corporate property and equipment, gross	4,798	4,505
Accumulated depreciation	(449,921)	(450,246)
<b>Total property and equipment, net</b>	<b>\$ 1,595,613</b>	<b>\$ 1,727,383</b>

The following table presents segment capital expenditures and a reconciliation to total capital expenditures for the nine months ended September 30, 2021 and 2020 (*\$ in thousands*):

	<b>Nine Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Segment capital expenditures</b>		
Yucatán Peninsula	\$ 2,709	\$ 3,423
Pacific Coast	536	1,120
Dominican Republic	1,874	6,728
Jamaica	3,288	2,364
<b>Total segment capital expenditures <sup>(1)</sup></b>	<b>8,407</b>	<b>13,635</b>
Corporate	256	149
<b>Total capital expenditures <sup>(1)</sup></b>	<b>\$ 8,663</b>	<b>\$ 13,784</b>

<sup>(1)</sup> Represents gross additions to property and equipment.

## Note 16. Subsequent events

In preparing the interim Condensed Consolidated Financial Statements, there were no subsequent events since September 30, 2021.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion and analysis of Playa Hotels & Resorts N.V.'s ("Playa") financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements (our "Condensed Consolidated Financial Statements") and the notes related thereto which are included in "Item 1. Financial Statements" of this Quarterly Report on Form 10-Q. Unless the context otherwise requires, "we," "us," "our" and the "Company" refer to Playa and its subsidiaries.

### **Cautionary Note Regarding Forward-Looking Statements**

This quarterly report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect our current expectations and projections about future events at the time, and thus involve uncertainty and risk. The words "believe," "expect," "anticipate," "will," "could," "would," "should," "may," "plan," "estimate," "intend," "predict," "potential," "continue," and the negatives of these words and other similar expressions generally identify forward looking statements. Forward-looking statements are subject to various factors that could cause actual outcomes or results to differ materially from those indicated in these statements, including the risks described under the sections entitled "Risk Factors" of our Annual Report on Form 10-K, filed with the SEC on March 4, 2021 and as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in our filings with the SEC. Currently, one of the most significant factors that could cause actual outcomes to differ materially from our forward-looking statements is the adverse effects of the current COVID-19 pandemic on our financial condition, results of operations and prospects, the airlines that service the locations where we own resorts, the short and longer-term demand for travel, the global economy and the local economies where we own resorts, and the financial markets. As a result of the COVID-19 pandemic, we have experienced severely reduced occupancy levels at our resorts compared to historic levels and we continue to experience lower occupancy as compared to pre-pandemic levels. The extent to which the COVID-19 pandemic will continue to impact us and consumer behavior will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, continuing resurgences of the virus and its variants, including the Delta variant, the government actions taken to contain the pandemic or mitigate its impact, the speed, effectiveness and distribution of vaccine (including boosters) and treatment therapies, the rate of public adoption of COVID-19 vaccines, and the direct and indirect economic effects of the pandemic and containment measures, including the magnitude of its impact on unemployment rates, labor-force availability (including as a result of vaccine mandates), and consumer discretionary spending, among others. Additional factors that could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements include:

- general economic uncertainty and the effect of general economic conditions on the lodging industry in particular;
- the popularity of the all-inclusive resort model, particularly in the luxury segment of the resort market;
- changes in economic, social or political conditions in the regions we operate, including changes in perception of public-safety and changes in the supply of rooms from competing resorts;
- the success and continuation of our relationships with Hyatt Hotels Corporation ("Hyatt"), Hilton Worldwide Holdings, Inc. ("Hilton"), and Wyndham Hotels & Resorts, Inc. ("Wyndham");
- the volatility of currency exchange rates;
- the success of our branding or rebranding initiatives with our current portfolio and resorts that may be acquired in the future;
- our failure to successfully complete acquisition, expansion, repair and renovation projects in the timeframes and at the costs and returns anticipated;
- changes we may make in timing and scope of our development and renovation projects;
- significant increases in construction and development costs;
- significant increases in utilities, labor or other resort costs;
- our ability to obtain and maintain financing arrangements on attractive terms or at all;
- our ability to obtain and maintain ample liquidity to fund operations and service debt;

- *the impact of and changes in governmental regulations or the enforcement thereof, tax laws and rates, accounting guidance and similar matters in regions in which we operate;*
- *the ability of our guests to reach our resorts given government mandated travel restrictions, as well as the demand for our resorts resulting from government mandated safety protocols and health concerns;*
- *the effectiveness of our internal controls and our corporate policies and procedures and the success and timing of the remediation efforts for the material weakness that we identified in our internal control over financial reporting;*
- *changes in personnel and availability of qualified personnel;*
- *environmental uncertainties and risks related to adverse weather conditions and natural disasters;*
- *outbreak of widespread contagious diseases other than COVID-19;*
- *dependence on third parties to provide Internet, telecommunications and network connectivity to our data centers;*
- *the volatility of the market price and liquidity of our ordinary shares and other of our securities; and*
- *the increasingly competitive environment in which we operate.*

*While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. The Company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, new information, data or methods, future events or other changes after the date of this quarterly report, except as required by applicable law. You should not place undue reliance on any forward-looking statements, which are based only on information currently available to us (or to third parties making the forward-looking statements).*

## **Overview**

Playa is a leading owner, operator and developer of all-inclusive resorts in prime beachfront locations in popular vacation destinations in Mexico and the Caribbean. As of September 30, 2021, Playa owned and/or managed a total portfolio consisting of 22 resorts (8,366 rooms) located in Mexico, Jamaica, and the Dominican Republic. In Mexico, Playa owns and manages Hyatt Zilara Cancún, Hyatt Ziva Cancún, Panama Jack Resorts Cancún, Panama Jack Resorts Playa del Carmen, Hilton Playa del Carmen All-Inclusive Resort, Hyatt Ziva Puerto Vallarta and Hyatt Ziva Los Cabos. In Jamaica, Playa owns and manages Hyatt Zilara Rose Hall, Hyatt Ziva Rose Hall, Hilton Rose Hall Resort & Spa, Jewel Grande Montego Bay Resort & Spa, and Jewel Paradise Cove Beach Resort & Spa. In the Dominican Republic, Playa owns and manages the Hilton La Romana All-Inclusive Family Resort, the Hilton La Romana All-Inclusive Adult Resort, Hyatt Zilara Cap Cana and Hyatt Ziva Cap Cana. Playa owns two resorts in the Dominican Republic that are managed by a third-party and manages five resorts on behalf of third-party owners. Playa leverages years of all-inclusive resort operating expertise and relationships with globally recognized hospitality brands to provide a best-in-class experience and exceptional value to our guests, while building a direct relationship to improve customer acquisition cost and drive repeat business.

For the three months ended September 30, 2021, during which time we had reduced occupancy as a result of the continuing effects of the COVID-19 pandemic, we generated a net loss of \$12.4 million, total revenue of \$151.3 million, Net Package RevPAR of \$184.19, and Adjusted EBITDA of \$31.8 million. For the three months ended September 30, 2020, when several of our resorts were closed due to the outbreak of the COVID-19 pandemic and those that reopened had severely reduced occupancy, we generated a net loss of \$78.6 million, total revenue of \$28.7 million, Net Package RevPAR of \$30.71, and Adjusted EBITDA of (\$26.1) million.

## **Impact of COVID-19 Pandemic**

The COVID-19 pandemic and the public health measures that have been undertaken in response have had a significant adverse impact on the global economy, the travel and hospitality industries and our business starting in the first quarter of 2020. The effects of the COVID-19 pandemic, including related government restrictions, border closings, quarantines, “shelter-in-place” orders and “social distancing,” have significantly disrupted global leisure travel, and have adversely impacted global commercial activity, contributing to worldwide economic contraction and increased unemployment. We expect that the continuing fallout will create headwinds for global travel even after government restrictions are lifted.

Due to the spread of the COVID-19 pandemic and the associated restrictions placed on international travel, we temporarily suspended operations at all of our resorts in late March 2020. We subsequently began reopening our resorts on July 1, 2020 and all of our resorts are open as of September 30, 2021.

The suspension of operations at our resorts during part of 2020, and the reduced occupancy at our resorts since they have reopened, have adversely affected our liquidity. As of September 30, 2021, we had \$231.5 million of available cash, excluding \$24.6 million of restricted cash. For discussion of the measures that were previously taken to improve our liquidity during fiscal year 2020, please refer to our Annual Report on Form 10-K filed with the SEC on March 4, 2021. We have taken the following measures during the 2021 fiscal year to further mitigate the impact of the effects of the COVID-19 pandemic on our liquidity position:

- raised \$138.0 million, net of underwriting discounts, of additional capital in January 2021 through an underwritten public equity offering at \$5.00 per share;
- paid down the outstanding balance under our Revolving Credit Facility in February 2021 and also amended and extended our existing facility, further extending the covenant waiver period were we to draw the credit line over 35%;
- sold the Dreams Puerto Aventuras in February 2021 for a total cash consideration of \$34.5 million; and
- sold the Capri Resort in June 2021 for a total cash consideration of \$55.2 million.

Following the gradual loosening of government travel restrictions, the increased availability and adoption of vaccines, and increases in available flights to the locations of our resorts, our occupancy and operating results have improved during the first nine months of 2021, although they still remain well below pre-pandemic levels. However, with the trends reflected in our third quarter results, our reservations for future periods and expected increases in flight capacity into our destinations, we are hopeful that our business will continue to recover.

However, we cannot predict when the pandemic and its economic effects will subside, and thus we cannot predict whether our resorts will be permitted to remain open or when our business will return to normalized levels. There also can be no guarantee that when the current pandemic subsides that there will not be resurgences of the virus or its variants or that the demand for lodging, and consumer confidence in travel generally, will recover as quickly as other industries. The longer and more severe the pandemic, and the actual occurrence or even the possibility of repeat or cyclical outbreaks of the virus beyond the one currently being experienced, the greater the material adverse effect the pandemic will have on our business, results of operations, cash flows, financial condition, access to credit markets and ability to service our indebtedness.

## Our Portfolio of Resorts

As of September 30, 2021, the following table presents an overview of our resorts and is organized by our four geographic business segments: the Yucatán Peninsula, the Pacific Coast, the Dominican Republic and Jamaica.

Name of Resort	Location	Brand and Type	Operator	Year Built; Significant Renovations	Rooms
<b>Owned Resorts</b>					
<b>Yucatán Peninsula</b>					
Hyatt Ziva Cancún	Cancún, Mexico	Hyatt Ziva (all ages)	Playa	1975; 1980; 1986; 2002; 2015	547
Hyatt Zilara Cancún	Cancún, Mexico	Hyatt Zilara (adults-only)	Playa	2006; 2009; 2013; 2017	310
Panama Jack Resorts Cancún	Cancún, Mexico	Panama Jack (all ages)	Playa	1985; 2009; 2017	458
Hilton Playa del Carmen All-Inclusive Resort	Playa del Carmen, Mexico	Hilton (adults-only)	Playa	2002; 2009; 2019	524
Panama Jack Resorts Playa del Carmen	Playa del Carmen, Mexico	Panama Jack (all ages)	Playa	1996; 2006; 2012; 2017	287
<b>Pacific Coast</b>					
Hyatt Ziva Los Cabos	Cabo San Lucas, Mexico	Hyatt Ziva (all ages)	Playa	2007; 2009; 2015	591
Hyatt Ziva Puerto Vallarta	Puerto Vallarta, Mexico	Hyatt Ziva (all ages)	Playa	1969; 1990; 2002; 2009; 2014; 2017	335
<b>Dominican Republic</b>					
Hilton La Romana All-Inclusive Resort	La Romana, Dominican Republic	Hilton (adults-only)	Playa	1997; 2008; 2019	356
Hilton La Romana All-Inclusive Resort	La Romana, Dominican Republic	Hilton (all ages)	Playa	1997; 2008; 2019	418
Dreams Palm Beach	Punta Cana, Dominican Republic	Dreams (all ages)	AMResorts	1994; 2008	500
Dreams Punta Cana	Punta Cana, Dominican Republic	Dreams (all ages)	AMResorts	2004	620
Hyatt Ziva Cap Cana	Cap Cana, Dominican Republic	Hyatt Ziva (all ages)	Playa	2019	375
Hyatt Zilara Cap Cana	Cap Cana, Dominican Republic	Hyatt Zilara (adults-only)	Playa	2019	375
<b>Jamaica</b>					
Hyatt Ziva Rose Hall	Montego Bay, Jamaica	Hyatt Ziva (all ages)	Playa	2000; 2014; 2017	276
Hyatt Zilara Rose Hall	Montego Bay, Jamaica	Hyatt Zilara (adults-only)	Playa	2000; 2014; 2017	344
Hilton Rose Hall Resort & Spa	Montego Bay, Jamaica	Hilton (all ages)	Playa	1974; 2008; 2017	495
Jewel Paradise Cove Beach Resort & Spa	Runaway Bay, Jamaica	Jewel (adults-only)	Playa	2013	225
Jewel Grande Montego Bay Resort & Spa <sup>(1)</sup>	Montego Bay, Jamaica	Jewel (all ages)	Playa	2016; 2017	88
<b>Total Rooms Owned</b>					<b>7,124</b>
<b>Managed Resorts <sup>(2)</sup></b>					
Sanctuary Cap Cana	Punta Cana, Dominican Republic	Sanctuary (adults-only)	Playa	2008; 2015; 2018	324
Jewel Grande Montego Bay Resort & Spa	Montego Bay, Jamaica	Jewel (condo-hotel)	Playa	2016; 2017	129
The Yucatán Playa Del Carmen All-Inclusive Resort	Playa del Carmen, Mexico	Tapestry Collection by Hilton (adults-only)	Playa	2012	60
Hyatt Ziva Riviera Cancún <sup>(3)</sup>	Riviera Maya, Mexico	Hyatt Ziva (all ages)	Playa	2008, 2021	438
Hyatt Zilara Riviera Maya <sup>(4)</sup>	Riviera Maya, Mexico	Hyatt Zilara (adults-only)	Playa	2003	291
<b>Total Rooms Operated</b>					<b>1,242</b>
<b>Total Rooms Owned and Operated</b>					<b>8,366</b>

<sup>(1)</sup> Represents an 88-unit tower and spa owned by us. We manage the majority of the units within the remaining two condo-hotel towers owned by Sagicor Financial Corporation Limited and its affiliated entities (collectively “Sagicor”) that comprise the Jewel Grande Montego Bay Resort & Spa.

<sup>(2)</sup> Owned by a third party.

<sup>(3)</sup> We entered into a management agreement to operate this resort during the first quarter of 2021. The resort opened in the third quarter of 2021.

<sup>(4)</sup> We entered into a management agreement to operate this resort during the second quarter of 2021. The resort is currently closed for renovations but is expected to open in the first half of 2022.

## Results of Operations

### Three Months Ended September 30, 2021 and 2020

The following table summarizes our results of operations on a consolidated basis for the three months ended September 30, 2021 and 2020 (\$ in thousands):

	Three Months Ended September 30,		Increase / Decrease	
	2021	2020	Change	% Change
<b>Revenue</b>				
Package	\$ 124,331	\$ 22,705	\$ 101,626	447.6 %
Non-package	25,211	5,518	19,693	356.9 %
Management fees	673	8	665	8,312.5 %
Cost reimbursements	1,072	505	567	112.3 %
<b>Total revenue</b>	<b>151,287</b>	<b>28,736</b>	<b>122,551</b>	<b>426.5 %</b>
<b>Direct and selling, general and administrative expenses</b>				
Direct	90,788	35,679	55,109	154.5 %
Selling, general and administrative	32,055	22,943	9,112	39.7 %
Depreciation and amortization	19,927	22,518	(2,591)	(11.5) %
Reimbursed costs	1,072	505	567	112.3 %
Impairment loss	—	867	(867)	(100.0) %
Gain on sale of assets	(4)	—	(4)	(100.0) %
Gain on insurance proceeds	—	(220)	220	100.0 %
<b>Direct and selling, general and administrative expenses</b>	<b>143,838</b>	<b>82,292</b>	<b>61,546</b>	<b>74.8 %</b>
Operating income (loss)	7,449	(53,556)	61,005	113.9 %
Interest expense	(19,047)	(19,973)	926	4.6 %
Other income	587	224	363	162.1 %
Net loss before tax	(11,011)	(73,305)	62,294	85.0 %
Income tax provision	(1,360)	(5,299)	3,939	74.3 %
Net loss	<b>\$ (12,371)</b>	<b>\$ (78,604)</b>	<b>\$ 66,233</b>	<b>84.3 %</b>

The tables below set forth information for our total portfolio and our comparable portfolio with respect to our Occupancy, Net Package ADR, Net Package RevPAR, Net Package Revenue, Net Non-package Revenue, Management Fee Revenue, Total Net Revenue, Adjusted EBITDA and Adjusted EBITDA Margin. For a description of these operating metrics and non-U.S. GAAP measures, see “Key Indicators of Financial and Operating Performance” below. For discussion of Adjusted EBITDA and reconciliation to the most comparable U.S. GAAP financial measures, see “Key Indicators of Financial and Operating Performance” and “Non-U.S. GAAP Financial Measures” below.

Our comparable portfolio for the three months ended September 30, 2021 excludes the following resorts: Capri Resort, which was sold in June 2021, and Dreams Puerto Aventuras, which was sold in February 2021.



### ***Total Portfolio***

	<b>Three Months Ended September 30,</b>		<b>Increase / Decrease</b>	
	<b>2021</b>	<b>2020</b>	<b>Change</b>	<b>% Change</b>
Occupancy	59.3 %	11.1 %	48.2 pts	434.2 %
Net Package ADR	\$ 310.65	\$ 275.71	\$ 34.94	12.7 %
Net Package RevPAR	\$ 184.19	\$ 30.71	\$ 153.48	499.8 %
	<b>(\$ in thousands)</b>			
Net Package Revenue	\$ 120,717	\$ 21,813	\$ 98,904	453.4 %
Net Non-package Revenue	25,002	5,480	19,522	356.2 %
Management Fee Revenue	673	8	665	8,312.5 %
Total Net Revenue	146,392	27,301	119,091	436.2 %
Adjusted EBITDA	\$ 31,770	\$ (26,116)	\$ 57,886	221.6 %
Adjusted EBITDA Margin	21.7 %	(95.7)%	117.4 pts	122.7 %

### ***Comparable Portfolio***

	<b>Three Months Ended September 30,</b>		<b>Increase / Decrease</b>	
	<b>2021</b>	<b>2020</b>	<b>Change</b>	<b>% Change</b>
Occupancy	59.3 %	11.3 %	48.0 pts	424.8 %
Net Package ADR	\$ 310.65	\$ 285.57	\$ 25.08	8.8 %
Net Package RevPAR	\$ 184.19	\$ 32.19	\$ 152.00	472.2 %
	<b>(\$ in thousands)</b>			
Net Package Revenue	\$ 120,717	\$ 21,094	\$ 99,623	472.3 %
Net Non-package Revenue	24,966	5,043	19,923	395.1 %
Management Fee Revenue	673	8	665	8,312.5 %
Total Net Revenue	146,356	26,145	120,211	459.8 %
Adjusted EBITDA	\$ 31,713	\$ (24,090)	\$ 55,803	231.6 %
Adjusted EBITDA Margin	21.7 %	(92.1)%	113.8 pts	123.6 %

### ***Total Revenue and Total Net Revenue***

Our total revenue for the three months ended September 30, 2021 increased \$122.6 million, or 426.5%, compared to the three months ended September 30, 2020. Our Total Net Revenue for the three months ended September 30, 2021 increased \$119.1 million, or 436.2%, compared to the three months ended September 30, 2020. These increases are due to the resumption of resort operations this year as compared to the third quarter of 2020, when we began reopening our resorts, in phases, that had been closed as a result of the COVID-19 pandemic. See “Impact of COVID-19 Pandemic” above for more information regarding the effects of the COVID-19 pandemic on our results of operations.

The following table shows a reconciliation of comparable Net Package Revenue, Net Non-package Revenue and Management Fee Revenue to total revenue for the three months ended September 30, 2021 and 2020 (*\$ in thousands*):

	Three Months Ended September 30,		Increase/Decrease	
	2021	2020	Change	% Change
<b>Net Package Revenue</b>				
Comparable Net Package Revenue	\$ 120,717	\$ 21,094	\$ 99,623	472.3 %
Non-comparable Net Package Revenue	—	719	(719)	(100.0)%
<b>Net Package Revenue</b>	<b>120,717</b>	<b>21,813</b>	<b>98,904</b>	<b>453.4 %</b>
<b>Net Non-package Revenue</b>				
Comparable Net Non-package Revenue	24,966	5,043	19,923	395.1 %
Non-comparable Net Non-package Revenue	36	437	(401)	(91.8)%
<b>Net Non-package Revenue</b>	<b>25,002</b>	<b>5,480</b>	<b>19,522</b>	<b>356.2 %</b>
<b>Management Fee Revenue</b>				
Comparable Management Fee Revenue	673	8	665	8,312.5 %
Non-comparable Management Fee Revenue	—	—	—	— %
<b>Management Fee Revenue</b>	<b>673</b>	<b>8</b>	<b>665</b>	<b>8,312.5 %</b>
<b>Total Net Revenue</b>				
Comparable Total Net Revenue	146,356	26,145	120,211	459.8 %
Non-comparable Total Net Revenue	36	1,156	(1,120)	(96.9)%
<b>Total Net Revenue</b>	<b>146,392</b>	<b>27,301</b>	<b>119,091</b>	<b>436.2 %</b>
Compulsory tips	3,823	930	2,893	311.1 %
Cost Reimbursements	1,072	505	567	112.3 %
<b>Total revenue</b>	<b>\$ 151,287</b>	<b>\$ 28,736</b>	<b>\$ 122,551</b>	<b>426.5 %</b>

### *Comparable Total Net Revenue*

Our Comparable Total Net Revenue for the three months ended September 30, 2021 increased \$120.2 million, or 459.8%, compared to the three months ended September 30, 2020. These increases are due to the resumption of resort operations this year as compared to the third quarter of 2020, when we began reopening our resorts, in phases, that had been closed as a result of the COVID-19 pandemic. See “Impact of COVID-19 Pandemic” above for more information regarding the effects of the COVID-19 pandemic on our results of operations.

### *Direct Expenses*

The following table shows a reconciliation of our direct expenses to Net Direct Expenses for the three months ended September 30, 2021 and 2020 (*\$ in thousands*):

	Three Months Ended September 30,		Increase/Decrease	
	2021	2020	Change	% Change
Direct expenses	\$ 90,788	\$ 35,679	\$ 55,109	154.5 %
Less: compulsory tips	3,823	930	2,893	311.1 %
<b>Net Direct Expenses</b>	<b>\$ 86,965</b>	<b>\$ 34,749</b>	<b>\$ 52,216</b>	<b>150.3 %</b>

Our direct expenses include resort expenses, such as food and beverage, salaries and wages, utilities and other ongoing operational expenses. Our Net Direct Expenses were \$87.0 million, or 59.4% of Total Net Revenue, for the three months ended September 30, 2021 and \$34.7 million, or 127.3% of Total Net Revenue, for the three months ended September 30, 2020.

Net Direct Expenses for the three months ended September 30, 2021 increased \$52.2 million, or 150.3%, compared to the three months ended September 30, 2020. Net Direct Expenses at our comparable properties increased \$54.7 million, or 169.4%, compared

to the three months ended September 30, 2020. Net Direct Expenses increases were due to the resumption of resort operations this year as compared to the third quarter of 2020, during which period we began reopening our resorts, in phases, and experienced severely reduced occupancy as a result of the COVID-19 pandemic. The increase was also a result of a higher rate of inflation as compared to the same period in 2020. See “Inflation” below. Direct operating expenses fluctuate based on various factors, including changes in occupancy, labor costs, utilities, repair and maintenance costs and license and property taxes. Management fees and franchise fees, which are computed as a percentage of revenue, increase or decrease as a result of changes in revenues.

Net Direct Expenses consists of the following items (*\$ in thousands*):

***Total Portfolio***

	Three Months Ended September 30,		Increase/Decrease	
	2021	2020	Change	% Change
Food and beverages	\$ 19,782	\$ 4,876	\$ 14,906	305.7 %
Salaries and wages	31,053	16,610	14,443	87.0 %
Repairs and maintenance	4,545	2,426	2,119	87.3 %
Utilities and sewerage	9,727	5,242	4,485	85.6 %
Licenses and property taxes	663	477	186	39.0 %
Incentive and management fees	373	(437)	810	185.4 %
Franchise / license fees	7,527	1,151	6,376	554.0 %
Transportation and travel expenses	1,132	592	540	91.2 %
Laundry and cleaning expenses	1,360	665	695	104.5 %
Property and equipment rental expense	699	34	665	1,955.9 %
Entertainment expenses and decoration	1,838	586	1,252	213.7 %
Office supplies	296	122	174	142.6 %
Other operational expenses	7,970	2,405	5,565	231.4 %
<b>Total Net Direct Expenses</b>	<b>\$ 86,965</b>	<b>\$ 34,749</b>	<b>\$ 52,216</b>	<b>150.3 %</b>

***Comparable Portfolio***

	Three Months Ended September 30,		Increase/Decrease	
	2021	2020	Change	% Change
Food and beverages	\$ 19,772	\$ 4,623	\$ 15,149	327.7 %
Salaries and wages	31,081	15,348	15,733	102.5 %
Repairs and maintenance	4,545	2,120	2,425	114.4 %
Utilities and sewerage	9,727	4,996	4,731	94.7 %
Licenses and property taxes	651	429	222	51.7 %
Incentive and management fees	373	(371)	744	200.5 %
Franchise / license fees	7,528	1,151	6,377	554.0 %
Transportation and travel expenses	1,131	519	612	117.9 %
Laundry and cleaning expenses	1,360	635	725	114.2 %
Property and equipment rental expense	699	30	669	2,230.0 %
Entertainment expenses and decoration	1,838	550	1,288	234.2 %
Office supplies	297	122	175	143.4 %
Other operational expenses	7,985	2,142	5,843	272.8 %
<b>Total Net Direct Expenses</b>	<b>\$ 86,987</b>	<b>\$ 32,294</b>	<b>\$ 54,693</b>	<b>169.4 %</b>

### ***Selling, General and Administrative Expenses***

Our selling, general and administrative expenses for the three months ended September 30, 2021 increased \$9.1 million, or 39.7%, compared to the three months ended September 30, 2020. The higher occupancy levels at our resorts this quarter as compared to the third quarter of 2020 resulted in a \$7.1 million increase in advertising, marketing and commissions expenses, a \$2.1 million increase in credit card commissions, and a \$0.5 million increase in corporate personnel costs. Additionally, our January 2021 grants of restricted and performance share awards (see Note 9 to the Condensed Consolidated Financial Statements) drove a \$1.3 million increase in share-based compensation expense over the prior quarter. These increases were partially offset by a \$2.3 million decrease in our provision for doubtful accounts due to the ongoing recovery from the COVID-19 pandemic.

### ***Depreciation and Amortization Expense***

Our depreciation and amortization expense for the three months ended September 30, 2021 decreased \$2.6 million, or 11.5%, compared to the three months ended September 30, 2020. This was mainly a result of a \$0.6 million decrease due to the sale of the Dreams Puerto Aventuras in February 2021 and a \$1.0 million decrease due to the sale of the Capri Resort in June 2021.

### ***Impairment Loss***

Our impairment loss for the three months ended September 30, 2021 decreased \$0.9 million, or 100.0%, compared to the three months ended September 30, 2020. The decrease resulted from the correction of an immaterial error for acquired property and equipment from the business combination with Sagicor in 2018 recognized during the three months ended September 30, 2020.

### ***Interest Expense***

Our interest expense for the three months ended September 30, 2021 decreased \$0.9 million, or 4.6%, compared to the three months ended September 30, 2020. The decrease in interest expense was primarily driven by a \$0.7 million reduction from the repayment of our outstanding Revolving Credit Facility balance in February 2021.

Cash interest paid was \$19.8 million for the three months ended September 30, 2021, representing a \$0.1 million decrease as compared to the three months ended September 30, 2020. Cash interest paid on our Revolving Credit Facility decreased \$0.7 million from the repayment of our outstanding balance in February 2021. These decreases were partially offset by a \$0.7 million increase for interest on the Property Loan, which was executed on June 12, 2020 and incurred only a partial month of interest for its July 2020 interest payment.

### ***Income Tax Provision***

Our income tax provision for the three months ended September 30, 2021 decreased \$3.9 million, or 74.3%, compared to the three months ended September 30, 2020. The decrease in our income tax provision of \$3.9 million was driven primarily by:

- \$20.9 million decreased tax expense related to valuation allowances recognized for our Jamaica and Mexico entities;
- \$0.9 million decreased tax expense related to prior year adjustments;
- \$0.3 million decreased discrete tax expense due to deferred tax liabilities on fixed assets of certain Dominican Republic entities; and
- \$0.5 million decreased tax expense related to other miscellaneous items.

These decreases were partially offset by:

- \$15.5 million increased tax expense due to lower pre-tax book losses from our taxpaying entities;
- \$1.7 million decreased tax benefit related to the 2020 sales of the Jewel Dunn's River Beach Resort & Spa and Jewel Runaway Bay Beach Resort & Waterpark; and
- \$1.5 million increased tax expense associated with foreign exchange rate fluctuations, primarily for our Mexican entities.

## Results of Operations

### Nine Months Ended September 30, 2021 and 2020

The following table summarizes our results of operations on a consolidated basis for the nine months ended September 30, 2021 and 2020 (\$ in thousands):

	Nine Months Ended September 30,		Increase / Decrease	
	2021	2020	Change	% Change
<b>Revenue</b>				
Package	\$ 293,005	\$ 176,062	\$ 116,943	66.4 %
Non-package	60,808	28,336	32,472	114.6 %
Management fees	1,469	635	834	131.3 %
Cost reimbursements	2,554	1,913	641	33.5 %
<b>Total revenue</b>	<b>357,836</b>	<b>206,946</b>	<b>150,890</b>	<b>72.9 %</b>
<b>Direct and selling, general and administrative expenses</b>				
Direct	230,543	153,957	76,586	49.7 %
Selling, general and administrative	85,273	76,514	8,759	11.4 %
Depreciation and amortization	60,827	69,877	(9,050)	(13.0) %
Reimbursed costs	2,554	1,913	641	33.5 %
Impairment loss	24,011	42,308	(18,297)	(43.2) %
Loss on sale of assets	644	1,729	(1,085)	(62.8) %
Gain on insurance proceeds	—	(3,170)	3,170	100.0 %
<b>Direct and selling, general and administrative expenses</b>	<b>403,852</b>	<b>343,128</b>	<b>60,724</b>	<b>17.7 %</b>
Operating loss	(46,016)	(136,182)	90,166	66.2 %
Interest expense	(56,164)	(61,844)	5,680	9.2 %
Other (expense) income	(747)	1,171	(1,918)	(163.8) %
Net loss before tax	(102,927)	(196,855)	93,928	47.7 %
Income tax benefit	13,043	8,237	4,806	58.3 %
Net loss	<b>\$ (89,884)</b>	<b>\$ (188,618)</b>	<b>\$ 98,734</b>	<b>52.3 %</b>

The tables below set forth information for our total portfolio and comparable portfolio with respect to our Occupancy, Net Package ADR, Net Package RevPAR, Net Package Revenue, Net Non-package Revenue, Management Fee Revenue, Total Net Revenue, Adjusted EBITDA and Adjusted EBITDA Margin. For a description of these operating metrics and non-U.S. GAAP measures, see “Key Indicators of Financial and Operating Performance” below. For discussion of Adjusted EBITDA and reconciliation to the most comparable U.S. GAAP financial measures, see “Key Indicators of Financial and Operating Performance” and “Non-U.S. GAAP Financial Measures” below.

Our comparable portfolio for the nine months ended September 30, 2021 excludes the following resorts: Capri Resort, which was sold in June of 2021, Dreams Puerto Aventuras, which was sold in February 2021, and Jewel Dunn’s River Beach Resort & Spa and Jewel Runaway Bay Beach Resort & Waterpark, which were sold in May 2020.

### ***Total Portfolio***

	<b>Nine Months Ended September 30,</b>		<b>Increase / Decrease</b>	
	<b>2021</b>	<b>2020</b>	<b>Change</b>	<b>% Change</b>
Occupancy	46.8 %	26.4 %	20.4 pts	77.3 %
Net Package ADR	\$ 302.83	\$ 294.33	\$ 8.50	2.9 %
Net Package RevPAR	\$ 141.66	\$ 77.58	\$ 64.08	82.6 %
<b>(\$ in thousands)</b>				
Net Package Revenue	\$ 284,414	\$ 170,211	\$ 114,203	67.1 %
Net Non-package Revenue	60,229	28,143	32,086	114.0 %
Management Fee Revenue	1,469	635	834	131.3 %
Total Net Revenue	346,112	198,989	147,123	73.9 %
Adjusted EBITDA	\$ 52,180	\$ (7,195)	\$ 59,375	825.2 %
Adjusted EBITDA Margin	15.1 %	(3.6)%	18.7 pts	519.4 %

### ***Comparable Portfolio***

	<b>Nine Months Ended September 30,</b>		<b>Increase / Decrease</b>	
	<b>2021</b>	<b>2020</b>	<b>Change</b>	<b>% Change</b>
Occupancy	48.1 %	25.5 %	22.6 pts	88.6 %
Net Package ADR	\$ 303.58	\$ 302.57	\$ 1.01	0.3 %
Net Package RevPAR	\$ 145.95	\$ 77.01	\$ 68.94	89.5 %
<b>(\$ in thousands)</b>				
Net Package Revenue	\$ 283,854	\$ 150,331	\$ 133,523	88.8 %
Net Non-package Revenue	59,603	24,652	34,951	141.8 %
Management Fee Revenue	1,469	635	834	131.3 %
Total Net Revenue	344,926	175,618	169,308	96.4 %
Adjusted EBITDA	\$ 53,004	\$ (9,117)	\$ 62,121	681.4 %
Adjusted EBITDA Margin	15.4 %	(5.2)%	20.6 pts	396.2 %

### ***Total Revenue and Total Net Revenue***

Our total revenue for the nine months ended September 30, 2021 increased \$150.9 million, or 72.9%, compared to the nine months ended September 30, 2020. Our Total Net Revenue for the nine months ended September 30, 2021 increased \$147.1 million, or 73.9%, compared to the nine months ended September 30, 2020. These increases were a result of the resumption of operations during the entire year in 2021 as compared to the nine months ended September 30, 2020, when we closed our resorts for the second quarter and experienced severely reduced occupancy during the third quarter as a result of the COVID-19 pandemic.

The following table shows a reconciliation of comparable Net Package Revenue, Net Non-package Revenue and Management Fee Revenue to total revenue for the nine months ended September 30, 2021 and 2020 (\$ in thousands):

	Nine Months Ended September 30,		Increase/Decrease	
	2021	2020	Change	% Change
<b>Net Package Revenue</b>				
Comparable Net Package Revenue	\$ 283,854	\$ 150,331	\$ 133,523	88.8 %
Non-comparable Net Package Revenue	560	19,880	(19,320)	(97.2) %
<b>Net Package Revenue</b>	<b>284,414</b>	<b>170,211</b>	<b>114,203</b>	<b>67.1 %</b>
<b>Net Non-package Revenue</b>				
Comparable Net Non-package Revenue	59,603	24,652	34,951	141.8 %
Non-comparable Net Non-package Revenue	626	3,491	(2,865)	(82.1) %
<b>Net Non-package Revenue</b>	<b>60,229</b>	<b>28,143</b>	<b>32,086</b>	<b>114.0 %</b>
<b>Management Fee Revenue</b>				
Comparable Management Fee Revenue	1,469	635	834	131.3 %
Non-comparable Management Fee Revenue	—	—	—	— %
<b>Management Fee Revenue</b>	<b>1,469</b>	<b>635</b>	<b>834</b>	<b>131.3 %</b>
<b>Total Net Revenue</b>				
Comparable Total Net Revenue	344,926	175,618	169,308	96.4 %
Non-comparable Total Net Revenue	1,186	23,371	(22,185)	(94.9) %
<b>Total Net Revenue</b>	<b>346,112</b>	<b>198,989</b>	<b>147,123</b>	<b>73.9 %</b>
Compulsory tips	9,170	6,044	3,126	51.7 %
Cost Reimbursements	2,554	1,913	641	33.5 %
<b>Total revenue</b>	<b>\$ 357,836</b>	<b>\$ 206,946</b>	<b>\$ 150,890</b>	<b>72.9 %</b>

### *Comparable Total Net Revenue*

Our Comparable Total Net Revenue for the nine months ended September 30, 2021 increased \$169.3 million, or 96.4%, compared to the nine months ended September 30, 2020. These increases were a result of the resumption of operations during the entire year as compared to the nine months ended September 30, 2020 when we had closures and reduced occupancy at all of our resorts during the second and third quarter as a result of the COVID-19 pandemic.

### *Direct Expenses*

The following table shows a reconciliation of our direct expenses to Net Direct Expenses for the nine months ended September 30, 2021 and 2020 (\$ in thousands):

	Nine Months Ended September 30,		Increase/Decrease	
	2021	2020	Change	% Change
Direct expenses	\$ 230,543	\$ 153,957	\$ 76,586	49.7 %
Less: compulsory tips	9,170	6,044	3,126	51.7 %
<b>Net Direct Expenses</b>	<b>\$ 221,373</b>	<b>\$ 147,913</b>	<b>\$ 73,460</b>	<b>49.7 %</b>

Our direct expenses include resort expenses, such as food and beverage, salaries and wages, utilities and other ongoing operational expenses. Our Net Direct Expenses were \$221.4 million, or 64.0%, of Total Net Revenue for the nine months ended September 30, 2021 and \$147.9 million, or 74.3%, of Total Net Revenue for the nine months ended September 30, 2020.

Net Direct Expenses for the nine months ended September 30, 2021 increased \$73.5 million, or 49.7%, compared to the nine months ended September 30, 2020. Net Direct Expenses at our comparable properties increased \$86.7 million, or 65.9%, compared to the nine months ended September 30, 2020 due to the resumption of operations during the entire year as compared to the nine months

ended September 30, 2020 when we had closures and reduced occupancy at all of our resorts during the second and third quarter as a result of the COVID-19 pandemic. The increase was also a result of a higher rate of inflation as compared to the same period in 2020. See “Inflation” below. Direct operating expenses fluctuate based on various factors, including changes in occupancy, labor costs, utilities, repair and maintenance costs and license and property taxes. Management fees and franchise fees, which are generally computed as a percentage of revenue, increase or decrease as a result of changes in revenues.

Net Direct Expenses consists of the following items (*\$ in thousands*):

***Total Portfolio***

	Nine Months Ended September 30,		Increase/Decrease	
	2021	2020	Change	% Change
Food and beverages	\$ 46,594	\$ 26,468	\$ 20,126	76.0 %
Salaries and wages	84,477	65,618	18,859	28.7 %
Repairs and maintenance	11,468	8,087	3,381	41.8 %
Utilities and sewerage	25,723	18,217	7,506	41.2 %
Licenses and property taxes	2,218	2,174	44	2.0 %
Incentive and management fees	806	987	(181)	(18.3) %
Franchise / license fees	17,513	9,386	8,127	86.6 %
Transportation and travel expenses	3,052	2,041	1,011	49.5 %
Laundry and cleaning expenses	3,313	2,140	1,173	54.8 %
Property and equipment rental expense	1,328	836	492	58.9 %
Entertainment expenses and decoration	4,447	2,622	1,825	69.6 %
Office supplies	703	431	272	63.1 %
Other operational expenses	19,731	8,906	10,825	121.5 %
<b>Total Net Direct Expenses</b>	<b>\$ 221,373</b>	<b>\$ 147,913</b>	<b>\$ 73,460</b>	<b>49.7 %</b>

***Comparable Portfolio***

	Nine Months Ended September 30,		Increase/Decrease	
	2021	2020	Change	% Change
Food and beverages	\$ 46,450	\$ 23,182	\$ 23,268	100.4 %
Salaries and wages	82,459	58,876	23,583	40.1 %
Repairs and maintenance	11,347	6,446	4,901	76.0 %
Utilities and sewerage	25,537	16,311	9,226	56.6 %
Licenses and property taxes	2,080	1,943	137	7.1 %
Incentive and management fees	764	488	276	56.6 %
Franchise / license fees	17,513	9,394	8,119	86.4 %
Transportation and travel expenses	3,020	1,793	1,227	68.4 %
Laundry and cleaning expenses	3,305	1,880	1,425	75.8 %
Property and equipment rental expense	1,317	758	559	73.7 %
Entertainment expenses and decoration	4,430	2,254	2,176	96.5 %
Office supplies	700	401	299	74.6 %
Other operational expenses	19,187	7,705	11,482	149.0 %
<b>Total Net Direct Expenses</b>	<b>\$ 218,109</b>	<b>\$ 131,431</b>	<b>\$ 86,678</b>	<b>65.9 %</b>

***Selling, General and Administrative Expenses***

Our selling, general and administrative expenses for the nine months ended September 30, 2021 increased \$8.8 million, or 11.4%, compared to the nine months ended September 30, 2020. The increase was primarily driven by an \$8.4 million increase in advertising, marketing and commissions expenses, a \$3.7 million increase in credit card commissions, and a \$0.7 million increase in corporate personnel costs. These increases were partially offset by a \$1.7 million decrease in insurance expenses, which primarily resulted from



the sales of the Jewel Dunn's River Beach Resort & Spa and Jewel Runaway Bay Beach Resort & Waterpark in May 2020, and a \$2.3 million decrease in our provision for doubtful accounts due to the ongoing recovery from the COVID-19 pandemic.

### ***Depreciation and Amortization Expense***

Our depreciation and amortization expense for the nine months ended September 30, 2021 decreased \$9.1 million, or 13.0%, compared to the nine months ended September 30, 2020. The decrease was largely due to a \$5.9 million decrease from our dispositions of the Jewel Dunn's River Beach Resort & Spa and Jewel Runaway Bay Beach Resort & Waterpark in May 2020, the Dreams Puerto Aventuras in February 2021, and the Capri Resort in June 2021, and a \$1.8 million decrease due to accelerated depreciation incurred in 2020 related to the completion of renovation projects at the Hilton Playa del Carmen All-Inclusive Resort.

### ***Impairment Loss***

Our impairment loss for the nine months ended September 30, 2021 decreased \$18.3 million, or 43.2%, compared to the nine months ended September 30, 2020. The decrease was driven by \$25.3 million of property and equipment impairment recognized during the nine months ended September 30, 2020 upon classification of the Jewel Dunn's River Beach Resort & Spa and Jewel Runaway Bay Beach Resort & Waterpark as held for sale. In addition, we recognized an aggregate \$16.2 million goodwill impairment loss during the first quarter of 2020 at the Jewel Runaway Bay Beach Resort & Waterpark, Jewel Dunn's River Beach Resort & Spa, and Jewel Paradise Cove Beach Resort & Spa due to the decrease in forecasted future cash flows from the temporary suspension of operations from COVID-19. These decreases were partially offset by \$24.0 million of property and equipment impairment for the nine months ended September 30, 2021 recognized upon classification of the Capri Resort as held for sale in March 2021.

### ***Interest Expense***

Our interest expense for the nine months ended September 30, 2021 decreased \$5.7 million, or 9.2%, compared to the nine months ended September 30, 2020. The decrease in interest expense was driven primarily by a \$16.1 million decrease due to the change in fair value of our interest rate swaps. In March 2019, we elected to adopt hedge accounting and designate our interest rate swaps as cash flow hedges. After the adoption of hedge accounting, we recorded the change in fair value of our interest rate swaps through other comprehensive income (loss). Due to the significant drop in interest rates during 2020 resulting from the COVID-19 pandemic, our cash flow hedge was deemed ineffective in March 2020, resulting in us recognizing losses on the change in fair value of our interest rate swaps through interest expense. In addition, interest on our Revolving Credit Facility for the nine months ended September 30, 2021 decreased by \$1.9 million compared to the same period last year, driven by the repayment of the entire outstanding balance in February 2021. These decreases were partially offset by additional interest expense from the Additional Senior Secured Credit Facility and Property Loan executed on June 12, 2020 of \$4.0 million and \$4.9 million, respectively, additional interest expense on our Term Loan of \$1.7 million, as well as additional discount accretion and financing costs of \$1.4 million.

Cash interest paid was \$58.5 million for the nine months ended September 30, 2021, representing a \$9.7 million increase as compared to the nine months ended September 30, 2020. Cash interest paid increased due to the Additional Senior Secured Credit Facility and Property Loan executed on June 12, 2020 by \$4.3 million and \$4.9 million, respectively.

### ***Income Tax Benefit***

Our income tax benefit for the nine months ended September 30, 2021 increased \$4.8 million, or 58.3%, compared to the nine months ended September 30, 2020. The increase in our income tax benefit was mainly driven by:

- \$17.2 million increased tax benefit related to valuation allowances recognized for our Jamaica and Mexico entities;
- \$8.4 million increased tax benefit associated with the 2021 sale of the Capri Resort;
- \$5.8 million increased tax benefit associated with foreign exchange rate fluctuations, primarily for our Mexican entities;
- \$0.9 million increased tax benefit related to prior year adjustments; and
- \$0.8 million increased tax benefit related to other miscellaneous items.

These increases were partially offset by:

- \$13.2 million increased tax expense due to lower pre-tax book losses from our taxpaying entities;
- \$7.5 million decreased income tax benefit related to the 2020 sales of the Jewel Dunn's River Beach Resort & Spa and Jewel Runaway Bay Beach Resort & Waterpark;
- \$3.6 million decreased discrete tax benefit due to deferred tax liabilities on fixed assets of certain Dominican Republic entities;

- \$2.9 million tax expense associated with the 2021 sale of the Dreams Puerto Aventuras; and
- \$1.1 million decreased tax benefit related to the Jamaica employment tax credit.

### **Key Indicators of Financial and Operating Performance**

We use a variety of financial and other information to monitor the financial and operating performance of our business. Some of this is financial information prepared in accordance with U.S. GAAP, while other information, though financial in nature, is not prepared in accordance with U.S. GAAP. For reconciliations of non-U.S. GAAP financial measures to the most comparable U.S. GAAP financial measure, see “Non-U.S. GAAP Financial Measures.” Our management also uses other information that is not financial in nature, including statistical information and comparative data that are commonly used within the lodging industry to evaluate the financial and operating performance of our portfolio. Our management uses this information to measure the performance of our segments and consolidated portfolio. We use this information for planning and monitoring our business, as well as in determining management and employee compensation. These key indicators include:

- Net Package Revenue
- Net Non-package Revenue
- Owned Net Revenue
- Management Fee Revenue
- Total Net Revenue
- Occupancy
- Net Package ADR
- Net Package RevPAR
- Adjusted EBITDA
- Adjusted EBITDA Margin
- Owned Resort EBITDA
- Owned Resort EBITDA Margin
- Comparable Non-U.S. GAAP Measures

### ***Net Package Revenue, Net Non-package Revenue, Owned Net Revenue, Management Fee Revenue, Cost Reimbursements, Total Net Revenue and Net Direct Expenses***

“Net Package Revenue” is derived from the sale of all-inclusive packages, which include room accommodations, food and beverage services and entertainment activities, net of compulsory tips paid to employees. Government mandated compulsory tips in the Dominican Republic are not included in this adjustment, as they are already excluded from revenue. Revenue is recognized, net of discounts and rebates, when the rooms are occupied and/or the relevant services have been rendered. Advance deposits received from guests are deferred and included in trade and other payables until the rooms are occupied and/or the relevant services have been rendered, at which point the revenue is recognized.

“Net Non-package Revenue” represents all other revenues earned from the operations of our resorts, other than Net Package Revenue, net of compulsory tips paid to employees. Government mandated compulsory tips in the Dominican Republic are not included in this adjustment, as they are already excluded from revenue. Net Non-package Revenue includes revenue associated with guests' purchases of upgrades, premium services and amenities, such as premium rooms, dining experiences, wines and spirits and spa packages, which are not included in the all-inclusive package. Revenue not included in a guest's all-inclusive package is recognized when the goods are consumed.

“Owned Net Revenue” represents Net Package Revenue and Net Non-package Revenue. Owned Net Revenue represents a key indicator to assess the overall performance of our business and analyze trends, such as consumer demand, brand preference and competition. In analyzing our Owned Net Revenues, our management differentiates between Net Package Revenue and Net Non-package Revenue. Guests at our resorts purchase packages at stated rates, which include room accommodations, food and beverage services and entertainment activities, in contrast to other lodging business models, which typically only include the room accommodations in the stated rate. The amenities at all-inclusive resorts typically include a variety of buffet and à la carte restaurants, bars, activities, and shows and entertainment throughout the day.

“Management Fee Revenue” is derived from fees earned for managing resorts owned by third-parties. The fees earned are typically composed of a base fee, which is computed as a percentage of revenue, and an incentive fee, which is computed as a percentage of profitability. Management Fee Revenue had a minor contribution to our operating results for the three and nine months ended September 30, 2021 and 2020, but we expect Management Fee Revenue to be a more relevant indicator to assess the overall performance of our business in the future as we enter into more management contracts.

“Total Net Revenue” represents Net Package Revenue, Net Non-package Revenue and Management Fee Revenue. “Cost Reimbursements” is excluded from Total Net Revenue as it is not considered a key indicator of financial and operating performance. Cost Reimbursements is derived from the reimbursement of certain costs incurred by Playa on behalf of resorts managed by Playa and owned by third parties. This revenue is fully offset by reimbursable costs and has no net impact on operating income (loss) or net loss.

“Net Direct Expenses” represents direct expenses, net of compulsory tips paid to employees.

### ***Occupancy***

“Occupancy” represents the total number of rooms sold for a period divided by the total number of rooms available during such period. The total number of rooms available excludes any rooms considered “Out of Order” due to renovation or a temporary problem rendering them inadequate for occupancy for an extended period of time. Occupancy is a useful measure of the utilization of a resort’s total available capacity and can be used to gauge demand at a specific resort or group of properties during a given period. Occupancy levels also enable us to optimize Net Package ADR by increasing or decreasing the stated rate for our all-inclusive packages as demand for a resort increases or decreases.

### ***Net Package ADR***

“Net Package ADR” represents total Net Package Revenue for a period divided by the total number of rooms sold during such period. Net Package ADR trends and patterns provide useful information concerning the pricing environment and the nature of the guest base of our portfolio or comparable portfolio, as applicable. Net Package ADR is a commonly used performance measure in the all-inclusive segment of the lodging industry and is commonly used to assess the stated rates that guests are willing to pay through various distribution channels.

### ***Net Package RevPAR***

“Net Package RevPAR” is the product of Net Package ADR and the average daily occupancy percentage. Net Package RevPAR does not reflect the impact of non-package revenue. Although Net Package RevPAR does not include this additional revenue, it generally is considered the key performance measure in the all-inclusive segment of the lodging industry to identify trend information with respect to net room revenue produced by our portfolio or comparable portfolio, as applicable, and to evaluate operating performance on a consolidated basis or a regional basis, as applicable.

### ***EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Owned Resort EBITDA, and Owned Resort EBITDA Margin***

We define EBITDA, a non-U.S. GAAP financial measure, as net income or loss, determined in accordance with U.S. GAAP, for the period presented, before interest expense, income tax and depreciation and amortization expense. We define Adjusted EBITDA, a non-U.S. GAAP financial measure, as EBITDA further adjusted to exclude the following items:

- Other income or expense
- Pre-opening expense
- Transaction expenses
- Severance expense
- Other tax expense
- Gain on property damage insurance proceeds
- Share-based compensation
- Loss on extinguishment of debt
- Other items, which may include but are not limited to the following: contract termination fees; gains or losses from legal settlements; repairs from hurricanes and tropical storms and impairment losses.

We include the non-service cost components of net periodic pension cost or benefit recorded within other income or expense in the Condensed Consolidated Statements of Operations in calculating Adjusted EBITDA as they are considered part of our ongoing resort operations.

“Adjusted EBITDA Margin” represents Adjusted EBITDA as a percentage of Total Net Revenue.

“Owned Resort EBITDA” represents Adjusted EBITDA before corporate expenses and Management Fee Revenue.

“Owned Resort EBITDA Margin” represents Owned Resort EBITDA as a percentage of Owned Net Revenue.

### ***Usefulness and Limitation of Non-U.S. GAAP Measures***

We believe that each of Net Package Revenue, Net Non-package Revenue, Owned Net Revenue, Total Net Revenue, Net Package ADR, Net Package RevPAR and Net Direct Expenses are useful to investors as they reflect our operating results by excluding compulsory tips. These tips have a margin of zero and do not represent our operating results.

We also believe that Adjusted EBITDA is useful to investors for two principal reasons. First, we believe Adjusted EBITDA assists investors in comparing our performance over various reporting periods on a consistent basis by removing from our operating results the impact of items that do not reflect our core operating performance. For example, changes in foreign exchange rates (which are the principal driver of changes in other income or expense), and expenses related to capital raising, strategic initiatives and other corporate initiatives, such as expansion into new markets (which are the principal drivers of changes in transaction expenses), are not indicative of the operating performance of our resorts. The other adjustments included in our definition of Adjusted EBITDA relate to items that occur infrequently and therefore would obstruct the comparability of our operating results over reporting periods. For example, revenue from insurance policies, other than business interruption insurance policies, is infrequent in nature, and we believe excluding these expense and revenue items permits investors to better evaluate the core operating performance of our resorts over time. We believe Adjusted EBITDA Margin provides our investors a useful measurement of operating profitability for the same reasons we find Adjusted EBITDA useful.

The second principal reason that we believe Adjusted EBITDA is useful to investors is that it is considered a key performance indicator by our board of directors (our “Board”) and management. In addition, the compensation committee of our Board determines the annual variable compensation for certain members of our management based, in part, on consolidated Adjusted EBITDA. We believe that Adjusted EBITDA is useful to investors because it provides investors with information utilized by our Board and management to assess our performance and may (subject to the limitations described below) enable investors to compare the performance of our portfolio to our competitors.

Our non-U.S. GAAP financial measures are not substitutes for revenue, net income or any other measure determined in accordance with U.S. GAAP. There are limitations to the utility of non-U.S. GAAP financial measures, such as Adjusted EBITDA. For example, other companies in our industry may define Adjusted EBITDA differently than we do. As a result, it may be difficult to use Adjusted EBITDA or similarly named non-U.S. GAAP financial measures that other companies publish to compare the performance of those companies to our performance. Because of these limitations, our non-U.S. GAAP financial measures should not be considered as a measure of the income or loss generated by our business or discretionary cash available for investment in our business, and investors should carefully consider our U.S. GAAP results presented.

For a reconciliation of EBITDA, Adjusted EBITDA and Owned Resort EBITDA to net income or loss as computed under U.S. GAAP, see “Non-U.S. GAAP Financial Measures.”

### ***Comparable Non-U.S. GAAP Measures***

We believe that presenting Adjusted EBITDA, Total Net Revenue, Net Package Revenue, Net Non-package Revenue and Net Direct Expenses on a comparable basis is useful to investors because these measures include only the results of resorts owned and in operation for the entirety of the periods presented and thereby eliminate disparities in results due to the acquisition or disposition of resorts or the impact of resort closures or re-openings in connection with redevelopment or renovation projects. As a result, we believe these measures provide more consistent metrics for comparing the performance of our operating resorts. We calculate comparable Adjusted EBITDA, comparable Total Net Revenue, comparable Net Package Revenue and comparable Net Non-package Revenue as the total amount of each respective measure less amounts attributable to non-comparable resorts, by which we mean resorts that were not owned or in operation during some or all of the relevant reporting period.

Our comparable resorts for the nine months ended September 30, 2021 exclude the following resorts: Jewel Dunn's River Beach Resort & Spa and Jewel Runaway Bay Beach Resort & Waterpark, which were sold in May 2020, Dreams Puerto Aventuras, which was sold in February 2021 and Capri Resort, which was sold in June 2021.

A reconciliation of net income or loss as computed under U.S. GAAP to comparable Adjusted EBITDA is presented in “Non-U.S. GAAP Financial Measures,” below. For a reconciliation of Comparable Net Package Revenue, Comparable Net Non-package Revenue, Comparable Management Fee Revenue and Comparable Total Net Revenue to total revenue as computed under U.S. GAAP, see “Results of Operations.”

## Segment Results

### Three Months Ended September 30, 2021 and 2020

We evaluate our business segment operating performance using segment Owned Net Revenue and segment Owned Resort EBITDA. The following tables summarize segment Owned Net Revenue and segment Owned Resort EBITDA for the three months ended September 30, 2021 and 2020 (\$ in thousands):

	Three Months Ended September 30,		Increase / Decrease	
	2021	2020	Change	% Change
<b>Owned Net Revenue</b>				
Yucatán Peninsula	\$ 51,209	\$ 17,351	\$ 33,858	195.1 %
Pacific Coast	21,982	773	21,209	2,743.7 %
Dominican Republic	42,794	2,453	40,341	1,644.6 %
Jamaica	29,502	6,458	23,044	356.8 %
<b>Segment Owned Net Revenue</b>	<b>145,487</b>	<b>27,035</b>	<b>118,452</b>	<b>438.1 %</b>
Other	232	258	(26)	(10.1) %
Management fees	673	8	665	8,312.5 %
<b>Total Net Revenue</b>	<b>\$ 146,392</b>	<b>\$ 27,301</b>	<b>\$ 119,091</b>	<b>436.2 %</b>

	Three Months Ended September 30,		Increase / Decrease	
	2021	2020	Change	% Change
<b>Owned Resort EBITDA</b>				
Yucatán Peninsula	\$ 17,518	\$ (1,820)	\$ 19,338	1,062.5 %
Pacific Coast	6,429	(2,330)	8,759	375.9 %
Dominican Republic	11,267	(6,296)	17,563	279.0 %
Jamaica	5,632	(7,473)	13,105	175.4 %
<b>Segment Owned Resort EBITDA</b>	<b>40,846</b>	<b>(17,919)</b>	<b>58,765</b>	<b>327.9 %</b>
Other corporate	(9,749)	(8,205)	(1,544)	(18.8) %
Management fees	673	8	665	8,312.5 %
<b>Total Adjusted EBITDA</b>	<b>\$ 31,770</b>	<b>\$ (26,116)</b>	<b>\$ 57,886</b>	<b>221.6 %</b>

For a reconciliation of segment Owned Net Revenue and segment Owned Resort EBITDA to total revenue and net income, respectively, each as computed under U.S. GAAP, see Note 15 to our Condensed Consolidated Financial Statements.

## Yucatán Peninsula

The following tables set forth information with respect to our Occupancy, Net Package ADR, Net Package RevPAR, Net Package Revenue, Net Non-package Revenue, Owned Net Revenue, Owned Resort EBITDA and Owned Resort EBITDA Margin for our Yucatán Peninsula segment for the three months ended September 30, 2021 and 2020 for the total segment portfolio and comparable segment portfolio:

### Total Portfolio

	Three Months Ended September 30,		Increase / Decrease	
	2021	2020	Change	% Change
Occupancy	64.7 %	19.7 %	45.0 pts	228.4 %
Net Package ADR	\$ 336.35	\$ 288.40	\$ 47.95	16.6 %
Net Package RevPAR	\$ 217.75	\$ 56.94	\$ 160.81	282.4 %
(\$ in thousands)				
Net Package Revenue	\$ 42,589	\$ 14,259	\$ 28,330	198.7 %
Net Non-package Revenue	8,620	3,092	5,528	178.8 %
Owned Net Revenue	51,209	17,351	33,858	195.1 %
Owned Resort EBITDA	\$ 17,518	\$ (1,820)	\$ 19,338	1,062.5 %
Owned Resort EBITDA Margin	34.2 %	(10.5)%	44.7 pts	425.7 %

### Comparable Portfolio

	Three Months Ended September 30,		Increase / Decrease	
	2021	2020	Change	% Change
Occupancy	64.7 %	22.6 %	42.1 pts	186.3 %
Net Package ADR	\$ 336.35	\$ 306.39	\$ 29.96	9.8 %
Net Package RevPAR	\$ 217.75	\$ 69.23	\$ 148.52	214.5 %
(\$ in thousands)				
Net Package Revenue	\$ 42,589	\$ 13,540	\$ 29,049	214.5 %
Net Non-package Revenue	8,584	2,655	5,929	223.3 %
Owned Net Revenue	51,173	16,195	34,978	216.0 %
Owned Resort EBITDA	\$ 17,461	\$ 206	\$ 17,255	8,376.2 %
Owned Resort EBITDA Margin	34.1 %	1.3 %	32.8 pts	2,523.1 %

*Segment Comparable Owned Net Revenue.* Our Comparable Owned Net Revenue for the three months ended September 30, 2021 increased \$35.0 million, or 216.0%, compared to the three months ended September 30, 2020. The resumption of resort operations for the entirety of 2021 resulted in increases in the third quarter of 2021 as compared to the third quarter of 2020, during which period we began reopening our resorts, in phases, as a result of the COVID-19 pandemic. Comparable Net Package ADR of \$336.35 for the three months ended September 30, 2021 benefited by an additional \$15.98 as a result of a change in billing methodology of an online travel agency (“OTA”), which requires Playa to present this revenue gross of commissions under U.S. GAAP. Excluding the aforementioned change in billing practice, Comparable Net Package ADR would have been \$320.37.

Compared to 2019, our Comparable Net Package ADR for the three months ended September 30, 2021 increased by \$93.28, or 38.4%. Excluding the aforementioned change in billing practice, the increase would have been \$77.30, or 31.8%, primarily as a result of pent-up customer demand following COVID-19 related travel restrictions.

*Segment Comparable Owned Resort EBITDA.* Our Comparable Owned Resort EBITDA for the three months ended September 30, 2021 increased \$17.3 million, or 8,376.2%, compared to the three months ended September 30, 2020. The resumption of resort operations for the entirety of 2021 resulted in increases in the third quarter of 2021 as compared to the third quarter of 2020, during which period we began reopening our resorts, in phases, as a result of the COVID-19 pandemic.

## Pacific Coast

The following tables set forth information with respect to our Occupancy, Net Package ADR, Net Package RevPAR, Net Package Revenue, Net Non-package Revenue, Owned Net Revenue, Owned Resort EBITDA and Owned Resort EBITDA Margin for our Pacific Coast segment for the three months ended September 30, 2021 and 2020 for the total segment portfolio:

	Three Months Ended September 30,		Increase / Decrease	
	2021	2020	Change	% Change
Occupancy	60.5 %	1.0 %	59.5 pts	5,950.0 %
Net Package ADR	\$ 372.39	\$ 578.90	\$ (206.51)	(35.7)%
Net Package RevPAR	\$ 225.43	\$ 6.01	\$ 219.42	3,650.9 %
(\$ in thousands)				
Net Package Revenue	\$ 19,205	\$ 512	\$ 18,693	3,651.0 %
Net Non-package Revenue	2,777	261	2,516	964.0 %
Owned Net Revenue	21,982	773	21,209	2,743.7 %
Owned Resort EBITDA	\$ 6,429	\$ (2,330)	\$ 8,759	375.9 %
Owned Resort EBITDA Margin	29.2 %	(301.4)%	330.6 pts	109.7 %

*Segment Owned Net Revenue.* Our Owned Net Revenue for the three months ended September 30, 2021 increased \$21.2 million, or 2,743.7%, compared to the three months ended September 30, 2020. The increase was a result of the ongoing recovery in our business and the resorts in this segment only being open for a small portion of the third quarter of 2020. Net Package ADR of \$372.39 for the three months ended September 30, 2021 benefited by an additional \$16.51 as a result of a change in billing methodology of an OTA, which requires Playa to present this revenue gross of commissions under U.S. GAAP. Excluding the aforementioned change in billing practice, Net Package ADR would have been \$355.88.

Compared to 2019, our Net Package ADR for the three months ended September 30, 2021 increased by \$136.15, or 57.6%. Excluding the aforementioned change in billing practice, the increase would have been \$119.64, or 50.6%, primarily as a result of pent-up customer demand following COVID-19 related travel restrictions.

*Segment Owned Resort EBITDA.* Our Owned Resort EBITDA for the three months ended September 30, 2021 increased \$8.8 million, or 375.9%, compared to the three months ended September 30, 2020. The increase was a result of the ongoing recovery in our business and the resorts in this segment only being open for a small portion of the third quarter of 2020.

## Dominican Republic

The following table sets forth information with respect to our Occupancy, Net Package ADR, Net Package RevPAR, Net Package Revenue, Net Non-package Revenue, Owned Net Revenue, Owned Resort EBITDA and Owned Resort EBITDA Margin for our Dominican Republic segment for the three months ended September 30, 2021 and 2020 for the total segment portfolio:

	Three Months Ended September 30,		Increase / Decrease	
	2021	2020	Change	% Change
Occupancy	55.4 %	2.9 %	52.5 pts	1810.3 %
Net Package ADR	\$ 260.61	\$ 268.25	\$ (7.64)	(2.8)%
Net Package RevPAR	\$ 144.26	\$ 7.76	\$ 136.50	1759.0 %
(\$ in thousands)				
Net Package Revenue	\$ 35,092	\$ 1,889	\$ 33,203	1,757.7 %
Net Non-package Revenue	7,702	564	7,138	1,265.6 %
Owned Net Revenue	42,794	2,453	40,341	1,644.6 %
Owned Resort EBITDA	\$ 11,267	\$ (6,296)	\$ 17,563	279.0 %
Owned Resort EBITDA Margin	26.3 %	(256.7)%	283.0 pts	110.2 %

*Segment Owned Net Revenue.* Our Owned Net Revenue for the three months ended September 30, 2021 increased \$40.3 million, or 1,644.6%, compared to the three months ended September 30, 2020. The increase was a result of the ongoing recovery in our business and closure of the majority of the resorts in this segment during the third quarter of 2020 as a result of the COVID-19 pandemic.

Compared to 2019, our Net Package ADR for three months ended September 30, 2021 increased by \$104.31, or 66.7%. This increase was driven by the opening of Hyatt Ziva and Hyatt Zilara Cap Cana in the fourth quarter of 2019 as well as the renovation of the Hilton La Romana All-Inclusive Resort.

*Segment Owned Resort EBITDA.* Our Owned Resort EBITDA for the three months ended September 30, 2021 increased \$17.6 million, or 279.0%, compared to the three months ended September 30, 2020. The increase was a result of the ongoing recovery in our business and closure of the majority of the resorts in this segment during the third quarter of 2020 as a result of the COVID-19 pandemic.

### **Jamaica**

The following table sets forth information with respect to our Occupancy, Net Package ADR, Net Package RevPAR, Net Package Revenue, Net Non-package Revenue, Owned Net Revenue, Owned Resort EBITDA and Owned Resort EBITDA Margin for our Jamaica segment for the three months ended September 30, 2021 and 2020 for the total segment portfolio:

	<b>Three Months Ended September 30,</b>		<b>Increase / Decrease</b>	
	<b>2021</b>	<b>2020</b>	<b>Change</b>	<b>% Change</b>
Occupancy	57.7 %	16.6 %	41.1 pts	247.6 %
Net Package ADR	\$ 314.62	\$ 236.94	\$ 77.68	32.8 %
Net Package RevPAR	\$ 181.39	\$ 39.23	\$ 142.16	362.4 %
	<b>(\$ in thousands)</b>			
Net Package Revenue	\$ 23,831	\$ 5,153	\$ 18,678	362.5 %
Net Non-package Revenue	5,671	1,305	4,366	334.6 %
Owned Net Revenue	29,502	6,458	23,044	356.8 %
Owned Resort EBITDA	\$ 5,632	\$ (7,473)	\$ 13,105	175.4 %
Owned Resort EBITDA Margin	19.1 %	(115.7)%	134.8 pts	116.5 %

*Segment Owned Net Revenue.* Our Owned Net Revenue for the three months ended September 30, 2021 increased \$23.0 million, or 356.8%, compared to the three months ended September 30, 2020. The resumption of resort operations for the entirety of 2021 resulted in increases in the third quarter of 2021 as compared to the third quarter of 2020, during which period we began reopening our resorts, in phases, as a result of the COVID-19 pandemic.

Compared to 2019, which included the Jewel Dunn's River Beach Resort & Spa and Jewel Runaway Bay Beach Resort & Waterpark, our Net Package ADR for the three months ended September 30, 2021 increased by \$59.90, or 23.5%. Excluding the two divested resorts, our Net Package ADR increased by \$32.45, or 11.5%.

*Segment Owned Resort EBITDA.* Our Owned Resort EBITDA for the three months ended September 30, 2021 increased \$13.1 million, or 175.4%, compared to the three months ended September 30, 2020. The resumption of resort operations for the entirety of 2021 resulted in increases in the third quarter of 2021 as compared to the third quarter of 2020, during which period we began reopening our resorts, in phases, as a result of the COVID-19 pandemic.



## Segment Results

### Nine Months Ended September 30, 2021 and 2020

We evaluate our business segment operating performance using segment Owned Net Revenue and segment Owned Resort EBITDA. The following tables summarize segment Owned Net Revenue and segment Owned Resort EBITDA for the nine months ended September 30, 2021 and 2020 (\$ in thousands):

	Nine Months Ended September 30,		Increase / Decrease	
	2021	2020	Change	% Change
<b>Owned Net Revenue</b>				
Yucatán Peninsula	\$ 129,879	\$ 79,689	\$ 50,190	63.0 %
Pacific Coast	51,117	21,854	29,263	133.9 %
Dominican Republic	97,563	38,060	59,503	156.3 %
Jamaica	65,358	58,458	6,900	11.8 %
<b>Segment Owned Net Revenue</b>	<b>343,917</b>	<b>198,061</b>	<b>145,856</b>	<b>73.6 %</b>
Other	726	293	433	147.8 %
Management Fee Revenue	1,469	635	834	131.3 %
<b>Total Net Revenue</b>	<b>\$ 346,112</b>	<b>\$ 198,989</b>	<b>\$ 147,123</b>	<b>73.9 %</b>

	Nine Months Ended September 30,		Increase / Decrease	
	2021	2020	Change	% Change
<b>Owned Resort EBITDA</b>				
Yucatán Peninsula	\$ 37,714	\$ 15,111	\$ 22,603	149.6 %
Pacific Coast	13,992	3,726	10,266	275.5 %
Dominican Republic	20,859	(3,388)	24,247	715.7 %
Jamaica	6,924	3,503	3,421	97.7 %
<b>Segment Owned Resort EBITDA</b>	<b>79,489</b>	<b>18,952</b>	<b>60,537</b>	<b>319.4 %</b>
Other corporate	(28,778)	(26,782)	(1,996)	(7.5) %
Management Fee Revenue	1,469	635	834	131.3 %
<b>Total Adjusted EBITDA</b>	<b>\$ 52,180</b>	<b>\$ (7,195)</b>	<b>\$ 59,375</b>	<b>825.2 %</b>

For a reconciliation of segment Owned Net Revenue and segment Owned Resort EBITDA to total revenue and net income, respectively, each as computed under U.S. GAAP, see Note 15 to our Condensed Consolidated Financial Statements.

## Yucatán Peninsula

The following tables set forth information with respect to our Occupancy, Net Package ADR, Net Package RevPAR, Net Package Revenue, Net Non-package Revenue, Owned Net Revenue, Owned Resort EBITDA and Owned Resort EBITDA Margin for our Yucatán Peninsula segment for the nine months ended September 30, 2021 and 2020 for the total segment portfolio and comparable segment portfolio:

### Total Portfolio

	Nine Months Ended September 30,		Increase / Decrease	
	2021	2020	Change	% Change
Occupancy	52.2 %	31.2 %	21.0 pts	67.3 %
Net Package ADR	\$ 320.69	\$ 296.21	\$ 24.48	8.3 %
Net Package RevPAR	\$ 167.54	\$ 92.48	\$ 75.06	81.2 %
(\$ in thousands)				
Net Package Revenue	\$ 107,764	\$ 68,978	\$ 38,786	56.2 %
Net Non-package Revenue	22,115	10,711	11,404	106.5 %
Owned Net Revenue	129,879	79,689	50,190	63.0 %
Owned Resort EBITDA	\$ 37,714	\$ 15,111	\$ 22,603	149.6 %
Owned Resort EBITDA Margin	29.0 %	19.0 %	10.0 pts	52.6 %

### Comparable Portfolio

	Nine Months Ended September 30,		Increase / Decrease	
	2021	2020	Change	% Change
Occupancy	57.2 %	31.7 %	25.5 pts	80.4 %
Net Package ADR	\$ 322.79	\$ 316.11	\$ 6.68	2.1 %
Net Package RevPAR	\$ 184.59	\$ 100.32	\$ 84.27	84.0 %
(\$ in thousands)				
Net Package Revenue	\$ 107,133	\$ 58,442	\$ 48,691	83.3 %
Net Non-package Revenue	21,563	8,690	12,873	148.1 %
Owned Net Revenue	128,696	67,132	61,564	91.7 %
Owned Resort EBITDA	\$ 38,956	\$ 15,293	\$ 23,663	154.7 %
Owned Resort EBITDA Margin	30.3 %	22.8 %	7.5 pts	32.9 %

*Segment Comparable Owned Net Revenue.* Our Comparable Owned Net Revenue for the nine months ended September 30, 2021 increased \$61.6 million, or 91.7%, compared to the nine months ended September 30, 2020. These increases were a result of the resorts being open for the entirety of 2021 as compared to the nine months ended September 30, 2020, when we closed our resorts for the second quarter and experienced severely reduced occupancy during the third quarter as a result of the COVID-19 pandemic. Comparable Net Package ADR of \$322.79 for the nine months ended September 30, 2021 benefited by an additional \$8.47 as a result of a change in billing methodology of an OTA, which requires Playa to present this revenue gross of commissions under U.S. GAAP. Excluding the aforementioned change in billing practice, Comparable Net Package ADR would have been \$314.33.

Compared to 2019, our Comparable Net Package ADR for the nine months ended September 30, 2021 increased by \$41.12, or 14.6%. Excluding the aforementioned change in billing practice, the increase would have been \$32.66, or 11.6%, primarily as a result of pent-up customer demand following COVID-19 related travel restrictions.

*Segment Comparable Owned Resort EBITDA.* Our Comparable Owned Resort EBITDA for the nine months ended September 30, 2021 increased \$23.7 million, or 154.7%, compared to the nine months ended September 30, 2020. These increases were a result of the resorts being open for the entirety of 2021 as compared to the nine months ended September 30, 2020, when we closed our resorts for the second quarter and experienced severely reduced occupancy during the third quarter as a result of the COVID-19 pandemic.

## Pacific Coast

The following tables set forth information with respect to our Occupancy, Net Package ADR, Net Package RevPAR, Net Package Revenue, Net Non-package Revenue, Owned Net Revenue, Owned Resort EBITDA and Owned Resort EBITDA Margin for our Pacific Coast segment for the nine months ended September 30, 2021 and 2020 for the total segment portfolio:

	Nine Months Ended September 30,		Increase / Decrease	
	2021	2020	Change	% Change
Occupancy	49.6 %	21.1 %	28.5 pts	135.1 %
Net Package ADR	\$ 347.61	\$ 346.49	\$ 1.12	0.3 %
Net Package RevPAR	\$ 172.36	\$ 73.05	\$ 99.31	135.9 %
(\$ in thousands)				
Net Package Revenue	\$ 43,572	\$ 18,533	\$ 25,039	135.1 %
Net Non-package Revenue	7,545	3,321	4,224	127.2 %
Owned Net Revenue	51,117	21,854	29,263	133.9 %
Owned Resort EBITDA	\$ 13,992	\$ 3,726	\$ 10,266	275.5 %
Owned Resort EBITDA Margin	27.4 %	17.0 %	10.4 pts	61.2 %

*Segment Owned Net Revenue.* Our Owned Net Revenue for the nine months ended September 30, 2021 increased \$29.3 million, or 133.9%, compared to the nine months ended September 30, 2020. These increases were a result of the resorts being open for the entirety of 2021 as compared to the nine months ended September 30, 2020, when we closed our resorts for the second quarter and experienced severely reduced occupancy during the third quarter as a result of the COVID-19 pandemic. Net Package ADR of \$347.61 for the nine months ended September 30, 2021 benefited by an additional \$9.14 as a result of a change in billing methodology of an OTA, which requires Playa to present this revenue gross of commissions under U.S. GAAP. Excluding the aforementioned change in billing practice, Net Package ADR would have been \$338.48.

Compared to 2019, our Net Package ADR for the nine months ended September 30, 2021 increased by \$54.88, or 18.7%. Excluding the aforementioned change in billing practice, the increase would have been \$45.75, or 15.6%, primarily as a result of pent-up customer demand following COVID-19 related travel restrictions.

*Segment Owned Resort EBITDA.* Our Owned Resort EBITDA for the nine months ended September 30, 2021 increased \$10.3 million, or 275.5%, compared to the nine months ended September 30, 2020. These increases were a result of the resorts being open for the entirety of 2021 as compared to the nine months ended September 30, 2020, when we closed our resorts for the second quarter and experienced severely reduced occupancy during the third quarter as a result of the COVID-19 pandemic.

## Dominican Republic

The following tables set forth information with respect to our Occupancy, Net Package ADR, Net Package RevPAR, Net Package Revenue, Net Non-package Revenue, Owned Net Revenue, Owned Resort EBITDA and Owned Resort EBITDA Margin for our Dominican Republic segment for the nine months ended September 30, 2021 and 2020 for the total segment portfolio:

	Nine Months Ended September 30,		Increase / Decrease	
	2021	2020	Change	% Change
Occupancy	42.2 %	20.0 %	22.2 pts	111.0 %
Net Package ADR	\$ 263.98	\$ 228.09	\$ 35.89	15.7 %
Net Package RevPAR	\$ 111.42	\$ 45.61	\$ 65.81	144.3 %
(\$ in thousands)				
Net Package Revenue	\$ 80,426	\$ 33,041	\$ 47,385	143.4 %
Net Non-package Revenue	17,137	5,019	12,118	241.4 %
Owned Net Revenue	97,563	38,060	59,503	156.3 %
Owned Resort EBITDA	\$ 20,859	\$ (3,388)	\$ 24,247	715.7 %
Owned Resort EBITDA Margin	21.4 %	(8.9)%	30.3 pts	340.4 %

*Segment Owned Net Revenue.* Our Owned Net Revenue for the nine months ended September 30, 2021 increased \$59.5 million, or 156.3%, compared to the nine months ended September 30, 2020. These increases were a result of the resorts being open for the entirety of 2021 as compared to the nine months ended September 30, 2020, when we closed our resorts for the second quarter and experienced severely reduced occupancy during the third quarter as a result of the COVID-19 pandemic.

Compared to 2019, our Net Package ADR for the nine months ended September 30, 2021 increased by \$67.07, or 34.1%. This increase was driven by the opening of Hyatt Ziva and Hyatt Zilara Cap Cana in the fourth quarter of 2019 as well as the renovation of the Hilton La Romana All-Inclusive Resort.

*Segment Owned Resort EBITDA.* Our Owned Resort EBITDA for the nine months ended September 30, 2021 increased \$24.2 million, or 715.7%, compared to the nine months ended September 30, 2020. These increases were a result of the resorts being open for the entirety of 2021 as compared to the nine months ended September 30, 2020, when we closed our resorts for the second quarter and experienced severely reduced occupancy during the third quarter as a result of the COVID-19 pandemic.

### **Jamaica**

The following table sets forth information with respect to our Occupancy, Net Package ADR, Net Package RevPAR, Net Package Revenue, Net Non-package Revenue, Owned Net Revenue, Owned Resort EBITDA and Owned Resort EBITDA Margin for our Jamaica segment for the nine months ended September 30, 2021 and 2020 for the total segment portfolio and comparable portfolio:

#### **Total Portfolio**

	Nine Months Ended September 30,		Increase / Decrease	
	2021	2020	Change	% Change
Occupancy	44.4 %	31.3 %	13.1 pts	41.9 %
Net Package ADR	\$ 304.13	\$ 337.62	\$ (33.49)	(9.9)%
Net Package RevPAR	\$ 135.06	\$ 105.66	\$ 29.40	27.8 %
(\$ in thousands)				
Net Package Revenue	\$ 52,652	\$ 49,659	\$ 2,993	6.0 %
Net Non-package Revenue	12,706	8,799	3,907	44.4 %
Owned Net Revenue	65,358	58,458	6,900	11.8 %
Owned Resort EBITDA	\$ 6,924	\$ 3,503	\$ 3,421	97.7 %
Owned Resort EBITDA Margin	10.6 %	6.0 %	4.6 pts	76.7 %

#### **Comparable Portfolio**

	Nine Months Ended September 30,		Increase / Decrease	
	2021	2020	Change	% Change
Occupancy	44.4 %	29.0 %	15.4 pts	53.1 %
Net Package ADR	\$ 304.54	\$ 354.84	\$ (50.30)	(14.2)%
Net Package RevPAR	\$ 135.24	\$ 103.04	\$ 32.20	31.3 %
(\$ in thousands)				
Net Package Revenue	\$ 52,723	\$ 40,315	\$ 12,408	30.8 %
Net Non-package Revenue	12,632	7,329	5,303	72.4 %
Owned Net Revenue	65,355	47,644	17,711	37.2 %
Owned Resort EBITDA	\$ 6,506	\$ 1,399	\$ 5,107	365.0 %
Owned Resort EBITDA Margin	10.0 %	2.9 %	7.1 pts	244.8 %

*Segment Comparable Owned Net Revenue.* Our Owned Net Revenue for the nine months ended September 30, 2021 increased \$17.7 million, or 37.2%, compared to the nine months ended September 30, 2020. These increases were a result of the resorts being open for the entirety of 2021 as compared to the nine months ended September 30, 2020, when we closed our resorts for the second quarter and experienced severely reduced occupancy during the third quarter as a result of the COVID-19 pandemic. Net Package ADR in the segment was negatively impacted by a higher mix of Occupancy at our lower chain scale resorts.

Compared to 2019, our Comparable Net Package ADR for the nine months ended September 30, 2021 decreased by \$23.42, or 7.1%.

*Segment Comparable Owned Resort EBITDA.* Our Owned Resort EBITDA for the nine months ended September 30, 2021 increased \$5.1 million, or 365.0%, compared to the nine months ended September 30, 2020. These increases were a result of the resorts being open for the entirety of 2021 as compared to the nine months ended September 30, 2020, when we closed our resorts for the second quarter and experienced severely reduced occupancy during the third quarter as a result of the COVID-19 pandemic.

## Non-U.S. GAAP Financial Measures

### Reconciliation of Net Loss to Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)

The following is a reconciliation of our U.S. GAAP net loss to EBITDA, Adjusted EBITDA, Owned Resort EBITDA and Comparable Owned Resort EBITDA for the three and nine months ended September 30, 2021 and 2020 (\$ in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>Net loss</b>	<b>\$ (12,371)</b>	<b>\$ (78,604)</b>	<b>\$ (89,884)</b>	<b>\$ (188,618)</b>
Interest expense	19,047	19,973	56,164	61,844
Income tax provision (benefit)	1,360	5,299	(13,043)	(8,237)
Depreciation and amortization	19,927	22,518	60,827	69,877
<b>EBITDA</b>	<b>27,963</b>	<b>(30,814)</b>	<b>14,064</b>	<b>(65,134)</b>
Other (income) expense <sup>(a)</sup>	(587)	(224)	747	(1,171)
Share-based compensation	3,270	1,925	9,899	7,867
Transaction expense <sup>(b)</sup>	210	541	928	1,416
Severance expense <sup>(c)</sup>	—	1,448	1,287	3,892
Other tax expense (benefit) <sup>(d)</sup>	67	(170)	228	298
Contract termination fees	400	—	400	—
Impairment loss	—	867	24,011	42,308
(Gain) loss on sale of assets	(4)	—	644	1,729
Repairs from hurricanes and tropical storms	435	—	435	—
Non-service cost components of net periodic pension benefit (cost) <sup>(e)</sup>	16	311	(463)	1,600
<b>Adjusted EBITDA</b>	<b>31,770</b>	<b>(26,116)</b>	<b>52,180</b>	<b>(7,195)</b>
Other corporate	9,749	8,205	28,778	26,782
Management fee income	(673)	(8)	(1,469)	(635)
<b>Owned Resort EBITDA</b>	<b>40,846</b>	<b>(17,919)</b>	<b>79,489</b>	<b>18,952</b>
Less: Non-comparable Owned Resort EBITDA	57	(2,026)	(824)	1,922
<b>Comparable Owned Resort EBITDA <sup>(f)</sup></b>	<b>\$ 40,789</b>	<b>\$ (15,893)</b>	<b>\$ 80,313</b>	<b>\$ 17,030</b>

<sup>(a)</sup> Represents changes in foreign exchange rates and other miscellaneous expenses or income.

<sup>(b)</sup> Represents expenses incurred in connection with corporate initiatives, such as: debt refinancing costs; other capital raising efforts; and strategic initiatives, such as the launch of a new resort or possible expansion into new markets.

<sup>(c)</sup> Represents expenses incurred for employee terminations.

<sup>(d)</sup> Relates primarily to a Dominican Republic asset/revenue tax, which is an alternative tax to income tax in the Dominican Republic. We eliminate this expense from Adjusted EBITDA because it is substantially similar to the income tax provision or benefit we eliminate from our calculation of EBITDA.

<sup>(e)</sup> Represents the non-service cost components of net periodic pension benefit (cost) recorded within other (expense) income in the Condensed Consolidated Statement of Operations. We include these for purposes of calculating Adjusted EBITDA as they are considered part of our ongoing resort operations.

<sup>(f)</sup> Comparable resorts for the three months ended September 30, 2021 exclude the following: Capri Resort, which was sold in June 2021 and Dreams Puerto Aventuras, which was sold in February 2021, and for the nine months ended September 30, 2021 also exclude the Jewel Dunn's River Beach Resort & Spa and Jewel Runaway Bay Beach Resort & Waterpark, which were sold in May 2020.

## Seasonality

The seasonality of the lodging industry and the location of our resorts in Mexico and the Caribbean generally result in the greatest demand for our resorts between mid-December and April of each year, yielding higher occupancy levels and package rates during this period. This seasonality in demand has resulted in predictable fluctuations in revenue, results of operations, and liquidity, which are consistently higher during the first quarter of each year than in successive quarters.

However, the COVID-19 pandemic has altered this seasonal trend in 2020 and 2021 and Net Package ADR was particularly strong during the second and third quarters of 2021 in comparison to prior years. See "Impact of COVID-19 Pandemic" above for more information regarding the effects of the COVID-19 pandemic on our results of operations.

## Inflation

We have experienced a higher rate of inflation as compared to the same period in 2020 with respect to our direct resort expenses, particularly labor expenses, utilities, and food and beverage costs. While we, like most operators of lodging properties, have the ability

to adjust room rates to reflect the effects of inflation, competitive pricing pressures and the continuing effects of the COVID-19 pandemic may limit our ability to raise room rates to fully offset inflationary cost increases. See “Impact of COVID-19 Pandemic” above for more information regarding the effects of the COVID-19 pandemic on our results of operations.

## **Liquidity and Capital Resources**

The suspension of operations at all of our resorts from late March 2020 through July 2020 as a result of the COVID-19 pandemic, and the severely reduced occupancy we experienced upon reopening the resorts and the reduced occupancy levels we continue to experience, have adversely affected our liquidity.

As of September 30, 2021, we had \$231.5 million of available cash, excluding restricted cash, up from \$146.9 million as of December 31, 2020. The increase in available cash was primarily attributable to the net cash proceeds from our equity raise of \$137.7 million, the sale of the Dreams Puerto Aventuras for \$34.3 million and the sale of the Capri Resort for \$55.2 million, which were partially offset by the repayment of our outstanding Revolving Credit Facility balance of \$84.7 million and the Term Loan and Term A3 Loan principal repayments of \$25.1 million.

Our primary short-term cash needs are paying operating expenses, maintaining our resorts, and servicing our outstanding indebtedness. As of September 30, 2021, we had \$22.3 million of scheduled contractual obligations remaining in 2021. We have deferred substantially all major development, expansion, renovation, repositioning and rebranding projects, with timing subject to the duration of the COVID-19 pandemic and the pace at which our business returns to more normalized levels.

We expect to meet our short-term liquidity requirements generally through our existing cash balances, equity issuances or short-term borrowings under our Revolving Credit Facility. As of September 30, 2021, we had \$85.0 million available on our Revolving Credit Facility, of which \$68.0 million does not mature until January 2024.

Long-term liquidity needs may include property developments, expansions, renovations, repositioning and rebranding projects, potential acquisitions and the repayment of indebtedness. As of September 30, 2021, our total debt obligations were \$1,149.9 million (which represents the principal amounts outstanding under Term Loans, Property Loan and finance lease obligations, excluding \$4.6 million of issuance discounts and \$8.4 million of unamortized debt issuance costs). We expect to meet our long-term liquidity requirements generally through the sources available for short-term needs, as well as equity or debt issuances or proceeds from the potential disposal of assets.

We are continuing to monitor our liquidity and we may pursue additional sources of liquidity as needed. The availability of additional liquidity options will depend on the economic and financial environment, our credit, our historical and projected financial and operating performance and continued compliance with financial covenants. If operating conditions do not improve, whether as a result of the current pandemic or a resurgence thereof or for other reasons, we may not be able to maintain our current liquidity position or access additional sources of liquidity at acceptable terms or at all.

## ***Financing Strategy***

We intend to use other financing sources that may be available to us from time to time, including financing from banks, institutional investors or other lenders, such as bridge loans, letters of credit, joint ventures and other arrangements. Future financings may be unsecured or may be secured by mortgages or other interests in our assets. In addition, we may issue publicly or privately placed debt or equity securities. When possible and desirable, we will seek to replace short-term financing with long-term financing. We may use the proceeds from any financings to refinance existing indebtedness, to finance resort projects or acquisitions or for general working capital or other purposes.

Our indebtedness may be recourse, non-recourse or cross-collateralized and may be fixed rate or variable rate. If the indebtedness is non-recourse, the obligation to repay such indebtedness will generally be limited to the particular resort or resorts pledged to secure such indebtedness. In addition, we may invest in resorts subject to existing loans secured by mortgages or similar liens on the resorts or may refinance resorts acquired on a leveraged basis.

## Cash Flows

The following table summarizes our net cash provided by or used in operating activities, investing activities and financing activities for the periods indicated and should be read in conjunction with our Condensed Consolidated Statements of Cash Flows and accompanying notes thereto (*\$ in thousands*):

	Nine Months Ended September 30,	
	2021	2020
Net cash used in operating activities	\$ (14,034)	\$ (60,552)
Net cash provided by investing activities	\$ 76,965	\$ 37,724
Net cash provided by financing activities	\$ 20,292	\$ 224,999

### Net Cash Provided by or Used in Operating Activities

Our net cash (used in) provided by operating activities is generated primarily from operating loss or income from our resorts. For the nine months ended September 30, 2021, our net cash used in operating activities was \$14.0 million. For the nine months ended September 30, 2020, our net cash used in operating activities was \$60.6 million.

- Net loss of \$89.9 million for the nine months ended September 30, 2021 included significant non-cash income and expenses, including \$60.8 million of depreciation and amortization, \$24.0 million of impairment losses, and \$9.9 million of share-based compensation, offset by a \$6.4 million gain on the fair value of our interest rate swaps and by changes in our assets and liabilities through the normal course of operations.
- Net loss of \$188.6 million for the nine months ended September 30, 2020 included significant non-cash expenses, including \$69.9 million of depreciation and amortization, \$42.3 million of goodwill impairment losses, \$7.9 million of share based compensation, and a \$9.7 million loss on the fair value of our interest rates swaps, offset by changes in our assets and liabilities through the normal course of operations.

### Net Cash Provided by or Used in Investing Activities

For the nine months ended September 30, 2021, our net cash provided by investing activities was \$77.0 million. For the nine months ended September 30, 2020, our net cash provided by investing activities was \$37.7 million.

Activity for the nine months ended September 30, 2021:

- Net proceeds from the sale of assets of \$88.9 million; and
- Purchases of property and equipment of \$11.7 million.

Activity for the nine months ended September 30, 2020:

- Net proceeds from the sale of assets of \$58.5 million;
- Purchases of property and equipment of \$28.8 million;
  - Includes \$18.1 million in payments for prior year non-cash purchases of property and equipment;
- Purchases of intangible assets of \$0.5 million; and
- Receipt of key money of \$8.5 million.

### Capital Expenditures

We maintain each of our properties in good repair and condition and in conformity with applicable laws and regulations, franchise and license agreements and management agreements. Capital expenditures made to extend the service life or increase the capacity of our assets, including expenditures for the replacement, improvement or expansion of existing capital assets (i.e., maintenance capital expenditures), differ from ongoing repair and maintenance expense items, which do not in our judgment extend the service life or increase the capacity of assets and are charged to expense as incurred. We have approval rights over capital expenditures made by our third-party manager as part of the annual budget process for each property they manage. From time to time, certain of our resorts may be undergoing renovations as a result of our decision to upgrade portions of the resorts, such as guestrooms, public space, meeting space, gyms, spas and/or restaurants, in order to better compete with other resorts in our markets. Due to the impacts of the COVID-19 pandemic on our liquidity, we deferred all non-critical capital expenditures for the remainder of the year.

### ***Net Cash Provided by or Used in Financing Activities***

Our net cash provided by financing activities was \$20.3 million for the nine months ended September 30, 2021 compared to \$225.0 million of cash provided by financing activities for the nine months ended September 30, 2020.

Activity for the nine months ended September 30, 2021:

- Net proceeds from our equity issuance of \$137.7 million;
- Principal payments on our Term Loan of \$32.0 million;
- Repayment of our Term A3 Loan of \$0.7 million; and
- Repayments on our Revolving Credit Facility of \$84.7 million.

Activity for the nine months ended September 30, 2020:

- Net proceeds from debt issuances of \$199.6 million;
- Proceeds from borrowings on our Revolving Credit Facility of \$40.0 million;
- Net proceeds from equity issuance of \$19.6 million;
- Principal payments on our Term Loan of \$7.6 million;
- Debt issuance costs of \$8.7 million;
- Repayment on our Revolving Credit Facility of \$15.3 million; and
- Repurchases of ordinary shares of \$2.5 million.

### ***Senior Secured Credit Facility***

Playa Resorts Holding B.V., a subsidiary of ours, holds a senior secured credit facility (the “Senior Secured Credit Facility”) pursuant to the Existing Credit Agreement, which consists of a term loan facility which is scheduled to mature on April 27, 2024 (“Term Loan”) and a revolving credit facility, a portion of which is scheduled to mature on April 27, 2022 and a portion of which is scheduled to mature on January 27, 2024 (“Revolving Credit Facility”). The Term Loan bears interest at a rate per annum equal to LIBOR plus 2.75% (where the applicable LIBOR rate has a 1.0% floor). The Revolving Credit Facility bears interest at LIBOR plus 3.00% with respect to the portion maturing in April 2022, and LIBOR plus 4.00% with respect to the portion maturing January 2024. We are required to pay a commitment fee ranging from 0.25% to 0.5% per annum on the average daily undrawn balance of the Revolving Credit Facility.

The obligations under the Senior Secured Credit Facility are guaranteed by (a) substantially all of our material subsidiaries, subject to certain exceptions and (b) the Company on a limited recourse basis, with such guaranty being collateralized by a lien on our ordinary shares.

The obligations are further collateralized by, among other things, a lien on (i) all resorts located in Mexico, (ii) certain personal property associated with such resort properties and (iii) pledges of equity interests in certain of our subsidiaries that directly or indirectly own equity interests in any resort property or certain management companies.

### ***Additional Credit Facility***

On June 12, 2020, we entered into an additional senior secured credit facility with an average interest rate of 9.25% that matures on April 27, 2024 and ranks pari passu with the Existing Credit Agreement (the “Additional Credit Facility”). The Additional Credit Facility consists of the following term loans:

- i. \$35.0 million term loan at fixed rate of 11.4777% (the “Term A1 Loan”);
- ii. \$31.0 million term loan at fixed rate of 11.4777% (the “Term A2 Loan”); and
- iii. \$28.0 million term loan at our option of either a base rate plus a margin of 2.00% or LIBOR plus 3.00% (the “Term A3 Loan”). Term A3 Loan is subject to a 1.0% floor consistent with the Existing Credit Agreement.

We have used and intend to use the proceeds from the Additional Credit Facility for general corporate purposes. The obligations under the Additional Credit Facility are collateralized in a manner that is substantially identical to the Existing Credit Agreement.



Prior to the maturity date, the Additional Credit Facility does not require principal payments, but does include mandatory repayment requirements for the Term A3 Loan that are consistent with the Existing Credit Agreement. Mandatory repayments are required for certain asset sales, casualty events and condemnation events that are not reinvested in our business where our total net leverage ratio is above 4.00x. We may not voluntarily prepay any portion of the Additional Credit Facility prior to June 2023 without paying a make-whole premium equal to 100% of the interest that would have otherwise accrued from the date of such payment through June 2022 plus 50% of the interest that otherwise would have accrued from June 2022 to June 2023. Subsequent to June 2023, we may prepay any portion of the Additional Credit Facility without penalty.

In connection with the Additional Credit Facility, we terminated the remaining \$15.0 million of unused capacity of our Revolving Credit Facility under the Existing Credit Agreement. The Additional Credit Facility contains covenants (including a springing financial maintenance covenant) identical to those contained in the Existing Credit Agreement.

### ***Property Loan Agreement***

On June 12, 2020, we entered into a property loan agreement in the amount of \$110.0 million that has a fixed interest rate of 9.25% and matures on July 1, 2025 (the "Property Loan"). Prior to maturity, the Property Loan does not require principal payments. The Property Loan is collateralized by the mortgages of our Hyatt Ziva and Hyatt Zilara Cap Cana properties located in the Dominican Republic and the Hilton Rose Hall Resort & Spa located in Jamaica (collectively the "Properties"). We intend to use the proceeds of the Property Loan to finance the operation and management of the Properties and for general corporate purposes. We may not voluntarily prepay any portion of the Property Loan prior to July 1, 2023 without paying a make-whole premium equal to 100% of the amount of interest that would have otherwise accrued from the date of such payment through July 1, 2022 plus 50% of the interest that otherwise would have accrued from the prepayment date to July 1, 2023. Subsequent to July 2023, we may prepay any portion of the Property Loan without penalty.

During the term of the Property Loan, we are required to deposit certain cash reserves including reserves for operating expenses, debt service and certain property improvement plan required work. We will continue to fund the reserves until the Properties achieve a debt service coverage ratio of 1.50x for two consecutive calendar quarters. These reserves are presented as restricted cash on our Condensed Consolidated Balance Sheet, which had a balance of \$24.6 million as of September 30, 2021.

### **Contractual Obligations**

As of September 30, 2021, there have been no significant changes to our "Contractual Obligations" table in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report, other than the change in our debt and related repayment requirements described below.

Our total debt decreased \$117.4 million, from \$1,267.3 million as of December 31, 2020 to \$1,149.9 million as of September 30, 2021. This decrease was driven by the repayment of the \$84.7 million balance previously outstanding on our Revolving Credit Facility in February 2021 and the \$24.4 million repayment on our Term Loan as a result of the sale of the Capri Resort in June 2021. In accordance with our Existing Credit Agreement, we utilized 50% of the Capri Resort's net proceeds of \$24.4 million, after deducting incremental expenses, to repay our Term Loan on June 29, 2021. The remaining decrease was a result of our quarterly principal payments on our Term Loan totaling \$7.6 million.

Additionally, in connection with the terms of the Existing Credit Agreement and Second Amendment, we are required to use the net proceeds from the sale of assets, subject to certain exceptions, including for reinvestment rights, to repay the proportionate balance on our Senior Secured Credit Facility and Term A3 Loan if our net leverage ratio is above 4.00x. In May 2022 and February 2023, we anticipate that we will repay the net proceeds, after taking into account certain investments made in accordance with our reinvestment rights, from the sales of the Jewel Dunn's River Beach Resort & Spa and Jewel Runaway Bay Beach Resort & Waterpark of \$23.3 million and the Dreams Puerto Aventuras of \$8.1 million, respectively, which include incremental transaction costs and capital expenditures incurred across our portfolio leading up to the repayment date. In December 2022, we expect to repay the remaining 50% of the net proceeds from the sale of the Capri Resort of \$23.7 million.

### **Off Balance Sheet Arrangements**

We had no off balance sheet arrangements for the three and nine months ended September 30, 2021 and 2020.

## **Critical Accounting Policies and Estimates**

Our Condensed Consolidated Financial Statements included herein have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts and related disclosures. A number of our significant accounting policies are critical due to the fact that they require us to exercise a higher degree of judgment and estimation based on assumptions that are inherently uncertain. While we believe our estimates, assumptions and judgments are reasonable, they are based upon information presently available. Actual results may differ significantly from these estimates under different assumptions, judgments or conditions, which could have a material effect on our financial position, results of operations and related disclosures. The impacts of the COVID-19 pandemic have increased uncertainty, which has reduced our ability to use past results to estimate future performance. Accordingly, our estimates and judgments may be subject to greater volatility than has been the case in the past.

We have discussed those estimates that we believe are critical and require the use of complex judgment in their application in our Consolidated Financial Statements included within our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 4, 2021. There have been no material changes to our critical accounting policies or the methodologies or assumptions we apply under them except for those disclosed in Note 2 to our Condensed Consolidated Financial Statements.

## **Fair Value of Financial Instruments**

Our financial instruments consist of cash and cash equivalents, restricted cash, trade and other receivables, accounts receivable from related parties, certain prepayments and other assets, trade and other payables, payables to related parties, derivative financial instruments, other liabilities including our pension obligation and debt (excluding the finance lease obligation). See Note 13, "Fair value of financial instruments," to our Condensed Consolidated Financial Statements for more information.

## **Related Party Transactions**

See Note 6, "Related party transactions," to our Condensed Consolidated Financial Statements for information on these transactions.

## **Recent Accounting Pronouncements**

See the recent accounting pronouncements in Note 2 to our Condensed Consolidated Financial Statements.

## **Item 3. *Quantitative and Qualitative Disclosures About Market Risk.***

In the normal course of operations, we are exposed to interest rate risk and foreign currency risk which may impact future income and cash flows.

### ***Interest rate risk***

The risk from market interest rate fluctuations mainly affects long-term debt bearing interest at a variable interest rate. We currently use an interest rate swap (see Note 12 of our Condensed Consolidated Financial Statements) to manage exposure to this risk. As of September 30, 2021, 15% of our outstanding indebtedness bore interest at floating rates and 85% bore interest at fixed rates. If market rates of interest on our floating rate debt were to increase by 1.0%, the increase in interest expense on our floating rate debt would decrease our future earnings and cash flows by approximately \$0.1 million annually, assuming the balance outstanding under our Revolving Credit Facility remained at \$0 million. If market rates of interest on our floating rate debt were to decrease by 1.0%, there would be no impact on our floating rate debt or our future earnings and cash flows, assuming the balance outstanding under our Revolving Credit Facility remained at \$0 million and the current LIBOR rate on our floating rate debt could not fall below the existing 1.0% LIBOR floor.

### ***Foreign currency risk***

We are exposed to exchange rate fluctuations because all of our resort investments are based in locations where the local currency is not the U.S. dollar, which is our reporting currency. For the nine months ended September 30, 2021 approximately 3.3% of our revenues were denominated in currencies other than the U.S. dollar. As a result, our revenues reported on our Condensed Consolidated Statements of Operations are affected by movements in exchange rates.

Approximately 84.6% of our operating expenses for the nine months ended September 30, 2021 were denominated in the local currencies in the countries in which we operate. As a result, our operating expenses reported on our Condensed Consolidated Statements of Operations are affected by movements in exchange rates.

The foreign currencies in which our expenses are primarily denominated are the Mexican Peso, Dominican Peso and the Jamaican Dollar. The effect of an immediate 5% adverse change in foreign exchange rates on Mexican Peso-denominated expenses at September 30, 2021 would have impacted our net income before tax by approximately \$5.7 million on a year-to-date basis. The effect of an immediate 5% adverse change in foreign exchange rates on Dominican Peso-denominated expenses at September 30, 2021 would have impacted our net income before tax by approximately \$3.5 million on a year-to-date basis. The effect of an immediate 5% adverse change in foreign exchange rates on Jamaican Dollar-denominated expenses at September 30, 2021 would have impacted our net income before tax by approximately \$2.6 million on a year-to-date basis.

At this time, we do not have any outstanding derivatives or other financial instruments designed to hedge our foreign currency exchange risk.

#### **Item 4. Controls and Procedures.**

##### *Disclosure Controls and Procedures.*

We maintain a set of disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) designed to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In accordance with Rule 13a-15(b) of the Exchange Act, as of the end of the period covered by this quarterly report, an evaluation was carried out under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, of the effectiveness of our disclosure controls and procedures. Based on that ongoing evaluation, including the remedial actions and the material weakness in internal control over financial reporting described below, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were not effective as of September 30, 2021.

##### *Changes in Internal Control Over Financial Reporting.*

There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. As previously reported in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 4, 2021, we identified a material weakness in our internal control over financial reporting that existed as of December 31, 2020. A “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement in our annual or interim financial statements will not be prevented or detected on a timely basis. We previously reported the following material weakness in our internal control over financial reporting that existed as of December 31, 2020, which has not been remediated as of September 30, 2021:

- The control activities related to our income tax provision did not operate with a level of precision that would identify a material misstatement (the “Tax Weakness”).

In connection with our efforts to remediate the Tax Weakness, we identified errors in our previously disclosed deferred tax liabilities for one of our Dominican Republic entities during the quarter ended September 30, 2021. We concluded that these errors were not material to any prior annual or interim periods and corrected the errors for all prior periods presented by revising the Condensed Consolidated Financial Statements and other financial information included herein. The adjustments had no impact on our Condensed Consolidated Statements of Operations or Condensed Consolidated Statements of Cash Flows for all prior periods presented.

We have initiated and implemented measures designed to improve our internal controls processes and procedures related to income tax accounting. As a result of these efforts, we believe we are making progress toward remediating the underlying causes of the material weakness. Specifically, we hired additional resources and are in the process of developing and implementing enhanced

policies, procedures and controls relating to income tax account reconciliations and analysis, including enhancing our documentation to reflect the control attributes that are performed and enhancing the precision of the control.

However, effectiveness will need to be successfully tested over several quarters before we can conclude that the Tax Weakness has been remediated. There can be no assurance that we will be successful in making these improvements and in remediating our current material weakness in a timely manner, or at all, and we may not prevent future material weaknesses from occurring.

## **PART II. OTHER INFORMATION**

### **Item 1. *Legal Proceedings.***

In the ordinary course of our business, we are subject to claims and administrative proceedings, none of which we believe are material or would be expected to have, individually or in the aggregate, a material adverse effect on our financial condition, cash flows or results of operations. The outcome of claims, lawsuits and legal proceedings brought against us, however, is subject to significant uncertainties. Refer to Note 7 to our financial statements included in “Item 1. Financial Statements” of this Form 10-Q for a more detailed description of such proceedings and contingencies.

### **Item 1A. *Risk Factors.***

As of September 30, 2021, there have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 4, 2021, which is accessible on the SEC's website at [www.sec.gov](http://www.sec.gov).

### **Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds.***

#### **(a) Unregistered Sale of Securities**

None.

#### **(b) Use of Proceeds**

None.

#### **(c) Issuer Purchases of Equity Securities**

None.

### **Item 3. *Defaults Upon Senior Securities.***

None.

### **Item 4. *Mine Safety Disclosures.***

Not applicable.

### **Item 5. *Other Information.***

The Company has established a new date of May 12, 2022 for its 2022 annual general meeting of shareholders (the “AGM”), and set April 14, 2022 as the record date.

Under Dutch law and the Company’s Articles of Association, if a shareholder is interested in submitting a proposed agenda item or a proposed resolution within the authority of shareholders to be presented at the 2022 AGM, the shareholder must fulfill the requirements set forth in Dutch law and the Company’s Articles of Association, including satisfying both of the following criteria:

- the Company must receive the proposed agenda item (supported by reasons) or proposed resolution in writing or by electronic means no later than 60 days before the date of the 2022 annual general meeting of shareholders (March 13, 2022); and
- the number of shares held by the shareholder, or group of shareholders, submitting the proposed agenda item or proposed resolution represent at least 3% of the Company’s issued share capital.

Under the Dutch Corporate Governance Code, if shareholders intend to request that an item be put on the agenda as described above that may result in a change in the Company’s strategy, for example as a result of the dismissal of one or several Board members, the Board should be given the opportunity to invoke a reasonable period of up to 180 days during which to respond to such request. If invoked, the Board should use the response time for further deliberation and constructive consultation, in any event with the relevant shareholder(s) requesting the agenda item, and the Board should explore the alternatives. At the end of the response time, the Board should report on this consultation and the exploration to the shareholders meeting. A response time may be stipulated only once for

any given shareholders meeting and should not apply to an item in respect of which the response time had been previously stipulated, or to meetings where a shareholder holds at least 75% of the issued capital as a consequence of a successful public bid.

In addition, because the date of the AGM has been changed by more than 30 days from the anniversary date of the 2021 annual general meeting of shareholders, pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), a new deadline will apply for the receipt of any shareholder proposals submitted pursuant to Rule 14a-8 of the Exchange Act for inclusion in the Company’s proxy materials for the 2022 AGM. Pursuant to Rule 14a-8(e)(2) under the Exchange Act, such proposals must be received on or before the close of business on December 20, 2021, which the Company has determined to be a reasonable time before it expects to begin to print and distribute its proxy materials for the 2022 AGM, as such date is approximately 120 calendar days prior to when the Company anticipates printing and distributing its proxy materials for the 2022 AGM. Such proposals must otherwise comply with the requirements of Rule 14a-8 and Dutch law in order to be considered for inclusion in the 2022 proxy statement and proxy.

**Item 6. Exhibits.**

The following exhibits are filed as part of this Form 10-Q:

Exhibit Number	Exhibit Description
31.1	<a href="#">Certification of the Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2	<a href="#">Certification of the Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1	<a href="#">Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2	<a href="#">Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101	The following materials from Playa Hotels & Resorts N.V.’s Quarterly Report on Form 10-Q for the period ended September 30, 2021, formatted in XBRL (eXtensible Business Reporting Language): (i) <a href="#">Condensed Consolidated Balance Sheets</a> , (ii) <a href="#">Condensed Consolidated Statements of Operations</a> , (iii) <a href="#">Condensed Consolidated Statements of Comprehensive Loss</a> (iv) <a href="#">Condensed Consolidated Statements of Shareholders' Equity</a> , (v) <a href="#">Condensed Consolidated Statements of Cash Flows</a> , and (vi) <a href="#">the Notes to the Condensed Consolidated Financial Statements</a>
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

### **Playa Hotels & Resorts N.V.**

Date: November 3, 2021

By: /s/ Bruce D. Wardinski

**Bruce D. Wardinski**  
**Chairman and Chief Executive Officer**  
**(Principal Executive Officer)**

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the undersigned, in his capacity as the principal financial officer of the registrant.

### **Playa Hotels & Resorts N.V.**

Date: November 3, 2021

By: /s/ Ryan Hymel

**Ryan Hymel**  
**Chief Financial Officer**  
**(Principal Financial Officer)**