Playa Hotels & Resorts N.V.

Dutch statutory board report and financial statements for the fiscal year ended December 31, 2022

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1. INTRODUCTION

1.1 Preparation

Unless the context requires otherwise, in this annual report, we use the terms "the Company," "Playa," "our company," "we," "us," "our" and similar references to refer to Playa Hotels & Resorts N.V., a Dutch public limited liability company (*naamloze vennootschap*), and, where appropriate, its subsidiaries.

This annual report has been prepared by the Company's board of directors (the "Board") pursuant to Section 2:391 of the Dutch Civil Code ("DCC") and also contains (i) the Company's statutory annual accounts within the meaning of Section 2:361(1) DCC and (ii) to the extent applicable, the information to be added pursuant to Section 2:392 DCC. This annual report relates to the fiscal year ended December 31, 2022 and, unless explicitly stated otherwise, information presented in this annual report is as of December 31, 2022.

The consolidated financial statements included in Chapter 7.1 of this annual report (the "Consolidated Financial Statements") have been prepared in accordance with the International Financial Reporting Standards ("IFRS") established by the International Accounting Standards Board and endorsed by the European Union. The Company financial statements included in Chapter 7.2 (the "Company Financial Statements") have been prepared in accordance with the accounting principles promulgated by Title 9 of Book 2 DCC ("Dutch GAAP").

1.2 Forward-looking statements

This annual report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. Forward-looking statements reflect our current views with respect to, among other things, our capital resources, portfolio performance, results of operations, liquidity and financial condition. Likewise, our consolidated financial statements and all of our statements regarding anticipated growth in our operations, anticipated market conditions, demographics and results of operations are forward-looking statements. In some cases, you can identify these forward-looking statements by the use of terminology such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words or phrases.

The forward-looking statements contained in this annual report reflect our current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause our actual results to differ significantly from those expressed in any forward-looking statement. The following factors, among others, could also cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- *general economic uncertainty and the effect of general economic conditions, including inflation, rising interest rates and a potential economic recession, on consumer discretionary spending and 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, changes in unemployment rates and labor force availability, 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, such as those related to COVID-19, or airline service/capacity issues, as well as changes in demand for our resorts resulting from government mandated safety protocols and/or health concerns, including those related to COVID-19;*
- *the effectiveness of our internal controls and our corporate policies and procedures;*
- *changes in personnel and availability of qualified personnel;*
- *extreme weather events, such as hurricanes, floods and extreme heat waves, which may increase in frequency and severity as a result of climate change, and other natural disasters;*
- *public health crises, such as the resurgence of COVID-19 or the outbreak of other contagious diseases;*
- *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 annual 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).

Unless the context requires otherwise, in this annual report, we use the terms "the Company," "Playa," "our company," "we," "us," "our" and similar references to refer to Playa Hotels & Resorts N.V., a Dutch public limited liability company (naamloze vennootschap), and, where appropriate, its subsidiaries.

2. BUSINESS

2.1 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 December 31, 2022, we owned and/or managed a total portfolio consisting of 25 resorts (9,352 rooms) located in Mexico, Jamaica and the Dominican Republic. Playa's strategy is to leverage its globally recognized brand partnerships and proprietary in-house direct booking capabilities to capitalize on the growing popularity of the all-inclusive resort model and reach first-time all-inclusive resort consumers in a cost-effective manner. We believe that this strategy should position us to generate attractive returns for our shareholders, build lasting relationships with our guests, and enhance the lives of our associates and the communities in which we operate.

We believe that the resorts we own and manage are among the finest all-inclusive resorts in the destinations they serve. We believe that our resorts have a competitive advantage due to their location, brand affiliations, extensive amenities, scale and design. Our portfolio is comprised of all-inclusive resorts that share some combination of the following characteristics:

- Prime beachfront locations;
- Globally recognized U.S. hotel brand partners;
- Convenient air access from major and secondary North American markets and international gateway markets;
- Strategic locations in popular vacation destinations with strong local government commitments to tourism;
- High quality standards and physical condition; and
- Capacity for further revenues and earnings growth through incremental renovation or repositioning opportunities.

Our all-inclusive resorts provide guests an attractive vacation experience that offers compelling value and price certainty, while at the same time providing Playa more predictable revenue, expense and occupancy rates than traditional full-service hotel business models. Generally, all-inclusive leisure guests book and pay further in advance, resulting in lower cancellation rates and incremental sales of upgrades, premium services and amenities not included in the all-inclusive package pricing.

We have strategic relationships with Hyatt, Hilton and Wyndham, three of the preeminent globally recognized hotel brands. We believe that partnering with Hyatt, Hilton and Wyndham in the development and management of all-inclusive resorts throughout the Caribbean, Mexico and Latin America provides us with unique advantages, including the following:

- Access to worldwide reservation systems, global marketing scale, and approximately 287 million combined hotel loyalty members to drive revenue growth;
- Higher propensity for guests to book direct, which results in significantly improved returns over bookings from wholesale channels such as tour operators, travel agents and online travel agencies;
- Lower customer acquisition costs and higher net Average Daily Rates (ADRs);
- Higher net asset value for branded resorts affiliated with global franchisors;
- Brand partners are also focused on maximizing returns;
- Immediate customer recognition for new or converted resorts;
- Significant incremental opportunity with exposure to new consumers, who may not be familiar with the all-inclusive model;
- Access to guests from different regions globally, creating a better segmentation mix, reducing the risk from an owner's perspective;
- Stronger marketing and public relations presence through affiliate global hospitality brands;
- Ability to leverage best practices across the platforms;
- Reduced price sensitivity that encourages purchase decisions, resulting in higher revenues;

- Higher occupancy rates and higher levels of group business;
- Lower failure rates compared to non-branded resorts; and
- Consumer confidence and trust in globally recognized brands.

Other resorts in our portfolio are branded under Marriott, Jewel, and Seadust brands.

We consider each of our resorts to be an operating segment, none of which meets the threshold for a reportable segment. For further discussion about our operating segments and financial information about the geographic regions in which we operate, please see Segment Results in Chapter 6. *Management's Discussion and Analysis of Financial Condition and Results of Operations* and Note 29 to the accompanying Consolidated Financial Statements.

Our Competitive Strengths

We believe the following competitive strengths distinguish us from other owners, operators, developers and acquirers of all-inclusive resorts:

- ***Premier Collection of All-Inclusive Resorts in Highly Desirable Locations.*** We believe that our portfolio represents a premier collection of all-inclusive resorts. Our award-winning resorts are located in prime beachfront locations in popular vacation destinations, including Cancún, Playa del Carmen, Puerto Vallarta and Los Cabos in Mexico, Punta Cana and La Romana in the Dominican Republic and Montego Bay in Jamaica. Guests may conveniently access our resorts from a number of North American and other international gateway markets.

- ***Diversified Portfolio of All-Inclusive Resorts.*** We currently operate resorts located in four main geographic markets and feature a range of price points, which we believe diversifies our offering, helps foster loyalty among our guests and drives repeat business. We operate resorts under nine distinct brands. Having multiple brands to offer owners and developers is essential to our ability to secure management agreements and attractive acquisitions since having a portfolio of brands mitigates the risks of brand-on-brand supply growth and subsequent cannibalization and expands our addressable market.

- ***Exclusive Focus on the All-Inclusive Model.*** We believe the all-inclusive resort model is increasing in popularity as more people come to appreciate the benefits of a high-quality vacation experience that offers value, ease of planning and a high degree of cost certainty. Because our guests have pre-purchased their vacation packages, we also have the opportunity to earn incremental revenue if our guests purchase upgrades, premium services and amenities that are not included in the all-inclusive package.

- ***Strong Relationships with Top Brands.*** Our partnerships with Hyatt, Hilton, and Wyndham, three globally recognized hospitality brands, differentiate our resorts from our competitors. The selection of Playa as a strategic partner of Hyatt, Hilton and Wyndham in the development and management of all-inclusive resorts throughout the Caribbean, Mexico and Latin America reflects their confidence and conviction in Playa's best in-class stewardship of all-inclusive resorts. For the year ended December 31, 2022, $724.5 million, or 87.7%, of our Total Net Revenue (as defined in Chapter 6. *Management's Discussion and Analysis of Financial Condition and Results of Operations)* was generated from resorts under the Hyatt, Hilton, and Wyndham brands.

  - ***Hyatt Strategic Relationship.*** Our strategic relationship with Hyatt provides us with a range of benefits, including the right to operate certain of our existing resorts under the Hyatt Ziva and Hyatt Zilara brands (the "Hyatt All-Inclusive Resort Brands") in certain countries. In 2021, we amended our franchise agreements with Hyatt for our Hyatt Ziva and Hyatt Zilara resorts in Mexico and Jamaica to prohibit Hyatt from opening, owning or authorizing other parties (whether under a license or franchise agreement from Hyatt or otherwise) to open or operate Hyatt Ziva and Hyatt Zilara resorts in certain agreed upon geographical areas in proximity to our Hyatt Ziva and Hyatt Zilara resorts for a five-year period.

    The Hyatt Ziva brand is marketed as an all-inclusive resort brand for all-ages and the Hyatt Zilara brand is marketed as an all-inclusive resort brand for adults. The Hyatt All-Inclusive Resort Brands benefit from Hyatt's low cost and high margin distribution channels, such as Hyatt guests using the World of Hyatt® guest loyalty program (which had approximately 36 million members as of December 31, 2022), Hyatt's reservation system, Hyatt's mobile application and website and Hyatt's extensive group sales business. We believe that our strategic relationship with Hyatt and the increasing awareness of our all-inclusive resort brands among potential guests will enable us to increase the number of bookings made through lower cost sales channels, such as direct bookings through Hyatt as well as our company and resort websites.

- ***Hilton Strategic Alliance.*** Our strategic alliance with Hilton allows us to expand into markets in the Caribbean, Mexico, and South and Central America while benefiting from Hilton's global portfolio of brands and approximately 152 million Hilton Honors members as of December 31, 2022. We have successfully converted two of our resorts into three Hilton all-inclusive resorts, and under our agreement with Hilton we have the potential to convert, develop or manage up to an additional eight resorts in certain locations in the Caribbean, Mexico, and South and Central America by 2025.

- ***Wyndham Strategic Alliance.*** Our strategic alliance with Wyndham allows us to benefit from Wyndham's global portfolio of brands and approximately 99 million loyalty members as of December 31, 2022 and provides us with an exclusive right to own or operate Wyndham Alltra all-inclusive resorts for a five year period through December 2026 in Mexico, Jamaica, the Dominican Republic and certain other Caribbean and Latin American destinations (collectively, the "Exclusive Territories"), subject to certain termination rights by Wyndham that are triggered on December 1, 2024. We have the right to extend our exclusivity right subject to achieving certain development milestones. Our strategic alliance also grants us a right of first offer to manage Wyndham Alltra all-inclusive resorts located outside of the Exclusive Territories during the initial exclusivity period and any extension. We have successfully converted two of our resorts in Mexico into Wyndham Alltra all-inclusive resorts and also began managing a Wyndham Alltra all-inclusive resort.

- ***Proprietary Direct Booking Capabilities.*** To further support the direct booking benefits of partnering with globally recognized brands, we have invested in our own in-house direct booking platform to optimize our customer acquisition costs and build guest loyalty. These investments allowed our resorts to recover faster from the COVID-19 pandemic given the slower pace of recovery in wholesale/third-party channels. For the year ended December 31, 2022, $116.3 million, or 14.2% of our Owned Net Revenue (as defined in Chapter 6. *Management's Discussion and Analysis of Financial Condition and Results of Operations)* was generated through playaresorts.com, compared to $16.9 million for the year ended December 31, 2018. We continue to invest in this effort to improve our selling capabilities and adapt to consumer demand.

- ***Integrated and Scalable Operating Platform.*** We believe we have developed a scalable resort management platform designed to improve operating efficiency at the 25 resorts we currently manage. Our platform enables us to integrate additional resorts we may acquire and manage resorts owned by third-parties. For example, between December 2022 and January 2023, we successfully internalized the management of two of our resorts that were previously managed by a third-party. Our platform also enables managers of each of our key functions, including sales, marketing and resort management, to observe, analyze, share and respond to trends throughout our portfolio. As a result, we are able to implement management initiatives on a real-time, portfolio-wide basis.

- ***Advantageous Exposure to Leisure Travel.*** Our beachfront resort portfolio skews our customer mix to be composed of approximately 90% leisure travelers. We believe that this concentration positioned us to recover faster from the effects of the COVID-19 pandemic and market recessions than many of our lodging peers, as historically the leisure segment of the travel market has rebounded faster than the business-oriented segment.

- ***Focus on Safety Measures.*** As we adjusted to a new operating environment during the COVID-19 pandemic, we have experienced the luxury of having expansive footprints, numerous dining outlets, and predominantly outdoor and open designs at the majority of our resorts, which has provided us flexibility to redesign the layout of our resorts with social distancing and safety precautions in mind. Furthermore, we have implemented an enhanced mobile app that incorporates contactless QR codes to augment and facilitate the guest experience at all of our managed properties. We have also incorporated safety practices from our brand partners, government agencies and various health experts to develop our Playa Safe Stay™ operating protocols. We believe that our protocols and the association with globally recognized, responsible brands that consumers know and trust are a competitive advantage.

- ***Experienced Leadership with a Proven Track Record.*** Our senior management team has significant experience in the lodging industry, including operating all-inclusive resorts.

  - Bruce Wardinski, our Chief Executive Officer has over 30 years of experience in the hospitality industry, founded our Predecessor and previously was the Chief Executive Officer of two lodging companies: Barceló Crestline Corporation, an independent hotel owner, lessee and manager; and Crestline Capital Corporation, a New York Stock Exchange ("NYSE") listed hotel owner, lessee and manager. Mr. Wardinski was also the non-executive chairman of the board of directors of Highland Hospitality Corporation, a NYSE-listed owner of upscale full-service, premium limited-service and extended-stay properties. Mr. Wardinski held other leadership roles within the industry including Senior Vice President and Treasurer of Host Marriott Corporation (now Host Hotels and Resorts) and various roles with Marriott International, Inc. As of January 31, 2023, 2.7% of our outstanding ordinary shares were beneficially owned by Mr. Wardinski.

  - Ryan Hymel, our Chief Financial Officer, has over 20 years of experience working within the hospitality sector and is a founding member of our management team, beginning with Playa at its inception in 2006. He previously served as Senior Vice President and Treasurer of Playa and has worked at Barceló Crestline Corporation and Crestline Capital Corporation.

  - Greg Maliassas, our Chief Operating Officer, has over 20 years of experience in the hospitality and lodging industry. Mr. Maliassas previously served as Senior Vice President Operations for the luxury brands of Accor Hotels in Central & Eastern Europe, Benelux and Switzerland, overseeing a portfolio of over 45 hotels.

  - Fernando Mulet, our Chief Investment Officer, has over 20 years of experience in the hospitality industry, and is a founding member of our management team, beginning with Playa at its inception in 2006. Mr. Mulet previously served as the Director of International Investments & Asset Management with Highland Hospitality Corporation and prior to that worked for Barceló Hotels & Resorts.

  - Tracy Colden, our Executive Vice President and General Counsel, has over 30 years of experience in the hospitality and lodging industry. She previously served as Executive Vice President and General Counsel for Highland Hospitality Corporation, and as Executive Vice President and General Counsel of Crestline Capital Corporation. Ms. Colden was also an Assistant General Counsel at Host Marriott Corporation.

Our Business and Growth Strategies

Our goal is to be the leading owner, operator and developer of all-inclusive beachfront resorts in the markets we serve and to generate attractive risk-adjusted returns above our cost of capital and create value for our shareholders by implementing the following business and growth strategies:

- ***Selectively Pursue Strategic Growth Opportunities.*** The all-inclusive segment of the lodging industry is highly fragmented. We believe that we are well positioned to grow our portfolio through acquisitions and partnerships in the all-inclusive segment of the lodging industry. We believe that our extensive experience in all-inclusive resort operations, direct booking strategy, brand relationships, acquisition, expansion, renovation, repositioning and rebranding, established and scalable management platform and ability to offer Nasdaq-listed ordinary shares to potential resort sellers will make us a preferred asset acquirer.

- ***Secure New Management Agreements.*** We intend to pursue opportunities to capitalize on our scalable and integrated resort management platform and our expertise and experience with managing all-inclusive resorts, by seeking to manage all-inclusive resorts owned by third parties for management fees. During 2022, we entered into new management agreements to manage resorts operating under the Wyndham and Kimpton brands. We will also look to make minority investments in high return projects to obtain management agreements.

- ***Utilization of New Technologies and Leverage of Big Data.*** We utilize numerous technologies aimed at improving guest satisfaction and shareholder returns. Our website uses search engine and metasearch optimization tools aimed at driving direct bookings (i.e., bookings through our website or our brand partner websites), which is our lowest cost customer acquisition channel. As a result, we continue to benefit from a significant level of direct business at our Playa-managed resorts. In 2022, direct stays were approximately 38% of total Playa-managed room nights, and direct bookings, including future stays, were approximately 43% of total Playa-managed room nights.

We also launched a new end-to-end technology at select resorts which uses sophisticated algorithms to identify in real-time what upgrades, packages and pricing to offer guests. This enables us to provide guests with several options to enhance their experience, while increasing revenue post-booking. Other new technological innovations underway include our recently launched travel agent portal, which facilitates travel agent bookings without the additional commission layer of a tour and travel operator, as well as the continued launch of our new yield management system, which should maximize guest revenues by optimizing both package rates and channel mix.

Additionally, by virtue of our partnerships with Hyatt, Hilton, and Wyndham, we have greatly increased our ability to reach millions of guests, further enabling us to drive lower customer acquisition costs, bookings and revenues.

- ***Disposition of non-core assets.*** We continuously monitor, review and optimize our portfolio to align with our strategic vision and maximize our return on invested capital. As part of this ongoing process, we may sell assets that no longer fit our criteria for capital investment. For example, in February 2021, we completed the sale of the Dreams Puerto Aventuras and in June 2021, we completed the sale of the Capri Resort. We used proceeds from these sales to pay down existing debt and reinvest in projects within our existing portfolio. We may use proceeds from future asset sales for these purposes and also to pursue new growth opportunities.

Distribution Channels and Sales and Reservations

Our experienced sales and marketing team uses a strategic sales and marketing program across a variety of distribution channels through which our all-inclusive offerings are sold. Key components of this sales and marketing program include:

- Developing programs aimed at reaching consumers through:
    - Our company and resort websites;
    - The Hyatt website and toll-free reservation system;
    - The World of Hyatt® guest loyalty program;
    - The Hilton website and toll-free reservation system;
    - The Hilton Honors guest loyalty program;
    - The Wyndham website and toll-free reservation system;
    - The Wyndham Rewards guest loyalty program; and
    - Our toll-free reservation system that provides a comprehensive view of inventory in real time, based on demand;
- Targeting the primary tour operators and the wholesale market for transient business with a scalable program that supports shoulder and lower rate seasons while seeking to maximize revenue during high season, which also includes:
    - Engaging in cooperative marketing programs with leading travel industry participants;
    - Participating in travel agent or tour operator promotional campaigns; and
    - Utilizing online travel leaders, such as Expedia and Booking.com, to supplement sales during shoulder and lower rate seasons;
- Targeting group and incentive markets to seek and grow a strong base of corporate and event business;

- Developing customer loyalty and increasing repeat business through The Playa Collection, a third-party owned and operated long-term membership program that provides exclusive on-property benefits and amenities and significant preferred discounts to its members at resorts in our portfolio;
- Highlighting destination wedding and honeymoon programs;
- Participating in key industry trade shows targeted to the travel agent and wholesale market;
- Engaging in online and social media, including:
    - Search engine optimization;
    - Targeted online and bounce-back advertising;
    - Social media presence via channels such as Facebook, Twitter, Instagram and Pinterest;
    - Flash sales and special offers for high need periods; and
- Monitoring and managing TripAdvisor and other similar consumer sites.

We also seek luxury transient business to provide high rate business during peak seasons, such as winter and spring holidays, while “bargain hunters” can be targeted for last minute high need periods. This multi-pronged strategy is designed to increase Net Package RevPAR (as defined in Chapter 6. *Management's Discussion and Analysis of Financial Condition and Results of Operations)* as well as optimize occupancy through all of the resorts' seasons.

Corporate Responsibility and Sustainability

Our ESG Committee, which includes our Chief Operating Officer, General Counsel, Chief People Officer and Senior Vice President, Investor Relations & Strategy, is overseen by the Nominating and Governance Committee of our Board, is an organization-wide task force with representation from multiple areas of the Company dedicated to obtaining a broader reach for idea generation and effectively promoting best practices and cross-collaboration related to corporate social responsibility and sustainability. Our ESG Committee oversees Playa’s commitment to incorporating environmental sustainability, social responsibility and governance into our daily operations at all levels with an emphasis on reducing our environmental impact, mitigating risks, improving our communities and driving value for all our stakeholders. The ESG Committee reports directly to the Nominating and Governance Committee regarding Playa’s activities over corporate social responsibility and sustainability matters and the external reporting thereof (including matters relating to diversity and inclusion). The Nominating and Governance Committee regularly updates the Board on the activities of the ESG Committee. The ESG Committee also directly updates the Board on its activities at least annually.

Our Board and our ESG Committee are focused on cultivating an energetic, engaged and passionate culture that helps each of our employees achieve their own personal goals. Playa supports employees through learning, development and advancement opportunities, offering a competitive benefits package and spending time discussing performance and goals of each employee and how Playa can support them in their future. Playa employees understand and take advantage of our Open-Door Policy to communicate suggestions and concerns to Playa’s leadership team. We believe that every individual has a voice that adds value to our organization. By listening to our employees, we learn how to constantly improve and make changes to continuously enhance our working environment.

Environmental

We rely on the beautiful beaches and lush landscapes of our resort destinations to provide a backdrop for our signature service for our guests, and take responsibility to lead the way in our communities in order to sustain these natural environments and help them flourish. We are subject to the adverse consequences of climate change, such as increases in the frequency, duration and severity of extreme weather events and changes in precipitation and temperature. Our environmental sustainability program, Playa Green, aims to decrease water and energy consumption, reduce waste, and encourage employees to build and protect our shared communities.

Creating a culture of environmental consciousness with dedicated, focused leadership is of the utmost importance to progressing forward towards Playa's sustainability objectives. We provide engaging training materials regarding environmental awareness and support our sustainability program with regular performance reviews and sharing of best practices among resort managers.

We seek certifications and alignment with leading verification firms and practices to further enhance our efforts to reduce our carbon footprint and preserve the natural environments in which we operate. As such, 14 of our resorts are currently Green Globe certified, with five more engaged in the certification process. We use third party energy audits at most of our resorts to monitor our practices and identify areas for improvement and investment. Additionally, we have a designated member of property management (who we refer to as a "Green Leader") responsible for sustainability performance at each resort.

Social

Our associates and communities form the center of our Company. We strive to foster a culture of inclusive growth and provide a respectful and professional workplace to empower all our associates to express what is important to them and to their communities.

We strongly believe that caring for our people is the first step in giving back to our communities. For this reason, we place a large emphasis on employee training and benefits to nurture a compassionate and productive workplace environment. Our comprehensive benefits package helps us attract and retain top talent. Furthermore, we provide ongoing training on safety, anti-bribery, harassment and discrimination to further nurture the workplace environment. Additionally, we proactively use survey tools and regular performance reviews to engage with our associates and help them achieve their goals and to improve the workplace. Our senior leadership and associates work closely to create professional development opportunities to foster internal growth and promotions throughout the organization. Recently, we established a shadow board comprised of associates from all areas of our business who meet on a quarterly basis to share innovative ideas and feedback with our CEO in an effort to enhance everything from our resort offerings to marketing initiatives to employee benefit programs. The diverse perspectives from our shadow board provide exposure for our associates while also contributing to Playa's growth and evolution as a company.

Outside of the workplace, we do all we can to enrich our communities by partnering with local organizations, volunteering and creating opportunities like internship programs and youth career initiatives. One example of how we care for the communities in which our employees work and live includes the sponsorship of a local school in Jamaica to provide necessities, school supplies and computers, construct and improve facilities, and promote self-sustainability. We also contribute through wetlands restoration, constructing homes for employees, assisting local food banks, and supporting children in group homes and people with disabilities.

Although we are international in scope, each community has its own unique needs, characteristics and people. We take pride in our positive impact and investments we make in our local communities, including in times of disaster and giving our employees the creative freedom to guide our resources and attention.

Human Capital Resources

Each and every one of our employees plays an integral role in delivering *Service From the Heart* to our guests and separating us from our competition. "We take care and motivate our employees—and in turn—they take care of our guests with love" is the Company's official philosophy. We stand behind this statement of taking care of our employees and continuously make their health and well-being our top priority.

All Playa employees undergo a comprehensive orientation and training. We offer continuous learning and development with courses on Playa's culture, vision and philosophy, guest satisfaction, performance management for leadership, mentoring and coaching, stress management, emotional intelligence, effective interviewing and talent development, high impact teams, conflict resolution and quality management. For example, one growth and development opportunity for our high-potential employees is a talent program. Specific individuals are prepared for future leadership positions within the organization through hands-on training, mentorship and education. All of our resort leadership teams participate in our talent program in order to allow identified employees to be promoted at their resort, at another resort within the country, or be relocated within the Playa organization. This program allows Playa to acquire the best talent, retain and motivate its employees, and succession plan.

We place a tremendous emphasis on health and wellness. Throughout the year, employees participate in educational health seminars, special events such as Breast Cancer Awareness Month and wellness programs both in-person and online, depending on the employee's location. An emphasis is placed on preventative healthcare with special efforts including a mammogram truck for screenings and onsite flu shot distribution. Further, our corporate employees are recognized for preventative health screenings, reading health-related articles and participating in educational wellness-related challenges that include eating a nutritionally balanced diet and increasing physical activity.

We have advanced health and safety measures in place and have standards and procedures to keep employees at all levels of the Company as safe as possible. All resort staff is provided with proper personal protective equipment according to their tasks and hygiene conditions. Onsite medical consultants are conveniently available for resort employees at no extra cost. Additionally, health insurance is offered to all employees in each of our locations, for both permanent and contract positions. Employees that are not needed onsite, including corporate employees, have the opportunity to work remotely with technical support and resources provided as needed.

We established the Ernesto Oliver Lopez Memorial Fund in honor of a Playa employee who fell victim to COVID-19. During 2022, this fund continued to actively accept donations from employees and community members which directly benefit Playa employees in need of emergency financial aid, whether that be providing food and necessities for their family, providing housing assistance as a result of natural disasters, or paying health-related expenses.

As of December 31, 2022, we directly and indirectly employed approximately 14,100 employees worldwide, significantly all of which are located at our resorts and regional offices in Jamaica (2,900), Mexico (6,600), and the Dominican Republic (4,500). We employed approximately 120 employees at our corporate offices in the U.S. and Canada.

Governance

We believe that engaged, well aligned corporate governance is essential to delivering sustainable stakeholder value. To ensure alignment, we maintain constant dialogue with our associates, suppliers, government officials, brand partners, investors and peers to obtain an understanding of the individual corporate responsibility priorities of each group. Our shareholders elect the members of our Board annually, and have representation on our Board as well.

Our Code of Business Conduct and Ethics and our Board Rules outline the principles and practices that the Board is expected to follow. Our Corporate Governance policies and guidelines are determined by the Nominating and Governance Committee and are routinely evaluated. The Nominating and Governance Committee, Audit Committee, and Compensation Committee are all entirely composed of independent members. Our ESG Committee has representation from the firm's legal, operations, human resources and investor relations departments.

AMResorts Management Agreements

Two of our resorts, Jewel Punta Cana (formerly Dreams Punta Cana) and Jewel Palm Beach (formerly Dreams Palm Beach), were previously operated by AMResorts pursuant to management agreements that contained customary terms and conditions, including those related to fees, termination conditions, capital expenditures, transfers of control of parties or transfers of ownership to competitors, sales of the resorts and non-competition and non-solicitation. We paid AMResorts and its affiliates, as operators of these resorts, base management fees and incentive management fees. In addition, we reimbursed the operators for some of the costs they incur in the provision of certain centralized services. We could consider selling one or more of these resorts if the opportunity arises and redeploy the proceeds from any such sales, subject to certain restrictions under our 2022 Senior Secured Credit Facility (as defined below).

The management agreement for the Jewel Punta Cana expired on December 20, 2022 and the management agreement for the Jewel Palm Beach was scheduled to expire in February 2025, subject to our right to terminate the management agreement without the payment of a termination fee on or after December 31, 2022 by giving at least 90 days prior notice. In August 2022, we provided AMResorts with notice of our intention to terminate the management agreement for the Dreams Palm Beach, which was effective on January 6, 2023. We assumed management of the Jewel Punta Cana and Jewel Palm Beach resorts on December 20, 2022 and January 6, 2023, respectively, and now manage all of our resorts.

Competition

We face intense competition for guests from other participants in the all-inclusive segment of the lodging industry and, to a lesser extent, from traditional hotels and resorts that are not all-inclusive. The all-inclusive segment remains a relatively small part of the broadly defined global vacation market that has historically been dominated by hotels and resorts that are not all-inclusive. Our principal competitors include other operators of all-inclusive resorts and resort companies, such as Barceló Hotels & Resorts, RIU Hotels & Resorts, IBEROSTAR Hotels & Resorts, Karisma Hotels & Resorts, AMResorts (an affiliate of Hyatt), Meliá Hotels International, Excellence Resorts, RCD Hotels (Hard Rock Hotels & Resorts), Blue Diamond Resorts and Palace Resorts, as well as some smaller, independent and local owners and operators.

We compete for guests based primarily on brand name recognition and reputation, location, guest satisfaction, room rates, quality of service, amenities and quality of accommodations. We also compete for guests based on the ability of hotel loyalty program members to earn and redeem loyalty program points at our Hyatt, Hilton and Wyndham all-inclusive resorts. We believe that our relationships with Hyatt, Hilton and Wyndham, three globally recognized hotel brand leaders, provide us with a significant competitive advantage.

Additionally, we compete with other U.S. and European global hospitality brands, such as Hyatt, that have recently entered the all-inclusive segment as a result of increased demand for all-inclusive resort stays. We primarily compete with these global hospitality brands for third-party management contracts.

Seasonality

The seasonality of the lodging industry and the location of our resorts in Mexico, Jamaica and the Dominican Republic 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 of colder weather in the northern hemisphere. 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.

We did experience an exception to this trend in 2021, when Net Package ADR was progressively stronger as 2021 progressed due to the recovery in occupancy resulting from the easing of COVID-19 impacts. We have seen a return to our historical seasonality trends during 2022.

Cyclicality

The lodging industry is highly cyclical in nature. Fluctuations in operating performance are caused largely by general economic and local market conditions, which subsequently affect levels of business and leisure travel. In addition to general economic conditions, new hotel and resort room supply is an important factor that can affect the lodging industry's performance, and over-building has the potential to further exacerbate the negative impact of an economic recession. Room rates and Occupancy, and thus Net Package RevPAR (as defined in Chapter 6. *Management's Discussion and Analysis of Financial Condition and Results of Operations*), tend to increase when demand growth exceeds supply growth. A decline in lodging demand, or increase in lodging supply, could result in returns that are substantially below expectations, or result in losses, which could have a material adverse effect on our business, financial condition, liquidity and results of operations. Further, many of the costs of running a resort are fixed rather than variable. As a result, in an environment of declining revenues the rate of decline in earnings is likely to be higher than the rate of decline in revenues.

Intellectual Property

We own or have rights to use the trademarks, service marks or trade names that we use or will use in conjunction with the operation of our business, including certain of Hyatt's, Hilton's and Wyndham's intellectual property under their respective strategic alliance and franchise agreements. In the highly competitive lodging industry in which we operate, trademarks, service marks, trade names and logos are very important to the success of our business.

Insurance

Our resorts carry what we believe are appropriate levels of insurance coverage for a business operating in the lodging industry in Mexico, the Dominican Republic and Jamaica. This insurance includes coverage for general liability, property, workers' compensation and other risks with respect to our business and business interruption coverage.

This general liability insurance provides coverage for any claim, including terrorism and hurricane damage, resulting from our operations, goods and services and vehicles. We believe these insurance policies are adequate for foreseeable losses and on terms and conditions that are reasonable and customary with solvent insurance carriers.

Government Regulation

We have operations and are subject to the laws of the United States and multiple foreign jurisdictions and the rules and regulations of various governing bodies, which may differ among jurisdictions. Compliance with these laws, rules and regulation has not had, and is not expected to have, a material effect on our capital expenditures, results of operations and competitive position as compared to prior periods.

See Chapter 3.2. *Risk Factors* for further information regarding the potential impact of government regulations, including the following risk factors:

- *"We may become subject to disputes or legal, regulatory or other proceedings that could involve significant expenditures by us, which could have a material adverse effect on us.";*
- *"We could be exposed to liabilities under the FCPA and other anti-corruption laws and regulations, including non-U.S. laws, any of which could have a material adverse impact on us.";*
- *"We could incur significant costs related to government regulation and litigation with respect to environmental matters, which could have a material adverse effect on us.";*
- *The tax laws, rules and regulations (or interpretations thereof) in the jurisdictions in which we operate may change, which could have a material adverse effect on us."*; and
- *"Increases in property taxes would increase our operating costs, which could have a material adverse effect on us."*

Previously Disclosed Information

For additional information about our business, including information about our relationships and agreements with Hyatt and Hilton, please refer to Chapter 1. *Business* in our 2019 annual report.

Corporate Information

Playa Hotels & Resorts N.V. is organized as a public limited company (*naamloze vennootschap*) under the laws of the Netherlands. Our registered office in the Netherlands is located at Nieuwezijds Voorburgwal 104, 1012 SG Amsterdam. Our telephone number at that address is +31 6 82 55 84 30. We maintain a website at www.playaresorts.com, which includes additional contact information. All reports that we have filed with the Securities and Exchange Commission (the "SEC") can be obtained free of charge from the SEC's website at www.sec.gov or through our website.

2.2 Material subsequent events

Please refer to Note 30 in our Consolidated Financial Statements for all the evaluation of all subsequent events through the report date.

3. RISK FACTORS

3.1 Summary of key risk factors

With respect to risk appetite, we utilize a balanced approach to evaluate risk. The principal risks and uncertainties which the Company generally faces include the risks and uncertainties summarized in this Chapter 3.1. See Chapter 3.2 of this annual report for additional detail and additional risks and uncertainties which the Company faces.

Risk description	How do we manage these risks?
Disaster recovery and cybersecurity Cyber risk and the failure to maintain the integrity of internal and guest data could result in faulty business decisions and harm to our reputation and subject us to costs, fines or lawsuits.	We take disaster recovery and cybersecurity seriously and have applied risk-based methods to build capability and resilience into our systems and processes. We manage information security to contain the risk and reduce the Company's exposure, controlling sensitive information.
Demand for our product and services General economic uncertainty and weak demand in the lodging industry could have a material adverse effect on us, including our financial condition, liquidity and results of operations.	Our business strategy depends significantly on demand for vacations generally and, more specifically, on demand for all-inclusive vacation packages. Weak economic conditions in the United States, elsewhere in North America, Europe and much of the rest of the world, and the uncertainty over the duration of these conditions, have had and could continue to have a negative impact on the lodging industry. Market trends are assessed regularly, in an effort to estimate future impact. Travel costs can be volatile. We engage a proactive selling and marketing strategy that takes seasonality and market trends into account.
Litigation and other contingent liabilities We may become subject to disputes or legal, regulatory or other proceedings that could involve significant expenditures by us, which could have a material adverse effect on us, including our financial results.	The nature of our business exposes us to the potential for disputes or legal, regulatory or other proceedings from time to time relating to tax matters, environmental matters, government regulations, including licensing and permitting requirements, personal injury, labor and employment matters, contract disputes and other issues. In addition, amenities at our resorts, including restaurants, bars and swimming pools, are subject to significant regulations, and government authorities may disagree with our interpretations of these regulations, or may enforce regulations that historically have not been enforced. Our legal department is fully integrated into decision-making processes to mitigate potential litigation. All litigation matters are promptly referred to our legal department to monitor and manage. We monitor and regularly update the status of any other contingent liability exposures.
Disaster events We are exposed to significant risks related to the geographic concentration of our resorts, (particularly in Cancún) including weather-related emergencies such as hurricanes, which could have a material adverse effect on us.	We recognize that events occur which can damage our guests, staff or property which can be largely out of our control. Our resorts located in Mexico account for the majority of our revenue. Damage to these resorts or a disruption of their operations or a reduction of travel to them due to a hurricane or other weather-related or other emergency could reduce our revenue, which could have a material adverse effect on us, including our results of operations, liquidity and financial condition. In addition, all of our resorts are located on beach front properties in Mexico and the Caribbean and are susceptible to weather-related emergencies, such as hurricanes. To mitigate the effects of such events we have comprehensive insurance which takes into account market limitation risk. We keep our properties well maintained and have developed emergency preparedness procedures to mitigate physical losses and to reduce insurance costs. We develop contingency plans for all potential event risks.

3.2 Risk Factors

The following discussion summarizes material factors that could make an investment in us speculative or risky and should be considered carefully. These risks are interrelated and you should treat them as a whole. Additional risks and uncertainties not presently known to us may also materially and adversely affect our business operations, the value of our ordinary shares and our ability to pay dividends to our shareholders. In connection with the forward-looking statements that appear in this annual report, in these risk factors and elsewhere, you should carefully review Chapter 1.2.

Risks Related to Our Business

The COVID-19 pandemic has had, and may continue to have, a significant material adverse effect on our business, results of operations, cash flows and financial condition.

The effects of the coronavirus (COVID-19) pandemic on the lodging industry have been, and may continue to be, unprecedented with global demand for lodging drastically reduced and occupancy levels reaching historic lows. We have generally seen a return to normalized occupancies and pre-COVID-19 trends across our resorts during 2022. However, the extent to which the COVID-19 pandemic could 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, the government actions taken to contain the pandemic or mitigate its impact, and the continuing effectiveness and uptake of vaccines and treatment therapies.

Additionally, the effects of the pandemic have had, and may continue to have, a material adverse effect on our ability to consummate acquisitions and dispositions of resorts and our ability to timely complete planned capital expenditures and other projects.

In addition, our business could be materially and adversely affected by the effect of, or the public perception or a risk of, other pandemic diseases. For example, the outbreaks of severe acute respiratory syndrome (“SARS”) and avian flu in 2003 and H1N1 flu in 2009 had a severe impact on the travel industry. Cases of the Zika virus have been reported in regions in which our resorts are located. Additionally, the public perception of a risk of another pandemic or media coverage of these diseases, or public perception of health risks linked to perceived regional food and beverage safety, particularly if focused on regions in which our resorts are located, may adversely affect us by reducing demand for our resorts or result in health or other government authorities imposing restrictions on travel.

General economic uncertainty and weak demand in the lodging industry could have a material adverse effect on us.

Our business strategy depends significantly on demand for vacations generally and, more specifically, on demand for all-inclusive vacation packages. Actual or anticipated weak macroeconomic conditions in North America, especially the United States and Mexico, Europe and Asia, such as high levels of unemployment and underemployment, inflation, wage stagnation or economic recession could reduce the level of discretionary income or consumer confidence in the countries from which we source our guests and have a negative impact on the lodging industry. We cannot provide any assurances that demand for all-inclusive vacation packages will remain consistent with or increase from current levels. Furthermore, our business is focused primarily on, and our acquisition strategy targets the acquisition of resorts in, the all-inclusive segment of the lodging industry (and properties that we believe can be converted into all-inclusive resorts in a manner consistent with our business strategy). This concentration exposes us to the risk of economic downturns in the lodging industry broadly and, more specifically, in the leisure dominated all-inclusive segment of the lodging industry. As a result of the foregoing, we could experience a prolonged period of decreased demand and price discounting in our markets, which would negatively affect our revenues and could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects.

Recent significant increases in inflation and interest rates could adversely impact us and our customers.

Inflation increased significantly in 2022 and continues to remain at elevated levels compared to recent years. The efforts of the U.S. Federal Reserve and other central banks to combat inflation have led to significantly increased interest rates. These increases have resulted in increasing operating costs and borrowing costs. In addition, the degree and pace of these changes may result in adverse macroeconomic effects that could reduce our customer’s leisure travel budgets and corresponding demand for our resorts.

We are exposed to significant risks related to the geographic concentration of our resorts, including weather-related emergencies, natural disasters, and instability in government and public safety.

Our resorts are concentrated in Mexico (which accounted for 49.4% of our Total Net Revenue as defined in Chapter 6. *Management's Discussion and Analysis of Financial Condition and Results of Operations*), Jamaica (21.8% of our Total Net Revenue) and the Dominican Republic (28.0% of our Total Net Revenue) for the year ended December 31, 2022. When the countries and/or the regions of these countries in which our resorts are concentrated are adversely impacted by government or economic instability, public-safety issues, such as crime or power outages, weather-related emergencies, such as hurricanes or floods, or natural disasters, such as earthquakes, a number of our resorts could be adversely impacted by the same event, which could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects. We cannot assure you that any property or business interruption insurance will adequately address all losses, liabilities and damages.

Terrorist acts, armed conflict, civil unrest, criminal activity and threats thereof, and other international events impacting the security of travel or the perception of security of travel could adversely affect the demand for travel generally and demand for vacation packages at our resorts.

Past acts of terrorism and violent crime have had an adverse effect on tourism, travel and the availability of air service and other forms of transportation. The threat or possibility of future terrorist acts, an outbreak, escalation and/or continuation of hostilities or armed conflict abroad, such as the war between Russia and Ukraine, criminal violence, civil unrest or the possibility thereof, the issuance of travel advisories by sovereign governments, and other geopolitical uncertainties have had and may have an adverse impact on the demand for vacation packages and consequently the pricing for vacation packages. Decreases in demand and reduced pricing in response to such decreased demand would adversely affect our business by reducing our profitability.

Thirteen of the 25 resorts in our portfolio are located in Mexico, and Mexico has experienced criminal violence for years, primarily due to the activities of drug cartels and related organized crime. There have occasionally been instances of criminal violence near our resorts. Criminal activities and the possible escalation of violence or other safety concerns, including food and beverage safety concerns, associated with them in regions where our resorts are located, or an increase in the perception among our prospective guests of an escalation of such violence or safety concerns, could instill and perpetuate fear among prospective guests and may lead to a loss in business at our resorts in Mexico because these guests may choose to vacation elsewhere or not at all. In addition, increases in violence, crime or civil unrest or other safety concerns in the Dominican Republic, Jamaica, or any other location where we may own a resort in the future may also lead to decreased demand for our resorts and negatively affect our business, financial condition, liquidity, results of operations and prospects.

Our success depends in large part on the success of our third-party brand partners.

Eighteen of the resorts in our portfolio bear the name of one or both of the Hyatt All-Inclusive Resort Brands, the Hilton all-inclusive resort brand (the “Hilton Brand”) and the Wyndham all-inclusive resort brand (the “Wyndham Brand”). As a result of this concentration, our success will depend, in part, on the continued success of these brands. We believe that building brand value is critical to increase demand and build guest loyalty. Consequently, if market recognition or the positive perception of any of the Hyatt All-Inclusive Resort Brands, Hilton Brand or Wyndham Brand is reduced or compromised, the goodwill associated with these resorts in our portfolio would likely be adversely affected. Under the applicable resort agreements with these partners, Hyatt, Hilton and Wyndham provide (or cause to be provided) various marketing services to the relevant resorts, and we may conduct local and regional marketing, advertising and promotional programs, subject to compliance with their requirements. We cannot assure you that we and our applicable partners will be successful in our marketing efforts to grow any of these brands.

If we are not able to satisfy the requirements imposed by our third-party brand partners, our relationship with these partners could deteriorate, which could have a material adverse effect on us.

Under the terms of our franchise agreements with Hyatt, Hilton and Wyndham, we are required to meet specified operating standards and other terms and conditions. We expect that these brands will periodically inspect our resorts that carry the Hyatt All-Inclusive Resort Brand, Hilton Brand and Wyndham Brand, as applicable. If we fail to maintain brand standards at one or more of these resorts, or otherwise fail to comply with the terms and conditions of the applicable franchise agreements, then the applicable franchise agreements (and in some cases all franchise agreements related to the particular brand) could be terminated. In that situation, we may be subject to liquidated damage payments. If one or more of these franchise agreements is terminated, the underlying value and performance of our related resort(s) could decline significantly from the loss of associated name recognition, participation in applicable guest loyalty programs, reservation systems and websites, and access to group sales business, as well as from the costs of "rebranding" such resorts.

There are very few restrictions on the ability of our third-party brand partners, including Hyatt, to compete with us.

Our strategic relationship with our brand partners, including Hyatt, is an important component of our business and brand strategy. However, there are very few restrictions preventing our brand partners from competing with us. For example, except for the Hyatt franchise agreements, we have no contractual right to operate any resort in our current or future portfolio under the Hyatt All-Inclusive Resort Brands or any other Hyatt-sponsored brands. Hyatt, in its sole discretion, may designate other third parties as authorized operators of resorts or Hyatt may decide to directly operate resorts under the Hyatt All-Inclusive Resort Brands or any other Hyatt brand, whether owned by third parties or Hyatt itself. Hyatt is also free to develop or license other all-inclusive resorts in the regions in which we operate, even under the Hyatt All-Inclusive Resort Brands (subject to certain territorial restrictions included in the Hyatt franchise agreements). Therefore, Hyatt may decide to compete against our resorts for market share and guests, and we have no contractual right to partner with Hyatt on opportunities for future resorts.

In addition, Hyatt recently acquired Apple Leisure Group ("ALG"), a luxury resort-management services, travel and hospitality group that manages all-inclusive resorts in many of the regions in which we operate. With ALG's brand management platform AMResorts, Hyatt may therefore compete against us for contracts to manage all-inclusive resorts in the Caribbean, Mexico and Latin America, and its financial and marketing resources, brand name recognition and terms of its management agreements may cause us to miss out on attractive business opportunities and adversely affect our revenues, growth strategy and profits.

Under our Strategic Alliance Agreement with Hilton, we have a right of first offer to franchise or manage a new Hilton all-inclusive resort under the Hilton all-inclusive resort brand (the "Hilton Brand") within certain countries located in the Caribbean and Mexico, and certain countries in Central and South America (the "Target Markets") through August 7, 2023. However, except for the Hilton franchise agreements, we have no contractual right to operate any resort in our current or future portfolio under the Hilton Brand or any other Hilton-sponsored brands. In addition, in the future, Hilton, in its sole discretion and subject to its obligations under the Hilton Strategic Alliance Agreement in the Target Markets, may (i) designate other third parties as authorized operators of resorts, or Hilton may decide to directly operate resorts, under the Hilton Brand or any other Hilton-sponsored brand, whether owned by third parties or Hilton itself and (ii) may develop or license other all- inclusive resorts in the Target Markets, even under the Hilton Brand. Additionally, outside of the Target Markets, Hilton is free to develop or license other all-inclusive resorts under the Hilton Brand and other Hilton-sponsored brands at any time.

If our brand partners compete with us and our resorts, it could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects and the market price of our ordinary shares, and could divert the attention of our senior management from other important activities.

There is increased competition from global hospitality branded companies in the all-inclusive market segment.

As demand for all-inclusive stays has increased, we have seen U.S. and European global hospitality branded companies enter the all-inclusive market segment. Increased competition from global branded hospitality companies may result in reduced market share and lower returns on investment for us as the increasing interest of global hospitality brands in the all-inclusive segment attracts more institutional capital to our target markets, increasing competition for the acquisition of hospitality assets. The entrance by global branded hospitality companies into the all-inclusive market segment may impact our ability to secure third-party management agreements as global hospitality branded companies are able to offer management agreements bundled with their branding services and a lower fee structure, resulting in increased competition for the management of all-inclusive resorts.

We have significant exposure to currency exchange risk.

The majority of our operating expenses are incurred locally at our resorts and are denominated in Mexican Pesos, Dominican Pesos or Jamaican dollars. The net proceeds from our outstanding debt borrowings were received and are payable by our subsidiaries in U.S. dollars and our functional reporting currency is U.S. dollars. An increase in the relative value of the local currencies, in which we incur our costs at each resort, relative to the U.S. dollar, in which our revenue from each resort is denominated, would adversely affect our results of operations for those resorts. Our current policy is not to hedge against changes in foreign exchange rates and we therefore may be adversely affected by appreciation in the value of other currencies against the U.S. dollar, or to prolonged periods of exchange rate volatility. These fluctuations may negatively impact our financial condition, liquidity and results of operations to the extent we are unable to adjust our pricing accordingly.

Additionally, in the event that the U.S. dollar increases in value relative to the currency of the prospective guests living outside the United States, our prospective guests may have a reduced ability to pay for travel to our resorts and this may lead to lower Occupancy rates and revenue, which could have a material adverse effect on us, including our financial results. An increase in the value of the Mexican Peso, the Dominican Peso or the Jamaican dollar compared to the currencies of other potential destinations may disadvantage the tourism industry in Mexico, the Dominican Republic or Jamaica, respectively, and result in a corresponding decrease in the Occupancy rates and revenue of our resorts as consumers may choose destinations in countries with more attractive exchange rates. In the event that this appreciation occurs, it could lead to an increase in the rates we charge for rooms in our resorts, which could result in a decrease in Occupancy rates and revenue and, therefore, negatively impact our business, financial condition, liquidity, results of operations and prospects.

Furthermore, appreciation of local currencies relative to the U.S. dollar could make fulfillment of our and our subsidiaries' U.S. dollar denominated obligations, including our subsidiaries' debt service payments, more challenging and could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects.

Our resort development, acquisition, expansion, repositioning and rebranding projects will be subject to timing, budgeting and other risks, which could have a material adverse effect on us.

We may develop, acquire, expand, reposition or rebrand resorts (such as the two resorts we have rebranded under the Wyndham Alltra all-inclusive brand) from time to time as suitable opportunities arise, taking into consideration general economic conditions. To the extent that we determine to develop, acquire, expand, reposition or rebrand resorts, we could be subject to risks associated with, among others:

- construction delays or cost overruns that may increase project costs;
- receipt of zoning, occupancy and other required governmental permits and authorizations;
- strikes or other labor issues;
- development costs incurred for projects that are not pursued to completion;
- investment of substantial capital without, in the case of developed or repositioned resorts, immediate corresponding income;
- results that may not achieve our desired revenue or profit goals;
- acts of nature such as earthquakes, hurricanes, floods or fires that could adversely impact a resort;
- ability to raise capital, including construction or acquisition financing; and
- governmental restrictions on the nature or size of a project.

We have seen certain construction timelines lengthen due to competition for skilled construction labor, disruption in the supply chain for materials, and the impact of COVID-19 generally, and these circumstances could continue or worsen in the future. As a result of the foregoing, we cannot assure you that any development, acquisition, expansion, repositioning and rebranding project will be completed on time or within budget or if the ultimate rates of investment return are below the returns forecasted at the time the project was commenced. If we are unable to complete a project on time or within budget, the resort's projected operating results may be adversely affected, which could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects.

Given the beachfront locations of our resorts, we are particularly vulnerable to extreme weather events, such as hurricanes, which may increase in frequency and severity as a result of climate change and adversely affect our business.

We have been and may continue to be adversely impacted by the consequences of climate change, such as increases in the frequency, duration and severity of extreme weather events and changes in precipitation and temperature, which have resulted and may continue to result in physical damage or a decrease in demand for our properties, all of which are located in coastal beachfront locations that are vulnerable to significant property damage from hurricanes, tropical storms and flooding. For example, in 2022 and 2021, we incurred hurricane and tropical storm repair expenses totaling $8.6 million and $0.9 million, respectively, that were not offset with insurance proceeds. Although a majority of our repair and clean-up expenses have been covered by insurance, including those related to the impacts of Hurricane Fiona in the Dominican Republic in September 2022, there is no assurance that, given the increasing burdens on insurance companies from extreme weather events, we will be able to continue to obtain adequate insurance against these types of losses, or that our insurers will in the future be in a position to satisfy our claims. In addition, the costs of insurance against these types of events have increased in recent years. For example, in 2022 our property insurance costs of our comparable resorts were 27.9% higher than 2018.

In addition, changes in applicable legislation and regulation on climate change could result in increased capital expenditures, such as a result of changes in building codes or requirements to improve the energy efficiency of the properties. In addition, the ongoing transition to non-carbon based energy presents certain risks for us and our target customers, including macroeconomic risks related to high energy costs and energy shortages, among other things. Furthermore, legislative, regulatory or other efforts to combat climate change or other environmental concerns could result in future increases in taxes, restrictions on or increases in the costs of supplies, transportation and utilities, any of which could increase our operating costs, and necessitate future investments in facilities and equipment.

Climate change also presents additional risks beyond our control which can adversely impact demand for hospitality products and services, our operations, and our financial results. For example, most of our properties are located at or around sea level, and are therefore vulnerable to rising sea levels and erosion. Climate change-related impacts may also result in a scarcity of resources, such as water and energy, at some or all of the regions in which our results are located. Furthermore, increasing awareness around sustainability, the impact of air travel on climate change and the impact of over-tourism may contribute to a reduction in demand from certain guests visiting our resorts.

We also face investor-related climate risks. Investors are increasingly taking into account environmental, social, and governance factors, including climate risks, in determining whether to invest in companies. Our exposure to the risks of climate change may adversely impact investor interest in our securities. These risks also include the increased pressure to make commitments, set targets, or establish goals to take actions to meet them, which could expose us to market, operational, execution and reputational costs or risks.

The coastlines of a number of the regions where our resorts are concentrated have experienced elevated levels of sargassum seaweed in recent years.

Many of our resorts are beach-front properties that have been exposed to elevated levels of sargassum seaweed. In recent years, the amount of sargassum that has washed up onshore in various geographies in Mexico has increased. If not removed promptly, the seaweed can overrun the beach, making it difficult to swim in the water and generating a foul odor if it is allowed to rot. The heightened level of sargassum in recent years has led to negative media coverage and increased awareness of the potential problem and has required additional operating expenses to remove it. Although we do our best to remove the seaweed and prevent the build-up, the exact cause of overgrowth is unknown. If we are unable to successfully mitigate the impact of the seaweed build-up, there may be a reduction in demand from certain guests for our resorts.

Our insurance may not be adequate to cover our potential losses, liabilities and damages, the cost of insurance may continue to increase materially, including as a result of extreme weather events that may be related to climate change, and we may not be able to secure insurance to cover all of our risks, all of which could have a material adverse effect on us.

The business of owning and managing resorts is subject to a number of risks, hazards, adverse environmental conditions, labor disputes, changes in the regulatory environment and natural phenomena such as floods, hurricanes, earthquakes and earth movements. Such occurrences could result in damage or impairment to, or destruction of, our resorts, personal injury or death, environmental damage, business interruption, monetary losses and legal liability.

While insurance is not commonly available for all these risks, we maintain customary insurance against risks that we believe are typical and reasonably insurable in the lodging industry and in amounts that we believe to be reasonable but that contain limits, deductibles, exclusions and endorsements. However, we may decide not to insure against certain risks because of high premiums compared to the benefit offered by such insurance or for other reasons. In the event that costs or losses exceed our available insurance or additional liability is imposed on us for which we are not insured or are otherwise unable to seek reimbursement, we could be materially and adversely affected, including our financial results. We may not be able to continue to procure adequate insurance coverage at commercially reasonable rates in the future or at all, and some claims may not be paid. There can be no assurance that the coverage and amounts of our insurance will be sufficient for our needs.

Labor shortages could restrict our ability to operate our properties or grow our business or result in increased labor costs that could adversely affect our results of operations and cash flows.

Our success depends in large part on our ability to attract, retain, train, manage and engage skilled employees. As of December 31, 2022, we directly and indirectly employed approximately 14,100 employees worldwide at both our corporate offices and on-site at our resorts. If we are unable to attract, retain, train, manage, and engage skilled employees, our ability to manage and staff our resorts could be impaired, which could reduce guest satisfaction. Staffing shortages in places where our resorts are located also could hinder our ability to grow and expand our businesses. Because payroll costs are a major component of the operating expenses at our resorts, a shortage of skilled labor could also require higher wages that would increase labor costs, which could adversely affect our results of operations and cash flows.

A significant number of our employees are unionized, and if labor negotiations or work stoppages were to disrupt our operations, it could have a material adverse effect on us.

Approximately 43% of our full-time equivalent work force is unionized. As a result, we are required to negotiate the wages, salaries, benefits, staffing levels and other terms with many of our employees collectively and we are exposed to the risk of disruptions to our operations. Our results could be adversely affected if future labor negotiations were to disrupt our operations. If we were to experience labor unrest, strikes or other business interruptions in connection with labor negotiations or otherwise, or if we were unable to negotiate labor contracts on reasonable terms, we could be materially and adversely affected, including our results of operations. In addition, our ability to make adjustments to control compensation and benefits costs, rebalance our portfolio or otherwise adapt to changing business needs may be limited by the terms and duration of our collective bargaining agreements.

The availability and affordability of commercial airline and tour operator services is important to our business.

Many of our guests depend on a combination of scheduled commercial airline services and tour operator services to transport them to airports near our resorts. Increases in the price of airfare, due to increases in fuel prices, reductions in service, or other factors such as inflation, increase the overall vacation cost to our guests and may adversely affect demand for our vacation packages. Changes in commercial airline services or tour operator services as a result of strikes, weather or other events, or the lack of availability due to schedule changes or a high level of airline bookings, could have a material adverse effect on us, including our occupancy rates and revenue and, therefore, our liquidity and results of operations.

Our resorts require ongoing and often costly maintenance, renovations and capital improvements.

Our resorts have an ongoing need for maintenance, renovations and other capital improvements, including replacements, from time to time, of furniture, fixtures and equipment. In addition, Hyatt, Hilton and Wyndham require periodic capital improvements by us as a condition of maintaining the use of their brands. In addition to liquidity risks, these capital improvements may result in declines in revenues while rooms or restaurants are out of service due to capital improvement projects or other risks. The costs of these capital improvements or any of the above noted factors could have a material adverse effect on us, including our financial condition, liquidity and results of operations.

We have substantial debt outstanding that requires significant payments of principal and interest.

As of December 31, 2022, our total debt obligations were $1,105.7 million which represents the principal amounts outstanding under our new term loan issued in December 2022 (the “2022 Term Loan”) and revolving credit facility (the “2022 Revolving Credit Facility,” and, collectively with the 2022 Term Loan, the “2022 Senior Secured Credit Facility”) and finance lease obligations, excluding $32.7 million of issuance discounts and $19.4 million of unamortized debt issuance costs. In addition, the terms of the 2022 Senior Secured Credit Facility permit us to incur additional indebtedness, subject to our ability to meet certain borrowing conditions.

Our substantial debt may have important consequences to you. For instance, it could:

- make it more difficult for us to satisfy our financial obligations;

- require us to dedicate a substantial portion of any cash flow from operations to the payment of interest and principal due under our debt, which would reduce funds available for other business purposes, including capital expenditures and acquisitions;
- place us at a competitive disadvantage compared to some of our competitors that may have less debt and better access to capital resources;
- limit our ability to respond to changing business, industry and economic conditions and to withstand competitive pressures, which may adversely affect our operations;
- cause us to incur higher interest expense in the event of increases in interest rates on our borrowings that have variable interest rates or in the event of refinancing existing debt at higher interest rates;
- limit our ability to make investments or acquisitions, dispose of assets, pay cash dividends or redeem or repurchase shares; and/or
- limit our ability to refinance existing debt or to obtain additional financing required to fund working capital and other business needs, including capital requirements and acquisitions.

Our ability to service our significant financial obligations depends on our ability to generate significant cash flow from operations, which is partially subject to general economic, financial, competitive, legislative, regulatory and other factors beyond our control, and we cannot assure you that our business will generate cash flow from operations, or that we will be able to complete any necessary financings or refinancings, in amounts sufficient to enable us to fund our operations, engage in acquisitions, capital improvements or other development activities, pay our debts and other obligations and fund our other liquidity needs. If we are not able to generate sufficient cash flow from operations, we may need to refinance or restructure our debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. Additional debt or equity financing may not be available in sufficient amounts, at times or on terms acceptable to us, or at all, and any additional debt financing we do obtain may significantly increase our leverage on unfavorable terms. If we are unable to implement one or more of these alternatives, we may not be able to service our debt or other obligations, which could result in us being in default thereon, in which circumstances our lenders could cease making loans to us, lenders or other holders of our debt could accelerate and declare due all outstanding obligations due under the respective agreements and secured lenders could foreclose on their collateral, any of which could have a material adverse effect on us.

The agreements which govern our various debt obligations impose restrictions on our business and limit our ability to undertake certain actions.

The agreements which govern our 2022 Senior Secured Credit Facility include covenants imposing significant restrictions on our business. These restrictions may affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise. These covenants place restrictions on our ability to, among other things:

- incur additional debt;
- pay dividends or repurchase shares or make other distributions to shareholders;
- make investments or acquisitions;
- create liens or use assets as security in other transactions;
- issue guarantees;
- merge or consolidate, or sell, transfer, lease or dispose of substantially all of our assets;
- amend our Articles of Association or bylaws;
- engage in transactions with affiliates; and
- purchase, sell or transfer certain assets.

The 2022 Senior Secured Credit Facility requires us to comply with certain financial and other covenants. Our ability to comply with these agreements may be affected by events beyond our control, including prevailing economic, financial and industry conditions. These covenants could have a material adverse effect on our business by limiting our ability to take advantage of financing, mergers, acquisitions or other corporate opportunities. The breach of any of these covenants could result in a default under the 2022 Senior Secured Credit Facility. An event of default under any of our debt agreements could permit such lenders to declare all amounts borrowed from them, together with accrued and unpaid interest, to be immediately due and payable, which could, in turn, trigger defaults under other debt obligations and could result in the termination of commitments of the lenders to make further extensions of credit under the 2022 Revolving Credit Facility. If we are unable to repay debt to our lenders, or are otherwise in default under any provision governing any secured debt obligations, our secured lenders could proceed against us and against any collateral securing that debt.

Our variable rate indebtedness is priced using a spread over the Secured Overnight Financing Rate ("SOFR") and subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under the 2022 Senior Secured Credit Facility are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on our existing and any future variable rate indebtedness would also increase and our cash available to service our other obligations and invest in our business would decrease. Furthermore, rising interest rates would likely increase our interest obligations on future fixed rate indebtedness. As a result, rising interest rates could materially and adversely affect our financial condition and liquidity.

Any mortgage debt we incur will expose us to increased risk of property losses due to foreclosure, which could have a material adverse effect on us.

Incurring mortgage debt increases our risk of property losses because any defaults on indebtedness secured by our resorts may result in foreclosure actions initiated by lenders and ultimately our loss of the property securing the loan for which we are in default. For tax purposes, a foreclosure of any nonrecourse mortgage on any of our resorts may be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. In certain of the jurisdictions in which we operate, if any such foreclosure is treated as a sale of the property and the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we could recognize taxable income upon foreclosure but may not receive any cash proceeds. In addition, any default under our mortgage debt may increase the risk of default on our other indebtedness, including other mortgage debt. If this occurs, we may not be able to satisfy our obligations under our indebtedness, which could have a material adverse effect on us, including our financial condition, liquidity (including our future access to borrowing) and results of operations.

We may become subject to disputes or legal, regulatory or other proceedings that could involve significant expenditures by us, which could have a material adverse effect on us.

The nature of our business has exposed us to disputes or legal, regulatory and other proceedings from time to time relating to tax matters, environmental matters, government regulations, including licensing and permitting requirements, food and beverages safety regulations, personal injury, labor and employment matters, contract disputes and other issues. In addition, amenities at our resorts, including restaurants, bars, casinos, and swimming pools, are subject to significant regulations, and government authorities may disagree with our interpretations of these regulations, or may enforce regulations that historically have not been enforced. Such disputes, individually or collectively, could adversely affect our business by distracting our management from the operation of our business or impacting our market reputation with our guests. If these disputes develop into proceedings or judgments, these proceedings or judgments, individually or collectively, could distract our senior management, disrupt our business or involve significant expenditures and our reserves relating to ongoing proceedings, if any, may ultimately prove to be inadequate, any of which could have a material adverse effect on us, including our financial results.

Some of the resorts in our portfolio located in Mexico were constructed and renovated without certain approvals. The authority granted to the Mexican government is plenary and we can give no assurance it will not exercise its authority to impose fines, remediation measures or close part or all of the related resort(s), which could have a material adverse effect on us.

Some of the resorts in our portfolio were constructed and renovated without certain approvals at the time the construction and renovation work was carried out, as the prior owners of such resorts determined that such approvals were not required under the Mexican law. We can give no assurance that the Mexican authorities will have the same interpretation of Mexican law as the prior owners. The authority granted to the Mexican government in this regard is plenary and we can give no assurance the Mexican government will not exercise its authority to impose fines, to require us to perform remediation/restoration activities and/or to contribute to environmental trusts, and/or to close part or all of the related resort(s), which could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects.

As of 1988, Mexican environmental laws were amended in order to establish that, among other things, any new hotel construction and certain renovations require the preparation of an environmental impact statement ("*MIA*") in order to obtain an Environmental Impact Authorization (*Resolutivo de Impacto Ambiental*). Furthermore, since 2003 depending on each specific project, a supporting technical report ("ETJ") is required to obtain an Authorization to Change the Use of Soil of Forestal Land (*Autorización de Cambio de Uso de Suelo en Terrenos Forestales*).

With respect to the applicable resorts:

- Two of the acquired resorts, Wyndham Alltra Cancún and Hyatt Zilara Cancún, were built prior to implementation of the MIA in 1988 and, therefore, required no such authorization. However, certain renovations to these resorts were carried out after 1988 without an MIA because the prior owner determined that no authorization was needed pursuant to an exception in the Mexican law. We can give no assurance that the Mexican authorities will have the same interpretation of the applicability of the exception as the prior owner.
- The remaining two resorts, Hilton Playa del Carmen All-Inclusive Resort and Wyndham Alltra Playa del Carmen, were constructed after 1988 without the required MIA and ETJ authorizations. Notwithstanding the foregoing, those resorts were operated by the prior owner, and since our Predecessor's acquisition at the time of our Predecessor's formation transaction have been operated by our Predecessor and us, with no interference in the normal course of business.

The consequences of failing to obtain the MIA and/or ETJ, as applicable, could result in fines of up to approximately $300,000, obligations to perform remediation/restoration activities and/or contribute to environmental trusts, and, in the case of a severe violation, a partial or total closing or a demolition of the relevant resort(s). Although we are not aware of closings or demolitions due to the failure to obtain the MIA and/or ETJ, no assurance can be given that such action will not be taken in the future.

Our wholly-owned subsidiary Playa Resorts Holding B.V. may be required to obtain a banking license and/or may be in violation of the prohibition to attract repayable funds as a result of having issued senior notes and borrowing under our 2022 Senior Secured Credit Facility, which could have a material adverse effect on us.

Under the Regulation (EU) No 575/2013 of the European Parliament and of the Council of June 26, 2013, which took effect on January 1, 2014, as amended from time to time (the "CRR"), there is uncertainty regarding how certain key terms in the CRR are to be interpreted.

If such terms are not interpreted in a manner that is consistent with current Dutch national guidance on which Playa Resorts Holding B.V. (our wholly-owned subsidiary) relies, Playa Resorts Holding B.V. could be categorized as a "credit institution" as a consequence of borrowing under our 2022 Senior Secured Credit Facility if it is deemed to be "an undertaking the business of which is to receive deposits or other repayable funds from the public and to grant credits for its own account." This would require it to obtain a banking license and it could be deemed to be in violation of the prohibition on conducting the business of a bank without such a license. With respect to the borrowing under our 2022 Senior Secured Credit Facility, Playa Resorts Holding B.V. could also be deemed to be in violation of the prohibition on attracting repayable funds from the public. In each such case, it could, as a result, be subject to certain enforcement measures such as a warning and/or instructions by the regulator, incremental penalty payments (*last onder dwangsom*) and administrative fines (*bestuurlijke boete*), which all may be disclosed publicly by the regulator.

There is limited official guidance at the EU level as to the key elements of the definition of "credit institution," such as the terms "repayable funds" and "the public." The Netherlands legislature has indicated that, as long as there is no clear guidance at the EU level, it is to be expected that the current Dutch national interpretation of these terms will continue to be taken into account for the use and interpretation thereof. Playa Resorts Holding B.V. relies on this national interpretation to reach the conclusion that a requirement to obtain a banking license is not triggered, and that the prohibitions on conducting the business of a bank without such a license and on attracting repayable funds from the public have not been violated, on the basis that (i) each lender under our 2022 Senior Secured Credit Facility has extended loans to Playa Resorts Holding B.V. for an initial amount of at least the U.S. dollar equivalent of €100,000 or has assumed rights and/or obligations vis-à-vis Playa Resorts Holding B.V. the value of which is at least the U.S. dollar equivalent of €100,000 and (ii) all senior notes which were issued by Playa Resorts Holding B.V. were in denominations which equal or are greater than the U.S. dollar equivalent of €100,000.

If European guidance is published on what constitutes "the public" as referred to in the CRR, and such guidance does not provide that the holder of a note of $150,000 or more, such as was the case with our senior notes, or the lenders under our 2022 Senior Secured

Credit Facility, each providing a loan the initial amount of which exceeds the U.S. dollar equivalent of €100,000, are excluded from being considered part of "the public" and the current Dutch national interpretation of these terms is not considered to be "grandfathered," then Playa Resorts Holding B.V. may be required to obtain a banking license, and/or may be deemed to be in violation of the prohibition on conducting the business of a bank without such a license and, with respect to our 2022 Senior Secured Credit Facility, the prohibition on attracting repayable funds from the public and, as a result may, in each case, be subject to certain enforcement measures as described above. If Playa Resorts Holding B.V. is required to obtain a banking license or becomes subject to such enforcement measures, we could be materially adversely affected.

The results of operations of our resorts may be adversely affected by various operating risks common to the lodging industry, including competition, over-supply and dependence on tourism, which could have a material adverse effect on us.

Our resorts are subject to various operating risks common to the lodging industry, many of which are beyond our control, including, among others, the following:

- the availability of and demand for hotel and resort rooms;
- over-building of hotels and resorts in the markets in which we operate, which results in increased supply and may adversely affect Occupancy and revenues at our resorts;
- pricing strategies of our competitors;
- increases in operating costs due to inflation and other factors that may not be offset by increased room rates or other income;
- international, national, and regional economic and geopolitical conditions;
- the impact of war, crime, actual or threatened terrorist activity and heightened travel security measures instituted in response to war, terrorist activity or threats (including Travel Advisories issued by the U.S. Department of State) and civil unrest;
- the impact of any economic or political instability in Mexico due to unsettled political conditions, including civil unrest, widespread criminal activity, acts of terrorism, force majeure, war or other armed conflict, strikes and governmental actions;
- the desirability of particular locations and changes in travel patterns;
- the occurrence of natural or man-made disasters, such as earthquakes, tsunamis, hurricanes, floods, and oil spills;
- events that may be beyond our control that could adversely affect the reputation of one or more of our resorts or that may disproportionately and adversely impact the reputation of our brands or resorts;
- taxes and government regulations that influence or determine wages, prices, interest rates, construction procedures, and costs;
- adverse effects of a downturn in the lodging industry, especially leisure travel and tourism spending;
- necessity for periodic capital reinvestment to maintain, repair, expand, renovate and reposition our resorts;
- regional, national and international development of competing resorts;
- increases in wages and other labor costs, energy, healthcare, insurance, transportation and fuel, and other expenses central to the conduct of our business or the cost of travel for our guests, including recent increases in energy costs and any resulting increase in travel costs or decrease in airline capacity; and
- organized labor activities, which could cause the diversion of business from resorts involved in labor negotiations, loss of group business, and/or increased labor costs.

Any one or more of these factors could limit or reduce the demand for our resorts or the prices our resorts are able to obtain, or increase our costs and therefore reduce the operating results of our resorts. Even where such factors do not reduce demand, resort-level profit margins may suffer if we are unable to fully recover increased operating costs from our guests. These factors could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects.

The seasonality of the lodging industry could have a material adverse effect on us.

The lodging industry is seasonal in nature, which can be expected to cause quarterly fluctuations in our revenues. Although this trend was disrupted in 2021 by the impacts of the COVID-19 pandemic, we saw a return to pre-COVID-19 seasonality trends in 2022. The seasonality of the lodging industry and the location of our resorts in Mexico and the Caribbean will 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. We can provide no assurances that these seasonal fluctuations will, in the future, be consistent with our historical experience or whether any shortfalls that occur as a result of these fluctuations will not have a material adverse effect on us.

The cyclical nature of the lodging industry may cause fluctuations in our operating performance, which could have a material adverse effect on us.

The lodging industry is highly cyclical in nature. Fluctuations in operating performance are caused largely by general economic and local market conditions, which subsequently affect levels of business and leisure travel. In addition to general economic conditions, new hotel and resort room supply is an important factor that can affect the lodging industry's performance, and over-building has the potential to further exacerbate the negative impact of an economic recession. Room rates and Occupancy, and thus Net Package RevPAR (as defined in Chapter 6. *Management's Discussion and Analysis of Financial Condition and Results of Operations*), tend to increase when demand growth exceeds supply growth. A decline in lodging demand, or increase in lodging supply, could result in returns that are substantially below expectations, or result in losses, which could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects. Further, the costs of running a resort tend to be more fixed than variable. As a result, in an environment of declining revenue, the rate of decline in earnings is likely to be higher than the rate of decline in revenue.

The increasing use of Internet travel intermediaries by consumers could have a material adverse effect on us.

Some of our vacation packages are booked through Internet travel intermediaries, including, but not limited to, Travelocity.com, Expedia.com and Priceline.com. As these Internet bookings increase, these intermediaries may be able to obtain higher commissions, reduced room rates or other significant contract concessions from us. Moreover, some of these Internet travel intermediaries are attempting to offer lodging as a commodity, by increasing the importance of price and general indicators of quality, such as "three-star downtown hotel," at the expense of brand identification or quality of product or service. If consumers develop loyalty to Internet reservations systems rather than to our booking system or the brands we own and operate, the value of our resorts could deteriorate and we could be materially and adversely affected, including our financial results.

Cyber risk and the failure to maintain the integrity of internal or guest data could harm our reputation and result in a loss of business and/or subject us to costs, fines, investigations, enforcement actions or lawsuits.

We, Hyatt, Hilton, Wyndham, our third-party resort manager and other third-party service providers collect, use and retain large volumes of guest data, including credit card numbers and other personally identifiable information, for business, marketing and other purposes in our, Hyatt's, Hilton's, Wyndham's, our third-party resort manager's and other third-party service providers' various information technology systems, which enter, process, summarize and report such data. We also maintain personally identifiable information about our employees. We, Hyatt, Hilton, Wyndham, our third-party resort manager and other third-party service providers store and process such internal and guest data both at on-site facilities and at third-party owned facilities including, for example, in a third-party hosted cloud environment. The integrity and protection of our guest, employee and company data, as well as the continuous operation of our, Hyatt's, Hilton's, Wyndham's, our third-party resort manager's and other third-party service providers' systems, is critical to our business. Our guests and employees expect that we will adequately protect their personal information. The regulations and contractual obligations applicable to security and privacy are increasingly demanding, both in the United States and in other jurisdictions where we operate, and cyber-criminals have been recently targeting the lodging industry. We continue to develop and enhance controls and security measures to protect against the risk of theft, loss or fraudulent or unlawful use of guest, employee or company data, and we maintain an ongoing process to re-evaluate the adequacy of our controls and measures.

We employ a variety of measures to prevent, detect, and mitigate these threats, which include password protection, frequent mandatory password change events, multi-factor authentication, mandatory employee trainings, internal phishing testing, firewall detection systems, frequent backups, a redundant data system for core applications, vulnerability scanning and penetration testing. However, notwithstanding these efforts to protect against unauthorized access of our systems and sensitive information, because of the scope and complexity of their information technology structure, our reliance on third parties to support and protect our structure and data, and the constantly evolving cyber-threat landscape, our systems and those of third parties on which we rely are vulnerable to disruptions, failures, unauthorized access, cyber-terrorism, employee error, negligence, fraud or other misuse, and given the sophistication of hackers to gain unauthorized access to our sensitive information, we may not be able to detect the breach for long periods of time or at all. These or similar occurrences, whether accidental or intentional, could result in theft, unauthorized access or disclosure, loss, fraudulent or unlawful use of guest, employee or company data which could harm our reputation, result in an interruption or disruption of our services or result in a loss of business, as well as remedial and other costs, fines, investigations, enforcement actions, or lawsuits. As a result, future incidents could have a material adverse impact on us, including our business, our financial condition, liquidity and results of operations and prospects. As of December 31, 2022, we have not had any material incidences involving cybersecurity attacks.

Information technology systems, software or website failures or interruptions could have a material adverse effect on our business or results of operations.

We rely on the uninterrupted and efficient operation of our information technology systems and software. Information technology is critical to our day-to-day operations, including, but not exclusive to guest check-in and check-out, housekeeping and room service, and reporting our financial results and the financial results of our resorts. We rely on certain third-party hardware, network and software vendors to maintain and upgrade many of our critical systems on an ongoing basis to support our business operations and to keep pace with technology developments in the hospitality industry. The software programs supporting many of our systems are licensed to us by independent third-party software providers. An inability to continuously maintain and update our hardware and software programs or an inability for network providers to maintain their communications infrastructure would potentially disrupt or inhibit the efficiency of our operations if suitable alternatives could not be identified and implemented in a timely, efficient and cost-effective manner.

We may be subject to unknown or contingent liabilities related to our existing resorts and resorts that we acquire, which could have a material adverse effect on us.

Our existing resorts and resorts that we may in the future acquire may be subject to unknown or contingent liabilities for which we may have no recourse, or only limited recourse, against the sellers. In general, the representations and warranties provided under the transaction agreements related to our existing resorts and any future acquisitions of resorts by us may not survive the closing of the transactions. Furthermore, indemnification under such agreements may not exist or be limited and subject to various exceptions or materiality thresholds, a significant deductible or an aggregate cap on losses. As a result, there is no guarantee that we will recover any amounts with respect to losses due to breaches by the transferors or sellers of their representations and warranties or other prior actions by the sellers. In addition, the total amount of costs and expenses that may be incurred with respect to liabilities associated with these resorts may exceed our expectations, and we may experience other unanticipated adverse effects, all of which may materially and adversely affect us, including our business, financial condition, liquidity, results of operations and prospects.

We could be exposed to liabilities under the FCPA and other anti-corruption laws and regulations, including non-U.S. laws, any of which could have a material adverse impact on us.

We have international operations, and as a result are subject to compliance with various laws and regulations, including the FCPA and other anti-corruption laws in the jurisdictions in which we do business, which generally prohibit companies and their intermediaries or agents from engaging in bribery or making improper payments to foreign officials or their agents or other entities. The FCPA also requires companies to make and keep books and records and accounts which, in reasonable detail, reflect their transactions, including the disposition of their assets. We have implemented, and will continue to evaluate and improve, safeguards and policies designed to prevent violations of various anti-corruption laws that prohibit improper payments or offers of payments to foreign officials or their agents or other entities for the purpose of conducting business, and we are in the process of expanding our training program. The countries in which we own resorts have experienced governmental corruption to some degree and, in certain circumstances, compliance with anti-corruption laws may conflict with local customs and practices. Despite existing safeguards and any future improvements to our policies and training, we will be exposed to risks from deliberate, reckless or negligent acts committed by our employees or agents for which we might be held responsible. Failure to comply with these laws or our internal policies could lead to criminal and civil penalties and other legal and regulatory liabilities and require us to undertake remedial measures, any of which could have a material adverse impact on us, including our business, financial condition, liquidity, results of operations and prospects.

Our existing resorts and resorts that we may acquire may contain or develop harmful mold that could lead to liability for adverse health effects and costs of remediating the problem, either of which could have a material adverse effect on us.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Concern about indoor exposure to mold has been increasing as exposure to mold may cause a variety of adverse health effects and symptoms, including allergic or other reactions. Some of the resorts in our portfolio or resorts that we may acquire may contain microbial matter, such as mold and mildew, which could require us to undertake a costly remediation program to contain or remove the mold from the affected resort. Furthermore, we can provide no assurances that we will be successful in identifying harmful mold and mildew at resorts that we seek to acquire, which could require us to take remedial action at acquired resorts. The presence of significant mold could expose us to liability from guests, employees and others if property damage or health concerns arise, which could have a material adverse effect on us, including our results of operations.

Illiquidity of real estate investments could significantly impede our ability to sell resorts or otherwise respond to adverse changes in the performance of our resorts, which could have a material adverse effect on us.

Because real estate investments are relatively illiquid, our ability to sell one or more resorts promptly for reasonable prices in response to changing economic, financial and investment conditions will be limited. The real estate market is affected by many factors beyond our control that could impact the timing of a disposition, including adverse changes in economic and market conditions, changes in interest and tax rates and in the availability and cost and other terms of debt financing, and changes in governmental laws and regulations.

In addition, we may be required to expend funds to correct defects, terminate contracts or to make improvements before a resort can be sold. We can provide no assurances that we will have funds available, or access to such funds, to correct those defects or to make those improvements. In acquiring a resort, we may agree to lock-out provisions or tax protection agreements that materially restrict us from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. These factors and any others that would impede our ability to respond to adverse changes in the performance of our resorts or a need for liquidity could materially and adversely affect us, including our financial results.

We could incur significant costs related to government regulation and litigation with respect to environmental matters, which could have a material adverse effect on us.

Our resorts are subject to various international, national, regional and local environmental laws that impose liability for contamination. Under these laws, governmental entities have the authority to require us, as the current owner of property, to perform or pay for the clean-up of contamination (including hazardous substances, waste, or petroleum products) at, on, under or emanating from our property and to pay for natural resource damages arising from such contamination. Such laws often impose liability without regard to whether the owner or operator or other responsible party knew of, or caused, such contamination, and the liability may be joint and several. Because these laws also impose liability on persons who owned a property at the time it was or became contaminated, it is possible we could incur cleanup costs or other environmental liabilities even after we sell resorts. Contamination at, on, under or emanating from our resorts also may expose us to liability to private parties for costs of remediation and/or personal injury or property damage. In addition, environmental laws may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. If contamination is discovered on our resorts, environmental laws also may impose restrictions on the manner in which our property may be used or our business may be operated, and these restrictions may require substantial expenditures. Moreover, environmental contamination can affect the value of a property and, therefore, an owner’s ability to borrow funds using the property as collateral or to sell the property on favorable terms or at all. Furthermore, persons who sent waste to a waste disposal facility, such as a landfill or an incinerator, may be liable for costs associated with cleanup of that facility.

In addition, our resorts are subject to various international, national, regional and local environmental, health and safety regulatory requirements that address a wide variety of issues. Some of our resorts routinely handle and use hazardous or regulated substances and wastes as part of their operations, which are subject to regulation (*e.g.*, swimming pool chemicals). Our resorts incur costs to comply with these environmental, health and safety laws and regulations and could be subject to fines and penalties for non-compliance with applicable laws.

Liabilities and costs associated with contamination at, on, under or emanating from our properties, defending against claims, or complying with environmental, health and safety laws could be significant and could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects. We can provide no assurances that (i) changes in current laws or regulations or future laws or regulations will not impose additional or new material environmental liabilities or (ii) the current environmental condition of our resorts will not be affected by our operations, by the condition of the resorts in the vicinity of our resorts, or by third parties unrelated to us. The discovery of material environmental liabilities at our resorts could subject us to unanticipated significant costs, which could result in significant losses. Please see "*Risk Factors — Risks Related to Our Business — We may become subject to disputes or legal, regulatory or other proceedings that could involve significant expenditures by us, which could have a material adverse effect on us*" as to the possibility of disputes or legal, regulatory or other proceedings that could adversely affect us.

The tax laws, rules and regulations (or interpretations thereof) in the jurisdictions in which we operate may change, which could have a material adverse effect on us.

We generally seek to structure our business activities in the jurisdictions in which we operate in a manner that is tax-efficient, taking into account the relevant tax laws, rules and regulations. However, tax laws, rules and regulations in these jurisdictions are complex and are subject to change as well as subject to interpretation by local tax authorities and courts. There can be no assurance that these tax laws, rules and regulations (or interpretations thereof) will not change, possibly with retroactive effect, or that local tax authorities may not otherwise successfully assert positions contrary to those taken by us. In any such case, we may be required to operate in a less tax-efficient manner, incur costs and expenses to restructure our operations and/or owe past taxes (and potentially interest and penalties), which in each case could negatively impact our operations. For example, we are currently renegotiating our agreements which determine our taxes in the Dominican Republic, known as advanced pricing agreements, with The Ministry of Finance of the Dominican Republic.

On October 8, 2021, almost 140 countries in the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS), including the U.S., the Netherlands and Mexico, reached an agreement on international tax reform. The reform of international corporate tax rules consist of two pillars: Pillar 1 and Pillar 2. Pillar 1 covers a new system of allocating taxing rights over the largest multinationals to jurisdictions where profits are earned (technical work on the details thereof is ongoing in the Inclusive Framework). Pillar 2 contains rules aimed at reducing the opportunities for base erosion and profit shifting with the goal to ensure that the largest multinational groups of companies pay a minimum rate of corporate tax.

On December 15, 2022 it was announced that the EU adopted a directive implementing a global minimum tax at an effective rate of 15% at the EU level (the EU Pillar 2 Directive). The EU Pillar 2 Directive is largely aligned with the OECD's model rules released in December 2021. Some deviations were introduced to ensure compliance with EU treaties. The EU Pillar 2 rules will apply to large multinational and domestic groups or companies with a combined annual turnover of at least €750 million. Member States, including the Netherlands, will now have to transpose the EU Pillar 2 Directive rules into their national laws by the end of 2023. The Netherlands has already published draft Pillar 2 rules in connection with the foregoing. The Netherlands proposes an entry into force of the so-called 'Income Inclusion Rule' (IRR) and qualified domestic top-up tax as per December 31, 2023 and the so-called 'Undertaxed Profit Rule' (UTPR) as per December 31, 2024 (in line with the EU Pillar 2 Directive). Other (non-EU) countries are also actively considering changes to their tax laws to adopt certain parts of the OECD's proposals. As a result of these new tax rules and the ongoing initiatives at the OECD level, if enacted into law, in whole or in part, our effective tax rate may increase which may negatively impact our financial results.

Increases in property taxes would increase our operating costs, which could have a material adverse effect on us.

Each of our resorts is subject to real estate and personal property taxes, especially upon any development, redevelopment, rebranding, repositioning and renovation. These taxes may increase as tax rates change and as our resorts are assessed or reassessed by taxing authorities. If property taxes increase, we would incur a corresponding increase in our operating expenses, which could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects.

Risks Related to Ownership of Our Ordinary Shares

The rights of our shareholders and the duties of our directors are governed by Dutch law, our Articles of Association and internal rules and policies adopted by our Board, and differ in some important respects from the rights of shareholders and the duties of members of a board of directors of a U.S. corporation.

Our corporate affairs, as a Dutch public limited liability company (*naamloze vennootschap*), are governed by our Articles of Association, internal rules and policies adopted by our Board and by the laws governing companies incorporated in the Netherlands. The rights of our shareholders and the duties of our directors under Dutch law are different from the rights of shareholders and/or the duties of directors of a corporation organized under the laws of U.S. jurisdictions. In the performance of its duties, our Board is required by Dutch law to consider our interests and the interests of our shareholders, our employees and other stakeholders (e.g., our creditors, guests and suppliers) as a whole and not only those of our shareholders, which may negatively affect the value of your investment.

In addition, the rights of our shareholders, including for example the rights of shareholders as they relate to the exercise of shareholder rights, are governed by Dutch law and our Articles of Association and such rights differ from the rights of shareholders under U.S. law. For example, if we engaged in a merger, Dutch law would not grant appraisal rights to any of our shareholders who wished to challenge the consideration to be paid to them upon such merger (without prejudice, however, to certain cash exit rights offered under Dutch law in certain circumstances).

We are organized and existing under the laws of the Netherlands, and, as such, the rights of our shareholders and the civil liability of our directors and executive officers are governed in certain respects by the laws of the Netherlands.

We are organized and existing under the laws of the Netherlands, and, as such, the rights of our shareholders and the civil liability of our directors and executive officers are governed in certain respects by the laws of the Netherlands. The ability of our shareholders in certain countries other than the Netherlands to bring an action against us, our directors and executive officers may be limited under applicable law. In addition, substantially all of our assets are located outside the United States. As a result, it may not be possible for shareholders to effect service of process within the United States upon us or our directors and executive officers or to enforce judgments against us or them in U.S. courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States. In addition, it is not clear whether a Dutch court would impose civil liability on us or any of our directors and executive officers in an original action based solely upon the federal securities laws of the United States brought in a court of competent jurisdiction in the Netherlands.

As of the date of this annual report, there is no treaty in effect between the United States and the Netherlands providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. With respect to choice of court agreements in civil or commercial matters, it is noted that the Hague Convention on Choice of Court Agreements entered into force for the Netherlands, but has not entered into force for the United States. Accordingly, a judgment rendered by a court in the United States, whether or not predicated solely upon U.S. securities laws, would not automatically be recognized and enforced by the competent Dutch courts. However, if a person has obtained a judgment for the payment of money rendered by a court in the United States and files a claim with the competent Dutch court, the Dutch court will in principle give binding effect to a foreign judgment if (i) the jurisdiction of the foreign court was based on a ground of jurisdiction that is generally acceptable according to international standards, (ii) the judgment by the foreign court was rendered in legal proceedings that comply with the Dutch standards of proper administration of justice including sufficient safeguards (*behoorlijke rechtspleging*), (iii) binding effect of such foreign judgment is not contrary to Dutch public order and (iv) the judgment by the foreign court is not incompatible with a decision rendered between the same parties by a Dutch court, or with a previous decision rendered between the same parties by a foreign court in a dispute that concerns the same subject and is based on the same cause, provided that the previous decision qualifies for acknowledgment in the Netherlands. Even if such a foreign judgment is giving binding effect, a claim based thereon may, however, still be rejected if the foreign judgment is not or no longer formally enforceable.

Based on the lack of a treaty as described above, U.S. investors may not be able to enforce against us or our directors, representatives or certain experts named herein who are residents of the Netherlands or countries other than the United States any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the U.S. federal securities laws.

Under our Articles of Association, and certain other contractual arrangements between us and our directors, we indemnify and hold our directors harmless against all claims and suits brought against them, subject to limited exceptions. There is doubt, however, as to whether U.S. courts would enforce such indemnity provisions in an action brought against one of our directors in the United States under U.S. securities laws.

Sagicor owns a significant number of our ordinary shares and has representation on our Board, and may have interests that differ from those of our other shareholders.

As of January 31, 2023, approximately 8% of our outstanding ordinary shares were beneficially owned by Sagicor Financial Corporation Limited and its designated director on our Board. As a result, Sagicor and its affiliates may be able to influence the outcome of matters submitted for director action, subject to our directors' obligation to act in the interest of all of our stakeholders, and for shareholder action, including the designation and appointment of our Board (and committees thereof) and approval of significant corporate transactions, including business combinations, consolidations and mergers. So long as this shareholder and/or its affiliates continue to directly or indirectly own a significant amount of our outstanding equity interests and have the right to designate a director to our Board and/or one or more committees thereof, this shareholder may be able to exert substantial influence on us and may be able to exercise its influence in a manner that is not in the interests of our other stakeholders. This shareholder's influence over our management could have the effect of delaying, deferring or preventing a change in control or otherwise discouraging a potential acquirer from attempting to obtain control of us, which could cause the market price of our ordinary shares to decline or prevent our shareholders from realizing a premium over the market price for our ordinary shares. Prospective investors in our ordinary shares should consider that the interests of this shareholder may differ from their interests in material respects.

Provisions of our Articles of Association or Dutch corporate law might deter or discourage acquisition bids for us that shareholders might consider to be favorable and prevent or frustrate any attempt to replace or remove our Board at the time of such acquisition bid.

Certain provisions of our Articles of Association may make it more difficult for a third party to acquire control of us or effect a change in our Board. These provisions include:

- A provision that our directors are appointed by our general meeting ("General Meeting") at the binding nomination of our Board. Such binding nomination may only be overruled by the General Meeting by a resolution adopted by at least a majority of the votes cast, if such votes represent more than 50% of our issued share capital.

- A provision that our shareholders at a General Meeting may suspend or remove directors at any time. A resolution of our General Meeting to suspend or remove a director may be passed by a majority of the votes cast, provided that the resolution is based on a proposal by our Board. In the absence of a proposal by our Board, a resolution of our General Meeting to suspend or remove a director shall require a vote of at least a majority of the votes cast, if such votes represent more than 50% of our issued share capital.

- A requirement that certain actions can only be taken by the General Meeting with at least two-thirds of the votes cast, unless such resolution is passed at the proposal by our Board, including an amendment of our Articles of Association, the issuance of shares or the granting of rights to subscribe for shares, the limitation or exclusion of preemptive rights, the reduction of our issued share capital, the application for bankruptcy, the making of a distribution from our profits or reserves on our ordinary shares, the making of a distribution in the form of shares in our capital or in the form of assets, instead of cash, the entering into of a merger or demerger, our dissolution and the designation or granting of authorizations such as the authorization to issue shares and to limit or exclude preemptive rights. Our General Meeting adopted a resolution to grant such authorizations to our Board.

- A provision prohibiting (a) a "Brand Owner" (which generally means a franchisor, licensor or owner of a hotel concept or brand that has at least 12 all-inclusive resorts and that competes with any Hyatt All-Inclusive Resort Brand resort) from acquiring our ordinary shares such that the Brand Owner (together with its affiliates) acquires beneficial ownership in excess of 15% of our outstanding shares, or (b) a "Restricted Brand Company" from acquiring our ordinary shares such that the Restricted Brand Company (together with its affiliates) acquires beneficial ownership in excess of 5% of our outstanding ordinary shares. Upon becoming aware of either share cap being exceeded, we will send a notice to such shareholder informing such shareholder of a violation of this provision and granting the shareholder two weeks to dispose of such excess ordinary shares to an unaffiliated third party. Such notice will immediately trigger the transfer obligation and suspend the right to attend our General Meeting and voting rights (together, "Shareholder Rights") of the shares exceeding the cap. If such excess shares are not disposed by such time, (i) the Shareholder Rights on all shares held by the shareholder exceeding the share cap will be suspended until the transfer obligations have been complied with, (ii) we will be irrevocably authorized under our Articles of Association to transfer the excess shares to a foundation until sold to an unaffiliated third party and (iii) such foundation shall issue depository receipts for the ordinary shares concerned to the relevant Brand Owner or Restricted Brand Company for as long as those ordinary shares are held by the foundation.

Such provisions could discourage a takeover attempt and impair the ability of shareholders to benefit from a change in control and realize any potential change of control premium. This may adversely affect the market price of the ordinary shares.

Moreover, our Board can invoke a cooling-off period of up to 250 days in the event of certain unsolicited takeover offers and shareholder activism. During a cooling-off period, our General Meeting would not be able to dismiss, suspend or appoint members of the Board (or amend the provisions in our Articles of Association dealing with those matters) except at the proposal of our Board.

Provisions of our franchise agreements with Hyatt might deter acquisition bids for us that shareholders might consider to be favorable and/or give Hyatt the right to terminate such agreements if certain persons obtain and retain more than a specified percentage of our ordinary shares.

Certain provisions of our franchise agreements with Hyatt may make it more difficult for certain third parties to acquire more than a specified percentage of issued ordinary shares. Our franchise agreements with Hyatt and our Articles of Association both contain a provision prohibiting (a) a Brand Owner from acquiring issued ordinary shares such that the Brand Owner (together with its affiliates) acquires beneficial ownership in excess of 15% of issued and outstanding ordinary shares, and (b) a Restricted Brand Company from acquiring issued ordinary shares such that the Restricted Brand Company (together with its affiliates) acquires beneficial ownership in excess of 5% of issued and outstanding ordinary shares. Upon becoming aware of either share cap being exceeded, we must send a notice to such shareholder informing such shareholder of a violation of this provision and granting the shareholder two weeks to dispose of such excess ordinary shares to an unaffiliated third party. Such notice will immediately trigger the transfer obligation and suspend the Shareholder Rights of ordinary shares exceeding the share cap. If such excess ordinary shares are not disposed by such time, (i) the Shareholder Rights on all ordinary shares held by the shareholder exceeding the share cap will be suspended until the transfer obligations have been complied with and (ii) we will be irrevocably authorized under our Articles of Association to transfer the excess ordinary shares to a foundation until sold to an unaffiliated third party. Our franchise agreements provide that, if the excess ordinary shares are not transferred to a foundation or an unaffiliated third party within 30 days following the earlier of the date on which a public filing is made with respect to either share cap being exceeded and the date we become aware of either share cap being exceeded, Hyatt will have the right to terminate all (but not less than all) of its franchise agreements with us by providing the notice specified in the franchise agreement to us and we will be subject to liquidated damage payments to Hyatt. In the event that any Brand Owner or Restricted Brand Company acquires any ownership interest in us, we will be required to establish and maintain controls to protect the confidentiality of certain Hyatt information and will provide Hyatt with a detailed description and evidence of such controls.

Future issuances of debt securities and equity securities may adversely affect us, including the market price of our ordinary shares and may be dilutive to existing shareholders.

In the future, we may incur debt or issue equity ranking senior to our ordinary shares. Those securities will generally have priority upon liquidation. Such securities also may be governed by an indenture or other instrument containing covenants restricting its operating flexibility. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our ordinary shares. We may also issue ordinary shares in a public or private offering at prices below the current market price of the ordinary shares. Because our decision to issue debt or equity in the future will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, nature or success of our future capital raising efforts. As a result, future capital raising efforts may reduce the market price of our ordinary shares and be dilutive to existing shareholders.

Our shareholders may not have any preemptive rights in respect of future issuances of our ordinary shares.

In the event of an increase in our share capital, our ordinary shareholders are generally entitled under Dutch law to full preemptive rights, unless these rights are limited or excluded either by a resolution of the General Meeting or by a resolution of our Board (if our Board has been authorized by the General Meeting for this purpose), or where shares are issued to our employees or a group company (i.e., certain affiliates, subsidiaries or related companies) or where shares are issued against a non-cash contribution, or in case of an exercise of a previously acquired right to subscribe for shares. The same preemptive rights apply when rights to subscribe for shares are granted.

Preemptive rights may be excluded by our Board on the basis of the irrevocable authorization of the General Meeting to our Board for a period of five years from the date of this authorization with respect to the issue of our ordinary shares up to the amount of the authorized share capital (from time to time). The General Meeting has delegated the authority to issue our ordinary shares and grant rights to purchase our ordinary shares in accordance with the respective authorizations granted by our General Meeting.

Accordingly, holders of our ordinary shares may not have any preemptive rights in connection with, and may be diluted by an issue of, our ordinary shares and it may be more difficult for a shareholder to obtain control over our General Meeting. Certain of our shareholders outside the Netherlands, in particular, U.S. shareholders, may not be allowed to exercise preemptive rights to which they are entitled, if any, unless a registration statement under the Securities Act of 1933, as amended (the "Securities Act"), is declared effective with respect to our ordinary shares issuable upon exercise of such rights or an exemption from the registration requirements is available.

We are not obligated to and do not comply with all the best practice provisions of the Dutch Corporate Governance Code (the "DCGC"). This could adversely affect your rights as a shareholder.

As we are incorporated under Dutch law and our ordinary shares have been listed on a government-recognized stock exchange (i.e., the Nasdaq), we are subject to the DCGC. The DCGC contains both principles and best practice provisions for our Board, shareholders and the General Meeting, financial reporting, auditors, disclosure compliance and enforcement standards.

The DCGC is based on a "comply or explain" principle. Accordingly, we are required to disclose in our annual management report publicly filed in the Netherlands, whether or not we are complying with the various provisions of the DCGC. If we do not comply with one or more of those provisions (e.g., because of a conflicting Nasdaq requirement or U.S. market practice), we are required to explain the reasons for such non-compliance in our annual management report.

We acknowledge the importance of good corporate governance. However, we do not comply with all the provisions of the DCGC, to a large extent because such provisions conflict with or are inconsistent with the corporate governance rules of the Nasdaq and U.S. securities laws that apply to us, or because we believe such provisions do not reflect customary practices of global companies listed on the Nasdaq. This could adversely affect your rights as a shareholder and you may not have the same level of protection as a shareholder in a Dutch company that fully complies with the DCGC.

If, based on Mexican law, the accounting value of our ordinary shares is derived more than 50% from property in Mexico, it could result in the imposition of tax on a selling shareholder who is not eligible to claim benefits under the income tax treaty between Mexico and the United States or under any other favorable income tax treaty with Mexico.

According to article 161 of the Income Tax Law of Mexico, the transfer by a nonresident of Mexico of shares in an entity where the accounting value of the transferred shares is derived, directly or indirectly, from more than 50% from immovable property located in Mexico could be subject to Mexican income tax. The applicable Mexican law does not provide for the method to be followed in making this calculation. The income tax rate in Mexico for the disposal of shares by nonresidents is currently either 25% of the gross sale proceeds or, if certain conditions are met, 35% of the net gain. Withholding of 25% of gross sale proceeds is required of the buyer only if the latter is a Mexican resident. A Mexican nonresident subject to tax under article 161 may be eligible to claim exemption from taxation or a reduced tax rate under an applicable income tax treaty with Mexico, such as the income tax treaty between Mexico and the United States. A determination of whether the accounting value of our ordinary shares is derived, directly or indirectly, more than 50% from immovable property located in Mexico is subject to interpretations of the applicable law and will be affected by various factors with regard to us that may change over time. If, at the time of a transfer of our ordinary shares, the accounting value of our ordinary shares is derived, directly or indirectly, from more than 50% from immovable property located in Mexico and article 161 were applied to such transfer, it could result in the imposition of the above-mentioned tax on a selling shareholder who is not eligible to claim benefits under the income tax treaty between Mexico and the United States or under any other favorable income tax treaty with Mexico.

4. PROPERTIES

As of December 31, 2022, 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	Rooms
Owned Resorts				
Yucatán Peninsula				
Hyatt Ziva Cancún	Cancún, Mexico	Hyatt Ziva (all ages)	Playa	547
Hyatt Zilara Cancún	Cancún, Mexico	Hyatt Zilara (adults-only)	Playa	310
Wyndham Alltra Cancún	Cancún, Mexico	Wyndham (all ages)	Playa	458
Hilton Playa del Carmen All-Inclusive Resort	Playa del Carmen, Mexico	Hilton (adults-only)	Playa	524
Wyndham Alltra Playa del Carmen	Playa del Carmen, Mexico	Wyndham (adults only)	Playa	287
Pacific Coast				
Hyatt Ziva Los Cabos	Cabo San Lucas, Mexico	Hyatt Ziva (all ages)	Playa	591
Hyatt Ziva Puerto Vallarta	Puerto Vallarta, Mexico	Hyatt Ziva (all ages)	Playa	335
Dominican Republic				
Hilton La Romana All-Inclusive Resort	La Romana, Dominican Republic	Hilton (adults-only)	Playa	356
Hilton La Romana All-Inclusive Resort	La Romana, Dominican Republic	Hilton (all ages)	Playa	418
Jewel Palm Beach	Punta Cana, Dominican Republic	Jewel (all ages)	Playa [1]	500
Jewel Punta Cana	Punta Cana, Dominican Republic	Jewel (all ages)	Playa	620
Hyatt Ziva Cap Cana	Cap Cana, Dominican Republic	Hyatt Ziva (all ages)	Playa	375
Hyatt Zilara Cap Cana	Cap Cana, Dominican Republic	Hyatt Zilara (adults-only)	Playa	375
Jamaica				
Hyatt Ziva Rose Hall	Montego Bay, Jamaica	Hyatt Ziva (all ages)	Playa	276
Hyatt Zilara Rose Hall	Montego Bay, Jamaica	Hyatt Zilara (adults-only)	Playa	344
Hilton Rose Hall Resort & Spa	Montego Bay, Jamaica	Hilton (all ages)	Playa	495
Jewel Paradise Cove Beach Resort & Spa	Runaway Bay, Jamaica	Jewel (adults-only)	Playa	225
Jewel Grande Montego Bay Resort & Spa [2]	Montego Bay, Jamaica	Jewel (all ages)	Playa	88
Total Rooms Owned				**7,124**
Managed Resorts [3]				
Sanctuary Cap Cana	Punta Cana, Dominican Republic	The Luxury Collection by Marriott (adults-only)	Playa	324
Jewel Grande Montego Bay Resort & Spa	Montego Bay, Jamaica	Jewel (condo-hotel)	Playa	129
The Yucatán Playa del Carmen All-Inclusive Resort	Playa del Carmen, Mexico	Tapestry Collection by Hilton (adults-only)	Playa	60
Hyatt Ziva Riviera Cancún	Riviera Maya, Mexico	Hyatt Ziva (all ages)	Playa	438
Hyatt Zilara Riviera Maya [4]	Riviera Maya, Mexico	Hyatt Zilara (adults-only)	Playa	291
Seadust Cancún Family Resort [5]	Cancún, Mexico	Seadust (all ages)	Playa	502
Kimpton Hacienda Tres Ríos Resort, Spa & Nature Park [6]	Playa del Carmen, Mexico	Kimpton (all ages)	Playa	255
Wyndham Alltra Riviera Nayarit [7]	Nuevo Vallarta, Mexico	Wyndham (all ages)	Playa	229
Total Rooms Operated				**2,228**
Total Rooms Owned and Operated				**9,352**

(1) Prior to January 6, 2023, this resort was managed by AMResorts and operated under the Dreams brand.
(2) Represents an 88-unit tower and spa owned by us. We manage the majority of the units within the remaining two condo-hotel towers that comprise the Jewel Grande Montego Bay Resort & Spa.
(3) Owned by a third party.
(4) We entered into a management agreement to operate this resort during the first quarter of 2021. The resort underwent renovations and opened in December 2022.
(5) We entered into a management agreement to operate this resort during the second quarter of 2022 and commenced operations in February 2023.
(6) We entered into a management agreement to operate this resort during the second quarter of 2022. The resort is currently undergoing renovations and we expect to commence operations in early 2024.
(7) We entered into a management agreement to operate this resort in the third quarter of 2022 and commenced operations in October 2022.

5. 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 or results of operations. The outcome of claims, lawsuits and legal proceedings brought against us, however, is subject to significant uncertainties. See Note 23 to the Consolidated Financial Statements for a more detailed description of such proceedings and contingencies.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 December 31, 2022, Playa owned and/or managed a total portfolio consisting of 25 resorts (9,352 rooms) located in Mexico, Jamaica, and the Dominican Republic:

- In Mexico, Playa owns and manages Hyatt Zilara Cancún, Hyatt Ziva Cancún, Wyndham Alltra Cancún, Wyndham Alltra 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, Hyatt Ziva Cap Cana, and Jewel Punta Cana; and

- Playa owned one resort in the Dominican Republic, the Jewel Palm Beach, that was managed by a third-party until January 6, 2023 and is now managed by Playa. We also manage eight resorts on behalf of third-party owners.

Playa's strategy is to leverage its globally recognized brand partnerships and proprietary in-house direct booking capabilities to capitalize on the growing popularity of the all-inclusive resort model and reach first-time all-inclusive resort consumers in a cost-effective manner. We believe that this strategy should position us to generate attractive returns for our shareholders, build lasting relationships with our guests, and enhance the lives of our associates and the communities in which we operate.

For the year ended December 31, 2022, we generated net income of $88.9 million, total revenue of $856.3 million, Net Package RevPAR of $266.93 and Adjusted EBITDA of $242.6 million. For the year ended December 31, 2021, during which time our operations were negatively impacted by COVID-19, we generated a net loss of $62.4 million, total revenue of $534.6 million, Net Package RevPAR of $159.88 and Adjusted EBITDA of $99.2 million.

For discussions of Adjusted EBITDA and a reconciliation to the most comparable IFRS financial measure, see "Key Indicators of Financial and Operating Performance" and "Non-IFRS Financial Measures," below.

Results of Operations

Years Ended December 31, 2022 and 2021

The following table summarizes our results of operations on a consolidated basis for the years ended December 31, 2022 and 2021 *($ in thousands)*:

	Year Ended December 31,		Increase / Decrease	
	2022	**2021**	**Change**	**% Change**
Revenue	$ 856,263	$ 534,639	$ 321,624	60.2 %
Operating expenses	(634,853)	(453,227)	(181,626)	40.1 %
Depreciation and amortization	(72,929)	(78,985)	6,056	(7.7) %
Other impairment loss	—	(13,079)	13,079	(100.0) %
Loss on sale of assets	(5)	(327)	322	(98.5) %
Operating income (loss)	**148,476**	**(10,979)**	**159,455**	**(1,452.4)%**
Finance costs	(66,339)	(73,526)	7,187	(9.8) %
Loss on extinguishment of debt	(22,027)	—	(22,027)	100.0 %
Other financial income, net	5,050	8,155	(3,105)	(38.1) %
Net result of exchange differences	(948)	(992)	44	(4.4) %
Income (loss) before tax	**64,212**	**(77,342)**	**141,554**	**(183.0)%**
Income tax benefit	24,681	14,906	9,775	65.6 %
Income (loss)	**$ 88,893**	**$ (62,436)**	**$ 151,329**	**(242.4)%**

The tables below set forth information 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-IFRS measures, see "Key Indicators of Financial and Operating Performance" below. For discussion of Adjusted EBITDA and reconciliation to the most comparable IFRS financial measures, see "Non-IFRS Financial Measures," below.

Total Portfolio

	Year Ended December 31,		Increase / Decrease	
	2022	**2021**	**Change**	**% Change**
Occupancy	72.2 %	51.6 %	20.6 pts	39.9 %
Net Package ADR	$ 369.92	$ 309.94	$ 59.98	19.4 %
Net Package RevPAR	$ 266.93	$ 159.88	$ 107.05	67.0 %
		($ in thousands)		
Net Package Revenue	$ 694,092	$ 425,760	$ 268,332	63.0 %
Net Non-package Revenue	128,321	87,746	40,575	46.2 %
Management Fee Revenue	3,828	2,291	1,537	67.1 %
Total Net Revenue	826,241	515,797	310,444	60.2 %
Adjusted EBITDA	$ 242,619	$ 99,171	$ 143,448	144.6 %
Adjusted EBITDA Margin	29.4 %	19.2 %	10.2 pts	53.1 %

Total Revenue and Total Net Revenue

Our total revenue for the year ended December 31, 2022 increased $321.6 million, or 60.2%, compared to the year ended December 31, 2021.

Our Total Net Revenue for the year ended December 31, 2022 increased $310.4 million, or 60.2%, compared to the year ended December 31, 2021. The increase was due to the following:

- Occupancy rate increasing 20.6 percentage points, driven by an increase in demand from guests sourced across all major geographies following the ongoing post-pandemic recovery;
- a 19.4% increase in Net Package ADR as a result of higher meetings, incentives, conventions and events ("MICE") group contribution to our guest mix, the ongoing leisure travel recovery, and pricing discipline to coincide with investments in guest satisfaction at our resorts;
    - an incremental $3.77 favorable Net Package ADR impact compared to the year ended December 31, 2021 was a result of the change in billing methodology of an Online Travel Agent ("OTA"), which requires Playa to present this revenue gross of commissions. Excluding this adjustment, Net Package ADR would have been $366.15; and
- an increase in Net Non-package Revenue spend per guest driven by improvements in our product offering across our resorts.

The following table shows a reconciliation of Net Package Revenue, Net Non-package Revenue, and Management Fee Revenue to total revenue for the years ended December 31, 2022 and 2021 *($ in thousands)*:

	Year Ended December 31,		Increase/Decrease	
	2022	2021	Change	% Change
Net Package Revenue	$ 694,092	$ 425,760	$ 268,332	63.0 %
Net Non-package Revenue	128,321	87,746	40,575	46.2 %
Management Fee Revenue	3,828	2,291	1,537	67.1 %
Total Net Revenue	**826,241**	**515,797**	**310,444**	**60.2 %**
Compulsory tips	20,316	13,036	7,280	55.8 %
Cost reimbursements	9,706	5,806	3,900	67.2 %
Total revenue	**$ 856,263**	**$ 534,639**	**$ 321,624**	**60.2 %**

Operating Expenses

The following table shows a reconciliation of our operating expenses to Net Operating Expenses for the years ended December 31, 2022 and 2021 *($ in thousands):*

	Year Ended December 31,		Increase/Decrease	
	2022	2021	Change	% Change
Operating expenses	$ 634,853	$ 453,227	$ 181,626	40.1 %
Less: compulsory tips	20,316	13,036	7,280	55.8 %
Net Operating Expenses	**$ 614,537**	**$ 440,191**	**$ 174,346**	**39.6 %**

Our operating expenses include resort expenses, such as food and beverage, salaries and wages, utilities, other ongoing operational expenses and selling, general and administrative expenses. Our Net Operating Expenses for the year ended December 31, 2022 were $614.5 million, or 74.4%, of Total Net Revenue and $440.2 million, or 85.3%, of Total Net Revenue for the year ended December 31, 2021. 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 Operating Expenses for the year ended December 31, 2022 increased $174.3 million, or 39.6%, compared to the year ended December 31, 2021. The increase was primarily due to the following:

- increased operating expenses associated with higher occupancy levels as a result of the corresponding recovery in our operations compared to the year ended December 31, 2021;
- increased food and beverage and entertainment expenses on a per guest basis driven by our initiative to deliver an exceptional customer experience across our portfolio. The increase in food and beverage expenses was also impacted by higher food and beverage prices;
- an increase in utilities expenses driven by a global rise in energy prices;
- an increase in repairs and maintenance expenses partially driven by costs of repairing a commercial air conditioning unit in Jamaica;
- an increase in commissions to travel agents and tour operators, advertising expenses and credit card commissions resulting from higher occupancy levels;
- an increase in insurance expenses driven by higher premiums for the current year; and
- clean up and repair expenses incurred in 2022 due to the impact of Hurricane Fiona which are not expected to be offset by property damage insurance proceeds.

Depreciation and Amortization Expense

Our depreciation and amortization expense for the year ended December 31, 2022 decreased $6.1 million, or 7.7%, compared to the year ended December 31, 2021, primarily as a result of our disposition of the Capri Resort in June 2021 and accelerated depreciation recorded on asset disposals in 2021.

Other Impairment Loss

Our other impairment loss for the year ended December 31, 2022 decreased $13.1 million, or 100.0%, compared to the year ended December 31, 2021 as a result of the property and equipment impairment recognized upon classification of the Capri Resort as held for sale in March 2021. We had no impairment losses during the year ended December 31, 2022.

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 IFRS, while other information, though financial in nature, is not prepared in accordance with IFRS. For reconciliations of non-IFRS financial measures to the most comparable IFRS financial measure, see “Non-IFRS 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
- Net Operating Expenses
- EBITDA
- Adjusted EBITDA
- Adjusted EBITDA Margin
- Owned Resort EBITDA
- Owned Resort EBITDA Margin

Net Package Revenue, Net Non-package Revenue, Owned Net Revenue, Management Fee Revenue, Total Net Revenue and Net Operating 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 á 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 resort revenue, and an incentive fee, which is computed as a percentage of resort profitability. Management Fee Revenue was a minor contributor to our operating results for the years ended December 31, 2022 and 2021, 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 or net income.

"Net Operating Expenses" represents operating 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 (as defined below) 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 statistic 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-IFRS 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. EBITDA and Adjusted EBITDA (as defined below) include corporate expenses, which are overhead costs that are essential to support the operation of the Company, including the operations and development of our resorts. We define Adjusted EBITDA, a non-IFRS financial measure, as EBITDA further adjusted to exclude the following items:

- Other miscellaneous non-operating income or expense
- Pre-opening expense
- Share-based compensation
- Other tax expense
- Transaction expenses
- Severance expense for employee terminations resulting from non-recurring or unusual events, such as the departure of an executive officer or the disposition of a resort
- Gains from property damage insurance proceeds (i.e., property damage insurance proceeds in excess of repair and clean up costs incurred)
- Repairs from hurricanes and tropical storms (i.e., significant repair and clean up costs incurred which are not offset by property damage insurance proceeds)
- 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; and impairment losses.

We include the non-service cost components of net periodic pension cost or benefit recorded in calculating Adjusted EBITDA as they are considered part of our ongoing resort operations (see Note 29).

"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-IFRS 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 Operating Expenses are all useful to investors as they more accurately 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 a portion of the annual variable compensation for certain members of our management, including our executive officers, 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.

We believe that Owned Resort EBITDA and Owned Resort EBITDA Margin are useful to investors as they allow investors to measure resort-level performance and profitability by excluding expenses not directly tied to our resorts, such as corporate expenses, and excluding ancillary revenues not derived from our resorts, such as management fee revenue. We believe Owned Resort EBITDA is also helpful to investors that use it in estimating the value of our resort portfolio. Management uses these measures to monitor property-level performance and profitability.

Our non-IFRS financial measures are not substitutes for revenue, net income or any other measure determined in accordance with IFRS. There are limitations to the utility of non-IFRS 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-IFRS financial measures that other companies publish to compare the performance of those companies to our performance. Because of these limitations, our non-IFRS 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 IFRS results presented.

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

Non-IFRS Financial Measures

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

The following is a reconciliation of our net income or loss, as prepared in accordance with U.S. GAAP, to EBITDA and Adjusted EBITDA for the years ended December 31, 2022 and 2021 (*$ in thousands*):

	Year Ended December 31,	
	2022	**2021**
Net income (loss)	**$ 56,706**	**$ (89,682)**
Interest expense	64,164	71,378
Income tax benefit	(5,553)	(7,403)
Depreciation and amortization expense	78,372	81,508
EBITDA	**193,689**	**55,801**
Other (expense) income [(a)]	(3,857)	1,471
Share-based compensation	11,892	13,163
Transaction expense [(b)]	15,110	1,321
Severance expense [(c)]	—	1,756
Other tax expense [(d)]	502	617
Contract termination fees	—	400
Loss on extinguishment of debt	18,307	—
Impairment loss	—	24,011
Loss on sale of assets	6	676
Repairs from hurricanes and tropical storms [(e)]	8,074	475
Non-service cost components of net periodic pension cost	(1,104)	(520)
Adjusted EBITDA	**$ 242,619**	**$ 99,171**
Other corporate [(f)]	50,906	39,401
Management Fee Revenue	(3,828)	(2,291)
Owned Resort EBITDA	**$ 289,697**	**$ 136,281**

(a) Represents changes in foreign exchange rates and other miscellaneous non-operating expenses or income.

(b) Represents expenses incurred in connection with corporate initiatives, such as: system implementations; debt refinancing costs; other capital raising efforts; and strategic initiatives, like the launch of a new resort or possible expansion into new markets. For the year ended December 31, 2022, our transaction expenses included $12.9 million of costs specifically related to our debt refinancing in December 2022.

(c) Includes severance expenses for employee terminations resulting from non-recurring or unusual events, such as the departure of an executive officer or the disposition of a resort. It does not include severance expenses for employee terminations resulting from our ongoing resort operations.

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

(e) Includes significant repair and clean-up expenses incurred from natural events which are not expected to be offset by property damage insurance proceeds. It does not include repair and clean-up costs from natural events that are not considered significant. For the year ended December 31, 2022, the repair expenses and other losses related to Hurricane Fiona.

(f) For the years ended December 31, 2022 and 2021, represents corporate salaries and benefits, professional fees, corporate rent and insurance, and corporate travel, software licenses, board fees and other miscellaneous corporate expenses, as well as revenue generated by The Playa Collection in 2022.

The following table presents a reconciliation of our U.S. GAAP net income or loss to IFRS income or loss for the years ended December 31, 2022 and 2021 (*$ in thousands*):

	Year Ended December 31,	
	2022	**2021**
Net income (loss) per U.S. GAAP	**$ 56,706**	**$ (89,682)**
Reconciling items to IFRS		
Other impairment loss [1]	—	10,932
Share based compensation expense [2]	462	(28)
Depreciation expense [3]	5,443	2,523
Amortization of financing costs [4]	(2,175)	(2,149)
Fair value gains on warrant liability [5]	—	8,127
Income tax benefit [6]	19,128	7,503
Loss on extinguishment of debt [7]	(3,720)	—
Transaction expense [7]	12,866	—
Other	183	338
Income (loss) from continuing operations per IFRS	**$ 88,893**	**$ (62,436)**

(1) Difference in the amount of impairment loss due to different carrying values of property and equipment between U.S. GAAP and IFRS resulting from the timing of componentization.
(2) Differences due to the acceleration of share-based compensation expense for share-based awards with graded vesting service conditions under IFRS, compared to straight-line expense recognition for these awards under U.S. GAAP.
(3) Differences in depreciation due to the timing of componentization and the reversals of property and equipment impairment under IFRS.
(4) Differences in amortization due to amounts of deferred financing costs and discounts on borrowings capitalized in previous debt refinancing transactions.
(5) Other financial income recognized only under IFRS as we did not recognize a warrant liability under U.S. GAAP (see Note 27).
(6) Differences in the book and tax basis under IFRS and U.S. GAAP which primarily relate to property and equipment.
(7) Differences due to the treatment of third-party debt issue costs in the December 2022 debt refinancing, which was accounted for as a partial modification and partial extinguishment of debt. Third-party debt issue costs are capitalized in a debt modification under IFRS, but expensed under U.S. GAAP.

Seasonality

The seasonality of the lodging industry and the location of our resorts in Mexico, Jamaica and the Dominican Republic have historically resulted 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 altered this seasonal trend in 2021 and Net Package ADR was progressively stronger during the second, third and fourth quarters of 2021 than it was in the first quarter of 2021. We saw a return to pre-COVID-19 seasonality trends in 2022.

Inflation

We experienced a higher rate of inflation in our direct resort expenses in 2022 as compared to 2021. Inflation effects were experienced mostly through higher labor costs, food and beverage prices, and utility costs. Although we experienced some improvement in the fourth quarter of 2022, we expect that costs will likely remain elevated at least through the first half of 2023, but it could continue for longer. While we, like most operators of lodging properties, have the ability to adjust room rates to reflect the effects of inflation, competitive pricing pressures may limit our ability to raise room rates to fully offset inflationary cost increases.

Liquidity and Capital Resources

Our net cash provided by operating activities for the year ended December 31, 2022 was $171.9 million, representing a significant increase over 2021 as our business continues to recover from the impacts of the COVID-19 pandemic. We believe that our sources of cash, which consist of available cash and cash from operations, together with the available borrowing capacity under our revolving credit facility (the “2022 Revolving Credit Facility”) and our access to the capital markets, will be adequate to meet our cash requirements, including our contractual obligations, over the next twelve months and beyond.

Sources of Cash

As of December 31, 2022, we had $283.9 million of available cash, which increased from $270.1 million as of December 31, 2021, excluding restricted cash. The increase in available cash was primarily due to improved performance across our portfolio due to the ongoing recovery from the COVID-19 pandemic. We also benefited from increased vaccination levels, easing of government travel restrictions, and pent-up customer demand for leisure travel, as well as our strategic decision to focus on pricing discipline to coincide with investments in guest satisfaction at our resorts.

As of March 31, 2023, we had $281.5 million of available cash and $225.0 million available on our 2022 Revolving Credit Facility.

Our primary short-term cash needs are paying operating expenses, maintaining our resorts, and servicing our outstanding indebtedness. We expect to meet our short-term liquidity requirements generally through our existing cash balances, net cash provided by operations, sales of our equity securities or short-term borrowings under our 2022 Revolving Credit Facility.

We expect to meet our long-term liquidity requirements generally through the sources of cash available for short-term needs, net cash provided by operations, as well as equity or debt issuances or proceeds from the potential disposal of assets.

Cash Requirements

Our expected material cash requirements for the year ended December 31, 2023 and thereafter consist of (i) contractually obligated expenditures, including payments of principal and interest; (ii) other essential expenditures, including operating expenses and maintenance of our resorts; and (iii) opportunistic expenditures, including possible property developments, expansions, renovations, repositioning and rebranding projects, potential acquisitions, the repayment of indebtedness and discretionary repurchases of our securities.

As of December 31, 2022, we had $115.0 million of scheduled contractual obligations, excluding $35.3 million of other non-interest bearing obligations. In addition, as of December 31, 2022, we estimate that we will incur between $55.0 million and $65.0 million of capital expenditures for 2023, of which $35.0 million to $40.0 million is related to maintenance of our resorts and the remainder relates to return-on-investment oriented projects.

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 Consolidated Statements of Cash Flows and accompanying notes thereto included in the Consolidated Financial Statements *($ in thousands)*:

	Year Ended December 31,	
	2022	**2021**
Net cash provided by operating activities	$ 171,921	$ 30,375
Net cash (used in) provided by investing activities	$ (3,660)	$ 75,852
Net cash (used in) provided by financing activities	$ (154,404)	$ 16,942

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. 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.

Dividends

No cash dividends were paid for the year ended December 31, 2022. We also do not plan on paying cash dividends on our ordinary shares in the foreseeable future.

Share Repurchases

In December 2018, our Board established a $100.0 million share repurchase program, pursuant to which we may repurchase our outstanding ordinary shares as market conditions and our liquidity warrant. Our Board reauthorized and renewed the repurchase program in September 2022 so that there was again $100.0 million available under the program. The repurchase program is subject to certain limitations under Dutch law, including the existing repurchase authorization granted by our shareholders. Repurchases may be made from time to time in the open market, in privately negotiated transactions or by other means (including Rule 10b5-1 trading plans). Depending on market conditions and other factors, these repurchases may be commenced or suspended from time to time without prior notice. During the year ended December 31, 2022, we repurchased 7,838,992 ordinary shares under the program at an average price of $5.90 per share. During the year ended December 31, 2021, we did not repurchase any shares under the repurchase program. As of December 31, 2022, we had approximately $53.7 million remaining under our share repurchase program.

On February 9, 2023, our Board authorized a new $200.0 million share repurchase program, replacing the recent $100.0 million repurchase program announced in September 2022.

2022 Senior Secured Credit Facility

As of December 31, 2022, our total debt obligations were $1,105.7 million, which represents the $1,100.0 million principal amount outstanding under our 2022 Term Loan and 2022 Revolving Credit Facility, which together comprise our 2022 Senior Secured Credit Facility, and $5.7 million finance lease obligation, excluding $32.7 million of issuance discounts and $19.4 million of unamortized debt issuance costs.

For discussion of our debt obligations, refer to Note 18 to the Consolidated Financial Statements included within Chapter 7. *Financial Statements and Supplementary Data.*

Critical Accounting Policies and Estimates

All significant accounting policies are disclosed in Note 4 of our Consolidated Financial Statements, which include certain critical accounting policies that require us to exercise business judgment or make significant estimates. See Note 5 to our Consolidated Financial Statements for further information on our critical accounting judgments.

Fair Value of Financial Instruments

See Note 2 and Note 21 to our Consolidated Financial Statements for more information.

Recent Accounting Pronouncements

See the recent accounting pronouncements in Note 3 to our Consolidated Financial Statements.

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. See Note 21 to the Consolidated Financial Statements for further discussion regarding managing the risks of our financial instruments.

7. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

7.1 Consolidated Financial Statements

Playa Hotels & Resorts N.V.
Consolidated Statements of Financial Position
($ in thousands)

	Note	As of December 31, 2022	2021
ASSETS			
Non-current assets			
Property and equipment, net	8	$ 1,488,000	$ 1,530,564
Goodwill, net	7	63,237	63,237
Other intangible assets	7	6,556	7,632
Deferred tax assets	9	7,297	—
Other non-current assets	10	14,995	34,558
Total non-current assets		1,580,085	1,635,991
Current assets			
Derivative financial instruments	19	3,510	—
Inventories		20,046	18,076
Trade and other receivables, net	11	62,946	45,442
Insurance recoverable	8	34,191	—
Accounts receivable from related parties	12	8,806	7,981
Prepayments and other current assets	13	29,198	27,573
Cash and cash equivalents		283,945	270,088
Total current assets		442,642	369,160
Total assets		**$ 2,022,727**	**$ 2,005,151**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	$ 18,700	$ 18,518
Share premium	14	965,724	965,724
Other reserves	14	57,403	46,155
Treasury shares	14	(62,953)	(16,697)
Accumulated deficit		(379,241)	(479,652)
Total equity		599,633	534,048
Non-current liabilities			
Borrowings	18	1,051,256	933,280
Related party borrowings	18	—	194,472
Derivative financial instruments	19	—	3,603
Deferred tax liabilities	9	102,446	121,021
Other non-current liabilities	24	26,278	27,081
Total non-current liabilities		1,179,980	1,279,457
Current liabilities			
Trade and other payables	20	233,011	160,192
Payables to related parties	12	6,852	5,050
Borrowings	18	2,295	6,636
Derivative financial instruments	19	—	18,940
Income tax payable		956	828
Total current liabilities		243,114	191,646
Total liabilities		1,423,094	1,471,103
Total equity and liabilities		**$ 2,022,727**	**$ 2,005,151**

The accompanying Notes 1-30 are an integral part of these Consolidated Financial Statements.

Playa Hotels & Resorts N.V.
Consolidated Statements of Profit or Loss
($ in thousands, except share data)

	Note	Year Ended December 31, 2022	2021
Revenue	6	$ 856,263	$ 534,639
Operating expenses	25	(634,853)	(453,227)
Depreciation and amortization	7, 8	(72,929)	(78,985)
Other impairment loss	8	—	(13,079)
Loss on sale of assets		(5)	(327)
Operating income (loss)		**148,476**	**(10,979)**
Finance costs	26	(66,339)	(73,526)
Loss on extinguishment of debt	18	(22,027)	—
Other financial income, net	27	5,050	8,155
Net result of exchange differences		(948)	(992)
Income (loss) before tax		64,212	(77,342)
Income tax benefit	9	24,681	14,906
Income (loss)		**$ 88,893**	**$ (62,436)**
Earnings (loss) per share			
Basic	16	$ 0.54	$ (0.38)
Diluted	16	$ 0.53	$ (0.38)
Weighted average number of shares outstanding during the period - Basic		164,782,886	163,370,410
Weighted average number of shares outstanding during the period - Diluted		166,623,171	163,370,410

The accompanying Notes 1-30 are an integral part of these Consolidated Financial Statements.

Playa Hotels & Resorts N.V.
Consolidated Statements of Comprehensive Income (Loss)
($ in thousands)

		Year ended December 31,	
	Note	2022	2021
Income (loss)		**$ 88,893**	**$ (62,436)**
Pension obligation (loss) gain		(219)	430
Release of foreign currency translation reserve related to sale of Capri Resort	8	—	140
Gain on interest rate swaps	19	11,737	11,737
Other comprehensive income, net of tax		11,518	12,307
Comprehensive income (loss)		**$ 100,411**	**$ (50,129)**

The accompanying Notes 1-30 are an integral part of these Consolidated Financial Statements.

Playa Hotels & Resorts N.V.
Consolidated Statements of Changes in Equity
($ in thousands, except share data)

	Ordinary share capital (Note 14)		Treasury shares (Note 14)		Share premium (Note 14)	Equity-settled employee benefits reserve (Note 14)	Accumulated deficit	Total equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2020	**134,571,290**	**$ 14,871**	**2,198,796**	**$ (16,642)**	**$ 831,520**	**$ 33,098**	**$ (418,761)**	**$ 444,086**
Net loss	—	—	—	—	—	—	(62,436)	(62,436)
Net other comprehensive income	—	—	—	—	—	—	12,307	12,307
Total comprehensive loss							(50,129)	(50,129)
Immaterial correction of prior period error	—	—	—	—	—	—	(10,762)	(10,762)
Share-based compensation, net of tax withholdings	1,116,990	135	9,208	(55)	—	13,057	—	13,137
Equity issuance, net (see Note 14)	28,750,000	3,512	—	—	134,204	—	—	137,716
Balance at December 31, 2021	**164,438,280**	**$ 18,518**	**2,208,004**	**$ (16,697)**	**$ 965,724**	**$ 46,155**	**$ (479,652)**	**$ 534,048**
Net income	—	—	—	—	—	—	88,893	88,893
Net other comprehensive income	—	—	—	—	—	—	11,518	11,518
Total comprehensive income							100,411	100,411
Share-based compensation	1,629,220	182	—	—	—	11,248	—	11,430
Repurchase of ordinary shares	(7,838,992)	—	7,838,992	(46,256)	—	—	—	(46,256)
Balance at December 31, 2022	**158,228,508**	**$ 18,700**	**10,046,996**	**$ (62,953)**	**$ 965,724**	**$ 57,403**	**$ (379,241)**	**$ 599,633**

The accompanying Notes 1-30 are an integral part of these Consolidated Financial Statements.

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

	Note	Year ended December 31, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income (loss)		**$ 88,893**	**$ (62,436)**
Adjustments to reconcile income (loss) to net cash flows from operating activities			
Income tax benefit	9	(24,681)	(14,906)
Depreciation and amortization	7,8	72,929	78,985
Loss on extinguishment of debt	18	22,027	—
Share based compensation	15	11,430	13,192
Other impairment loss	8	—	13,079
Finance costs	26	66,339	73,526
Loss on sale of assets		5	327
Amortization of key money		(1,228)	(622)
Changes in other liabilities	24	1,172	31
Change in fair value of warrant liability	17	—	(8,127)
Other		569	814
Working capital adjustments:			
Inventories		(2,018)	(4,353)
Trade and other receivables, net	11	(17,455)	(23,895)
Insurance recoverable	8	(40,579)	—
Accounts receivable from related parties	12	(825)	(378)
Prepayments and other assets	13	(975)	9,011
Trade and other payables	20	71,111	42,885
Payables to related parties	12	1,802	(5,377)
Income taxes payable		(5)	(309)
Net cash provided by operating activities		248,511	111,447
Income taxes paid		(1,098)	(2,127)
Interest paid		(75,492)	(78,945)
Net cash provided by operating activities		**171,921**	**30,375**
INVESTING ACTIVITIES:			
Capital expenditures	8	(28,735)	(17,334)
Purchase of intangibles	7.2	(484)	(308)
Proceeds from sale of assets, net	8	182	89,179
Restricted cash reserve	10	23,489	2,452
Property damage insurance proceeds	8	6,388	—
Payment of key money	10	(4,500)	—
Receipt of key money	24	—	1,863
Net cash (used in) provided by investing activities		**(3,660)**	**75,852**
FINANCING ACTIVITIES:			
Proceeds from debt issuance, net of discount	18	1,061,500	—
Issuance costs of debt	18	(19,678)	—
Proceeds from ordinary shares, net of issuance costs	14	—	137,716
Repayments of borrowings on revolving credit facility	18	—	(84,667)
Repayment of debt	18	(941,868)	(34,479)
Repayment of debt from related parties	18	(208,545)	(681)
Repurchase of ordinary shares	14	(44,588)	—
Repurchase of ordinary shares for tax withholdings		—	(55)
Principal payments on finance lease obligations		(1,225)	(892)
Net cash (used in) provided by financing activities		**(154,404)**	**16,942**
Net increase in cash and cash equivalents		**13,857**	**123,169**
Cash and cash equivalents at the beginning of the period		**$ 270,088**	**$ 146,919**
Cash and cash equivalents at the end of the period		**$ 283,945**	**$ 270,088**

SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES					
Capital expenditures incurred but not yet paid	8	$	2,328	$	929
Repurchase of ordinary shares not yet settled	14	$	1,668	$	—
Intangible assets capitalized but not yet paid	7	$	—	$	155
Par value of vested restricted share awards		$	182	$	135
Right-of-use assets obtained in exchange for finance lease liabilities within debt	18	$	—	$	3,925
Right-of-use assets obtained in exchange for operating lease liabilities within other assets		$	—	$	262

The accompanying Notes 1-30 are an integral part of these Consolidated Financial Statements.

Playa Hotels & Resorts N.V.
Notes to the Consolidated Financial Statements

1. Organization and description of the Company

1.1 Background

Playa Hotels & Resorts N.V. ("Playa" or the "Company") (The Nasdaq Stock Market LLC: PLYA) 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 25 resorts located in Mexico, the Dominican Republic and Jamaica. Unless otherwise indicated or the context requires otherwise, references in our consolidated financial statements (our "Consolidated Financial Statements") to "we," "our," "us" and similar expressions refer to Playa and its subsidiaries. Capitalized terms not otherwise defined in these Consolidated Financial Statements shall have the meanings set forth in the Directors' Report that these Consolidated Financial Statements are attached to.

1.2 General information

The address of Playa's registered office is Nieuwezijds Voorburgwal 104, 1012 SG Amsterdam, Netherlands (Chamber of Commerce: 67450628).

1.3 Subsidiaries

Playa's consolidated subsidiaries, all of which were wholly owned, as of December 31, 2022 are as follows:

Subsidiary	Country	Category	Resort
Paloma Capital N.V.	Curacao	Holding	—
Perfect Timing N.V.	Curacao	Holding	—
Perfect Tours N.V.	Curacao	Holding	—
Montego Portfolio Limited(4)	Jamaica	Holding	—
Playa H&R Holdings B.V.	The Netherlands	Holding	—
Playa Hotels & Resorts N.V.	The Netherlands	Holding	—
Playa Resorts Holding B.V.	The Netherlands	Holding	—
Playa Riviera Maya B.V.	The Netherlands	Holding	—
Playa Romana B.V.	The Netherlands	Holding	—
St. James Parish Resort Limited	St. Lucia	Holding	—
Hilmobay Resort Lucia Limited	St. Lucia	Holding	—
Grande Resort Lucia Limited	St. Lucia	Holding	—
Runaway Bay Resort Lucia Limited	St. Lucia	Holding	—
Paradise Cove Resort Lucia Limited	St. Lucia	Holding	—
Dunn's River Resort Lucia Limited	St. Lucia	Holding	—
Jamziv Mobay Lucia Limited	St. Lucia	Holding	—
Hilmobay Resort III, LLC	USA	Other	—
Playa Dominican Resort III, LLC	USA	Other	—
Playa Management USA, LLC (Canadian Branches - Ontario and BC)	Canada	Resort Operations	—
Playa Management, LLC (DR Branch)	Dominican Republic	Resort Operations	—
Servicios PLYA DR Hoteles, S.A.S.	Dominican Republic	Resort Operations	—
Best Trip Tours & Travel, S.R.L.	Dominican Republic	Resort Operations	—
JG Management Co. Limited	Jamaica	Resort Operations	—
Services PLYA Hotels Limited	Jamaica	Resort Operations	—
Servicios PLYA Hotels & Resorts, S. de R.L.de C.V.	Mexico	Resort Operations	—
Hotel Gran Caribe Real, S. de R.L. de C.V.	Mexico	Resort Operations	—
Playa Resorts Management Mexico, S. de R.L. de C.V.	Mexico	Resort Operations	—
Servicios Hoteleros de Capri, S. de R.L. de C.V.	Mexico	Resort Operations	—
Servicios Hoteleros de Punta Cancún, S. de R.L. de C.V.	Mexico	Resort Operations	—
Servicios Hoteleros Grand Cabos Baja, S. de R.L. de C.V.	Mexico	Resort Operations	—
Servicios Hoteleros Pvall, S. de R.L. de C.V.	Mexico	Resort Operations	—
Servicios Hoteleros Rmaya One, S. de R.L. de C.V.	Mexico	Resort Operations	—
Playa Management, LLC (MX Branch)	Mexico	Resort Operations	—
Playa Management USA, LLC (1)	USA	Resort Operations	—

Subsidiary	Country	Category	Resort
Playa Management, LLC [2]	USA	Resort Operations	—
Playa Resorts Management, LLC	USA	Resort Operations	—
Resort Room Sales, LLC	USA	Resort Operations	—
Resort Room Sales II, LLC	USA	Resort Operations	—
Inversiones Vilazul, S.A.S.	Dominican Republic	Resorts	Jewel Punta Cana
Playa Cana B.V. (DR Branch)	Dominican Republic	Resorts	—
Playa Romana Mar B.V. (DR Branch)	Dominican Republic	Resorts	—
Playa Dominican Resort B.V. (DR Branch)	Dominican Republic	Resorts	—
Ensenada Fugitiva Resort Limited	Jamaica	Resorts	—
Rio Ensenada Mammee Resort Limited	Jamaica	Resorts	—
Hilmobay Resort Limited	Jamaica	Resorts	Hilton Rose Hall Resort & Spa
Ensenada Rosa Grande Resort Limited [3]	Jamaica	Resorts	Jewel Grande Montego Bay Resort & Spa
Ensenada Paraiso Resort Limited	Jamaica	Resorts	Jewel Paradise Cove Beach Resort & Spa
Playa Hall Jamaican Resort Limited	Jamaica	Resorts	Hyatt Ziva and Hyatt Zilara Rose Hall
Cameron del Caribe, S. de R.L. de C.V.	Mexico	Resorts	Hyatt Ziva Cancún
Cameron del Pacífico, S. de R.L. de C.V.	Mexico	Resorts	Hyatt Ziva Puerto Vallarta
Desarrollos GCR, S. de R.L. de C.V.	Mexico	Resorts	Wyndham Alltra Cancún
Gran Desing & Factory, S. de R.L. de C.V.	Mexico	Resorts	Hyatt Zilara Cancún
Inmobiliaria Y Proyectos TRPLAYA, S. de R.L. de C.V.	Mexico	Resorts	Hilton Playa del Carmen All-Inclusive Resort
Playa Cabos Baja, S. de R.L. de C.V.	Mexico	Resorts	Hyatt Ziva Los Cabos
Playa Gran, S. de R.L. de C.V.	Mexico	Resorts	Wyndham Alltra Playa del Carmen
Playa Rmaya One, S. de R.L. de C.V.	Mexico	Resorts	Dreams Puerto Aventuras
Playa Cana B.V. [4]	The Netherlands	Resorts	Jewel Palm Beach
Playa Romana Mar B.V. [4]	The Netherlands	Resorts	Hilton La Romana All-Inclusive Resort
Playa Dominican Resort B.V. [4]	The Netherlands	Resorts	Hyatt Ziva and Hyatt Zilara Cap Cana

(1) With branches in Canada.

(2) With branches in the Dominican Republic and Mexico.

(3) Assets for operations are held in both Montego Portfolio Limited and Ensenada Rosa Grande Resort Limited.

(4) With a branch in the Dominican Republic.

1.4 Investment in associates

As of December 31, 2022, our investment in associates consisted of a 25% interest in Invermax S.A., a company that supplies fresh water for consumption at one of our resorts. The investment is included within other non-current assets in the Consolidated Statements of Financial Position in the amount of $1.6 million and $1.5 million as of December 31, 2022 and 2021, respectively.

1.5 Resort properties

As of December 31, 2022, we owned and/or managed a portfolio of 25 resorts in Mexico, the Dominican Republic and Jamaica:

Current Name of Resort	Rooms	Location
Owned Resorts		
Yucatán Peninsula		
Hyatt Ziva Cancún	547	Cancún, Mexico
Hyatt Zilara Cancún	310	Cancún, Mexico
Wyndham Alltra Cancún	458	Cancún, Mexico
Hilton Playa del Carmen All-Inclusive Resort	524	Playa del Carmen, Mexico
Wyndham Alltra Playa del Carmen	287	Playa del Carmen, Mexico
Pacific Coast		
Hyatt Ziva Los Cabos	591	Cabo San Lucas, Mexico
Hyatt Ziva Puerto Vallarta	335	Puerto Vallarta, Mexico
Dominican Republic		
Hilton La Romana All-Inclusive Resort	356	La Romana, Dominican Republic
Hilton La Romana All-Inclusive Resort	418	La Romana, Dominican Republic
Jewel Palm Beach (1)	500	Punta Cana, Dominican Republic
Jewel Punta Cana	620	Punta Cana, Dominican Republic
Hyatt Ziva Cap Cana	375	Cap Cana, Dominican Republic
Hyatt Zilara Cap Cana	375	Cap Cana, Dominican Republic
Jamaica		
Hyatt Ziva Rose Hall	276	Montego Bay, Jamaica
Hyatt Zilara Rose Hall	344	Montego Bay, Jamaica
Hilton Rose Hall Resort & Spa	495	Montego Bay, Jamaica
Jewel Paradise Cove Beach Resort & Spa	225	Runaway Bay, Jamaica
Jewel Grande Montego Bay Resort & Spa(2)	88	Montego Bay, Jamaica
Total Rooms Owned	**7,124**	
Managed Resorts (3)		
Sanctuary Cap Cana	324	Punta Cana, Dominican Republic
Jewel Grande Montego Bay Resort & Spa	129	Montego Bay, Jamaica
The Yucatán Playa Del Carmen All-Inclusive Resort	60	Playa del Carmen, Mexico
Hyatt Ziva Riviera Cancún	438	Riviera Maya, Mexico
Hyatt Zilara Riviera Maya(4)	291	Riviera Maya, Mexico
Seadust Cancún Family Resort(5)	502	Cancún, Mexico
Kimpton Hacienda Tres Ríos Resort, Spa & Nature Park(6)	255	Playa del Carmen, Mexico
Wyndham Alltra Riviera Nayarit(7)	229	Nuevo Vallarta, Mexico
Total Rooms Operated	**2,228**	
Total Rooms Owned and Operated	**9,352**	

(1) Prior to January 6, 2023, this resort was managed by AMResorts and operated under the Dreams brand.
(2) Represents an 88-unit tower and spa owned by us. We manage the majority of the units within the remaining two condo-hotel towers that comprise the Jewel Grande Montego Bay Resort & Spa.
(3) Owned by a third party.
(4) We entered into a management agreement to operate this resort during the first quarter of 2021. The resort underwent renovations and opened in December 2022.
(5) We entered into a management agreement to operate this resort during the second quarter of 2022 and commenced operations in February 2023.
(6) We entered into a management agreement to operate this resort during the second quarter of 2022. The resort is currently undergoing renovations and we expect to commence operations in early 2024.
(7) We entered into a management agreement to operate this resort in the third quarter of 2022 and commenced operations in October 2022.

2. Basis of preparation, presentation and measurement

These Consolidated Financial Statements have been prepared in accordance with the regulatory framework set forth in Note 4.1. The Consolidated Financial Statements have been approved for issue by the Board of Directors (the "Board") on April 13, 2023, and will be subject to adoption by the Shareholders on May 11, 2023.

The Consolidated Financial Statements have been prepared based on historical cost, with the exception of balances that are measured at fair value, as explained in Note 21.3.

The Consolidated Financial Statements have been prepared assuming that the Company will continue as a going concern.

3. Application of new and revised IFRS

3.1 Newly effective IFRS standards and interpretations

During the year ended December 31, 2022, we did not adopt any IFRS standards and interpretations that became effective during the year that would have materially impacted the financial statements.

3.2 IFRS standards and interpretations issued but not effective

The most significant IFRS standards, interpretations and amendments issued before December 31, 2022, but not yet effective as of December 31, 2022 (either because their effective date was subsequent to the date of the Consolidated Financial Statements, or because they had not been endorsed by the European Union yet) are listed below. We intend to adopt these standards, as applicable, when they become effective.

Standards, Interpretations & Amendments	Effective Date	Endorsed by the European Union?	Expected Impact
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (issued on 12 February 2021)	Annual periods on or after January 1, 2023	Yes	*
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)	Annual periods on or after January 1, 2023	Yes	*
Amendments to IAS 12 Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (issued on 7 May 2021)	Annual periods on or after January 1, 2023	Yes	*
Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)	Annual periods on or after January 1, 2023	Yes	*
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020), Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 5 July 2020), and Non-current Liabilities with Covenants (issued on 31 October 2022)	Annual periods on or after January 1, 2024	No	*
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)	Annual periods on or after January 1, 2024	No	*

* We are currently assessing the impact of these standards, interpretations and amendments published but not yet effective, but do not currently expect that they will have a material impact on the Consolidated Financial Statements.

We anticipate that these new standards, interpretations and amendments will be applied to the Consolidated Financial Statements for the periods beginning on the respective dates indicated above.

4. Significant accounting policies

4.1 Regulatory framework applicable to the financial information

The regulatory framework applied to the group financial information is established by:

- IFRS as issued by the International Accounting Standards Board ("IASB") and as endorsed by the European Union.
- Title 9, Book 2 of the Netherlands Civil Code ("NCC").
- Combination 3 as allowed in the NCC for the Company Financial Statements in Chapter 7.2.

4.2 Principles of consolidation

Our Consolidated Financial Statements include the accounts of Playa and our subsidiaries all of which we wholly own and control. All intercompany transactions and balances have been eliminated in the consolidation process.

4.3 Foreign currency

Our reporting currency is the U.S. dollar. We have determined that the U.S. dollar ("USD") is the functional currency of all of our international operations. Foreign currency denominated monetary asset and liability amounts are remeasured into U.S. dollars at end-of-period exchange rates. Foreign currency denominated non-monetary assets, such as inventories, prepaid expenses, fixed assets and intangible assets, are recorded in U.S. dollars at historical exchange rates. Foreign currency denominated income and expense items are recorded in U.S. dollars at the applicable daily exchange rates in effect during the relevant period.

For purposes of calculating our tax liability in certain foreign jurisdictions, we index our depreciable tax bases in certain assets for the effects of inflation based upon statutory inflation factors. The effects of these indexation adjustments are reflected in income tax benefit in the Consolidated Statements of Profit or Loss.

Foreign exchange gains and losses are presented in the Consolidated Statements of Profit or Loss within net result of exchange differences.

4.4 Related party transactions

We conduct transactions with related parties in the ordinary course of business. These transactions are summarized in Note 12.

4.5 Investments in associates

An associate is an entity over which we have significant influence. We use the equity method of accounting for its investments in associates in which we have significant influence, but not control, over the associates' operations. The investment is initially recorded at cost and is adjusted thereafter based on our share of the income or loss of the associate. Our share of income or loss is included within other financial income, net in the Consolidated Statements of Profit or Loss.

4.6 Property and equipment, net

Property and equipment are stated at historical cost less accumulated depreciation and impairment. The costs of improvements that extend the life of property and equipment, such as structural improvements, equipment and fixtures, are capitalized. In addition, we capitalize soft costs such as interest, insurance, construction administration and other costs that clearly relate to projects under development or construction. Start-up costs, ongoing repairs and maintenance are expensed as incurred. Buildings that are being developed or closed for substantial redevelopment are carried at cost and no depreciation is recorded on these assets until they are put into or back into service. The useful life of buildings under re-development is re-evaluated upon completion of the projects.

Land is not depreciated because it has an unlimited useful life. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values (if any) over their estimated useful lives, as follows:

Buildings	5 to 50 years
Fixtures and machinery	7 to 18 years
Furniture and other fixed assets	4 to 12 years

The assets' estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

4.7 Goodwill and other intangible assets

a) Goodwill, net

Goodwill arises in connection with business combinations and is generally allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill is reviewed for impairment annually on July 1st and October 1st, respectively, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of each CGU, including goodwill, is compared to its recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed. No goodwill impairment was recognized for the years ended December 31, 2022 and 2021.

b) Other intangible assets

The useful life for definite lived intangibles is determined to be equal to their economic life. An impairment loss is recognized for our indefinite or definite lived assets when the amount by which the asset's carrying amount exceeds its recoverable amount. Our intangible assets are valued at historical cost less accumulated amortization and impairment. No impairment was recognized for the years ended December 31, 2022 and 2021.

4.8 Impairment of non-financial assets

Assets that are subject to amortization and depreciation (i.e., property and equipment) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or the asset's value in use. The value in use is calculated by the future cash flows discounted to their present value using projected financial results prepared by management for each of the next five years. The fair value includes a residual value based on the cash flow for the last projected year at a normalized rate in perpetuity. The referenced growth rate cannot exceed the estimated long-term inflation rate of the market in which we operate. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

Non-financial assets other than goodwill that incurred impairment are reviewed for possible reversal of the impairment at each reporting date. If an impairment loss is subsequently reversed, the book value of the asset or the cash generating unit is increased by the estimated recoverable amount. The recoverable amount is limited to the historical carrying cost of the asset as if no impairment had been recognized. The reversal of an impairment loss is recognized in income.

We recognized an impairment loss of $13.1 million related to the sale of the Capri Resort for the year ended December 31, 2021 (see Note 8). No impairment was recognized for the year ended December 31, 2022.

4.9 Cash and cash equivalents

Cash and cash equivalents are comprised of cash balances and highly liquid cash deposits with maturities at the date of acquisition of three months or less, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. We classify these cash instruments as Level 1 under the fair value hierarchy within IFRS 13. Financial instruments that potentially subject us to a concentration of credit risk consist of cash on deposit at financial institutions where the deposits are either uninsured or in excess of insured limits and money market fund balances. Substantially all of our cash is held by financial institutions that we believe are of high-credit quality.

4.10 Inventories

Inventories consist of food, beverages and other items related to consumption and are valued at the lower of cost or net realizable value. Cost is determined using the weighted average cost method.

4.11 Trade and other receivables, net

Trade and other receivables include amounts due from guests and vendors for merchandise sold or services performed in the ordinary course of business as well as other miscellaneous receivables, such as insurance. Collection of these amounts is expected in one year or less. We recognize lifetime estimated credit losses for trade and other receivables using a provision matrix based on our historical credit loss experience, adjusted for debtor-specific factors and general economic conditions. Our estimate also includes an assessment of both current and forecasted conditions at the reporting date. Subsequent recoveries of amounts previously written off are credited against the allowance accounts. Changes in the carrying amount of the allowance for doubtful accounts are recognized in the Consolidated Statements of Profit or Loss. Due to the low collectability risk, we have historically experienced insignificant write offs and expect that our future write offs will continue to be insignificant.

4.12 Assets held for sale

We classify resorts as held for sale when the sale is probable, will be completed within one year and actions to complete the sale are unlikely to change or it is unlikely that the sale will not occur. This is consistent with our experience with real estate transactions under which the timing and final terms of a sale are frequently not known until purchase agreements are executed, the buyer has a significant deposit at risk and no financing contingencies exist that could prevent the transaction from being completed in a timely manner. We typically classify resorts as held for sale when all the following conditions are met:

- our Board has approved the sale (to the extent that the dollar amount of the sale requires Board approval);
- a binding agreement to sell the resort has been signed under which the buyer has committed a significant amount of nonrefundable cash; and
- no significant financing contingencies exist that could prevent the transaction from being completed in a timely manner.

If these criteria are met, we will cease recording depreciation expense, record an impairment loss to the extent the carrying amount of the resort exceeds the fair value less cost to sell and classify the assets and related liabilities as held for sale on the Consolidated Statements of Financial Position. Assets and related liabilities classified as held for sale are measured at the lower of their carrying value or fair value less costs to sell. Gains on sales are recognized at the time of sale.

4.13 Ordinary share capital and share premium

Ordinary shares are classified as equity. Shares are classified as equity when there is no obligation to transfer cash or other assets to the holder thereof. Incremental costs directly attributable to the issuance of ordinary shares are recognized as a deduction from equity, net of any tax effects.

4.14 Financial instruments

The Consolidated Statements of Financial Position contains various financial instruments including, but not limited to, 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 non-current liabilities including our pension obligation, and borrowings. Derivative financial instruments are recorded at fair value; all other financial assets and financial liabilities are recorded at amortized cost.

4.15 Derivative financial instruments

Derivative financial instruments are initially recorded at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at period end. Changes in the fair value of a derivative contract that is qualified, designated and highly effective as a cash flow hedge are recorded in our Consolidated Statements of Comprehensive Income (Loss) and reclassified into finance costs in our Consolidated Statements of Profit or Loss in the same period or periods during which the hedged transaction affects earnings. If a derivative contract does not meet this criteria, then the change in fair value is recognized in the Consolidated Statements of Profit or Loss.

Hedge ineffectiveness is based on the results of the Hypothetical-Derivative Method and is measured on at least a quarterly basis. Under the Hypothetical-Derivative Method, the cumulative change in fair value of the actual swap will be compared to the cumulative change in fair value of a hypothetical swap, which has terms that exactly match the critical terms of the hedged transactions. The amount of ineffectiveness, if any, recorded in the Consolidated Statements of Profit or Loss will be equal to the excess of the cumulative change in the fair value of the actual swap over the cumulative change in the fair value of the perfect hypothetical swap.

We do not enter into derivative transactions for trading or speculative purposes.

Cash flows from designated derivative financial instruments are classified within the same category as the item being hedged in the Consolidated Statements of Cash Flows.

4.16 Derecognition of financial liabilities

We derecognize financial liabilities when, and only when, our obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the Consolidated Statements of Profit or Loss immediately.

4.17 Borrowings

Borrowings are recognized at amortized cost. Debt issue costs and discount incurred on borrowings are recorded in the Consolidated Statements of Financial Position as direct deductions to the principal and are amortized over the term of the borrowing utilizing the effective interest rate method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use or sale, are recognized as part of the cost of the asset until the time the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to the Consolidated Statements of Profit or Loss as incurred.

4.18 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

4.19 Provisions and contingencies

Provisions are recognized when we have a present obligation (legal or constructive) as a result of a past event, whereby it is probable that we will be required to settle such obligation, but the ultimate settlement date and/or amount of payment are unknown.

Contingencies are amounts relating to possible obligations (legal or constructive) as a result of a past event, whereby the settlement, if any, is conditional upon the occurrence of an event that is not in our control.

The amount recognized as a provision is the best available estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Contingent liabilities are not recognized as part of the Consolidated Financial Statements, but instead are disclosed in the Notes to the Consolidated Financial Statements to the extent that they are not probable or they cannot be measured reliably.

Provisions are measured using the present value of the best available estimate of the outflow required to settle or transfer the obligation, taking into account all available information about the contingency. Adjustments to the estimate of contingent liabilities are recognized in the Consolidated Statements of Profit or Loss in the period in which the change in estimate occurs.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The provision is recorded net of the receivable when there is a binding legal commitment releasing us from liability.

Although we use the provision versus contingency approach to determine whether an uncertain tax position ("UTP") needs to be recorded in the Consolidated Financial Statements, it would not be appropriate to group UTPs, which are income tax related provisions, with other non-income tax provisions. UTPs are recorded through income tax expense and a separate liability account, for any amounts where there is a more likely than not chance of future liabilities that can be reasonably estimated.

4.20 Leases

We determine if an arrangement is a lease or contains a lease at the inception of the contract. Our leases generally contain fixed and variable components. The variable components of our leases are primarily based on operating performance of the leased property. Our lease agreements may also include non-lease components, such as common area maintenance. For our fixture and machinery asset class, we combine the lease and non-lease components. For all other class of underlying assets, we do not combine lease and non-lease components.

Lease liabilities, which represent our obligation to make lease payments arising from the lease, and corresponding right-of-use assets, which represent our right to use an underlying asset for the lease term, are recognized at the commencement date of the lease based on the present value of future payments over the lease term. We calculate the present value of future payments using the discount rate implicit in the lease, if available, or our incremental borrowing rate.

For leases that are not a component of our borrowings financial statement caption ("operating leases") and which consist of our leases of administrative office space, lease expense relating to fixed payments is recognized on a straight-line basis over the lease term and lease expense relating to variable payments is expensed as incurred. The right of use asset and lease liability for our operating leases is presented within other non-current assets and other non-current liabilities, respectively. Our lease expense is reported in operating expenses in the Consolidated Statements of Profit or Loss depending on the nature of the lease.

For finance leases, the amortization of the asset is recognized over the shorter of the lease term or useful life of the underlying asset. However, if the lessor transfers ownership of the finance lease right of use asset to us at the end of the lease term, the finance lease right of use asset is amortized over the useful life of the leased asset. Amortization expense is recorded within depreciation and amortization in the Consolidated Statements of Profit or Loss. Interest expense is incurred based on the carrying value of the lease liability and is recorded within finance costs in the Consolidated Statements of Profit or Loss.

4.21 Current and deferred income tax

Income tax benefit represents the sum of current and deferred tax. Tax effects are recognized in the Consolidated Statements of Profit or Loss, except to the extent that it relates to items recognized in other comprehensive income (loss) or directly in equity (in which case, the tax is also recognized in other comprehensive income (loss) or directly in equity, respectively).

Current tax

The current income tax provision is calculated on the basis of the tax laws enacted at the Consolidated Statements of Financial Position date in the countries where Playa and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts that are expected to be paid to tax authorities.

Deferred tax

Deferred tax assets and liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arise from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where we are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which we expect, at the end of the period, to recover or settle the carrying amount of our assets and liabilities.

4.22 Revenue recognition

Revenue is recognized on an accrual basis when the rooms are occupied and services have been rendered. We primarily derive our revenue from the following sources:

- *Package revenue:* Revenues derived from all-inclusive packages purchased by our guests, which include room accommodations, food and beverage services and entertainment activities, are included in the revenue line item of the Consolidated Statements of Profit or Loss and are considered one performance obligation. Contract liabilities consist of advanced deposits received from customers which are deferred until the rooms are occupied and the services have been rendered. Advance deposits are included in trade and other payables in the Consolidated Statements of Financial Position. Revenue is measured at the fair value of the consideration received or receivable, stated net of estimated discounts, rebates and value added taxes and recognized when our performance obligation of all-inclusive services is considered transferred to the customer.
- *Non-package revenue:* Revenue associated with upgrades, premium services and amenities that are not included in the all-inclusive package. This includes, but is not limited to, premium rooms, dining experiences, wines and spirits and spa packages which are included in the revenue line item of the Consolidated Statements of Profit or Loss. Revenue is recognized based on the agreed upon price after the completion of the sale when the product or service is transferred to the customer. Food and beverage revenue not included in a guest's all-inclusive package is recognized when the goods are consumed.

- *Management fees:* Management fees are derived from resorts that we manage, typically under long-term contracts with the property owner. Management fees are typically composed of a base fee, which is computed as a percentage of resort revenue, and an incentive fee, which is computed as a percentage of resort profitability. We recognize revenue over the term of the service period as the third-party owners benefit from our management services. Revenue from management contracts is included in the revenue line item of the Consolidated Statements of Profit or Loss.
- *Cost reimbursements:* Cost reimbursements are derived from the reimbursement of certain costs incurred by Playa on behalf of resorts managed by Playa and owned by third parties. These revenues are fully offset by reimbursed costs and have no impact on net income. Cost reimbursements are recognized when agreed upon reimbursable costs are incurred from managing resorts owned by third-parties.

4.23 Share-based compensation

We have an equity incentive plan that provides for the grant of share options, share appreciation rights, restricted shares, share units, unrestricted shares, dividend equivalent rights, performance shares and other performance-based awards, other equity-based awards, and cash bonus awards. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 15. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on our estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

- *Awards vesting with the passage of time:* Share-based compensation is measured at the fair value of the award on the date of grant and recognized as an expense on a straight-line basis over the vesting period. For share-based compensation awards with graded vesting conditions, expense is recognized under the accelerated method.

- *Awards vesting with performance conditions that are market conditions:* The market conditions are incorporated into the fair value measurement and recognized as an expense on a straight-line basis over the vesting period. The compensation expense is not adjusted if the conditions are not met. The determination of fair value on the date of grant is subjective and involves significant estimates and assumptions including expected volatility of our shares, expected dividend yield, expected term and assumptions of whether these awards will achieve performance thresholds.

At the end of each reporting period, we revise our estimate of the number of equity instruments expected to vest. The impact of the revision of original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

4.24 Statement of cash flows

The cash flow statement is prepared using the indirect method. Changes in Consolidated Statements of Financial Position items that have not resulted in cash flows such as gains and losses on financial liabilities, fair value changes, and other non-cash items are adjustments to income or loss for the purpose of preparing this statement. Interest and income taxes paid are included in operating activities.

4.25 Share repurchase program and treasury shares

From time to time, our Board may authorize repurchases of our outstanding shares. Shares repurchased under Board-authorized repurchase programs are currently held in treasury for general corporate purposes. Treasury shares are accounted for on the trade date and recorded as treasury shares on the Consolidated Statements of Financial Position as a reduction to shareholders' equity.

5. Critical accounting judgments and key sources of estimating uncertainty

Management has prepared the accompanying Consolidated Financial Statements using judgments and estimates that impact the carrying amount of assets and liabilities. Such judgments and estimates are based on historical experience and other factors considered reasonable under the present circumstances, and are not readily determinable from other sources. We periodically review these estimates; however, given their inherent uncertainty, it may be necessary to make significant adjustments to the carrying amounts of assets and liabilities affected in future periods should changes occur in the information on which these estimates were based. These adjustments, when applicable, are recorded on a prospective basis and the effects of the changes recognized currently in the corresponding Consolidated Financial Statements.

The key assumptions in developing the estimate, as well as other relevant information regarding the uncertainties existing at the reporting date, that significantly affect the carrying amounts of our assets and liabilities are as follows:

Property and equipment, net - Estimating useful lives of property and equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over an estimated useful life of five to 50 years for buildings, seven to 18 years for fixtures and machinery and four to 12 years for furniture and other fixed assets.

We are required to apply judgment in determining the estimated useful lives of our property and equipment for purposes of calculating the amount of depreciation expense to record each year with respect to the assets. Changes to the significant assumptions or estimates of useful lives could materially affect our results of operations; however, there were no significant changes to our estimates of useful lives during the year ended December 31, 2022.

Property and equipment, net - Estimates related to the impairment of property and equipment

We are required to apply judgment in determining whether indicators of impairment are present at one or more of our asset groups, or resorts. The determination as to whether a triggering event exists is based on our knowledge of the industry, historical experience, market and economic conditions, the business climate, our operations and other relevant facts and circumstances as of the assessment date.

Judgment is also required in estimating the fair value of our resorts when quantitatively assessing an asset group for impairment or impairment reversal. Under the discounted cash flow approach, we utilize various assumptions and estimates including projections of revenues and expenses based on estimated growth rates and discount rates based on the weighted-average cost of capital. Our estimates of growth and costs are based on historical data as well as various internal projections and external sources. The weighted-average cost of capital is estimated based on each resort's cost of debt and equity and a selected capital structure.

Changes in the judgments, estimates or assumptions utilized in our qualitative or quantitative property and equipment impairment testing could result in future impairment losses, which could be material to our results of operations.

Goodwill - Estimates related to the impairment of goodwill

Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate a potential impairment.

We are required to apply judgment in determining whether indicators of impairment are present at one or more of our cash-generating units. The determination as to whether a triggering event exists is based on our knowledge of the industry, historical experience, market and economic conditions, the business climate and other relevant facts and circumstances as of the assessment date.

Judgment is also required in estimating the fair value of our cash-generating units. Under the discounted cash flow approach, we utilize various assumptions and estimates including projections of revenues and expenses based on estimated growth rates and discount rates based on the weighted-average cost of capital. Our estimates of growth and costs are based on historical data as well as various internal projections and external sources. The weighted-average cost of capital is estimated based on each cash-generating unit's cost of debt and equity and a selected capital structure.

Changes in the estimates and assumptions used in our qualitative or quantitative goodwill impairment testing could result in future impairment losses, which could be material to our results of operations.

Income taxes - Estimates related to tax liabilities and realization of deferred tax assets

We recognize deferred tax assets and liabilities based on the differences between the financial statement bases and tax bases of our assets and liabilities using currently enacted tax rates for the period in which the deferred tax items are expected to reverse. Significant judgment is required in the calculation of our tax provision and the resulting tax liabilities as well as our ability to realize our deferred tax assets. Our estimates of future taxable income can significantly affect our tax provision in a given period. Significant judgment is required in determining our ability to realize our deferred tax assets related to federal, state and foreign tax attributes within their carryforward periods, as we estimate the amount and timing of the future reversal of deferred tax items in our projections of future taxable income. We establish a valuation allowance to reduce deferred tax assets to the amounts we expect to realize in the future.

We recognize income tax positions only when we estimate that it is “more likely than not” that the position will be sustainable based on its technical merits. Assumptions, judgment and the use of estimates are required in determining if the “more likely than not” standard has been met when developing our provision for income taxes. Changes to the assessment of the “more likely than not” standard could materially impact our Consolidated Financial Statements.

6. Revenue

The following tables present our revenues disaggregated by geographic segment (refer to discussion of our reportable segments in Note 29) (*$ in thousands):*

	Year Ended December 31, 2022					
	Yucatán Peninsula	Pacific Coast	Dominican Republic	Jamaica	Other	Total
Package revenue	$ 247,684	$ 115,101	$ 193,527	$ 156,926	$ (3)	$ 713,235
Non-package revenue [(1)]	40,348	16,564	37,602	32,225	2,755	129,494
Management fees	137	—	—	—	3,691	3,828
Cost reimbursements	—	—	—	4,487	5,219	9,706
Total revenue	**$ 288,169**	**$ 131,665**	**$ 231,129**	**$ 193,638**	**$ 11,662**	**$ 856,263**

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(1) Non-package revenue within Other includes licensing, marketing and other support fees earned from The Playa Collection, which is a third-party owned and operated membership program. Our revenues from The Playa Collection were $1.8 million for the year ended December 31, 2022.

	Year Ended December 31, 2021					
	Yucatán Peninsula	Pacific Coast	Dominican Republic	Jamaica	Other	Total
Package revenue	$ 162,647	$ 68,040	$ 124,348	$ 82,915	$ —	$ 437,950
Non-package revenue	32,040	11,144	25,543	18,891	974	88,592
Management fees	84	—	—	—	2,207	2,291
Cost reimbursements	—	—	—	2,853	2,953	5,806
Total revenue	**$ 194,771**	**$ 79,184**	**$ 149,891**	**$ 104,659**	**$ 6,134**	**$ 534,639**

Performance obligations

We recognize revenues when the performance obligations are satisfied by transferring control of the product or service to our customers as described in Note 4.

We do not disclose the value of unsatisfied performance obligations for contracts with consideration determined by our performance completed to date or with an expected length of one year or less. Due to the nature of our business, our revenue is not significantly impacted by refunds. Cash payments received in advance of guests staying at our resorts are refunded to resort guests if the guest cancels within the specified time period, before any services are rendered. Refunds related to service are generally recognized as an adjustment to the transaction price at the time the resort stay occurs or services are rendered.

Contract assets and liabilities

We do not have any material contract assets as of December 31, 2022 and 2021 other than trade and other receivables on our Consolidated Statements of Financial Position. 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 20) within trade and other payables on our Consolidated Statements of Financial Position. Our advanced deposits are generally recognized as revenue within one year.

Contract costs

We consider sales commissions earned to be incremental costs of obtaining a contract with our customers. As a practical expedient, we expense these costs as incurred when the period to be benefited is less than one year. We also consider key money payments to be incremental costs of obtaining management contracts. These costs are capitalized within other non-current assets and amortized on a straight-line basis over the term of the management agreement (see Note 10).

7. Goodwill and other intangible assets

7.1 Goodwill, net

We recognized no goodwill impairment losses nor any acquisitions giving rise to goodwill during the year ended December 31, 2022 and 2021. The gross carrying values and accumulated impairment losses of goodwill as of December 31, 2022 and 2021 were as follows (*$ in thousands*):

	As of January 1, 2022	Acquisitions	Impairment losses	As of December 31, 2022
Gross carrying value	$ 87,141	$ —	$ —	$ 87,141
Accumulated impairment loss	(23,904)	—	—	(23,904)
Carrying value	**$ 63,237**	**$ —**	**$ —**	**$ 63,237**

	As of January 1, 2021	Acquisitions	Impairment losses	As of December 31, 2021
Gross carrying value	$ 87,141	$ —	$ —	$ 87,141
Accumulated impairment loss	(23,904)	—	—	(23,904)
Carrying value	**$ 63,237**	**$ —**	**$ —**	**$ 63,237**

As of December 31, 2022, our goodwill balance is related to our August 2013 acquisition of four resorts located in the Yucatán peninsula of Mexico (the "Real Resorts") and our June 2018 acquisition of a portfolio of resorts from Sagicor in Jamaica. The carrying amounts of goodwill allocated to each CGU are as follows (*$ in thousands)*:

	As of December 31, 2022	As of December 31, 2021
Wyndham Alltra Cancún	$ 12,029	$ 12,029
Hilton Playa del Carmen All-Inclusive Resort	21,652	21,652
Hyatt Zilara Cancún	11,381	11,381
Hilton Rose Hall Resort & Spa	18,175	18,175
Total	**$ 63,237**	**$ 63,237**

The recoverable amounts of the CGUs are based on the greater of the CGU's fair value less costs of disposal and value in use. The fair value less costs of disposal was determined by the CGU's external market value, adjusted for incremental costs directly attributable to the disposal of the CGU. The value in use was determined based on management's estimate of future cash flows expected to be derived from the CGU. The external market value and value in use of the CGUs were estimated using the discounted cash flow model.

Under the discounted cash flow approach, we projected cash flows over a ten year period and into perpetuity for estimating the fair value less costs of disposal and over a five year period and into perpetuity for estimating the value in use of each CGU. We utilize various Level 3 (see Note 21.3) assumptions and estimates including projections of revenues and expenses based on estimated long-term growth rates and pre-tax discount rates based on the weighted average cost of capital ("WACC"), which are considered the most sensitive inputs.

The WACC measures the expected returns required by both debt and equity investors, weighted by their respective contributions of capital and is estimated based on each CGU's cost of debt and equity and a selected capital structure. Cash flows after the first five or ten years were estimated into perpetuity based on the selected WACC and a long-term growth rate. Our estimate of long-term growth rates are based on historical data as well as various internal projections and external sources.

The WACC and long-term growth rates utilized in the calculation of discounted cash flows in the most recent annual quantitative test for each CGU are as follows:

	Pre-Tax Discount Rate	Long-Term Growth Rate
Wyndham Alltra Cancún	11.0 %	3.0 %
Hilton Playa del Carmen All-Inclusive Resort	11.0 %	3.0 %
Hyatt Zilara Cancún	11.0 %	3.0 %
Hilton Rose Hall Resort & Spa	11.0 %	3.0 %

Given that a significant component of goodwill is related to the expected future growth in our CGUs, we closely monitor the results and projections at each CGU. If the long-term financial forecasts for these CGUs deteriorate and/or other indicators of impairment are present, we could be required to recognize impairment losses on the carrying value of the goodwill in future periods.

7.2 Other intangible assets

Other intangible assets as of December 31, 2022 and 2021 consisted of the following (*$ in thousands*):

	As of January 1, 2022	Additions	Disposals	Transfers	As of December 31, 2022
Casino and other licenses [(1)]	$ 875	$ —	$ —	$ —	$ 875
Management agreement	1,900	—	—	—	1,900
Enterprise resource planning system [(2)]	6,404	29	—	(58)	6,375
Other [(3)]	4,073	453	(27)	—	4,499
Acquisition cost	**$ 13,252**	**$ 482**	**$ (27)**	**$ (58)**	**$ 13,649**
Management agreement	$ (333)	$ (95)	$ —	$ —	$ (428)
Enterprise resource planning system [(2)]	(1,896)	(875)	—	—	(2,771)
Other [(3)]	(3,391)	(504)	1	—	(3,894)
Accumulated amortization	**(5,620)**	**(1,474)**	**1**	**—**	**(7,093)**
Carrying value	**$ 7,632**	**$ (992)**	**$ (26)**	**$ (58)**	**$ 6,556**

	As of January 1, 2021	Additions	Disposals	Transfers	As of December 31, 2021
Casino and other licenses [1]	$ 875	$ —	$ —	$ —	$ 875
Management agreement	1,900	—	—	—	1,900
Enterprise resource planning system [2]	6,047	357	—	—	6,404
Other [3]	4,238	108	(273)	—	4,073
Acquisition cost	**$ 13,060**	**$ 465**	**$ (273)**	**$ —**	**$ 13,252**
Management agreement	(238)	(95)	—	—	(333)
Enterprise resource planning system [2]	(1,125)	(771)	—	—	(1,896)
Other [3]	(3,141)	(523)	273	—	(3,391)
Accumulated amortization	**(4,504)**	**(1,389)**	**273**	**—**	**(5,620)**
Carrying value	**$ 8,556**	**$ (924)**	**$ —**	**$ —**	**$ 7,632**

(1) Our casino and other acquired licenses have indefinite lives. Accordingly, there is no associated amortization expense or accumulated amortization.
(2) Represents software development costs incurred to develop and implement SAP as our integrated enterprise resource planning system, of which $0.2 million and $0.9 million was placed into service in 2022 and 2021, respectively, and is being amortized over a weighted-average amortization period of 7 years.
(3) Primarily consists of software license costs related to Opera and Microsoft.

Amortization expense, recognized straight-line over the economic life of our intangible assets, was $1.5 million and $1.4 million for the years ended December 31, 2022 and 2021, respectively. Amortization expense relating to intangible assets with finite lives is expected to be as follows (*$ in thousands*):

	As of December 31, 2022
2023	$ 1,336
2024	1,115
2025	1,008
2026	672
2027	390
Thereafter	1,160
Total	**$ 5,681**

8. Property and equipment, net

Property and equipment as of December 31, 2022 and 2021 consisted of the following (*$ in thousands*):

	As of January 1, 2022	Additions	Disposals	Transfers	As of December 31, 2022
Land, buildings and improvements	$ 1,716,756	$ 1,496	$ (213)	$ 4,017	$ 1,722,056
Fixtures and machinery [1]	83,832	2,167	(1,945)	3,846	87,900
Furniture and other fixed assets	203,330	6,325	(3,711)	5,249	211,193
Prepayments and construction-in-progress	3,782	19,977	—	(13,465)	10,294
Acquisition cost	**$ 2,007,700**	**$ 29,965**	**$ (5,869)**	**$ (353)**	**$ 2,031,443**
Land, buildings and improvements	$ (303,369)	$ (46,021)	$ 207	$ (13)	$ (349,196)
Fixtures and machinery	(42,297)	(6,898)	1,457	(6)	(47,744)
Furniture and other fixed assets	(131,470)	(18,533)	3,509	(9)	(146,503)
Accumulated depreciation	**(477,136)**	**(71,452)**	**5,173**	**(28)**	**(543,443)**
Carrying value	**$ 1,530,564**	**$ (41,487)**	**$ (696)**	**$ (381)**	**$ 1,488,000**

	As of January 1, 2021	Impairment	Additions	Disposals	Transfers	As of December 31, 2021
Land, buildings and improvements	$ 1,820,324	$ (12,216)	$ 736	$ (97,367)	$ 5,279	$ 1,716,756
Fixtures and machinery [1]	83,373	(518)	4,598	(4,905)	1,284	83,832
Furniture and other fixed assets	224,060	(345)	2,194	(25,683)	3,104	203,330
Prepayments and construction-in-progress	4,554	—	10,472	(52)	(11,192)	3,782
Acquisition cost	**$ 2,132,311**	**$ (13,079)**	**$ 18,000**	**$ (128,007)**	**$ (1,525)**	**$ 2,007,700**
Land, buildings and improvements	$ (298,388)	$ —	$ (49,374)	$ 44,393	$ —	$ (303,369)
Fixtures and machinery	(38,501)	—	(7,361)	3,565	—	(42,297)
Furniture and other fixed assets	(135,500)	—	(20,862)	24,904	(12)	(131,470)
Accumulated depreciation	**(472,389)**	**—**	**(77,597)**	**72,862**	**(12)**	**(477,136)**
Carrying value	**$ 1,659,922**	**$ (13,079)**	**$ (59,597)**	**$ (55,145)**	**$ (1,537)**	**$ 1,530,564**

[1] Includes the gross balance of our finance lease right-of-use assets of $6.3 million (see Note 28) related to our thermal energy plants.

Depreciation expense for property and equipment was $71.5 million and $77.6 million for the years ended December 31, 2022 and 2021, respectively, and is recorded within depreciation and amortization in the Consolidated Statements of Profit or Loss.

For the years ended December 31, 2022 and 2021, we did not capitalize any interest expense.

Hurricane Fiona

On September 19, 2022, Hurricane Fiona, a Category 1 hurricane, made landfall on the eastern coast of the Dominican Republic and caused non-structural damage to the Hyatt Ziva and Hyatt Zilara Cap Cana, Hilton La Romana All-Inclusive Resort, Jewel Punta Cana and Jewel Palm Beach resorts. As a result of the hurricane, the Hyatt Ziva and Hyatt Zilara Cap Cana and Hilton La Romana All-Inclusive Resort were temporarily closed beginning in late September for necessary clean-up and repairs but have since reopened and were fully operational since November 2022. Our insurance policies provide coverage for business interruption, including lost profits, and reimbursement for costs related to the property damages and losses we have incurred.

As a result of Hurricane Fiona, we incurred $40.8 million of estimated clean-up and repair expenses and $0.7 million to write off damaged property and equipment and inventory, which were offset with our expected property damage insurance recoveries of $33.4 million. We also incurred $8.8 million of unavoidable operating costs while the resorts were temporarily closed, of which $7.2 million is expected to be recovered through our business interruption insurance, after applying our deductible. The net expense due to property damage and business interruption is recorded within operating expenses in the Consolidated Statements of Profit or Loss for the year ended December 31, 2022.

We received property damage insurance proceeds of $6.4 million in the fourth quarter of 2022 and $13.6 million of business interruption and property damage insurance proceeds in the first quarter of 2023. We expect to receive the remaining proceeds in 2023.

The property we manage in the Dominican Republic, Sanctuary Cap Cana, also sustained damage from Hurricane Fiona and was temporarily closed in late September for necessary clean-up and repairs. The resort reopened on January 20, 2023.

Sale of Capri Resort

On March 31, 2021, we entered into an agreement to sell our equity interest in the Capri Resort, which was 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 $13.1 million based on the sale price.

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 loss on sale of assets in the Consolidated Statements of Profit or Loss. 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. Any remaining net proceeds, after deducting capital expenditures incurred across our portfolio for up to 18 months following the sale, were required to be used to repay our Term Loan in December 2022. However, as we refinanced our Term Loan in December 2022 and Capri Resort was no longer in the collateral pool, no additional repayment was necessary.

Sale of Dreams Puerto Aventuras

On February 5, 2021, we completed the sale of the Dreams Puerto Aventuras. Upon closing, we received total cash consideration of $34.3 million, after customary closing costs, and recognized a gain of $0.4 million within loss on sale of assets in the Consolidated Statements of Profit or Loss. 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, would have been required to be used to repay our Term Loan in February 2023. However, as we refinanced our Term Loan in December 2022 and the Dreams Puerto Aventuras is no longer in the collateral pool, no additional repayment was necessary.

9. Income taxes

We conduct business in multiple countries and jurisdictions and are therefore subject to tax legislation in these jurisdictions. We consider the Netherlands, Mexico, Dominican Republic, Jamaica, and United States to be our significant tax jurisdictions.

9.1 Income tax benefit

The breakdown of income tax benefit for the years ended December 31, 2022 and 2021 is as follows (*$ in thousands*):

	Year ended December 31,	
	2022	**2021**
Current income tax expense	$ 1,191	$ 2,732
Deferred income tax benefit	(25,872)	(17,638)
Total income tax benefit	**$ (24,681)**	**$ (14,906)**

a) *Netherlands*

The parent company is domiciled in the Netherlands and is subject to Dutch Corporate Tax at a general tax rate of 25.8% for the year ended December 31, 2022.

In accordance with Dutch legislation, the dividends and capital gains arising from the sale of shares are tax exempt, provided that certain requirements are met. In this respect, two parameters are considered for applying this tax benefit: (i) The percentage ownership held in the companies from which said dividends or capital gains arise and (ii) Their classification as low tax-paying companies.

The tax exemption is applied automatically when the ownership interest is at least 5%, as long as the companies in which the Dutch Companies participate are not classified as low tax payers. Low tax-paying companies are considered to be those which fulfill the following conditions: (i) At least 50% of its direct or indirect assets relate to passive investments (assets test) and (ii) The effective taxation of the subsidiaries does not exceed the 10% calculated in accordance with Dutch legislation (effective tax rate test). As a result of this participation exemption benefit, we pay zero tax on qualified dividends and capital gains.

On December 21, 2021, the Dutch Senate approved the 2022 tax package. Effective January 1, 2022, the Dutch corporate income tax rate for 2022 and future tax years increased to 25.8% for amounts in excess of €395,000. These increased rates increased the carrying value of our deferred tax assets as of December 31, 2021 by $2.7 million, which is offset by a full valuation allowance increase of $2.7 million and resulted in no net financial statement impact.

b) Mexico

The Mexican companies are subject to corporate income tax at a statutory tax rate of 30%.

In April 2021, the Mexico Congress approved amendments to the Mexico Labor Law. The tax provisions of the amendments were effective August 1, 2021. The measures we adopted in response to the amendments to the Mexico Labor Law did not have any net income tax impact.

c) Dominican Republic

Our Dominican Republic entities are potentially subject to income tax and asset tax. We account for the Dominican Republic hybrid tax expense in accordance with IAS 12, Income Taxes. Our Dominican Republic taxes for the year ended December 31, 2021 were determined based upon Advanced Pricing Agreements (“APA”) approved by the Ministry of Finance of the Dominican Republic. We have not received any APAs for the year ended December 31, 2022.

During 2022, our Dominican Republic entities were subject to income tax and asset tax. For the year ended December 31, 2022, we recorded current tax expense of $0.3 million and a deferred tax benefit of $3.1 million.

During 2021, our Dominican Republic entities were not subject to income tax. For the year ended December 31, 2021, we recorded deferred tax expense of $1.5 million.

Two of our Dominican Republic entities benefited from tax exemptions from Dominican Republic tax authorities: Playa Romana Mar B.V. and Playa Dominican Resorts B.V. are tax exempted for fifteen years beginning in 2019.

Change in Accounting Policy

In 2021, we voluntarily changed our accounting policy used to recognize deferred income tax assets and liabilities attributable to Dominican Republic operations. Given the complexities and assumptions required to determine the hybrid tax rate, it was determined the approach under the new accounting policy provides more reliable and relevant information.

Under the Dominican Republic hybrid tax regime, our historical accounting policy was to account for the fixed minimum element as a non–income tax under IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* and IFRIC 21, *Levies,* with any excess above the fixed minimum element treated as an income tax under IAS 12. As such, a hybrid tax rate was determined and utilized to recognize deferred income tax assets and liabilities. The new accounting policy considers the overall substance of the tax. If the overall intention of the legislation is to charge taxes based on net profit, but subject to a floor, the tax will be accounted for as an income tax in its entirety, even if the floor would not be an income tax if considered in isolation. The Dominican Republic statutory tax rate was utilized to recognize deferred income tax assets and liabilities for the period ended December 31, 2021, and all subsequent periods.

During 2021, we recognized $4.4 million of Dominican Republic income tax expense due to the change in accounting policy, which includes $5.2 million of income tax expense related to prior period tax positions and a $0.8 million income tax benefit related to current period activity.

d) Jamaica

For the legacy Jamaican entity, Playa Hall Jamaican Resort Limited, we applied for and were granted tax benefits under the Jamaican Hotel Incentives Act, allowing 10 years of income tax and import duty tax exemption. This incentive was originally in effect through December 30, 2023; however, we decided to opt-out of the Hotel Tax Incentive and opt-into the Omnibus Tax Incentive. The effective date of the Omnibus Tax Incentive is as of January 1, 2015 and it subjects us to regular income tax and a reduced GCT rate of 10%.

e) United States

We apply a cost-plus transfer pricing policy for our U.S. management companies. The adverse economic effects of the COVID-19 pandemic resulted in net losses at various resorts for the year ended December 31, 2021. We adjusted our 2021 transfer pricing analysis accordingly.

Effective tax rate

The reconciliation between the income tax benefit and the result of applying our statutory tax rate to the consolidated results for the years ended December 31, 2022 and December 31, 2021 is as follows (*$ in thousands):*

	2022		2021	
Income tax expense (benefit) at statutory rate	$ 16,567	26 %	$ (19,336)	25 %
Differences between statutory rate and foreign rate	(31,378)	(49) %	(16,209)	21 %
Inflation adjustments	(23,374)	(36) %	(15,355)	20 %
Nondeductible interest and expenses	3,756	6 %	6,798	(9) %
Other	(476)	(1) %	4,965	(6) %
Foreign exchange rate differences	(8,469)	(13) %	16,071	(21) %
Dominican Republic tax classification	—	— %	4,144	(5) %
Jurisdiction rate change	—	— %	(2,738)	4 %
Change in valuation allowance	18,693	29 %	18,757	(24) %
Sale of resorts	—	— %	(12,003)	16 %
Total income tax benefit	**$ (24,681)**	**(38)%**	**$ (14,906)**	**21 %**

9.2 Deferred income taxes

Deferred income taxes reflect the net tax effects of differences between the bases of assets and liabilities for financial reporting and income tax purposes. The sources and movements of deferred income tax balances for the years ended December 31, 2022 and December 31, 2021 are as follows (*$ in thousands*):

	As of January 1, 2022	Activity for the period	As of December 31, 2022
Deferred tax liabilities less than 12 months			
Accounts receivable and prepayments to vendors	$ —	$ 366	$ 366
Deferred tax liabilities over 12 months			
Property and equipment	157,227	(23,844)	133,383
Total deferred tax liabilities	**157,227**	**(23,478)**	**133,749**
Deferred tax assets less than 12 months			
Advanced customer deposits	836	(130)	706
Trade payables and other accruals	3,137	1,669	4,806
Accounts receivable and prepayments to vendors	283	(283)	—
Deferred tax assets over 12 months			
Labor liability accrual	373	379	752
Other assets	362	426	788
Income tax losses	31,215	333	31,548
Total deferred tax assets	**36,206**	**2,394**	**38,600**
Net deferred tax liabilities	**$ 121,021**	**$ (25,872)**	**$ 95,149**

	As of January 1, 2021	Activity for the period	As of December 31, 2021
Deferred tax liabilities less than 12 months			
Accounts receivable and prepayments to vendors	$ 434	$ (434)	$ —
Deferred tax liabilities over 12 months			
Property and equipment	163,331	(6,104)	157,227
Other liabilities	1,455	(1,455)	—
Total deferred tax liabilities	**165,220**	**(7,993)**	**157,227**
Deferred tax assets less than 12 months			
Advanced customer deposits	510	326	836
Trade payables and other accruals	5,074	(1,937)	3,137
Accounts receivable and prepayments to vendors	911	(628)	283
Deferred tax assets over 12 months			
Labor liability accrual	22	351	373
Property and equipment	345	(345)	—
Other assets	1,964	(1,602)	362
Income tax losses	28,596	2,619	31,215
Total deferred tax assets	**37,422**	**(1,216)**	**36,206**
Net deferred tax liabilities	**$ 127,798**	**$ (6,777)**	**$ 121,021**

As of December 31, 2022, we had approximately $520.6 million of foreign net operating loss carryforwards and $22.4 million of U.S. federal and state net operating loss carryforwards. The ability to utilize the tax net operating losses in any single year ultimately depends upon our ability to generate sufficient taxable income. The foreign net operating loss carryforwards begin to expire in 2024 and the U.S. federal net operating loss carryforwards begin to expire in 2035. An annual limitation may apply to the use of the U.S. operating loss carryforwards under the provisions of the Internal Revenue Code and similar state tax provisions that are applicable if we experience an "ownership change". We performed an analysis of the potential limitations on the utilization of net operating losses and determined that they are subject to limitations that would preclude the use of a portion of the net operating losses.

The change in the valuation allowance established against our deferred tax assets for the years ended December 31, 2022 and 2021 is summarized in the following table (*$ in thousands*):

	Balance at January 1	Additions	Deductions	Balance at December 31
December 31, 2022	$ (158,047)	$ (30,332)	$ 11,399	$ (176,980)
December 31, 2021	$ (122,376)	$ (43,249)	$ 7,578	$ (158,047)

10. Other non-current assets

The following summarizes the balances of other non-current assets as of December 31, 2022 and 2021 (*$ in thousands*):

	As of December 31,	
	2022	2021
Key money	$ 6,735	$ 2,376
Right of use asset for operating leases [(1)]	2,968	3,766
Restricted cash [(2)]	—	23,489
Other non-current assets [(3)]	5,292	4,927
Total other non-current assets	**$ 14,995**	**$ 34,558**

(1) Refer to Note 28 for additional information on our leases.
(2) Refer to Note 18 for additional information on our restricted cash.
(3) Primarily consists of our investment in associates of $1.6 million and operating supplies and equipment of $1.5 million.

11. Trade and other receivables, net

The following summarizes the balances of trade and other receivables, net as of December 31, 2022 and 2021 (*$ in thousands*):

	As of December 31,	
	2022	2021
Trade and other receivables [(1)]	$ 63,396	$ 47,382
Allowance for doubtful accounts [(2)]	(450)	(1,940)
Total trade and other receivables, net	**$ 62,946**	**$ 45,442**

(1) The opening balance as of January 1, 2021 was $28.3 million.
(2) During the years ended December 31, 2022 and 2021, we reversed $1.5 million and $0.8 million, respectively, of our allowance for doubtful accounts and bad debt expense as a result of cash collections following the economic recovery from the COVID-19 pandemic.

The change in the allowance for doubtful accounts for the years ended December 31, 2022 and 2021 is summarized in the following table *($ in thousands)*:

	Balance at January 1	Additions	Deductions [(1)]	Balance at December 31
December 31, 2022	$ (1,940)	$ (656)	$ 2,146	$ (450)
December 31, 2021	$ (2,913)	$ (107)	$ 1,080	$ (1,940)

(1) Includes reversals of our bad debt expense and write offs of our allowance for doubtful accounts.

12. Related party transactions

12.1 Relationships and balances with related parties

Relationship with Hyatt and AMResorts

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 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.

Hyatt also owns Apple Leisure Group ("ALG"), the brand management platform AMResorts, and various tour operators and travel agencies. We paid AMResorts and its affiliates, as operators of the Jewel Punta Cana and Jewel Palm Beach through December 20, 2022 and January 6, 2023, respectively, management and marketing fees, and sold all-inclusive packages through ALG's tour operators and travel agencies.

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. We pay Sagicor for employee insurance coverage at 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 DKCM funds' ownership of our ordinary shares. The affiliated funds managed by DKCM were also the lenders to our Property Loan and Additional Credit Facility, which consisted of our Term A1, Term A2 and Term A3 loans (see Note 18). We paid DKCM periodic interest payments related to the outstanding debt through December 16, 2022, when we repaid the principal balances of the Property Loan and Additional Credit Facility in connection with our debt refinancing (see Note 18).

An affiliate of DKCM is a lender of $25.0 million in aggregate principal of the 2022 Term Loan (as defined in Note 18).

Relationship with HG Vora Capital Management, LLC

HG Vora Capital Management, LLC is considered a related party due to its ownership of our ordinary shares and is a lender of $42.5 million in aggregate principal of the 2022 Term Loan (as defined in Note 18).

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.

12.2 Transactions with related parties

Transactions between us and related parties during the years ended December 31, 2022 and 2021 were as follows (*$ in thousands*):

Related Party	Transaction	Year ended December 31, 2022	Year ended December 31, 2021
Revenues			
ALG	Package revenue	$ 18,074	$ 2,750
Sagicor	Cost reimbursements revenue [1]	$ 5,113	$ 3,253
Expenses			
Hyatt	Franchise fees [2]	$ 29,774	$ 18,603
Sagicor	Insurance premiums [2]	$ 1,131	$ 783
Chief Executive Officer	Lease expense [2]	$ 786	$ 802
DKCM	Interest expense [3]	$ 27,425	$ 21,921
DKCM	Early termination and other fees [4]	$ 5,226	$ —
AMResorts	Management fees [2]	$ 3,279	$ 607
AMResorts	Marketing fees [2]	$ 3,702	$ 615

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(1) Equivalent amount included as operating expenses in the Consolidated Statements of Profit or Loss.

(2) Included in operating expenses in the Consolidated Statements of Profit or Loss.

(3) Includes interest expense and amortization of deferred financing costs and discounts incurred through the date the Property Loan and Additional Credit Facility were repaid, as well as $6.3 million of unamortized deferred financing costs and discounts which were written off and included in loss on extinguishment of debt in the Consolidated Statements of Profit or Loss.

(4) Included in loss on extinguishment of debt in the Consolidated Statements of Profit or Loss.

The remuneration of directors and other members of key management personnel, as identified in Section 2.1, expensed during the years ended December 31, 2022 and 2021 was as follows (*$ in thousands*):

	Year ended December 31, 2022	Year ended December 31, 2021
Short-term benefits	$ 8,839	$ 8,081
Post-employment benefits	66	69
Share-based payments	6,488	7,535
Total compensation paid to key management personnel	**$ 15,393**	**$ 15,685**

13. Prepayments and other current assets

The following summarizes the balances of prepayments and other current assets as of December 31, 2022 and 2021 (*$ in thousands*):

	As of December 31,	
	2022	2021
Advances to suppliers	$ 12,683	$ 8,327
Prepaid income taxes	11,827	11,101
Prepaid other taxes [1]	4,539	7,995
Other current assets	149	150
Total prepayments and other current assets	**$ 29,198**	**$ 27,573**

[1] Includes recoverable value-added tax and general consumption tax, and other sales tax accumulated by our Mexico, Jamaica, Dutch and Dominican Republic entities.

14. Ordinary share capital, share premium, treasury shares and other reserves

14.1 Ordinary shares and share premium

On January 11, 2021, we issued 28,750,000 ordinary shares 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 December 31, 2022, our ordinary share capital consisted of 158,228,508 ordinary shares outstanding, which have a par value of €0.10 per share. In addition, 3,592,618 restricted shares and 25,326 restricted share units were outstanding under the 2017 Plan (as defined in Note 15). The holders of restricted shares 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.

The holders of ordinary shares are entitled to receive dividends or distributions out of funds legally available, at the discretion of our General Meeting of Shareholders, subject to proposal from our Board. They were also subject to any preferential dividend rights of outstanding Preferred Shares and are entitled to one vote per share at meetings of Playa. Upon the liquidation, dissolution, or winding down of Playa, the holders of ordinary shares will be entitled to receive ratably our net assets available after the payment of all debts and other liabilities. Holders of ordinary shares have no redemption or conversion rights.

14.2 Treasury shares

In December 2018, our Board established a $100.0 million share repurchase program, pursuant to which we may repurchase our outstanding ordinary shares as market conditions and our liquidity warrant. Our Board reauthorized and renewed the repurchase authorization in September 2022 so that there was again $100.0 million available under the program. The repurchase program is subject to certain limitations under Dutch law, including existing repurchase authorization granted by our shareholders. Repurchases may be made from time to time in the open market, in privately negotiated transactions or by other means (including Rule 10b5-1 trading plans). Depending on market conditions and other factors, these repurchases may be commenced or suspended from time to time without prior notice.

During the year ended December 31, 2022, we repurchased 7,838,992 ordinary shares under the program at an average price of $5.90 per share. During the year ended December 31, 2021, we did not repurchase any shares under the repurchase program. As of December 31, 2022, we had approximately $53.7 million remaining under our share repurchase program.

14.3 Equity-settled employee benefits reserve

The equity-settled employee benefits reserve is related to equity-settled restricted share awards granted by the Company to its employees under the 2017 Plan (as defined in Note 15). Further information about share-based payments to employees is set out in Note 15.

15. 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. The Compensation Committee of our Board may award share options, share appreciation rights, restricted shares, share units, unrestricted shares, dividend equivalent rights, performance shares and other performance-based awards, other equity-based awards and cash bonus awards under the 2017 Plan, under which 12,000,000 shares are authorized and available for grant. As of December 31, 2022, there were 3,544,837 shares available for future grants under the 2017 Plan. Compensation expense related to the 2017 Plan is recorded within operating expenses in the Consolidated Statements of Profit or Loss.

Restricted share awards

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) subject to restrictions and a risk of forfeiture. Restricted share awards issued to employees and executives generally vest over a period of three years, where one-third of the award vests on each of the first three anniversaries of the grant date of the award. Restricted share awards issued to our directors for their services as directors vest one year from the grant date of the award.

The vesting of restricted share awards is subject to the holder's continued employment through the applicable vesting date. Unvested restricted share awards will be forfeited if the employee's executive's, or director's employment terminates during the vesting period, provided that unvested restricted share awards will accelerate upon certain terminations of employment as set forth in the applicable award agreements.

The holders of restricted shares have the right to vote the restricted shares and receive all dividends declared and paid on such shares, provided that dividends paid on unvested restricted shares will be subject to the same conditions and restrictions applicable to the underlying restricted shares. The holders of restricted share units have no right to vote the underlying shares and may be entitled to be credited with dividend equivalents in respect of each cash dividend declared and paid by us, in an amount per share unit equal to the per-share dividend paid on our ordinary shares, which dividend equivalents will be deemed to have been reinvested in additional restricted share units that are subject to the same terms and conditions applicable to the underlying restricted share units to which they relate.

Compensation expense for restricted share awards is measured based upon the fair market value of our ordinary shares at the date of grant. For share-based compensation awards with graded vesting based on a service condition, the expense is recognized under the accelerated method.

A summary of our restricted share awards from January 1, 2022 to December 31, 2022 is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested balance at January 1, 2022	**3,006,791**	**$ 6.50**
Granted	1,034,850	8.20
Vested	(1,612,799)	6.88
Forfeited	(140,021)	7.56
Unvested balance at December 31, 2022	**2,288,821**	**$ 6.94**

The following table provides additional information on our restricted share awards for the years ended December 31, 2022 and 2021 *($ in thousands, except per share data)*:

	Year Ended December 31,	
	2022	2021
Weighted-average grant date fair value	$ 8.20	$ 5.45
Fair value of vested restricted share awards	$ 13,086	$ 7,455
Share-based compensation expense	$ 8,203	$ 10,674

As of December 31, 2022 and December 31, 2021, the unrecognized compensation cost related to restricted share awards was $4.0 million and $4.8 million, respectively, and is expected to be recognized over a weighted-average period of 1.8 years and 1.75 years, respectively.

Performance share awards

Performance share awards consist of ordinary shares that may become earned and vested based on the achievement of performance targets adopted by our Compensation Committee. The actual number of ordinary shares that ultimately vest will range from 0% to 150% of the target award and will be determined at the end of the three-year performance period based on two performance criteria as defined in the applicable award agreements for the period of performance.

Any ordinary shares that ultimately vest based on the achievement of the applicable performance criteria will be deemed to be vested on the date on which our Compensation Committee certifies the level of achievement of such performance criteria. Except in connection with certain qualifying terminations of employment, as set forth in the applicable award agreements, the awards require continued service through the certification date. The holders of these awards have voting rights equivalent to the target level of ordinary shares granted to the holder and any dividends declared on such shares will be accumulated and paid within 30 days after and to the extent the target ordinary shares vest.

The grant date fair value of our awards with market conditions was estimated using a Monte-Carlo model. The table below summarizes the key inputs used in the Monte-Carlo simulation *($ in thousands)*:

Performance Award Grant Date	Percentage of Total Award	Grant Date Fair Value by Component	Volatility [1]	Interest Rate [2]	Dividend Yield
January 4, 2021					
Peer Shareholder Return	50 %	$ 3,088	57.69 %	0.16 %	— %
Growth Rate	50 %	$ 2,230	57.69 %	0.16 %	— %
January 4, 2022					
Peer Shareholder Return	50 %	$ 1,689	67.79 %	1.01 %	— %
Growth Rate	50 %	$ 1,346	67.79 %	1.01 %	— %

(1) Expected volatility for 2021 grants was determined based on the historical share prices in our industry. Expected volatility for 2022 grants was determined based on Playa's historical share prices.
(2) 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.

In the table above, the total shareholder return ("TSR"), peer shareholder return, and growth rate components are market conditions as defined by IFRS 2, *Share based payment*, and compensation expense related to these components is recognized on a straight-line basis over the vesting period. The peer shareholder return component may vest between 0% and 150% of target based on the TSR of our ordinary shares relative to those of our peer group, with the award capped at 100% of target should Playa's TSR be negative. The growth rate component may vest up to 100% of target based on the compound annual growth rate of the price of our ordinary shares.

The grant date fair value of the portion of the awards based on the compounded annual growth rate of our Adjusted EBITDA (as defined in Note 29) was based on the closing stock price of our ordinary shares on such date. The Adjusted EBITDA component was a performance condition as defined by IFRS 2, and, therefore, compensation expense related to this component was reassessed at each reporting date based on our estimate of the probable level of achievement, and the accrual of compensation expense was adjusted as appropriate.

A summary of our performance share awards from January 1, 2022 to December 31, 2022 is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested balance at January 1, 2022	**1,027,519**	**$ 5.18**
Granted	374,998	8.10
Vested	(16,421)	4.34
Forfeited	(56,973)	4.34
Unvested balance at December 31, 2022	**1,329,123**	**$ 6.05**

The following table provides additional information on our performance share awards for the years ended December 31, 2022 and 2021 *($ in thousands, except per share data)*:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Weighted-average grant date fair value	$ 8.10	$ 5.18
Fair value of vested performance share awards	$ 130	$ —
Share-based compensation expense	$ 3,227	$ 2,518

As of December 31, 2022 and December 31, 2021, the unrecognized compensation cost related to performance share awards was $3.6 million and $4.0 million, respectively, and is expected to be recognized over a weighted-average period of 1.6 years and 1.9 years, respectively.

16. Earnings per share

Basic and diluted earnings or loss per share ("EPS") were as follows (*$ in thousands, except per share data*):

	Year ended December 31, 2022	Year ended December 31, 2021
Numerator:		
Income (loss)	$ 88,893	$ (62,436)
Numerator for basic and diluted EPS - income (loss) available to ordinary shareholders	**$ 88,893**	**$ (62,436)**
Denominator:		
Denominator for basic EPS - weighted-average shares outstanding	164,782,886	163,370,410
Effect of dilutive securities:		
Unvested performance share awards	546,790	—
Unvested restricted share awards	1,293,495	—
Denominator for diluted EPS - adjusted weighted-average shares outstanding	**166,623,171**	**163,370,410**
Earnings (loss) per share - Basic	**$ 0.54**	**$ (0.38)**
Earnings (loss) per share - Diluted	**$ 0.53**	**$ (0.38)**

For the years ended December 31, 2022 and 2021, unvested performance share awards of 187,500 and 1,027,519, 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 share awards were partially achieved as of December 31, 2022 and 2021.

For the year ended December 31, 2022, we had no anti-dilutive unvested restricted share awards. For the year ended December 31, 2021, unvested restricted share awards of 3,006,791 were not included in the computation of diluted EPS as their effect would have been anti-dilutive.

For the year ended December 31, 2021, 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. On March 12, 2022, all of our outstanding warrants expired and had no impact on diluted EPS for the year ended December 31, 2022.

17. Warrants

We previously issued 3,000,000 warrants (the "Earnout Warrants") which entitled the holders to acquire one ordinary share for each Earnout Warrant for an exercise price of €0.10 per ordinary share in the event that the price per share underlying the Earnout Warrants on the Nasdaq was greater than $13.00 for a period of more than 20 days out of 30 consecutive trading days within the five years after March 12, 2017. As of December 31, 2021, there were 2,987,770 Earnout Warrants outstanding, none of which were exercisable as of such date. On March 12, 2022, all of the outstanding Earnout Warrants expired by their terms.

18. Borrowings

The following summarizes the carrying amounts of our borrowings as of December 31, 2022 and 2021 (*$ in thousands*):

	Interest Rate	Maturity Date	Outstanding Balance as of December 31, 2022
Senior Secured Credit Facilities			
2022 Revolving Credit Facility (1)	SOFR + 3.75%	January 5, 2028	$ —
2022 Term Loan (2)	SOFR + 4.25%	January 5, 2029	1,100,000
Total Senior Secured Credit Facilities (at stated value)			1,100,000
Unamortized discount			(32,660)
Unamortized debt issuance costs			(19,446)
Total Senior Secured Credit Facilities, net			$ 1,047,894
Financing lease obligations (4)			$ 5,657
Total debt, net			**$ 1,053,551**

	Interest Rate	Maturity Date	Outstanding Balance as of December 31, 2021
Senior Secured Credit Facilities			
Revolving Credit Facility [1]	LIBOR + 4.00%	January 27, 2024	$ —
Term Loan [3]	LIBOR + 2.75%	April 27, 2024	941,868
Term A1 Loan	11.4777%	April 27, 2024	35,000
Term A2 Loan	11.4777%	April 27, 2024	31,000
Term A3 Loan [3]	LIBOR + 3.00%	April 27, 2024	27,319
Total Senior Secured Credit Facilities (at stated value)			1,035,187
Unamortized discount			(1,844)
Unamortized debt issuance costs			(8,447)
Total Senior Secured Credit Facilities, net			$ 1,024,896
Property Loan			
Property Loan (at stated value)	9.25%	July 1, 2025	$ 110,000
Unamortized discount			(3,107)
Unamortized debt issuance costs			(3,459)
Total Property Loan, net			$ 103,434
Financing lease obligations [4]			$ 6,058
Total debt, net			**$ 1,134,388**

(1) Undrawn balances bear interest between 0.25% to 0.50% depending on certain leverage ratios. We had $225.0 million and $85.0 million available as of December 31, 2022 and 2021, respectively.
(2) One-month SOFR was subject to a 0.50% floor. The effective interest rate for the 2022 Term Loan was 8.58% as of December 31, 2022.
(3) One-month LIBOR was subject to a 1.00% floor. The effective interest rate for the Term Loan and Term A3 Loan was 3.75% and 4.00%, respectively, as of December 31, 2021. Our two interest rate swaps fixed LIBOR at 2.85% on $800.0 million of our Term Loan (see Note 19).
(4) Interest expense for our finance leases was $0.4 million and $0.3 million for the years ended December 31, 2022 and 2021, respectively.

Senior Secured Credit Facility

Playa Resorts Holding B.V., a subsidiary of ours, previously held a senior secured credit facility (“Senior Secured Credit Facility”) dated as of April 27, 2017, which consisted of a term loan facility which was scheduled to mature on April 27, 2024 (“Term Loan”) and a revolving credit facility that was scheduled to mature on January 27, 2024 (“Revolving Credit Facility”). The Term Loan bore interest at a rate per annum equal to LIBOR plus 2.75% (where the applicable LIBOR rate has a 1.00% floor). The Revolving Credit Facility bore interest at LIBOR plus 4.00%. We were required to pay a commitment fee ranging from 0.25% to 0.50% per annum on the average daily undrawn balance of the Revolving Credit Facility.

On May 20, 2022, we repaid $24.9 million of the outstanding balance on our Term Loan in addition to our quarterly principal payments as a result of the sale of the Jewel Dunn’s River Beach Resort & Spa and Jewel Runaway Bay Beach Resort & Waterpark in May 2020. The repayment represented 100% of the net proceeds from the sale, after deducting incremental expenses and capital expenditures incurred across our portfolio for 24 months following the sale.

Second Restatement Agreement

On December 16, 2022, we entered into the Second Restatement Agreement to amend and restate our Senior Secured Credit Facility (the "Restated Credit Facility"). The Restated Credit Facility consists of (i) a $225.0 million revolving line of credit with a maturity date of January 5, 2028 (the "2022 Revolving Credit Facility") and (ii) a $1.1 billion term loan with a maturity of January 5, 2029 (the "2022 Term Loan" and collectively with the 2022 Revolving Credit Facility, the "2022 Senior Secured Credit Facility"). The 2022 Revolving Credit Facility also includes a $25.0 million subfacility for the issuance of standby letters of credit and $25.0 million of the 2022 Revolving Credit Facility is available as swingline loans. The Restated Credit Facility includes provisions permitting future increases in the amount of term loans and revolving loan commitments, subject to the agreement of one or more new or existing lenders to provide such additional amounts and certain other customary conditions.

The 2022 Term Loan bears interest at our option of either a base rate plus a margin of 3.25% or SOFR plus a margin of 4.25% (where the applicable SOFR rate has a 0.50% floor). The 2022 Revolving Credit Facility bears interest at our option of either a base rate plus a margin ranging from 2.25% to 2.75% or SOFR plus a margin ranging from 3.25% to 3.75%, in each case, depending on the level of our consolidated secured leverage net ratio in effect from time to time. In addition, under the 2022 Revolving Credit Facility, we will pay an unused commitment fee on the average daily undrawn amount at a rate that varies between 0.25% and 0.50%, depending on the level of our consolidated secured net leverage ratio in effect from time to time.

The obligations under the Restated Credit Facility guaranteed by substantially all of our material subsidiaries, subject to certain exceptions. The obligations are further guaranteed by the Company on a limited recourse basis, with such guaranty being secured by a lien on the capital stock of the Borrower. The obligations are further secured by, among other things, a lien on (i) all hotels located in Mexico, (ii) certain personal property associated with such hotel properties and (iii) pledges of equity interests in certain subsidiaries that directly or indirectly own equity interests in any hotel property or certain management companies.

The proceeds received from the 2022 Term Loan were used to repay the existing Term Loan, and the Term A1 Loan, Term A2 Loan, Term A3 Loan, and Property Loan under our former Additional Credit Facility, and for other corporate purposes.

The 2022 Term Loan and repayment of our existing Term Loan were accounted for as a partial modification and partial extinguishment of debt, which resulted in a loss on extinguishment of debt of $10.5 million. We capitalized $16.3 million of new debt issue costs related to the refinancing of the 2022 Term Loan.

The repayment of the Term A1 Loan, Term A2 Loan, Term A3 Loan, and Property Loan was accounted for as an extinguishment of debt, which resulted in a loss on extinguishment of debt of $11.5 million.

Finance lease obligation

On October 1, 2021, we entered into a ten-year finance lease arrangement with a third-party for the construction, management and maintenance of a thermal energy plant located at the Hilton La Romana All-Inclusive Resort. We recognized a $3.9 million right-of-use asset and lease liability within property and equipment, net and borrowings, respectively, on the Consolidated Statements of Financial Position.

Financial maintenance covenants

We were in compliance with all applicable covenants as of December 31, 2022. A summary of our applicable covenants and restrictions is as follows:

Debt	Covenant Terms
2022 Senior Secured Credit Facility	We are subject to a total net leverage ratio of 5.20x if we have more than 35% drawn on the 2022 Revolving Credit Facility.

During the second quarter of 2022, our restricted cash balance related to our Property Loan was released into unrestricted cash as the Hyatt Ziva and Hyatt Zilara Cap Cana and Hilton Rose Hall Resort & Spa properties achieved the required debt service coverage ratio for two consecutive quarters. We had no restricted cash as of December 31, 2022.

19. Derivative financial instruments

Our two interest rate swaps previously mitigated the interest rate risk inherent to our floating rate debt that was tied to LIBOR, including the Revolving Credit Facility and Term Loan. 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 matured on March 31, 2023.

Our interest rate swaps were designated as cash flow hedges, but were deemed ineffective due to the decrease in interest rates in February 2020. All changes in fair value are recognized through finance costs in the Consolidated Statements of Profit or Loss.

The following tables present the effect of our interest rate swaps, net of tax, in the Consolidated Statements of Comprehensive Income (Loss) and Consolidated Statements of Profit or Loss for the years ended December 31, 2022 and 2021 *($ in thousands)*:

Derivative Liabilities not Designated as Hedging Instruments		**2022**		**2021**
AOCI from our cash flow hedges as of January 1	**$**	**14,632**	**$**	**26,369**
Change in fair value		—		—
Reclassification from AOCI to finance costs		(11,737)		(11,737)
AOCI from our cash flow hedges as of December 31 [1]	**$**	**2,895**	**$**	**14,632**

[1] As of December 31, 2022, the total amount expected to be reclassified from AOCI to finance costs during the remaining three month term is $2.9 million, which represents prior losses recognized in AOCI when our interest rate swaps were deemed effective hedges.

		Year ended December 31,		
Derivatives not Designated as Hedging Instruments	**Financial Statement Classification**		**2022**		**2021**
Interest rate swaps [1]	Finance costs	$	(4,948)	$	10,223

[1] Includes the (gain) or loss from the change in fair value of our interest rate swaps and the cash interest paid or received for the monthly settlements of the derivative.

The following tables present the effect of our interest rate swaps in the Consolidated Statements of Financial Position as of December 31, 2022 and 2021 *($ in thousands)*:

			As of December 31,		
Derivative Assets for Ineffective Hedges	**Financial Statement Classification**		**2022**		**2021**
Interest rate swaps	Current assets - Derivative financial instruments	$	3,510	$	—

			As of December 31,		
Derivative Liabilities for Ineffective Hedges	**Financial Statement Classification**		**2022**		**2021**
Interest rate swaps	Current liabilities - Derivative financial instruments	$	—	$	18,940
Interest rate swaps	Non-current liabilities - Derivative financial instruments	$	—	$	3,603

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 21) and believe we minimize this credit risk by transacting with major creditworthy financial institutions.

20. Trade and other payables

The following summarizes the balances of trade and other payables as of December 31, 2022 and 2021 (*$ in thousands*):

	As of December 31,	
	2022	2021
Trade payables	$ 28,422	$ 23,844
Advance deposits[1]	83,262	62,644
Withholding and other taxes payable	31,111	32,655
Interest payable	3,996	99
Payroll and related accruals	29,273	23,998
Other payables[2]	56,947	16,952
Total trade and other payables	**$ 233,011**	**$ 160,192**

[1] The opening balance as of January 1, 2021 was $29.7 million.
[2] As of December 31, 2022, accrued expenses and other payables includes approximately $1.7 million related to share repurchases not yet settled and $29.7 million of unpaid clean up and repair expenses related to Hurricane Fiona. The remainder primarily consists of $2.5 million in accrued advertising expenses, $6.0 million in accrued utilities expenses, and $3.7 million in accrued commissions.

21. Financial instruments

21.1 Capital management

We consider both cash flows arising from funds generated by operations and those received as contributions from shareholders or indebtedness with financial institutions to be capital.

Consistent with other companies in the hospitality industry, we control the equity structure based on a standard ratio. This ratio is calculated as the net financial debt divided by the amount of the Company's equity.

Our ratio as of December 31, 2022 and 2021 is as follows (*$ in thousands*):

	As of December 31,	
	2022	2021
Debt	$ 1,053,551	$ 1,134,388
Less: cash and cash equivalents	(283,945)	(270,088)
Net financial debt	**$ 769,606**	**$ 864,300**
Equity	**$ 599,633**	**$ 534,048**
Net debt to equity ratio	**128 %**	**162 %**

21.2 Categories of financial instruments

The Consolidated Statements of Financial Position contains various financial assets and liabilities as shown in the table below (*$ in thousands*):

	As of December 31,	
	2022	2021
Financial assets not measured at fair value:		
Cash and cash equivalents	$ 283,945	$ 270,088
Restricted cash	—	23,489
Trade and other receivables, net	62,946	45,442
Accounts receivable from related parties	8,806	7,981
Total financial assets not measured at fair value	**$ 355,697**	**$ 347,000**
Financial assets measured at fair value:		
Interest rate swap (1)	$ 3,510	$ —
Total financial assets measured at fair value	**$ 3,510**	**$ —**
Total financial assets	**$ 359,207**	**$ 347,000**
Financial liabilities not measured at fair value:		
Senior Secured Credit Facility (2)	$ 1,047,894	$ 1,024,896
Property Loan (2)	—	103,434
Finance lease obligation	5,657	6,058
Advance deposits	83,262	62,644
Trade payables	28,422	23,844
Payables to related parties	6,852	5,050
Total financial liabilities not measured at fair value	**$ 1,172,087**	**$ 1,225,926**
Financial liabilities measured at fair value:		
Interest rate swap (1)	$ —	$ 22,543
Total financial liabilities measured at fair value	**$ —**	**$ 22,543**
Total financial liabilities	**$ 1,172,087**	**$ 1,248,469**

(1) Includes both current and non-current portions of the interest rate swap.
(2) Includes both current and non-current borrowings.

We believe the carrying value of our financial assets and financial liabilities not measured at fair value, excluding borrowings, approximate their fair values at December 31, 2022 and 2021.

21.3 Fair value measurements

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significant of the inputs to the fair value measurement in its entirety, which are described below:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.
- Level 2: Inputs, other than quoted prices included in Level 1, are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs are unobservable for the assets or liabilities.

Financial assets and liabilities measured at fair value on a recurring basis in the Consolidated Statements of Financial Position

The following tables present our financial assets and liabilities that are measured at fair value as of December 31, 2022 and 2021 (*$ in thousands*):

		Fair Value	
	December 31, 2022	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value:				
Interest rate swap [(1)]	$ 3,510	$ —	$ 3,510	$ —

			Fair Value	
	December 31, 2021	**Level 1**	**Level 2**	**Level 3**
Financial liabilities measured at fair value:				
Interest rate swap [(1)]	$ 22,543	$ —	$ 22,543	$ —

(1) Includes both the current and non-current portions of the interest rate swap.

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. We determined that our interest rate swaps should be classified in Level 2 of the fair value hierarchy.

Financial assets not measured at fair value in the Consolidated Statements of Financial Position but for which the fair value is presented

All financial assets not measured at fair value in the Consolidated Statements of Financial Position are considered to be Level 2 where the carrying value approximates fair value.

Financial liabilities not measured at fair value in the Consolidated Statements of Financial Position but for which the fair value is presented

The following tables present our financial liabilities that are not measured at fair value in the Consolidated Statements of Financial Position but for which the fair value is presented (*$ in thousands*):

	Carrying Value	Fair Value		
	As of December 31, 2022	**Level 1**	**Level 2**	**Level 3**
Financial liabilities not measured at fair value:				
2022 Term Loan	$ 1,047,894	$ —	$ —	$ 1,114,860
Total	**$ 1,047,894**	**$ —**	**$ —**	**$ 1,114,860**

	Carrying Value	Fair Value		
	As of December 31, 2021	**Level 1**	**Level 2**	**Level 3**
Financial liabilities not measured at fair value:				
Term Loan	$ 933,858	$ —	$ —	$ 924,917
Term A1 Loan	34,151	—	—	35,598
Term A2 Loan	30,248	—	—	31,530
Term A3 Loan	26,640	—	—	27,006
Property Loan	103,434	—	—	111,593
Total	**$ 1,128,331**	**$ —**	**$ —**	**$ 1,130,644**

The following table summarizes the valuation techniques used to estimate the fair value of our financial liabilities not measured at fair value in the statement of financial position but for which the fair value is presented:

Financial instruments not recorded at fair value	**Valuation Technique**
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 Loan. The fair value of the Revolving Credit Facility generally approximates its carrying value as the expected term is significantly shorter in duration.

21.4 Credit risk

Financial instruments that are subject to credit risk consist primarily of trade accounts receivable. Trade accounts receivable are generated from sales of services to customers in the United States, Canada, Europe, Latin America and Asia. Our policy is to mitigate this risk by granting a credit limit to each client depending on the client's volume and credit quality. In order to increase the initially established credit limit, approval is required from the credit manager. Each resort periodically reviews the age of the clients' balances and the balances which may be of doubtful recoverability. We maintain allowances for potential credit losses based on management's evaluation of the customer's financial situation, past collection history, and the age of the accounts receivable balances. Historically, actual credit losses have been within the ranges of management's expectations and considered immaterial. The maximum exposure risk assumed by us is the carrying amount of trade receivables per customer, which have an expected collectability of less than one year.

The aging of our receivables, based on invoice date, as of December 31, 2022 and 2021 is as follows (*$ in thousands*):

	As of December 31,	
	2022	**2021**
0 - 60 days (current)	$ 57,366	$ 44,157
61 - 90 days	1,838	580
91 - 120 days	1,046	394
> 120 days	3,146	2,251
Gross trade and other receivables	**$ 63,396**	**$ 47,382**

The gross carrying amount of trade and other receivables is reduced by an allowance for doubtful accounts that reflects management's best estimate of amounts that will not be collected. The allowance is based on historical loss experience, specific risks identified in collection matters, and analysis of past due balances identified in the aging detail. Our allowance for doubtful accounts as of December 31, 2022 and 2021 was $0.5 million and $1.9 million, respectively (see Note 11).

21.5 Liquidity risk

Liquidity risk is the risk that we will encounter difficulty in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial asset. Our approach to managing liquidity is to ensure, as far as possible, that we will always have sufficient liquidity to meet its liabilities when due, under normal business conditions, without incurring unacceptable losses or risking damage to our reputation.

The table below analyzes our derivative and non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the Consolidated Statements of Financial Position date to the contractual maturity date as of December 31, 2022 (*$ in thousands*):

Liability	**1 Year**	**1 to 3 Years**	**3 to 5 Years**	**Over 5 Years**	**Total**
2022 Revolving Credit Facility commitment fees(1)	$ 891	$ 1,713	$ 1,711	$ 12	$ 4,327
2022 Term Loan principal payments	11,000	22,000	22,000	1,045,000	1,100,000
2022 Term Loan interest payments(2)	100,705	171,374	159,400	83,436	514,915
Other non-interest bearing liabilities(3)	35,274	—	—	—	35,274
Pension obligation	849	1,935	2,182	5,324	10,290
Lease payments	1,535	2,831	2,934	4,543	11,843
Total obligations	**$ 150,254**	**$ 199,853**	**$ 188,227**	**$ 1,138,315**	**$ 1,676,649**

(1) The commitment fee, which may range from 0.25% to 0.50% depending on certain leverage ratios, was 0.38% on the $225.0 million undrawn balance of our 2022 Revolving Credit Facility as of December 31, 2022.
(2) The interest commitment on our 2022 Term Loan is calculated based on SOFR plus 425 basis points with a 0.50% SOFR floor. Projected interest rates range between 7.04% and 9.16%. Interest payments were calculated using the forecasted one-month forward-looking SOFR curve.
(3) Includes trade and related party payables.

21.6 Market risk

Our business strategy depends significantly on demand for all-inclusive vacation packages and demand for vacations generally. Weak economic conditions in the United States, Europe and much of the rest of the world and the uncertainty over the duration of these conditions could continue to have a negative impact on the hospitality industry. As a result, any delay or a weaker than anticipated economic recovery will adversely affect our future results of operations. Furthermore, a significant percentage of our guests originate in the United States and elsewhere in North America and, if travel from the United States or elsewhere in North America were disrupted and we were not able to replace those guests with guests from other geographic areas, it would have a material adverse effect on our results of operations. Additionally, most of our resorts are located in Mexico, and, as a result, our business is exposed to economic conditions in Mexico. If the economy in Mexico weakens or experiences a downturn, it could have a material adverse effect on us, including our financial results.

21.7 Interest rate risk

The risk from market interest rate fluctuations mainly affects long-term debt bearing interest at a variable interest rate, or SOFR. We do not currently have any outstanding derivatives or other financial instruments designed to hedge our interest rate risk.

21.8 Variable rate instruments

As of December 31, 2022, approximately 100% of our outstanding indebtedness bore interest at floating rates, as our 2022 Term Loan incurs interest based on SOFR plus a margin of 4.25%. The sensitivity analysis below has been determined based on the exposure to interest rates for variable rate borrowings at the end of the reporting period. The analysis is prepared assuming the amount of the liability outstanding as of December 31, 2022 was outstanding for the whole period. A 1.0% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate.

- If market rates of interest on our SOFR-based 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 $11.0 million annually, assuming the balance outstanding under our 2022 Revolving Credit Facility remained at $0 million.

- If market rates of interest on our SOFR-based floating rate debt were to decrease by 1.0%, the decrease in interest expense on our floating rate debt would increase our future earnings and cash flows by approximately $11.0 million annually, assuming the balance outstanding under our 2022 Revolving Credit Facility remained at $0 million.

At this time, we do not have any outstanding derivatives or other financial instruments designed to hedge our interest rate risk on our 2022 Term Loan.

Our outstanding interest rate swaps were designed to offset changes in LIBOR. We do not have any significant interest rate risk related to changes in LIBOR as our interest rate swaps matured on March 31, 2023.

21.9 Foreign currency risk

Since our resorts are based in Mexico, the Dominican Republic and Jamaica, where the currency is different from the functional currency, we are exposed to exchange rate fluctuations.

Interest on borrowings is denominated in currencies that correspond to the cash flows generated by resort operations, mainly in USD. This provides an economic hedge on the borrowings, sales and purchases. Approximately 98% of our sales are denominated in USD, which is the functional currency of our foreign consolidated subsidiaries. With respect to other monetary assets and liabilities denominated in foreign currencies other than those already mentioned, we ensure that our net exposure is kept at an acceptable level by buying or selling foreign currencies at spot market rates in order to cover the cash needs generated by the resorts.

As income is mainly denominated in USD, which is the functional currency of the resorts, it is not affected by the exchange rate fluctuations between the functional and local currencies. Approximately 75% of the operating expenses (non-financial) of the resorts are transacted in the local currencies (Dominican Pesos, Mexican Pesos and Jamaican Dollars); as a result, the exchange rate fluctuations with regard to the functional currency have an effect on the amount of recorded expenses.

- The effect of an immediate 5.0% adverse change in foreign exchange rates on Mexican Peso-denominated expenses at December 31, 2022 would have impacted our Owned Resort EBITDA (as defined in Note 29) by approximately $9.5 million on a year-to-date basis.

- The effect of an immediate 5.0% adverse change in foreign exchange rates on Dominican Peso-denominated expenses at December 31, 2022 would have impacted our Owned Resort EBITDA (as defined in Note 29) by approximately $6.4 million on a year-to-date basis.

- The effect of an immediate 5.0% adverse change in foreign exchange rates on Jamaican Dollar-denominated expenses at December 31, 2022 would have impacted our Owned Resort EBITDA (as defined in Note 29) by approximately $5.2 million on a year-to-date basis.

21.10 Reconciliation of liabilities arising from financing activities

The table below details changes in our liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in our Consolidated Statements of Cash Flows as cash flows from financing activities *($ in thousands):*

	Financial liabilities arising from financing activities	
	Borrowings[1]	
As of December 31, 2021	**$**	**1,134,388**
Financing cash flows, net		(108,991)
Non-cash changes:		
Change in fair value		—
Loss on debt extinguishment		22,027
Finance costs		6,127
As of December 31, 2022	**$**	**1,053,551**

(1) Includes both current and non-current borrowings and related party borrowings.

22. Provisions

As of December 31, 2022 and 2021, there were no provisions outstanding.

23. 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 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 Dominican Resort B.V., 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 all members of the fiscal unity are jointly and severally liable for the tax liabilities of the fiscal unity as a whole.

In 2015, the local taxing authorities in Mexico challenged $3.4 million of value added tax (“VAT”) receivable that was recognized in connection with the renovation of the Hyatt Ziva Cancún. During the second quarter of 2022, the tax authorities ruled in our favor resulting in receipt of the VAT and an additional $6.2 million for interest and inflation since the date the VAT refund was requested. The gain of $6.2 million is reported within other financial income, net in the Consolidated Statements of Profit or Loss for the year ended December 31, 2022 (see Note 27).

24. Other non-current liabilities

The following summarizes the balances of other non-current liabilities as of December 31, 2022 and 2021 (*$ in thousands*):

	As of December 31,	
	2022	2021
Pension obligation	$ 6,587	$ 5,126
Key money [1]	15,362	16,731
Operating lease liabilities	3,472	4,298
Other	857	926
Total other non-current liabilities	**$ 26,278**	**$ 27,081**

[1] Represents the unamortized balance of key money, which is received in accordance with our franchise agreements. Key money is amortized on a straight-line basis over the non-cancellable term of the franchise agreement as a reduction to franchise fees within operating expenses in the Consolidated Statements of Profit or Loss. We received $1.9 million of key money in 2021. In 2022, we did not receive any key money.

25. Operating expenses

For the years ended December 31, 2022 and the 2021, the breakdown of operating expenses is as follows (*$ in thousands*):

	Year ended December 31,	
	2022	2021
Personnel expenses	$ 211,947	$ 155,982
Food and beverage	96,861	64,357
Operating equipment and supplies	55,281	42,269
Utilities expenses	46,078	35,481
Franchise fees	39,558	24,592
Third party commissions	30,653	15,574
Repairs and maintenance expense	23,222	16,538
Advertising expenses	22,951	15,375
Insurance expenses	19,709	16,965
Professional fees	14,256	11,042
Human resources expenses	13,844	14,464
Guest costs	12,002	7,005
Reimbursed costs	9,706	5,806
Computer and telephone expenses	8,029	8,055
Incentive and management fees	3,279	1,492
Property and other taxes	3,067	3,073
Travel and entertainment	2,331	703
Rent	2,093	2,091
Credit card commissions	13,756	7,530
Repair and clean-up expenses from natural events [1]	8,617	883
Other	4,839	3,950
Business interruption insurance recoveries	(7,226)	—
Total operating expenses	**$ 634,853**	**$ 453,227**

[1] For the year ended December 31, 2022, includes $8.1 million of repair and clean-up expenses related to Hurricane Fiona that are not expected to be offset by property damage insurance proceeds.

The breakdown of personnel expenses for the years ended December 31, 2022 and 2021 is as follows (*$ in thousands*):

	Year Ended December 31,	
	2022	2021
Wages, salaries and severance	$ 180,247	$ 132,475
Benefits	31,700	23,507
Total personnel expenses	**$ 211,947**	**$ 155,982**

The number of full-time employees as of December 31, 2022 and 2021 by category is as follows:

	As of December 31,	
	2022	2021
Resort management and administration	1,844	1,751
Resort staff	12,287	10,505
Total number of full-time employees	**14,131**	**12,256**

As of December 31, 2022 and 2021, we had no employees in the Netherlands.

26. Finance costs

For the years ended December 31, 2022 and 2021, the breakdown of finance costs is as follows (*$ in thousands*):

	Year Ended December 31,	
	2022	2021
Interest expense:		
Interest on Term Loans	$ 53,603	$ 45,001
Interest on Property Loan	9,894	10,316
Interest and commitment fee on Revolving Credit Facility	792	1,047
Interest on derivative financial instruments	9,239	22,284
Interest expense on leases	442	278
Amortization of financing costs and discount on Term Loan	6,127	6,265
Change in fair value of derivative financial instruments	(14,187)	(12,061)
Other financing costs	429	396
Total finance costs	**$ 66,339**	**$ 73,526**

27. Other financial income, net

For the years ended December 31, 2022 and 2021, the breakdown of other financial income, net is as follows (*$ in thousands*):

	Year Ended December 31,	
	2022	2021
Change in fair value of warrant liability	$ —	$ 8,127
Non-service cost components of net periodic pension benefit	(728)	124
Other [(1)]	5,778	(96)
Total other financial income, net	**$ 5,050**	**$ 8,155**

[(1)] For the year ended December 31, 2022, includes a $6.2 million gain on our value added tax refund (see Note 23).

28. Leases

We enter into operating leases primarily for administrative offices. Our administrative offices, located in Virginia, Florida and Cancún, are leased under various lease agreements that extend for varying periods through 2025, with the option to extend our Cancún and Florida office leases through 2028 and 2030, respectively. The extension options are reasonably certain to be exercised and included in the amounts recorded.

We also have two finance lease arrangements with third-parties for the construction, management and maintenace of thermal energy plants in the Dominican Republic (see Note 18). Amortization expense for our finance leases was $0.5 million and $0.3 million for the years ended December 31, 2022 and 2021, respectively.

Our future minimum lease payments under non-cancelable leases with third parties and related parties and lease liability as of December 31, 2022 were as follows *($ in thousands)*:

	Operating Leases	Finance Leases
Minimum future lease payments		
2023	$ 687	$ 848
2024	547	853
2025	572	859
2026	591	864
2027	609	870
Thereafter	956	3,587
Total minimum future lease payments	**3,962**	**7,881**
Less: imputed interest	(490)	(2,224)
Total lease liability[(1)]	**$ 3,472**	**$ 5,657**

(1) Operating and finance leases are included in other non-current liabilities and borrowings, respectively, in our Consolidated Statements of Financial Position.

The following table presents the components of lease expense and supplemental cash flow information for the years ended December 31, 2022 and 2021 *($ in thousands)*:

	Year Ended December 31,	
	2022	2021
Lease expense [(1)]	$ 2,319	$ 2,292
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash outflows for leases	$ 443	$ 278
Financing cash outflows for leases	$ 1,225	$ 892

(1) Includes variable and short term lease expenses.

The following table presents other relevant information related to our leases as of December 31, 2022:

	Operating Leases	Finance Leases
Weighted-average remaining lease term	6.32 years	10.29 years
Weighted-average discount rate [(1)]	4.09 %	7.73 %

(1) The discount rates applied to each lease reflects our estimated incremental borrowing rate, which was determined based on lending rates specific to the type of leased real estate. The discount rates applied to our finance leases were implicit in lease.

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 years ended December 31, 2022 and 2021 *($ in thousands)*:

		Year Ended December 31,	
Leases	**Financial Statement Classification**	**2022**	**2021**
Operating lease income [1]	Revenue	$ 4,197	$ 3,086

[1] Includes variable lease revenue, which is typically calculated as a percentage of our tenant's net sales.

29. 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 report four separate reportable segments by geography: (i) Yucatán Peninsula, (ii) Pacific Coast, (iii) Dominican Republic, and (iv) Jamaica.

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. For the years ended December 31, 2022, and 2021, we have excluded the immaterial amounts of management fees, cost reimbursements and other from our segment reporting.

The performance of our business is evaluated primarily on adjusted earnings before interest expense, income tax benefit, and depreciation and amortization expense (“Adjusted EBITDA”), which should not be considered an alternative to net income (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 fees (“Owned Resort EBITDA”).

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

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 results presented in our U.S. GAAP Consolidated Financial Statements filed with the Securities and Exchange Commission (“SEC”).

The following table presents segment Owned Net Revenue, defined as total revenue less compulsory tips paid to employees, cost reimbursements, management fees and other miscellaneous revenue not derived from segment operations, and a reconciliation to total revenue for the years ended December 31, 2022 and 2021 (*$ in thousands*):

	Year Ended December 31,	
	2022	**2021**
Owned Net Revenue		
Yucatán Peninsula	$ 280,161	$ 188,911
Pacific Coast	128,210	76,811
Dominican Republic	230,972	149,774
Jamaica	180,318	97,036
Segment Owned Net Revenue	**819,661**	**512,532**
Other	2,752	974
Management fees	3,828	2,291
Cost reimbursements	9,706	5,806
Compulsory tips	20,316	13,036
Total revenue	**$ 856,263**	**$ 534,639**

The following table presents segment Owned Resort EBITDA, Adjusted EBITDA and a reconciliation to net income (loss) under U.S. GAAP for the years ended December 31, 2022 and 2021 (*$ in thousands*):

	Year Ended December 31,	
	2022	**2021**
Owned Resort EBITDA per U.S. GAAP:		
Yucatán Peninsula	$ 105,416	$ 59,538
Pacific Coast	51,148	23,776
Dominican Republic [(1)]	76,854	38,141
Jamaica	56,279	14,826
Segment Owned Resort EBITDA	**289,697**	**136,281**
Other corporate [(2)]	(50,906)	(39,401)
Management fees	3,828	2,291
Total adjusted EBITDA per U.S. GAAP	**242,619**	**99,171**
Interest expense	(64,164)	(71,378)
Depreciation and amortization	(78,372)	(81,508)
Impairment loss	—	(24,011)
Loss on sale of assets	(6)	(676)
Loss on extinguishment of debt	(18,307)	—
Other income (expense)	3,857	(1,471)
Repairs from hurricanes and tropical storms	(8,074)	(475)
Contract termination fees	—	(400)
Share-based compensation	(11,892)	(13,163)
Other tax expense	(502)	(617)
Transaction expense	(15,110)	(1,321)
Severance expense	—	(1,756)
Non-service cost components of net periodic pension cost [(3)]	1,104	520
Net income (loss) before tax	**51,153**	**(97,085)**
Income tax benefit	5,553	7,403
Net income (loss) per U.S. GAAP	**$ 56,706**	**$ (89,682)**

[(1)] Includes $7.2 million of business interruption insurance recoveries for the year ended December 31, 2022 related to unavoidable operating costs incurred, net of our deductible, while our resorts were temporarily closed due to the impact of Hurricane Fiona.
[(2)] Includes revenue generated by The Playa Collection of $1.8 million for the year ended December 31, 2022.
[(3)] Represents the non-service cost components of net periodic pension cost or benefit recorded within other income (expense) in the U.S. GAAP Consolidated Statements of Operations. We include these costs in Adjusted EBITDA as they are considered part of our ongoing resort operations.

The following table presents a reconciliation of our U.S. GAAP net income (loss) to our IFRS income (loss) for the years ended December 31, 2022 and 2021 (*$ in thousands*):

	Year Ended December 31,	
	2022	**2021**
Net income (loss) per U.S. GAAP	**$ 56,706**	**$ (89,682)**
Reconciling items to IFRS		
Other impairment loss [1]	—	10,932
Share based compensation expense [2]	462	(28)
Depreciation expense [3]	5,443	2,523
Amortization of financing costs [4]	(2,175)	(2,149)
Fair value gains on warrant liability [5]	—	8,127
Income tax benefit [6]	19,128	7,503
Loss on extinguishment of debt [7]	(3,720)	—
Transaction expense [7]	12,866	—
Other	183	338
Income (loss) from continuing operations per IFRS	**$ 88,893**	**$ (62,436)**

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(1) Difference in the amount of impairment loss due to different carrying values of property and equipment between U.S. GAAP and IFRS resulting from the timing of componentization.
(2) Differences due to the acceleration of share-based compensation expense for share-based awards with graded vesting service conditions under IFRS, compared to straight-line expense recognition for these awards under U.S. GAAP.
(3) Differences in depreciation due to the timing of componentization and the reversals of property and equipment impairment under IFRS.
(4) Differences in amortization due to amounts of deferred financing costs and discounts on borrowings capitalized in previous debt refinancing transactions.
(5) Other financial income recognized only under IFRS as we did not recognize a warrant liability under U.S. GAAP (see Note 27).
(6) Differences in the book and tax basis under IFRS and U.S. GAAP which primarily relate to property and equipment.
(7) Differences due to the treatment of third-party debt issue costs in the December 2022 debt refinancing, which was accounted for as a partial modification and partial extinguishment of debt. Third-party debt issue costs are capitalized in a debt modification under IFRS, but expensed under U.S. GAAP.

The following tables present a reconciliation of segment property and equipment, gross to total property and equipment, net as of December 31, 2022 and 2021 (*$ in thousands*):

	As of December 31,	
	2022	**2021**
Segment property and equipment, gross:		
Yucatán Peninsula	$ 649,458	$ 640,807
Pacific Coast	292,659	289,591
Dominican Republic	676,787	670,791
Jamaica	407,802	401,709
Total segment property and equipment, gross	**2,026,706**	**2,002,898**
Other corporate	5,427	4,802
Accumulated depreciation	(544,133)	(477,136)
Total property and equipment, net	**$ 1,488,000**	**$ 1,530,564**

The following table presents segment capital expenditures, which includes capital expenditures incurred but not yet paid, for the years ended December 31, 2022 and 2021 (*$ in thousands*):

	Year Ended December 31,	
	2022	**2021**
Segment capital expenditures:		
Yucatán Peninsula	$ 10,018	$ 4,957
Pacific Coast	4,782	1,138
Dominican Republic	8,163	3,417
Jamaica	6,304	4,210
Total segment capital expenditures	**29,267**	**13,722**
Corporate	698	353
Total capital expenditures	**$ 29,965**	**$ 14,075**

30. Subsequent events

For our Consolidated Financial Statements as of and for the year ended December 31, 2022, we evaluated subsequent events through April 13, 2023, which is the date the financial statements were approved for issue by the Board of Directors.

During the period from January 1, 2023 through January 31, 2023, we purchased 1,541,689 shares at an average price of $6.57 per share. As of January 31, 2023, we had $43.6 million remaining under our $100.0 million share repurchase program.

On February 9, 2023, our Board authorized a new $200.0 million share repurchase program, which authorization replaced our $100.0 million repurchase authorization announced in September 2022. During the period from February 28, 2023 through April 11, 2023, we purchased 4,204,241 shares at an average price of $9.00 per share. As of April 11, 2023, we had $162.2 million remaining under our $200.0 million share repurchase program.

7.2 Company Financial Statements

Playa Hotels & Resorts N.V.
(Parent Company)
Condensed Statements of Financial Position (after appropriation of result)
($ in thousands)

	Note	As of December 31, 2022	As of December 31, 2021
ASSETS			
Fixed assets			
Participation in group companies	5	$ 681,259	$ 676,685
Total fixed assets		681,259	676,685
Current assets			
Trade and other receivables	8	330	79
Prepayments and other current assets		59	100
Cash and cash equivalents	6	13,092	8,903
Total current assets		13,481	9,082
Total assets		**$ 694,740**	**$ 685,767**
EQUITY AND LIABILITIES			
Equity			
Share capital	7	$ 18,700	$ 18,518
Share premium	7	965,724	965,724
Other reserves	7	57,403	46,155
Treasury shares	7	(62,953)	(16,697)
Accumulated deficit		(379,241)	(479,652)
Total equity		**599,633**	**534,048**
Current liabilities			
Trade and other payables		1,975	410
Advances from subsidiaries	8	93,132	151,309
Total current liabilities		95,107	151,719
Total liabilities		95,107	151,719
Total equity and liabilities		**$ 694,740**	**$ 685,767**

The accompanying Notes 1-13 are an integral part of these Company Financial Statements.

Playa Hotels & Resorts N.V.
(Parent Company)
Condensed Statements of Profit or Loss
($ in thousands)

		Year ended December 31,	
	Note	**2022**	**2021**
Operations			
Operating expenses		$ (12,385)	$ (14,172)
Other financial income	8	58,222	8,123
Result before taxation		45,837	(6,049)
Share in result of participation	5	54,574	(44,080)
Income (loss) for the period		**$ 100,411**	**$ (50,129)**

The accompanying Notes 1-13 are an integral part of these Company Financial Statements.

Playa Hotels & Resorts N.V.
(Parent Company)
Condensed Statements of Changes in Equity
($ in thousands)

	Ordinary share capital - Shares	Ordinary share capital - Amount	Treasury shares - Shares	Treasury shares - Amount	Share premium - ordinary shares	Equity-settled employee benefits reserve	Accumulated deficit	Total equity
Balance at January 1, 2021	**134,571,290**	**$ 14,871**	**2,198,796**	**$ (16,642)**	**$ 831,520**	**$ 33,098**	**$ (418,761)**	**$ 444,086**
Total comprehensive loss	—	—	—	—	—	—	(50,129)	(50,129)
Immaterial correction of prior period error							(10,762)	(10,762)
Share-based compensation, net of tax withholdings	1,116,990	135	9,208	(55)	—	13,057	—	13,137
Equity issuance, net	28,750,000	3,512	—	—	134,204	—	—	137,716
Balance at December 31, 2021	**164,438,280**	**$ 18,518**	**2,208,004**	**$ (16,697)**	**$ 965,724**	**$ 46,155**	**$ (479,652)**	**$ 534,048**

	Ordinary share capital - Shares	Ordinary share capital - Amount	Treasury shares - Shares	Treasury shares - Amount	Share premium - ordinary shares	Equity-settled employee benefits reserve	Accumulated deficit	Total equity
Balance at January 1, 2022	**164,438,280**	**$ 18,518**	**2,208,004**	**$ (16,697)**	**$ 965,724**	**$ 46,155**	**$ (479,652)**	**$ 534,048**
Total comprehensive income	—	—	—	—	—	—	100,411	100,411
Share-based compensation	1,629,220	182	—	—	—	11,248	—	11,430
Repurchase of ordinary shares	(7,838,992)	—	7,838,992	(46,256)	—	—	—	(46,256)
Balance at December 31, 2022	**158,228,508**	**$ 18,700**	**10,046,996**	**$ (62,953)**	**$ 965,724**	**$ 57,403**	**$ (379,241)**	**$ 599,633**

The accompanying Notes 1-13 are an integral part of these Company Financial Statements.

Playa Hotels & Resorts N.V.
(Parent Company)
Notes to the Condensed Financial Statements

1. General information

Playa Hotels & Resorts N.V. (“Playa” or the “Company”) is incorporated as a public limited liability company in the Netherlands. Playa became the parent company (holding) of the Company's portfolio through its wholly-owned subsidiary Playa Resorts Holding B.V. The description of the Company's activities and structure, as included in Note 1 to the Consolidated Financial Statements, also applies to these Company Financial Statements.

2. Basis of preparation, presentation and measurement

These Company Financial Statements have been presented in accordance with the regulatory framework set forth in Note 3.1. For the general principles for the preparation of the Company Financial Statements, the principles for the valuation of assets and liabilities and determination of the result, as well as the notes to the specific assets and liabilities and the results, reference is made to the notes to the Consolidated Financial Statements, if not presented otherwise hereinafter.

The financial information relating to Playa Hotels & Resorts N.V. and its subsidiaries is presented in the Consolidated Financial Statements, which have been prepared assuming the Company will continue as a going concern.

Proposed appropriation of the result

During the year ended December 31, 2022, the Company had income in the Company Financial Statements which the management board proposes to include in the unappropriated income of the Company.

The Company Financial Statements reflect this proposal.

3. Significant accounting policies

3.1 Regulatory framework applicable to the financial information

The regulatory framework applied to the Company’s financial information is established by:

- Title 9, Book 2 of the Netherlands Civil Code (“NCC”);
- Combination 3 as allowed in the NCC; and
- All other applicable Dutch accounting principles.

3.2 Functional currency

The functional currency of Playa and its subsidiaries is the U.S. dollar (“USD”).

3.3 Net asset value of controlled participating interests

The net asset value of controlled participating interests in the Company Financial Statements is determined based on Title 9, Book 2 of the NCC applied for preparation of the Company Financial Statements.

4. Difference of consolidated and company only equity and result

There were no differences between the Company Financial Statements and the Consolidated Financial Statements as of and for the years ended December 31, 2022 and 2021 (*$ in thousands)*:

	2022	2021
Total equity according to the Company Financial Statements	$ 599,633	$ 534,048
Total equity according to the Consolidated Financial Statements	599,633	534,048
Difference	**$ —**	**$ —**
Income (loss) for the period according to the Company Financial Statements	$ 100,411	$ (50,129)
Total comprehensive income (loss) according to the Consolidated Financial Statements	100,411	(50,129)
Difference	**$ —**	**$ —**

5. Participation in group companies

As of December 31, 2022, we had 100% ownership of our direct investment in subsidiaries in Playa Resorts Holding B.V. and account for our investment in subsidiaries using the net asset value method of accounting. At the end of each reporting period, we assesses whether there is any indication that its investment may be impaired. As of December 31, 2022, no provision for impairment was recognized.

The following tables summarize the movements in participation in group companies for the years ended December 31, 2022 and 2021 (*$ in thousands*):

	% Participation	As of January 1, 2022	Distributions	Share in result of participation	At December 31, 2022
Participation in group companies					
Investment in Playa Resorts Holding B.V.	100%	$ 676,685	$ (50,000)	$ 54,574	$ 681,259
Total		**$ 676,685**	**$ (50,000)**	**$ 54,574**	**$ 681,259**

	% Participation	As of January 1, 2021	Additions	Immaterial correction of prior period error	Share in result of participation	At December 31, 2021
Participation in group companies						
Investment in Playa Resorts Holding B.V.	100%	$ 592,527	$ 139,000	$ (10,762)	$ (44,080)	$ 676,685
Total		**$ 592,527**	**$ 139,000**	**$ (10,762)**	**$ (44,080)**	**$ 676,685**

6. Cash and cash equivalents

There are no restrictions on the availability of cash and cash equivalents as they are balances maintained in current accounts at financial institutions. They are at our free disposal. The following summarizes the balances of cash and cash equivalents as of December 31, 2022 and 2021 (*$ in thousands*):

	As of December 31,	
	2022	2021
Bank of America Netherlands	$ 13,092	$ 8,903
Total	**$ 13,092**	**$ 8,903**

7. Ordinary share capital, share premium, treasury shares and other reserves

For details on ordinary share capital, share premium, treasury shares, and other reserves, see Note 14 of the Consolidated Financial Statements included elsewhere in this report.

8. Transactions with related parties

For a list of our subsidiaries, see Note 1 of the Consolidated Financial Statements included elsewhere in this report. Details of the balances between us and other related parties as of December 31, 2022 and 2021, and for the transactions between us and other related parties for the years ended December 31, 2022 and 2021, are as follows (*$ in thousands*):

		As of December 31,	
Balances:	**Relation:**	**2022**	**2021**
Accounts receivable:			
Resort Room Sales, LLC	Group Companies	$ 68	$ 77
Playa Resorts Holding B.V.	Group Companies	—	2
Playa Dominican Resort B.V. DR Branch	Group Companies	80	—
Playa Romana Mar B.V. DR Branch	Group Companies	77	—
Total		**$ 225**	**$ 79**
Advances from subsidiaries:			
Playa Resorts Holding B.V.	Group Companies	$ 93,118	$ 93,118
Runaway Bay Resort Lucia Limited	Group Companies	—	32,210
Dunn's River Resort Lucia Limited	Group Companies	—	25,981
Playa Resorts Management	Group Companies	14	—
Total		**$ 93,132**	**$ 151,309**

During the year ending December 31, 2022, the cash advances from our Jamaican subsidiaries were forgiven and resulted in $58.2 million of other financial income within the Condensed Statements of Profit or Loss.

Relationship with Hyatt

Hyatt is a related party due to its ownership of our ordinary shares and representation on our Board until August 18, 2021.

9. Financial instruments

9.1 General

We have exposure to credit risk, liquidity risk, and market risk (including foreign currency risk and interest rate risk). See Note 21 of the Consolidated Financial Statements for further discussion regarding these risks, our objective, policies and processes for measuring and managing risk, and our management of capital.

9.2 Categories of financial instruments

Our Condensed Statements of Financial Position contains various financial instruments as shown in the table below (*$ in thousands*):

	As of December 31,	
	2022	**2021**
Financial assets not measured at fair value:		
Cash and cash equivalents	$ 13,092	$ 8,903
Trade and other receivables	330	79
Total financial assets	**$ 13,422**	**$ 8,982**
Financial liabilities not measured at fair value:		
Trade and other payables	$ 1,975	$ 410
Total financial liabilities	**$ 1,975**	**$ 410**

We believe the carrying value of our financial assets and financial liabilities not measured at fair value approximate their fair values at December 31, 2022 and 2021.

9.3 Fair value measurements

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significant of the inputs to the fair value measurement in its entirety, which are described below:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.
- Level 2: Inputs, other than quoted prices included in Level 1, are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs are unobservable for the assets or liabilities.

Liabilities measured at fair value on a recurring basis

We had no liabilities measured at fair value on a recurring basis as of December 31, 2022 and 2021.

10. Remuneration of Board Members

For 2021, each of our non-executive directors received an annual grant of restricted Ordinary Shares with a value of $75,000, which vest one-year from the grant date, and an annual cash retainer of $70,000, paid quarterly, for services as a director. The Lead Independent Director received an additional annual cash retainer of $25,000, the chairs of the Audit Committee and Compensation Committee each received an additional annual cash retainer of $20,000 and the chair of the Nominating and Governance Committee received an additional annual cash retainer of $10,000, in each case, paid quarterly. As part of the regular review of the annual non-executive director compensation program, the Board approved, with input from its independent outside compensation consultant, the following adjustments for 2022 in order to better align the non-executive directors' compensation with the Company's peers and the market: an increase in the non-executive directors' cash retainer amount from $70,000 to $75,000 and an increase in the value of the annual grant of Ordinary Shares from $75,000 to $100,000. The Board also approved an annual cash retainer of $7,500 for each member of the Nominating and Governance Committee and an annual cash retainer of $10,000 for each member of the Audit Committee and the Compensation Committee. No changes were made to the compensation of the Lead Independent Director or the chairs of the Board Committees for 2022.

Should a non-executive director be elected to the Board during the year, any compensation is prorated based on the first date of service. Directors who are our employees or are employees of our subsidiaries will not receive compensation for their services as directors. All of our directors are reimbursed for their out-of-pocket expenses incurred in connection with the performance of our

Board duties. To encourage our directors to experience our properties as guests, they receive discounts for personal visits to our resorts.

The following tables set forth the compensation paid in 2022 and 2021 to our directors for their service to us as directors. Mr. Wardinski did not and does not receive any compensation for his service as a director. The remuneration of our non-executive directors is recorded within operating expenses on the Condensed Statements of Profit or Loss.

Summary of Non-Executive Director 2022 Compensation

Name	Fees Earned or Paid in Cash	Share Awards	Other	Total
Jeanmarie Cooney [1]	$ 42,500	$ —	$ —	$ 42,500
Richard B. Fried [2]	$ —	$ —	$ —	$ —
Hal Stanley Jones	$ 105,000	$ 99,999	$ —	$ 204,999
Mahmood Khimji	$ 78,750	$ 99,999	$ —	$ 178,749
Elizabeth Lieberman	$ 130,000	$ 99,999	$ —	$ 229,999
Maria Miller	$ 82,500	$ 99,999	$ —	$ 182,499
Leticia Navarro	$ 88,750	$ 99,999	$ —	$ 188,749
Karl Peterson [3]	$ —	$ —	$ —	$ —

(1) Appointed to the Board effective July 1, 2022.
(2) Waived all compensation for services as a non-executive director and resigned from the Board effective May 12, 2022.
(3) Waived all compensation for services as a non-executive director.

Summary of Non-Executive Director 2021 Compensation

Name	Fees Earned or Paid in Cash	Share Awards	Other	Total
Charles Floyd [1][2]	$ —	$ —	$ —	$ —
Richard B. Fried [3]	$ —	$ 74,997	$ —	$ 74,997
Hal Stanley Jones	$ 90,000	$ 74,997	$ —	$ 164,997
Mahmood Khimji	$ 53,861	$ —	$ —	$ 53,861
Elizabeth Lieberman	$ 105,000	$ 74,997	$ —	$ 179,997
Maria Miller	$ 53,861	$ —	$ —	$ 53,861
Leticia Navarro	$ 53,861	$ —	$ —	$ 53,861
Karl Peterson [1]	$ —	$ —	$ —	$ —
Christopher W. Zacca [4]	$ —	$ —	$ —	$ —

(1) Waived compensation received for services as non-executive directors.
(2) Resigned from the Board effective August 18, 2021.
(3) Waived cash compensation for services as a non-executive director.
(4) Waived compensation for services as a non-executive director and resigned from the Board effective March 25, 2021.

The following table sets forth the compensation paid in 2022 and 2021 to Mr. Wardinski for his service to us as Chief Executive Officer. The remuneration, excluding share awards, of Mr. Wardinski is recorded by a group company. Mr. Wardinski's share awards are recorded within operating expenses on the Condensed Statements of Profit or Loss.

Name	Year	Salary ($)	Bonus ($)	Share Awards ($)	All Other Compensation ($)	Total
Bruce D. Wardinski	2022	$ 775,000	$ 2,325,000	$ 2,980,787	$ 13,544	$ 6,094,331
	2021	$ 750,000	$ 1,875,000	$ 3,996,557	$ 12,944	$ 6,634,501

11. Audit fees

During the years ended December 31, 2022 and 2021, the fees expensed related to audit services by Deloitte Accountants B.V., for the audit of the Consolidated and Company Financial Statements and other services provided, as well as professional fees for miscellaneous services invoiced to the subsidiaries, as referred to in Article 1, first part, 'a' and 'e' of the Dutch Law (*Wet toezicht accountantsorganisaties*) are as follows (*$ in thousands*):

	Year Ended December 31, 2022		
	Deloitte Accountants B.V.	**Other Deloitte**	**Total Network**
Audit of the financial statements and related services	$ 445	$ 3,120	$ 3,565
Tax advisory services	—	435	435
Total	**$ 445**	**$ 3,555**	**$ 4,000**

	Year Ended December 31, 2021		
	Deloitte Accountants B.V.	**Other Deloitte**	**Total Network**
Audit of the financial statements and related services	$ 568	$ 3,063	$ 3,631
Tax advisory services	—	548	548
Total	**$ 568**	**$ 3,611**	**$ 4,179**

12. Commitments and contingencies

The legal entity currently has not guaranteed liabilities of certain consolidated group companies, as meant in article 2:403 of the Netherlands Civil Code.

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 Dominican Resort B.V., 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 all members of the fiscal unity are jointly and severally liable for the tax liabilities of the fiscal unity as a whole.

13. Subsequent events

For our Company Financial Statements as of and for the year ended December 31, 2022, we evaluated subsequent events through April 13, 2023, which is the date the financial statements were approved for issue by the Board. For a discussion of subsequent events, see Note 30 to the Consolidated Financial Statements included elsewhere in this report.

7.3 Signature Page

This section contains the signature page to the Dutch statutory board report of Playa Hotels & Resorts N.V. for the fiscal year ended December 31, 2022.

/s/ Bruce D. Wardinski	/s/ Elizabeth Lieberman
Bruce D. Wardinski	**Elizabeth Lieberman**
/s/ Hal Stanley Jones	/s/ Jeanmarie Cooney
Hal Stanley Jones	**Jeanmarie Cooney**
/s/ Karl Peterson	/s/ Maria Miller
Karl Peterson	**Maria Miller**
/s/ Mahmood Khimji	/s/ Leticia Navarro
Mahmood Khimji	**Leticia Navarro**

8. CONTROLS AND PROCEDURES

8.1 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 Chief Executive Officer ("CEO") in the role of Principal Executive Officer and our Chief Financial Officer ("CFO") in the role of 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 annual report, an evaluation was carried out under the supervision and with the participation of our management, including our CEO and CFO, of the effectiveness of our disclosure controls and procedures. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of December 31, 2022.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control system is designed to provide reasonable assurance to our management and the board of directors regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management conducted, under the supervision of our CEO and CFO, an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the assessment performed, management concluded that our internal control over financial reporting was effective as of December 31, 2022.

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 year that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting pursuant because such attestation is not required by Dutch GAAP.

8.2 In control statement

On the basis of reports and information provided to our Board, our Board is of the opinion that:

1. this annual report provides sufficient insight into any failings in the effectiveness of the Company's risk management and control systems;

2. the Company's risk management and control systems provide reasonable assurance that the Company's financial reporting does not contain material inaccuracies;

3. based on the Company's state of affairs as of the date of this annual report, it is justified that the Company's financial reporting is prepared on a going concern basis; and

4. this annual report states those material risks and uncertainties that are relevant to the expectation of the Company's

continuity for a period of twelve months after the date of this annual report.

There were no material failings in, material changes to, and/or material improvements of the Company's risk management and control systems which have been observed, made and/or planned, respectively, during the fiscal year to which this annual report relates.

9. CORPORATE GOVERNANCE

9.1 Dutch Corporate Governance Code (DCGC)

For the fiscal year to which this annual report relates, the DCGC applied to the Company. The text of the DCGC can be accessed at www.mccg.nl/english.

Except as set out below, during the fiscal year to which this annual report relates, the Company complied with the principles and best practice provisions of the DCGC, to the extent that these are directed at the Board.

Retirement schedule (best practice provision 2.2.4)

Consistent with corporate practice in the United States, the trading jurisdiction of our ordinary shares, all of our directors are re-elected annually. Therefore, there is no need for a retirement schedule.

Compensation (best practice provisions 3.1.2, 3.2.3, 3.3.2 and 3.3.3)

Consistent with Playa's historical practices and market practice in the United States, the trading jurisdiction of our ordinary shares, and in order to further support Playa's ability to attract and retain the right highly qualified candidates for a Board position:

- Restricted shares awarded to our Chief Executive Officer as part of his compensation are subject to time-based vesting and vest during the first three years after the date of grant.
- Our directors may generally sell Playa shares held by them at any point in time, subject to Company policy and applicable securities laws regulations.
- Our non-executive directors are granted compensation in the form of shares, options and/or other equity-based compensation.
- Pursuant to a contract originally executed with our Chief Executive Officer before Playa became a listed company and subsequently amended, our Chief Executive Officer may be entitled to a severance payment in excess of his annual base salary.

Majority requirements for dismissal and overruling binding nominations (best practice provision 4.3.3)

Our directors are appointed by the General Meeting upon the binding nomination by the Board. The General Meeting may only overrule the binding nomination by a resolution passed by simple majority of the votes cast, provided such majority represents more than half of the Company's issued share capital. In addition, our directors may be suspended or dismissed by the General Meeting at any time by a resolution passed by simple majority, provided such majority represents more than half of the Company's issued share capital. The possibility to convene a new General Meeting as referred to in Section 2:120(3) DCC in respect of these matters has been excluded in the Articles of Association. We believe that these provisions support the continuity of the Company and its business and that those provisions, therefore, are in the best interests of our stakeholders.

9.2 Code of conduct and other corporate governance practices

The Company has adopted a code of business conduct and ethics, which can be accessed at https://investors.playaresorts.com. The Company does not voluntarily apply other formal codes of conduct or corporate governance practices.

9.3 Risk management and control systems

See Chapter 8.1 of this annual report for an overview of the main characteristics of the Company's risk management and control systems relating to the process of financial reporting by the Company and the Company's group companies whose financial information is included in the Consolidated Financial Statements.

Risk management and control forms an integral part of the Company's business planning and performance review cycle. The Company's risk and control policy is designed to provide reasonable assurance that objectives are met by integrating risk assessment in the strategic planning process, integrating management control into the daily operations, ensuring compliance with legal requirements and safeguarding the integrity of the Company's financial reporting and its related disclosures. The Company makes management responsible for identifying the critical business risks and for the implementation of appropriate risk responses, including those related to fraud. Management, with the assistance of our internal audit function, performs an enterprise risk assessment to identify business, operational, financial, compliance fraud or other risks to the Company and prioritizes such risks in order to identify the nature, timing and extent of mitigating activities to be performed. Management obtains input and performs inquiries across all levels of the organization to ensure that all pertinent risks have been identified and regularly reviews and monitors its risk mitigating activities throughout the year. As part of the risk assessment over fraud, management also ensures that all identified fraud risks are appropriately mitigated through internal controls or operational procedures.

The Company's Risk Management and Internal Control systems are based on the Internal Control-Integrated Framework (2013) established by the Committee of Sponsoring Organizations (COSO). The Company has implemented a global standard for internal control over financial reporting, together with the Company's established accounting procedures, is designed to provide reasonable assurance that assets are safeguarded, that the books and records properly reflect transactions necessary to permit preparation of financial statements, that policies and procedures are carried out by qualified personnel and that published financial statements are properly prepared and do not contain any material misstatements.

9.4 General Meeting

9.4.1 Functioning of the General Meeting

Annually, at least one General Meeting must be held. This annual General Meeting must be held within six months after the end of the Company's fiscal year. A General Meeting must also be held within three months after the Board has decided that it is likely that the Company's equity has decreased to or below 50% of its paid up and called up share capital. In addition, without prejudice to the relevant best practice provisions of the DCGC with respect to invoking a 'response period', a General Meeting must be held when requested by one or more shareholders and/or others with meeting rights under Dutch law collectively representing at least 10% of the Company's issued share capital, provided that certain criteria are met. Any additional General Meeting shall be convened whenever the Board or our Chief Executive Officer would so decide. Each General Meeting must be held in Amsterdam, Rotterdam, Schiphol (Haarlemmermeer), Utrecht or The Hague.

For purposes of determining who has voting rights and/or meeting rights under Dutch law at a General Meeting, the Board may set a record date. The record date, if set, shall be the 28th day prior to that of the General Meeting. Those who have voting rights and/ or meeting rights under Dutch law on the record date and are recorded as such in one or more registers designated by the Board shall be considered to have those rights at the General Meeting, irrespective of any changes in the composition of the shareholder base between the record date and the date of the General Meeting. The Articles of Association require shareholders and others with meeting rights under Dutch law to notify the Company of their identity and their intention to attend the General Meeting. This notice must be received by the Company ultimately on the seventh day prior to the General Meeting, unless indicated otherwise when such General Meeting is convened.

9.4.2 Powers of the General Meeting

All powers that do not vest in the Board pursuant to applicable law, the Articles of Association or otherwise, vest in the General Meeting. The main powers of the General Meeting include, subject in each case to the applicable provisions in the Articles of Association:

1. the appointment, suspension and dismissal of Directors;

2. the approval of certain resolutions of the Board concerning a material change to the identity or the character of the Company or its business;

3. the reduction of the Company's issued share capital through a decrease of the nominal value, or cancellation, of shares in its capital;

4. the adoption of the Company's statutory annual accounts;

5. the appointment of the Dutch independent auditor to examine the Company's statutory annual accounts;

6. amendments to the Articles of Association;

7. approving a merger or demerger by the Company, without prejudice to the authority of the Board to resolve on certain types of mergers and demergers if certain requirements are met; and

8. the dissolution of the Company.

Unless a greater majority is required by law or by our Articles of Association, all resolutions of the General Meeting shall be passed by simple majority. Subject to any provision of mandatory Dutch law and any higher quorum requirement stipulated by our articles of association, the General Meeting can only pass resolutions if at least one third of the issued and outstanding shares in the Company's capital are present or represented at such General Meeting.

The General Meeting also has the right, and the Board must provide, any information reasonably requested by the General Meeting, unless this would be contrary to an overriding interest of the Company.

9.4.3 Shareholder rights

Each share in the Company's capital carries one vote. Shareholders, irrespective of whether or not they have voting rights, have meeting rights under Dutch law (including the right to attend and address the General Meeting, subject to the concept of a record date as described in Chapter 9.4.1). Furthermore, each share in the Company's capital carries an entitlement to dividends and other distributions as set forth in the Articles of Association (if and when proposed by the Board). Pursuant to the Articles of Association, any such dividend or other distribution shall be payable on such date as determined by the Board and the Board may also set a record date for determining who are entitled to receive any such dividend or other distribution (irrespective of subsequent changes in the shareholder base). The record date for dividends and other distributions shall not be earlier than the date on which the dividend or other distribution is announced. In addition, shareholders have those rights awarded to them by applicable law.

9.5 Board

Our Board is charged with the management of us, subject to the restrictions contained in our articles of association and our Board's internal rules. Our Chief Executive Officer is responsible for operational management of us and the business enterprise connected therewith, as well as with the implementation of the decisions taken by our Board and the implementation of our strategy. Our Chief Executive Officer has developed a view on long-term value creation by the Company and has formulated a strategy consistent with that view. The non-executive directors have been actively engaged at an early stage in formulating the Company's strategy and supervise the manner in which the strategy is implemented. The non-executive directors have no day-to-day management responsibility, but supervise the policy and the fulfillment of duties of our Chief Executive Officer and our general affairs. Additionally, the directors have a collective responsibility towards us for the duties of our Board as a whole. In performing their duties, the directors shall be guided by our interests and our business and, in this respect, the directors shall take the interests of all of our stakeholders into proper consideration. Directors shall have access to management and, as necessary and appropriate, our independent advisors. The Chief Executive Officer will timely provide the non-executive directors with any such information as may be necessary for the non-executive directors to perform their duties.

As of December 31, 2022, the Board was composed as follows:

Name and age [1]	Gender	Nationality	Date of initial appointment	Expiration of current term of office
Bruce D. Wardinski (62)*	M	American	March 12, 2017	End of the annual General Meeting to be held in 2023
Jeanmarie Cooney (57)**	V	American	July 1, 2022	End of the annual General Meeting to be held in 2023
Hal Stanley Jones (70)**	M	American	March 12, 2017	End of the annual General Meeting to be held in 2023
Mahmood Khimji (62)**	M	American	March 25, 2021	End of the annual General Meeting to be held in 2023
Elizabeth Lieberman (72)**	V	American	March 12, 2017	End of the annual General Meeting to be held in 2023
Maria Miller (66)**	V	American	March 25, 2021	End of the annual General Meeting to be held in 2023
Leticia Navarro (69)**	V	Mexican	March 25, 2021	End of the annual General Meeting to be held in 2023
Karl Peterson (52)**	M	American	March 12, 2017	End of the annual General Meeting to be held in 2023

* Executive director; Chairman and Chief Executive Officer

** Non-executive director

(1) Ages presented are as of the date the Consolidated Financial Statements have been approved for issue by the Board of Directors.

Jeanmarie Cooney was appointed by the Board to serve as an interim non-executive director effective July 1, 2022 following a search for director candidates. Our former director Richard B. Fried resigned from the Board effective May 12, 2022.

During 2022, our Board held five meetings. Except as discussed below, each director attended at least 75% of the aggregate of the total number of meetings of the Board and the total number of meetings held by all committees on which such director served. Mr. Khimji attended 83% of the regularly scheduled meetings of the Board and the committee on which he served in 2022. However, due to a prior scheduling conflict, he was unable to attend a special Board meeting called in January 2022, and therefore he only attended 71% of the total number of meetings of the Board and the committee on which he served in 2022. Mr. Khimji engaged in discussions with our Chairman and Chief Executive Officer and provided strategic advice and feedback both before and after the two meetings that he missed in 2022 due to prior scheduling conflicts. The Company and Mr. Khimji do not expect these scheduling conflicts to recur during 2023. Our Board Rules provide that all directors are expected to attend all Board meetings. We do not have a formal policy regarding director attendance at the General Meeting, and two of our directors attended the 2022 General Meeting.

Bruce D. Wardinski, 62, has served as our Chairman and Chief Executive Officer since March 12, 2017. Mr. Wardinski previously served as Chief Executive Officer of Playa Hotels & Resorts B.V. (our "*Predecessor*") and a director of our Predecessor since August 2013. In 2006, Mr. Wardinski founded our Predecessor's prior parent and served as its Chief Executive Officer and Chairman of its board of directors from May 2006 to August 2013. From June 2002 to December 2010, Mr. Wardinski served as Chief Executive Officer of Barceló Crestline. From 1998 to 2002, Mr. Wardinski was Chairman, President and Chief Executive Officer of Crestline Capital Corporation. Mr. Wardinski served as a member of the Executive Commission of Barceló Corporación Empresarial of Palma de Mallorca, Spain from 2004 to 2010. Mr. Wardinski was Senior Vice President and Treasurer of Host Marriott Corporation (now Host Hotels & Resorts, Inc.), a hotel asset management company, from 1996 to 1998. Before this appointment, he served in various other capacities with Host Marriott and Marriott Corporation (now Marriott International, Inc.) from 1987 to 1996. In 2003, Mr. Wardinski formed Highland Hospitality Corporation, a lodging and hospitality REIT, where he served as Chairman of its board of directors until the sale of the company in 2007. Prior to joining Host Marriott and Marriott Corporation, Mr. Wardinski worked for Price Waterhouse (now PricewaterhouseCoopers) in Washington D.C., and for Goodyear International in Caracas, Venezuela. Mr. Wardinski was a founding member and currently serves as Chairman of the ServiceSource Foundation, a not-for-profit advocacy group representing people with disabilities. In addition, Mr. Wardinski serves on the board of directors and audit committee of DiamondRock Hospitality (NYSE: DRH), on the board of directors of George Mason University Foundation, Inc., and on the Board of Advisors of the College of Business at James Madison University. Mr. Wardinski graduated with honors from the University of Virginia with a Bachelor of Science and from the Wharton School of Business at the University of Pennsylvania with a Master of Business Administration.

Areas of Expertise: Real Estate and Development, Hotel Operations, Hospitality/Travel Industry, Capital Markets, Public Company Board Experience, Corporate Governance, Human Capital Management, Financial Reporting/Accounting, Business Head/Corporate Management, and Risk Management.

Jeanmarie Cooney, 57, has served as an interim non-executive director since July 1, 2022. Ms. Cooney is an accomplished global finance executive with over thirty years' experience providing strategic financial and operational management across a diverse spectrum of industries. Since 2020 Ms. Cooney has served as the Chief Financial Officer/Senior Vice President of Finance, Strategy and Planning for New York Road Runners Inc. From 2018 to 2020 Ms. Cooney served as the President of JM Consulting and Coaching Services, and from 2015 to 2018 she served as the Executive Vice President and Chief Financial Officer for Wyndham Hotel Group (now Wyndham Hotels & Resorts). Ms. Cooney began her career at Ernst & Young and has held many senior-level positions with blue-chip corporations including Cendant and PepsiCo, Inc. Ms. Cooney received a Bachelor of Business Administration from Iona College and was previously a Certified Public Accountant.

Areas of Expertise: Real Estate and Development, Hospitality/Travel Industry, Capital Markets, Environmental and Sustainability, Human Capital Management, Financial Reporting/Accounting, Business Head/Corporate Management, Cybersecurity, and Risk Management.

Hal Stanley Jones, 70, has served as a non-executive director since March 12, 2017. Mr. Jones previously served as a director of our Predecessor since 2013. Mr. Jones served as Chief Financial Officer of Graham Holdings Company, a diversified education and media company from 2013 until 2018. From 1989 until 2013, Mr. Jones worked in various capacities at The Washington Post Company, an American daily newspaper, the most widely circulated newspaper published in Washington, D.C. From January 2009 to September 2013, he served as the Senior Vice President – Finance and Chief Financial Officer. From January 2008 to December 2009 he served as the President and Chief Executive Officer of Kaplan Professional, a subsidiary of The Washington Post Company. From 2003 to 2006 he served as the Chief Operating Officer of Kaplan International, a subsidiary of The Washington Post Company. Prior to joining The Washington Post Company, Mr. Jones worked for Price Waterhouse (now PricewaterhouseCoopers) from 1977 to 1988. In addition, Mr. Jones serves on the board of directors and audit committee of Lumen Technologies (NYSE: LUMN) since December 2019, and Carolina Migrant Network, a non-profit entity that provides legal assistance. Mr. Jones received a Bachelor of Arts from the University of Washington and a Master of Business Administration from the University of Chicago Graduate School of Business.

Areas of Expertise: Capital Markets, Public Company Board Experience, Human Capital Management, Financial Reporting/Accounting, Business Head/Corporate Management, Cybersecurity, and Risk Management.

Mahmood Khimji, 62, was designated by the binding nomination of Sagicor pursuant to the 2018 Shareholder Agreement and has served as a non-executive director since June 29, 2021. Mr. Khimji is a founding Principal of Highgate, a leading real estate investment and hospitality management company, and has been involved in all aspects of Highgate's development since its founding in 1988. Prior to founding Highgate, Mr. Khimji practiced law at Paul, Weiss, Rifkind, Wharton & Garrison. Mr. Khimji is the Chairman of the board of directors of Sagicor Financial Corporation Limited and is a member of the boards of directors of American Hotel Income Properties and Canyon Bancorporation, Inc. Mr. Khimji also serves on the National Committee of Aga Khan Foundation USA, on the boards of Aga Khan Museum and the Asia Society, and on the Board of Visitors for Columbia Law School. He attended the University of British Columbia, and received a Bachelor of Arts, summa cum laude, from the University of Houston and a Juris Doctor from Columbia Law School.

Areas of Expertise: Real Estate and Development, Hotel Operations, Hospitality/Travel Industry, Capital Markets, Public Company Board Experience, Corporate Governance, Human Capital Management, Financial Reporting/Accounting, Business Head/Corporate Management, and Sales and Marketing.

Elizabeth Lieberman, 72, has served as a non-executive director since March 12, 2017. Ms. Lieberman was previously identified as a director nominee to our Predecessor's board of directors and attended board meetings of our Predecessor from March 2015 through our formation transactions as a consultant to our Predecessor's board of directors. Ms. Lieberman has an extensive background in the hospitality industry, and served as Senior Vice President, Corporate Secretary and General Counsel of Crestline Hotels & Resorts, Inc. ("*Crestline Hotels*") and Barceló Crestline from 2004 until retiring in 2006. Ms. Lieberman provided consulting services to Crestline Hotels during 2006 to 2008, and returned as Executive Vice President, Corporate Secretary and General Counsel in 2009 until her retirement in 2012. As General Counsel at Crestline Hotels, Ms. Lieberman provided a hands-on approach to executive leadership and legal oversight of corporate, finance, owner relations and hotel operations matters. Prior to Ms. Lieberman's appointment as General Counsel in 2004, she served as Associate General Counsel for Crestline Hotels and Barceló from 2002 to 2004, and Crestline Capital Corporation from 1998 to 2002, prior to its acquisition by Barceló. Ms. Lieberman was an Assistant General Counsel at Host Marriott Corporation (now Host Hotels & Resorts, Inc.), heading up the law department's asset management division, from 1995 until the spin-off of Crestline Capital Corporation by Host Marriott in 1998. Before joining Host Marriott, Ms. Lieberman served as attorney on the hotel acquisitions/development and hotel operations legal teams at Marriott Corporation (now Marriott International, Inc.) from 1988 to 1995. Prior to joining Marriott Corporation, Ms. Lieberman worked at Cleary Gottlieb Steen & Hamilton from 1985 to 1988. Ms. Lieberman earned a Bachelor of Science from Nebraska Wesleyan University in Lincoln, Nebraska, and a Juris Doctor from The Catholic University of America, Columbus School of Law in Washington, D.C.

Areas of Expertise: Real Estate and Development, Hotel Operations, Hospitality/Travel Industry, Public Company Board Experience, Corporate Governance, Human Capital Management, Business Head/Corporate Management, and Sales and Marketing.

***Maria Miller**,* 66, has served as a non-executive director since June 29, 2021. Ms. Miller is a marketing executive with over 30 years of experience in innovative marketing and digital communications which includes the consumer products, financial services, e-commerce, travel, cruise and hospitality industries. Ms. Miller has held several C-suite and executive level positions with expertise leading innovative marketing and digital strategies to deliver profitable growth and superior business results. Most recently, Ms. Miller spent eight years in the cruise industry. From 2017 to 2019, Ms. Miller served as Chief Marketing Officer for Bahamas Paradise Cruise Line. Prior to that, Ms. Miller was Senior Vice President – Chief Marketing Officer for Norwegian Cruise Line from 2009 to 2015. Ms. Miller also held various senior marketing roles at several companies, including Dave and Buster's, Inc., Elance, Inc. (now Upwork), Avis Rent A Car, Inc. and American Express. Ms. Miller currently serves on the board of directors and audit committee of Gannett Co., Inc. (NYSE: GCI). Ms. Miller earned a Bachelor of Science from New York University and a Master of Business Administration from Stanford University Graduate School of Business.

Areas of Expertise: Hospitality/Travel Industry, Public Company Board Experience, Human Capital Management, Business Head/Corporate Management, and Sales and Marketing.

Leticia Navarro, 69, has served as a non-executive director since June 29, 2021. Ms. Navarro is an entrepreneur who formerly served as the Secretary of Tourism of Mexico in President Vicente Fox's cabinet from 2000 to 2003. Ms. Navarro has extensive business experience, most recently as the CEO and International VP of DHL Express Mexico from 2003 to 2008, and previously as the worldwide CEO of Jafra Cosmetics, then a subsidiary of The Gillette Co. Ms. Navarro has served as a board member of Alta Growth Capital, a Mexican private equity fund, since 2014, and is a board member for several private companies, including CTS (Corporate Travel Services), Teletec, Turistore, Consolid, and Grupo Empresarial Maldonado. Ms. Navarro is actively involved with non-governmental organizations and institutes in Mexico and abroad related to education. Ms. Navarro earned a Bachelor of Business Administration from the Universidad Autónoma de Mexico and a Master in Mexican History from the Instituto Cultural Helénico.

Areas of Expertise: Hospitality/Travel Industry, Public Company Board Experience, Corporate Governance, Environment and Sustainability, Human Capital Management, Business Head/Corporate Management, and Sales and Marketing.

Karl Peterson, 52, has served as a non-executive director since March 12, 2017. Mr. Peterson leads CapitalKP and Peterson Capital Partners, LP, family offices overseeing several public stock investments and numerous private investments. Previously, Mr. Peterson was a Senior Partner of TPG and the Managing Partner of TPG Pace Group, TPG's effort to sponsor SPACs and other permanent capital solutions for companies. After rejoining TPG in 2004, Mr. Peterson led investments for the firm in technology, media, financial services and travel sectors and oversaw TPG's European operations from 2010 until 2017 and served on the Executive Committee of TPG. Prior to 2004, Mr. Peterson was a co-founder and the president and chief executive officer of Hotwire.com. Mr. Peterson led the business from its launch through its sale to InterActiveCorp in 2003. Before Hotwire, Mr. Peterson was a principal at TPG in San Francisco, and from 1992 to 1995 he was a financial analyst at Goldman, Sachs & Co. Mr. Peterson currently serves on the board of Sabre Corporation (NASDAQ: SABR), is the Chairman of Accel Entertainment (NYSE: ACEL), and is a director of Vacasa, Inc. (NASDAQ: VCSA) and is non-executive Chairman of TPG Beneficial Finance II (NYSE: YTPG). Mr. Peterson is a graduate of the University of Notre Dame, where he earned a Bachelor of Business Administration with High Honors.

Areas of Expertise: Real Estate and Development, Hotel Operations, Hospitality/Travel Industry, Capital Markets, Public Company Board Experience, Corporate Governance, Environment and Sustainability, Human Capital Management, Financial Reporting/Accounting, and Sales and Marketing.

9.6 Committees

9.6.1 General

The Board has established an audit committee, a compensation committee, and a nominating and governance committee. The Board previously had a capital allocation committee, which was dissolved in June 2022 and did not meet prior to its dissolution date.

As of December 31, 2022, the committees were composed as follows:

Name	Audit committee (and attendance rate)	Compensation committee (and attendance rate)	Nominating and governance committee (and attendance rate)
Leticia Navarro	X (100% Attendance)		X (100% Attendance)
Hal Stanley Jones	X* (100% Attendance)	X (100% Attendance)	
Elizabeth Lieberman	X (100% Attendance)	X (100% Attendance)	X* (100% Attendance)
Jeanmarie Cooney	X (100% Attendance)		
Karl Peterson		X* (100% Attendance)	
Maria Miller			X (100% Attendance)
Mahmood Khimji			X (100% Attendance)
Bruce D. Wardinski			

* Chairman

9.6.2 Audit committee

Our Board adopted an audit committee charter, which details the principal functions of the audit committee, including overseeing:

- the review of all related party transactions in accordance with our related party transactions policy;
- our accounting and financial reporting processes and discussing these with management;
- the integrity and audits of our consolidated financial statements and financial reporting process;
- our systems of disclosure controls and procedures and internal control over financial reporting;
- the review of the Company's policies and procedures to identify, assess, manage, mitigate and monitor significant business risks of the Company, including key risks to which the Company is subject such as credit, liquidity, market, operational, information technology, privacy, security, business continuity, regulatory and reputational risk;
- the Company's privacy, information technology and security and cybersecurity risk exposures, including the potential impact of those exposures on the Company's business, financial results, operations and reputation; the programs and steps implemented by management to monitor and mitigate any exposures; the Company's information governance and information security policies and programs; and major legislative and regulatory developments that could materially impact the Company's privacy, data security and cybersecurity risk exposure;
- our compliance with financial, legal and regulatory requirements related to our financial statements and other public disclosures, our compliance with its policies related thereto, and our policy in respect of tax planning;
- the engagement and retention of the independent registered public accounting firm and the recommendation to our General Meeting of the appointment of an external auditor to audit the Dutch statutory board report, including our annual accounts, and the evaluation of the qualifications, independence and performance of the independent registered public accounting firm, including the provision of non-audit services;

- the application of information and communication technology;
- the role and performance of our internal audit function;
- our overall risk profile; and
- attending to such other matters as are specifically delegated to the audit committee by our Board from time to time.

The audit committee is also responsible for selecting an independent registered public accounting firm to be appointed by our General Meeting (or, if not appointed by our General Meeting, by our Board), reviewing with the independent registered public accounting firm the plans and results of the audit engagement, approving professional services provided by the independent registered public accounting firm, including all audit and non-audit services, reviewing the independence of the independent registered public accounting firm, considering the range of audit and non-audit fees and reviewing the adequacy of our internal accounting controls. The audit committee will also approve the audit committee report required by SEC regulations to be included in our annual proxy statement.

During the fiscal year to which this annual report relates, our audit committee met nine times in order to carry out its responsibilities. The matters discussed included:

- Results of the annual IFRS and U.S. GAAP financial statement audits and quarterly U.S. GAAP financial statement reviews performed by the Company's independent auditor, Deloitte & Touche LLP;
- New or revised accounting standards and various filing requirements of the Securities and Exchange Commission ("SEC");
- Significant or unusual events or transactions that occurred throughout the year; and
- Results of internal audit's testing of the design and effectiveness of internal controls over financial reporting.

9.6.3 Compensation committee

The compensation committee assists our Board in reviewing and approving or recommending our compensation structure, including all forms of compensation relating to our directors and executive officers. An executive director will not be present at any compensation committee meeting while his or her compensation is deliberated. Subject to and in accordance with the terms of the compensation policy to be adopted by our General Meeting from time to time and in accordance with Dutch law, the compensation committee is responsible for, among other things:

- reviewing and approving on an annual basis the corporate goals and objectives relevant to our Chairman and Chief Executive Officer's compensation, evaluating our Chairman and Chief Executive Officer's performance in light of such goals and objectives and recommending the compensation, including equity compensation, change in control benefits and severance arrangements, of our Chairman and Chief Executive Officer based on such evaluation;
- reviewing and approving the compensation, including equity compensation, change in control benefits and severance arrangements, of our other executive officers and overseeing their performance;
- reviewing and making recommendations to our Board with respect to the compensation of our directors;
- reviewing and making recommendations to our Board with respect to the Company's executive compensation policies and plans;
- implementing and administering our incentive and equity-based compensation plans;
- determining the number of shares underlying, and the terms of, restricted share awards and options to be granted to our directors, executive officers and other employees pursuant to these plans;

- ensuring that compensation plans are designed with an appropriate balance of risk and reward in relation to the Company’s overall business strategy and do not encourage excessive or unnecessary risk-taking behavior;
- assisting management in complying with our proxy statement and management report disclosure requirements;
- producing a compensation committee report to be included in our annual proxy statement;
- assisting our Board in producing the compensation report to be included in our management report publicly filed in the Netherlands and to be posted on our website; and
- attending to such other matters as are specifically delegated to our compensation committee by our Board from time to time.

Our Board adopted a compensation committee charter, which details these principal functions of the compensation committee.

During the fiscal year to which this annual report relates, our compensation committee met four times in order to carry out its responsibilities. The matters discussed included:

- Grants of equity awards and long-term incentive awards under the 2017 Plan to directors, executives and/or employees of the Company,
- Review and approval of the annual salaries for the Company’s executives and Chief Executive Officer as well as the annual bonuses for all Company employees,
- Review and approval of the Company’s goals, and
- Review and approval of the Company’s stock ownership guidelines.

9.6.4 Nominating and governance committee

The nominating and governance committee assists our Board in selecting individuals qualified to become our directors and in determining the composition of our Board and its committees. Our Board adopted a nominating and governance committee charter, which details the principal functions of the nominating and governance committee, including:

- identifying, recruiting and recommending to the full Board qualified candidates for designation as directors or to fill our Board vacancies at our General Meeting;
- developing and recommending to our Board corporate governance guidelines as set forth in the rules of our Board, including the nominating and governance committee’s selection criteria for director nominees, and implementing and monitoring such guidelines;
- overseeing our Board’s compliance with legal and regulatory requirements;
- reviewing and making recommendations on matters involving the general operation of our Board, including board size and composition, and committee composition and structure;
- recommending to our Board nominees for each committee of our Board;
- overseeing the Company’s activities relating to corporate social responsibility and sustainability;
- annually facilitating the assessment of our Board’s performance as a whole and of the individual directors, and the performance of our Board’s committees as required by applicable law, regulations and the Nasdaq corporate governance listing standards; and

- overseeing the performance evaluation process of our management team.

In addition, the nominating and governance committee oversees our Environmental, Social and Governance ("*ESG*") Committee, which is an organization-wide task force with representation from multiple departments of the Company with the goal of obtaining a broader reach for idea generation and effectively promoting best practices and cross-collaboration related to corporate social responsibility and sustainability. Our ESG Committee oversees Playa's commitment to incorporating environmental sustainability, social responsibility and best governance practices into our daily operations at all levels with an emphasis on reducing our environmental impact, mitigating risks, developing our human capital, improving our communities and driving value for all our stakeholders. The ESG Committee reports directly to the nominating and governance committee regarding the Company's activities over corporate responsibility and sustainability matters and the external reporting thereof (including matters relating to diversity and inclusion). The nominating and governance committee updates the Board periodically on the activities of the ESG Committee. The ESG Committee also directly updates the Board on its activities at least annually.

During the fiscal year to which this annual report relates, our nominating and governance committee met four times in order to carry out its responsibilities. The matters discussed included:

- Qualifications and independence of director candidates to the Board; and

- Assessment of the effectiveness of the Board and its committees.

9.7 Evaluation

During the fiscal year to which this annual report relates, the Board has evaluated its own functioning, the functioning of the committees of the Board and that of the individual directors on the basis of certain guidelines distributed to the directors and subsequent discussions among the directors. As part of these evaluations, the Board has considered (i) substantive aspects, mutual interaction, (ii) events that occurred in practice from which lessons may be learned and (iii) the desired profile, composition, competencies and expertise of the Board. These evaluations are intended to facilitate an examination and discussion by the Board of its effectiveness and areas for improvement. On the basis of these evaluations, the Board has concluded that the Board and its committees are functioning properly.

9.8 Diversity

The Company has diversity objectives with respect to the composition of the Board as part of the Company's policy regarding the qualification and nomination of director candidates. The Company is committed to supporting, valuing and leveraging diversity and the Company recognizes and welcomes diversity with respect to gender, age, race, ethnicity, nationality, sexual orientation and other important cultural differences. In its evaluation of new candidates, the nominating and governance committee may consider race or ethnicity, nationality, gender, sexual orientation, age, background, education skills and experience, as well as the restrictions, requirements and recommendations concerning those matters under applicable law, Nasdaq rules or best practice provisions of the Dutch Corporate Governance Code in relation to the full Board and/or individual directors or director candidates. However, the Company also believes that there is a fine line between diversity and unintentional discrimination. For that reason, the importance of diversity, in and of itself, should not set aside the overriding principle that someone should be recommended, nominated and appointed for being "the right person for the job."

Although the Company has not yet set specific targets with respect to certain elements of diversity, the Company believes that it is important for the Board and its senior management to represent a diverse composite mix of personal backgrounds, experiences, qualifications, knowledge, abilities and viewpoints, consistent with the principles outlined above. The Company also seeks to combine the skills and experience of long-standing members of the Board and its senior management with the fresh perspectives, insights, skills and experiences of new candidates from time to time. To further increase the range of viewpoints, perspectives, talents and experience, the Company strives for a mix of ages among the Board and its senior management, but also does not set a specific target in this respect.

As of December 31, 2022, four of our eight Board members were male and four were female. To the extent possible and practicable, the Company intends for the composition of the Board to remain balanced, provided that at least 30% of the Board members are male and at least 30% are female. The Company believes that the current composition of its Board has achieved the Company's diversity objectives, as outlined above, including the Company's diversity objective with respect to gender.

In connection with the Company's diversity objectives, the Company has defined its senior management as employees at the senior vice president position and above. During the year ended December 31, 2022, we doubled our female members of senior management and increased the percentage of female members of senior management from 28.5% to 31%. Of those employees promoted to senior management during the year ended December 31, 2022, 33% were female. As of December 31, 2022, nine out of our 13 senior management members were male and four were female. To the extent reasonable and practicable, the Company intends for the composition of senior management to be at least 30% female. Based on the modest size of our senior management, the Company's goal is to maintain our current level of gender diversity and believes that the current composition of its senior management has achieved the Company's diversity objective with respect to gender.

The Company has taken the following activities and measures for a more balanced gender ratio within the organization:

- establishing policies that support equal opportunities for employees, senior management and applicants for employment;
- encouraging and enforcing respectful communication and cooperation among all employees and senior management;
- fostering a corporate culture where employees and senior management are treated with dignity, respect and understanding;
- requiring employee and senior management participation in trainings on diversity and inclusion;
- actively encouraging employees and officers who feel that they have been subjected to discrimination or harassment to report this to their supervisor or to the Company's human resources department; and
- regularly review our corporate policies to ensure equal treatment.

Given the gender ratios both in the Board as well as senior management, we are satisfied overall with our efforts towards improving gender diversity and we believe that our activities, training, mentoring and programs will continue to enhance the Company's diversity objectives.

The Company is in the process of developing a formalized diversity plan and establishing ambitious and specific targets with respect to gender across the organization.

9.9 Code of business conduct and ethics

The Board has adopted a code of business conduct and ethics that applies to its executive officers, directors and employees and agents. Among other matters, our code of business conduct and ethics is designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in our SEC reports and other public communications;
- compliance with applicable governmental laws, rules and regulations;
- prompt internal reporting of violations of the code to appropriate persons identified in the code; and
- accountability for adherence to the code.

Only our nominating and governance committee will be able to grant (subject to applicable law) any waiver of our code of business conduct and ethics for our executive officers or directors, and any such waiver shall be promptly disclosed as required by law or Nasdaq regulations by posting such information on our website rather than by filing a Form 8-K. Our code of business conduct and ethics includes a whistleblower policy as contemplated by the DCGC and applicable SEC rules. Our code of business conduct and ethics is available on our website at https://investors.playaresorts.com. The Company has adopted local codes that apply to employees at its various business locations, which are consistent with the code adopted by the Board. The Company takes its values as set forth in the code of business conduct very seriously, and has adopted a “tone from the top” approach to ensuring that those values are reflected on all its business dealings.

Pursuant to our anti-bribery and anti-corruption policy, which supplements our code of business conduct and ethics, we take a zero-tolerance approach to bribery and corruption, and require compliance with the U.S. Foreign Corrupt Practices Act and other international anti-bribery and anti-corruption laws. All Company personnel, as well as all consultants, contractors, and agents acting on behalf of the Company, are expected to conduct business legally and ethically, in accordance with best practices. The anti-bribery and anti-corruption policy sets forth the Company’s general principles against the transfer, offer or agreement to transfer any type of benefit for the purpose of influencing a public official to misuse his or her power or influence. Under the policy, the Company and its representatives also may not transfer, offer or agree to transfer any improper payments or benefits to any private parties to gain an improper commercial advantage.

Our nominating and governance committee oversees the Company’s policy regarding political and charitable contributions, which is set forth in the company’s code of business conduct and ethics. In the United States, the Company’s funds or assets may not be contributed, directly or indirectly, to (i) candidates or political parties; (ii) political action committees (PACs) and other political committees; (iii) ballot initiatives; (iv) industry and trade associations to the extent such contributions are designated or directed to be used for political purposes; or (v) organizations, firms, or persons engaged in lobbying activities on behalf of the Company, in each case, without the prior approval of the nominating and governance committee. The foregoing sentence does not apply to (i) industry or trade association membership dues; or (ii) event sponsorships as long as such events are not directed towards a specific political purpose. Charitable contributions made by the Company to any charitable organization in excess of $10,000 require the prior approval of the Company’s general counsel. In countries other than the United States in which political contributions by companies are lawful, a political contribution may be made only upon the prior specific written approval of the Company’s General Counsel.

10. COMPENSATION

10.1 Compensation policy

Pursuant to Section 2:135(1) DCC, the General Meeting has adopted a compensation policy. The compensation policy is designed to (i) to attract, retain and motivate directors with the leadership qualities, skills and experience needed to support the management and growth of the Company's business. The compensation policy aims to drive strong business performance, promote accountability, incentivize directors to achieve short- and long-term performance goals with the objective of substantially increasing the Company's equity value, and assure that Directors' interests are closely aligned with those of the Company's shareholders and other stakeholders. The compensation policy is intended to ensure the overall market competitiveness of the directors' compensation packages, while providing the Board with enough flexibility to tailor its compensation practices on a case by case basis. We believe that this approach and philosophy benefits the realization of the Company's long-term objectives while keeping with the Company's risk profile. For details regarding the remuneration of our executive officers, see Note 10 of the Company Financial Statements. An overview of our compensation policy is below.

Our executive compensation program is designed to align the interest of our executive officers with those of our stakeholders, while enabling us to attract, motivate and retain individuals who contribute to our long-term success.

Decisions on the executive compensation program are made by the compensation committee of our Board. Our executive compensation program will continue to evolve, depending on the judgment of the members of the compensation committee in support of our ongoing business strategy.

Our executive compensation program reflects our belief that executive compensation must be competitive in order to attract and retain high-performing executive officers. Our compensation program rewards, among other things, favorable shareholder returns, share appreciation, our competitive position within our segment of the lodging industry, and each executive officer's long-term career contributions to us. In addition, the compensation committee may determine to make awards to new executive officers in order to attract talented professionals. Our compensation incentives, which have been designed to further these goals, take the form of annual cash compensation and long term equity incentives measured by performance targets established by the compensation committee.

Pursuant to our Management Incentive Plan, we award bonuses to our named executive officers based on a combination of individual and corporate performance measures that our Board believes are important to the success of our business. Under our Management Incentive Plan, each named executive officer has a target incentive opportunity expressed as a percentage of his or her base salary, which is subject to increase or decrease according to the achievement of these individual and corporate performance measures. In addition, no named executive officer in our Management Incentive Plan will be paid a bonus unless we meet a specified minimum corporate performance threshold. In 2022 and 2021, the corporate performance metric used for each named executive officer and for the minimum corporate performance threshold was Adjusted EBITDA. In addition, we may make special incentive awards to an individual for extraordinary individual efforts and exceptional results, or contribution to extraordinary team efforts and exceptional results, in reaching our goals and objectives. All awards granted under our Management Incentive Plan must be approved by our Board and, with respect to members of management other than the Chief Executive Officer, its Chief Executive Officer. Our Board has the right to adjust any payment to our named executive officers under our Management Incentive Plan.

10.2 Compensation of directors

See Note 10 to the Company Financial Statements for an overview of the implementation of the Compensation Policy in the fiscal year to which this annual report relates. In determining the level and structure of the compensation of the directors in the fiscal year to which this annual report relates relevant scenario analyses carried out in advance have been considered.

10.3 2017 Omnibus Incentive Plan

Our Board adopted the 2017 Plan for the purpose of (a) providing eligible persons with an incentive to contribute to our success and to operate and manage our business in a manner that will provide for our long-term growth and profitability to benefit our shareholders and other important stakeholders, including employees and customers, and (b) providing a means of obtaining, rewarding and retaining key personnel. The 2017 Plan provides for the grant of options to purchase our ordinary shares, share awards (including restricted shares and share units), share appreciation rights, performance shares or other performance-based awards, unrestricted shares, dividend equivalent rights, other equity-based awards and cash bonus awards. The 2017 Plan was amended on May 16, 2019 to increase the number of ordinary shares authorized and available for grant from 4,000,000 shares to 12,000,000 shares.

Administration of the 2017 Plan. The 2017 Plan is administered by our compensation committee, and our compensation committee determines all terms of awards under the 2017 Plan. Each member of our compensation committee that administers the 2017 Plan is a "non-employee director" within the meaning of Rule 16b-3 of the Exchange Act, and, if applicable, an "outside director" within the meaning of Section 162(m) of the Code, and an independent director in accordance with the rules of any stock exchange on which our ordinary shares are listed or traded. Our compensation committee also determines who will receive awards under the 2017 Plan, the type of award and its terms and conditions and the number of ordinary shares subject to the award, if the award is equity-based. Our compensation committee also interprets the provisions of the 2017 Plan. Our Board may also appoint one or more committees of our Board, each composed of one or more of our directors, which may administer the 2017 Plan with respect to grantees who are not "officers," as defined in Rule 16a-1(f) under the Exchange Act, or directors. Our Board from time to time may exercise any or all of the powers and authorities related to the administration and implementation of the 2017 Plan as our Board determines, consistent with our Articles of Association and Board Rules and applicable laws. References below to our compensation committee include a reference to our Board or another committee appointed by our Board for those periods in which our Board or such other committee appointed by our Board is acting.

Eligibility. All of our employees, executive officers and directors, and the employees, officers and directors of our subsidiaries and affiliates are eligible to receive awards under the 2017 Plan. In addition, consultants and advisors (who are natural persons) currently providing services to us or to one of its subsidiaries or affiliates, and any other person whose participation in the 2017 Plan is determined by our compensation committee to be in its best interests may receive awards under the 2017 Plan.

Share Authorization. Subject to adjustment as provided in the 2017 Plan, the number of ordinary shares that may be issued under the 2017 Plan is 12,000,000. If any of our ordinary shares covered by an award are not purchased or are forfeited or expire, or if an award otherwise terminates without delivery of any of our ordinary shares or is settled in cash in lieu of our ordinary shares, the ordinary shares subject to such awards will again be available for purposes of the 2017 Plan. The number of our ordinary shares available for issuance under the 2017 Plan will not be increased by the number of our ordinary shares

i. tendered, withheld, or subject to an award surrendered in connection with the purchase of our ordinary shares or upon exercise of an option;
ii. that were not issued upon the net settlement or net exercise of a share-settled share appreciation right;
iii. deducted or delivered from payment of an award in connection with our tax withholding obligations; or
iv. purchased by us with proceeds from option exercises.

The maximum number of ordinary shares subject to options or share appreciation rights that can be issued under the 2017 Plan to any person, other than a non-employee director, is 1,200,000 ordinary shares in any single calendar year. The maximum number of ordinary shares that can be issued under the 2017 Plan to any person (other than a non-employee director) other than pursuant to an option or share appreciation right is 1,200,000 ordinary shares in any single calendar year. The maximum fair market value of our ordinary shares that may be granted under the 2017 Plan pursuant to awards in any single calendar year to any non-employee director is $500,000. The maximum amount that may be paid as a cash-settled performance-based award for a performance period of 12 months or less to any one person is $3,000,000 and the maximum amount that may be paid as a cash-settled performance-based award for a performance period of greater than 12 months to any one person is $9,000,000.

Share Usage. Ordinary shares that are subject to awards will be counted as of the grant date for purposes of calculating the number of shares available for issuance under the 2017 Plan. The maximum number of shares issuable under a performance share grant will be counted against the share issuance limit under the 2017 Plan as of the grant date, but such number will be adjusted to equal the actual number of shares issued upon settlement of the performance shares to the extent different from the maximum number of shares.

Minimum Vesting Period. Except with respect to a maximum of 5% of the ordinary shares authorized for issuance under the 2017 Plan, as described above, no award will provide for vesting which is any more rapid than vesting on the one year anniversary of the grant date of the award or, with respect to awards that vest upon the attainment of performance goals, a performance period that is less than twelve months.

No Repricing. Except in connection with certain corporate transactions involving Playa:

i. outstanding options or share appreciation rights may not be amended to reduce the exercise price of the option or share appreciation right;
ii. outstanding options or share appreciation rights may not be canceled in exchange for or substitution of options or share appreciation rights with an exercise price that is less than the exercise price of the original options or share appreciation rights; and
iii. outstanding options or share appreciation rights with an exercise price above the current share price may not be canceled in exchange for cash or other securities.

Options. The 2017 Plan authorizes our compensation committee to grant incentive share options (under Section 422 of the Code) and options that do not qualify as incentive share options. The exercise price of each option will be determined by our compensation committee, provided that the price cannot be less than 100% of the fair market value of the ordinary shares on the date on which the option is granted. If we were to grant incentive share options to any 10% shareholder, the exercise price may not be less than 110% of the fair market value of its ordinary shares on the date of grant.

The term of an option cannot exceed 10 years from the date of grant. If we were to grant incentive share options to any 10% shareholder, the term cannot exceed five years from the date of grant. Our compensation committee determines at what time or times each option may be exercised and the period of time, if any, after retirement, death, disability or termination of employment during which options may be exercised.

The exercise price for any option or the purchase price for restricted shares is generally payable

i. in cash or cash equivalents;
ii. to the extent the award agreement provides and subject to certain limitations set forth in the 2017 Plan, by the surrender of ordinary shares (or attestation of ownership of such shares) with an aggregate fair market value on the date on which the option is exercised equal to the exercise or purchase price;
iii. with respect to an option only, to the extent the award agreement provides and subject to certain limitations set forth in the 2017 Plan, by payment through a broker in accordance with procedures established by us; or
iv. to the extent the award agreement provides and/or unless otherwise specified in an award agreement, any other form permissible by applicable laws, including by withholding ordinary shares that would otherwise vest or be issuable in an amount equal to the exercise or purchase price and the required tax withholding amount.

Share Awards. The 2017 Plan also provides for the grant of share awards (which includes restricted shares and share units). A share award may be subject to restrictions on transferability and other restrictions as our compensation committee determines in its sole discretion on the date of grant. The restrictions, if any, may lapse over a specified period of time or through the satisfaction of conditions, in installments or otherwise, as our compensation committee may determine. Unless our compensation committee provides otherwise in an award agreement, a participant who receives restricted shares will have the right to vote and the right to receive dividends or distributions on the shares, except that our compensation committee may require any dividends to be reinvested in shares, which may or may not be subject to the same vesting conditions and restrictions as the vesting conditions and restrictions applicable to such restricted shares. Dividends paid on restricted shares which vest or are earned based upon the achievement of performance goals will not be deemed vested unless the performance goals for such restricted shares are achieved, and if such performance goals are not achieved, the participant will promptly forfeit and repay to us any such dividend payments. A participant who receives share units will have no rights as one of our shareholders.

Our compensation committee may provide in an award agreement that a participant who receives share units will be entitled to receive, upon our payment of a cash dividend, a cash payment for each such share unit which is equal to the per-share dividend paid on our ordinary shares. Dividends paid on share units that vest or are earned based upon the achievement of performance goals will not vest unless such performance goals for such share units are achieved, and if such performance goals are not achieved, the participant will promptly forfeit and repay to us such dividend payments. An award agreement also may provide that such cash payment will be deemed reinvested in additional share units at a price per unit equal to the fair market value of an ordinary share on the date on which such cash dividend is paid.

During the period, if any, when share awards are non-transferable or forfeitable, a grantee is prohibited from selling, transferring, assigning, pledging, exchanging, hypothecating or otherwise encumbering or disposing of his or her share awards. Unless our compensation committee provides otherwise in an award agreement, or in another agreement with a grantee, upon the termination of the grantee’s service with us, any share awards that have not vested, or with respect to which all applicable restrictions and conditions have not lapsed, will immediately be deemed forfeited.

Share Appreciation Rights. The 2017 Plan authorizes our compensation committee to grant share appreciation rights that provide the recipient with the right to receive, upon exercise of the share appreciation right, cash, ordinary shares or a combination of the two. The amount that the recipient will receive upon exercise of the share appreciation right generally will equal the excess of the fair market value of our ordinary shares on the date of exercise over the fair market value of our ordinary shares on the date of grant. Share appreciation rights will become exercisable in accordance with terms determined by our compensation committee. Share appreciation rights may be granted in tandem with an option grant or independently from an option grant. The term of a share appreciation right cannot exceed 10 years from the date of grant.

Performance-Based Awards. The 2017 Plan also authorizes our compensation committee to grant performance-based awards, which are awards of options, share appreciation rights, restricted shares, share units, performance shares, other equity-based awards or cash made subject to the achievement of performance goals over a performance period specified by our compensation committee. Our compensation committee will determine the applicable performance period, the performance goals and such other conditions that apply to the performance-based award. Performance goals may relate to our financial performance, the grantee’s performance or such other criteria determined by our compensation committee. If the performance goals are met, performance-based awards will be paid in cash, ordinary shares or a combination thereof.

Unrestricted Shares and Other Equity-Based Awards. Subject to the minimum vesting period described above, our compensation committee may, in its sole discretion, grant (or sell at the par value of an ordinary share or at such other higher purchase price as determined by our compensation committee) an award to any grantee pursuant to which such grantee may receive ordinary shares under the 2017 Plan that are free of any restrictions. Awards of unrestricted shares may be granted or sold to any grantee in respect of service rendered or, if so provided in the related award agreement or a separate agreement, to be rendered by the grantee to us or one of its affiliates or other valid consideration, in lieu of or in addition to any cash compensation due to such grantee. Our compensation committee may also grant awards in the form of other equity-based awards, which are awards that represent a right or other interest that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, our ordinary shares, as deemed by our compensation committee to be consistent with the purposes of the 2017 Plan, subject to terms and conditions determined by our compensation committee.

Dividend Equivalent Rights. Our compensation committee may grant dividend equivalent rights in connection with the grant of certain equity-based awards. A dividend equivalent right is an award entitling the recipient of the award to receive credits based on cash distributions that would have been paid on the ordinary shares specified in such dividend equivalent right if such shares had been issued to and held by the recipient of such dividend equivalent right as of the record date. Dividend equivalent rights may be paid currently (with or without being subject to forfeiture or a repayment obligation) or may be deemed reinvested in additional ordinary shares, which may thereafter accrue additional dividend equivalent rights, as specified in an award agreement. Dividend equivalent rights may be payable in cash, ordinary shares or a combination of the two. Our compensation committee will determine the terms of any dividend equivalent rights. No dividend equivalent rights can be granted in tandem with an option or share appreciation right.

Forfeiture; Recoupment. Our compensation committee may reserve the right in an award agreement for an award granted pursuant to the 2017 Plan to cause a forfeiture of any gain realized by the grantee of the award to the extent the grantee is in violation or breach of or in conflict with certain agreements with us (including but not limited to an employment or non-competition agreement) or any obligation to us (including but not limited to a confidentiality obligation). Our compensation committee may annul an outstanding award if the grantee's employment with us is terminated for "cause" as defined in the 2017 Plan, the applicable award agreement, or any other agreement between us and the grantee. Awards are also subject to mandatory repayment by the grantee to the extent the grantee is or becomes subject to

i. any clawback or recoupment policy adopted to comply with the requirements of any applicable law, rule or regulation, or otherwise; or
ii. any law, rule or regulation which imposes mandatory recoupment.

Change in Control. If we experience a change in control in which outstanding awards that are not exercised prior to the change in control will not be assumed or continued by the surviving entity:

i. except for performance-based awards, all restricted shares, share units and dividend equivalent rights will be deemed to have vested and the underlying ordinary shares will be deemed delivered immediately before the change in control; and
ii. at our compensation committee's discretion, either all options and share appreciation rights will become exercisable fifteen days before the change in control (with any exercise of an option or share appreciation right during such fifteen day period to be contingent upon the consummation of the change in control) and terminate upon the change in control to the extent not exercised, or all options, share appreciation rights, restricted shares, share units and/or dividend equivalent rights will be canceled and cashed out in connection with the change in control.

In the case of performance-based awards, if less than half of the performance period has lapsed, the award will be treated as though target performance has been achieved. If at least half of the performance period has lapsed, actual performance to date will be determined as of a date reasonably proximal to the date of the consummation of the change in control, as determined by our compensation committee in its sole discretion, and that level of performance will be treated as achieved immediately prior to the occurrence of the change in control. If our compensation committee determines that actual performance is not determinable, the award will be treated as though target performance has been achieved. Any awards that arise after performance is determined in accordance with this paragraph will be treated as set forth in the preceding paragraph. Other equity-based awards will be governed by the terms of the applicable award agreement.

If we experience a change in control in which outstanding awards that are not exercised prior to the change in control will be assumed or continued by the surviving entity, then, except as otherwise provided in the applicable award agreement, in another agreement with the grantee, or as otherwise set forth in writing, upon the occurrence of the change in control, the 2017 Plan and the awards granted under the plan will continue in the manner and under the terms so provided in the event of the change in control to the extent that provision is made in writing in connection with such change in control for the assumption or continuation of such awards, or for the substitution for such awards with new awards, with appropriate adjustments as to the number of shares (disregarding any consideration that is not common stock) and exercise prices of options and share appreciation rights.

In summary, a change in control under the 2017 Plan occurs if:

- a "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), of more than 50% of the total voting shares in our capital, on a fully diluted basis;

- individuals who on the effective date of the 2017 Plan constitute our Board (together with any new directors whose election by our Board or whose nomination by our Board for election by our shareholders was approved by a vote of at least a majority of the members of our Board then in office who either were members of our Board on the effective date of the 2017 Plan or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the members of our Board then in office;

- we consolidate with, or merge with or into, any individual, corporation, partnership or any other entity or organization (a "Person"), or any Person consolidates with, or merges with or into, us, other than any such transaction in which the holders of securities that represented 100% of the voting shares in our capital immediately prior to such transaction (or other securities into which such securities are converted as part of such merger or consolidation transaction) own directly or indirectly at least a majority of the voting shares of the surviving Person in such merger or consolidation transaction immediately after such transaction;

- there is consummated any direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one transaction or a series of related transactions, of all or substantially all of our assets and the assets of our subsidiaries, taken as a whole, to any "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act); or

- the commencement of a liquidation, winding up or dissolution of us, which was approved by our shareholders.

Adjustments for Share Splits and Similar Events. If the number of our ordinary shares is increased or decreased or our ordinary shares are changed into or exchanged for a different number of our ordinary shares or kind of our capital stock or other securities on account of any recapitalization, reclassification, share split, reverse share split, spinoff, combination of shares, exchange of shares, share dividend or other distribution payable in capital stock and certain other events, our compensation committee will make adjustments in the manner and to the extent it considers appropriate and equitable to the grantees and consistent with the terms of the 2017 Plan to the number and kind of shares that may be issued under the 2017 Plan, the individual limitations on awards described above and the number and kind of shares subject to outstanding awards.

Amendment or Termination. Our Board may amend, suspend or terminate the 2017 Plan at any time; provided that no amendment, suspension or termination may adversely impair the rights of grantees under outstanding awards without the grantees' consent. Our shareholders must approve any amendment if such approval is required under applicable law or stock exchange requirements. The 2017 Plan will have a term of ten years but may be terminated by our Board at any time, subject to the preceding sentences.

10.4 Pay ratio

The pay ratio of CEO compensation compared to the average employee compensation during 2022 is 391:1.

The ratio was obtained by dividing the 2022 remuneration for the CEO by the 2022 average total remuneration of all other employees worldwide. The total remuneration of the CEO is reported in Note 10 to the Company Financial Statements. The average compensation of all employees was calculated from the amounts reported in Note 25 to the Consolidated Financial Statements (after subtracting the expense for CEO remuneration) divided by the average number of employees as reported in Note 25 to the Consolidated Financial Statements.

11. RELATED PARTY TRANSACTIONS

For information on related party transactions, see Note 12 to the Consolidated Financial Statements.

Where applicable, best practice provisions 2.7.3, 2.7.4 and 2.7.5 of the DCGC have been observed with respect to the transactions referenced above in this Chapter 11.

12. PROTECTIVE MEASURES

Certain provisions of our articles of association may make it more difficult for a third party to acquire control of us or effect a change in our Board. These provisions include:

i. A provision that our directors are appointed by our General Meeting at the binding nomination of our Board. Such binding nomination may only be overruled by the General Meeting by a resolution adopted by at least a majority of the votes cast, if such votes represent more than 50% of our issued share capital.

ii. A provision that our shareholders at a General Meeting may suspend or remove directors at any time. A resolution of our General Meeting to suspend or remove a director may be passed by a majority of the votes cast, provided that the resolution is based on a proposal by our Board. In the absence of a proposal by our Board, a resolution of our General Meeting to suspend or remove a director shall require a vote of at least a majority of the votes cast, if such votes represent more than 50% of our issued share capital.

iii. A requirement that certain actions can only be taken by the General Meeting with at least two-thirds of the votes cast, unless such resolution is passed at the proposal by our Board, including an amendment of our articles of association, the issuance of shares or the granting of rights to subscribe for shares, the limitation or exclusion of preemptive rights, the reduction of our issued share capital, the application for bankruptcy, the making of a distribution from our profits or reserves on our ordinary shares, the making of a distribution in the form of shares in our capital or in the form of assets, instead of cash, the entering into of a merger or demerger, our dissolution and the designation or granting of authorizations such as the authorization to issue shares and to limit or exclude preemptive rights.

iv. A provision prohibiting (a) a "Brand Owner" (which generally means a franchisor, licensor or owner - or a group company or direct or indirect owners of a franchisor, licensor or owner - of a hotel concept or brand for all-inclusive hotels or resorts that has at least 12 hotels operating under the trade name(s) of such concept or brand and that directly competes with any Hyatt All-Inclusive Resort Brand resort) (alone or together with its affiliates) from having beneficial ownership of our ordinary shares representing in excess of 15% of our outstanding shares, or (b) a Restricted Brand Company (alone or together with its affiliates), from having beneficial ownership of our ordinary shares representing in excess of 5% of our outstanding shares (each, a "Share Cap"). Upon becoming aware of either Share Cap being exceeded, we will send a notice to the Brand Owner or Restricted Brand Company, as relevant, informing such shareholder of its violation of the Share Cap and granting the shareholder two weeks to dispose of its excess ordinary shares to an unaffiliated third party or to take such other action resulting in the Brand Owner or Restricted Brand Company, as relevant, no longer violating the applicable Share Cap. Such notice will immediately suspend the right to attend our General Meeting and voting rights (together, "Shareholder Rights") of the shares exceeding the Share Cap until the Brand Owner or Restricted Brand Company, as relevant, has remedied its violation of the applicable Share Cap. If such Brand Owner or Restricted Brand Company, as relevant, has not remedied its violation of the applicable Share Cap within the aforementioned two week period, (i) the Shareholder Rights attached to all shares held by such shareholder shall be suspended until it has remedied its violation of the applicable Share Cap, (ii) we will be irrevocably authorized under our articles of association to transfer the excess shares to a foundation established under Dutch law for this purpose (the "Excess Shares Foundation") or to an unaffiliated third party and (iii) if the excess shares are transferred to the Excess Shares Foundation, such foundation shall issue depositary receipts for the ordinary shares concerned to the relevant Brand Owner or Restricted Brand Company for as long as those ordinary shares are held by the Excess Shares Foundation.

Such provisions could discourage a takeover attempt and impair the ability of shareholders to benefit from a change in control and realize any potential change of control premium. This may adversely affect the market price of the ordinary shares.

13. OTHER INFORMATION

13.1 Independent Auditor's report

Reference is made to the independent auditors' report as included hereinafter.

13.2 Profit appropriation provisions

Pursuant to the Articles of Association, any profits shown in the adopted statutory annual accounts of the Company shall be appropriated as follows, and in the following order of priority:

1. the Board shall determine which part of the profits shall be added to the Company's reserves; and

2. subject to a proposal by the Board to that effect, the remaining profits shall be at the disposal of the General Meeting for distribution on the shares.

13.3 Branches

Playa Hotels & Resorts N.V. does not have any branch establishments.

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Deloitte Accountants B.V.
Gustav Mahlerlaan 2970
1081 LA Amsterdam
P.O.Box 58110
1040 HC Amsterdam
Netherlands

Tel: +31 (0)88 288 2888
Fax: +31 (0)88 288 9737
www.deloitte.nl

Independent auditor's report

To the Shareholders and the Board of Directors of Playa Hotels & Resorts N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2022 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the accompanying financial statements for the year ended December 31, 2022 of Playa Hotels & Resorts N.V., based in Amsterdam, the Netherlands. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Playa Hotels & Resorts N.V. as at December 31, 2022, and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

- The accompanying company financial statements give a true and fair view of the financial position of Playa Hotels & Resorts N.V. as at December 31, 2022, and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at December 31, 2022.

2. The following statements for 2022: the consolidated statement of profit and loss, the consolidated statements of comprehensive income, changes in equity and cash flows.

3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company statement of financial position as at December 31, 2022.

2. The company statement of profit or loss for 2022.

3. The company statement of changes in equity for 2022.

4. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the “Our responsibilities for the audit of the financial statements” section of our report.

We are independent of Playa Hotels & Resorts N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at USD 14,200,000. The materiality is based on 2% of net assets. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Audit Committee that misstatements in excess of USD 710,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Playa Hotels & Resorts N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Playa Hotels & Resorts N.V.

Our group audit mainly focused on supervising the work performed by the component auditors in the United States, who in turn supervised the component auditors of the significant group entities in Dominican Republic, Mexico and Jamaica. In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the components by the group engagement team and by component auditors from other Deloitte network firms. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components so as to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole. For each component we determined whether we require an audit of their complete financial information or whether other procedures would be sufficient.

We have:

- Used the work of other auditors when auditing the significant group entities.
- Performed audit procedures on significant components and specific audit procedures at other group entities.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

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Fraud and non-compliance with laws and regulations

In accordance with the Dutch Standards on Auditing, we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatements, whether due to fraud or error. Inherent to our responsibilities for the audit of the financial statements, there is an unavoidable risk that material misstatements go undetected, even though the audit is planned and performed in accordance with Dutch law. The risk of undetected material misstatements due to fraud is even higher, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Also, we are not responsible for the prevention and detection of fraud and non-compliance with all laws and regulations. Our audit procedures differ from a forensic or legal investigation, which often have a more in-depth character.

Consideration of fraud
In identifying potential risks of material misstatement due to fraud, we obtained an understanding of Playa Hotels & Resorts N.V. and its environment, including the company's internal controls. We evaluated the company's fraud risk assessment and made inquiries with Group management, those charged with governance and others within the company, including but not limited to, Legal Counsel, and Group Management. We evaluated several fraud risks factors to consider whether those factors indicated a risk of material misstatement due to fraud. We involved our fraud and forensic specialists in our assessment of fraud risks and related audit procedures, particularly in evaluating the fraud risk assessment of Playa Hotels & Resorts N.V.

Following these procedures, and the presumed risks under the prevailing auditing standards, we considered the fraud risks in relation to management override of controls, including evaluating whether there was evidence of bias by Group Management, which may represent a risk of material misstatement due to fraud. As part of our audit procedures to respond to these fraud risks, we evaluated the design and implementation of the internal controls relevant to mitigate these risks. We performed substantive audit procedures, including the detailed testing of journal entries using data analytics tooling, evaluating the accounting estimates for bias (including retrospective reviews of prior year's estimates), the supporting documentation in relation to post-closing adjustments. We also incorporated elements of unpredictability in our audit. The procedures described are in line with the applicable auditing standards and are not primarily designed to detect fraud. Our procedures to address fraud risks did not result in a key audit matter.

Consideration of compliance with laws and regulations
We evaluated the laws and regulations relevant to Playa Hotels & Resorts N.V. through discussion with Legal Counsel and the Management Board. We involved our fraud and forensic specialists in this evaluation during our risk assessment. As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could vary considerably, we considered adherence to (corporate) tax law and financial reporting regulations, the requirements under the International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the related financial statements. We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

Furthermore, the Group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance through imposing fines or litigation. In addition, we considered major laws and regulations applicable to listed companies. Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements.

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Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to the Group's ability to continue its business, or to avoid material penalties (e.g., compliance with the local laws and regulations and permits or compliance with environmental regulations) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiry of management, the Audit Committee, the Management Board and others within the Group as to whether the Group is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us. Because of the characteristics of fraud, particularly when it involves sophisticated and carefully organized schemes to conceal it, such as forgery, intentional omissions, misrepresentation and collusion, an unavoidable risk remains that we may not detect all fraud during our audit.

Going Concern

Our responsibilities, as well as the responsibilities of the Executive Board and the Supervisory Board, related to going concern under the prevailing standards, are outlined in the "Description of responsibilities regarding the financial statements" section below. The Executive Board has assessed the going concern assumption, as part of the preparation of the consolidated financial statements, and as disclosed in note 2, the Executive Board believes that no events or conditions, give rise to doubt about the ability of the company to continue in operation at least 12 months from the end of the reporting period.

In fulfilling our responsibilities, we performed procedures including evaluating management's assessment of the company's ability to continue as a going concern and considering the impact of financial, operational, and other conditions. Based on these procedures, we did not identify any reportable findings related to the entity's ability to continue as a going concern.

Our key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Audit Committee. The key audit matter identified is not a comprehensive reflection of all matters discussed.

This matter was addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter – Taxation

Description

The company recognizes deferred tax assets and liabilities based on the differences between the financial statement bases and tax bases of their assets and liabilities using currently enacted tax rates for the period in which the deferred tax items are expected to reverse. Significant judgment is required in the calculation of the tax provision and the resulting tax liabilities as well as their ability to realize any deferred tax assets. The company estimates of future taxable income can significantly affect the tax provision in a given period.

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Significant judgment is required in determining the company's ability to realize the deferred tax assets related to federal, state and foreign tax attributes within their carryforward periods, as the company estimate the amount and timing of the future reversal of deferred tax items in their projections of future taxable income. The Company establishes a valuation allowance to reduce deferred tax assets to the amounts we expect to realize in the future. The company's valuation allowances were $ 158 million as of December 31, 2021, and $ 177 million as of December 31, 2022. The company concluded that deferred tax assets of $ 8,3 million will be realized in future years and released the valuation allowance previously recorded against these deferred tax assets.

Response

Our audit procedures to address management's judgements related to the provisions for uncertain tax positions and recoverability of deferred tax assets included the following, amongst others:

- We obtained an understanding of management's tax process related to the valuation of its tax positions.
- We involved our own in-country tax specialists to assess tax risks, tax carry forward facilities, legislative developments and the status of ongoing local tax authority audits.
- We challenged management's judgement applied in determining tax positions and assessing probable outcomes based on correspondence with tax authorities, case law and opinions from management's tax expert.
- We evaluated management's ability to forecast taxable income by comparing prior forecasts on future taxable income with the actual income for the year.
- In addition, we assessed the adequacy of the company's disclosures on their tax position as documented within note 9 of the Consolidated Financial Statements.

Observations

Our procedures did not result in any reportable findings with respect to the valuation of the entity's tax position and related disclosures at December 31, 2022.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report thereon, the annual accounts contain other information that consists of:

- Directors' Report, reference is made to chapters 1 up to and including 6.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code, reference is made to chapters 8 up to and including 13.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Directors' Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Board of Directors is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

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

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, April 14, 2023

Deloitte Accountants B.V.

Signed on the original: F.E. Mijinke