UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For quarterly period ended June 30, 2023

OR

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

COMMISSION FILE NO. 1-38012

Playa Hotels & Resorts N.V.

(Exact name of registrant as specified in its charter)

The Netherlands	**98-1346104**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification Number)**
Nieuwezijds Voorburgwal 104 **1012 SG Amsterdam, the Netherlands**	**Not Applicable**
(Address of Principal Executive Offices)	**(Zip Code)**

+31 6 82 55 84 30
(Registrant's Telephone Number, Including Area Code)

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

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

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

As of July 31, 2023, there were 147,716,466 shares of the registrant's ordinary shares, €0.10 par value, outstanding.

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

Item 1. ***Financial Statements***

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

	As of June 30, 2023	As of December 31, 2022
ASSETS		
Cash and cash equivalents	$ 268,845	$ 283,945
Trade and other receivables, net	73,360	62,946
Insurance recoverable	9,750	34,191
Accounts receivable from related parties	8,189	8,806
Inventories	20,426	20,046
Prepayments and other assets	56,896	44,177
Property and equipment, net	1,517,130	1,536,567
Derivative financial instruments	8,850	3,510
Goodwill, net	61,654	61,654
Other intangible assets	6,003	6,556
Deferred tax assets	7,092	7,422
Total assets	**$ 2,038,195**	**$ 2,069,820**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Trade and other payables	$ 183,270	$ 231,652
Payables to related parties	13,209	6,852
Income tax payable	554	990
Debt	1,063,210	1,065,453
Other liabilities	32,152	30,685
Deferred tax liabilities	74,997	69,326
Total liabilities	**1,367,392**	**1,404,958**
Commitments and contingencies (see Note 7)		
Shareholders' equity		
Ordinary shares (par value €0.10; 500,000,000 shares authorized, 169,423,980 shares issued and 150,650,437 shares outstanding as of June 30, 2023 and 168,275,504 shares issued and 158,228,508 shares outstanding as of December 31, 2022)	18,822	18,700
Treasury shares (at cost, 18,773,543 shares as of June 30, 2023 and 10,046,996 shares as of December 31, 2022)	(138,002)	(62,953)
Paid-in capital	1,195,576	1,189,090
Accumulated other comprehensive income (loss)	4,045	(6,985)
Accumulated deficit	(409,638)	(472,990)
Total shareholders' equity	**670,803**	**664,862**
Total liabilities and shareholders' equity	**$ 2,038,195**	**$ 2,069,820**

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue				
Package	$ 208,356	$ 183,232	$ 441,924	$ 370,047
Non-package	33,124	33,957	66,605	63,200
The Playa Collection	828	398	1,554	694
Management fees	2,122	1,343	4,051	2,400
Cost reimbursements	3,008	2,080	6,542	4,032
Other revenues	602	257	1,166	468
Total revenue	248,040	221,267	521,842	440,841
Direct and selling, general and administrative expenses				
Direct	132,606	119,125	261,574	225,965
Selling, general and administrative	47,614	41,478	92,741	78,717
Depreciation and amortization	19,316	19,628	38,507	39,128
Reimbursed costs	3,008	2,080	6,542	4,032
(Gain) loss on sale of assets	(2)	9	11	9
Business interruption insurance recoveries	(495)	—	(495)	—
Gain on insurance proceeds	(3,794)	—	(3,794)	—
Direct and selling, general and administrative expenses	198,253	182,320	395,086	347,851
Operating income	49,787	38,947	126,756	92,990
Interest expense	(26,119)	(12,892)	(55,785)	(22,060)
Other (expense) income	(203)	5,756	29	5,242
Net income before tax	23,465	31,811	71,000	76,172
Income tax provision	(2,832)	(1,286)	(7,648)	(2,900)
Net income	**$ 20,633**	**$ 30,525**	**$ 63,352**	**$ 73,272**
Earnings per share				
Basic	$ 0.14	$ 0.18	$ 0.41	$ 0.44
Diluted	$ 0.13	$ 0.18	$ 0.40	$ 0.44
Weighted average number of shares outstanding during the period - Basic	151,955,076	165,894,797	154,619,822	165,819,508
Weighted average number of shares outstanding during the period - Diluted	154,192,223	167,249,294	156,511,568	167,088,771

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Net income	**$ 20,633**	**$ 30,525**	**$ 63,352**	**$ 73,272**
Other comprehensive income, net of taxes				
Gain on interest rate swaps	8,558	2,926	11,453	5,820
Pension obligation loss	(205)	(116)	(423)	(350)
Total other comprehensive income	8,353	2,810	11,030	5,470
Comprehensive income	**$ 28,986**	**$ 33,335**	**$ 74,382**	**$ 78,742**

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

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

	Ordinary Shares		Treasury Shares		Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
Balance at December 31, 2021	**164,438,280**	**$ 18,518**	**2,208,004**	**$ (16,697)**	**$ 1,177,380**	**$ (18,671)**	**$ (529,696)**	**$ 630,834**
Net income	—	—	—	—	—	—	42,747	42,747
Other comprehensive income	—	—	—	—	—	2,660	—	2,660
Share-based compensation	1,339,787	152	—	—	3,204	—	—	3,356
Balance at March 31, 2022	**165,778,067**	**$ 18,670**	**2,208,004**	**$ (16,697)**	**$ 1,180,584**	**$ (16,011)**	**$ (486,949)**	**$ 679,597**
Net income	—	—	—	—	—	—	30,525	30,525
Other comprehensive income	—	—	—	—	—	2,810	—	2,810
Share-based compensation	251,784	26	—	—	2,884	—	—	2,910
Balance at June 30, 2022	**166,029,851**	**$ 18,696**	**2,208,004**	**$ (16,697)**	**$ 1,183,468**	**$ (13,201)**	**$ (456,424)**	**$ 715,842**

	Ordinary Shares		Treasury Shares		Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
Balance at December 31, 2022	**158,228,508**	**$ 18,700**	**10,046,996**	**$ (62,953)**	**$ 1,189,090**	**$ (6,985)**	**$ (472,990)**	**$ 664,862**
Net income	—	—	—	—	—	—	42,719	42,719
Other comprehensive income	—	—	—	—	—	2,677	—	2,677
Share-based compensation	1,148,476	122	—	—	3,044	—	—	3,166
Repurchase of ordinary shares	(4,974,132)	—	4,974,132	(40,890)	—	—	—	(40,890)
Balance at March 31, 2023	**154,402,852**	**$ 18,822**	**15,021,128**	**$ (103,843)**	**$ 1,192,134**	**$ (4,308)**	**$ (430,271)**	**$ 672,534**
Net income	—	—	—	—	—	—	20,633	20,633
Other comprehensive income	—	—	—	—	—	8,353	—	8,353
Share-based compensation	—	—	—	—	3,442	—	—	3,442
Repurchase of ordinary shares	(3,752,415)	—	3,752,415	(34,159)	—	—	—	(34,159)
Balance at June 30, 2023	**150,650,437**	**$ 18,822**	**18,773,543**	**$ (138,002)**	**$ 1,195,576**	**$ 4,045**	**$ (409,638)**	**$ 670,803**

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

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

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 63,352	$ 73,272
Adjustments to reconcile net income to net cash from operating activities		
Depreciation and amortization	38,507	39,128
Amortization of debt discount and issuance costs	3,473	2,053
Share-based compensation	6,608	6,266
Loss (gain) on derivative financial instruments	6,113	(17,429)
Deferred income taxes	6,001	2,435
Loss on sale of assets	11	9
Amortization of key money	(386)	(800)
Provision for (recovery of) doubtful accounts	416	(887)
Other	260	(40)
Changes in assets and liabilities:		
Trade and other receivables, net	(10,879)	(12,619)
Insurance recoverable	6,633	—
Accounts receivable from related parties	617	(5,727)
Inventories	(388)	(1,519)
Prepayments and other assets	(11,623)	4,786
Trade and other payables	(47,896)	4,641
Payables to related parties	6,357	2,385
Income tax payable	(436)	(288)
Other liabilities	371	1,635
Net cash provided by operating activities	**67,111**	**97,301**
INVESTING ACTIVITIES		
Capital expenditures	(18,796)	(11,892)
Purchase of intangibles	(152)	(103)
Proceeds from the sale of assets, net	9	25
Property damage insurance proceeds	17,808	—
Net cash used in investing activities	**(1,131)**	**(11,970)**
FINANCING ACTIVITIES		
Repayments of debt	(5,500)	(29,913)
Repurchase of ordinary shares	(75,364)	—
Principal payments on finance lease obligations	(216)	(198)
Net cash used in financing activities	**(81,080)**	**(30,111)**
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(15,100)**	**55,220**
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	**$ 283,945**	**$ 293,577**
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	**$ 268,845**	**$ 348,797**

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

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

	Six Months Ended June 30,	
	2023	2022
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	$ 47,215	$ 36,971
Cash paid for income taxes, net	$ 2,649	$ 820
SUPPLEMENTAL DISCLOSURES OF NON-CASH ACTIVITIES		
Capital expenditures incurred but not yet paid	$ 1,327	$ 1,239
Repurchase of ordinary shares not yet settled	$ 1,353	$ —
Intangible assets capitalized but not yet paid	$ —	$ 83
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 1,243	$ —
Par value of vested restricted share awards	$ 122	$ 178

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

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

Note 1. Organization, operations and basis of presentation

Background

Playa Hotels & Resorts N.V. (“Playa” or the “Company”) is a leading owner, operator and developer of all-inclusive resorts in prime beachfront locations in popular vacation destinations. We own and/or manage a portfolio of 26 resorts located in Mexico, the Dominican Republic and Jamaica. Unless otherwise indicated or the context requires otherwise, references in our condensed consolidated financial statements (our “Condensed Consolidated Financial Statements”) to “we,” “our,” “us” and similar expressions refer to Playa and its subsidiaries.

Basis of preparation, presentation and measurement

Our Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information. Certain information and disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. Accordingly, these unaudited interim Condensed Consolidated Financial Statements should be read in conjunction with our Consolidated Financial Statements as of and for the year ended December 31, 2022, included in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission (the “SEC”) on February 23, 2023 (the “Annual Report”).

In our opinion, the unaudited interim Condensed Consolidated Financial Statements have been prepared on the same basis as the annual Consolidated Financial Statements and include all adjustments, consisting of only normal recurring adjustments, necessary for fair presentation. Results for the comparative prior periods have been reclassified to conform to the current period presentation.

The results of operations for the three and six months ended June 30, 2023 are not necessarily indicative of the results of operations to be expected for the full year ending December 31, 2023. All dollar amounts (other than per share amounts) in the following disclosures are in thousands of United States dollars, unless otherwise indicated.

Note 2. Significant accounting policies

Cloud Computing Arrangements

We capitalize application development stage costs associated with cloud computing arrangements (CCAs). Capitalized implementation costs are included in prepayments and other assets in our Condensed Consolidated Balance Sheets. Amortization is calculated on a straight-line basis over the term of the hosting arrangement and is included in selling, general and administrative expenses in our Condensed Consolidated Statements of Operations.

Accounting standards

New accounting pronouncements recently issued or effective were not applicable to the Company or are not expected to have a material impact on the Condensed Consolidated Financial Statements.

Note 3. Revenue

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

	Three Months Ended June 30, 2023					
	Yucatán Peninsula	Pacific Coast	Dominican Republic	Jamaica	Other	Total
Package revenue	$ 67,749	$ 33,786	$ 55,557	$ 51,264	$ —	$ 208,356
Non-package revenue	9,536	4,997	9,867	8,724	—	33,124
The Playa Collection	—	—	—	—	828	828
Management fees	40	—	—	—	2,082	2,122
Cost reimbursements	—	—	—	1,270	1,738	3,008
Other revenues	—	—	—	—	602	602
Total revenue	**$ 77,325**	**$ 38,783**	**$ 65,424**	**$ 61,258**	**$ 5,250**	**$ 248,040**

	Three Months Ended June 30, 2022					
	Yucatán Peninsula	Pacific Coast	Dominican Republic	Jamaica	Other	Total
Package revenue [(1)]	$ 61,898	$ 29,972	$ 53,564	$ 37,798	$ —	$ 183,232
Non-package revenue [(1)(2)(3)]	10,028	4,432	11,343	8,154	—	33,957
The Playa Collection [(2)]	—	—	—	—	398	398
Management fees	32	—	—	—	1,311	1,343
Cost reimbursements	—	—	—	1,132	948	2,080
Other revenues [(3)]	—	—	—	—	257	257
Total revenue	**$ 71,958**	**$ 34,404**	**$ 64,907**	**$ 47,084**	**$ 2,914**	**$ 221,267**

	Six Months Ended June 30, 2023					
	Yucatán Peninsula	Pacific Coast	Dominican Republic	Jamaica	Other	Total
Package revenue	$ 149,036	$ 70,589	$ 115,159	$ 107,140	$ —	$ 441,924
Non-package revenue	19,236	9,744	19,034	18,591	—	66,605
The Playa Collection	—	—	—	—	1,554	1,554
Management fees	78	—	—	—	3,973	4,051
Cost reimbursements	—	—	—	2,607	3,935	6,542
Other revenues	—	—	—	—	1,166	1,166
Total revenue	**$ 168,350**	**$ 80,333**	**$ 134,193**	**$ 128,338**	**$ 10,628**	**$ 521,842**

	Six Months Ended June 30, 2022					
	Yucatán Peninsula	Pacific Coast	Dominican Republic	Jamaica	Other	Total
Package revenue [(1)]	$ 123,435	$ 56,195	$ 114,427	$ 75,990	$ —	$ 370,047
Non-package revenue [(1)(2)(3)]	18,869	8,053	20,189	16,089	—	63,200
The Playa Collection [(2)]	—	—	—	—	694	694
Management fees	62	—	—	—	2,338	2,400
Cost reimbursements	—	—	—	2,130	1,902	4,032
Other revenues [(3)]	—	—	—	—	468	468
Total revenue	**$ 142,366**	**$ 64,248**	**$ 134,616**	**$ 94,209**	**$ 5,402**	**$ 440,841**

(1) Includes \$2.6 million and \$5.3 million of on-property room upgrade revenue for the quarter-to-date and year-to date periods, respectively, that was reclassified from non-package revenue to package revenue to conform with current period presentation.
(2) Includes \$0.4 million and \$0.7 million that was reclassified from non-package revenue to The Playa Collection for the quarter-to-date and year-to date periods, respectively, to conform with current period presentation.
(3) Includes \$0.3 million and \$0.5 million that was reclassified from non-package revenue to other revenues for the quarter-to-date and year-to date periods, respectively, to conform with current period presentation.

Contract assets and liabilities

We do not have any material contract assets as of June 30, 2023 and December 31, 2022 other than trade and other receivables on our Condensed Consolidated Balance Sheet. Our receivables are primarily the result of contracts with customers, which are reduced by an allowance for doubtful accounts that reflects our estimate of amounts that will not be collected.

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

Note 4. Property and equipment

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

	As of June 30, 2023	As of December 31, 2022
Property and equipment, gross		
Land, buildings and improvements	$ 1,767,707	$ 1,765,130
Fixtures and machinery [(1)]	89,430	88,333
Furniture and other fixed assets	219,009	213,005
Construction in progress	17,802	10,293
Total property and equipment, gross	2,093,948	2,076,761
Accumulated depreciation	(576,818)	(540,194)
Total property and equipment, net	**$ 1,517,130**	**$ 1,536,567**

(1) Includes the gross balance of our finance lease right-of-use assets, which was $6.3 million as of June 30, 2023 and December 31, 2022.

Depreciation expense for property and equipment was $19.0 million and $19.3 million for the three months ended June 30, 2023 and 2022, respectively, and $37.8 million and $38.4 million for the six months ended June 30, 2023 and 2022, respectively.

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 several of our resorts. 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.

We received property damage insurance proceeds of $17.8 million and business interruption proceeds of $11.1 million related to Hurricane Fiona during the six months ended June 30, 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.

Lessor contracts

We rent certain real estate to third parties for office and retail space within our resorts. Our lessor contracts are considered operating leases and generally have a contractual term of one to three years. The following table presents our rental income for the three and six months ended June 30, 2023 and 2022 *($ in thousands)*:

	Three Months Ended June 30,		Six Months Ended June 30,	
Leases	**2023**	**2022**	**2023**	**2022**
Operating lease income [(1)]	$ 1,101	$ 1,076	$ 2,051	$ 2,302

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

Note 5. Income taxes

We file tax returns for our entities in key jurisdictions including Mexico, the Dominican Republic, Jamaica, the United States, and the Netherlands. We are domiciled in the Netherlands and our Dutch subsidiaries are subject to a Dutch general tax rate of 25.8%. Our other operating subsidiaries are subject to tax rates of up to 30% in the jurisdictions in which they are domiciled.

All of our outstanding Advance Pricing Agreements (“APAs”) for our Dominican Republic entities expired as of December 31, 2021. We are currently in the process of finalizing the terms of new APAs, which we expect to complete before the end of 2023. Our estimated annual effective tax rate calculation reflects the terms of the APAs that are expected to apply for the year ending December 31, 2023.

We had no uncertain tax positions or unrecognized tax benefits as of June 30, 2023. We expect no significant changes in unrecognized tax benefits over the next twelve months.

We regularly assess the realizability of our deferred tax assets by evaluating historical and projected future operating results, the reversal of existing temporary differences, taxable income in permitted carry back years, and the availability of tax planning strategies. As of June 30, 2023, a valuation allowance has been maintained as a reserve on a portion of our net deferred tax assets due to the uncertainty of realization of our loss carry forwards and other deferred tax assets. If our operating results continue to improve and our projections show continued utilization of tax attributes, we may consider that as significant positive evidence and our future reassessment may result in the determination that all or a portion of the valuation allowance is no longer required. The exact timing and amount of the valuation allowance releases are ultimately contingent upon the level of profitability achieved in future periods.

Note 6. Related party transactions

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. 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 previously 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 of Directors. 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. An affiliate of DKCM was also a lender of $25.0 million in aggregate principal of our Term Loan due 2029 (as defined in Note 11) as of December 31, 2022.

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 was a lender of $8.5 million and $42.5 million in aggregate principal of the Term Loan due 2029 as of June 30, 2023 and December 31, 2022, respectively.

Lease with our Chief Executive Officer

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

Transactions with related parties

Transactions between us and related parties during the three and six months ended June 30, 2023 and 2022 were as follows (*$ in thousands*):

		Three Months Ended June 30,		Six Months Ended June 30,	
Related Party	**Transaction**	**2023**	**2022**	**2023**	**2022**
Revenues					
ALG	Package revenue	$ —	$ 4,951	$ —	$ 10,825
Sagicor	Cost reimbursements[(1)]	$ 1,270	$ 1,317	$ 2,747	$ 2,420
Expenses					
Hyatt	Franchise fees[(2)]	$ 9,309	$ 7,802	$ 19,263	$ 15,215
Sagicor	Insurance premiums[(2)]	$ 377	$ 255	$ 697	$ 534
Chief Executive Officer	Lease expense[(3)]	$ 153	$ 192	$ 349	$ 380
DKCM	Interest expense[(4)]	$ —	$ 5,472	$ —	$ 10,877
AMResorts	Management fees[(2)]	$ —	$ 872	$ 41	$ 1,984
AMResorts	Marketing fees[(3)]	$ —	$ 972	$ 37	$ 2,055

(1) Equivalent amount included as reimbursed costs in the Condensed Consolidated Statements of Operations.
(2) Included in direct expense in the Condensed Consolidated Statements of Operations with the exception of certain immaterial fees associated with the Hyatt franchise agreements, which are included in selling, general, and administrative expense.
(3) Included in selling, general, and administrative expense in the Condensed Consolidated Statements of Operations.
(4) Includes interest expense and amortization of deferred financing costs and discounts.

Note 7. Commitments and contingencies

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

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

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 (expense) income in the Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2022.

Note 8. Ordinary shares

On February 9, 2023, our Board of Directors authorized a $200.0 million share repurchase program, pursuant to which we may repurchase our outstanding ordinary shares as market conditions and our liquidity warrant. 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 three months ended June 30, 2023, we repurchased 3,752,415 ordinary shares under the program at an average price of $9.10 per share. As of June 30, 2023, we had approximately $135.1 million remaining under our $200.0 million share repurchase program.

As of June 30, 2023, our ordinary share capital consisted of 150,650,437 ordinary shares outstanding, which have a par value of €0.10 per share. In addition, 4,868,770 restricted shares and performance share awards and 32,658 restricted share units were outstanding under the 2017 Plan (as defined in Note 9). The holders of restricted shares and performance share awards are entitled to vote, but not dispose of, such shares until they vest. The holders of restricted share units are neither entitled to vote nor dispose of such shares until they vest.

Note 9. Share-based compensation

We adopted our 2017 Omnibus Incentive Plan (the "2017 Plan") to attract and retain independent directors, executive officers and other key employees and service providers. On May 11, 2023, our shareholders approved an amendment to the 2017 Plan to increase the number of ordinary shares authorized and available for grant from 12,000,000 shares to 24,000,000 shares. As of June 30, 2023, there were 12,933,071 shares available for future grants under the 2017 Plan.

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

A summary of our restricted share awards from January 1, 2023 to June 30, 2023 is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested balance at January 1, 2023	**2,288,821**	**$ 6.94**
Granted	1,744,579	6.77
Vested	(1,148,476)	6.91
Forfeited	(31,846)	6.91
Unvested balance at June 30, 2023	**2,853,078**	**$ 6.85**

Performance share awards consist of ordinary shares that may become earned and vested at the end of a three-year performance period based on the achievement of performance targets adopted by our Compensation Committee. Our performance shares have market conditions where 50% of the performance share awards will vest based on the total shareholder return ("TSR") of our ordinary shares relative to those of our peer group and 50% will vest based on the compound annual growth rate of the price of our ordinary shares. The peer shareholder return component may vest between 0% and 150% of target, 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.

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

Performance Award Grant Date	Percentage of Total Award	Grant Date Fair Value by Component	Volatility (1)	Interest Rate (2)	Dividend Yield
January 18, 2023					
Peer Shareholder Return	50 %	$ 2,751	71.82 %	3.70 %	— %
Growth Rate	50 %	$ 2,194	71.82 %	3.70 %	— %

(1) Expected volatility was determined based on our 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.

A summary of our performance share awards from January 1, 2023 to June 30, 2023 is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested balance at January 1, 2023	**1,329,123**	**$ 6.05**
Granted	719,227	6.88
Unvested balance at June 30, 2023	**2,048,350**	**$ 6.34**

Note 10. Earnings per share

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Numerator				
Net income	$ 20,633	$ 30,525	$ 63,352	$ 73,272
Denominator				
Denominator for basic EPS - weighted-average number of shares outstanding	151,955,076	165,894,797	154,619,822	165,819,508
Effect of dilutive securities				
Unvested performance share awards	1,165,943	481,048	1,093,612	460,336
Unvested restricted share awards	1,071,204	873,449	798,134	808,927
Denominator for diluted EPS - adjusted weighted-average number of shares outstanding	154,192,223	167,249,294	156,511,568	167,088,771
EPS - Basic	**$ 0.14**	**$ 0.18**	**$ 0.41**	**$ 0.44**
EPS - Diluted	**$ 0.13**	**$ 0.18**	**$ 0.40**	**$ 0.44**

For the six months ended June 30, 2022, unvested performance share awards in the amount 187,500 shares were not included in the computation of diluted EPS as their effect would have been anti-dilutive. We had no anti-dilutive unvested performance share awards for all other periods presented in our Condensed Consolidated Statement of Operations. The performance targets of our unvested performance share awards were partially achieved as of June 30, 2023 and 2022.

For the three and six months ended June 30, 2023 and 2022, we had no anti-dilutive unvested restricted share awards.

Note 11. Debt

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

			Outstanding Balance as of	
	Interest Rate	**Maturity Date**	**June 30, 2023**	**December 31, 2022**
Senior Secured Credit Facilities				
Revolving Credit Facility [(1)]	SOFR + 3.50% [(1)]	January 5, 2028	$ —	$ —
Term Loan due 2029 [(2)]	SOFR + 4.25%	January 5, 2029	1,094,500	1,100,000
Total Senior Secured Credit Facilities (at stated value)			1,094,500	1,100,000
Unamortized discount			(29,603)	(32,428)
Unamortized debt issuance costs			(7,129)	(7,776)
Total Senior Secured Credit Facilities, net			$ 1,057,768	$ 1,059,796
Financing lease obligations			$ 5,442	$ 5,657
Total debt, net			**$ 1,063,210**	**$ 1,065,453**

(1) Undrawn balances bear interest between 0.25% to 0.50% depending on certain leverage ratios. We had an available balance of $225.0 million as of June 30, 2023 and December 31, 2022. Interest is incurred on any outstanding balance based on the Secured Overnight Financing Rate (“SOFR”) plus a margin ranging from 3.25% to 3.75%, depending on our consolidated secured net leverage ratio.

(2) The effective interest rate for the Term Loan due 2029 was 9.34% and 8.58% as of June 30, 2023 and December 31, 2022, respectively.

Second Restatement Agreement

On December 16, 2022, we entered into the Second Restatement Agreement to amend and restate our Senior Secured Credit Facility to consist of (i) a $225.0 million revolving line of credit with a maturity date of January 5, 2028 (the "Revolving Credit Facility") and (ii) a $1.1 billion term loan with a maturity of January 5, 2029 (the "Term Loan due 2029" and collectively with the Revolving Credit Facility, the "Senior Secured Credit Facility").

The Term Loan due 2029 bears interest at SOFR plus a margin of 4.25% (where the applicable SOFR rate has a 0.50% floor). The Revolving Credit Facility bears interest at SOFR plus a margin ranging from 3.25% to 3.75%, in each case, depending on the level of our consolidated secured net leverage ratio in effect from time to time.

Financial maintenance covenants

We were in compliance with all applicable covenants as of June 30, 2023. A summary of our applicable covenants and restrictions is as follows:

Debt	Covenant Terms
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 Revolving Credit Facility.

Note 12. Derivative financial instruments

We have entered into interest rate swaps to mitigate the interest rate risk inherent to our floating rate debt. Our interest rate swaps outstanding during the three and six months ended June 30, 2023 and 2022 are as follows:

Notional Amount	Interest Rate Received	Fixed Rate Paid	Effective Date	Maturity Date
Designated as Cash Flow Hedges				
$275 million	One-month SOFR	4.05%	April 15, 2023	April 15, 2025
$275 million	One-month SOFR	3.71%	April 15, 2023	April 15, 2026
Not Designated as Hedging Instrument [1]				
$800 million	One-month LIBOR	2.85%	March 29, 2018	March 31, 2023

(1) Our LIBOR-based interest rate swaps were designated as cash flow hedges in March 2019, but were deemed ineffective in February 2020 due to the decrease in interest rates.

The following tables present the effect of our interest rate swaps, net of tax, in the Condensed Consolidated Statements of Comprehensive Income and Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2023 and 2022 *($ in thousands)*:

	2023	2022
AOCI from our cash flow hedges as of January 1	**$ 2,895**	**$ 14,632**
Change in fair value	—	—
Reclassification from AOCI to interest expense	(2,895)	(2,894)
AOCI from our cash flow hedges as of March 31	**—**	**11,738**
Change in fair value	(9,874)	—
Reclassification from AOCI to interest expense	1,316	(2,926)
AOCI from our cash flow hedges as of June 30 [1]	**(8,558)**	**8,812**

(1) As of June 30, 2023, the total amount expected to be reclassified from AOCI to interest expense during the next twelve months is $7.3 million.

Derivative Financial Instruments	Financial Statement Classification	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Designated as Cash Flow Hedges					
Interest rate swap	Interest expense	$ (1,316)	$ —	$ (1,316)	$ —
Not Designated as Hedging Instruments					
Interest rate swap [(1)]	Interest expense	$ —	$ (2,077)	$ 3,013	$ (7,792)

[(1)] Includes the loss or (gain) 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 Condensed Consolidated Balance Sheet as of June 30, 2023 and December 31, 2022 *($ in thousands)*:

Derivative Financial Instruments	Financial Statement Classification	As of June 30, 2023	As of December 31, 2022
Designated as Cash Flow Hedges			
Interest rate swap	Derivative financial instruments	$ 8,850	$ —
Not Designated as Hedging Instruments			
Interest rate swap	Derivative financial instruments	$ —	$ 3,510

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

Note 13. Fair value of financial instruments

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

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

We believe the carrying value of our financial instruments, excluding our debt, approximate their fair values as of June 30, 2023 and December 31, 2022. We did not have any Level 3 instruments during any of the periods presented in our Condensed Consolidated Financial Statements.

The following table presents our fair value hierarchy for our financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2023 and December 31, 2022 *($ in thousands)*:

Financial Assets	June 30, 2023	Level 1	Level 2	Level 3
Fair value measurements on a recurring basis				
Interest rate swaps	$ 8,850	$ —	$ 8,850	$ —

Financial Assets	December 31, 2022	Level 1	Level 2	Level 3
Fair value measurements on a recurring basis				
Interest rate swaps	$ 3,510	$ —	$ 3,510	$ —

The following tables present our fair value hierarchy for our financial liabilities not measured at fair value as of June 30, 2023 and December 31, 2022 *($ in thousands)*:

	Carrying Value	Fair Value		
	As of June 30, 2023	Level 1	Level 2	Level 3
Financial liabilities not recorded at fair value				
Term Loan due 2029	$ 1,057,768	$ —	$ —	$ 1,116,162

	Carrying Value	Fair Value		
	As of December 31, 2022	Level 1	Level 2	Level 3
Financial liabilities not recorded at fair value				
Term Loan due 2029	$ 1,059,796	$ —	$ —	$ 1,114,860

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

	Valuation Technique
Financial instruments recorded at fair value	
Interest rate swaps	The fair value of the interest rate swaps is estimated based on the expected future cash flows by incorporating the notional amount of the swaps, the contractual period to maturity, and observable market-based inputs, including interest rate curves. The fair value also incorporates credit valuation adjustments to appropriately reflect nonperformance risk. The fair value of our interest rate swaps is largely dependent on forecasted SOFR as of the measurement date. If, in subsequent periods, forecasted SOFR exceeds the fixed rates we pay on our interest rate swaps, we will recognize a gain and future cash inflows. Conversely, if forecasted SOFR falls below the fixed rates we pay on our interest rate swaps in subsequent periods, we will recognize a loss and future cash outflows.
Financial instruments not recorded at fair value	
Term Loan due 2029	The fair value of our Term Loan due 2029 is 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 due 2029. The fair value of the Revolving Credit Facility generally approximates its carrying value as the expected term is significantly shorter in duration.

Note 14. Other balance sheet items

Trade and other receivables, net

The following summarizes the balances of trade and other receivables, net as of June 30, 2023 and December 31, 2022 *($ in thousands)*:

	As of June 30, 2023	As of December 31, 2022
Gross trade and other receivables [(1)]	$ 73,940	$ 63,396
Allowance for doubtful accounts	(580)	(450)
Total trade and other receivables, net	**$ 73,360**	**$ 62,946**

[(1)] The opening balance as of January 1, 2022 was $47.4 million.

We have not experienced any significant write-offs to our accounts receivable during the three and six months ended June 30, 2023 and 2022.

Prepayments and other assets

The following summarizes the balances of prepayments and other assets as of June 30, 2023 and December 31, 2022 *($ in thousands)*:

	As of June 30, 2023	As of December 31, 2022
Advances to suppliers	$ 24,225	$ 12,683
Prepaid income taxes	11,679	11,809
Prepaid other taxes [1]	3,605	4,539
Operating lease right-of-use assets	3,838	2,968
Key money	6,606	6,735
Other assets	6,943	5,443
Total prepayments and other assets	**$ 56,896**	**$ 44,177**

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

Goodwill

We recognized no goodwill impairment losses on our reporting units nor any additions to goodwill during the three and six months ended June 30, 2023. The gross carrying values and accumulated impairment losses of goodwill by reportable segment (refer to discussion of our reportable segments in Note 15) as of June 30, 2023 and December 31, 2022 are as follows *($ in thousands)*:

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

Other intangible assets

Other intangible assets as of June 30, 2023 and December 31, 2022 consisted of the following (*$ in thousands*):

	As of June 30, 2023	As of December 31, 2022
Gross carrying value		
Casino and other licenses [(1)]	$ 875	$ 875
Management contract	1,900	1,900
Enterprise resource planning system	6,375	6,375
Other	4,679	4,499
Total gross carrying value	**13,829**	**13,649**
Accumulated amortization		
Management contract	(475)	(428)
Enterprise resource planning system	(3,224)	(2,771)
Other	(4,127)	(3,894)
Total accumulated amortization	**(7,826)**	**(7,093)**
Net carrying value		
Casino and other licenses [(1)]	875	875
Management contract	1,425	1,472
Enterprise resource planning system	3,151	3,604
Other	552	605
Total net carrying value	**$ 6,003**	**$ 6,556**

[(1)] Our casino and other licenses have indefinite lives. Accordingly, there is no associated amortization expense or accumulated amortization.

Amortization expense for intangible assets was $0.3 million for the three months ended June 30, 2023 and 2022, and $0.7 million for the six months ended June 30, 2023 and 2022.

Trade and other payables

The following summarizes the balances of trade and other payables as of June 30, 2023 and December 31, 2022 *($ in thousands)*:

	As of June 30, 2023	As of December 31, 2022
Trade payables	$ 29,232	$ 28,422
Advance deposits [(1)]	65,439	83,262
Withholding and other taxes payable	18,138	31,111
Interest payable	3,132	3,996
Payroll and related accruals	24,432	29,273
Accrued expenses and other payables [(2)]	42,897	55,588
Total trade and other payables	**$ 183,270**	**$ 231,652**

[(1)] The opening balance as of January 1, 2022 was $62.6 million.
[(2)] As of June 30, 2023, accrued expenses and other payables includes approximately $1.4 million related to share repurchases not yet settled and $18.8 million of unpaid clean up and repair expenses related to Hurricane Fiona.

Other liabilities

The following summarizes the balances of other liabilities as of June 30, 2023 and December 31, 2022 *($ in thousands)*:

	As of June 30, 2023	As of December 31, 2022
Pension obligation [(1)(2)]	$ 10,150	$ 7,777
Operating lease liabilities	4,323	3,472
Unfavorable ground lease liability	1,803	1,857
Key money	14,846	15,362
Other	1,030	2,217
Total other liabilities	**$ 32,152**	**$ 30,685**

(1) For the three months ended June 30, 2023 and 2022, the service cost component of net periodic pension cost was $0.3 million and $0.2 million, respectively. For the six months ended June 30, 2023 and 2022, the service cost component was $0.6 million and $0.4 million, respectively.
(2) For the three months ended June 30, 2023 and 2022, the non-service cost components of net periodic pension cost were $0.8 million and $0.1 million, respectively. For the six months ended June 30, 2023 and 2022, the non-service cost components were $1.7 million and $0.5 million, respectively.

Note 15. Business segments

We consider each one of our owned resorts to be an operating segment, none of which meets the threshold for a reportable segment. We also allocate resources and assess operating performance based on individual resorts. Our operating segments meet the aggregation criteria and thus, we 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 that 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 three and six months ended June 30, 2023 and 2022, we have excluded the immaterial amounts of management fees, cost reimbursements, The Playa Collection and other from our segment reporting.

The performance of our business is evaluated primarily on adjusted earnings before interest expense, income tax provision, and depreciation and amortization expense ("Adjusted EBITDA") and the performance of our segments is evaluated on Adjusted EBITDA before corporate expenses, The Playa Collection revenue and management fee revenue ("Owned Resort EBITDA"). Adjusted EBITDA and Owned Resort EBITDA should not be considered alternatives to net income or other measures of financial performance or liquidity derived in accordance with U.S. GAAP.

We define Adjusted EBITDA as net income, determined in accordance with U.S. GAAP, for the periods presented, before interest expense, income tax provision, and depreciation and amortization expense, further adjusted to exclude the following items: (a) (gain) loss on sale of assets; (b) other (expense) income; (c) repairs from hurricanes and tropical storms; (d) share-based compensation; (e) other tax income; and (f) transaction expenses. Adjusted EBITDA includes corporate expenses, which are overhead costs that are essential to support the operation of the Company, including the operations and development of our resorts.

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

The following table presents segment Owned Net Revenue, 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 three and six months ended June 30, 2023 and 2022 (*$ in thousands*):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Owned net revenue				
Yucatán Peninsula	$ 74,891	$ 69,977	$ 163,639	$ 138,606
Pacific Coast	37,776	33,496	78,291	62,600
Dominican Republic	65,127	64,860	133,896	134,524
Jamaica	57,418	43,758	120,395	88,022
Segment owned net revenue	**235,212**	**212,091**	**496,221**	**423,752**
Other revenues	602	257	1,166	468
Management fees	2,122	1,343	4,051	2,400
The Playa Collection	828	398	1,554	694
Cost reimbursements	3,008	2,080	6,542	4,032
Compulsory tips	6,268	5,098	12,308	9,495
Total revenue	**$ 248,040**	**$ 221,267**	**$ 521,842**	**$ 440,841**

The following table presents segment Owned Resort EBITDA, Adjusted EBITDA and a reconciliation to net income for the three and six months ended June 30, 2023 and 2022 (*$ in thousands*):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Owned Resort EBITDA				
Yucatán Peninsula	$ 24,327	$ 25,974	$ 62,263	$ 55,432
Pacific Coast	14,883	13,910	32,406	26,454
Dominican Republic	21,979	20,747	48,828	49,124
Jamaica	21,923	12,142	49,004	29,300
Segment Owned Resort EBITDA	**83,112**	**72,773**	**192,501**	**160,310**
Other corporate	(13,940)	(12,810)	(27,495)	(24,757)
The Playa Collection	828	398	1,554	694
Management fees	2,122	1,343	4,051	2,400
Adjusted EBITDA	**72,122**	**61,704**	**170,611**	**138,647**
Interest expense	(26,119)	(12,892)	(55,785)	(22,060)
Depreciation and amortization	(19,316)	(19,628)	(38,507)	(39,128)
Gain (loss) on sale of assets	2	(9)	(11)	(9)
Other (expense) income	(203)	5,756	29	5,242
Repairs from hurricanes and tropical storms	31	—	892	—
Share-based compensation	(3,442)	(2,910)	(6,608)	(6,266)
Other tax income	—	240	—	—
Transaction expenses	(502)	(611)	(1,365)	(802)
Non-service cost components of net periodic pension cost [(1)]	892	161	1,744	548
Net income before tax	**23,465**	**31,811**	**71,000**	**76,172**
Income tax provision	(2,832)	(1,286)	(7,648)	(2,900)
Net income	**$ 20,633**	**$ 30,525**	**$ 63,352**	**$ 73,272**

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

The following table presents segment property and equipment, gross and a reconciliation to total property and equipment, net as of June 30, 2023 and December 31, 2022 *($ in thousands)*:

	As of June 30, 2023	As of December 31, 2022
Segment property and equipment, gross		
Yucatán Peninsula	$ 681,904	$ 676,218
Pacific Coast	294,785	291,372
Dominican Republic	694,948	690,181
Jamaica	416,643	413,563
Total segment property and equipment, gross	**2,088,280**	**2,071,334**
Corporate property and equipment, gross	5,668	5,427
Accumulated depreciation	(576,818)	(540,194)
Total property and equipment, net	**$ 1,517,130**	**$ 1,536,567**

The following table presents segment capital expenditures and a reconciliation to total capital expenditures for the six months ended June 30, 2023 and 2022 (*$ in thousands*):

	Six Months Ended June 30,	
	2023	2022
Segment capital expenditures		
Yucatán Peninsula	$ 6,166	$ 3,858
Pacific Coast	3,415	2,904
Dominican Republic	5,173	3,196
Jamaica	3,454	1,820
Total segment capital expenditures [(1)]	**18,208**	**11,778**
Corporate	241	466
Total capital expenditures [(1)]	**$ 18,449**	**$ 12,244**

[(1)] Represents gross additions to property and equipment.

Note 16. Subsequent events

In preparing the interim Condensed Consolidated Financial Statements, we have evaluated subsequent events through August 3, 2023, which is the date the financial statements were issued.

During the period from July 1, 2023 through July 31, 2023, we purchased 2,933,971 ordinary shares at an average price of $8.21 per share. As of July 31, 2023, we had $111.0 million remaining under our $200.0 million share repurchase program.

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

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

Cautionary Note Regarding Forward-Looking Statements

This quarterly report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect our current expectations and projections about future events at the time, and thus involve uncertainty and risk. The words "believe," "expect," "anticipate," "will," "could," "would," "should," "may," "plan," "estimate," "intend," "predict," "potential," "continue," and the negatives of these words and other similar expressions generally identify forward looking statements. Forward-looking statements are subject to various factors that could cause actual outcomes or results to differ materially from those indicated in these statements, including the risks described under the sections entitled "Risk Factors" of our Annual Report on Form 10-K, filed with the SEC on February 23, 2023 and in this Quarterly Report on Form 10-Q, as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in our filings with the SEC. 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 a 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 quarterly report, except as required by applicable law. You should not place undue reliance on any forward-looking statements, which are based only on information currently available to us (or to third parties making the forward-looking statements).

Overview

Playa is a leading owner, operator and developer of all-inclusive resorts in prime beachfront locations in popular vacation destinations in Mexico and the Caribbean. As of June 30, 2023, Playa owned and/or managed a total portfolio consisting of 26 resorts (9,756 rooms) located in Mexico, Jamaica, and the Dominican Republic:

- In Mexico, we own and manage the 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, we own and manage the 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, we own and manage the Hilton La Romana All-Inclusive Family Resort, the Hilton La Romana All-Inclusive Adult Resort, Hyatt Zilara Cap Cana, Hyatt Ziva Cap Cana, Jewel Palm Beach, and Jewel Punta Cana; and
- We also manage nine 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 three months ended June 30, 2023, we generated net income of $20.6 million, Total Revenue of $248.0 million, Net Package RevPAR of $312.64 and Adjusted EBITDA of $72.1 million. For the three months ended June 30, 2022, we generated net income of $30.5 million, Total Revenue of $221.3 million, Net Package RevPAR of $275.33 and Adjusted EBITDA of $61.7 million.

For the six months ended June 30, 2023, we generated net income of $63.4 million, Total Revenue of $521.8 million, Net Package RevPAR of $333.84 and Adjusted EBITDA of $170.6 million. For the six months ended June 30, 2022, we generated net income of $73.3 million, Total Revenue of $440.8 million, Net Package RevPAR of $280.14 and Adjusted EBITDA of $138.6 million.

Our Portfolio of Resorts

As of June 30, 2023, the following table presents an overview of our resorts and is organized by our four geographic business segments: the Yucatán Peninsula, the Pacific Coast, the Dominican Republic and Jamaica.

Name of Resort	Location	Brand and Type	Operator	Year Built; Significant Renovations	Rooms
Owned Resorts					
Yucatán Peninsula					
Hyatt Ziva Cancún	Cancún, Mexico	Hyatt Ziva (all ages)	Playa	1975; 1980; 1986; 2002; 2015	547
Hyatt Zilara Cancún	Cancún, Mexico	Hyatt Zilara (adults-only)	Playa	2006; 2009; 2013; 2017	310
Wyndham Alltra Cancún	Cancún, Mexico	Wyndham (all ages)	Playa	1985; 2009; 2017	458
Hilton Playa del Carmen All-Inclusive Resort	Playa del Carmen, Mexico	Hilton (adults-only)	Playa	2002; 2009; 2019	524
Wyndham Alltra Playa del Carmen	Playa del Carmen, Mexico	Wyndham (adults-only)	Playa	1996; 2006; 2012; 2017	287
Pacific Coast					
Hyatt Ziva Los Cabos	Cabo San Lucas, Mexico	Hyatt Ziva (all ages)	Playa	2007; 2009; 2015	591
Hyatt Ziva Puerto Vallarta	Puerto Vallarta, Mexico	Hyatt Ziva (all ages)	Playa	1969; 1990; 2002; 2009; 2014; 2017	335
Dominican Republic					
Hilton La Romana All-Inclusive Resort	La Romana, Dominican Republic	Hilton (adults-only)	Playa	1997; 2008; 2019	356
Hilton La Romana All-Inclusive Resort	La Romana, Dominican Republic	Hilton (all ages)	Playa	1997; 2008; 2019	418
Jewel Palm Beach	Punta Cana, Dominican Republic	Jewel (all ages)	Playa [(1)]	1994; 2008	500
Jewel Punta Cana	Punta Cana, Dominican Republic	Jewel (all ages)	Playa	2004	620
Hyatt Ziva Cap Cana	Cap Cana, Dominican Republic	Hyatt Ziva (all ages)	Playa	2019	375
Hyatt Zilara Cap Cana	Cap Cana, Dominican Republic	Hyatt Zilara (adults-only)	Playa	2019	375
Jamaica					
Hyatt Ziva Rose Hall	Montego Bay, Jamaica	Hyatt Ziva (all ages)	Playa	2000; 2014; 2017	276
Hyatt Zilara Rose Hall	Montego Bay, Jamaica	Hyatt Zilara (adults-only)	Playa	2000; 2014; 2017	344
Hilton Rose Hall Resort & Spa	Montego Bay, Jamaica	Hilton (all ages)	Playa	1974; 2008; 2017	495
Jewel Paradise Cove Beach Resort & Spa	Runaway Bay, Jamaica	Jewel (adults-only)	Playa	2013	225
Jewel Grande Montego Bay Resort & Spa [(2)]	Montego Bay, Jamaica	Jewel (all ages)	Playa	2016; 2017	88
Total Rooms Owned					**7,124**
Managed Resorts [(3)]					
Sanctuary Cap Cana	Punta Cana, Dominican Republic	The Luxury Collection by Marriott (adults-only)	Playa	2008; 2015; 2018	324
Jewel Grande Montego Bay Resort & Spa	Montego Bay, Jamaica	Jewel (condo-hotel)	Playa	2016; 2017	129
The Yucatán Playa del Carmen All-Inclusive Resort	Playa del Carmen, Mexico	Tapestry Collection by Hilton (adults-only)	Playa	2012	60
Hyatt Ziva Riviera Cancún	Riviera Maya, Mexico	Hyatt Ziva (all ages)	Playa	2008; 2021	438
Hyatt Zilara Riviera Maya	Riviera Maya, Mexico	Hyatt Zilara (adults-only)	Playa	2003; 2022	291
Seadust Cancún Family Resort [(4)]	Cancún, Mexico	Seadust (all ages)	Playa	2006; 2022	502
Kimpton Hacienda Tres Ríos Resort, Spa & Nature Park [(5)]	Playa del Carmen, Mexico	Kimpton (all ages)	Playa	2008; 2023	255
Wyndham Alltra Riviera Nayarit	Nuevo Vallarta, Mexico	Wyndham (all ages)	Playa	2009; 2022	229
Wyndham Alltra Samaná [(6)]	Samaná, Dominican Republic	Wyndham (all ages)	Playa	1994; 1998; 2004; 2023	404
Total Rooms Operated					**2,632**
Total Rooms Owned and Operated					**9,756**

(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 owned by Sagicor Financial Corporation Limited 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 second quarter of 2022 and commenced operations in February 2023.
(5) 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.
(6) We entered into a management agreement to operate this resort during the first quarter of 2023. The resort is currently undergoing renovations and we expect to commence operations in the third quarter of 2023.

Results of Operations

Three Months Ended June 30, 2023 and 2022

The following table summarizes our results of operations on a consolidated basis for the three months ended June 30, 2023 and 2022 *($ in thousands)*:

	Three Months Ended June 30,		Increase / Decrease	
	2023	**2022**	**Change**	**% Change**
Revenue				
Package	$ 208,356	$ 183,232	$ 25,124	13.7 %
Non-package	33,124	33,957	(833)	(2.5) %
The Playa Collection	828	398	430	108.0 %
Management fees	2,122	1,343	779	58.0 %
Cost reimbursements	3,008	2,080	928	44.6 %
Other revenues	602	257	345	134.2 %
Total revenue	248,040	221,267	26,773	12.1 %
Direct and selling, general and administrative expenses				
Direct	132,606	119,125	13,481	11.3 %
Selling, general and administrative	47,614	41,478	6,136	14.8 %
Depreciation and amortization	19,316	19,628	(312)	(1.6) %
Reimbursed costs	3,008	2,080	928	44.6 %
(Gain) loss on sale of assets	(2)	9	(11)	(122.2) %
Business interruption insurance recoveries	(495)	—	(495)	100.0 %
Gain on insurance proceeds	(3,794)	—	(3,794)	100.0 %
Direct and selling, general and administrative expenses	198,253	182,320	15,933	8.7 %
Operating income	**49,787**	**38,947**	**10,840**	**27.8 %**
Interest expense	(26,119)	(12,892)	(13,227)	(102.6) %
Other (expense) income	(203)	5,756	(5,959)	(103.5) %
Net income before tax	**23,465**	**31,811**	**(8,346)**	**(26.2)%**
Income tax provision	(2,832)	(1,286)	(1,546)	(120.2) %
Net income	**$ 20,633**	**$ 30,525**	**$ (9,892)**	**(32.4)%**

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

Total Portfolio

	Three Months Ended June 30,		Increase / Decrease	
	2023	2022	Change	% Change
Occupancy	73.5 %	75.1 %	(1.6)pts	(2.1)%
Net Package ADR	$ 425.52	$ 366.53	$ 58.99	16.1 %
Net Package RevPAR	$ 312.64	$ 275.33	$ 37.31	13.6 %
		($ in thousands)		
Net Package Revenue(1)	$ 202,678	$ 178,492	$ 24,186	13.6 %
Net Non-package Revenue(1)	32,534	33,599	(1,065)	(3.2)%
The Playa Collection Revenue	828	398	430	108.0 %
Management Fee Revenue	2,122	1,343	779	58.0 %
Other Revenues	602	257	345	134.2 %
Total Net Revenue	238,764	214,089	24,675	11.5 %
Adjusted EBITDA	$ 72,122	$ 61,704	$ 10,418	16.9 %
Adjusted EBITDA Margin	30.2 %	28.8 %	1.4 pts	4.9 %

(1) For the three months ended June 30, 2022, includes $2.6 million of on-property room upgrade revenue that was reclassified from non-package revenue to package revenue to conform with current period presentation.

Total Revenue and Total Net Revenue

Our Total Revenue for the three months ended June 30, 2023 increased $26.8 million, or 12.1%, compared to the three months ended June 30, 2022.

Our Total Net Revenue for the three months ended June 30, 2023 increased $24.7 million, or 11.5%, compared to the three months ended June 30, 2022. The increase was due to the following:

- an increase in Net Package ADR of 16.1% as a result of:
    - a higher meetings, incentives, conventions and events (“MICE”) group contribution to our guest mix; and
    - a benefit from the reduced occupancy levels at Jewel Palm Beach and Jewel Punta Cana due to a slower ramp, as we were unable to make up ground after missing the key summer selling season once we assumed management from a third-party. Excluding these resorts, Net Package ADR increased 15.5%.
- a decrease in Net Non-package Revenue of $1.1 million, or 3.2%, primarily as a result of a $1.5 million decrease due to the expiration of our Extended Stay Program late in the second quarter of 2022 as COVID-19-related travel restrictions were no longer in effect compared to the three months ended June 30, 2022.
- a decrease in Occupancy of 1.6 percentage points as a result of reduced Occupancy at Jewel Punta Cana and Jewel Palm Beach.
    - Excluding Jewel Punta Cana and Jewel Palm Beach, Occupancy increased 1.7 percentage points compared to the three months ended June 30, 2022.

Adjusted EBITDA

Our Adjusted EBITDA for the three months ended June 30, 2023 increased $10.4 million, or 16.9%, compared to the three months ended June 30, 2022. Adjusted EBITDA for the three months ended June 30, 2023 includes a $4.3 million benefit from business interruption insurance proceeds and recoverable expenses related to Hurricane Fiona in the Dominican Republic during the second half of 2022, which had a positive impact of 180 basis points on Adjusted EBITDA Margin for the three months ended June 30, 2023.

- Our Adjusted EBITDA Margin was negatively impacted by 260 basis points due to the appreciation of the Mexican Peso compared to the three months ended June 30, 2022. Excluding the impact of foreign exchange rate appreciation and the benefit from business interruption proceeds and recoverable expenses, Adjusted EBITDA Margin would have been 31.0%, an increase of 2.2 percentage points compared to the three months ended June 30, 2022.

The following table shows a reconciliation of Net Package Revenue and Net Non-package Revenue to Total Revenue for the three months ended June 30, 2023 and 2022 *($ in thousands)*:

	Three Months Ended June 30,		Increase/Decrease	
	2023	**2022**	**Change**	**% Change**
Net Package Revenue	$ 202,678	$ 178,492	$ 24,186	13.6 %
Net Non-package Revenue	32,534	33,599	(1,065)	(3.2)%
The Playa Collection Revenue	828	398	430	108.0 %
Management Fee Revenue	2,122	1,343	779	58.0 %
Other Revenues	602	257	345	134.2 %
Total Net Revenue	**238,764**	**214,089**	**24,675**	**11.5 %**
Compulsory tips	6,268	5,098	1,170	23.0 %
Cost Reimbursements	3,008	2,080	928	44.6 %
Total revenue	**$ 248,040**	**$ 221,267**	**$ 26,773**	**12.1 %**

Direct Expenses

The following table shows a reconciliation of our direct expenses to Net Direct Expenses for the three months ended June 30, 2023 and 2022 *($ in thousands):*

	Three Months Ended June 30,		Increase/Decrease	
	2023	**2022**	**Change**	**% Change**
Direct expenses	$ 132,606	$ 119,125	$ 13,481	11.3 %
Less: compulsory tips	6,268	5,098	1,170	23.0 %
Net Direct Expenses	**$ 126,338**	**$ 114,027**	**$ 12,311**	**10.8 %**

Our direct expenses include resort expenses, such as food and beverage, salaries and wages, utilities and other ongoing operational expenses. Our Net Direct Expenses were $126.3 million, or 52.9% of Total Net Revenue, for the three months ended June 30, 2023 and $114.0 million, or 53.3% of Total Net Revenue, for the three months ended June 30, 2022. Direct operating expenses fluctuate based on various factors, including changes in Occupancy, labor costs, utilities, repair and maintenance costs and licenses and property taxes. Management fees and franchise fees, which are computed as a percentage of revenue, increase or decrease as a result of changes in revenues.

Net Direct Expenses for the three months ended June 30, 2023 increased $12.3 million, or 10.8%, compared to the three months ended June 30, 2022 primarily due to the following:

- increased operating expenses associated with higher Occupancy levels for our portfolio (excluding the Jewel Punta Cana and Jewel Palm Beach) as a result of the corresponding recovery in our operations compared to the three months ended June 30, 2022, during which time occupancies were negatively affected by the Omicron variant and COVID-19 related travel restrictions;

- appreciation of the Mexican Peso compared to the three months ended June 30, 2022, which primarily impacted labor and food and beverage expenses for the three months ended June 30, 2023; and

- increased labor and related expenses as a result of union-negotiated and government mandated wage and benefit increases compared to the three months ended June 30, 2022.

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

Total Portfolio

	Three Months Ended June 30,		Increase/Decrease	
	2023	2022	Change	% Change
Food and beverages	$ 29,042	$ 27,203	$ 1,839	6.8 %
Guest costs	5,848	7,986	(2,138)	(26.8) %
Salaries and wages	49,031	39,689	9,342	23.5 %
Repairs and maintenance	6,159	6,012	147	2.4 %
Utilities and sewage	11,982	12,118	(136)	(1.1) %
Licenses and property taxes	822	418	404	96.7 %
Incentive and management fees	—	872	(872)	(100.0) %
Franchise fees	12,843	10,194	2,649	26.0 %
Transportation and travel expenses	1,842	1,384	458	33.1 %
Laundry and cleaning expenses	1,863	1,532	331	21.6 %
Property and equipment rental expense	1,736	1,829	(93)	(5.1) %
Entertainment expenses and decoration	3,320	2,931	389	13.3 %
Office supplies	371	336	35	10.4 %
Other operational expenses	1,479	1,523	(44)	(2.9) %
Total Net Direct Expenses	**$ 126,338**	**$ 114,027**	**$ 12,311**	**10.8 %**

Selling, General and Administrative Expenses

Our selling, general and administrative expenses for the three months ended June 30, 2023 increased $6.1 million, or 14.8%, compared to the three months ended June 30, 2022. The increase was primarily driven by a $2.9 million increase in insurance expenses as a result of higher insurance premiums and a $0.7 million increase in the provision for doubtful accounts due to the reversal of expense during the three months ended June 30, 2022 following the economic recovery from the COVID-19 pandemic. We also experienced a $0.8 million increase in corporate personnel costs, a $0.7 million increase in credit card commissions, and a $0.5 million increase in share-based compensation expense due to an increase in the fair value of restricted and performance share awards granted in 2023.

Depreciation and Amortization Expense

Our depreciation and amortization expense for the three months ended June 30, 2023 decreased $0.3 million, or 1.6%, compared to the three months ended June 30, 2022 as we did not add or dispose of significant balances of property and equipment in either period.

Gain on Insurance Proceeds

Our gain on insurance proceeds for the three months ended June 30, 2023 increased $3.8 million, or 100.0%, compared to the three months ended June 30, 2022 as a result of business interruption insurance proceeds received in 2023 related to the temporary closure of two of our resorts in the Dominican Republic due to Hurricane Fiona in the second half of 2022. We had no gain on insurance proceeds during the three months ended June 30, 2022.

Interest Expense

Our interest expense for the three months ended June 30, 2023 increased $13.2 million, or 102.6%, compared to the three months ended June 30, 2022. The increase in interest expense was driven primarily by an $11.2 million increase from our $1.1 billion term loan issued in the December 2022 debt refinancing (the "Term Loan due 2029"), which incurs interest based on SOFR plus a margin of 4.25%, and a $6.3 million increase related to a favorable change in fair value of our prior LIBOR-based interest rate swaps recognized during the three months ended June 30, 2022. We did not recognize any changes in fair value of our prior LIBOR-based interest rate swaps during the three months ended June 30, 2023 as these interest rate swaps matured on March 31, 2023. Additionally, our SOFR-based interest rate swaps effective in April 2023 meet the criteria for hedge accounting and therefore, changes in fair value are recognized through other comprehensive income. These increases were partially offset by a $4.8 million decrease in interest expense due to the repayment of the entire outstanding balance of our former additional senior secured credit facility (the "Additional Credit Facility") and our former property loan agreement (the "Property Loan") in December 2022 in connection with the December 2022 debt refinancing.

Cash interest paid was $25.8 million for the three months ended June 30, 2023, representing a $7.1 million, or 37.7% increase as compared to the three months ended June 30, 2022. The increase in cash interest paid was primarily driven by a $12.5 million increase from our Term Loan due 2029. This increase was partially offset by a $5.7 million decrease in cash interest paid due to the repayment of the entire outstanding balance of our Additional Credit Facility and Property Loan in connection with our December 2022 debt refinancing.

Income Tax Provision

For the three months ended June 30, 2023, our income tax provision was $2.8 million, compared to a $1.3 million income tax provision for the three months ended June 30, 2022. The increase of $1.5 million was primarily driven by a $1.7 million increased tax provision associated with unfavorable foreign exchange rate fluctuations, primarily at our Mexico entities, which was partially offset by a $0.3 million decreased tax provision associated with lower pre-tax book income from our taxpaying entities.

Results of Operations

Six Months Ended June 30, 2023 and 2022

The following table summarizes our results of operations on a consolidated basis for the six months ended June 30, 2023 and 2022 *($ in thousands)*:

	Six Months Ended June 30,		Increase / Decrease	
	2023	**2022**	**Change**	**% Change**
Revenue				
Package	$ 441,924	$ 370,047	$ 71,877	19.4 %
Non-package	66,605	63,200	3,405	5.4 %
The Playa Collection	1,554	694	860	123.9 %
Management fees	4,051	2,400	1,651	68.8 %
Cost reimbursements	6,542	4,032	2,510	62.3 %
Other revenues	1,166	468	698	149.1 %
Total revenue	521,842	440,841	81,001	18.4 %
Direct and selling, general and administrative expenses				
Direct	261,574	225,965	35,609	15.8 %
Selling, general and administrative	92,741	78,717	14,024	17.8 %
Depreciation and amortization	38,507	39,128	(621)	(1.6) %
Reimbursed costs	6,542	4,032	2,510	62.3 %
Loss on sale of assets	11	9	2	22.2 %
Business interruption insurance recoveries	(495)	—	(495)	100.0 %
Gain on insurance proceeds	(3,794)	—	(3,794)	100.0 %
Direct and selling, general and administrative expenses	395,086	347,851	47,235	13.6 %
Operating income	**126,756**	**92,990**	**33,766**	**36.3 %**
Interest expense	(55,785)	(22,060)	(33,725)	(152.9) %
Other income	29	5,242	(5,213)	(99.4) %
Net income before tax	**71,000**	**76,172**	**(5,172)**	**(6.8)%**
Income tax provision	(7,648)	(2,900)	(4,748)	(163.7) %
Net income	**$ 63,352**	**$ 73,272**	**$ (9,920)**	**(13.5)%**

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

Our comparable portfolio for the six months ended June 30, 2023 excludes the Jewel Palm Beach, which was closed for a majority of the first quarter of 2023 as we transitioned the management of the resort to us from a third-party.

Total Portfolio

	Six Months Ended June 30,		Increase / Decrease	
	2023	2022	Change	% Change
Occupancy	72.2 %	73.7 %	(1.5)pts	(2.0)%
Net Package ADR	$ 462.67	$ 379.88	$ 82.79	21.8 %
Net Package RevPAR	$ 333.84	$ 280.14	$ 53.70	19.2 %
		($ in thousands)		
Net Package Revenue[(1)]	$ 430,464	$ 361,222	$ 69,242	19.2 %
Net Non-package Revenue[(1)]	65,757	62,530	3,227	5.2 %
The Playa Collection Revenue	1,554	694	860	123.9 %
Management Fee Revenue	4,051	2,400	1,651	68.8 %
Other Revenues	1,166	468	698	149.1 %
Total Net Revenue	502,992	427,314	75,678	17.7 %
Adjusted EBITDA	$ 170,611	$ 138,647	$ 31,964	23.1 %
Adjusted EBITDA Margin	33.9 %	32.4 %	1.5 pts	4.6 %

(1) For the six months ended June 30, 2022, includes $5.3 million of on-property room upgrade revenue that was reclassified from non-package revenue to package revenue to conform with current period presentation.

Comparable Portfolio

	Six Months Ended June 30,		Increase / Decrease	
	2023	2022	Change	% Change
Occupancy	75.0 %	73.4 %	1.6 pts	2.2 %
Net Package ADR	$ 474.38	$ 395.10	$ 79.28	20.1 %
Net Package RevPAR	$ 355.71	$ 290.18	$ 65.53	22.6 %
		($ in thousands)		
Net Package Revenue[(1)]	$ 426,474	$ 347,899	$ 78,575	22.6 %
Net Non-package Revenue[(1)]	65,210	60,035	5,175	8.6 %
The Playa Collection Revenue	1,554	694	860	123.9 %
Management Fee Revenue	4,051	2,400	1,651	68.8 %
Other Revenues	1,166	468	698	149.1 %
Total Net Revenue	498,455	411,496	86,959	21.1 %
Adjusted EBITDA	$ 175,170	$ 135,025	$ 40,145	29.7 %
Adjusted EBITDA Margin	35.1 %	32.8 %	2.3 pts	7.0 %

Total Revenue and Total Net Revenue

Our Total Revenue for the six months ended June 30, 2023 increased $81.0 million, or 18.4%, compared to the six months ended June 30, 2022.

Our Total Net Revenue for the six months ended June 30, 2023 increased $75.7 million, or 17.7%, compared to the six months ended June 30, 2022. The increase was due to the following:

- an increase in Net Package ADR of 21.8% as a result of:
    - a higher MICE group contribution to our guest mix; and
    - a benefit from the reduced occupancy levels at Jewel Punta Cana and Jewel Palm Beach, which was closed the majority of the first quarter, as we transitioned the management of the resorts to us from a third-party resulting in a slower ramp since we were unable to make up ground after missing the key summer selling season. Excluding these resorts, Net Package ADR increased 16.6%.
- an increase in Net Non-package Revenue of $3.2 million, or 5.2%, despite a $3.6 million decrease due to the expiration of our Extended Stay Program late in the second quarter of 2022 as COVID-19-related travel restrictions were no longer in effect compared to the six months ended June 30, 2022.
- a decrease in Occupancy of 1.5 percentage points as a result of reduced Occupancy at Jewel Punta Cana and Jewel Palm Beach.
    - Excluding Jewel Punta Cana and Jewel Palm Beach, Occupancy increased 6.4 percentage points compared to the six months ended June 30, 2022.

Adjusted EBITDA

Our Adjusted EBITDA for the six months ended June 30, 2023 increased $32.0 million, or 23.1%, compared to the six months ended June 30, 2022. Adjusted EBITDA for the six months ended June 30, 2023 includes a $4.3 million benefit from business interruption proceeds and recoverable expenses related to Hurricane Fiona that impacted the Dominican Republic in the second half of 2022, which had a positive impact of 90 basis points on Adjusted EBITDA Margin for the six months ended June 30, 2023.

- Our Adjusted EBITDA Margin was negatively impacted by 220 basis points due to the appreciation of the Mexican Peso compared to the six months ended June 30, 2022. Excluding the impact of foreign exchange rate appreciation and the benefit from business interruption proceeds and recoverable expenses, Adjusted EBITDA Margin would have been 35.2%, an increase of 2.8 percentage points compared to the six months ended June 30, 2022.

The following table shows a reconciliation of comparable Net Package Revenue and Net Non-package Revenue to Total Revenue for the six months ended June 30, 2023 and 2022 *($ in thousands):*

	Six Months Ended June 30,		Increase/Decrease	
	2023	2022	Change	% Change
Net Package Revenue				
Comparable Net Package Revenue	$ 426,474	$ 347,899	$ 78,575	22.6 %
Non-comparable Net Package Revenue	3,990	13,323	(9,333)	(70.1) %
Net Package Revenue	**430,464**	**361,222**	**69,242**	**19.2 %**
Net Non-package Revenue				
Comparable Net Non-package Revenue	65,210	60,035	5,175	8.6 %
Non-comparable Net Non-package Revenue	547	2,495	(1,948)	(78.1) %
Net Non-package Revenue	**65,757**	**62,530**	**3,227**	**5.2 %**
The Playa Collection Revenue				
Comparable The Playa Collection Revenue	1,554	694	860	123.9 %
Non-comparable The Playa Collection Revenue	—	—	—	— %
The Playa Collection Revenue	**1,554**	**694**	**860**	**123.9 %**
Management Fee Revenue				
Comparable Management Fee Revenue	4,051	2,400	1,651	68.8 %
Non-comparable Management Fee Revenue	—	—	—	— %
Management Fee Revenue	**4,051**	**2,400**	**1,651**	**68.8 %**
Other Revenues				
Comparable Other Revenues	1,166	468	698	149.1 %
Non-comparable Other Revenues	—	—	—	— %
Other Revenues	**1,166**	**468**	**698**	**149.1 %**
Total Net Revenue				
Comparable Total Net Revenue	498,455	411,496	86,959	21.1 %
Non-comparable Total Net Revenue	4,537	15,818	(11,281)	(71.3) %
Total Net Revenue	**502,992**	**427,314**	**75,678**	**17.7 %**
Compulsory tips	12,308	9,495	2,813	29.6 %
Cost Reimbursements	6,542	4,032	2,510	62.3 %
Total revenue	**$ 521,842**	**$ 440,841**	**$ 81,001**	**18.4 %**

Direct Expenses

The following table shows a reconciliation of our direct expenses to Net Direct Expenses for the six months ended June 30, 2023 and 2022 *($ in thousands)*:

	Six Months Ended June 30,		Increase/Decrease	
	2023	2022	Change	% Change
Direct expenses	$ 261,574	$ 225,965	$ 35,609	15.8 %
Less: compulsory tips	12,308	9,495	2,813	29.6 %
Net Direct Expenses	**$ 249,266**	**$ 216,470**	**$ 32,796**	**15.2 %**

Our direct expenses include resort expenses, such as food and beverage, salaries and wages, utilities and other ongoing operational expenses. Our Net Direct Expenses were $249.3 million, or 49.6%, of Total Net Revenue for the six months ended June 30, 2023 and $216.5 million, or 50.7%, of Total Net Revenue for the six months ended June 30, 2022. Direct operating expenses fluctuate based on various factors, including changes in Occupancy, labor costs, utilities, repair and maintenance costs and licenses and property taxes. Management fees and franchise fees, which are computed as a percentage of revenue, increase or decrease as a result of changes in revenues.

Net Direct Expenses for the six months ended June 30, 2023 increased $32.8 million, or 15.2%, compared to the six months ended June 30, 2022. Net Direct Expenses at our comparable properties increased $35.9 million, or 17.4%, compared to the six months ended June 30, 2022 primarily due to the following:

- increased operating expenses associated with higher Occupancy levels for our comparable portfolio as a result of the corresponding recovery in our operations compared to the six months ended June 30, 2022, during which time occupancies were negatively affected by the Omicron variant and COVID-19 related travel restrictions;
- appreciation of the Mexican Peso compared to the six months ended June 30, 2022, which primarily impacted labor and food and beverage expenses for the six months ended June 30, 2023; and
- increased labor and related expenses as a result of union-negotiated and government mandated wage and benefit increases compared to the six months ended June 30, 2022.

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

Total Portfolio

	Six Months Ended June 30,		Increase/Decrease	
	2023	2022	Change	% Change
Food and beverages	$ 57,529	$ 51,443	$ 6,086	11.8 %
Guest costs	11,563	15,587	(4,024)	(25.8) %
Salaries and wages	96,226	75,567	20,659	27.3 %
Repairs and maintenance	12,114	10,600	1,514	14.3 %
Utilities and sewage	22,539	22,435	104	0.5 %
Licenses and property taxes	1,703	1,213	490	40.4 %
Incentive and management fees	41	1,984	(1,943)	(97.9) %
Franchise fees	26,361	20,333	6,028	29.6 %
Transportation and travel expenses	3,497	2,686	811	30.2 %
Laundry and cleaning expenses	3,516	2,938	578	19.7 %
Property and equipment rental expense	3,909	3,135	774	24.7 %
Entertainment expenses and decoration	6,464	5,307	1,157	21.8 %
Office supplies	723	635	88	13.9 %
Other operational expenses	3,081	2,607	474	18.2 %
Total Net Direct Expenses	**$ 249,266**	**$ 216,470**	**$ 32,796**	**15.2 %**

Comparable Portfolio

	Six Months Ended June 30,		Increase/Decrease	
	2023	2022	Change	% Change
Food and beverages	$ 56,170	$ 49,030	$ 7,140	14.6 %
Guest costs	11,095	14,870	(3,775)	(25.4) %
Salaries and wages	93,330	72,166	21,164	29.3 %
Repairs and maintenance	11,514	10,126	1,388	13.7 %
Utilities and sewage	21,412	20,835	577	2.8 %
Licenses and property taxes	1,637	1,213	424	35.0 %
Incentive and management fees	—	1,101	(1,101)	(100.0) %
Franchise fees	26,361	20,333	6,028	29.6 %
Transportation and travel expenses	3,299	2,433	866	35.6 %
Laundry and cleaning expenses	3,415	2,835	580	20.5 %
Property and equipment rental expense	3,852	3,034	818	27.0 %
Entertainment expenses and decoration	6,315	5,187	1,128	21.7 %
Office supplies	698	583	115	19.7 %
Other operational expenses	2,976	2,437	539	22.1 %
Total Net Direct Expenses	**$ 242,074**	**$ 206,183**	**$ 35,891**	**17.4 %**

Selling, General and Administrative Expenses

Our selling, general and administrative expenses for the six months ended June 30, 2023 increased $14.0 million, or 17.8%, compared to the six months ended June 30, 2022. The increase was primarily driven by a $3.8 million increase in insurance expenses driven by higher insurance premiums for the current year, as well as a $2.1 million increase in travel agent and tour operator commissions expenses and a $2.0 million increase in credit card commissions due to higher levels of Occupancy for our comparable portfolio. We also experienced a $1.3 million increase in the provision for doubtful accounts due to the reversal of expense during the six months ended June 30, 2022 following the economic recovery from the COVID-19 pandemic. The increase was also driven by a $2.4 million increase in corporate personnel costs, a $0.6 million increase in corporate selling, general and administrative expenses, and a $0.6 million increase in transaction expenses resulting from new system implementations.

Depreciation and Amortization Expense

Our depreciation and amortization expense for the six months ended June 30, 2023 decreased $0.6 million, or 1.6%, compared to the six months ended June 30, 2022, as we did not add or dispose of significant balances of property and equipment in either period.

Gain on Insurance Proceeds

Our gain on insurance proceeds for the six months ended June 30, 2023 increased $3.8 million, or 100.0%, compared to the six months ended June 30, 2022 as a result of business interruption insurance proceeds received in 2023 related to the temporary closure of two of our resorts in the Dominican Republic due to Hurricane Fiona in the second half of 2022. We had no gain on insurance proceeds during the six months ended June 30, 2022.

Interest Expense

Our interest expense for the six months ended June 30, 2023 increased $33.7 million, or 152.9%, compared to the six months ended June 30, 2022. The increase in interest expense was driven primarily by a $23.7 million increase related to an unfavorable change in fair value of our prior LIBOR-based interest rate swaps, which matured on March 31, 2023. Our SOFR-based interest rate swaps effective in April 2023 meet the criteria for hedge accounting and therefore, changes in fair value are recognized through other comprehensive income. The increase was also due to $18.0 million of additional interest from the Term Loan due 2029, which incurs interest based on SOFR plus a margin of 4.25%. These increases were partially offset by a $9.5 million decrease in interest expense due to the repayment of the entire outstanding balance of the Additional Credit Facility and Property Loan in December 2022 in connection with the December 2022 debt refinancing.

Cash interest paid was $47.2 million for the six months ended June 30, 2023, representing a $10.2 million, or 27.7% increase as compared to the six months ended June 30, 2022. The increase in cash interest paid was primarily driven by a $19.0 million increase from our Term Loan due 2029. This increase was partially offset by a $9.5 million decrease in cash interest paid due to the repayment of the entire outstanding balance of our Additional Credit Facility and Property Loan in connection with our December 2022 debt refinancing.

Income Tax Provision

For the six months ended June 30, 2023, our income tax provision was $7.6 million, compared to a $2.9 million income tax provision for the six months ended June 30, 2022. The increase in our income tax provision of $4.7 million was primarily driven by a $3.3 million increased tax provision due to unfavorable foreign exchange rate fluctuations, primarily at our Mexico entities, a $0.7 million increased tax provision for tax true-ups recorded, a $0.4 million increased tax provision due to changes in valuation allowances, and a $0.3 million increased tax provision associated with higher pre-tax book income for our taxpaying entities compared to the six months ended June 30, 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 U.S. GAAP, while other information, though financial in nature, is not prepared in accordance with U.S. GAAP. For reconciliations of non-U.S. GAAP financial measures to the most comparable U.S. GAAP financial measure, see "Non-U.S. GAAP Financial Measures." Our management also uses other information that is not financial in nature, including statistical information and comparative data that are commonly used within the lodging industry to evaluate the financial and operating performance of our portfolio. Our management uses this information to measure the performance of our segments and consolidated portfolio. We use this information for planning and monitoring our business, as well as in determining management and employee compensation. These key indicators include:

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

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

"Net Package Revenue" is derived from the sale of all-inclusive packages, which include room accommodations and premium room upgrades, 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" includes revenue associated with premium services and amenities that are not included in net package revenue, such as dining experiences, wines and spirits, and spa packages, 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 is recognized 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.

"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 three and six months ended June 30, 2023 and 2022, but we expect Management Fee Revenue to be a more relevant indicator to assess the overall performance of our business in the future to the extent we are successful in entering into more management contracts.

"Total Net Revenue" represents Net Package Revenue, Net Non-package Revenue, Management Fee Revenue, The Playa Collection revenue and Other revenues. "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 Direct Expenses" represents direct expenses, net of compulsory tips paid to employees.

Occupancy

"Occupancy" represents the total number of rooms sold for a period divided by the total number of rooms available during such period. The total number of rooms available excludes any rooms considered "Out of Order" due to renovation or a temporary problem rendering them inadequate for occupancy for an extended period of time. Occupancy is a useful measure of the utilization of a resort's total available capacity and can be used to gauge demand at a specific resort or group of properties during a given period. Occupancy levels also enable us to optimize Net Package ADR (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 Net 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 Package Revenue produced by our portfolio or comparable portfolio, as applicable, and to evaluate operating performance on a consolidated basis or a regional basis, as applicable.

EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Owned Resort EBITDA, and Owned Resort EBITDA Margin

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

- Other miscellaneous non-operating income or expense
- Pre-opening expense

- Losses or gains on sales of assets
- 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 within other income or expense in the Condensed Consolidated Statements of Operations in our calculation of Adjusted EBITDA as they are considered part of our ongoing resort operations.

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

"Owned Resort EBITDA" represents Adjusted EBITDA before corporate expenses, The Playa Collection revenue and Management Fee Revenue.

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

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

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

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

Comparable Non-U.S. GAAP Measures

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

Our comparable portfolio for the six months ended June 30, 2023 excludes the Jewel Palm Beach, which was closed for a majority of the first quarter of 2023 as we transitioned the management of the resort to us from a third-party.

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

Segment Results

Three Months Ended June 30, 2023 and 2022

We evaluate our business segment operating performance using segment Owned Net Revenue and segment Owned Resort EBITDA. The following tables summarize segment Owned Net Revenue and segment Owned Resort EBITDA for the three months ended June 30, 2023 and 2022 *($ in thousands)*:

	Three Months Ended June 30,		Increase / Decrease	
	2023	2022	Change	% Change
Owned Net Revenue				
Yucatán Peninsula	$ 74,891	$ 69,977	$ 4,914	7.0 %
Pacific Coast	37,776	33,496	4,280	12.8 %
Dominican Republic	65,127	64,860	267	0.4 %
Jamaica	57,418	43,758	13,660	31.2 %
Segment Owned Net Revenue	**235,212**	**212,091**	**23,121**	**10.9 %**
Other revenues	602	257	345	134.2 %
The Playa Collection	828	398	430	108.0 %
Management fees	2,122	1,343	779	58.0 %
Total Net Revenue	**$ 238,764**	**$ 214,089**	**$ 24,675**	**11.5 %**

	Three Months Ended June 30,		Increase / Decrease	
	2023	2022	Change	% Change
Owned Resort EBITDA				
Yucatán Peninsula	$ 24,327	$ 25,974	$ (1,647)	(6.3) %
Pacific Coast	14,883	13,910	973	7.0 %
Dominican Republic	21,979	20,747	1,232	5.9 %
Jamaica	21,923	12,142	9,781	80.6 %
Segment Owned Resort EBITDA	**83,112**	**72,773**	**10,339**	**14.2 %**
Other corporate	(13,940)	(12,810)	(1,130)	(8.8) %
The Playa Collection	828	398	430	108.0 %
Management fees	2,122	1,343	779	58.0 %
Total Adjusted EBITDA	**$ 72,122**	**$ 61,704**	**$ 10,418**	**16.9 %**

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

Yucatán Peninsula

The following tables set forth information with respect to our Occupancy, Net Package ADR, Net Package RevPAR, Net Package Revenue, Net Non-package Revenue, Owned Net Revenue, Owned Resort EBITDA and Owned Resort EBITDA Margin for our Yucatán Peninsula segment for the three months ended June 30, 2023 and 2022 for the total segment portfolio:

	Three Months Ended June 30,		Increase / Decrease	
	2023	**2022**	**Change**	**% Change**
Occupancy	76.7 %	75.0 %	1.7 pts	2.3 %
Net Package ADR	$ 441.82	$ 415.13	$ 26.69	6.4 %
Net Package RevPAR	$ 338.95	$ 311.28	$ 27.67	8.9 %
		($ in thousands)		
Net Package Revenue[1]	$ 65,576	$ 60,223	$ 5,353	8.9 %
Net Non-package Revenue[1]	9,315	9,754	(439)	(4.5)%
Owned Net Revenue	74,891	69,977	4,914	7.0 %
Owned Resort EBITDA	$ 24,327	$ 25,974	$ (1,647)	(6.3)%
Owned Resort EBITDA Margin	32.5 %	37.1 %	(4.6)pts	(12.4)%

(1) For the three months ended June 30, 2022, includes $0.9 million of on-property room upgrade revenue that was reclassified from net non-package revenue to net package revenue to conform with current period presentation.

Segment Owned Net Revenue. Our Owned Net Revenue for the three months ended June 30, 2023 increased $4.9 million, or 7.0%, compared to the three months ended June 30, 2022 and was driven by:

- an increase in Occupancy of 1.7 percentage points driven by higher demand from Mexican and European sourced guests, partially offset by a decrease in guests sourced from the United States;
- an increase in Net Package ADR of 6.4%; and
- a decrease in Net Non-package Revenue of $0.4 million, or 4.5%, compared to the three months ended June 30, 2022. Net Non-package Revenue per sold room decreased 6.8%, primarily from a decrease of $0.4 million due to the expiration of our Extended Stay Program late in the second quarter of 2022 as COVID-19-related travel restrictions were no longer in effect. Excluding this impact, Net Non-package Revenue per sold room decreased 3.0% due to a decrease in the number of weddings compared to the three months ended June 30, 2022.

Segment Owned Resort EBITDA. Our Owned Resort EBITDA for the three months ended June 30, 2023 decreased $1.6 million, or 6.3%, compared to the three months ended June 30, 2022. The decrease was largely due to the appreciation of the Mexican Peso, union negotiated and government mandated wage and benefit increases, and Occupancy-related increases in resort operating expenses compared to the three months ended June 30, 2022.

- Our Owned Resort EBITDA Margin for the three months ended June 30, 2023 was 32.5%, a decrease of 4.6 percentage points compared to the three months ended June 30, 2022. Owned Resort EBITDA Margin was negatively impacted by 570 basis points due to the appreciation of the Mexican Peso and by 240 basis points from increases in labor and related expenses, which are partially due to union negotiated and government mandated wage and benefit increases compared to the three months ended June 30, 2022. Excluding the impact from the appreciation of the Mexican Peso, Owned Resort EBITDA Margin for the three months ended June 30, 2023 would have been 38.1%, an increase of 1.0 percentage points compared to the three months ended June 30, 2022.

Pacific Coast

The following table sets forth information with respect to our Occupancy, Net Package ADR, Net Package RevPAR, Net Package Revenue, Net Non-package Revenue, Owned Net Revenue, Owned Resort EBITDA and Owned Resort EBITDA Margin for our Pacific Coast segment for the three months ended June 30, 2023 and 2022 for the total segment portfolio:

	Three Months Ended June 30,		Increase / Decrease	
	2023	2022	Change	% Change
Occupancy	71.8 %	75.4 %	(3.6)pts	(4.8)%
Net Package ADR	$ 543.17	$ 458.95	$ 84.22	18.4 %
Net Package RevPAR	$ 389.86	$ 345.89	$ 43.97	12.7 %
		($ in thousands)		
Net Package Revenue[1]	$ 32,852	$ 29,148	$ 3,704	12.7 %
Net Non-package Revenue[1]	4,924	4,348	576	13.2 %
Owned Net Revenue	37,776	33,496	4,280	12.8 %
Owned Resort EBITDA	$ 14,883	$ 13,910	$ 973	7.0 %
Owned Resort EBITDA Margin	39.4 %	41.5 %	(2.1)pts	(5.1)%

(1) For the three months ended June 30, 2022, includes $0.2 million of on-property room upgrade revenue that was reclassified from net non-package revenue to net package revenue to conform with current period presentation.

Segment Owned Net Revenue. Our Owned Net Revenue for the three months ended June 30, 2023 increased $4.3 million, or 12.8%, compared to the three months ended June 30, 2022. The increase was due to the following:

- an increase in Net Package ADR of 18.4%; and
- an increase in Net Non-package Revenue of $0.6 million, or 13.2% compared to the three months ended June 30, 2022. Net Non-package Revenue per sold room increased 18.9% despite a $0.3 million decrease due to the expiration of our Extended Stay Program at the end of the second quarter of 2022 as COVID-19-related travel restrictions were no longer in effect. Excluding this impact, Net Non-package Revenue per sold room increased 28.6% compared to the three months ended June 30, 2022 as a result of a higher MICE group contribution to our guest mix; partially offset by
- a decrease in Occupancy of 3.6 percentage points, driven by a decrease in guests sourced from the United States.

Segment Owned Resort EBITDA. Our Owned Resort EBITDA for the three months ended June 30, 2023 increased $1.0 million, or 7.0%, compared to the three months ended June 30, 2022. Owned Resort EBITDA was negatively impacted by the appreciation of the Mexican Peso and increases in labor and related expenses, which are partially due to union-negotiated and government mandated wage and benefit increases compared to the three months ended June 30, 2022.

- Our Owned Resort EBITDA Margin for the three months ended June 30, 2023 was 39.4%, a decrease of 2.1 percentage points compared to three months ended June 30, 2022. Owned Resort EBITDA Margin was negatively impacted by 490 basis points due to the appreciation of the Mexican Peso and by 220 basis points from increases in labor and related expenses, which are partially due to union negotiated and government mandated wage and benefit increases compared to the three months ended June 30, 2022. Excluding the impact from the appreciation of the Mexican Peso, Owned Resort EBITDA Margin would have been 44.3%, an increase of 2.8 percentage points compared to the three months ended June 30, 2022.

Dominican Republic

The following table sets forth information with respect to our Occupancy, Net Package ADR, Net Package RevPAR, Net Package Revenue, Net Non-package Revenue, Owned Net Revenue, Owned Resort EBITDA and Owned Resort EBITDA Margin for our Dominican Republic segment for the three months ended June 30, 2023 and 2022 for the total segment portfolio:

	Three Months Ended June 30,		Increase / Decrease	
	2023	2022	Change	% Change
Occupancy	66.6 %	74.5 %	(7.9)pts	(10.6)%
Net Package ADR	$ 346.62	$ 298.37	$ 48.25	16.2 %
Net Package RevPAR	$ 230.90	$ 222.43	$ 8.47	3.8 %
		($ in thousands)		
Net Package Revenue[1]	$ 55,556	$ 53,517	$ 2,039	3.8 %
Net Non-package Revenue[1]	9,571	11,343	(1,772)	(15.6)%
Owned Net Revenue	65,127	64,860	267	0.4 %
Owned Resort EBITDA	$ 21,979	$ 20,747	$ 1,232	5.9 %
Owned Resort EBITDA Margin	33.7 %	32.0 %	1.7 pts	5.3 %

(1) For the three months ended June 30, 2022, includes $1.2 million of on-property room upgrade revenue that was reclassified from net non-package revenue to net package revenue to conform with current period presentation.

Segment Owned Net Revenue. Our Owned Net Revenue for the three months ended June 30, 2023 increased $0.3 million, or 0.4%, compared to the three months ended June 30, 2022. The increase was due to the following:

- an increase in Net Package ADR of 16.2% due to a lower mix of sold rooms at Jewel Punta Cana and Jewel Palm Beach, which had significantly lower ADRs compared to the other resorts in this segment during the three months ended June 30, 2023. Excluding these resorts, Net Package ADR increased 18.5%; partially offset by
- a decrease in Occupancy of 7.9 percentage points as a result of reduced Occupancy at Jewel Punta Cana and Jewel Palm Beach due to the transition of management. Excluding these resorts, Occupancy increased 0.8 percentage points; and
- a decrease in Net Non-package Revenue of $1.8 million, or 15.6%, compared to the three months ended June 30, 2022. Net Non-package Revenue per sold room decreased 5.6%, compared to the three months ended June 30, 2022. The decrease was primarily due to:
  - a decrease in Net Non-package Revenue as a result of reduced Occupancy at Jewel Punta Cana and Jewel Palm Beach during the three months ended June 30, 2023. Excluding these resorts, Net Non-package Revenue increased 6.4%.
  - a decrease of $0.4 million due to the expiration of our Extended Stay Program at the end of the second quarter of 2022 as COVID-19-related travel restrictions were no longer in effect. Excluding this impact and the drag from Jewel Punta Cana and Jewel Palm Beach, Net Non-package Revenue per sold room increased 10.4% compared to the three months ended June 30, 2022.

Segment Owned Resort EBITDA. Our Owned Resort EBITDA for the three months ended June 30, 2023 increased $1.2 million, or 5.9%, compared to the three months ended June 30, 2022. The increase was primarily due to a $4.3 million benefit from business interruption proceeds and recoverable expenses related to Hurricane Fiona that impacted the Dominican Republic in the second half of 2022, partially offset by lower Occupancy at Jewel Punta Cana and Jewel Palm Beach. Excluding the aforementioned business interruption benefit and the drag from the two Jewel properties, Owned Resort EBITDA for three months ended June 30, 2023 increased 23.0% compared to the three months ended June 30, 2022.

- Our Owned Resort EBITDA Margin for the three months ended June 30, 2023 was 33.7%, an increase of 1.7 percentage points compared to the three months ended June 30, 2022, due to a favorable impact of 660 basis points from business interruption proceeds and recoverable expenses related to Hurricane Fiona, partially offset by a negative impact of 1,190 basis points due to reduced Occupancy at Jewel Punta Cana and Jewel Palm Beach. Excluding the aforementioned business interruption benefit and the drag from the two Jewel properties, Owned Resort EBITDA Margin for the three months ended June 30, 2023 was 38.1%, an increase of 1.7 percentage points compared to the three months ended June 30, 2022.

Jamaica

The following table sets forth information with respect to our Occupancy, Net Package ADR, Net Package RevPAR, Net Package Revenue, Net Non-package Revenue, Owned Net Revenue, Owned Resort EBITDA and Owned Resort EBITDA Margin for our Jamaica segment for the three months ended June 30, 2023 and 2022 for the total segment portfolio:

	Three Months Ended June 30,		Increase / Decrease	
	2023	**2022**	**Change**	**% Change**
Occupancy	82.4 %	76.2 %	6.2 pts	8.1 %
Net Package ADR	$ 454.59	$ 359.51	$ 95.08	26.4 %
Net Package RevPAR	$ 374.72	$ 273.99	$ 100.73	36.8 %
		($ in thousands)		
Net Package Revenue[1]	$ 48,694	$ 35,604	$ 13,090	36.8 %
Net Non-package Revenue[1]	8,724	8,154	570	7.0 %
Owned Net Revenue	57,418	43,758	13,660	31.2 %
Owned Resort EBITDA	$ 21,923	$ 12,142	$ 9,781	80.6 %
Owned Resort EBITDA Margin	38.2 %	27.7 %	10.5 pts	37.9 %

(1) For the three months ended June 30, 2022, includes $0.2 million of on-property room upgrade revenue that was reclassified from net non-package revenue to net package revenue to conform with current period presentation.

Segment Owned Net Revenue. Our Owned Net Revenue for the three months ended June 30, 2023 increased $13.7 million, or 31.2%, compared to the three months ended June 30, 2022. The increase was due to the following:

- an increase in Occupancy of 6.2 percentage points, driven by increased demand from guests sourced from the United States and Jamaica;
- an increase in Net Package ADR of 26.4%; and
- an increase in Net Non-package Revenue of $0.6 million, or 7.0%, compared to the three months ended June 30, 2022. Net Non-package Revenue per sold room decreased 1.1% due to a decrease of $0.4 million due to the expiration of our Extended Stay Program late in the second quarter of 2022 as COVID-19-related travel restrictions were no longer in effect. Excluding this impact, Net Non-package Revenue per sold room increased 4.5% compared to the three months ended June 30, 2022.

Segment Owned Resort EBITDA. Our Owned Resort EBITDA for the three months ended June 30, 2023 increased $9.8 million, or 80.6%, compared to the three months ended June 30, 2022. The increase was a result of ADR and Occupancy growth that enabled the segment to expand margins and offset pressure on wages and benefit related expenses compared to the three months ended June 30, 2022.

- Our Owned Resort EBITDA Margin for the three months ended June 30, 2023 increased 10.5 percentage points, or 37.9%, compared to the three months ended June 30, 2022. Owned Resort EBITDA Margin was positively impacted by 90 basis points due to a decline in utilities expenses and energy prices compared to the three months ended June 30, 2022.

Segment Results

Six Months Ended June 30, 2023 and 2022

We evaluate our business segment operating performance using segment Owned Net Revenue and segment Owned Resort EBITDA. The following tables summarize segment Owned Net Revenue and segment Owned Resort EBITDA for the six months ended June 30, 2023 and 2022 *($ in thousands)*:

	Six Months Ended June 30,		Increase / Decrease	
	2023	2022	Change	% Change
Owned Net Revenue				
Yucatán Peninsula	$ 163,639	$ 138,606	$ 25,033	18.1 %
Pacific Coast	78,291	62,600	15,691	25.1 %
Dominican Republic	133,896	134,524	(628)	(0.5) %
Jamaica	120,395	88,022	32,373	36.8 %
Segment Owned Net Revenue	**496,221**	**423,752**	**72,469**	**17.1 %**
Other	1,166	468	698	149.1 %
The Playa Collection	1,554	694	860	123.9 %
Management Fee Revenue	4,051	2,400	1,651	68.8 %
Total Net Revenue	**$ 502,992**	**$ 427,314**	**$ 75,678**	**17.7 %**

	Six Months Ended June 30,		Increase / Decrease	
	2023	2022	Change	% Change
Owned Resort EBITDA				
Yucatán Peninsula	$ 62,263	$ 55,432	$ 6,831	12.3 %
Pacific Coast	32,406	26,454	5,952	22.5 %
Dominican Republic	48,828	49,124	(296)	(0.6) %
Jamaica	49,004	29,300	19,704	67.2 %
Segment Owned Resort EBITDA	**192,501**	**160,310**	**32,191**	**20.1 %**
Other corporate	(27,495)	(24,757)	(2,738)	(11.1) %
The Playa Collection	1,554	694	860	123.9 %
Management Fee Revenue	4,051	2,400	1,651	68.8 %
Total Adjusted EBITDA	**$ 170,611**	**$ 138,647**	**$ 31,964**	**23.1 %**

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

Yucatán Peninsula

The following tables set forth information with respect to our Occupancy, Net Package ADR, Net Package RevPAR, Net Package Revenue, Net Non-package Revenue, Owned Net Revenue, Owned Resort EBITDA and Owned Resort EBITDA Margin for our Yucatán Peninsula segment for the six months ended June 30, 2023 and 2022 for the total segment portfolio:

	Six Months Ended June 30,		Increase / Decrease	
	2023	**2022**	**Change**	**% Change**
Occupancy	80.3 %	73.4 %	6.9 pts	9.4 %
Net Package ADR	$ 468.96	$ 425.54	$ 43.42	10.2 %
Net Package RevPAR	$ 376.37	$ 312.55	$ 63.82	20.4 %
		($ in thousands)		
Net Package Revenue [(1)]	$ 144,830	$ 120,271	$ 24,559	20.4 %
Net Non-package Revenue [(1)]	18,809	18,335	474	2.6 %
Owned Net Revenue	163,639	138,606	25,033	18.1 %
Owned Resort EBITDA	$ 62,263	$ 55,432	$ 6,831	12.3 %
Owned Resort EBITDA Margin	38.0 %	40.0 %	(2.0)pts	(5.0)%

(1) For the six months ended June 30, 2022, includes $1.9 million of on-property room upgrade revenue that was reclassified from net non-package revenue to net package revenue to conform with current period presentation.

Segment Owned Net Revenue. Our Owned Net Revenue for the six months ended June 30, 2023 increased $25.0 million, or 18.1%, compared to the six months ended June 30, 2022. The increase was due to the following:

- an increase in Occupancy of 6.9 percentage points compared to the six months ended June 30, 2022, driven by an increase in guests sourced from Mexico and Canada;
- an increase in Net Package ADR of 10.2%; and
- an increase in Net Non-package Revenue of $0.5 million, or 2.6%, compared to the six months ended June 30, 2022. Net Non-package Revenue per sold room decreased 6.1% due to a decrease of $1.0 million due to the expiration of our Extended Stay Program late in the second quarter of 2022 as COVID-19-related travel restrictions were no longer in effect. Excluding this impact, Net Non-package Revenue per sold room decreased 0.5% due to a decrease in the number of weddings compared to the six months ended June 30, 2022.

Segment Owned Resort EBITDA. Our Owned Resort EBITDA for the six months ended June 30, 2023 increased $6.8 million, or 12.3%, compared to the six months ended June 30, 2022. The increase was a result of leveraging a majority of our direct expenses given the Net Package ADR growth, which was partially offset by the appreciation of the Mexican Peso and increases in labor and related expenses, which are partially due to union negotiated and government mandated wage and benefit increases, and Occupancy-related increases in resort operating expenses compared to the six months ended June 30, 2022.

- Our Owned Resort EBITDA Margin for the six months ended June 30, 2023 was 38.0%, a decrease of 2.0 percentage points compared to the six months ended June 30, 2022. Owned Resort EBITDA Margin was negatively impacted by 460 basis points due to the appreciation of the Mexican Peso and by 330 basis points due to increases in labor and related expenses, which are partially due to union negotiated and government mandated wage and benefit increases compared to the six months ended June 30, 2022. Excluding the impact from the appreciation of the Mexican Peso, Owned Resort EBITDA Margin would have been 42.6%, an increase of 2.6 percentage points compared to the six months ended June 30, 2022.

Pacific Coast

The following tables set forth information with respect to our Occupancy, Net Package ADR, Net Package RevPAR, Net Package Revenue, Net Non-package Revenue, Owned Net Revenue, Owned Resort EBITDA and Owned Resort EBITDA Margin for our Pacific Coast segment for the six months ended June 30, 2023 and 2022 for the total segment portfolio:

	Six Months Ended June 30,		Increase / Decrease	
	2023	**2022**	**Change**	**% Change**
Occupancy	75.5 %	71.0 %	4.5 pts	6.3 %
Net Package ADR	$ 542.42	$ 459.39	$ 83.03	18.1 %
Net Package RevPAR	$ 409.72	$ 326.26	$ 83.46	25.6 %
		($ in thousands)		
Net Package Revenue [(1)]	$ 68,672	$ 54,683	$ 13,989	25.6 %
Net Non-package Revenue [(1)]	9,619	7,917	1,702	21.5 %
Owned Net Revenue	78,291	62,600	15,691	25.1 %
Owned Resort EBITDA	$ 32,406	$ 26,454	$ 5,952	22.5 %
Owned Resort EBITDA Margin	41.4 %	42.3 %	(0.9)pts	(2.1)%

(1) For the six months ended June 30, 2023, includes $0.5 million of on-property room upgrade revenue that was reclassified from net non-package revenue to net package revenue to conform with current period presentation.

Segment Owned Net Revenue. Our Owned Net Revenue for the six months ended June 30, 2023 increased $15.7 million, or 25.1%, compared to the six months ended June 30, 2022. The increase was due to the following:

- an increase in Occupancy of 4.5 percentage points compared to the six months ended June 30, 2022, driven by an increase in guests sourced from Mexico;
- an increase in Net Package ADR of 18.1%; and
- an increase in Net Non-package Revenue of $1.7 million, or 21.5%, compared to the six months ended June 30, 2022. Net Non-package Revenue per sold room increased 14.2% despite a decrease of $0.7 million due to the expiration of our Extended Stay Program late in the second quarter of 2022 as COVID-19-related travel restrictions were no longer in effect. Excluding this impact, Net Non-package Revenue per sold room increased 25.2% compared to the six months ended June 30, 2022 as a result of a higher MICE group contribution to our guest mix.

Segment Owned Resort EBITDA. Our Owned Resort EBITDA for the six months ended June 30, 2023 increased $6.0 million, or 22.5%, compared to the six months ended June 30, 2022. Owned Resort EBITDA was negatively impacted by the appreciation of the Mexican Peso and increases in labor and related expenses, which are partially due to union-negotiated and government mandated wage and benefit increases compared to the six months ended June 30, 2022.

- Our Owned Resort EBITDA Margin for the six months ended June 30, 2023 was 41.4%, a decrease of 0.9 percentage points compared to six months ended June 30, 2022. Owned Resort EBITDA Margin was negatively impacted by 420 basis points due to the appreciation of the Mexican Peso and by 320 basis points due to increases in labor and related expenses, which are partially due to union negotiated and government mandated wage and benefit increases compared to the six months ended June 30, 2022. Excluding the impact from the appreciation of the Mexican Peso, Owned Resort EBITDA Margin would have been 45.5%, an increase of 3.2 percentage points compared to the six months ended June 30, 2022.

Dominican Republic

The following tables set forth information with respect to our Occupancy, Net Package ADR, Net Package RevPAR, Net Package Revenue, Net Non-package Revenue, Owned Net Revenue, Owned Resort EBITDA and Owned Resort EBITDA Margin for our Dominican Republic segment for the six months ended June 30, 2023 and 2022 for the total segment portfolio and comparable segment portfolio:

Total Portfolio

	Six Months Ended June 30,		Increase / Decrease	
	2023	2022	Change	% Change
Occupancy	58.9 %	75.9 %	(17.0)pts	(22.4)%
Net Package ADR	$ 408.68	$ 314.69	$ 93.99	29.9 %
Net Package RevPAR	$ 240.63	$ 238.91	$ 1.72	0.7 %
	($ in thousands)			
Net Package Revenue [(1)]	$ 115,158	$ 114,335	$ 823	0.7 %
Net Non-package Revenue [(1)]	18,738	20,189	(1,451)	(7.2)%
Owned Net Revenue	133,896	134,524	(628)	(0.5)%
Owned Resort EBITDA	$ 48,828	$ 49,124	$ (296)	(0.6)%
Owned Resort EBITDA Margin	36.5 %	36.5 %	0.0 pts	0.0 %

(1) For the six months ended June 30, 2022, includes $2.3 million of on-property room upgrade revenue that was reclassified from net non-package revenue to net package revenue to conform with current period presentation.

Comparable Portfolio

	Six Months Ended June 30,		Increase / Decrease	
	2023	2022	Change	% Change
Occupancy	64.5 %	75.5 %	(11.0)pts	(14.6)%
Net Package ADR	$ 443.95	$ 344.77	$ 99.18	28.8 %
Net Package RevPAR	$ 286.47	$ 260.30	$ 26.17	10.1 %
	($ in thousands)			
Net Package Revenue	$ 111,168	$ 101,012	$ 10,156	10.1 %
Net Non-package Revenue	18,191	17,694	497	2.8 %
Owned Net Revenue	129,359	118,706	10,653	9.0 %
Owned Resort EBITDA	$ 53,387	$ 45,502	$ 7,885	17.3 %
Owned Resort EBITDA Margin	41.3 %	38.3 %	3.0 pts	7.8 %

Segment Comparable Owned Net Revenue. Our Comparable Owned Net Revenue for the six months ended June 30, 2023 increased $10.7 million, or 9.0%, compared to the six months ended June 30, 2022. The increase was due to the following:

- an increase in Comparable Net Package ADR of 28.8% due to a lower mix of sold rooms at Jewel Punta Cana, which had significantly lower ADRs compared to the other comparable resorts in the segment during the six months ended June 30, 2023. Excluding this resort, Comparable Net Package ADR increased 19.5%;
- an increase in Comparable Net Non-package Revenue of $0.5 million, or 2.8%, compared to the six months ended June 30, 2022. Comparable Net Non-package Revenue per sold room increased 20.3%, which includes:
    - a decrease in Comparable Net Non-package Revenue as a result of reduced Occupancy at Jewel Punta Cana during the six months ended June 30, 2023 due to the transition of management. Excluding this resort, Net Non-package Revenue increased 21.2%; and
    - a decrease of $0.8 million due to the expiration of our Extended Stay Program at the end of the second quarter of 2022 as COVID-19-related travel restrictions were no longer in effect. Excluding this impact and the drag from Jewel Punta Cana, Net Non-package Revenue per sold room increased 23.2% compared to the six months ended June 30, 2022.

- the above increases were partially offset by a decrease in Occupancy of 11.0 percentage points compared to the six months ended June 30, 2022 as a result of reduced Occupancy at Jewel Punta Cana. Excluding this resort, Occupancy increased 3.2 percentage points.

Segment Comparable Owned Resort EBITDA. Our Comparable Owned Resort EBITDA for the six months ended June 30, 2023 increased $7.9 million, or 17.3%, compared to the six months ended June 30, 2022. The increase was a result of a $4.3 million benefit from business interruption proceeds and recoverable expenses related to Hurricane Fiona that impacted the Dominican Republic in the second half of 2022 and leveraging a majority of our direct expenses given the Net Package ADR growth as compared to the six months ended June 30, 2022, partially offset by lower occupancy at Jewel Punta Cana. Excluding the aforementioned business interruption benefit and the drag from Jewel Punta Cana, Owned Resort EBITDA increased 31.7% compared to the six months ended June 30, 2022.

- Our Comparable Owned Resort EBITDA Margin for the six months ended June 30, 2023 was 41.3%, an increase of 3.0 percentage points compared to the six months ended June 30, 2022, which includes a favorable impact of 330 basis points from business interruption proceeds and hurricane expense recovery and a negative impact of 570 basis points due to reduced occupancy at Jewel Punta Cana. Excluding the aforementioned business interruption benefit and the drag from Jewel Punta Cana, Owned Resort EBITDA Margin for the six months ended June 30, 2023 was 43.6%, an increase of 2.5 percentage points compared to the six months ended June 30, 2022.

Jamaica

The following table sets forth information with respect to our Occupancy, Net Package ADR, Net Package RevPAR, Net Package Revenue, Net Non-package Revenue, Owned Net Revenue, Owned Resort EBITDA and Owned Resort EBITDA Margin for our Jamaica segment for the six months ended June 30, 2023 and 2022 for the total segment portfolio:

	Six Months Ended June 30,		Increase / Decrease	
	2023	**2022**	**Change**	**% Change**
Occupancy	82.5 %	71.9 %	10.6 pts	14.7 %
Net Package ADR	$ 477.57	$ 386.96	$ 90.61	23.4 %
Net Package RevPAR	$ 393.87	$ 278.30	$ 115.57	41.5 %
	($ in thousands)			
Net Package Revenue [(1)]	$ 101,804	$ 71,933	$ 29,871	41.5 %
Net Non-package Revenue [(1)]	18,591	16,089	2,502	15.6 %
Owned Net Revenue	120,395	88,022	32,373	36.8 %
Owned Resort EBITDA	$ 49,004	$ 29,300	$ 19,704	67.2 %
Owned Resort EBITDA Margin	40.7 %	33.3 %	7.4 pts	22.2 %

(1) For the six months ended June 30, 2022, includes $0.5 million of on-property room upgrade revenue that was reclassified from net non-package revenue to net package revenue to conform with current period presentation.

Segment Owned Net Revenue. Our Owned Net Revenue for the six months ended June 30, 2023 increased $32.4 million, or 36.8%, compared to the six months ended June 30, 2022. The increase was due to the following:

- an increase in Occupancy of 10.6 percentage points compared to the six months ended June 30, 2022, driven by an increase in guests sourced from the United States and Jamaica;
- an increase in Net Package ADR of 23.4%; and
- an increase in Net Non-package Revenue of $2.5 million, or 15.6%, compared to the six months ended June 30, 2022. Net Non-package Revenue per sold room increased 0.8% despite a decrease of $1.0 million due to the expiration of our Extended Stay Program late in the second quarter of 2022 as COVID-19-related travel restrictions were no longer in effect. Excluding this impact, Net Non-package Revenue increased 23.1%, a 7.4% increase per sold room compared to the six months ended June 30, 2022.

Segment Owned Resort EBITDA. Our Owned Resort EBITDA for the six months ended June 30, 2023 increased $19.7 million, or 67.2%, compared to the six months ended June 30, 2022. The increase was a result of Net Package ADR and Occupancy growth that enabled the segment to expand margins and offset pressure on wages and benefit related expenses compared to the six months ended June 30, 2022.

- Our Owned Resort EBITDA Margin for the three months ended June 30, 2023 increased 7.4 percentage points, or 22.2%, compared to the six months ended June 30, 2022. Owned Resort EBITDA Margin was positively impacted by 40 basis points due to a decline in utilities expenses and energy prices compared to the six months ended June 30, 2022.

Non-U.S. GAAP Financial Measures

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

The following is a reconciliation of our U.S. GAAP net income to EBITDA, Adjusted EBITDA, Owned Resort EBITDA and Comparable Owned Resort EBITDA for the three and six months ended June 30, 2023 and 2022 (*$ in thousands*):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income	**$ 20,633**	**$ 30,525**	**$ 63,352**	**$ 73,272**
Interest expense	26,119	12,892	55,785	22,060
Income tax provision	2,832	1,286	7,648	2,900
Depreciation and amortization	19,316	19,628	38,507	39,128
EBITDA	**68,900**	**64,331**	**165,292**	**137,360**
Other expense (income) [(a)]	203	(5,756)	(29)	(5,242)
Share-based compensation	3,442	2,910	6,608	6,266
Transaction expense [(b)]	502	611	1,365	802
Other tax income [(c)]	—	(240)	—	—
Repairs from hurricanes and tropical storms [(d)]	(31)	—	(892)	—
(Gain) loss on sale of assets	(2)	9	11	9
Non-service cost components of net periodic cost	(892)	(161)	(1,744)	(548)
Adjusted EBITDA	**72,122**	**61,704**	**170,611**	**138,647**
Other corporate [(e)(f)]	13,940	12,810	27,495	24,757
The Playa Collection	(828)	(398)	(1,554)	(694)
Management fees	(2,122)	(1,343)	(4,051)	(2,400)
Owned Resort EBITDA	**83,112**	**72,773**	**192,501**	**160,310**
Less: Non-comparable Owned Resort EBITDA	—	—	(4,559)	3,622
Comparable Owned Resort EBITDA[(g)]	**$ 83,112**	**$ 72,773**	**$ 197,060**	**$ 156,688**

(a) Represents changes in foreign exchange 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, such as the launch of a new resort or possible expansion into new markets.

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

(d) 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 three and six months ended June 30, 2023, represents a decrease in the expected repair and clean-up expenses for the Jewel Punta Cana related to the impact of Hurricane Fiona.

(e) For the three months ended June 30, 2023 and 2022, represents corporate salaries and benefits of $10.0 million for 2023 and $8.8 million for 2022, professional fees of $1.9 million for 2023 and $2.0 million for 2022, corporate rent and insurance of $0.9 million for 2023 and $1.0 million for 2022, and corporate travel, software licenses, board fees and other miscellaneous corporate expenses of $1.1 million for 2023 and $1.0 million for 2022.

(f) For the six months ended June 30, 2023 and 2022, represents corporate salaries and benefits of $19.7 million for 2023 and $17.1 million for 2022, professional fees of $3.8 million for 2023 and $3.9 million for 2022, corporate rent and insurance of $1.9 million for 2023 and $2.0 million for 2022, and corporate travel, software licenses, board fees and other miscellaneous corporate expenses of $2.1 million for 2023 and $1.8 million for 2022.

(g) Our comparable portfolio for the six months ended June 30, 2023 excludes the Jewel Palm Beach, which was closed for a majority of the first quarter of 2023 as we transitioned the management of the resort to us from a third-party.

Seasonality

The seasonality of the lodging industry and the location of our resorts in Mexico, Jamaica and Dominican Republic have historically resulted in the greatest demand for our resorts occurring 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.

Inflation

We have experienced an elevated level of inflationary pressure on our direct resort expenses since the beginning of 2022. Inflation effects were experienced mostly through higher labor costs, food and beverage prices, and utility costs. Although we experienced some improvement during 2023, we expected that inflationary pressures would remain elevated at least through the first half of 2023, but 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 six months ended June 30, 2023 was $67.1 million. 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 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 June 30, 2023, we had $268.8 million of available cash, as compared to $283.9 million as of December 31, 2022. 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, equity issuances or short-term borrowings under our Revolving Credit Facility.

Further, we had no restricted cash balance as of June 30, 2023. As of July 31, 2023, we had approximately $239.5 million of available cash and also had $225.0 million available on our Revolving Credit Facility, which does not mature until January 2028.

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 remainder of 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 June 30, 2023, there have been no significant changes to our "Contractual Obligations" table in Item 7, "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" of our Annual Report. As of June 30, 2023, we had $55.5 million of scheduled contractual obligations remaining in 2023 which we expect to pay with available cash.

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 continue to improve, whether as a result of a resurgence of COVID-19 or for other reasons, such as inflation, 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.

Recent Transactions Affecting Our Liquidity and Capital Resources

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

	Six Months Ended June 30,	
	2023	**2022**
Net cash provided by operating activities	$ 67,111	$ 97,301
Net cash used in investing activities	$ (1,131)	$ (11,970)
Net cash used in financing activities	$ (81,080)	$ (30,111)
(Decrease) increase in cash and cash equivalents	**$ (15,100)**	**$ 55,220**

Cash Flows from Operating Activities

Our net cash from operating activities is generated primarily from operating income of our resorts. For the six months ended June 30, 2023, our net cash provided by operating activities was $67.1 million. For the six months ended June 30, 2022, our net cash provided by operating activities was $97.3 million.

Cash Flows from Investing Activities

Our net cash used in investing activities was $1.1 million for the six months ended June 30, 2023 compared to $12.0 million for the six months ended June 30, 2022.

Activity for the six months ended June 30, 2023:

- Purchases of property and equipment of $18.8 million, primarily for maintenance related expenditures; and
- Property damage insurance proceeds related to the impacts of Hurricane Fiona in the Dominican Republic of $17.8 million.

Activity for the six months ended June 30, 2022:

- Purchases of property and equipment of $11.9 million, primarily for maintenance related expenditures.

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.

Cash Flows from Financing Activities

Our net cash used in financing activities was $81.1 million for the six months ended June 30, 2023 compared to $30.1 million for the six months ended June 30, 2022.

Activity for the six months ended June 30, 2023:

- Principal payments on our Term Loan due 2029 of $5.5 million; and
- Repurchases of ordinary shares of $75.4 million.

Activity for the six months ended June 30, 2022:

- Principal payments on our prior Term Loan of $29.9 million, which includes a $24.9 million mandatory repayment as a result of the sale of the Jewel Dunn’s River Beach Resort & Spa and Jewel Runaway Bay Beach Resort & Waterpark in May 2022 as well as our quarterly principal payments.

Critical Accounting Estimates

Our Condensed Consolidated Financial Statements included herein have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts and related disclosures. A number of our significant accounting policies involve higher degree of judgement and estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition or results of operations. We believe our estimates, assumptions and judgments with respect to our such policies are reasonable based upon information presently available. However, actual results may differ significantly from these estimates under different assumptions, judgments or conditions, which could have a material effect on our financial position, results of operations and related disclosures.

We have discussed those estimates that we believe are critical and require the use of complex judgment in their application in our Consolidated Financial Statements included within our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on February 23, 2023. There have been no material changes to our critical accounting policies or the methodologies or assumptions we apply under them except for those disclosed in Note 2 to our Condensed Consolidated Financial Statements.

Fair Value of Financial Instruments

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

Related Party Transactions

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

Recent Accounting Pronouncements

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

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

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

Interest Rate Risk

The risk from market interest rate fluctuations mainly affects long-term debt bearing interest at a variable interest rate. We currently use two interest rate swaps (see Note 12 of our Condensed Consolidated Financial Statements) to manage our exposure to this risk. As of June 30, 2023, 50% of our outstanding indebtedness bore interest at floating rates, as our Term Loan due 2029 incurs interest based on SOFR plus a margin of 4.25%.

- If market rates of interest on our floating rate debt were to increase by 1.0%, the increase in interest expense on our floating rate debt would decrease our future earnings and cash flows by approximately $5.5 million annually, assuming the balance outstanding under our Revolving Credit Facility remained at $0 million.

- If market rates of interest on our floating rate debt were to decrease by 1.0%, the decrease in interest expense on our floating rate debt would increase our future earnings and cash flows by approximately $5.5 million annually, assuming the balance outstanding under our Revolving Credit Facility remained at $0 million.

Foreign Currency Risk

We are exposed to exchange rate fluctuations because all of our resort investments are based in locations where the local currency is not the U.S. dollar, which is our reporting currency. For the six months ended June 30, 2023 less than 1% of our revenues were denominated in currencies other than the U.S. dollar. As a result, our revenues reported on our Condensed Consolidated Statements of Operations are affected by movements in exchange rates.

Approximately 73.4% of our resort-level operating expenses for the six months ended June 30, 2023 were denominated in the local currencies in the countries in which we operate. As a result, our operating expenses reported on our Condensed Consolidated Statements of Operations are affected by movements in exchange rates. The foreign currencies in which our expenses are primarily denominated are the Mexican Peso, Dominican Peso and the Jamaican Dollar.

- The effect of an immediate 5% adverse change in foreign exchange rates on Mexican Peso-denominated expenses at June 30, 2023 would have impacted our Owned Resort EBITDA by approximately $5.6 million on a year-to-date basis.

- The effect of an immediate 5% adverse change in foreign exchange rates on Dominican Peso-denominated expenses at June 30, 2023 would have impacted our Owned Resort EBITDA by approximately $3.3 million on a year-to-date basis.

- The effect of an immediate 5% adverse change in foreign exchange rates on Jamaican Dollar-denominated expenses at June 30, 2023 would have impacted our Owned Resort EBITDA by approximately $2.8 million on a year-to-date basis.

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

Item 4. *Controls and Procedures.*

Disclosure Controls and Procedures.

We maintain a set of disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) designed to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In accordance with Rule 13a-15(b) of the Exchange Act, as of the end of the period covered by this quarterly report, an evaluation was carried out under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, of the effectiveness of our disclosure controls and procedures. Based on that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that the Company's disclosure controls and procedures, as of the end of the period covered by this Quarterly Report on Form 10-Q, were effective.

Changes in Internal Control Over Financial Reporting.

There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings.*

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

Item 1A. *Risk Factors.*

As of June 30, 2023, there have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on February 23, 2023, which is accessible on the SEC's website at www.sec.gov.

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

(a) Unregistered Sale of Securities

None.

(b) Use of Proceeds

None.

(c) Issuer Purchases of Equity Securities

The following table sets forth information regarding our purchases of our ordinary shares during the three months ended June 30, 2023:

	Total number of shares purchased	Average price paid per share[(1)]	Total number of shares purchased as part of publicly announced program[(2)]	Maximum approximate dollar value of shares that may yet be purchased under the program ($ in thousands)[(2)]
April 1, 2023 to April 30, 2023	2,147,034	$ 9.29	2,147,034	$ 149,292
May 1, 2023 to May 31, 2023	1,191,348	9.11	1,191,348	138,442
June 1, 2023 to June 30, 2023	414,033	8.11	414,033	135,086
Total	**3,752,415**	**$ 9.10**	**3,752,415**	**$ 135,086**

(1) The average price paid per share and maximum approximate dollar value of shares disclosed above include broker commissions.

(2) In February 2023, our Board established a new $200.0 million share repurchase program, pursuant to which we may repurchase our outstanding ordinary shares as market conditions and our liquidity warrant. The share repurchase authorization has no expiration date. 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.

Item 3. *Defaults Upon Senior Securities.*

None.

Item 4. *Mine Safety Disclosures.*

Not applicable.

Item 5. *Other Information.*

During the three months ended June 30, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. *Exhibits.*

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

Exhibit Number	Exhibit Description
10.1*	Fourth Amendment to the 2017 Omnibus Incentive Plan
31.1	Certification of the Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following materials from Playa Hotels & Resorts N.V.'s Quarterly Report on Form 10-Q for the period ended June 30, 2023, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Comprehensive Income (iv) Condensed Consolidated Statements of Shareholders' Equity, (v) Condensed Consolidated Statements of Cash Flows, and (vi) the Notes to the Condensed Consolidated Financial Statements
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith

SIGNATURES

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

Playa Hotels & Resorts N.V.

Date: August 3, 2023

By: /s/ Bruce D. Wardinski

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

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

Playa Hotels & Resorts N.V.

Date: August 3, 2023

By: /s/ Ryan Hymel

Ryan Hymel
Chief Financial Officer
(Principal Financial Officer)