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

FORM 10-Q

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

For quarterly period ended September 30, 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 October 31, 2023, there were 138,454,910 shares of the registrant's ordinary shares, €0.10 par value, outstanding.

Playa Hotels & Resorts N.V.
TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

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

	As of September 30, 2023	As of December 31, 2022
ASSETS		
Cash and cash equivalents	$ 184,408	$ 283,945
Trade and other receivables, net	66,554	62,946
Insurance recoverable	10,110	34,191
Accounts receivable from related parties	7,597	8,806
Inventories	20,370	20,046
Prepayments and other assets	59,620	44,177
Property and equipment, net	1,507,068	1,536,567
Derivative financial instruments	11,026	3,510
Goodwill, net	61,654	61,654
Other intangible assets	5,675	6,556
Deferred tax assets	6,862	7,422
Total assets	**$ 1,940,944**	**$ 2,069,820**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Trade and other payables	$ 172,492	$ 231,652
Payables to related parties	10,482	6,852
Income tax payable	601	990
Debt	1,062,046	1,065,453
Other liabilities	34,380	30,685
Deferred tax liabilities	71,765	69,326
Total liabilities	**1,351,766**	**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 140,637,412 shares outstanding as of September 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, 28,786,568 shares as of September 30, 2023 and 10,046,996 shares as of December 31, 2022)	(214,572)	(62,953)
Paid-in capital	1,198,919	1,189,090
Accumulated other comprehensive income (loss)	6,151	(6,985)
Accumulated deficit	(420,142)	(472,990)
Total shareholders' equity	**589,178**	**664,862**
Total liabilities and shareholders' equity	**$ 1,940,944**	**$ 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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue				
Package	$ 182,425	$ 173,691	$ 624,349	$ 543,738
Non-package	24,984	26,593	91,589	89,793
The Playa Collection	1,051	517	2,605	1,211
Management fees	1,369	786	5,420	3,186
Cost reimbursements	2,785	2,836	9,327	6,868
Other revenues	531	199	1,697	667
Total revenue	213,145	204,622	734,987	645,463
Direct and selling, general and administrative expenses				
Direct	126,356	117,333	387,930	343,298
Selling, general and administrative	48,826	51,686	141,567	130,403
Depreciation and amortization	22,548	19,502	61,055	58,630
Reimbursed costs	2,785	2,836	9,327	6,868
Loss on sale of assets	6	2	17	11
Business interruption insurance recoveries	(47)	—	(542)	—
Gain on insurance proceeds	(919)	—	(4,713)	—
Direct and selling, general and administrative expenses	199,555	191,359	594,641	539,210
Operating income	13,590	13,263	140,346	106,253
Interest expense	(26,552)	(17,832)	(82,337)	(39,892)
Other (expense) income	(350)	2,608	(321)	7,850
Net (loss) income before tax	(13,312)	(1,961)	57,688	74,211
Income tax benefit (provision)	2,808	(268)	(4,840)	(3,168)
Net (loss) income	**$ (10,504)**	**$ (2,229)**	**$ 52,848**	**$ 71,043**
(Loss) earnings per share				
Basic	$ (0.07)	$ (0.01)	$ 0.35	$ 0.43
Diluted	$ (0.07)	$ (0.01)	$ 0.34	$ 0.43
Weighted average number of shares outstanding during the period - Basic	145,469,906	165,979,839	151,536,334	165,873,539
Weighted average number of shares outstanding during the period - Diluted	145,469,906	165,979,839	153,606,281	167,124,242

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Net (loss) income	**$ (10,504)**	**$ (2,229)**	**$ 52,848**	**$ 71,043**
Other comprehensive income, net of taxes				
Gain on interest rate swaps	2,111	2,958	13,564	8,778
Pension obligation (loss) gain	(5)	155	(428)	(195)
Total other comprehensive income	2,106	3,113	13,136	8,583
Comprehensive (loss) income	**$ (8,398)**	**$ 884**	**$ 65,984**	**$ 79,626**

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) 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**
Net loss	—	—	—	—	—	—	(10,504)	(10,504)
Other comprehensive income	—	—	—	—	—	2,106	—	2,106
Share-based compensation	—	—	—	—	3,343	—	—	3,343
Repurchase of ordinary shares	(10,013,025)	—	10,013,025	(76,570)	—	—	—	(76,570)
Balance at September 30, 2023	**140,637,412**	**$ 18,822**	**28,786,568**	**$ (214,572)**	**$ 1,198,919**	**$ 6,151**	**$ (420,142)**	**$ 589,178**

Playa Hotels & Resorts N.V.

Condensed Consolidated Statements of Shareholders' Equity (continued)
($ in thousands, except share data)
(unaudited)

	Ordinary Shares		Treasury Shares		Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
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**
Net loss	—	—	—	—	—	—	(2,229)	(2,229)
Other comprehensive income	—	—	—	—	—	3,113	—	3,113
Share-based compensation	2,398	—	—	—	2,777	—	—	2,777
Repurchase of ordinary shares	(973,931)	—	973,931	(5,773)	—	—	—	(5,773)
Balance at September 30, 2022	**165,058,318**	**$ 18,696**	**3,181,935**	**$ (22,470)**	**$ 1,186,245**	**$ (10,088)**	**$ (458,653)**	**$ 713,730**

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

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

	Nine Months Ended September 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 52,848	$ 71,043
Adjustments to reconcile net income to net cash from operating activities		
Depreciation and amortization	61,055	58,630
Amortization of debt discount and issuance costs	5,168	3,097
Share-based compensation	9,951	9,043
Loss (gain) on derivative financial instruments	6,048	(18,744)
Deferred income taxes	2,999	2,794
Loss on sale of assets	17	11
Amortization of key money	(579)	(1,031)
Provision for (recovery of) doubtful accounts	663	(1,152)
Other	313	445
Changes in assets and liabilities:		
Trade and other receivables, net	(4,320)	(1,149)
Insurance recoverable	6,273	(41,315)
Accounts receivable from related parties	1,209	2,817
Inventories	(332)	(1,013)
Prepayments and other assets	(11,471)	(4,430)
Trade and other payables	(57,885)	56,225
Payables to related parties	3,630	367
Income tax payable	(389)	(483)
Other liabilities	(33)	1,587
Net cash provided by operating activities	**75,165**	**136,742**
INVESTING ACTIVITIES		
Capital expenditures	(30,480)	(21,566)
Purchase of intangibles	(190)	(209)
Proceeds from the sale of assets, net	22	32
Property damage insurance proceeds	17,808	—
Net cash used in investing activities	**(12,840)**	**(21,743)**
FINANCING ACTIVITIES		
Repayments of debt	(8,250)	(32,438)
Repurchase of ordinary shares	(153,287)	(4,152)
Principal payments on finance lease obligations	(325)	(298)
Net cash used in financing activities	**(161,862)**	**(36,888)**
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(99,537)**	**78,111**
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	**$ 283,945**	**$ 293,577**
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	**$ 184,408**	**$ 371,688**

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)

	Nine Months Ended September 30,	
	2023	2022
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest, net of interest capitalized	$ 71,494	$ 55,049
Cash paid for income taxes, net	$ 3,065	$ 1,106
SUPPLEMENTAL DISCLOSURES OF NON-CASH ACTIVITIES		
Capital expenditures incurred but not yet paid	$ 1,895	$ 824
Repurchase of ordinary shares not yet settled	$ —	$ 1,621
Intangible assets capitalized but not yet paid	$ —	$ 114
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 4,155	$ —
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 nine months ended September 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 September 30, 2023					
	Yucatán Peninsula	Pacific Coast	Dominican Republic	Jamaica	Other	Total
Package revenue	$ 59,956	$ 27,234	$ 49,564	$ 45,671	$ —	$ 182,425
Non-package revenue	7,623	2,935	7,661	6,765	—	24,984
The Playa Collection	—	—	—	—	1,051	1,051
Management fees	40	—	—	—	1,329	1,369
Cost reimbursements	—	—	—	1,257	1,528	2,785
Other revenues	—	—	—	—	531	531
Total revenue	**$ 67,619**	**$ 30,169**	**$ 57,225**	**$ 53,693**	**$ 4,439**	**$ 213,145**

	Three Months Ended September 30, 2022					
	Yucatán Peninsula	Pacific Coast	Dominican Republic	Jamaica	Other	Total
Package revenue (1)	$ 59,667	$ 28,106	$ 46,911	$ 39,007	$ —	$ 173,691
Non-package revenue (1)(2)(3)	7,999	3,094	8,319	7,181	—	26,593
The Playa Collection (2)	—	—	—	—	517	517
Management fees	35	—	—	—	751	786
Cost reimbursements	—	—	—	1,256	1,580	2,836
Other revenues (3)	—	—	—	—	199	199
Total revenue	**$ 67,701**	**$ 31,200**	**$ 55,230**	**$ 47,444**	**$ 3,047**	**$ 204,622**

	Nine Months Ended September 30, 2023					
	Yucatán Peninsula	Pacific Coast	Dominican Republic	Jamaica	Other	Total
Package revenue	$ 208,992	$ 97,823	$ 164,723	$ 152,811	$ —	$ 624,349
Non-package revenue	26,859	12,679	26,695	25,356	—	91,589
The Playa Collection	—	—	—	—	2,605	2,605
Management fees	118	—	—	—	5,302	5,420
Cost reimbursements	—	—	—	3,864	5,463	9,327
Other revenues	—	—	—	—	1,697	1,697
Total revenue	**$ 235,969**	**$ 110,502**	**$ 191,418**	**$ 182,031**	**$ 15,067**	**$ 734,987**

	Nine Months Ended September 30, 2022					
	Yucatán Peninsula	Pacific Coast	Dominican Republic	Jamaica	Other	Total
Package revenue (1)	$ 183,102	$ 84,301	$ 161,338	$ 114,997	$ —	$ 543,738
Non-package revenue (1)(2)(3)	26,868	11,147	28,508	23,270	—	89,793
The Playa Collection (2)	—	—	—	—	1,211	1,211
Management fees	97	—	—	—	3,089	3,186
Cost reimbursements	—	—	—	3,386	3,482	6,868
Other revenues (3)	—	—	—	—	667	667
Total revenue	**$ 210,067**	**$ 95,448**	**$ 189,846**	**$ 141,653**	**$ 8,449**	**$ 645,463**

(1) Includes $2.5 million and $7.8 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 $0.5 million and $1.2 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 $0.2 million and $0.7 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 September 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 September 30, 2023	As of December 31, 2022
Property and equipment, gross		
Land, buildings and improvements	$ 1,766,132	$ 1,765,130
Fixtures and machinery [1]	90,612	88,333
Furniture and other fixed assets	221,325	213,005
Construction in progress	22,696	10,293
Total property and equipment, gross	2,100,765	2,076,761
Accumulated depreciation	(593,697)	(540,194)
Total property and equipment, net	**$ 1,507,068**	**$ 1,536,567**

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

Depreciation expense for property and equipment was $22.2 million and $19.1 million for the three months ended September 30, 2023 and 2022, respectively, and $60.0 million and $57.5 million for the nine months ended September 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 $12.2 million related to Hurricane Fiona during the nine months ended September 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 2022 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 nine months ended September 30, 2023 and 2022 *($ in thousands)*:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Leases	**2023**	**2022**	**2023**	**2022**
Operating lease income [1]	$ 1,007	$ 1,045	$ 3,058	$ 3,347

[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 September 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 September 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 $42.5 million in aggregate principal of the Term Loan due 2029 (as defined in Note 11) as of December 31, 2022.

Lease with our Chief Executive Officer

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

Transactions with related parties

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

Related Party	Transaction	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Revenues					
ALG	Package revenue	$ —	$ 3,899	$ —	$ 14,724
Sagicor	Cost reimbursements[(1)]	$ 1,258	$ 1,355	$ 4,005	$ 3,775
Expenses					
Hyatt	Franchise fees[(2)]	$ 7,531	$ 7,205	$ 26,794	$ 22,420
Sagicor	Insurance premiums[(2)]	$ 396	$ 264	$ 1,093	$ 798
Chief Executive Officer	Lease expense[(3)]	$ 186	$ 192	$ 535	$ 572
DKCM	Interest expense[(4)]	$ —	$ 5,613	$ —	$ 16,490
AMResorts	Management fees[(2)]	$ —	$ 779	$ 41	$ 2,763
AMResorts	Marketing fees[(3)]	$ —	$ 909	$ 37	$ 2,964

(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 nine months ended September 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 September 30, 2023, we repurchased 10,013,025 ordinary shares under the program at an average price of $7.65 per share. As of September 30, 2023, we had approximately $58.5 million remaining under our $200.0 million share repurchase program.

As of September 30, 2023, our ordinary share capital consisted of 140,637,412 ordinary shares outstanding, which have a par value of €0.10 per share. In addition, 4,809,339 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 September 30, 2023, there were 12,992,502 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 September 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	(91,277)	6.89
Unvested balance at September 30, 2023	**2,793,647**	**$ 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 September 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 September 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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerator				
Net (loss) income	$ (10,504)	$ (2,229)	$ 52,848	$ 71,043
Denominator				
Denominator for basic EPS - weighted-average number of shares outstanding	145,469,906	165,979,839	151,536,334	165,873,539
Effect of dilutive securities				
Unvested performance share awards	—	—	1,196,199	500,859
Unvested restricted share awards	—	—	873,748	749,844
Denominator for diluted EPS - adjusted weighted-average number of shares outstanding	145,469,906	165,979,839	153,606,281	167,124,242
EPS - Basic	**$ (0.07)**	**$ (0.01)**	**$ 0.35**	**$ 0.43**
EPS - Diluted	**$ (0.07)**	**$ (0.01)**	**$ 0.34**	**$ 0.43**

For the three months ended September 30, 2023 and 2022, unvested performance share awards in the amounts of 2,048,350 and 1,329,123 shares, respectively, were not included in the computation of diluted EPS as their effect would have been anti-dilutive. For the nine months ended September 30, 2022, unvested performance share awards in the amounts of 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 the nine months ended September 30, 2023. The performance targets of our unvested performance share awards were partially achieved as of September 30, 2023 and 2022.

For the three months ended September 30, 2023 and 2022, unvested restricted share awards of 2,793,647 and 2,327,120 shares, respectively, were not included in the computation of diluted EPS as their effect would have been anti-dilutive. We had no anti-dilutive unvested restricted share awards for the nine months ended September 30, 2023 and 2022.

Note 11. Debt

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

	Interest Rate	Maturity Date	Outstanding Balance as of September 30, 2023	Outstanding Balance as of December 31, 2022
Senior Secured Credit Facilities				
Revolving Credit Facility [(1)]	SOFR + 3.50%	January 5, 2028	$ —	$ —
Term Loan due 2029 [(2)]	SOFR + 4.25%	January 5, 2029	1,091,750	1,100,000
Total Senior Secured Credit Facilities (at stated value)			1,091,750	1,100,000
Unamortized discount			(28,237)	(32,428)
Unamortized debt issuance costs			(6,800)	(7,776)
Total Senior Secured Credit Facilities, net			$ 1,056,713	$ 1,059,796
Financing lease obligations			$ 5,333	$ 5,657
Total debt, net			**$ 1,062,046**	**$ 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 September 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 9.58% and 8.58% as of September 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 September 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 nine months ended September 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 (Loss) Income and Condensed Consolidated Statements of Operations for the three and nine months ended September 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	**(8,558)**	**8,812**
Change in fair value	(4,054)	—
Reclassification from AOCI to interest expense	1,943	(2,958)
AOCI from our cash flow hedges as of September 30 (1)	**$ (10,669)**	**$ 5,854**

(1) As of September 30, 2023, the total amount expected to be reclassified from AOCI to interest expense during the next twelve months is $7.7 million.

Derivative Financial Instruments	Financial Statement Classification	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Designated as Cash Flow Hedges					
Interest rate swaps	Interest expense	$ (1,943)	$ —	$ (3,259)	$ —
Not Designated as Hedging Instruments					
Interest rate swaps [(1)]	Interest expense	$ —	$ 16	$ 3,013	$ (7,776)

(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 September 30, 2023 and December 31, 2022 *($ in thousands)*:

Derivative Financial Instruments	Financial Statement Classification	As of September 30, 2023	As of December 31, 2022
Designated as Cash Flow Hedges			
Interest rate swaps	Derivative financial instruments	$ 11,026	$ —
Not Designated as Hedging Instruments			
Interest rate swaps	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 September 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 measured at fair value on a recurring basis as of September 30, 2023 and December 31, 2022 *($ in thousands)*:

Financial Assets	September 30, 2023	Level 1	Level 2	Level 3
Fair value measurements on a recurring basis				
Interest rate swaps	$ 11,026	$ —	$ 11,026	$ —

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 September 30, 2023 and December 31, 2022 *($ in thousands)*:

	Carrying Value	Fair Value		
	As of September 30, 2023	Level 1	Level 2	Level 3
Financial liabilities not recorded at fair value				
Term Loan due 2029	$ 1,056,713	$ —	$ —	$ 1,123,155

	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 September 30, 2023 and December 31, 2022 *($ in thousands)*:

	As of September 30, 2023	As of December 31, 2022
Gross trade and other receivables [(1)]	$ 67,198	$ 63,396
Allowance for doubtful accounts	(644)	(450)
Total trade and other receivables, net	**$ 66,554**	**$ 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 nine months ended September 30, 2023 and 2022.

Prepayments and other assets

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

	As of September 30, 2023	As of December 31, 2022
Advances to suppliers	$ 23,595	$ 12,683
Prepaid income taxes	11,563	11,809
Prepaid other taxes [1]	4,139	4,539
Operating lease right-of-use assets	6,605	2,968
Key money	6,541	6,735
Other assets	7,177	5,443
Total prepayments and other assets	**$ 59,620**	**$ 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 nine months ended September 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 September 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 September 30, 2023 and December 31, 2022 consisted of the following (*$ in thousands*):

	As of September 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	6,352	6,375
Other	4,738	4,499
Total gross carrying value	**13,865**	**13,649**
Accumulated amortization		
Management contract	(499)	(428)
Enterprise resource planning system	(3,447)	(2,771)
Other	(4,244)	(3,894)
Total accumulated amortization	**(8,190)**	**(7,093)**
Net carrying value		
Casino and other licenses [1]	875	875
Management contract	1,401	1,472
Enterprise resource planning system	2,905	3,604
Other	494	605
Total net carrying value	**$ 5,675**	**$ 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 $0.4 million for the three months ended September 30, 2023 and 2022 and $1.1 million for the nine months ended September 30, 2023 and 2022.

Trade and other payables

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

	As of September 30, 2023	As of December 31, 2022
Trade payables	$ 17,826	$ 28,422
Advance deposits [1]	67,287	83,262
Withholding and other taxes payable	14,880	31,111
Interest payable	3,788	3,996
Payroll and related accruals	28,360	29,273
Accrued expenses and other payables [2]	40,351	55,588
Total trade and other payables	**$ 172,492**	**$ 231,652**

(1) The opening balance as of January 1, 2022 was $62.6 million.
(2) As of September 30, 2023 and December 31, 2022, accrued expenses and other payables includes approximately $18.0 million and $29.7 million, respectively, of unpaid clean up and repair expenses related to Hurricane Fiona. As of December 31, 2022, accrued expenses and other payables includes approximately $1.7 million related to share repurchases not yet settled.

Other liabilities

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

	As of September 30, 2023	As of December 31, 2022
Pension obligation [1][2]	$ 9,963	$ 7,777
Operating lease liabilities	7,091	3,472
Unfavorable ground lease liability	1,775	1,857
Key money	14,589	15,362
Other	962	2,217
Total other liabilities	**$ 34,380**	**$ 30,685**

(1) For the three months ended September 30, 2023 and 2022, the service cost component of net periodic pension cost was $0.3 million and $0.2 million, respectively. For the nine months ended September 30, 2023 and 2022, the service cost component was $0.9 million and $0.6 million, respectively.
(2) For the three months ended September 30, 2023 and 2022, the non-service cost components of net periodic pension benefit (cost) were $0.2 million and ($0.2) million, respectively. For the nine months ended September 30, 2023 and 2022, the non-service cost components were $1.5 million and $0.7 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 nine months ended September 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 benefit (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 (loss) income or other measures of financial performance or liquidity derived in accordance with U.S. GAAP.

We define Adjusted EBITDA as net (loss) income, determined in accordance with U.S. GAAP, for the periods presented, before interest expense, income tax benefit (provision), and depreciation and amortization expense, further adjusted to exclude the following items: (a) loss on sale of assets; (b) other (expense) income; (c) repairs from hurricanes and tropical storms; (d) share-based compensation; and (e) 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 nine months ended September 30, 2023 and 2022 (*$ in thousands*):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Owned net revenue				
Yucatán Peninsula	$ 65,138	$ 65,594	$ 228,777	$ 204,200
Pacific Coast	29,236	30,301	107,527	92,901
Dominican Republic	57,142	55,190	191,038	189,714
Jamaica	49,838	43,759	170,233	131,781
Segment owned net revenue	**201,354**	**194,844**	**697,575**	**618,596**
Other revenues	531	199	1,697	667
Management fees	1,369	786	5,420	3,186
The Playa Collection	1,051	517	2,605	1,211
Cost reimbursements	2,785	2,836	9,327	6,868
Compulsory tips	6,055	5,440	18,363	14,935
Total revenue	**$ 213,145**	**$ 204,622**	**$ 734,987**	**$ 645,463**

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Owned Resort EBITDA				
Yucatán Peninsula	$ 16,844	$ 21,617	$ 79,107	$ 77,049
Pacific Coast	7,947	10,512	40,353	36,966
Dominican Republic	12,673	14,014	61,501	63,138
Jamaica	15,333	11,267	64,337	40,567
Segment Owned Resort EBITDA	**52,797**	**57,410**	**245,298**	**217,720**
Other corporate	(14,706)	(13,839)	(42,201)	(38,596)
The Playa Collection	1,051	517	2,605	1,211
Management fees	1,369	786	5,420	3,186
Adjusted EBITDA	**40,511**	**44,874**	**211,122**	**183,521**
Interest expense	(26,552)	(17,832)	(82,337)	(39,892)
Depreciation and amortization	(22,548)	(19,502)	(61,055)	(58,630)
Loss on sale of assets	(6)	(2)	(17)	(11)
Other (expense) income	(350)	2,608	(321)	7,850
Repairs from hurricanes and tropical storms	(77)	(8,850)	815	(8,850)
Share-based compensation	(3,343)	(2,777)	(9,951)	(9,043)
Transaction expenses	(742)	(582)	(2,107)	(1,384)
Non-service cost components of net periodic pension (benefit) cost [(1)]	(205)	102	1,539	650
Net (loss) income before tax	**(13,312)**	**(1,961)**	**57,688**	**74,211**
Income tax benefit (provision)	2,808	(268)	(4,840)	(3,168)
Net (loss) income	**$ (10,504)**	**$ (2,229)**	**$ 52,848**	**$ 71,043**

[(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 September 30, 2023 and December 31, 2022 *($ in thousands)*:

	As of September 30, 2023	As of December 31, 2022
Segment property and equipment, gross		
Yucatán Peninsula	$ 680,029	$ 676,218
Pacific Coast	299,576	291,372
Dominican Republic	697,368	690,181
Jamaica	418,009	413,563
Total segment property and equipment, gross	**2,094,982**	**2,071,334**
Corporate property and equipment, gross	5,783	5,427
Accumulated depreciation	(593,697)	(540,194)
Total property and equipment, net	**$ 1,507,068**	**$ 1,536,567**

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

	Nine Months Ended September 30,	
	2023	2022
Segment capital expenditures		
Yucatán Peninsula	$ 8,754	$ 6,870
Pacific Coast	8,652	3,817
Dominican Republic	7,775	6,249
Jamaica	5,138	3,999
Total segment capital expenditures [(1)]	**30,319**	**20,935**
Corporate	377	570
Total capital expenditures [(1)]	**$ 30,696**	**$ 21,505**

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

Note 16. Subsequent events

During the period from October 1, 2023 through October 31, 2023, we purchased 2,182,502 ordinary shares at an average price of $7.09 per share. As of October 31, 2023, we had $43.0 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 (including sustained elevated interest rates) and a potential economic recession, on consumer discretionary spending and the lodging industry in particular;*
- *changes in consumer preferences, including the popularity of the all-inclusive resort model, particularly in the luxury segment of the resort market, and the popularity of tropical beach-front vacations compared other vacation options or destinations;*
- *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 other infectious disease outbreaks, 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 or other infectious diseases;

- *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 September 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 September 30, 2023, we generated a net loss of $10.5 million, Total Revenue of $213.1 million, Net Package RevPAR of $269.50 and Adjusted EBITDA of $40.5 million. For the three months ended September 30, 2022, we generated a net loss of $2.2 million, Total Revenue of $204.6 million, Net Package RevPAR of $257.08 and Adjusted EBITDA of $44.9 million.

For the nine months ended September 30, 2023, we generated net income of $52.8 million, Total Revenue of $735.0 million, Net Package RevPAR of $312.16 and Adjusted EBITDA of $211.1 million. For the nine months ended September 30, 2022, we generated net income of $71.0 million, Total Revenue of $645.5 million, Net Package RevPAR of $272.37 and Adjusted EBITDA of $183.5 million.

Our Portfolio of Resorts

As of September 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 Vallarta	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 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 2024.

Results of Operations

Three Months Ended September 30, 2023 and 2022

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

	Three Months Ended September 30,		Increase / Decrease	
	2023	2022	Change	% Change
Revenue				
Package	$ 182,425	$ 173,691	$ 8,734	5.0 %
Non-package	24,984	26,593	(1,609)	(6.1) %
The Playa Collection	1,051	517	534	103.3 %
Management fees	1,369	786	583	74.2 %
Cost reimbursements	2,785	2,836	(51)	(1.8) %
Other revenues	531	199	332	166.8 %
Total revenue	213,145	204,622	8,523	4.2 %
Direct and selling, general and administrative expenses				
Direct	126,356	117,333	9,023	7.7 %
Selling, general and administrative	48,826	51,686	(2,860)	(5.5) %
Depreciation and amortization	22,548	19,502	3,046	15.6 %
Reimbursed costs	2,785	2,836	(51)	(1.8) %
Loss on sale of assets	6	2	4	200.0 %
Business interruption insurance recoveries	(47)	—	(47)	(100.0) %
Gain on insurance proceeds	(919)	—	(919)	(100.0) %
Direct and selling, general and administrative expenses	199,555	191,359	8,196	4.3 %
Operating income	**13,590**	**13,263**	**327**	**2.5 %**
Interest expense	(26,552)	(17,832)	(8,720)	(48.9) %
Other (expense) income	(350)	2,608	(2,958)	(113.4) %
Net loss before tax	**(13,312)**	**(1,961)**	**(11,351)**	**(578.8)%**
Income tax benefit (provision)	2,808	(268)	3,076	1,147.8 %
Net loss	**$ (10,504)**	**$ (2,229)**	**$ (8,275)**	**(371.2)%**

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.

Our comparable portfolio for the three months ended September 30, 2023 excludes the Hilton La Romana All-Inclusive Resort and the Hyatt Ziva and Hyatt Zilara Cap Cana, which were closed the last 12 days of the three months ended September 30, 2022 to expedite necessary clean up and repair work as a result of Hurricane Fiona.

Total Portfolio

	Three Months Ended September 30,		Increase / Decrease	
	2023	2022	Change	% Change
Occupancy	70.7 %	73.8 %	(3.1)pts	(4.2)%
Net Package ADR	$ 381.41	$ 348.58	$ 32.83	9.4 %
Net Package RevPAR	$ 269.50	$ 257.08	$ 12.42	4.8 %
		($ in thousands)		
Net Package Revenue(1)	$ 176,634	$ 168,494	$ 8,140	4.8 %
Net Non-package Revenue(1)	24,720	26,350	(1,630)	(6.2)%
The Playa Collection Revenue	1,051	517	534	103.3 %
Management Fee Revenue	1,369	786	583	74.2 %
Other Revenues	531	199	332	166.8 %
Total Net Revenue	204,305	196,346	7,959	4.1 %
Adjusted EBITDA	$ 40,511	$ 44,874	$ (4,363)	(9.7)%
Adjusted EBITDA Margin	19.8 %	22.9 %	(3.1)pts	(13.5)%

(1) For the three months ended September 30, 2022, includes $2.5 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

	Three Months Ended September 30,		Increase / Decrease	
	2023	2022	Change	% Change
Occupancy	71.2 %	76.6 %	(5.4)pts	(7.0)%
Net Package ADR	$ 368.29	$ 340.61	$ 27.68	8.1 %
Net Package RevPAR	$ 262.12	$ 261.01	$ 1.11	0.4 %
		($ in thousands)		
Net Package Revenue(1)	$ 135,046	$ 134,473	$ 573	0.4 %
Net Non-package Revenue(1)	18,573	20,652	(2,079)	(10.1)%
The Playa Collection Revenue	1,051	517	534	103.3 %
Management Fee Revenue	1,369	786	583	74.2 %
Other Revenues	531	199	332	166.8 %
Total Net Revenue	156,570	156,627	(57)	0.0 %
Adjusted EBITDA	$ 24,468	$ 33,570	$ (9,102)	(27.1)%
Adjusted EBITDA Margin	15.6 %	21.4 %	(5.8)pts	(27.1)%

Total Revenue and Total Net Revenue

Our Total Revenue for the three months ended September 30, 2023 increased $8.5 million, or 4.2%, compared to the three months ended September 30, 2022.

Our Total Net Revenue for the three months ended September 30, 2023 increased $8.0 million, or 4.1%, compared to the three months ended September 30, 2022. The increase was due to the following:

- an increase in Net Package ADR of 9.4% driven by the ongoing recovery in the Jamaican segment; partially offset by
- a decrease in Net Non-package Revenue of $1.6 million, or 6.2%;
  - Excluding Jewel Punta Cana and Jewel Palm Beach, 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, and closed the Jewel Palm Beach for the majority of the first quarter, Net Non-package Revenue decreased $0.4 million, or 1.9%, compared to the three months ended September 30, 2022, mainly driven by a decrease in meetings, incentives, conventions and events (“MICE”) groups.

- a decrease in Occupancy of 3.1 percentage points as a result of lower occupancies at Jewel Punta Cana and Jewel Palm Beach.
    - Excluding Jewel Punta Cana and Jewel Palm Beach, Occupancy decreased 0.4 percentage points compared to the three months ended September 30, 2022, mainly as a result of increased demand for European travel destinations from American sourced guests.

Adjusted EBITDA

Our Adjusted EBITDA for the three months ended September 30, 2023 decreased $4.4 million, or 9.7%, compared to the three months ended September 30, 2022.

- Excluding Jewel Punta Cana and Jewel Palm Beach, Adjusted EBITDA increased $1.5 million compared to the three months ended September 30, 2022 and was negatively impacted by $7.8 million due to the appreciation of the Mexican Peso and includes a $1.0 million benefit from business interruption insurance proceeds and recoverable expenses related to Hurricane Fiona in the Dominican Republic during the second half of 2022. Adjusted EBITDA was also negatively impacted by increased insurance premiums and utilities expenses compared to the three months ended September 30, 2022.

Our Adjusted EBITDA Margin for the three months ended September 30, 2023 decreased 3.1 percentage points, or 13.5%, compared to the three months ended September 30, 2022. Adjusted EBITDA Margin was negatively impacted by 390 basis points due to the appreciation of the Mexican Peso and positively impacted by 50 basis points from business interruption insurance proceeds and recoverable expenses compared to the three months ended September 30, 2022. Excluding these impacts, our Adjusted EBITDA Margin would have been 23.2%, an increase of 0.3 percentage points compared to the three months ended September 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 September 30, 2023 and 2022 *($ in thousands)*:

	Three Months Ended September 30,		Increase/Decrease	
	2023	2022	Change	% Change
Net Package Revenue				
Comparable Net Package Revenue	$ 135,046	$ 134,473	$ 573	0.4 %
Non-comparable Net Package Revenue	41,588	34,021	7,567	22.2 %
Net Package Revenue	176,634	168,494	8,140	4.8 %
Net Non-package Revenue				
Comparable Net Non-package Revenue	18,573	20,652	(2,079)	(10.1)%
Non-comparable Net Non-package Revenue	6,147	5,698	449	7.9 %
Net Non-package Revenue	24,720	26,350	(1,630)	(6.2)%
The Playa Collection Revenue	1,051	517	534	103.3 %
Management Fee Revenue	1,369	786	583	74.2 %
Other Revenues	531	199	332	166.8 %
Total Net Revenue				
Comparable Total Net Revenue	156,570	156,627	(57)	0.0 %
Non-comparable Total Net Revenue	47,735	39,719	8,016	20.2 %
Total Net Revenue	**204,305**	**196,346**	**7,959**	**4.1 %**
Compulsory tips	6,055	5,440	615	11.3 %
Cost Reimbursements	2,785	2,836	(51)	(1.8)%
Total revenue	**$ 213,145**	**$ 204,622**	**$ 8,523**	**4.2 %**

Direct Expenses

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

	Three Months Ended September 30,		Increase/Decrease	
	2023	2022	Change	% Change
Direct expenses	$ 126,356	$ 117,333	$ 9,023	7.7 %
Less: compulsory tips	6,055	5,440	615	11.3 %
Net Direct Expenses	**$ 120,301**	**$ 111,893**	**$ 8,408**	**7.5 %**

Our direct expenses include resort expenses, such as food and beverage, salaries and wages, utilities and other ongoing operational expenses. 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.

Our Net Direct Expenses were $120.3 million, or 58.9% of Total Net Revenue, for the three months ended September 30, 2023 and $111.9 million, or 57.0% of Total Net Revenue, for the three months ended September 30, 2022. Net Direct Expenses for the three months ended September 30, 2023 increased $8.4 million, or 7.5%, compared to the three months ended September 30, 2022 primarily due to the following:

- appreciation of the Mexican Peso compared to the three months ended September 30, 2022, which impacts the majority of our expenses but primarily increased labor and food and beverage expenses during the three months ended September 30, 2023;
- increased labor and related expenses as a result of union-negotiated and government-mandated wage and benefit increases compared to the three months ended September 30, 2022; partially offset by
- a decrease in occupancy-related expenses due to lower occupancy across the majority of our portfolio.

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

Total Portfolio

	Three Months Ended September 30,		Increase/Decrease	
	2023	2022	Change	% Change
Food and beverages	$ 27,616	$ 27,268	$ 348	1.3 %
Guest costs	4,944	6,515	(1,571)	(24.1) %
Salaries and wages	49,035	39,117	9,918	25.4 %
Repairs and maintenance	5,588	6,534	(946)	(14.5) %
Utilities and sewage	13,125	12,743	382	3.0 %
Licenses and property taxes	1,004	640	364	56.9 %
Incentive and management fees	—	779	(779)	(100.0) %
Franchise fees	9,840	9,553	287	3.0 %
Transportation and travel expenses	1,798	1,417	381	26.9 %
Laundry and cleaning expenses	1,801	1,709	92	5.4 %
Property and equipment rental expense	1,013	936	77	8.2 %
Entertainment expenses and decoration	2,705	2,795	(90)	(3.2) %
Office supplies	286	379	(93)	(24.5) %
Other operational expenses	1,546	1,508	38	2.5 %
Total Net Direct Expenses	**$ 120,301**	**$ 111,893**	**$ 8,408**	**7.5 %**

Comparable Portfolio

	Three Months Ended September 30,		Increase/Decrease	
	2023	2022	Change	% Change
Food and beverages	$ 21,040	$ 21,325	$ (285)	(1.3) %
Guest costs	3,672	4,791	(1,119)	(23.4) %
Salaries and wages	41,016	32,070	8,946	27.9 %
Repairs and maintenance	4,716	5,661	(945)	(16.7) %
Utilities and sewage	9,668	9,866	(198)	(2.0) %
Licenses and property taxes	680	452	228	50.4 %
Incentive and management fees	—	779	(779)	(100.0) %
Franchise fees	7,094	7,333	(239)	(3.3) %
Transportation and travel expenses	1,005	808	197	24.4 %
Laundry and cleaning expenses	1,360	1,339	21	1.6 %
Property and equipment rental expense	437	474	(37)	(7.8) %
Entertainment expenses and decoration	2,219	2,389	(170)	(7.1) %
Office supplies	205	303	(98)	(32.3) %
Other operational expenses	1,247	1,028	219	21.3 %
Total Net Direct Expenses	**$ 94,359**	**$ 88,618**	**$ 5,741**	**6.5 %**

Selling, General and Administrative Expenses

Our selling, general and administrative expenses for the three months ended September 30, 2023 decreased $2.9 million, or 5.5%, compared to the three months ended September 30, 2022. The decrease was primarily driven by a $7.8 million decrease in property selling, general and administrative expenses primarily related to repair and clean-up expenses associated with Hurricane Fiona incurred in the third quarter of 2022, which was partially offset by a $3.5 million increase in insurance expense due to higher insurance premiums. We also experienced a $0.6 million increase in share-based compensation expense due to an increase in the fair value of restricted and performance share awards granted in 2023 and a $0.5 million increase in the provision for doubtful accounts.

Depreciation and Amortization Expense

Our depreciation and amortization expense for the three months ended September 30, 2023 increased $3.0 million, or 15.6%, compared to the three months ended September 30, 2022 due to accelerated depreciation recorded on asset disposals at Hyatt Zilara Cancún and ongoing renovations of the Hyatt Ziva Puerto Vallarta and Hyatt Ziva Los Cabos.

Gain on Insurance Proceeds

Our gain on insurance proceeds for the three months ended September 30, 2023 increased $0.9 million, or 100.0%, compared to the three months ended September 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 September 30, 2022.

Interest Expense

Our interest expense for the three months ended September 30, 2023 increased $8.7 million, or 48.9%, compared to the three months ended September 30, 2022. The increase in interest expense was driven primarily by an $11.7 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 $1.3 million increase related to a favorable change in fair value of our prior LIBOR-based interest rate swaps recognized during the three months ended September 30, 2022. We did not recognize any changes in fair value of our prior LIBOR-based interest rate swaps during the three months ended September 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 $4.9 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 $24.3 million for the three months ended September 30, 2023, representing a $6.3 million, or 34.6% increase as compared to the three months ended September 30, 2022. The increase was primarily driven by an $11.1 million increase in cash interest paid for our Term Loan due 2029. This increase was partially offset by a $4.9 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 September 30, 2023, our income tax benefit was $2.8 million, compared to a $0.3 million income tax provision for the three months ended September 30, 2022. The decrease of $3.1 million was primarily driven by a $2.3 million decreased tax provision associated with lower pre-tax book income from our taxpaying entities and a $1.3 million decreased tax provision associated with favorable foreign exchange rate fluctuations on our deferred tax liabilities, primarily at our Mexico and Dominican Republic entities, which was partially offset by a $0.5 million increased tax provision associated with the APA tax expense for our Dominican Republic entities.

Results of Operations

Nine Months Ended September 30, 2023 and 2022

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

	Nine Months Ended September 30,		Increase / Decrease	
	2023	2022	Change	% Change
Revenue				
Package	$ 624,349	$ 543,738	$ 80,611	14.8 %
Non-package	91,589	89,793	1,796	2.0 %
The Playa Collection	2,605	1,211	1,394	115.1 %
Management fees	5,420	3,186	2,234	70.1 %
Cost reimbursements	9,327	6,868	2,459	35.8 %
Other revenues	1,697	667	1,030	154.4 %
Total revenue	734,987	645,463	89,524	13.9 %
Direct and selling, general and administrative expenses				
Direct	387,930	343,298	44,632	13.0 %
Selling, general and administrative	141,567	130,403	11,164	8.6 %
Depreciation and amortization	61,055	58,630	2,425	4.1 %
Reimbursed costs	9,327	6,868	2,459	35.8 %
Loss on sale of assets	17	11	6	54.5 %
Business interruption insurance recoveries	(542)	—	(542)	(100.0) %
Gain on insurance proceeds	(4,713)	—	(4,713)	(100.0) %
Direct and selling, general and administrative expenses	594,641	539,210	55,431	10.3 %
Operating income	**140,346**	**106,253**	**34,093**	**32.1 %**
Interest expense	(82,337)	(39,892)	(42,445)	(106.4) %
Other (expense) income	(321)	7,850	(8,171)	(104.1) %
Net income before tax	**57,688**	**74,211**	**(16,523)**	**(22.3)%**
Income tax provision	(4,840)	(3,168)	(1,672)	(52.8) %
Net income	**$ 52,848**	**$ 71,043**	**$ (18,195)**	**(25.6)%**

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

Our comparable portfolio for the nine months ended September 30, 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, the Hilton La Romana All-Inclusive Resort and the Hyatt Ziva and Hyatt Zilara Cap Cana which were closed the last 12 days of the nine months ended September 30, 2022 to expedite necessary clean up and repair work as a result of Hurricane Fiona.

Total Portfolio

	Nine Months Ended September 30,		Increase / Decrease	
	2023	2022	Change	% Change
Occupancy	71.7 %	73.7 %	(2.0)pts	(2.7)%
Net Package ADR	$ 435.67	$ 369.33	$ 66.34	18.0 %
Net Package RevPAR	$ 312.16	$ 272.37	$ 39.79	14.6 %
		($ in thousands)		
Net Package Revenue[(1)]	$ 607,098	$ 529,716	$ 77,382	14.6 %
Net Non-package Revenue[(1)]	90,477	88,880	1,597	1.8 %
The Playa Collection Revenue	2,605	1,211	1,394	115.1 %
Management Fee Revenue	5,420	3,186	2,234	70.1 %
Other Revenues	1,697	667	1,030	154.4 %
Total Net Revenue	707,297	623,660	83,637	13.4 %
Adjusted EBITDA	$ 211,122	$ 183,521	$ 27,601	15.0 %
Adjusted EBITDA Margin	29.8 %	29.4 %	0.4 pts	1.4 %

(1) For the nine months ended September 30, 2022, includes $7.8 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

	Nine Months Ended September 30,		Increase / Decrease	
	2023	2022	Change	% Change
Occupancy	73.3 %	74.1 %	(0.8)pts	(1.1)%
Net Package ADR	$ 442.99	$ 379.59	$ 63.40	16.7 %
Net Package RevPAR	$ 324.62	$ 281.35	$ 43.27	15.4 %
		($ in thousands)		
Net Package Revenue	$ 451,966	$ 391,715	$ 60,251	15.4 %
Net Non-package Revenue	65,635	65,307	328	0.5 %
The Playa Collection Revenue	2,605	1,211	1,394	115.1 %
Management Fee Revenue	5,420	3,186	2,234	70.1 %
Other Revenues	1,697	667	1,030	154.4 %
Total Net Revenue	527,323	462,086	65,237	14.1 %
Adjusted EBITDA	$ 142,994	$ 126,846	$ 16,148	12.7 %
Adjusted EBITDA Margin	27.1 %	27.5 %	(0.4)pts	(1.5)%

Total Revenue and Total Net Revenue

Our Total Revenue for the nine months ended September 30, 2023 increased $89.5 million, or 13.9%, compared to the nine months ended September 30, 2022.

Our Total Net Revenue for the nine months ended September 30, 2023 increased $83.6 million, or 13.4%, compared to the nine months ended September 30, 2022. The increase was due to the following:

- an increase in Net Package ADR of 18.0% 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 as well as 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 14.5%.
- an increase in Net Non-package Revenue of $1.6 million, or 1.8%, 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. Net Non-package Revenue also was impacted by a $5.7 million drag from Jewel Punta Cana and Jewel Palm Beach compared to the nine months ended September 30, 2022; partially offset by
- a decrease in Occupancy of 2.0 percentage points as a result of Jewel Punta Cana and Jewel Palm Beach.
  - Excluding Jewel Punta Cana and Jewel Palm Beach, Occupancy increased 4.1 percentage points compared to the nine months ended September 30, 2022.

Adjusted EBITDA

Our Adjusted EBITDA for the nine months ended September 30, 2023 increased $27.6 million, or 15.0%, compared to the nine months ended September 30, 2022. Adjusted EBITDA for the nine months ended September 30, 2023 was negatively impacted by $18.8 million due to the appreciation of the Mexican Peso and includes a $5.3 million benefit from business interruption proceeds and recoverable expenses related to Hurricane Fiona that impacted the Dominican Republic in the second half of 2022. Adjusted EBITDA was also negatively impacted by increased insurance premiums and utilities expenses compared to the nine months ended September 30, 2022.

Our Adjusted EBITDA Margin for the nine months ended September 30, 2023 increased 0.4 percentage points, or 1.4%, compared to the nine months ended September 30, 2022. Adjusted EBITDA Margin was negatively impacted by 270 basis points due to the appreciation of the Mexican Peso and positively impacted by 80 basis points from business interruption proceeds and recoverable expenses compared to the nine months ended September 30, 2022. Excluding these impacts, Adjusted EBITDA Margin would have been 31.8%, an increase of 2.4 percentage points compared to the nine months ended September 30, 2022.

[Table of Contents](#)

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

	Nine Months Ended September 30,		Increase/Decrease	
	2023	**2022**	**Change**	**% Change**
Net Package Revenue				
Comparable Net Package Revenue	$ 451,966	$ 391,715	$ 60,251	15.4 %
Non-comparable Net Package Revenue	155,132	138,001	17,131	12.4 %
Net Package Revenue	**607,098**	**529,716**	**77,382**	**14.6 %**
Net Non-package Revenue				
Comparable Net Non-package Revenue	65,635	65,307	328	0.5 %
Non-comparable Net Non-package Revenue	24,842	23,573	1,269	5.4 %
Net Non-package Revenue	**90,477**	**88,880**	**1,597**	**1.8 %**
The Playa Collection Revenue	**2,605**	**1,211**	**1,394**	**115.1 %**
Management Fee Revenue	**5,420**	**3,186**	**2,234**	**70.1 %**
Other Revenues	**1,697**	**667**	**1,030**	**154.4 %**
Total Net Revenue				
Comparable Total Net Revenue	527,323	462,086	65,237	14.1 %
Non-comparable Total Net Revenue	179,974	161,574	18,400	11.4 %
Total Net Revenue	**707,297**	**623,660**	**83,637**	**13.4 %**
Compulsory tips	18,363	14,935	3,428	23.0 %
Cost Reimbursements	9,327	6,868	2,459	35.8 %
Total revenue	**$ 734,987**	**$ 645,463**	**$ 89,524**	**13.9 %**

Direct Expenses

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

	Nine Months Ended September 30,		Increase/Decrease	
	2023	**2022**	**Change**	**% Change**
Direct expenses	$ 387,930	$ 343,298	$ 44,632	13.0 %
Less: compulsory tips	18,363	14,935	3,428	23.0 %
Net Direct Expenses	**$ 369,567**	**$ 328,363**	**$ 41,204**	**12.5 %**

Our direct expenses include resort expenses, such as food and beverage, salaries and wages, utilities and other ongoing operational expenses. 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.

Our Net Direct Expenses were $369.6 million, or 52.3%, of Total Net Revenue for the nine months ended September 30, 2023 and $328.4 million, or 52.7%, of Total Net Revenue for the nine months ended September 30, 2022. Net Direct Expenses for the nine months ended September 30, 2023 increased $41.2 million, or 12.5%, compared to the nine months ended September 30, 2022. Net Direct Expenses at our comparable properties increased $33.9 million, or 14.0%, compared to the nine months ended September 30, 2022 primarily due to the following:

- appreciation of the Mexican Peso compared to the nine months ended September 30, 2022, which impacts the majority of our expenses but primarily increased labor and food and beverage expenses during the nine months ended September 30, 2023;

- increased labor and related expenses as a result of union-negotiated and government-mandated wage and benefit increases compared to the nine months ended September 30, 2022; partially offset by
- a decrease in guest costs 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;
- a decrease in incentive and management fees due to the transition of management of the Jewel Punta Cana and Jewel Palm Beach to us from a third-party; and
- a decrease in occupancy-related expenses for our Dominican Republic segment due to lower occupancy at Jewel Palm Beach and Jewel Punta Cana.

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

Total Portfolio

	Nine Months Ended September 30,		Increase/Decrease	
	2023	2022	Change	% Change
Food and beverages	$ 85,145	$ 78,711	$ 6,434	8.2 %
Guest costs	16,507	22,102	(5,595)	(25.3) %
Salaries and wages	145,261	114,684	30,577	26.7 %
Repairs and maintenance	17,702	17,134	568	3.3 %
Utilities and sewage	35,664	35,178	486	1.4 %
Licenses and property taxes	2,707	1,853	854	46.1 %
Incentive and management fees	41	2,763	(2,722)	(98.5) %
Franchise fees	36,201	29,886	6,315	21.1 %
Transportation and travel expenses	5,295	4,103	1,192	29.1 %
Laundry and cleaning expenses	5,317	4,647	670	14.4 %
Property and equipment rental expense	4,922	4,071	851	20.9 %
Entertainment expenses and decoration	9,169	8,102	1,067	13.2 %
Office supplies	1,009	1,014	(5)	(0.5) %
Other operational expenses	4,627	4,115	512	12.4 %
Total Net Direct Expenses	**$ 369,567**	**$ 328,363**	**$ 41,204**	**12.5 %**

Comparable Portfolio

	Nine Months Ended September 30,		Increase/Decrease	
	2023	2022	Change	% Change
Food and beverages	$ 61,645	$ 56,238	$ 5,407	9.6 %
Guest costs	10,647	14,891	(4,244)	(28.5) %
Salaries and wages	116,057	89,141	26,916	30.2 %
Repairs and maintenance	14,338	14,010	328	2.3 %
Utilities and sewage	24,631	24,642	(11)	0.0 %
Licenses and property taxes	1,729	1,275	454	35.6 %
Incentive and management fees	—	1,556	(1,556)	(100.0) %
Franchise fees	26,205	22,291	3,914	17.6 %
Transportation and travel expenses	2,501	1,935	566	29.3 %
Laundry and cleaning expenses	3,847	3,396	451	13.3 %
Property and equipment rental expense	1,977	1,822	155	8.5 %
Entertainment expenses and decoration	7,407	6,752	655	9.7 %
Office supplies	686	709	(23)	(3.2) %
Other operational expenses	3,410	2,569	841	32.7 %
Total Net Direct Expenses	**$ 275,080**	**$ 241,227**	**$ 33,853**	**14.0 %**

Selling, General and Administrative Expenses

Our selling, general and administrative expenses for the nine months ended September 30, 2023 increased $11.2 million, or 8.6%, compared to the nine months ended September 30, 2022. The increase was primarily driven by a $7.3 million increase in insurance expense driven by higher insurance premiums for the current year, a $2.3 million increase in travel agent and tour operator commissions expense and a $1.8 million increase in the provision for doubtful accounts due to the reversal of expense during the nine months ended September 30, 2022 following the economic recovery from the COVID-19 pandemic.

Depreciation and Amortization Expense

Our depreciation and amortization expense for the nine months ended September 30, 2023 increased $2.4 million, or 4.1%, compared to the nine months ended September 30, 2022, due to accelerated depreciation recorded on asset disposals at Hyatt Zilara Cancún and ongoing renovations of the Hyatt Ziva Puerto Vallarta and Hyatt Ziva Los Cabos.

Gain on Insurance Proceeds

Our gain on insurance proceeds for the nine months ended September 30, 2023 increased $4.7 million, or 100.0%, compared to the nine months ended September 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 nine months ended September 30, 2022.

Interest Expense

Our interest expense for the nine months ended September 30, 2023 increased $42.4 million, or 106.4%, compared to the nine months ended September 30, 2022. The increase in interest expense was driven primarily by a $29.7 million of additional interest from the Term Loan due 2029, which incurs interest based on SOFR plus a margin of 4.25%. The increase was also due to a $25.0 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. These increases were partially offset by a $14.4 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 $71.5 million for the nine months ended September 30, 2023, representing a $16.5 million, or 30.0% increase as compared to the nine months ended September 30, 2022. The increase was primarily driven by a $30.2 million increase in cash interest paid for our Term Loan due 2029. This increase was partially offset by a $14.4 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 nine months ended September 30, 2023, our income tax provision was $4.8 million, compared to a $3.2 million income tax provision for the nine months ended September 30, 2022. The increase in our income tax provision of $1.6 million was primarily driven by an additional $2.0 million of expense due to unfavorable foreign exchange rate fluctuations, primarily at our Mexico and Dominican Republic entities, $0.8 million associated with the APA tax expense for our Dominican Republic entities, and $0.4 million due to changes in valuation allowances, which was partially offset by a $2.0 million decrease due to lower pre-tax book income for our taxpaying entities compared to the nine months ended September 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 nine months ended September 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 (loss) 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 (loss) 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 three months ended September 30, 2023 excludes the Hilton La Romana All-Inclusive Resort and the Hyatt Ziva and Hyatt Zilara Cap Cana which were closed the last 12 days of the three months ended September 30, 2022 to expedite necessary clean up and repair work as a result of Hurricane Fiona.

Our comparable portfolio for the nine months ended September 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, and the Hilton La Romana All-Inclusive Resort and the Hyatt Ziva and Hyatt Zilara Cap Cana which were closed the last 12 days of the nine months ended September 30, 2022 to expedite necessary clean up and repair work as a result of Hurricane Fiona.

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 September 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 September 30, 2023 and 2022 *($ in thousands)*:

	Three Months Ended September 30,		Increase / Decrease	
	2023	**2022**	**Change**	**% Change**
Owned Net Revenue				
Yucatán Peninsula	$ 65,138	$ 65,594	$ (456)	(0.7) %
Pacific Coast	29,236	30,301	(1,065)	(3.5) %
Dominican Republic	57,142	55,190	1,952	3.5 %
Jamaica	49,838	43,759	6,079	13.9 %
Segment Owned Net Revenue	**201,354**	**194,844**	**6,510**	**3.3 %**
Other revenues	531	199	332	166.8 %
The Playa Collection	1,051	517	534	103.3 %
Management fees	1,369	786	583	74.2 %
Total Net Revenue	**$ 204,305**	**$ 196,346**	**$ 7,959**	**4.1 %**

	Three Months Ended September 30,		Increase / Decrease	
	2023	**2022**	**Change**	**% Change**
Owned Resort EBITDA				
Yucatán Peninsula	$ 16,844	$ 21,617	$ (4,773)	(22.1) %
Pacific Coast	7,947	10,512	(2,565)	(24.4) %
Dominican Republic	12,673	14,014	(1,341)	(9.6) %
Jamaica	15,333	11,267	4,066	36.1 %
Segment Owned Resort EBITDA	**52,797**	**57,410**	**(4,613)**	**(8.0)%**
Other corporate	(14,706)	(13,839)	(867)	(6.3) %
The Playa Collection	1,051	517	534	103.3 %
Management fees	1,369	786	583	74.2 %
Total Adjusted EBITDA	**$ 40,511**	**$ 44,874**	**$ (4,363)**	**(9.7)%**

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

Yucatán Peninsula

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

	Three Months Ended September 30,		Increase / Decrease	
	2023	**2022**	**Change**	**% Change**
Occupancy	73.9 %	77.0 %	(3.1)pts	(4.0)%
Net Package ADR	$ 399.10	$ 383.56	$ 15.54	4.1 %
Net Package RevPAR	$ 294.84	$ 295.38	$ (0.54)	(0.2)%
		($ in thousands)		
Net Package Revenue[(1)]	$ 57,668	$ 57,774	$ (106)	(0.2)%
Net Non-package Revenue[(1)]	7,470	7,820	(350)	(4.5)%
Owned Net Revenue	65,138	65,594	(456)	(0.7)%
Owned Resort EBITDA	$ 16,844	$ 21,617	$ (4,773)	(22.1)%
Owned Resort EBITDA Margin	25.9 %	33.0 %	(7.1)pts	(21.5)%

(1) For the three months ended September 30, 2022, includes $1.1 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 September 30, 2023 decreased $0.5 million, or 0.7%, compared to the three months ended September 30, 2022 and was driven by:

- a decrease in Occupancy of 3.1 percentage points driven by a lower MICE group contribution to our guest mix and demand for European travel destinations from American sourced guests;
- a decrease in Net Non-package Revenue of $0.4 million, or 4.5%, compared to the three months ended September 30, 2022;
  - Net Non-package Revenue per sold room decreased 0.4%, primarily driven by a lower MICE group contribution to our guest mix; partially offset by
- an increase in Net Package ADR of 4.1%.

Segment Owned Resort EBITDA. Our Owned Resort EBITDA for the three months ended September 30, 2023 decreased $4.8 million, or 22.1%, compared to the three months ended September 30, 2022. The decrease was largely due to a $5.5 million impact as a result of the appreciation of the Mexican Peso, union-negotiated and government-mandated wage and benefit increases and increases in insurance premiums compared to the three months ended September 30, 2022.

- Our Owned Resort EBITDA Margin for the three months ended September 30, 2023 was 25.9%, a decrease of 7.1 percentage points compared to the three months ended September 30, 2022. Owned Resort EBITDA Margin was negatively impacted by 840 basis points due to the appreciation of the Mexican Peso and by 230 basis points from increases in labor and related expenses, which were partially due to union-negotiated and government-mandated wage and benefit increases compared to the three months ended September 30, 2022. Excluding the impact from the appreciation of the Mexican Peso, Owned Resort EBITDA Margin for the three months ended September 30, 2023 would have been 34.3%, an increase of 1.3 percentage points compared to the three months ended September 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 September 30, 2023 and 2022 for the total segment portfolio:

	Three Months Ended September 30,		Increase / Decrease	
	2023	**2022**	**Change**	**% Change**
Occupancy	64.5 %	72.3 %	(7.8)pts	(10.8)%
Net Package ADR	$ 478.83	$ 442.88	$ 35.95	8.1 %
Net Package RevPAR	$ 309.05	$ 320.10	$ (11.05)	(3.5)%
		($ in thousands)		
Net Package Revenue[1]	$ 26,328	$ 27,270	$ (942)	(3.5)%
Net Non-package Revenue[1]	2,908	3,031	(123)	(4.1)%
Owned Net Revenue	29,236	30,301	(1,065)	(3.5)%
Owned Resort EBITDA	$ 7,947	$ 10,512	$ (2,565)	(24.4)%
Owned Resort EBITDA Margin	27.2 %	34.7 %	(7.5)pts	(21.6)%

(1) For the three months ended September 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 September 30, 2023 decreased $1.1 million, or 3.5%, compared to the three months ended September 30, 2022 and was driven by:

- a decrease in Occupancy of 7.8 percentage points, driven by ongoing renovations at the two resorts in this segment and an increase in demand for European travel destinations from American sourced guests;
- a decrease in Net Non-package Revenue of $0.1 million, or 4.1%, primarily driven by a lower MICE group contribution to our guest mix;
  - Net Non-package Revenue per sold room increased 7.4%;
- an increase in Net Package ADR of 8.1%.

Segment Owned Resort EBITDA. Our Owned Resort EBITDA for the three months ended September 30, 2023 decreased $2.6 million, or 24.4%, compared to the three months ended September 30, 2022. Owned Resort EBITDA compared to the three months ended September 30, 2022 was negatively impacted by $2.4 million due to the appreciation of the Mexican Peso, increases in labor and related expenses, which were due to union-negotiated and government-mandated wage and benefit increases, and increases in insurance premiums and energy costs.

- Our Owned Resort EBITDA Margin for the three months ended September 30, 2023 was 27.2%, a decrease of 7.5 percentage points compared to the three months ended September 30, 2022. Owned Resort EBITDA Margin was negatively impacted by 800 basis points due to the appreciation of the Mexican Peso and by 250 basis points from increases in labor and related expenses, which were partially due to union-negotiated and government-mandated wage and benefit increases compared to the three months ended September 30, 2022. Excluding the impact from the appreciation of the Mexican Peso, Owned Resort EBITDA Margin would have been 35.2%, an increase of 0.5 percentage points compared to the three months ended September 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 September 30, 2023 and 2022 for the total segment portfolio:

Total Portfolio

	Three Months Ended September 30,		Increase / Decrease	
	2023	2022	Change	% Change
Occupancy	66.4 %	70.7 %	(4.3)pts	(6.1)%
Net Package ADR	$ 306.69	$ 272.53	$ 34.16	12.5 %
Net Package RevPAR	$ 203.76	$ 192.69	$ 11.07	5.7 %
		($ in thousands)		
Net Package Revenue[(1)]	$ 49,565	$ 46,871	$ 2,694	5.7 %
Net Non-package Revenue[(1)]	7,577	8,319	(742)	(8.9)%
Owned Net Revenue	57,142	55,190	1,952	3.5 %
Owned Resort EBITDA	$ 12,673	$ 14,014	$ (1,341)	(9.6)%
Owned Resort EBITDA Margin	22.2 %	25.4 %	(3.2)pts	(12.6)%

(1) For the three months ended September 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.

***Comparable Portfolio** [(2)]*

	Three Months Ended September 30,		Increase / Decrease	
	2023	2022	Change	% Change
Occupancy	63.3 %	81.0 %	(17.7)pts	(21.9)%
Net Package ADR	$ 122.36	$ 154.05	$ (31.69)	(20.6)%
Net Package RevPAR	$ 77.41	$ 124.71	$ (47.30)	(37.9)%
		($ in thousands)		
Net Package Revenue[(1)]	$ 7,977	$ 12,850	$ (4,873)	(37.9)%
Net Non-package Revenue[(1)]	1,430	2,621	(1,191)	(45.4)%
Owned Net Revenue	9,407	15,471	(6,064)	(39.2)%
Owned Resort EBITDA	$ (3,370)	$ 2,710	$ (6,080)	(224.4)%
Owned Resort EBITDA Margin	(35.8)%	17.5 %	(53.3)pts	(304.6)%

(2) For the three months ended September 30, 2023, our comparable portfolio excludes the Hilton La Romana All-Inclusive Resort and the Hyatt Ziva and Hyatt Zilara Cap Cana which were closed the last 12 days of the three months ended September 30, 2022 to expedite necessary clean up and repair work as a result of Hurricane Fiona.

Segment Owned Net Revenue. Our Owned Net Revenue for the three months ended September 30, 2023 increased $2.0 million, or 3.5%, compared to the three months ended September 30, 2022. The increase was due to the following:

- an increase in Net Package ADR of 12.5%; partially offset by
- a decrease in Occupancy of 4.3 percentage points as a result of lower occupancies at Jewel Punta Cana and Jewel Palm Beach due to the transition of management. Excluding these resorts, Occupancy increased 5.6 percentage points compared to the three months ended September 30, 2022, when we experienced reduced occupancy as a result of Hurricane Fiona. The increase was partially offset by higher demand for European travel destinations from American sourced guests; and
- a decrease in Net Non-package Revenue of $0.7 million, or 8.9%, compared to the three months ended September 30, 2022.
  - Net Non-package Revenue per sold room decreased 3.1% compared to the three months ended September 30, 2022, which was primarily due to a decrease in Net Non-package Revenue at Jewel Punta Cana and Jewel Palm Beach during

the three months ended September 30, 2023. Excluding these resorts, Net Non-package Revenue increased 7.9%, and Net Non-package Revenue per sold room decreased 0.9%.

Our Comparable Owned Net Revenue for the three months ended September 30, 2023 decreased $6.1 million due to the transition of management of the Jewel Punta Cana and Jewel Palm Beach that resulted in lower occupancies compared to the three months ended September 30, 2022.

Segment Owned Resort EBITDA. Our Owned Resort EBITDA for the three months ended September 30, 2023 decreased $1.3 million, or 9.6%, compared to the three months ended September 30, 2022.

- Excluding Jewel Punta Cana and Jewel Palm Beach, Owned Resort EBITDA increased $4.7 million compared to the three months ended September 30, 2022, and includes a $1.0 million benefit from business interruption insurance proceeds and recoverable expenses related to Hurricane Fiona in the Dominican Republic during the second half of 2022. This increase was partially offset by increased insurance premiums and utilities expenses compared to the three months ended September 30, 2022.
- Our Owned Resort EBITDA Margin for the three months ended September 30, 2023 was 22.2%, a decrease of 3.2 percentage points compared to the three months ended September 30, 2022, and includes a negative impact of 1,140 basis points due to reduced Occupancy at Jewel Punta Cana and Jewel Palm Beach, partially offset by a favorable impact of 170 basis points from business interruption proceeds and recoverable expenses related to Hurricane Fiona. Excluding the aforementioned business interruption benefit and the drag from the two Jewel properties, Owned Resort EBITDA Margin for the three months ended September 30, 2023 was 31.6%, an increase of 3.1 percentage points compared to the three months ended September 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 September 30, 2023 and 2022 for the total segment portfolio:

	Three Months Ended September 30,		Increase / Decrease	
	2023	**2022**	**Change**	**% Change**
Occupancy	77.6 %	75.5 %	2.1 pts	2.8 %
Net Package ADR	$ 422.23	$ 368.81	$ 53.42	14.5 %
Net Package RevPAR	$ 327.86	$ 278.43	$ 49.43	17.8 %
		($ in thousands)		
Net Package Revenue[1]	$ 43,073	$ 36,579	$ 6,494	17.8 %
Net Non-package Revenue[1]	6,765	7,180	(415)	(5.8)%
Owned Net Revenue	49,838	43,759	6,079	13.9 %
Owned Resort EBITDA	$ 15,333	$ 11,267	$ 4,066	36.1 %
Owned Resort EBITDA Margin	30.8 %	25.7 %	5.1 pts	19.8 %

(1) For the three months ended September 30, 2022, includes $0.3 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.

Segment Owned Net Revenue. Our Owned Net Revenue for the three months ended September 30, 2023 increased $6.1 million, or 13.9%, compared to the three months ended September 30, 2022. The increase was due to the following:

- ongoing recovery in this segment during the third quarter of 2023, which resulted in a 2.1 percentage point increase in Occupancy and a 14.5% increase in Net Package ADR despite a lower MICE group contribution to our guest mix; partially offset by
- a decrease in Net Non-package Revenue of $0.4 million, or 5.8%, compared to the three months ended September 30, 2022.
    - Net Non-package Revenue per sold room decreased 8.4% as a result of a lower MICE group contribution to our guest mix.

Segment Owned Resort EBITDA. Our Owned Resort EBITDA for the three months ended September 30, 2023 increased $4.1 million, or 36.1%, compared to the three months ended September 30, 2022. The increase was a result of Net Package ADR and Occupancy growth and a decrease in energy prices, which offset pressure on wages and benefit related expenses and increased insurance premiums compared to the three months ended September 30, 2022.

- Our Owned Resort EBITDA Margin for the three months ended September 30, 2023 increased 5.1 percentage points, or 19.8%, compared to the three months ended September 30, 2022. Owned Resort EBITDA Margin was positively impacted by 160 basis points due to a decline in utilities expenses and energy prices compared to the three months ended September 30, 2022.

Segment Results

Nine Months Ended September 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 nine months ended September 30, 2023 and 2022 *($ in thousands)*:

	Nine Months Ended September 30,		Increase / Decrease	
	2023	**2022**	**Change**	**% Change**
Owned Net Revenue				
Yucatán Peninsula	$ 228,777	$ 204,200	$ 24,577	12.0 %
Pacific Coast	107,527	92,901	14,626	15.7 %
Dominican Republic	191,038	189,714	1,324	0.7 %
Jamaica	170,233	131,781	38,452	29.2 %
Segment Owned Net Revenue	**697,575**	**618,596**	**78,979**	**12.8 %**
Other	1,697	667	1,030	154.4 %
The Playa Collection	2,605	1,211	1,394	115.1 %
Management Fee Revenue	5,420	3,186	2,234	70.1 %
Total Net Revenue	**$ 707,297**	**$ 623,660**	**$ 83,637**	**13.4 %**

	Nine Months Ended September 30,		Increase / Decrease	
	2023	**2022**	**Change**	**% Change**
Owned Resort EBITDA				
Yucatán Peninsula	$ 79,107	$ 77,049	$ 2,058	2.7 %
Pacific Coast	40,353	36,966	3,387	9.2 %
Dominican Republic	61,501	63,138	(1,637)	(2.6) %
Jamaica	64,337	40,567	23,770	58.6 %
Segment Owned Resort EBITDA	**245,298**	**217,720**	**27,578**	**12.7 %**
Other corporate	(42,201)	(38,596)	(3,605)	(9.3) %
The Playa Collection	2,605	1,211	1,394	115.1 %
Management Fee Revenue	5,420	3,186	2,234	70.1 %
Total Adjusted EBITDA	**$ 211,122**	**$ 183,521**	**$ 27,601**	**15.0 %**

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

Yucatán Peninsula

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

	Nine Months Ended September 30,		Increase / Decrease	
	2023	2022	Change	% Change
Occupancy	78.1 %	74.6 %	3.5 pts	4.7 %
Net Package ADR	$ 446.69	$ 410.94	$ 35.75	8.7 %
Net Package RevPAR	$ 348.89	$ 306.76	$ 42.13	13.7 %
	($ in thousands)			
Net Package Revenue [1]	$ 202,498	$ 178,045	$ 24,453	13.7 %
Net Non-package Revenue [1]	26,279	26,155	124	0.5 %
Owned Net Revenue	228,777	204,200	24,577	12.0 %
Owned Resort EBITDA	$ 79,107	$ 77,049	$ 2,058	2.7 %
Owned Resort EBITDA Margin	34.6 %	37.7 %	(3.1)pts	(8.2)%

(1) For the nine months ended September 30, 2022, includes $3.0 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 nine months ended September 30, 2023 increased $24.6 million, or 12.0%, compared to the nine months ended September 30, 2022. The increase was due to the following:

- an increase in Occupancy of 3.5 percentage points driven by an increase in guests sourced from Mexico and Canada;
- an increase in Net Package ADR of 8.7%, which is partially driven by a higher MICE group contribution to our guest mix; and
- an increase in Net Non-package Revenue of $0.1 million, or 0.5%.
    - Net Non-package Revenue per sold room decreased 4.0% due to a decrease of $1.0 million from 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 was flat compared to the nine months ended September 30, 2022.

Segment Owned Resort EBITDA. Our Owned Resort EBITDA for the nine months ended September 30, 2023 increased $2.1 million, or 2.7%, compared to the nine months ended September 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 a negative impact of $13.0 million due to the appreciation of the Mexican Peso as well as increases in labor and related expenses, which were partially due to union-negotiated and government-mandated wage and benefit increases, as well as increases in insurance premiums and utilities expenses compared to the nine months ended September 30, 2022.

- Our Owned Resort EBITDA Margin for the nine months ended September 30, 2023 was 34.6%, a decrease of 3.1 percentage points compared to the nine months ended September 30, 2022. Owned Resort EBITDA Margin was negatively impacted by 570 basis points due to the appreciation of the Mexican Peso and by 270 basis points due to increases in labor and related expenses, which were partially due to union-negotiated and government-mandated wage and benefit increases compared to the nine months ended September 30, 2022. Excluding the impact from the appreciation of the Mexican Peso, Owned Resort EBITDA Margin would have been 40.3%, an increase of 2.6 percentage points compared to the nine months ended September 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 nine months ended September 30, 2023 and 2022 for the total segment portfolio:

	Nine Months Ended September 30,		Increase / Decrease	
	2023	2022	Change	% Change
Occupancy	71.8 %	71.4 %	0.4 pts	0.6 %
Net Package ADR	$ 523.16	$ 453.76	$ 69.40	15.3 %
Net Package RevPAR	$ 375.80	$ 324.18	$ 51.62	15.9 %
	($ in thousands)			
Net Package Revenue [1]	$ 95,000	$ 81,953	$ 13,047	15.9 %
Net Non-package Revenue [1]	12,527	10,948	1,579	14.4 %
Owned Net Revenue	107,527	92,901	14,626	15.7 %
Owned Resort EBITDA	$ 40,353	$ 36,966	$ 3,387	9.2 %
Owned Resort EBITDA Margin	37.5 %	39.8 %	(2.3)pts	(5.8)%

(1) For the nine months ended September 30, 2023, includes $0.7 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 nine months ended September 30, 2023 increased $14.6 million, or 15.7%, compared to the nine months ended September 30, 2022. The increase was due to the following:

- an increase in Occupancy of 0.4 percentage points compared to the nine months ended September 30, 2022, driven by an increase in guests sourced from Mexico, partially offset by a decrease in guests sourced from the United States;
- an increase in Net Package ADR of 15.3%; and
- an increase in Net Non-package Revenue of $1.6 million, or 14.4%.
  - Net Non-package Revenue per sold room increased 13.8% 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 21.6% compared to the nine months ended September 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 nine months ended September 30, 2023 increased $3.4 million, or 9.2%, compared to the nine months ended September 30, 2022. Owned Resort EBITDA compared to the nine months ended September 30, 2022 was negatively impacted by $5.6 million due to the appreciation of the Mexican Peso, increases in labor and related expenses, partially due to union-negotiated and government-mandated wage and benefit increases, and increases in insurance premiums and energy costs.

- Our Owned Resort EBITDA Margin for the nine months ended September 30, 2023 was 37.5%, a decrease of 2.3 percentage points compared to the nine months ended September 30, 2022. Owned Resort EBITDA Margin was negatively impacted by 520 basis points due to the appreciation of the Mexican Peso and by 280 basis points due to increases in labor and related expenses, which were partially due to union-negotiated and government-mandated wage and benefit increases compared to the nine months ended September 30, 2022. Excluding the impact from the appreciation of the Mexican Peso, Owned Resort EBITDA Margin would have been 42.7%, an increase of 2.9 percentage points compared to the nine months ended September 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 nine months ended September 30, 2023 and 2022 for the total segment portfolio and comparable segment portfolio:

Total Portfolio

	Nine Months Ended September 30,		Increase / Decrease	
	2023	2022	Change	% Change
Occupancy	61.4 %	74.2 %	(12.8)pts	(17.3)%
Net Package ADR	$ 371.51	$ 301.15	$ 70.36	23.4 %
Net Package RevPAR	$ 228.21	$ 223.34	$ 4.87	2.2 %
	($ in thousands)			
Net Package Revenue [(1)]	$ 164,723	$ 161,206	$ 3,517	2.2 %
Net Non-package Revenue [(1)]	26,315	28,508	(2,193)	(7.7)%
Owned Net Revenue	191,038	189,714	1,324	0.7 %
Owned Resort EBITDA	$ 61,501	$ 63,138	$ (1,637)	(2.6)%
Owned Resort EBITDA Margin	32.2 %	33.3 %	(1.1)pts	(3.3)%

(1) For the nine months ended September 30, 2022, includes $3.3 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 [(2)]

	Nine Months Ended September 30,		Increase / Decrease	
	2023	2022	Change	% Change
Occupancy	41.5 %	78.6 %	(37.1)pts	(47.2)%
Net Package ADR	$ 136.66	$ 174.45	$ (37.79)	(21.7)%
Net Package RevPAR	$ 56.66	$ 137.10	$ (80.44)	(58.7)%
	($ in thousands)			
Net Package Revenue	$ 9,591	$ 23,205	$ (13,614)	(58.7)%
Net Non-package Revenue	1,473	4,935	(3,462)	(70.2)%
Owned Net Revenue	11,064	28,140	(17,076)	(60.7)%
Owned Resort EBITDA	$ (6,627)	$ 6,463	$ (13,090)	(202.5)%
Owned Resort EBITDA Margin	(59.9)%	23.0 %	(82.9)pts	(360.4)%

(2) For the nine months ended September 30, 2023, our comparable portfolio excludes 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, and the Hilton La Romana All-Inclusive Resort and the Hyatt Ziva and Hyatt Zilara Cap Cana.

Segment Owned Net Revenue. Our Owned Net Revenue for the nine months ended September 30, 2023 increased $1.3 million, or 0.7%, compared to the nine months ended September 30, 2022. The increase was due to the following:

- an increase in Net Package ADR of 23.4% which was partially 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 the segment during the nine months ended September 30, 2023. Excluding these resorts, Net Package ADR increased 17.3%; partially offset by
- a decrease in Occupancy of 12.8 percentage points as a result of significantly reduced Occupancy at Jewel Punta Cana and Jewel Palm Beach. Excluding these resorts, Occupancy increased 4.0 percentage points; and

- a decrease in Net Non-package Revenue of $2.2 million, or 7.7%.
  - Net Non-package Revenue per sold room increased 11.4%, which includes:
    - a decrease as a result of reduced Occupancy at Jewel Punta Cana and Jewel Palm Beach during the nine months ended September 30, 2023 due to the transition of management. Excluding these resorts, Net Non-package Revenue increased 17.4%; 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 the two Jewel properties, Net Non-package Revenue per sold room increased 15.9% compared to the nine months ended September 30, 2022, driven by a higher MICE group contribution to our guest mix.

Our Comparable Owned Net Revenue for the nine months ended September 30, 2023 decreased $17.1 million due to the transition of management of the Jewel Punta Cana that resulted in lower occupancies compared to the nine months ended September 30, 2022.

Segment Owned Resort EBITDA. Our Owned Resort EBITDA for the nine months ended September 30, 2023 decreased $1.6 million, or 2.6%, compared to the nine months ended September 30, 2022.

- Excluding Jewel Punta Cana and Jewel Palm Beach, Owned Resort EBITDA increased $22.0 million compared to the nine months ended September 30, 2022 due to lower energy prices that were partially offset by increased insurance premiums. Owned Resort EBITDA includes a $5.3 million benefit from business interruption proceeds and recoverable expenses received during the nine months ended September 30, 2023 related to Hurricane Fiona that impacted the Dominican Republic in the second half of 2022. Excluding the aforementioned business interruption benefit and the drag from the two Jewel properties, Owned Resort EBITDA increased $16.7 million, or 32.1%, compared to the nine months ended September 30, 2022.
- Our Owned Resort EBITDA Margin for the nine months ended September 30, 2023 was 32.2%, a decrease of 1.1 percentage points compared to the nine months ended September 30, 2022. Excluding the aforementioned business interruption benefit and the drag from the two Jewel properties, Owned Resort EBITDA Margin for the nine months ended September 30, 2023 was 40.2%, an increase of 2.7 percentage points compared to the nine months ended September 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 nine months ended September 30, 2023 and 2022 for the total segment portfolio:

	Nine Months Ended September 30,		Increase / Decrease	
	2023	2022	Change	% Change
Occupancy	80.8 %	73.1 %	7.7 pts	10.5 %
Net Package ADR	$ 459.66	$ 380.64	$ 79.02	20.8 %
Net Package RevPAR	$ 371.63	$ 278.35	$ 93.28	33.5 %
		($ in thousands)		
Net Package Revenue [(1)]	$ 144,877	$ 108,512	$ 36,365	33.5 %
Net Non-package Revenue [(1)]	25,356	23,269	2,087	9.0 %
Owned Net Revenue	170,233	131,781	38,452	29.2 %
Owned Resort EBITDA	$ 64,337	$ 40,567	$ 23,770	58.6 %
Owned Resort EBITDA Margin	37.8 %	30.8 %	7.0 pts	22.7 %

(1) For the nine months ended September 30, 2022, includes $0.8 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 nine months ended September 30, 2023 increased $38.5 million, or 29.2%, compared to the nine months ended September 30, 2022. The increase was due to the following:

- an increase in Occupancy of 7.7 percentage points, driven by an increase in guests sourced from the United States following the ongoing recovery in the segment;
- an increase in Net Package ADR of 20.8%; and

- an increase in Net Non-package Revenue of $2.1 million, or 9.0%, 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 13.8%, a 3.0% increase per sold room compared to the nine months ended September 30, 2022, partially driven by an increase in group sales.

Segment Owned Resort EBITDA. Our Owned Resort EBITDA for the nine months ended September 30, 2023 increased $23.8 million, or 58.6%, compared to the nine months ended September 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 and a decline in energy prices, partially offset by increases in insurance premiums compared to the nine months ended September 30, 2022.

- Our Owned Resort EBITDA Margin for the nine months ended September 30, 2023 increased 7.0 percentage points, or 22.7%, compared to the nine months ended September 30, 2022. Owned Resort EBITDA Margin was positively impacted by 80 basis points due to a decline in utilities expenses and energy prices compared to the nine months ended September 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 (loss) income to EBITDA, Adjusted EBITDA, Owned Resort EBITDA and Comparable Owned Resort EBITDA for the three and nine months ended September 30, 2023 and 2022 (*$ in thousands*):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net (loss) income	**$ (10,504)**	**$ (2,229)**	**$ 52,848**	**$ 71,043**
Interest expense	26,552	17,832	82,337	39,892
Income tax (benefit) provision	(2,808)	268	4,840	3,168
Depreciation and amortization	22,548	19,502	61,055	58,630
EBITDA	**35,788**	**35,373**	**201,080**	**172,733**
Other expense (income) [(a)]	350	(2,608)	321	(7,850)
Share-based compensation	3,343	2,777	9,951	9,043
Transaction expense [(b)]	742	582	2,107	1,384
Repairs from hurricanes and tropical storms [(c)]	77	8,850	(815)	8,850
Loss on sale of assets	6	2	17	11
Non-service cost components of net periodic pension benefit (cost)	205	(102)	(1,539)	(650)
Adjusted EBITDA	**40,511**	**44,874**	**211,122**	**183,521**
Other corporate [(d)(e)]	14,706	13,839	42,201	38,596
The Playa Collection	(1,051)	(517)	(2,605)	(1,211)
Management fees	(1,369)	(786)	(5,420)	(3,186)
Owned Resort EBITDA	**52,797**	**57,410**	**245,298**	**217,720**
Less: Non-comparable Owned Resort EBITDA	16,043	11,304	68,128	56,675
Comparable Owned Resort EBITDA[(f)(g)]	**$ 36,754**	**$ 46,106**	**$ 177,170**	**$ 161,045**

(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) 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 nine months ended September 30, 2023, represents changes in the expected repair and clean-up expenses for the Jewel Punta Cana related to the impact of Hurricane Fiona.

(d) For the three months ended September 30, 2023 and 2022, represents corporate salaries and benefits of $10.3 million for 2023 and $8.8 million for 2022, professional fees of $2.4 million for 2023 and $2.8 million for 2022, corporate rent and insurance of $1.0 million for 2023 and $1.0 million for 2022, and corporate travel, software licenses, board fees and other miscellaneous corporate expenses of $1.0 million for 2023 and $1.2 million for 2022.

(e) For the nine months ended September 30, 2023 and 2022, represents corporate salaries and benefits of $30.0 million for 2023 and $25.9 million for 2022, professional fees of $6.2 million for 2023 and $6.7 million for 2022, corporate rent and insurance of $2.9 million for 2023 and $3.0 million for 2022, and corporate travel, software licenses, board fees and other miscellaneous corporate expenses of $3.1 million for 2023 and $3.0 million for 2022.

(f) Our comparable portfolio for the three months ended September 30, 2023 excludes the Hilton La Romana All-Inclusive Resort and the Hyatt Ziva and Hyatt Zilara Cap Cana which were closed the last 12 days of the three months ended September 30, 2022 to expedite necessary clean up and repair work as a result of Hurricane Fiona.

(g) Our comparable portfolio for the nine months ended September 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, and the Hilton La Romana All-Inclusive Resort and the Hyatt Ziva and Hyatt Zilara Cap Cana which were closed the last 12 days of the three months ended September 30, 2022 to expedite necessary clean up and repair work as a result of Hurricane Fiona.

Seasonality

The seasonality of the lodging industry and the location of our resorts in Mexico, Jamaica and the Dominican Republic have historically resulted in the greatest demand for our resorts 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 expect that inflationary pressures may remain elevated for the remainder of 2023 and into 2024, 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 nine months ended September 30, 2023 was $75.2 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 September 30, 2023, we had $184.4 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 September 30, 2023. As of October 31, 2023, we had approximately $172.9 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 September 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 on Form 10-K for the year ended December 31, 2022, filed with the SEC on February 23, 2023. As of September 30, 2023, we had $27.8 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 decline or are materially adversely impacted, 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)*:

	Nine Months Ended September 30,	
	2023	2022
Net cash provided by operating activities	$ 75,165	$ 136,742
Net cash used in investing activities	$ (12,840)	$ (21,743)
Net cash used in financing activities	$ (161,862)	$ (36,888)
(Decrease) increase in cash and cash equivalents	**$ (99,537)**	**$ 78,111**

Cash Flows from Operating Activities

Our net cash from operating activities is generated primarily from operating income of our resorts. For the nine months ended September 30, 2023, our net cash provided by operating activities was $75.2 million compared to $136.7 million for the nine months ended September 30, 2022.

Cash Flows from Investing Activities

Our net cash used in investing activities was $12.8 million for the nine months ended September 30, 2023 compared to $21.7 million for the nine months ended September 30, 2022.

Activity for the nine months ended September 30, 2023:

- Purchases of property and equipment of $30.5 million, consisting of maintenance capital expenditures as well as renovation costs of the Hyatt Ziva Puerto Vallarta and Hyatt Ziva Los Cabos; and
- Property damage insurance proceeds related to the impacts of Hurricane Fiona in the Dominican Republic of $17.8 million.

Activity for the nine months ended September 30, 2022:

- Purchases of property and equipment of $21.6 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 $161.9 million for the nine months ended September 30, 2023 compared to $36.9 million for the nine months ended September 30, 2022.

Activity for the nine months ended September 30, 2023:

- Principal payments on our Term Loan due 2029 of $8.3 million; and
- Repurchases of ordinary shares of $153.3 million.

Activity for the nine months ended September 30, 2022:

- Principal payments on our prior Term Loan of $32.4 million, which included 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 2020 as well as our quarterly principal payments; and

- Repurchases of ordinary shares of $4.2 million.

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 a 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 September 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 nine months ended September 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 73.6% of our resort-level operating expenses for the nine months ended September 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 September 30, 2023 would have impacted our Owned Resort EBITDA by approximately $8.2 million on a year-to-date basis.

- The effect of an immediate 5% adverse change in foreign exchange rates on Dominican Peso-denominated expenses at September 30, 2023 would have impacted our Owned Resort EBITDA by approximately $5.1 million on a year-to-date basis.

- The effect of an immediate 5% adverse change in foreign exchange rates on Jamaican Dollar-denominated expenses at September 30, 2023 would have impacted our Owned Resort EBITDA by approximately $4.2 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 September 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 September 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]
July 1, 2023 to July 31, 2023	2,933,971	$ 8.21	2,933,971	$ 110,989
August 1, 2023 to August 31, 2023	4,688,426	7.44	4,688,426	76,115
September 1, 2023 to September 30, 2023	2,390,628	7.36	2,390,628	58,515
Total	**10,013,025**	**$ 7.65**	**10,013,025**	**$ 58,515**

[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 September 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.

Table of Contents

Item 6. *Exhibits.*

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

Exhibit Number	Exhibit Description
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 September 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 (Loss) 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: November 2, 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: November 2, 2023

By: /s/ Ryan Hymel
Ryan Hymel
Chief Financial Officer
(Principal Financial Officer)