Playa Hotels & Resorts N.V.

Dutch statutory board report and financial statements
for the fiscal year ended December 31, 2023

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1. INTRODUCTION

1.1 Preparation

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

This annual report has been prepared by the Company’s board of directors (the “Board”) pursuant to Section 2:391 of the Dutch Civil Code (“DCC”) and also contains (i) the Company’s statutory annual accounts within the meaning of Section 2:361(1) DCC and (ii) to the extent applicable, the information to be added pursuant to Section 2:392 DCC. This annual report relates to the fiscal year ended December 31, 2023 and, unless explicitly stated otherwise, information presented in this annual report is as of December 31, 2023.

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

1.2 Forward-looking statements

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

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

- *general economic uncertainty and the effect of general economic conditions, including inflation, elevated interest rates and worsening global economic conditions or low levels of economic growth, 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 to 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 (including expected increases in our corporate tax rate pursuant to the Dutch Minimum Tax Act 2024), 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 public health crises, 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 public health crises;*
- *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, tsunamis, tornados, floods and extreme heat waves, which may increase in frequency and severity as a result of climate change, and other natural or man-made disasters such as droughts, wildfires or oil spills;*
- *dependence on third parties to provide Internet, telecommunications and network connectivity to our data centers;*
- *cyber incidents and information technology failures;*
- *the volatility of the market price and liquidity of our ordinary shares and other of our securities; and*
- *the increasingly competitive environment in which we operate.*

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

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

2. BUSINESS

2.1 Overview

Playa, through its subsidiaries, is a leading owner, operator and developer of all-inclusive resorts in prime beachfront locations in popular vacation destinations in Mexico and the Caribbean. As of December 31, 2023, we owned and/or managed a total portfolio consisting of 24 resorts (9,027 rooms) located in Mexico, Jamaica and the Dominican Republic. Playa's strategy is to leverage our globally recognized brand partnerships and proprietary in-house direct booking capabilities to capitalize on the growing popularity of the all-inclusive resort model and reach first-time all-inclusive resort consumers in a cost-effective manner. We believe that this strategy should position us to generate attractive returns for our shareholders, build lasting relationships with our guests, and enhance the lives of our associates and the communities in which we operate.

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

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

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

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

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

- Lower failure rates compared to non-branded resorts; and
- Consumer confidence and trust in globally recognized brands.

We consider each of our resorts to be an operating segment, none of which meets the threshold for a reportable segment. For further discussion about our operating segments and financial information about the geographic regions in which we operate, please refer to the section *Segment Results* in Chapter 6. *Management's Discussion and Analysis of Financial Condition and Results of Operations* and Note 28 to the accompanying Consolidated Financial Statements.

Our Competitive Strengths

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

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

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

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

- ***Strong Relationships with Top Brands.*** Our partnerships with Hyatt, Hilton, and Wyndham, three globally recognized hospitality brands, differentiate our resorts from our competitors. The selection of Playa as a strategic partner of Hyatt, Hilton and Wyndham in the development and management of all-inclusive resorts throughout the Caribbean, Mexico and Latin America reflects their confidence and conviction in Playa’s best in-class stewardship of all-inclusive resorts. For the year ended December 31, 2023, $857.9 million, or 91.8%, of our Total Net Revenue (as defined in Chapter 6. *Management's Discussion and Analysis of Financial Condition and Results of Operations)* was generated from resorts under the Hyatt, Hilton, and Wyndham brands.

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

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

- ***Hilton Strategic Alliance.*** Our strategic alliance with Hilton allows us to expand into markets in the Caribbean, Mexico, and South and Central America while benefiting from Hilton's global portfolio of brands and the Hilton Honors guest loyalty program (which had approximately 180 million members as of December 31, 2023). We have successfully converted two of our resorts into three Hilton all-inclusive resorts, and under our agreement with Hilton we have the potential to convert, develop or manage up to an additional eight resorts in certain locations in the Caribbean, Mexico, and South and Central America by 2025.

- ***Wyndham Strategic Alliance.*** Our strategic alliance with Wyndham allows us to benefit from Wyndham's global portfolio of brands and guest loyalty program (which had approximately 106 million members as of December 31, 2023), and provides us with an exclusive right to own or operate Wyndham Alltra all-inclusive resorts through December 2026 in Mexico, Jamaica, the Dominican Republic and certain other Caribbean and Latin American destinations (collectively, the "Exclusive Territories"), subject to certain termination rights by Wyndham that are triggered on December 1, 2024. We have the right to extend our exclusivity right subject to achieving certain development milestones. Our strategic alliance also grants us a right of first offer to manage Wyndham Alltra all-inclusive resorts located outside of the Exclusive Territories during the initial exclusivity period and any extension. We have successfully converted two of our resorts in Mexico into Wyndham Alltra all-inclusive resorts and recently entered into management contracts to manage two Wyndham Alltra all-inclusive resorts.

- ***Proprietary Direct Booking Capabilities.*** To further support the direct booking benefits of partnering with globally recognized brands, we have invested in our own in-house direct booking platform to optimize our customer acquisition costs and build guest loyalty. For the year ended December 31, 2023, $147.6 million, or 16.0% of our Owned Net Revenue (as defined in Chapter 6. *Management's Discussion and Analysis of Financial Condition and Results of Operations)* was generated through playaresorts.com, compared to $16.9 million for the year ended December 31, 2018. We continue to invest in this effort to improve our selling capabilities and adapt to consumer demand.

- ***Integrated and Scalable Operating Platform.*** We believe we have developed a scalable resort management platform designed to improve operating efficiency at the 24 resorts we currently manage. Our platform enables us to integrate additional resorts we may acquire and manage resorts owned by third-parties. For example, between December 2022 and January 2023, we successfully internalized the management of two of our resorts that were previously managed by a third-party. Our platform also enables managers of each of our key functions, including sales, marketing and resort management, to observe, analyze, share and respond to trends throughout our portfolio. As a result, we are able to implement management initiatives on a real-time, portfolio-wide basis.

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

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

  - Bruce Wardinski, our Chief Executive Officer has over 30 years of experience in the hospitality industry, founded our predecessor company and previously was the Chief Executive Officer of two lodging companies: Barceló Crestline Corporation, an independent hotel owner, lessee and manager; and Crestline Capital Corporation, a New York Stock Exchange ("NYSE") listed hotel owner, lessee and manager. Mr. Wardinski was also the non-executive chairman of the board of directors of Highland Hospitality Corporation, a NYSE-listed owner of upscale full-service, premium limited-service and extended-stay properties. Mr. Wardinski held other leadership roles within the industry including Senior Vice President and Treasurer of Host Marriott Corporation (now Host Hotels and Resorts) (NYSE: HST)) and various roles with Marriott International, Inc. As of January 31, 2024, 3.5% of our outstanding ordinary shares were beneficially owned by Mr. Wardinski.

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

- Greg Maliassas, our Chief Operating Officer, has over 20 years of experience in the hospitality and lodging industry. Mr. Maliassas previously served as Senior Vice President Operations for the luxury brands of Accor Hotels in Central & Eastern Europe, Benelux and Switzerland, overseeing a portfolio of over 45 hotels.
- Fernando Mulet, our Chief Investment Officer, has over 20 years of experience in the hospitality industry, and is a founding member of our management team, beginning with Playa at its inception in 2006. Mr. Mulet previously served as the Director of International Investments & Asset Management with Highland Hospitality Corporation and prior to that worked for Barceló Hotels & Resorts.
- Tracy Colden, our Executive Vice President and General Counsel, has over 30 years of experience in the hospitality and lodging industry. She previously served as Executive Vice President and General Counsel for Highland Hospitality Corporation, and as Executive Vice President and General Counsel of Crestline Capital Corporation. Ms. Colden was also an Assistant General Counsel at Host Marriott Corporation.

Our Business and Growth Strategies

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

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

- ***Secure New Management Agreements.*** We intend to pursue opportunities to capitalize on our scalable and integrated resort management platform and our expertise and experience with managing all-inclusive resorts, by seeking to manage premier all-inclusive resorts owned by third parties for management fees. During 2023, we entered into a new management agreement to manage all operations, sales and marketing of a resort operating under the Wyndham brand in the Dominican Republic. We may also look to make minority or majority investments in high return projects to obtain management agreements.

- ***Utilization of New Technologies and Leverage of Big Data.*** We utilize numerous technologies aimed at improving guest satisfaction and shareholder returns. Our website uses search engine and metasearch optimization tools aimed at driving direct bookings (i.e., bookings through our website or our brand partner websites), which is our lowest cost customer acquisition channel. As a result, we continue to benefit from a significant level of direct business at our Playa-managed resorts. In 2023, direct stays were approximately 37% of total Playa-managed room nights, and direct bookings, including future stays, were approximately 40% of total Playa-managed room nights.

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

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

- ***Disposition of non-core assets.*** We continuously monitor, review and optimize our portfolio to align with our strategic vision and maximize our return on invested capital. As part of this ongoing process, we may sell assets that no longer fit our criteria for capital investment and use the proceeds from these sales to pay down existing debt, reinvest in projects in our current portfolio, and/or pursue new growth opportunities. For example, in December 2023, we completed the sale of Jewel Punta Cana. We used proceeds from the sale for general corporate purposes.

Distribution Channels and Sales and Reservations

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

- Developing programs aimed at reaching consumers through:
    - Our company and resort websites;
    - The Hyatt website and toll-free reservation system;
    - The World of Hyatt® guest loyalty program;
    - The Hilton website and toll-free reservation system;
    - The Hilton Honors guest loyalty program;
    - The Wyndham website and toll-free reservation system;
    - The Wyndham Rewards guest loyalty program; and
    - Our toll-free reservation system that provides a comprehensive view of inventory in real time, based on demand;
- Targeting the primary tour operators and the wholesale market for transient business with a scalable program that supports shoulder and lower rate seasons while seeking to maximize revenue during high season, which also includes:
    - Engaging in cooperative marketing programs with leading travel industry participants;
    - Participating in travel agent and tour operator promotional campaigns; and
    - Utilizing online travel leaders, such as Expedia and Booking.com, to supplement sales during shoulder and lower rate seasons;
- Targeting group and incentive markets to seek and grow a strong base of corporate and event business;
- Developing customer loyalty and increasing repeat business through The Playa Collection, a third-party owned and operated long-term membership program that provides exclusive on-property benefits and amenities and significant preferred discounts to its members;
- Highlighting destination wedding and honeymoon programs;
- Participating in key industry trade shows targeted to the travel agent and wholesale market;
- Engaging in online and social media, including:
    - Search engine optimization;
    - Targeted online and bounce-back advertising;

- ◦ Social media presence via channels such as Facebook, Twitter, Instagram and Pinterest; and
- ◦ Flash sales and special offers for high need periods; and

- Monitoring TripAdvisor and other similar consumer sites.

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

Corporate Responsibility and Sustainability

Our ESG Committee, a management-level, organization-wide task force, is dedicated to obtaining a broader reach for idea generation and effectively promoting best practices and cross-collaboration related to corporate social responsibility and sustainability. The members of the ESG Committee include our Chief Operating Officer, General Counsel, Chief People Officer and Senior Vice President, Investor Relations & Strategy. Our ESG Committee oversees Playa's commitment to incorporating environmental sustainability, social responsibility and governance into our daily operations at all levels with an emphasis on reducing our environmental impact, mitigating risks, improving our communities and driving value for all our stakeholders. The ESG Committee is overseen by and reports directly to the Nominating and Governance Committee regarding Playa's activities over corporate social responsibility and sustainability matters and the external reporting thereof. The Nominating and Governance Committee regularly updates the Board on the activities of the ESG Committee. The ESG Committee also provides regular updates to the Audit Committee, which oversees the Company's sustainability reporting processes and internal controls.

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

Environmental

We rely on the beautiful beaches and lush landscapes of our resort destinations to provide a backdrop for our signature service for our guests, and take responsibility to lead the way in our communities in order to sustain these natural environments and help them flourish. We are subject to the adverse consequences of climate change, such as increases in the frequency, duration and severity of extreme weather events and changes in sea levels, precipitation and temperature.

Our sustainability program focuses on creating a culture of environmental consciousness with focused leadership, with each region having a dedicated Sustainability Manager. We provide engaging environmental awareness training materials, support our sustainability program with regular performance reviews, and share best practices with resort managers and staff, including energy and water efficiency, waste management, and ecological conservation.

We seek certifications and alignment with leading certification firms and practices to further enhance our sustainability efforts. As such, 14 of our resorts are currently Green Globe certified, with three more engaged in the certification process. Additionally, we have designated members of property management who are responsible for sustainability performance at each resort.

Social

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

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

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

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

Human Capital Resources

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

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

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

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

As of December 31, 2023, we directly and indirectly employed approximately 14,100 employees worldwide, significantly all of which are located at our resorts and regional offices in Jamaica (3,100), Mexico (6,000), and the Dominican Republic (4,900). We employed approximately 130 employees at our corporate offices in the U.S. and Canada.

Corporate Sustainability Reporting Directive (CSRD)

We are preparing for the expected changes from the Corporate Sustainability Reporting Directive (CSRD), which will be effective for us in 2025. The CSRD will enhance the scope and depth of reporting by highlighting the need for detailed disclosure of sustainability-related information.

Management is in the process of evaluating the evolving requirements, including the impact of the CSRD on our reporting processes and controls. This evaluation involves a review of our sustainability initiatives, data collection practices, and internal reporting to align with the new directive's standards. We are enhancing our corporate structure and investing in systems for data management to ensure compliance across the organization.

Competition

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

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

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

Seasonality

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

Cyclicality

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

Intellectual Property

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

Insurance

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

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

Government Regulation

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

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

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

Previously Disclosed Information

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

Corporate Information

Playa Hotels & Resorts N.V. was organized as a public limited company (*naamloze vennootschap*) under the laws of the Netherlands in December 2016. Our registered office in the Netherlands is located at Nieuwezijds Voorburgwal 104, 1012 SG Amsterdam. Our telephone number at that address is +31 6 82 55 84 30. We maintain a website at www.playaresorts.com, which includes additional contact information. All reports that we have filed with the Securities and Exchange Commission (the "SEC") can be obtained free of charge from the SEC's website at www.sec.gov or through our website.

2.2 Material subsequent events

Please refer to Note 29 in our Consolidated Financial Statements for all the evaluation of all subsequent events through the report date.

3. RISK FACTORS

3.1 Summary of key risk factors

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

Risk description	**How do we manage these risks?**
Disaster recovery and cybersecurity Cyber risk and the failure to maintain the integrity of internal and guest data could result in faulty business decisions and harm to our reputation and subject us to costs, fines or lawsuits.	The Company employs a robust system of information technology and cybersecurity controls across its enterprise to assess, identify, and manage material risks from cybersecurity threats, and references a recognized third-party cybersecurity framework to evaluate and manage cyber risk within the Company. We regularly benchmark against this framework and use the findings to develop our cybersecurity roadmap for ongoing evolution and improvement. In the event of an incident which jeopardizes the confidentiality, integrity, or availability of our information technology systems, our information security and compliance team utilizes a regularly updated cybersecurity incident response plan ("IRP"). The IRP has been designed taking into account a third-party cybersecurity framework focused on properly containing, investigating, and fully eradicating an incident. We also maintain cybersecurity insurance providing coverage for certain costs related to security failures and specified cybersecurity-related incidents.
Demand for our product and services General economic uncertainty and weak demand in the lodging industry could have a material adverse effect on us, including our financial condition, liquidity and results of operations.	Our business strategy depends significantly on demand for vacations generally and, more specifically, on demand for all-inclusive vacation packages. Weak economic conditions in the United States, elsewhere in North America, Europe and much of the rest of the world, and the uncertainty over the duration of these conditions, have had and could continue to have a negative impact on the lodging industry. Market trends are assessed regularly, in an effort to estimate future impact. Travel costs can be volatile. We engage a proactive selling and marketing strategy that takes seasonality and market trends into account.

Risk description	How do we manage these risks?
Litigation and other contingent liabilities We may become subject to disputes or legal, regulatory or other proceedings that could involve significant expenditures by us, which could have a material adverse effect on us, including our financial results.	The nature of our business exposes us to the potential for disputes or legal, regulatory or other proceedings from time to time relating to tax matters, environmental matters, government regulations, including licensing and permitting requirements, personal injury, labor and employment matters, contract disputes and other issues. In addition, amenities at our resorts, including restaurants, bars and swimming pools, are subject to significant regulations, and government authorities may disagree with our interpretations of these regulations, or may enforce regulations that historically have not been enforced. Our legal department is fully integrated into decision-making processes to mitigate potential litigation. All litigation matters are promptly referred to our legal department to monitor and manage. We monitor and regularly update the status of any other contingent liability exposures.
Disaster events We are exposed to significant risks related to the geographic concentration of our resorts, (particularly in Cancún) including weather-related emergencies such as hurricanes, which could have a material adverse effect on us.	We recognize that events occur which can damage our guests, staff or property which can be largely out of our control. Damage to one or more of the geographic areas where our resorts are located, a disruption of their operations or a reduction of travel due to a hurricane or other weather-related or other emergency could reduce our revenue, which could have a material adverse effect on us, including our results of operations, liquidity and financial condition. In addition, all of our resorts are located on beach front properties in Mexico and the Caribbean and are susceptible to weather-related emergencies, such as hurricanes. To mitigate the effects of such events we have comprehensive insurance which takes into account market limitation risk. We keep our properties well maintained and have developed emergency preparedness procedures to mitigate physical losses and to reduce insurance costs. We develop contingency plans for all potential event risks.

3.2 Risk Factors

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

Risks Related to Our Business

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

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

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

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

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

Our resorts are concentrated in Mexico (which accounted for 47.9% of our Total Net Revenue as defined in Chapter 6. *Management's Discussion and Analysis of Financial Condition and Results of Operations*), the Dominican Republic (27.1% of our Total Net Revenue) and Jamaica (23.5% of our Total Net Revenue) for the year ended December 31, 2023. When the countries and/or the regions of these countries in which our resorts are concentrated are adversely impacted by government or economic instability, public-safety issues, such as crime or power outages, weather-related emergencies, such as hurricanes or floods, or natural disasters, such as earthquakes, a number of our resorts could be adversely impacted by the same event, which could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects. We cannot assure you that any property or business interruption insurance will adequately address all losses, liabilities and damages.

In addition, the concentration of our resorts in Mexico, Jamaica, and the Dominican Republic expose us to the risk this region becomes relatively less popular with leisure travelers than competing regions, such as European destinations.

We have significant exposure to currency exchange rate risk.

The majority of our operating expenses are incurred locally at our resorts and are denominated in Mexican Pesos, Dominican Pesos or Jamaican dollars. The net proceeds from our outstanding debt borrowings were received and are payable by our subsidiaries in U.S. dollars and our functional reporting currency is U.S. dollars. An increase in the relative value of the local currencies, in which we incur our costs at each resort, relative to the U.S. dollar, in which our revenue from each resort is denominated, would adversely affect our results of operations for those resorts. Although we entered into short-term foreign currency forward contracts in January 2024 to hedge certain portions of our forecasted operating expenses denominated in Mexican Pesos, we have been and may be in the future adversely affected by appreciation in the value of the Mexican Peso, Dominican Peso and Jamaican dollar against the U.S. dollar, or to prolonged periods of exchange rate volatility. These fluctuations have and may in the future negatively impact our financial condition, liquidity and results of operations to the extent we are unable to adjust our pricing accordingly. For example, during the year ended December 31, 2023, the value of the Mexican Peso significantly increased relative to the U.S. dollar, which negatively impacted our Adjusted EBITDA and our Adjusted EBITDA Margin (as defined in Chapter 6. *Management's Discussion and Analysis of Financial Condition and Results of Operations)* by approximately $24.7 million and 260 basis points, respectively.

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

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

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

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

Eleven of the 24 resorts in our portfolio are located in Mexico, which has experienced high levels of crime for years, primarily due to the activities of drug cartels and related organized crime. There have occasionally been instances of criminal violence near our resorts. Criminal activities and the possible escalation of violence or other safety concerns, including food and beverage safety concerns, associated with them in regions where our resorts are located, or an increase in the perception among our prospective guests of an escalation of such violence or safety concerns, could instill and perpetuate fear among prospective guests and may lead to a loss in business at our resorts in Mexico because these guests may choose to vacation elsewhere or not at all. In addition, increases in actual or perceived violence, crime, civil unrest or other safety concerns in the Dominican Republic, Jamaica, or any other location where we may own a resort in the future may also lead to decreased demand for our resorts and negatively affect our business, financial condition, liquidity, results of operations and prospects.

Global health pandemics, epidemics, and/ or other public health emergencies could have a significant material adverse effect on our business, results of operations, cash flows and financial condition.

Our business could be materially and adversely affected by the effects of, or the public perception of a risk of, pandemic diseases, epidemics, and/or other public health emergencies. Past outbreaks, such as the COVID-19 pandemic, had a severe impact on the travel industry. The extent of the impact depends on the severity and duration of such an event as well as the nature and duration of any laws, regulations, mandates, and/or protocols imposed by federal, state, and/or local governmental authorities in the markets in which we operate in response to such an event. Additionally, the public perception of a risk of another pandemic or public health emergency, media coverage of these diseases, or public perception of health risks linked to perceived regional food and beverage safety, particularly if focused on regions in which our resorts are located, may adversely affect us by reducing demand for our resorts or result in health or other government authorities imposing restrictions on travel.

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

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

If we are not able to satisfy the requirements imposed by our third-party brand partners, our relationship with these partners could deteriorate.

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

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

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

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

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

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

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

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

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

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

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

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

Our resort development, acquisition, expansion, repositioning and rebranding projects will be subject to timing, budgeting and other risks.

We may develop, acquire, expand, reposition or rebrand resorts from time to time as suitable opportunities arise, taking into consideration general economic conditions. To the extent that we determine to develop, acquire, expand, reposition or rebrand resorts, we could be subject to risks associated with, among others:

- construction delays or cost overruns, including due to inflationary pressures or changes in foreign exchange rates, that may increase project costs;

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

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

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

We have been and may continue to be adversely impacted by the consequences of climate change, such as increases in the frequency, duration and severity of extreme weather events and changes in precipitation and temperature, which have resulted and may continue to result in physical damage or a decrease in demand for our properties, all of which are located in coastal beachfront locations that are vulnerable to significant property damage from hurricanes, tropical storms, tsunamis and flooding. For example, in 2022, we incurred hurricane and tropical storm repair expenses totaling $8.6 million that were not offset with insurance proceeds. Although a majority of our repair and clean-up expenses have been covered by insurance, including those related to the impacts of Hurricane Fiona in the Dominican Republic in September 2022, there is no assurance that, given the increasing burdens on insurance companies from extreme weather events, we will be able to continue to obtain adequate insurance against these types of losses, or that our insurers will in the future be in a position to satisfy our claims. In addition, the costs of insurance against these types of events have increased significantly in recent years. For example, in 2023 our property insurance costs of our comparable resorts were 103.3% higher than in 2018.

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

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

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

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

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

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

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

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

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

Our success depends in large part on our ability to attract, retain, train, manage and engage skilled employees. As of December 31, 2023, we directly and indirectly employed approximately 14,100 employees worldwide at both our corporate offices and on-site at our resorts. If we are unable to attract, retain, train, manage, and engage skilled employees, our ability to manage and staff our resorts could be impaired, which could reduce guest satisfaction. Staffing shortages in places where our resorts are located also could hinder our ability to grow and expand our businesses. We have been subject to increased labor costs and staffing shortages at our resorts in recent years. Because payroll costs are a major component of the operating expenses at our resorts, a shortage of skilled labor could also require higher wages that would increase labor costs, which could adversely affect our results of operations and cash flows.

A significant number of our employees are unionized, and labor negotiations or work stoppages could disrupt our operations.

Approximately 37% of our full-time equivalent work force is unionized. As a result, we are required to negotiate the wages, salaries, benefits, staffing levels and other terms with many of our employees collectively and we are exposed to the risk of disruptions to our operations. Our results could be adversely affected if future labor negotiations were to disrupt our operations. If we were to experience labor unrest, strikes or other business interruptions in connection with labor negotiations or otherwise, or if we were unable to negotiate labor contracts on reasonable terms, we could be materially and adversely affected, including our results of operations. In addition, our ability to make adjustments to control compensation and benefits costs, rebalance our portfolio or otherwise adapt to changing business needs may be limited by the terms and duration of our collective bargaining agreements.

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

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

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

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

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

As of December 31, 2023, our total debt obligations were $1,094.2 million which represents the principal amounts outstanding under our new term loan issued in December 2022 (the "Term Loan due 2029") and revolving credit facility (the "Revolving Credit Facility," and, collectively with the Term Loan due 2029, the "Senior Secured Credit Facility") and finance lease obligations, excluding $26.8 million of issuance discounts and $17.7 million of unamortized debt issuance costs. In addition, the terms of the Senior Secured Credit Facility permit us to incur additional indebtedness, subject to our ability to meet certain borrowing conditions.

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

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

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

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

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

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

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

Our variable rate indebtedness is priced using a spread over SOFR and subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

A portion of our borrowings under the Senior Secured Credit Facility is at variable rates of interest and exposes us to interest rate risk, as it is not hedged by our $550.0 million of interest rate swaps. Higher prevailing interest rates in recent years have increased the cost of debt on our variable rate indebtedness. If interest rates continue to increase, our debt service obligations on our existing and any future variable rate indebtedness would also increase and our cash available to service our other obligations and invest in our business would decrease. Furthermore, rising interest rates would likely increase our interest obligations on future fixed rate indebtedness. As a result, rising interest rates could materially and adversely affect our financial condition and liquidity.

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

Incurring mortgage debt increases our risk of property losses because any defaults on indebtedness secured by our resorts may result in foreclosure actions initiated by lenders and ultimately our loss of the property securing the loan for which we are in default. For tax purposes, a foreclosure of any nonrecourse mortgage on any of our resorts may be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. In certain of the jurisdictions in which we operate, if any such foreclosure is treated as a sale of the property and the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we could recognize taxable income upon foreclosure but may not receive any cash proceeds.

In addition, any default under our mortgage debt may increase the risk of default on our other indebtedness, including other mortgage debt. If this occurs, we may not be able to satisfy our obligations under our indebtedness, which could have a material adverse effect on us, including our financial condition, liquidity (including our future access to borrowing) and results of operations.

We may become subject to disputes or legal, regulatory or other proceedings that could involve significant expenditures by us.

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

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

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

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

With respect to the applicable resorts:

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

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

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

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

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

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

If European guidance is published on what constitutes "the public" as referred to in the CRR, and such guidance does not provide that the holder of a note of $150,000 or more, such as was the case with our senior notes, or the lenders under our Senior Secured Credit Facility, each providing a loan the initial amount of which exceeds the U.S. dollar equivalent of €100,000, are excluded from being considered part of "the public" and the current Dutch national interpretation of these terms is not considered to be "grandfathered," then Playa Resorts Holding B.V. may be required to obtain a banking license, and/or may be deemed to be in violation of the prohibition on conducting the business of a bank without such a license and, with respect to our Senior Secured Credit Facility, the prohibition on attracting repayable funds from the public and, as a result may, in each case, be subject to certain enforcement measures as described above. If Playa Resorts Holding B.V. is required to obtain a banking license or becomes subject to such enforcement measures, we could be materially adversely affected.

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

The lodging industry is seasonal in nature, which can be expected to cause quarterly fluctuations in our revenues. The seasonality of the lodging industry and the location of our resorts in Mexico and the Caribbean will generally result in the greatest demand for our resorts between mid-December and April of each year, yielding higher occupancy levels and package rates during this period. This seasonality in demand has resulted in predictable fluctuations in revenue, results of operations and liquidity, which are consistently higher during the first quarter of each year than in successive quarters. We can provide no assurances that these seasonal fluctuations will, in the future, be consistent with our historical experience or whether any shortfalls that occur as a result of these fluctuations will not have a material adverse effect on us.

The cyclical nature of the lodging industry may cause fluctuations in our operating performance.

The lodging industry is highly cyclical in nature. Fluctuations in operating performance are caused largely by general economic and local market conditions, which subsequently affect levels of business and leisure travel. In addition to general economic conditions, new hotel and resort room supply is an important factor that can affect the lodging industry's performance, and over-building has the potential to further exacerbate the negative impact of an economic recession. Room rates and Occupancy, and thus

Net Package RevPAR (as defined in Chapter 6. *Management's Discussion and Analysis of Financial Condition and Results of Operations*), tend to increase when demand growth exceeds supply growth. A decline in lodging demand, or increase in lodging supply, could result in returns that are substantially below expectations, or result in losses, which could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects. Further, the costs of running a resort tend to be more fixed than variable. As a result, in an environment of declining revenue, the rate of decline in earnings is likely to be higher than the rate of decline in revenue.

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

Some of our vacation packages are booked through Internet travel intermediaries, including, but not limited to, Travelocity.com, Expedia.com and Priceline.com. Bookings through these intermediaries generally result in higher commissions, reduced room rates or other significant contract concessions from us which, together, reduce our margins. Moreover, some of these Internet travel intermediaries are attempting to offer lodging as a commodity, by increasing the importance of price and general indicators of quality, such as "three-star downtown hotel," at the expense of brand identification or quality of product or service. If our guests increasingly use Internet reservations systems rather than our booking system or the brands we own and operate, our financial results would be adversely impacted.

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

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

We routinely face risks of potential incidents, whether through cyber-attacks or cyber intrusions over the Internet, ransomware and other forms of malware, computer viruses, attachment to emails, phishing attempts, extortion or other scams. Although we make efforts to maintain the security and integrity of our information technology systems, these systems and the proprietary, confidential and personal information that resides on or is transmitted through them, are subject to the risk of a security incident or disruption, and there can be no assurance that our security efforts and measures, and those of our third-party providers, will be effective. In addition, although we obtain assurances from third parties that they have systems and processes in place to protect our guest, employee and company data, and that they will take steps to assure the protection of such data, third-party service providers may also be subject to data intrusion or data breach. Any compromise of the confidential data of our guests, employees, or business, or the failure to prevent or mitigate the loss of or damage to this data through breach, could result in operational, reputational, competitive, or other business harm, as well as financial costs and regulatory action.

While we employ a variety of measures to prevent, detect, and mitigate these threats, our systems and those of third-parties on which we rely are vulnerable to disruptions, failures, unauthorized access, cyber-terrorism, employee error, negligence, fraud or other misuse, and given the sophistication of hackers to gain unauthorized access to our sensitive information, we may not be able to detect the breach for long periods of time or at all. These or similar occurrences, whether accidental or intentional, could result in theft, unauthorized access or disclosure, loss, fraudulent or unlawful use of guest, employee or company data or damage to our systems, which could harm our reputation, result in an interruption or disruption of our services or result in a loss of business, as well as remedial and other costs, fines, investigations, enforcement actions, or lawsuits. As a result, future incidents could have a material adverse impact on us, including our business, our financial condition, liquidity and results of operations and prospects. As of December 31, 2023, we are not aware of any material cybersecurity incidents that impacted the Company in the last three years.

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

We rely on the uninterrupted and efficient operation of our information technology systems and software. Information technology is critical to our day-to-day operations, including, but not exclusive to guest check-in and check-out, housekeeping and room service, and reporting our financial results and the financial results of our resorts. The volume of new software vulnerabilities has increased substantially, as has the importance of patches and other remedial measures. In addition to remediating newly identified vulnerabilities, previously identified vulnerabilities must also be updated. The Company is at risk that cyber attackers exploit these known vulnerabilities before they have been addressed. We rely on certain third-party hardware, network and software vendors to maintain and upgrade many of our critical systems on an ongoing basis to support our business operations and to keep pace with technology developments in the hospitality industry. The software programs supporting many of our systems are licensed to us by independent third-party software providers. An inability to continuously maintain and update our hardware and software programs or an inability for network providers to maintain their communications infrastructure would potentially disrupt or inhibit the efficiency of our operations if suitable alternatives could not be identified and implemented in a timely, efficient and cost-effective manner.

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

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

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

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

Our existing resorts and resorts that we may acquire may contain or develop harmful mold that could lead to liability for adverse health effects and costs of remediating the problem.

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

Illiquidity of real estate investments could significantly impede our ability to sell resorts or otherwise respond to adverse changes in the performance of our resorts.

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

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

We could incur significant costs related to government regulation and litigation with respect to environmental matters.

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

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

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

The tax laws, rules and regulations (or interpretations thereof) in the jurisdictions in which we operate may change.

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

On December 15, 2022, the Council of the European Union formally adopted the EU Pillar 2 Directive. The EU Pillar 2 Directive aims at consistently implementing among all 27 member states the OECD's Global Anti-Base Erosion Model Rules (GloBe Rules), which are aimed at reducing the opportunities for base erosion and profit shifting with the goal to ensure that the largest multinational groups of companies pay a minimum rate of corporate tax of 15%. EU Member States were required to transpose the EU Pillar 2 Directive into their national laws and apply the Pillar 2 measures in respect of the fiscal years beginning on or after December 31, 2023. The Netherlands has transposed the EU Pillar 2 Directive into its national legislation with effect from December 31, 2023 pursuant to the Dutch Minimum Tax Act 2024 (*Wet minimumbelasting 2024*).

We expect to be impacted by the Dutch Minimum Tax Act 2024 beginning January 1, 2024. We are currently analyzing the impact of the Dutch Minimum Tax Act 2024 to determine the potential effect on our results and to ensure compliance with the legislation. We currently expect that the Dutch Minimum Tax Act 2024 will increase our worldwide effective tax rate and have a material impact on our financial results, beginning in fiscal year 2024.

We continue to monitor the potential impacts of ongoing OECD initiatives and proposed Pillar 2 tax legislative changes in all jurisdictions where we have a tax presence. Our financial results may be negatively impacted if these changes are enacted into law, in whole or in part.

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

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

Risks Related to Ownership of Our Ordinary Shares

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

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

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

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

We are organized and existing under the laws of the Netherlands. As such, under Dutch private international law, the rights and obligations of our shareholders vis-à-vis the Company originating from Dutch corporate law and our Articles of Association, as well as the civil liability of our officers (*functionarissen*) (including our directors and executive officers) are governed in certain respects by the laws of the Netherlands.

We are not a resident of the United States and our officers may also not all be residents of the United States. As a result, depending on the subject matter of the action brought against us and/or our officers, United States courts may not have jurisdiction. If a Dutch court has jurisdiction with respect to such action, that court will apply Dutch procedural law and Dutch private international law to determine the law applicable to that action. Depending on the subject matter of the relevant action, a competent Dutch court may apply another law than the laws of the United States.

Also, service of process against non-residents of the United States can in principle (absent, for example, a valid choice of domicile) not be effected in the United States.

Furthermore, substantially all of our assets are located outside the United States. On the date of this annual report, (i) there is no treaty in force between the United States and the Netherlands for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters and (ii) both the Hague Convention on Choice of Court Agreements (2005) and the Hague Judgments Convention (2019) have entered into force for the Netherlands, but have not entered into force for the United States. Consequently, a judgment rendered by a court in the United States will not automatically be recognized and enforced by the competent Dutch courts. However, if a person has obtained a judgment rendered by a court in the United States that is enforceable under the laws of the United States and files a claim with the competent Dutch court, the Dutch court will in principle give binding effect to that United States judgment if (i) the jurisdiction of the United States court was based on a ground of jurisdiction that is generally acceptable according to international standards, (ii) the judgment by the United States court was rendered in legal proceedings that comply with the Dutch standards of proper administration of justice including sufficient safeguards (*behoorlijke rechtspleging*), (iii) binding effect of such United States judgment is not contrary to Dutch public order (*openbare orde*) and (iv) the judgment by the United States court is not incompatible with a decision rendered between the same parties by a Dutch court, or with a previous decision rendered between the same parties by a foreign court in a dispute that concerns the same subject and is based on the same cause, provided that the previous decision qualifies for recognition in the Netherlands. Even if such a United States judgment is given binding effect, a claim based thereon may, however, still be rejected if the United States judgment is not or no longer formally enforceable. Moreover, if the United States judgment is not final (for instance when appeal is possible or pending) a competent Dutch court may postpone recognition until the United States judgment will have become final, refuse recognition under the understanding that recognition can be asked again once the United States judgment will have become final, or impose as a condition for recognition that security is posted.

A competent Dutch court may deny the recognition and enforcement of punitive damages or other awards. Moreover, a competent Dutch court may reduce the amount of damages granted by a United States court and recognize damages only to the extent that they are necessary to compensate actual losses or damages. Finally, there may be specific other instances, including pursuant to anti-boycott rules and regulations, where Dutch law prohibits the recognition and enforcement of a United States judgment. Thus, United States investors may not be able, or experience difficulty, to enforce a judgment obtained in a United States court against us or our officers.

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

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

As of January 31, 2024, approximately 9% of our outstanding ordinary shares were beneficially owned by Sagicor Financial Corporation Limited and its designated director on our Board. As a result, Sagicor and its affiliates may be able to influence the outcome of matters submitted for director action, subject to our directors' obligation to act in the interest of all of our stakeholders, and for shareholder action, including the designation and appointment of our Board (and committees thereof) and approval of significant corporate transactions, including business combinations, consolidations and mergers. So long as this shareholder and/or its affiliates continue to directly or indirectly own a significant amount of our outstanding equity interests and have the right to designate a director to our Board and/or one or more committees thereof, this shareholder may be able to exert substantial influence on us and may be able to exercise its influence in a manner that is not in the interests of our other stakeholders. This shareholder's influence over our management could have the effect of delaying, deferring or preventing a change in control or otherwise discouraging a potential acquirer from attempting to obtain control of us, which could cause the market price of our ordinary shares to decline or prevent our shareholders from realizing a premium over the market price for our ordinary shares. Prospective investors in our ordinary shares should consider that the interests of this shareholder may differ from their interests in material respects.

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

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

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

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

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

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

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

Moreover, our Board can invoke a cooling-off period of up to 250 days in the event of certain unsolicited takeover offers and shareholder activism. During a cooling-off period, our General Meeting would not be able to dismiss, suspend or appoint members of the Board (or amend the provisions in our Articles of Association dealing with those matters) except at the proposal of our Board or a response period under the DCGC (as defined below) of up to 180 days in the event of shareholder activism.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. PROPERTIES

As of December 31, 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	Rooms
Owned Resorts				
Yucatán Peninsula				
Hyatt Ziva Cancún	Cancún, Mexico	Hyatt Ziva (all ages)	Playa	547
Hyatt Zilara Cancún	Cancún, Mexico	Hyatt Zilara (adults-only)	Playa	310
Wyndham Alltra Cancún	Cancún, Mexico	Wyndham (all ages)	Playa	458
Hilton Playa del Carmen All-Inclusive Resort	Playa del Carmen, Mexico	Hilton (adults-only)	Playa	524
Wyndham Alltra Playa del Carmen	Playa del Carmen, Mexico	Wyndham (adults only)	Playa	287
Pacific Coast				
Hyatt Ziva Los Cabos	Cabo San Lucas, Mexico	Hyatt Ziva (all ages)	Playa	591
Hyatt Ziva Puerto Vallarta	Puerto Vallarta, Mexico	Hyatt Ziva (all ages)	Playa	335
Dominican Republic				
Hilton La Romana All-Inclusive Resort	La Romana, Dominican Republic	Hilton (adults-only)	Playa	356
Hilton La Romana All-Inclusive Resort	La Romana, Dominican Republic	Hilton (all ages)	Playa	418
Jewel Palm Beach	Punta Cana, Dominican Republic	Jewel (all ages)	Playa	500
Hyatt Ziva Cap Cana	Cap Cana, Dominican Republic	Hyatt Ziva (all ages)	Playa	375
Hyatt Zilara Cap Cana	Cap Cana, Dominican Republic	Hyatt Zilara (adults-only)	Playa	375
Jamaica				
Hyatt Ziva Rose Hall	Montego Bay, Jamaica	Hyatt Ziva (all ages)	Playa	276
Hyatt Zilara Rose Hall	Montego Bay, Jamaica	Hyatt Zilara (adults-only)	Playa	344
Hilton Rose Hall Resort & Spa	Montego Bay, Jamaica	Hilton (all ages)	Playa	495
Jewel Paradise Cove Beach Resort & Spa	Runaway Bay, Jamaica	Jewel (adults-only)	Playa	225
Jewel Grande Montego Bay Resort & Spa [(1)]	Montego Bay, Jamaica	Jewel (all ages)	Playa	88
Total Rooms Owned				**6,504**
Managed Resorts [(2)(3)]				
Sanctuary Cap Cana	Punta Cana, Dominican Republic	The Luxury Collection by Marriott (adults-only)	Playa	324
Jewel Grande Montego Bay Resort & Spa	Montego Bay, Jamaica	Jewel (condo-hotel)	Playa	129
The Yucatán Playa del Carmen All-Inclusive Resort	Playa del Carmen, Mexico	Tapestry Collection by Hilton (adults-only)	Playa	60
Seadust Cancún Family Resort	Cancún, Mexico	Seadust (all ages)	Playa	502
Kimpton Hacienda Tres Ríos Resort, Spa & Nature Park [(4)]	Playa del Carmen, Mexico	Kimpton (all ages)	Playa	255
Wyndham Alltra Vallarta	Nuevo Vallarta, Mexico	Wyndham (all ages)	Playa	229
Wyndham Alltra Samaná [(5)]	Samaná, Dominican Republic	Wyndham (all ages)	Playa	404
Jewel Punta Cana [(6)]	Punta Cana, Dominican Republic	Jewel (all ages)	Playa	620
Total Rooms Operated				**2,523**
Total Rooms Owned and Operated				**9,027**

(1) 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.

(2) Owned by a third party.

(3) We terminated our management agreements for the Hyatt Ziva Riviera Cancún and Hyatt Zilara Riviera Maya effective December 15, 2023.

(4) 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 late 2024.

(5) We entered into a management agreement to operate this resort during the first quarter of 2023. We commenced operations in March 2024.

(6) In connection with the resort's sale in December 2023, we entered into a management agreement to operate this resort. The resort is currently closed for renovations and we expect to commence operations in late 2024.

5. LEGAL PROCEEDINGS

In the ordinary course of our business, we are subject to claims and administrative proceedings, none of which we believe are material or would be expected to have, individually or in the aggregate, a material adverse effect on our financial condition or results of operations. The outcome of claims, lawsuits and legal proceedings brought against us, however, is subject to significant uncertainties. See Note 22 to the Consolidated Financial Statements for a more detailed description of such proceedings and contingencies.

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

Overview

Playa, through its subsidiaries, is a leading owner, operator and developer of all-inclusive resorts in prime beachfront locations in popular vacation destinations in Mexico and the Caribbean. As of December 31, 2023, Playa owned and/or managed a total portfolio consisting of 24 resorts (9,027 rooms) located in Mexico, Jamaica, and the Dominican Republic:

- In Mexico, we own and manage 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 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, and Jewel Palm Beach; and

- We also manage seven resorts on behalf of third-party owners.

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

For the year ended December 31, 2023, we generated net income of $96.6 million, total revenue of $977.5 million, Net Package RevPAR of $309.50 and Adjusted EBITDA of $271.9 million. For the year ended December 31, 2022, we generated net income of $88.9 million, total revenue of $856.3 million, Net Package RevPAR of $270.83 and Adjusted EBITDA of $242.6 million.

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

Results of Operations

Years Ended December 31, 2023 and 2022

The following table summarizes our results of operations on a consolidated basis for the years ended December 31, 2023 and 2022 *($ in thousands)*:

	Year Ended December 31,		Increase / Decrease	
	2023	**2022**	**Change**	**% Change**
Revenue	$ 977,504	$ 856,263	$ 121,241	14.2 %
Operating expenses	(719,931)	(634,853)	(85,078)	(13.4) %
Depreciation and amortization	(78,364)	(72,929)	(5,435)	(7.5) %
Gain (loss) on sale of assets	7,298	(5)	7,303	146,060 %
Gain on insurance proceeds	5,580	—	5,580	100 %
Operating income	**192,087**	**148,476**	**43,611**	**29.4 %**
Finance costs	(109,923)	(66,339)	(43,584)	(65.7) %
Loss on extinguishment of debt	(1,164)	(22,027)	20,863	94.7 %
Other financial income, net	1,323	5,050	(3,727)	(73.8) %
Net result of exchange differences	(1,269)	(948)	(321)	(33.9) %
Income before tax	**81,054**	**64,212**	**16,842**	**26.2 %**
Income tax benefit	15,547	24,681	(9,134)	(37.0) %
Income	**$ 96,601**	**$ 88,893**	**$ 7,708**	**8.7 %**

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

Total Portfolio

	Year Ended December 31,		Increase / Decrease	
	2023	2022	Change	% Change
Occupancy	72.0 %	72.2 %	(0.2)pts	(0.3)%
Net Package ADR	$ 430.12	$ 375.33	$ 54.79	14.6 %
Net Package RevPAR	$ 309.50	$ 270.83	$ 38.67	14.3 %
	($ in thousands)			
Net Package Revenue(1)	$ 801,507	$ 704,230	$ 97,277	13.8 %
Net Non-package Revenue(1)	119,937	115,431	4,506	3.9 %
The Playa Collection Revenue	3,642	1,752	1,890	107.9 %
Management Fee Revenue	7,030	3,828	3,202	83.6 %
Other Revenues	2,328	1,000	1,328	132.8 %
Total Net Revenue	934,444	826,241	108,203	13.1 %
Adjusted EBITDA(2)	$ 271,947	$ 242,619	$ 29,328	12.1 %
Adjusted EBITDA Margin (2)	29.1 %	29.4 %	(0.3)pts	(1.0)%

(1) For the year ended December 31, 2022, includes $10.1 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.

(2) For the year ended December 31, 2023, includes a $6.1 million benefit from business interruption proceeds and recoverable expenses related to Hurricane Fiona that impacted the Dominican Republic in the second half of 2022. For the year ended December 31, 2022, Adjusted EBITDA includes a $7.2 million benefit from business interruption proceeds and recoverable expenses related to Hurricane Fiona.

Total Revenue and Total Net Revenue

Our total revenue for the year ended December 31, 2023 increased $121.2 million, or 14.2%, compared to the year ended December 31, 2022. Our Total Net Revenue for the year ended December 31, 2023 increased $108.2 million, or 13.1%, compared to the year ended December 31, 2022. The comparability of results for the year ended December 31, 2023 was heavily impacted by the temporary closure of Hilton La Romana All-Inclusive Resort and Hyatt Ziva and Hyatt Zilara Cap Cana for a portion of the third and fourth quarters of 2022 to expedite necessary clean up and repair work as a result of Hurricane Fiona. The increase in Total Net Revenue was due to the following:

- a 14.6% increase in Net Package ADR as a result of:
    - higher meetings, incentives, conventions and events ("MICE") group contribution to our guest mix, the ongoing leisure travel recovery, and pricing discipline to coincide with investments in guest satisfaction at our resorts; and
    - a shift towards higher ADR room nights due to reduced occupancy at Jewel Punta Cana and the temporary closure of Jewel Palm Beach for 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 11.2%.
- an increase in Net Non-package Revenue of $4.5 million, or 3.9%, which includes:
    - a higher MICE group contribution to our guest mix; and
    - a decrease of $3.6 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. Net Non-package Revenue was also impacted by a $6.2 million drag from Jewel Punta Cana and Jewel Palm Beach compared to the year ended December 31, 2022; partially offset by
- a decrease in Occupancy of 0.2 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 increased 5.2 percentage points compared to the year ended December 31, 2022.

Adjusted EBITDA and Adjusted EBITDA Margin

Our Adjusted EBITDA for the year ended December 31, 2023 increased $29.3 million, or 12.1%, compared to the year ended December 31, 2022, when our operations were heavily impacted by the temporary closure of Hilton La Romana All-Inclusive Resort and Hyatt Ziva and Hyatt Zilara Cap Cana, partially offset by

- an unfavorable impact of $24.7 million from the appreciation of the Mexican Peso; and
- an increase in insurance premiums and energy costs.

Our Adjusted EBITDA Margin for the year ended December 31, 2023 decreased 0.3 percentage points, or 1.0%, compared to the year ended December 31, 2022. Adjusted EBITDA Margin for the year ended December 31, 2023 was negatively impacted by 260 basis points due to the appreciation of the Mexican Peso, which was partially offset by a positive impact of 70 basis points from business interruption proceeds and recoverable expenses. For the year ended December 31, 2022, Adjusted EBITDA Margin was positively impacted by 80 basis points from business interruption proceeds and recoverable expenses. Excluding these impacts, Adjusted EBITDA Margin would have been 31.0%, an increase of 2.6 percentage points compared to the year ended December 31, 2022.

The following table shows a reconciliation of Net Package Revenue, Net Non-package Revenue, Management Fee Revenue and Total Net Revenue to total revenue for the years ended December 31, 2023 and 2022 *($ in thousands)*:

	Year Ended December 31,		Increase/Decrease	
	2023	**2022**	**Change**	**% Change**
Net Package Revenue	$ 801,507	$ 704,230	$ 97,277	13.8 %
Net Non-package Revenue	119,937	115,431	4,506	3.9 %
The Playa Collection Revenue	3,642	1,752	1,890	107.9 %
Management Fee Revenue	7,030	3,828	3,202	83.6 %
Other Revenues	2,328	1,000	1,328	132.8 %
Total Net Revenue	**934,444**	**826,241**	**108,203**	**13.1 %**
Compulsory tips	24,100	20,316	3,784	18.6 %
Cost reimbursements	12,475	9,706	2,769	28.5 %
Contract termination fees	6,485	—	6,485	100.0 %
Total revenue	**$ 977,504**	**$ 856,263**	**$ 121,241**	**14.2 %**

Operating Expenses

The following table shows a reconciliation of our operating expenses to Net Operating Expenses for the years ended December 31, 2023 and 2022 *($ in thousands):*

	Year Ended December 31,		Increase/Decrease	
	2023	**2022**	**Change**	**% Change**
Operating expenses	$ 719,931	$ 634,853	$ 85,078	13.4 %
Less: compulsory tips	24,100	20,316	3,784	18.6 %
Net Operating Expenses	**$ 695,831**	**$ 614,537**	**$ 81,294**	**13.2 %**

Our operating expenses include resort expenses, such as food and beverage, salaries and wages, utilities, other ongoing operational expenses and selling, general and administrative expenses. Our Net Operating Expenses for the year ended December 31, 2023 were $695.8 million, or 74.5%, of Total Net Revenue and $614.5 million, or 74.4%, of Total Net Revenue for the year ended December 31, 2022. Operating expenses fluctuate based on various factors, including changes in occupancy, labor costs, utilities, repair and maintenance costs and license and property taxes. Management fees and franchise fees, which are computed as a percentage of revenue, increase or decrease as a result of changes in revenues.

Net Operating Expenses for the year ended December 31, 2023 increased $81.3 million, or 13.2%, compared to the year ended December 31, 2022. The increase was primarily due to the following:

- appreciation of the Mexican Peso compared to the year ended December 31, 2022, which impacted the majority of our expenses in Mexico but primarily increased labor and food and beverage expenses during the year ended December 31, 2023;
- increased labor and related expenses as a result of union-negotiated and government-mandated wage and benefit increases compared to the year ended December 31, 2022;
- an increase in insurance expense driven by higher insurance premiums for the current year;
- an increase in commissions to travel agents and tour operators and credit card commissions;
- an increase in the provision for doubtful accounts due to the reversal of expense during the year ended December 31, 2022 following the recovery from the COVID-19 pandemic; 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.

Depreciation and Amortization Expense

Our depreciation and amortization expense for the year ended December 31, 2023 increased $5.4 million, or 7.5%, compared to the year ended December 31, 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 Sale of Assets

Our gain on sale of assets for the year ended December 31, 2023 increased $7.3 million compared to the year ended December 31, 2022 due to the sale of the Jewel Punta Cana in December 2023.

Gain on Insurance Proceeds

Our gain on insurance proceeds for the year ended December 31, 2023 increased $5.6 million, or 100.0%, compared to the year ended December 31, 2022 as a result of business interruption insurance proceeds received in 2023 in excess of our unavoidable operating costs incurred related to the temporary closure of two of our resorts in the Dominican Republic in the second half of 2022 from Hurricane Fiona. We had no gain on insurance proceeds during the year ended December 31, 2022.

Key Indicators of Financial and Operating Performance

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

- Net Package Revenue
- Net Non-package Revenue
- Owned Net Revenue
- Management Fee Revenue
- Total Net Revenue

- Occupancy
- Net Package ADR
- Net Package RevPAR
- Net Operating Expenses
- EBITDA
- Adjusted EBITDA
- Adjusted EBITDA Margin
- Owned Resort EBITDA
- Owned Resort EBITDA Margin
- Comparable Non-IFRS Financial Measures

Net Package Revenue, Net Non-package Revenue, Owned Net Revenue, Management Fee Revenue, Cost Reimbursements, Total Net Revenue and Net Operating 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 years ended December 31, 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 certain Other revenues. "Cost Reimbursements" is excluded from Total Net Revenue as it is not considered a key indicator of financial and operating performance. Cost reimbursements is derived from the reimbursement of certain costs incurred by Playa on behalf of resorts managed by Playa and owned by third parties. This revenue is fully offset by reimbursable costs and has no net impact on operating income or net income. Contract termination fees, which are recorded as Other revenues, are also excluded from Total Net Revenue as they are not an indicator of the performance of our ongoing business.

"Net Operating Expenses" represents operating expenses, net of compulsory tips paid to employees.

Occupancy

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

Net Package ADR

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

Net Package RevPAR

"Net Package RevPAR" is the product of Net Package ADR and the average daily occupancy percentage. Net Package RevPAR does not reflect the impact of 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 room revenue produced by our portfolio or comparable portfolio, as applicable, and to evaluate operating performance on a consolidated basis or a regional basis, as applicable.

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

We define EBITDA, a non-IFRS financial measure, as net income or loss, determined in accordance with U.S. GAAP, for the period presented, before interest expense, income tax and depreciation and amortization expense. EBITDA and Adjusted EBITDA (as defined below) include corporate expenses, which are overhead costs that are essential to support the operation of the Company, including the operations and development of our resorts. We define Adjusted EBITDA, a non-IFRS financial measure, as EBITDA further adjusted to exclude the following items:

- Other miscellaneous non-operating income or expense
- Pre-opening expense
- 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 in calculating Adjusted EBITDA as they are considered part of our ongoing resort operations (see Note 28).

"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-IFRS Measures

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

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

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

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

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

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

Non-IFRS Financial Measures

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

The following is a reconciliation of our net income or loss, as prepared in accordance with U.S. GAAP, to EBITDA and Adjusted EBITDA for the years ended December 31, 2023 and 2022 (*$ in thousands*):

	Year Ended December 31,	
	2023	2022
Net income	**$ 53,852**	**$ 56,706**
Interest expense	108,184	64,164
Income tax provision (benefit)	11,714	(5,553)
Depreciation and amortization expense	81,827	78,372
EBITDA	**255,577**	**193,689**
Other expense (income) [a]	353	(3,857)
Share-based compensation	13,207	11,892
Transaction expense [b]	4,705	15,110
Severance expense [c]	1,655	—
Other tax (income) expense [d]	(34)	502
Contract termination fees	(6,485)	—
Loss on extinguishment of debt	894	18,307
Loss on sale of assets	5,069	6
Repairs from hurricanes and tropical storms [e]	(823)	8,074
Non-service cost components of net periodic pension cost	(2,171)	(1,104)
Adjusted EBITDA	**$ 271,947**	**$ 242,619**
Other corporate [f]	57,653	52,658
The Playa Collection	(3,642)	(1,752)
Management fees	(7,030)	(3,828)
Owned Resort EBITDA [g]	**$ 318,928**	**$ 289,697**

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

(b) Represents expenses incurred in connection with corporate initiatives, such as: system implementations; debt refinancing costs; other capital raising efforts; and strategic initiatives, like the launch of a new resort or possible expansion into new markets. For the year ended December 31, 2023, our transaction expenses included $1.7 million of costs specifically related to our debt refinancing in December 2023.

(c) Includes severance expenses for employee terminations resulting from non-recurring or unusual events, such as the departure of an executive officer or the disposition of a resort. It does not include severance expenses for employee terminations resulting from our ongoing resort operations. For the year ended December 31, 2023, represents severance expenses for terminated employees related to the sale of the Jewel Punta Cana

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

(e) Includes significant repair and clean-up expenses incurred from natural events which are not expected to be offset by property damage insurance proceeds. It does not include repair and clean-up costs from natural events that are not considered significant. For the year ended December 31, 2023, represents changes in the expected repair and clean-up expenses for the Jewel Punta Cana related to the impact of Hurricane Fiona.

(f) For the years ended December 31, 2023 and 2022, represents corporate salaries and benefits of $40.1 million for 2023 and $35.9 million for 2022, professional fees of $9.7 million for 2023 and $9.1 million for 2022, corporate rent and insurance of $3.9 million for 2023 and $3.9 million for 2022, and corporate travel, software licenses, board fees and other miscellaneous corporate expenses of $4.0 million for 2023 and $3.8 million for 2022.

(g) Owned Resort EBITDA for the years ended December 31, 2023 and 2022 includes $6.1 million and $7.2 million, respectively, of business interruption insurance proceeds and recoverable expenses due to the impact of Hurricane Fiona in 2022.

The following table presents a reconciliation of our U.S. GAAP net income to IFRS income for the years ended December 31, 2023 and 2022 (*$ in thousands*):

	Year Ended December 31,	
	2023	**2022**
Net income per U.S. GAAP	**$ 53,852**	**$ 56,706**
Reconciling items to IFRS		
Share based compensation expense [(1)]	(403)	462
Depreciation expense [(2)]	3,463	5,443
Amortization of financing costs [(3)]	(1,377)	(2,175)
Income tax benefit [(4)]	27,261	19,128
Loss on extinguishment of debt [(5)]	(270)	(3,720)
Transaction expense [(5)]	1,706	12,866
Gain on sale of assets [(6)]	12,367	—
Other	2	183
Income from continuing operations per IFRS	**$ 96,601**	**$ 88,893**

(1) Differences due to the acceleration of share-based compensation expense for share-based awards with graded vesting service conditions under IFRS, compared to straight-line expense recognition for these awards under U.S. GAAP.

(2) Differences in depreciation due to the timing of componentization and the reversals of property and equipment impairment under IFRS.

(3) Differences in amortization due to amounts of deferred financing costs and discounts on borrowings capitalized in previous debt refinancing transactions.

(4) Differences in the book and tax basis under IFRS and U.S. GAAP which primarily relate to property and equipment

(5) Differences due to the treatment of third-party debt issuance costs in the December 2022 and 2023 debt refinancings, which were each accounted for as a partial modification and partial extinguishment of debt. Third-party debt issuance costs are capitalized in a debt modification under IFRS, but expensed under U.S. GAAP.

(6) Differences in the amount of gain or loss related to the Jewel Punta Cana sale. We recognized a gain under IFRS compared to a loss under U.S. GAAP due to differences in the carrying values of property and equipment transferred to the buyer.

Seasonality

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

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 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 year ended December 31, 2023 was $138.7 million, representing a decrease over 2022. We believe that our sources of cash, which consist of available cash and cash from operations, together with the available borrowing capacity under our revolving credit facility (the “Revolving Credit Facility”) and our access to the capital markets, will be adequate to meet our cash requirements, including our contractual obligations, over the next twelve months and beyond.

Sources of Cash

As of December 31, 2023, we had $272.5 million of available cash, which decreased from $283.9 million as of December 31, 2022. The decrease in available cash was primarily due to increased spending under our $200.0 million share repurchase program given improved performance across our portfolio as a result of increases in both Net Package ADR and Net Non-package Revenue from the ongoing leisure travel recovery and our pricing discipline to coincide with investments in guest satisfaction at our resorts.

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

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

Cash Requirements

Our expected material cash requirements for the year ended December 31, 2024 and thereafter consist of (i) contractually obligated expenditures, including payments of principal and interest; (ii) other essential expenditures, including operating expenses and maintenance of our resorts; and (iii) opportunistic expenditures, including possible property developments, expansions, renovations, repositioning and rebranding projects, potential acquisitions, the repayment of indebtedness and discretionary repurchases of our securities.

As of December 31, 2023, we had $100.8 million of scheduled contractual obligations, excluding $36.7 million of other non-interest bearing obligations. In addition, as of December 31, 2023, we estimate that we will incur between $80.0 million and $90.0 million of capital expenditures for 2023, of which $35.0 million to $40.0 million is related to maintenance of our resorts and the remainder relates to return-on-investment oriented projects.

We are continuing to monitor our liquidity and we may pursue additional sources of liquidity as needed. The availability of additional liquidity options will depend on the economic and financial environment, our credit, our historical and projected financial and operating performance and continued compliance with financial covenants. If operating conditions decline or are materially adversely impacted, we may not be able to maintain our current liquidity position or access additional sources of liquidity at acceptable terms or at all.

Financing Strategy

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

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

Cash Flows

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

	Year Ended December 31,			
	2023		2022	
Net cash provided by operating activities	$	138,741	$	171,921
Net cash provided by (used in) investing activities	$	50,532	$	(3,660)
Net cash used in financing activities	$	(200,698)	$	(154,404)

Capital Expenditures

We maintain each of our properties in good repair and condition and in conformity with applicable laws and regulations, franchise and license agreements and management agreements. Capital expenditures made to extend the service life or increase the capacity of our assets, including expenditures for the replacement, improvement or expansion of existing capital assets (i.e., maintenance capital expenditures), differ from ongoing repair and maintenance expense items, which do not in our judgment extend the service life or increase the capacity of assets and are charged to expense as incurred. From time to time, certain of our resorts may be undergoing renovations as a result of our decision to upgrade portions of the resorts, such as guestrooms, public space, meeting space, gyms, spas and/or restaurants, in order to better compete with other resorts in our markets.

Dividends

No cash dividends were paid for the year ended December 31, 2023. We also do not plan on paying cash dividends on our ordinary shares in the foreseeable future.

Share Repurchases

On December 7, 2023, our Board authorized a new $200.0 million share repurchase program, replacing the previous $200.0 million repurchase authorization announced in February 2023, 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 year ended December 31, 2023, we repurchased 23,295,093 ordinary shares under the program at an average price of $7.95 per share, and during the year ended December 31, 2022, we repurchased 7,838,992 ordinary shares under the previous program at an average price of $5.90 per share. As of December 31, 2023, we had approximately $196.4 million remaining under our share repurchase program.

Senior Secured Credit Facility

As of December 31, 2023, our total debt obligations were $1,094.2 million, which represents the $1,089.0 million principal amount outstanding under our Term Loan due 2029 and Revolving Credit Facility, which together comprise our Senior Secured Credit Facility, and $5.2 million finance lease obligation, excluding $26.8 million of issuance discounts and $17.7 million of unamortized debt issuance costs.

For discussion of our debt obligations, including the amendment executed in December 2023 to decrease the applicable interest rate, refer to Note 17 to the Consolidated Financial Statements included within Chapter 7. *Financial Statements and Supplementary Data.*

Critical Accounting Policies and Estimates

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

Fair Value of Financial Instruments

See Note 2 and Note 20 to our Consolidated Financial Statements for more information.

Recent Accounting Pronouncements

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

Quantitative and Qualitative Disclosures About Market Risk

In the normal course of operations, we are exposed to interest rate risk and foreign currency risk which may impact future income and cash flows. See Note 20 to the Consolidated Financial Statements for further discussion regarding managing the risks of our financial instruments.

7. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

7.1 Consolidated Financial Statements

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

	Note	As of December 31, 2023	As of December 31, 2022
ASSETS			
Non-current assets			
Property and equipment, net	8	$ 1,378,503	$ 1,488,000
Goodwill, net	7	62,225	63,237
Other intangible assets	7	4,357	6,556
Deferred tax assets	9	7,095	7,297
Other non-current assets	10	17,915	14,995
Total non-current assets		1,470,095	1,580,085
Current assets			
Derivative financial instruments	18	2,966	3,510
Inventories		19,963	20,046
Trade and other receivables, net	11	74,762	62,946
Insurance recoverable	8	9,821	34,191
Accounts receivable from related parties	12	5,861	8,806
Prepayments and other current assets	13	36,417	29,198
Cash and cash equivalents		272,520	283,945
Total current assets		422,310	442,642
Total assets		**$ 1,892,405**	**$ 2,022,727**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	$ 18,822	$ 18,700
Share premium	14	965,724	965,724
Other reserves	14	70,891	57,403
Treasury shares	14	(248,174)	(62,953)
Accumulated deficit		(274,565)	(379,241)
Total equity		532,698	599,633
Non-current liabilities			
Borrowings	17	1,047,693	1,051,256
Deferred tax liabilities	9	60,513	102,446
Other non-current liabilities	23	30,470	26,278
Total non-current liabilities		1,138,676	1,179,980
Current liabilities			
Trade and other payables	19	196,627	233,011
Payables to related parties	12	10,743	6,852
Borrowings	17	2,084	2,295
Income tax payable		11,577	956
Total current liabilities		221,031	243,114
Total liabilities		1,359,707	1,423,094
Total equity and liabilities		**$ 1,892,405**	**$ 2,022,727**

The accompanying Notes 1-29 are an integral part of these Consolidated Financial Statements.

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

	Note	Year Ended December 31, 2023	2022
Revenue	6	$ 977,504	$ 856,263
Operating expenses	24	(719,931)	(634,853)
Depreciation and amortization	7, 8	(78,364)	(72,929)
Gain (loss) on sale of assets	8	7,298	(5)
Gain on insurance proceeds	8	5,580	—
Operating income		**192,087**	**148,476**
Finance costs	25	(109,923)	(66,339)
Loss on extinguishment of debt	17	(1,164)	(22,027)
Other financial income, net	26	1,323	5,050
Net result of exchange differences		(1,269)	(948)
Income before tax		81,054	64,212
Income tax benefit	9	15,547	24,681
Income		**$ 96,601**	**$ 88,893**
Earnings per share			
Basic	16	$ 0.65	$ 0.54
Diluted	16	$ 0.64	$ 0.53
Weighted average number of shares outstanding during the period - Basic		148,063,358	164,782,886
Weighted average number of shares outstanding during the period - Diluted		150,828,895	166,623,171

The accompanying Notes 1-29 are an integral part of these Consolidated Financial Statements.

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

	Note	Year ended December 31, 2023	Year ended December 31, 2022
Income		**$ 96,601**	**$ 88,893**
Pension obligation loss		(51)	(219)
Release of foreign currency translation reserve related to resort sale	8	2,652	—
Gain on interest rate swaps	18	5,474	11,737
Other comprehensive income, net of tax		8,075	11,518
Comprehensive income		**$ 104,676**	**$ 100,411**

The accompanying Notes 1-29 are an integral part of these Consolidated Financial Statements.

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

	Ordinary share capital (Note 14)		Treasury shares (Note 14)		Share premium (Note 14)	Equity-settled employee benefits reserve (Note 14)	Accumulated deficit	Total equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2021	**164,438,280**	**$ 18,518**	**2,208,004**	**$ (16,697)**	**$ 965,724**	**$ 46,155**	**$ (479,652)**	**$ 534,048**
Net income	—	—	—	—	—	—	88,893	88,893
Net other comprehensive income	—	—	—	—	—	—	11,518	11,518
Total comprehensive income							100,411	100,411
Share-based compensation	1,629,220	182	—	—	—	11,248	—	11,430
Repurchase of ordinary shares	(7,838,992)	—	7,838,992	(46,256)	—	—	—	(46,256)
Balance at December 31, 2022	**158,228,508**	**$ 18,700**	**10,046,996**	**$ (62,953)**	**$ 965,724**	**$ 57,403**	**$ (379,241)**	**$ 599,633**
Net income	—	—	—	—	—	—	96,601	96,601
Net other comprehensive income	—	—	—	—	—	—	8,075	8,075
Total comprehensive income							104,676	104,676
Share-based compensation	1,148,476	122	—	—	—	13,488	—	13,610
Repurchase of ordinary shares	(23,295,093)	—	23,295,093	(185,221)	—	—	—	(185,221)
Balance at December 31, 2023	**136,081,891**	**$ 18,822**	**33,342,089**	**$ (248,174)**	**$ 965,724**	**$ 70,891**	**$ (274,565)**	**$ 532,698**

The accompanying Notes 1-29 are an integral part of these Consolidated Financial Statements.

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

	Note	Year ended December 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income		**$ 96,601**	**$ 88,893**
Adjustments to reconcile income to net cash flows from operating activities			
Income tax benefit	9	(15,547)	(24,681)
Depreciation and amortization	7,8	78,364	72,929
Loss on extinguishment of debt	17	1,164	22,027
Share based compensation	15	13,610	11,430
Finance costs	25	109,923	66,339
(Gain) loss on sale of assets		(7,298)	5
Amortization of key money		(773)	(1,228)
Changes in other liabilities	23	1,809	1,172
Other		(537)	569
Working capital adjustments:			
Inventories		(1,373)	(2,018)
Trade and other receivables, net	11	(11,935)	(17,455)
Insurance recoverable	8	6,381	(40,579)
Accounts receivable from related parties	12	2,945	(825)
Prepayments and other assets	13	(5,888)	(975)
Trade and other payables	19	(29,553)	71,111
Payables to related parties	12	3,891	1,802
Income taxes payable		(1,553)	(5)
Net cash provided by operating activities		240,231	248,511
Income taxes paid		(4,393)	(1,098)
Interest paid		(97,097)	(75,492)
Net cash provided by operating activities		**138,741**	**171,921**
INVESTING ACTIVITIES:			
Capital expenditures	8	(46,186)	(28,735)
Purchase of intangibles	7.2	(235)	(484)
Proceeds from sale of assets, net	8	78,964	182
Restricted cash reserve	10	—	23,489
Property damage insurance proceeds	8	17,989	6,388
Payment of key money	10	—	(4,500)
Net cash provided by (used in) investing activities		**50,532**	**(3,660)**
FINANCING ACTIVITIES:			
Proceeds from debt issuance, net of discount	17	—	1,061,500
Issuance costs of debt	17	(1,712)	(19,678)
Repayment of debt	17	(11,000)	(941,868)
Repayment of debt from related parties	17	—	(208,545)
Repurchase of ordinary shares	14	(186,889)	(44,588)
Principal payments on finance lease obligations		(1,097)	(1,225)
Net cash used in financing activities		**(200,698)**	**(154,404)**
Net (decrease) increase in cash and cash equivalents		**(11,425)**	**13,857**
Cash and cash equivalents at the beginning of the period		**$ 283,945**	**$ 270,088**
Cash and cash equivalents at the end of the period		**$ 272,520**	**$ 283,945**

SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES					
Capital expenditures incurred but not yet paid	8	$	2,430	$	2,328
Repurchase of ordinary shares not yet settled	14	$	—	$	1,668
Costs of sale not yet paid		$	890	$	—
Par value of vested restricted share awards		$	122	$	182
Right-of-use assets obtained in exchange for operating lease liabilities within other assets		$	4,151	$	—

The accompanying Notes 1-29 are an integral part of these Consolidated Financial Statements.

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

1. Organization and description of the Company

1.1 Background

Playa Hotels & Resorts N.V. (“Playa” or the “Company”) (The Nasdaq Stock Market LLC: PLYA), through its subsidiaries, 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 24 resorts located in Mexico, the Dominican Republic and Jamaica. Unless otherwise indicated or the context requires otherwise, references in our consolidated financial statements (our “Consolidated Financial Statements”) to “we,” “our,” “us” and similar expressions refer to Playa and its subsidiaries. Capitalized terms not otherwise defined in these Consolidated Financial Statements shall have the meanings set forth in the Directors' Report that these Consolidated Financial Statements are attached to.

1.2 General information

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

1.3 Subsidiaries

Playa’s consolidated subsidiaries, all of which were wholly owned, as of December 31, 2023 are as follows:

Subsidiary	Country	Category	Resort
Paloma Capital N.V.	Curacao	Holding	—
Perfect Timing N.V.	Curacao	Holding	—
Montego Portfolio Limited	Jamaica	Holding	—
Playa H&R Holdings B.V.	The Netherlands	Holding	—
Playa Hotels & Resorts N.V.	The Netherlands	Holding	—
Playa Resorts Holding B.V.	The Netherlands	Holding	—
Playa Riviera Maya B.V.	The Netherlands	Holding	—
Playa Romana B.V.	The Netherlands	Holding	—
St. James Parish Resort Limited	St. Lucia	Holding	—
Hilmobay Resort Lucia Limited	St. Lucia	Holding	—
Grande Resort Lucia Limited	St. Lucia	Holding	—
Runaway Bay Resort Lucia Limited	St. Lucia	Holding	—
Paradise Cove Resort Lucia Limited	St. Lucia	Holding	—
Dunn's River Resort Lucia Limited	St. Lucia	Holding	—
Jamziv Mobay Lucia Limited	St. Lucia	Holding	—
Playa Management USA, LLC (Canadian Branches - Ontario and BC)	Canada	Resort Operations	—
Playa Management, LLC (DR Branch)	Dominican Republic	Resort Operations	—
Servicios PLYA DR Hoteles, S.A.S.	Dominican Republic	Resort Operations	—
Best Trip Tours & Travel, S.R.L.	Dominican Republic	Resort Operations	—
JG Management Co. Limited	Jamaica	Resort Operations	—
Services PLYA Hotels Limited	Jamaica	Resort Operations	—
Servicios PLYA Hotels & Resorts, S. de R.L.de C.V.	Mexico	Resort Operations	—
Playa Resorts Management Mexico, S. de R.L. de C.V.	Mexico	Resort Operations	—
Playa Management, LLC (MX Branch)	Mexico	Resort Operations	—
Playa Management USA, LLC (1)	USA	Resort Operations	—
Playa Management, LLC (2)	USA	Resort Operations	—
Playa Resorts Management, LLC	USA	Resort Operations	—
Resort Room Sales, LLC	USA	Resort Operations	—

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

(1) With branches in Canada.

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

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

(4) With a branch in the Dominican Republic.

1.4 Investment in associates

As of December 31, 2023, we did not hold any investment in associates. As of December 31, 2022, we had a $1.6 million investment in associates which was included within other non-current assets in the Consolidated Statements of Financial Position. The investment consisted of a 25% interest in Invermax S.A., a company that supplies fresh water for consumption at one of our resorts.

1.5 Resort properties

As of December 31, 2023, we owned and/or managed a portfolio of 24 resorts in Mexico, the Dominican Republic and Jamaica:

Current Name of Resort	Rooms	Location
Owned Resorts		
Yucatán Peninsula		
Hyatt Ziva Cancún	547	Cancún, Mexico
Hyatt Zilara Cancún	310	Cancún, Mexico
Wyndham Alltra Cancún	458	Cancún, Mexico
Hilton Playa del Carmen All-Inclusive Resort	524	Playa del Carmen, Mexico
Wyndham Alltra Playa del Carmen	287	Playa del Carmen, Mexico
Pacific Coast		
Hyatt Ziva Los Cabos	591	Cabo San Lucas, Mexico
Hyatt Ziva Puerto Vallarta	335	Puerto Vallarta, Mexico
Dominican Republic		
Hilton La Romana All-Inclusive Resort	356	La Romana, Dominican Republic
Hilton La Romana All-Inclusive Resort	418	La Romana, Dominican Republic
Jewel Palm Beach	500	Punta Cana, Dominican Republic
Hyatt Ziva Cap Cana	375	Cap Cana, Dominican Republic
Hyatt Zilara Cap Cana	375	Cap Cana, Dominican Republic
Jamaica		
Hyatt Ziva Rose Hall	276	Montego Bay, Jamaica
Hyatt Zilara Rose Hall	344	Montego Bay, Jamaica
Hilton Rose Hall Resort & Spa	495	Montego Bay, Jamaica
Jewel Paradise Cove Beach Resort & Spa	225	Runaway Bay, Jamaica
Jewel Grande Montego Bay Resort & Spa(1)	88	Montego Bay, Jamaica
Total Rooms Owned	**6,504**	
Managed Resorts (2)(3)		
Sanctuary Cap Cana	324	Punta Cana, Dominican Republic
Jewel Grande Montego Bay Resort & Spa	129	Montego Bay, Jamaica
The Yucatán Playa Del Carmen All-Inclusive Resort	60	Playa del Carmen, Mexico
Seadust Cancún Family Resort	502	Cancún, Mexico
Kimpton Hacienda Tres Ríos Resort, Spa & Nature Park(4)	255	Playa del Carmen, Mexico
Wyndham Alltra Vallarta	229	Nuevo Vallarta, Mexico
Wyndham Alltra Samaná(5)	404	Samaná, Dominican Republic
Jewel Punta Cana(6)	620	Punta Cana, Dominican Republic
Total Rooms Operated	**2,523**	
Total Rooms Owned and Operated	**9,027**	

(1) 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.
(2) Owned by a third party.
(3) We terminated our management agreements for the Hyatt Ziva Riviera Cancún and Hyatt Zilara Riviera Maya effective December 15, 2023.
(4) 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 late 2024.
(5) We entered into a management agreement to operate this resort during the first quarter of 2023. We commenced operations in March 2024.
(6) In connection with the resort's sale in December 2023, we entered into a management agreement to operate this resort. The resort is currently closed for renovations and we expect to commence operations in late 2024.

2. Basis of preparation, presentation and measurement

These Consolidated Financial Statements have been prepared in accordance with the regulatory framework set forth in Note 4.1. Results for the comparative prior periods have been reclassified to conform to the current period presentation. The Consolidated Financial Statements have been approved for issue by the Board of Directors (the "Board") on April 17, 2024, and will be subject to adoption by the Shareholders on May 16, 2024.

The Consolidated Financial Statements have been prepared based on historical cost, with the exception of balances that are measured at fair value, as explained in Note 20.3.

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

3. Application of new and revised IFRS

3.1 Newly effective IFRS standards and interpretations

During the year ended December 31, 2023, we did not adopt any IFRS standards and interpretations that became effective during the year that materially impacted the financial statements.

3.2 IFRS standards and interpretations issued but not effective

The most significant IFRS standards, interpretations and amendments issued before December 31, 2023, but not yet effective as of December 31, 2023 (either because their effective date was subsequent to the date of the Consolidated Financial Statements, or because they had not been endorsed by the European Union yet) are listed below. We intend to adopt these standards, as applicable, when they become effective.

Standards, Interpretations & Amendments	Effective Date	Endorsed by the European Union?	Expected Impact
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020), Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 5 July 2020), and Non-current Liabilities with Covenants (issued on 31 October 2022)	Annual periods on or after January 1, 2024	Yes	*
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)	Annual periods on or after January 1, 2024	Yes	*

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

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

4. Material accounting policies

4.1 Regulatory framework applicable to the financial information

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

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

4.2 Principles of consolidation

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

4.3 Foreign currency

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

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

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

4.4 Related party transactions

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

4.5 Property and equipment, net

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

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

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

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

4.6 Goodwill and other intangible assets

a) Goodwill, net

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

Goodwill is reviewed for impairment annually on July 1st and October 1st, respectively, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of each CGU, including goodwill, is compared to its recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed. No goodwill impairment was recognized for the years ended December 31, 2023 and 2022.

b) Other intangible assets

The useful life for definite lived intangibles is determined to be equal to their economic life. An impairment loss is recognized for our indefinite or definite lived assets when the amount by which the asset's carrying amount exceeds its recoverable amount. Our intangible assets are valued at historical cost less accumulated amortization and impairment. No impairment was recognized for the years ended December 31, 2023 and 2022.

4.7 Impairment of non-financial assets

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

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

No impairment was recognized for the years ended December 31, 2023 and 2022.

4.8 Cash and cash equivalents

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

4.9 Inventories

Inventories consist of food, beverages and other items related to consumption and are valued at the lower of cost or net realizable value. Cost is determined using the weighted average cost method, not to exceed the market value.

4.10 Trade and other receivables, net

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

4.11 Assets held for sale

We classify resorts as held for sale when the sale is probable, will be completed within one year and actions to complete the sale are unlikely to change or it is unlikely that the sale will not occur. This is consistent with our experience with real estate transactions under which the timing and final terms of a sale are frequently not known until all the following conditions are met:

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

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

4.12 Ordinary share capital and share premium

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

4.13 Financial instruments

The Consolidated Statements of Financial Position contains various financial instruments including, but not limited to, cash and cash equivalents, restricted cash, trade and other receivables, accounts receivable from related parties, certain prepayments and other assets, trade and other payables, payables to related parties, derivative financial instruments, other non-current liabilities including our pension obligation, and borrowings. Derivative financial instruments are recorded at fair value; all other financial assets and financial liabilities are recorded at amortized cost.

4.14 Derivative financial instruments

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

4.15 Derecognition of financial liabilities

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

4.16 Borrowings

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

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

4.17 Trade and other payables

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

4.18 Provisions and contingencies

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

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

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

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

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

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

4.19 Leases

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

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

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

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

4.20 Current and deferred income tax

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

Current tax

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

Deferred tax

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

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

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

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

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

4.21 Revenue recognition

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

- *Package revenue:* Revenues derived from all-inclusive packages purchased by our guests, which include room accommodations and premium room upgrades, food and beverage services and entertainment activities, are included in the revenue line item of the Consolidated Statements of Profit or Loss and are considered one performance obligation. Contract liabilities consist of advanced deposits received from customers which are deferred until the rooms are occupied and the services have been rendered. Advance deposits are included in trade and other payables in the Consolidated Statements of Financial Position. Revenue is measured at the fair value of the consideration received or receivable, stated net of estimated discounts, rebates, certain compulsory tips, and value added taxes and recognized when our performance obligation of all-inclusive services is considered transferred to the customer.
- *Non-package revenue:* Revenue associated with premium services and amenities that are not included in the all-inclusive package such as dining experiences, wines and spirits and spa packages which are included in the revenue line item of the Consolidated Statements of Profit or Loss. Revenue is recognized based on the agreed upon price after the completion of the sale when the product or service is transferred to the customer, net of certain compulsory tips. Food and beverage revenue not included in a guest's all-inclusive package is recognized when the goods are consumed.
- *Management fees:* Revenue derived from resorts that we manage, typically under long-term contracts with the property owner. Management fees are typically composed of a base fee, which is computed as a percentage of resort revenue, and an incentive fee, which is computed as a percentage of resort profitability. We recognize revenue over the term of the service period as the third-party owners benefit from our management services. Revenue from management contracts is included in the revenue line item of the Consolidated Statements of Profit or Loss.
- *Cost reimbursements:* Revenue derived from the reimbursement of certain costs incurred by Playa on behalf of resorts managed by Playa and owned by third parties. These revenues are fully offset by reimbursed costs and have no impact on net income or loss. Cost reimbursements are recognized when agreed upon reimbursable costs are incurred from managing resorts owned by third-parties and included in the revenue line item of the Consolidated Statements of Profit or Loss.
- *The Playa Collection revenue:* Revenue derived from the fees paid to us from the third-party owner of our loyalty program, The Playa Collection. These fees typically consist of license fees to use the intellectual property to operate the program, marketing fees for the right to market and promote the program, and support fees for the cooperation and support from our personnel. We recognize license fee revenue based on a percentage of membership sales as they occur and marketing and support fee revenue when we have the right to invoice for services performed. The Playa Collection revenue is included in the revenue line item of the Consolidated Statements of Profit or Loss.
- *Other revenues:* Other operating revenues not included in the above categories, such as centralized service fees charged to third-party owners of the resorts we manage or contract termination fees. Revenue is recognized as our performance obligation of services is considered transferred to the customer. These revenues are included in the revenue line item of the Consolidated Statements of Profit or Loss.

4.22 Share-based compensation

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

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

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

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

4.23 Statement of cash flows

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

4.24 Share repurchase program and treasury shares

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

4.25 Cloud computing arrangements

We capitalize application development stage costs associated with cloud computing arrangements (CCAs). Capitalized implementation costs are included in prepayments and other current assets in our Consolidated Statements of Financial Position. Amortization is calculated on a straight-line basis over the term of the hosting arrangement and is included in operating expenses in our Consolidated Statements of Profit or Loss.

5. Critical accounting judgments and key sources of estimating uncertainty

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

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

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

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

We are required to apply judgment in determining the estimated useful lives of our property and equipment for purposes of calculating the amount of depreciation expense to record each year with respect to the assets. Changes to the significant assumptions or estimates of useful lives could materially affect our results of operations; however, there were no significant changes to our estimates of useful lives during the year ended December 31, 2023.

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

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

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

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

Goodwill - Estimates related to the impairment of goodwill

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

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

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

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

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

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

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

Derivative financial instruments - Estimating future one-month SOFR

We use derivative financial instruments, primarily interest rate swap contracts, to hedge our exposure to interest rate risk. Such derivative financial instruments are initially recorded at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at period end. Changes in the fair value of a derivative contract that is qualified, designated and highly effective as a cash flow hedge are recorded in total other comprehensive income or loss and reclassified into finance costs in the same period or periods during which the hedged transaction affects earnings. If a derivative contract does not meet this criteria, then the change in fair value is recognized in earnings. The fair value of our interest rate swaps is the present value of estimated future cash flows, calculated as the difference between the fixed rate paid by us and the variable rate received from our counterparty, multiplied by the notional principal amount.

The fair value of our interest rate swaps at period end is most significantly affected by our estimate of future one-month Secured Overnight Financing Rate ("SOFR") interest rates through the contractual period to maturity. It is also affected by changes in our own and our counterparty's specific credit risk, which are incorporated into the credit valuation adjustment, as well as the discount rate applied to our estimated future cash flows of the interest rate swaps. Changes to these significant inputs or estimates could materially affect our recorded finance costs and our results of operations.

6. Revenue

The following tables present our revenues disaggregated by geographic segment (refer to discussion of our reportable segments in Note 28) (*$ in thousands):*

	Year Ended December 31, 2023					
	Yucatán Peninsula	Pacific Coast	Dominican Republic	Jamaica	Other	Total
Package revenue	$ 280,544	$ 127,830	$ 218,309	$ 197,439	$ —	$ 824,122
Non-package revenue	35,490	17,675	35,843	32,414	—	121,422
The Playa Collection	—	—	—	—	3,642	3,642
Management fees	152	—	—	—	6,878	7,030
Cost reimbursements	—	—	—	4,947	7,528	12,475
Other revenues	—	—	—	—	8,813	8,813
Total revenue	**$ 316,186**	**$ 145,505**	**$ 254,152**	**$ 234,800**	**$ 26,861**	**$ 977,504**

	Year Ended December 31, 2022					
	Yucatán Peninsula	Pacific Coast	Dominican Republic	Jamaica	Other	Total
Package revenue [(1)]	$ 251,788	$ 116,172	$ 197,440	$ 157,975	$ —	$ 723,375
Non-package revenue [(1)(2)(3)]	36,244	15,493	33,689	31,176	—	116,602
The Playa Collection [(2)]	—	—	—	—	1,752	1,752
Management fees	137	—	—	—	3,691	3,828
Cost reimbursements	—	—	—	4,487	5,219	9,706
Other revenues [(3)]	—	—	—	—	1,000	1,000
Total revenue	**$ 288,169**	**$ 131,665**	**$ 231,129**	**$ 193,638**	**$ 11,662**	**$ 856,263**

[(1)] Includes $10.1 million of on-property room upgrade revenue that was reclassified from non-package revenue to package revenue to conform with current period presentation.
[(2)] Includes $1.8 million that was reclassified from non-package revenue to The Playa Collection to conform with current period presentation.
[(3)] Includes $1.0 million that was reclassified from non-package revenue to other revenues to conform with current period presentation.

Performance obligations

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

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

Contract assets and liabilities

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

We record contract liabilities when cash payments are received or due in advance of guests staying at our resorts, which are presented as advance deposits (see Note 19) within trade and other payables on our Consolidated Statements of Financial Position. Our advanced deposits are generally recognized as revenue within one year.

Contract costs

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

Termination of Management Agreements

We terminated our management agreements for the Hyatt Ziva Riviera Cancún and Hyatt Zilara Riviera Maya effective December 15, 2023 and received $6.5 million of termination fees from the owner of the resorts, which are recorded within revenue in the Consolidated Statements of Profit or Loss for the year ended December 31, 2023.

7. Goodwill and other intangible assets

7.1 Goodwill, net

We recognized no goodwill impairment losses nor any acquisitions giving rise to goodwill during the years ended December 31, 2023 and 2022. The gross carrying values and accumulated impairment losses of goodwill as of December 31, 2023 and 2022 were as follows (*$ in thousands*):

	As of January 1, 2023	Adjustments[1]	Impairment losses	As of December 31, 2023
Gross carrying value	$ 87,141	$ (2,000)	$ —	$ 85,141
Accumulated impairment loss	(23,904)	988	—	(22,916)
Carrying value	**$ 63,237**	**$ (1,012)**	**$ —**	**$ 62,225**

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

(1) During the year ended December 31, 2023, we recognized an adjustment to goodwill representing a correction of an immaterial error to acquired land from the business combination with Sagicor in 2018. The adjustment was not significant and had no impact to our previously reported Consolidated Financial Statements.

Our goodwill balance is related to our August 2013 acquisition of four resorts located in the Yucatán peninsula of Mexico and our June 2018 acquisition of a portfolio of resorts from Sagicor in Jamaica. As of December 31, 2023 and 2022, the carrying amounts of goodwill allocated to each CGU were as follows (*$ in thousands)*:

	As of December 31, 2023	As of December 31, 2022
Wyndham Alltra Cancún	$ 12,029	$ 12,029
Hilton Playa del Carmen All-Inclusive Resort	21,652	21,652
Hyatt Zilara Cancún	11,381	11,381
Hilton Rose Hall Resort & Spa	17,163	18,175
Total	**$ 62,225**	**$ 63,237**

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

Under the discounted cash flow approach, we projected cash flows over a ten year period and into perpetuity for estimating the fair value less costs of disposal and over a five year period and into perpetuity for estimating the value in use of each CGU. We utilize various Level 3 (see Note 20.3) assumptions and estimates including projections of revenues and expenses based on estimated long-term growth rates and pre-tax discount rates based on the weighted average cost of capital ("WACC"), which are considered the most sensitive inputs.

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

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

	Pre-Tax Discount Rate	Long-Term Growth Rate
Wyndham Alltra Cancún	11.0 %	3.0 %
Hilton Playa del Carmen All-Inclusive Resort	11.0 %	3.0 %
Hyatt Zilara Cancún	11.0 %	3.0 %
Hilton Rose Hall Resort & Spa	13.3 %	3.0 %

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

7.2 Other intangible assets

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

	As of January 1, 2023	Additions	Disposals	Transfers	As of December 31, 2023
Casino and other licenses [(1)]	$ 875	$ —	$ (268)	$ —	$ 607
Management agreement	1,900	—	—	—	1,900
Enterprise resource planning system [(2)]	6,375	—	—	(23)	6,352
Other [(3)]	4,499	236	(110)	49	4,674
Acquisition cost	**$ 13,649**	**$ 236**	**$ (378)**	**$ 26**	**$ 13,533**
Management agreement	$ (428)	$ (95)	$ —	$ —	$ (523)
Enterprise resource planning system [(2)]	(2,771)	(1,581)	—	3	(4,349)
Other [(3)]	(3,894)	(461)	54	(3)	(4,304)
Accumulated amortization	**(7,093)**	**(2,137)**	**54**	**—**	**(9,176)**
Carrying value	**$ 6,556**	**$ (1,901)**	**$ (324)**	**$ 26**	**$ 4,357**

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

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

Amortization expense, recognized straight-line over the economic life of our intangible assets, was $2.1 million and $1.5 million for the years ended December 31, 2023 and 2022, respectively. Amortization expense relating to intangible assets with finite lives is expected to be as follows (*$ in thousands*):

	As of December 31, 2023
2024	$ 1,952
2025	522
2026	139
2027	129
2028	103
Thereafter	905
Total	**$ 3,750**

8. Property and equipment, net

Property and equipment as of December 31, 2023 and 2022 consisted of the following (*$ in thousands*):

	As of January 1, 2023	Additions	Disposals	Transfers	As of December 31, 2023
Land, buildings and improvements	$ 1,722,056	$ 2,381	$ (116,880)	$ 9,294	$ 1,616,851
Fixtures and machinery [(1)]	87,900	2,055	(6,041)	2,372	86,286
Furniture and other fixed assets	211,193	8,085	(27,278)	9,914	201,914
Prepayments and construction-in-progress	10,294	34,231	(2,242)	(20,206)	22,077
Acquisition cost	**$ 2,031,443**	**$ 46,752**	**$ (152,441)**	**$ 1,374**	**$ 1,927,128**
Land, buildings and improvements	$ (349,196)	$ (49,661)	$ 39,385	$ —	$ (359,472)
Fixtures and machinery	(47,744)	(7,152)	5,421	—	(49,475)
Furniture and other fixed assets	(146,503)	(19,416)	26,241	—	(139,678)
Accumulated depreciation	**(543,443)**	**(76,229)**	**71,047**	**—**	**(548,625)**
Carrying value	**$ 1,488,000**	**$ (29,477)**	**$ (81,394)**	**$ 1,374**	**$ 1,378,503**

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

[(1)] Includes the gross balance of our finance lease right-of-use assets of $6.3 million (see Note 27) related to our thermal energy plants.

Depreciation expense for property and equipment was $76.2 million and $71.5 million for the years ended December 31, 2023 and 2022, respectively, and is recorded within depreciation and amortization in the Consolidated Statements of Profit or Loss.

For the year ended December 31, 2023, we capitalized $0.3 million of interest expense on qualifying assets using the weighted-average interest rate of the debt. For the year ended December 31, 2022, we did not capitalize any interest expense.

Hurricane Fiona

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

As a result of Hurricane Fiona, we incurred $40.8 million of estimated clean-up and repair expenses and $0.7 million to write off damaged property and equipment and inventory, which were offset with our expected property damage insurance recoveries of $33.4 million. We also incurred $8.8 million of unavoidable operating costs while the resorts were temporarily closed and estimated we would recover $7.2 million of these costs through our business interruption insurance, after applying our deductible. The net expense due to property damage and business interruption is recorded within operating expenses in the Consolidated Statements of Profit or Loss for the year ended December 31, 2022. We received property damage insurance proceeds of $6.4 million during the year ended December 31, 2022.

We received $13.2 million and $18.0 million of business interruption and property damage insurance proceeds, respectively, during the year ended December 31, 2023. We expect to receive the remaining proceeds in 2024.

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.

Jewel Punta Cana

On November 3, 2023, we entered into an agreement to sell our equity interest in Jewel Punta Cana, which is reported within our Dominican Republic reportable segment, for $82.0 million in cash consideration. On December 15, 2023, we completed the sale, received total cash consideration of $79.1 million, after customary closing costs, and recognized a gain of $7.3 million within gain (loss) on sale of assets in the Consolidated Statements of Profit or Loss for the year ended December 31, 2023. We also recorded an estimated capital gains tax of $12.0 million on the sale, which was paid to the taxing authority in the Dominican Republic in March 2024. The capital gains tax is recorded within income tax benefit in the Consolidated Statements of Profit or Loss. We entered into a long-term management agreement to manage the resort immediately following the sale.

9. Income taxes

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

9.1 Income tax benefit

The breakdown of income tax benefit for the years ended December 31, 2023 and 2022 is as follows (*$ in thousands*):

	Year ended December 31,	
	2023	**2022**
Current income tax expense	$ 14,739	$ 1,191
Deferred income tax benefit	(30,286)	(25,872)
Total income tax benefit	**$ (15,547)**	**$ (24,681)**

a) *Netherlands*

The parent company is domiciled in the Netherlands and is subject to Dutch Corporate Tax at a general tax rate of 25.8% for the year ended December 31, 2023.

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

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

Effective January 1, 2022, the Dutch corporate income tax rate for 2022 and future tax years increased to 25.8% for amounts in excess of €395,000.

b) Mexico

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

c) Dominican Republic

Our Dominican Republic entities are potentially subject to income tax and asset tax. We account for the Dominican Republic hybrid tax expense in accordance with IAS 12, Income Taxes. Previously, our Dominican Republic taxes were determined based upon Advanced Pricing Agreements ("APA") approved by the Ministry of Finance of the Dominican Republic. We have not yet received any APAs for the year ended December 31, 2023 and 2022.

During 2023, our Dominican Republic entities were subject to income tax and asset tax. For the year ended December 31, 2023, we recorded current tax expense of $1.0 million and a deferred tax benefit of $2.9 million.

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

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

d) Jamaica

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

Effective tax rate

The reconciliation between the income tax benefit and the result of applying our statutory tax rate to the consolidated results for the years ended December 31, 2023 and 2022 is as follows (*$ in thousands):*

	2023		2022	
Income tax expense at statutory rate	$ 20,912	26 %	$ 16,567	26 %
Differences between statutory rate and foreign rate	(52,098)	(64) %	(31,378)	(49) %
Inflation adjustments	(11,152)	(14) %	(23,374)	(36) %
Nondeductible interest and expenses	10,909	13 %	3,756	6 %
Other	(1,225)	(2) %	(476)	(1) %
Foreign exchange rate differences	(21,228)	(26) %	(8,469)	(13) %
Change in valuation allowance	26,291	32 %	18,693	29 %
Capital gains tax	12,044	15 %	—	— %
Total income tax benefit	**$ (15,547)**	**(20)%**	**$ (24,681)**	**(38)%**

9.2 Deferred income taxes

Deferred income taxes reflect the net tax effects of differences between the bases of assets and liabilities for financial reporting and income tax purposes. The sources and movements of deferred income tax balances for the years ended December 31, 2023 and December 31, 2022 are as follows (*$ in thousands*):

	As of January 1, 2023	Activity for the period	As of December 31, 2023
Deferred tax liabilities less than 12 months			
Accounts receivable and prepayments to vendors	$ 366	$ 389	$ 755
Deferred tax liabilities over 12 months			
Property and equipment	133,383	(41,716)	91,667
Other liabilities	—	560	560
Total deferred tax liabilities	**133,749**	**(40,767)**	**92,982**
Deferred tax assets less than 12 months			
Advanced customer deposits	706	(334)	372
Trade payables and other accruals	4,806	(2,972)	1,834
Deferred tax assets over 12 months			
Labor liability accrual	752	(85)	667
Other assets	788	(61)	727
Income tax losses	31,548	4,416	35,964
Total deferred tax assets	**38,600**	**964**	**39,564**
Net deferred tax liabilities	**$ 95,149**	**$ (41,731)**	**$ 53,418**

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

As of December 31, 2023, we had approximately $544.1 million of foreign net operating loss carryforwards and $12.3 million of U.S. federal and state net operating loss carryforwards. The ability to utilize the tax net operating losses in any single year ultimately depends upon our ability to generate sufficient taxable income. The foreign net operating loss carryforwards begin to expire in 2026 and the U.S. federal net operating loss carryforwards begin to expire in 2035. An annual limitation may apply to the use of the U.S. operating loss carryforwards under the provisions of the Internal Revenue Code and similar state tax provisions that are applicable if we experience an "ownership change". We performed an analysis of the potential limitations on the utilization of net operating losses and determined that they are subject to limitations that would preclude the use of a portion of the net operating losses.

The change in the valuation allowance established against our deferred tax assets for the years ended December 31, 2023 and 2022 is summarized in the following table (*$ in thousands*):

	Balance at January 1	Additions	Deductions	Balance at December 31
December 31, 2023	$ (176,980)	$ (58,907)	$ 10,545	$ (225,342)
December 31, 2022	$ (158,047)	$ (30,332)	$ 11,399	$ (176,980)

9.3 Pillar Two global minimum tax

On December 27, 2023, the government of the Netherlands enacted the Dutch Minimum Tax Act 2024 (*Wet Minimumbelasting 2024*) to transpose the OECD's Global Anti-Base Erosion Model Rules (Pillar Two) into law. In the Netherlands, where Playa Hotels & Resorts N.V. is incorporated, the law will take effect for the year starting January 1, 2024. We have no related current tax exposure as the Pillar Two legislation was not effective as of December 31, 2023. We have applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Under the legislation, Playa Hotels & Resorts N.V. will be required to pay, in the Netherlands, top-up tax on profits on a jurisdictional basis that are taxed at an effective tax rate of less than 15% of the global minimum tax rate. Furthermore, the proportion of profit before tax and the effective tax rates in 2024 will depend on factors such as revenues, expenses and foreign currency exchange rates.

We are continuing to assess the impact of the Pillar Two income taxes legislation on our future financial performance based on our latest available tax returns for 2022 and the latest financial information for 2023. In certain jurisdictions, information required for the assessment is still being gathered and, therefore, the assessment is not complete. Due to the complexities of applying the enacted legislation, the quantitative impact of enacted Pillar Two legislation is not yet fully known or reasonably estimable. We will be in a position to report our Pillar Two income tax exposure in our Consolidated Financial Statements for the year ending December 31, 2024.

10. Other non-current assets

The following summarizes the balances of other non-current assets as of December 31, 2023 and 2022 (*$ in thousands*):

	As of December 31,	
	2023	2022
Key money	$ 6,475	$ 6,735
Right of use asset for operating leases (1)	6,426	2,968
Other non-current assets (2)	5,014	5,292
Total other non-current assets	**$ 17,915**	**$ 14,995**

(1) Refer to Note 27 for additional information on our leases.
(2) Primarily consists of operating supplies and equipment of $2.7 million as of December 31, 2023, and investment in associates of $1.6 million and operating supplies and equipment of $1.5 million as of December 31, 2022.

11. Trade and other receivables, net

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

	As of December 31,	
	2023	2022
Trade and other receivables [1]	$ 75,051	$ 63,396
Allowance for doubtful accounts [2]	(289)	(450)
Total trade and other receivables, net	**$ 74,762**	**$ 62,946**

[1] The opening balance as of January 1, 2022 was $47.4 million.
[2] During the year ended December 31, 2022, we reversed $1.5 million of our allowance for doubtful accounts and bad debt expense as a result of cash collections following the economic recovery from the COVID-19 pandemic.

The change in the allowance for doubtful accounts for the years ended December 31, 2023 and 2022 is summarized in the following table *($ in thousands)*:

	Balance at January 1	Additions	Deductions [1]	Balance at December 31
Year ended December 31, 2023	$ (450)	$ (375)	$ 536	$ (289)
Year ended December 31, 2022	$ (1,940)	$ (656)	$ 2,146	$ (450)

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

12. Related party transactions

12.1 Relationships and balances with related parties

Relationship with Hyatt and AMResorts

Hyatt Hotels Corporation ("Hyatt") is considered a related party due to its ownership of our ordinary shares by its affiliated entities. 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 who pay for their stay using the World of Hyatt® guest loyalty program.

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

Relationship with Sagicor

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

Relationship with Davidson Kempner Capital Management L.P.

Davidson Kempner Capital Management L.P. ("DKCM") is the investment manager of multiple affiliated funds and is considered a related party due to the DKCM funds' ownership of our ordinary shares. The affiliated funds managed by DKCM were also the lenders to our Property Loan and Additional Credit Facility, which consisted of our Term A1, Term A2 and Term A3 loans (see Note

17). We paid DKCM periodic interest payments related to the outstanding debt through December 16, 2022, when we repaid the principal balances of the Property Loan and Additional Credit Facility in connection with our debt refinancing (see Note 17).

An affiliate of DKCM was also a lender of $25.0 million in aggregate principal of the Term Loan due 2029 (as defined in Note 17) 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 17) 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.

12.2 Transactions with related parties

Transactions between us and related parties during the years ended December 31, 2023 and 2022 were as follows (*$ in thousands*):

Related Party	Transaction	Year ended December 31, 2023	Year ended December 31, 2022
Revenues			
ALG	Package revenue	$ —	$ 18,074
Sagicor	Cost reimbursements revenue (1)	$ 5,087	$ 5,113
Expenses			
Hyatt	Franchise fees (2)	$ 35,562	$ 29,774
Sagicor	Insurance premiums (2)	$ 1,489	$ 1,131
Chief Executive Officer	Lease expense (2)	$ 687	$ 786
DKCM	Interest expense (3)	$ —	$ 27,425
DKCM	Early termination and other fees (4)	$ —	$ 5,226
AMResorts	Management fees (2)	$ 41	$ 3,279
AMResorts	Marketing fees (2)	$ 37	$ 3,702

(1) Equivalent amount included as operating expenses in the Consolidated Statements of Profit or Loss.
(2) Included in operating expenses in the Consolidated Statements of Profit or Loss.
(3) Includes interest expense and amortization of deferred financing costs and discounts incurred through the date the Property Loan and Additional Credit Facility were repaid, as well as $6.3 million of unamortized deferred financing costs and discounts which were written off and included in loss on extinguishment of debt in the Consolidated Statements of Profit or Loss for the year ended December 31, 2022.
(4) Included in loss on extinguishment of debt in the Consolidated Statements of Profit or Loss.

The remuneration of directors and other members of key management personnel, as identified in Section 2.1, expensed during the years ended December 31, 2023 and 2022 was as follows (*$ in thousands*):

	Year ended December 31, 2023	Year ended December 31, 2022
Short-term benefits	$ 8,961	$ 8,839
Post-employment benefits	71	66
Share-based payments	8,778	6,488
Total compensation paid to key management personnel	**$ 17,810**	**$ 15,393**

13. Prepayments and other current assets

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

	As of December 31,	
	2023	**2022**
Advances to suppliers	$ 18,213	$ 12,683
Prepaid income taxes	11,550	11,827
Prepaid other taxes [(1)]	5,641	4,539
Other current assets	1,013	149
Total prepayments and other current assets	**$ 36,417**	**$ 29,198**

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

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

14.1 Ordinary shares and share premium

As of December 31, 2023, our ordinary share capital consisted of 136,081,891 ordinary shares outstanding, which have a par value of €0.10 per share. In addition, 4,749,224 restricted shares and 32,658 restricted share units were outstanding under the 2017 Plan (as defined in Note 15). The holders of restricted shares are entitled to vote, but not dispose of, such shares until they vest. The holders of restricted share units are neither entitled to vote nor dispose of such shares until they vest.

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

14.2 Treasury shares

On December 7, 2023, our Board authorized a new $200.0 million share repurchase program, replacing the previous $200.0 million share repurchase program announced in February 2023, 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 years ended December 31, 2023 and 2022, we repurchased 23,295,093 and 7,838,992 ordinary shares, respectively, under our repurchase program at an average price of $7.95 and $5.90 per share, respectively. As of December 31, 2023, we had approximately $196.4 million remaining under our share repurchase program.

14.3 Equity-settled employee benefits reserve

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

15. Share-based compensation

We adopted our 2017 Omnibus Incentive Plan (the "2017 Plan") to attract and retain independent directors, executive officers and other key employees. The Compensation Committee of our Board may award share options, share appreciation rights, restricted shares, share units, unrestricted shares, dividend equivalent rights, performance shares and other performance-based awards, other equity-based awards and cash bonus awards under the 2017 Plan.

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 December 31, 2023, there were 13,052,617 shares available for future grants under the 2017 Plan.

Compensation expense related to the 2017 Plan is recorded within operating expenses in the Consolidated Statements of Profit or Loss.

Restricted share awards

Restricted share awards consist of restricted shares and restricted share units that are granted to eligible employees, executives, and board members and consist of ordinary shares (or the right to receive ordinary shares) subject to restrictions and a risk of forfeiture. Restricted share awards issued to employees and executives generally vest over a period of three years, where one-third of the award vests on each of the first three anniversaries of the grant date of the award. Restricted share awards issued to our directors for their services as directors vest one year from the grant date of the award.

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

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

A summary of our restricted share awards from January 1, 2023 to December 31, 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	(151,392)	6.93
Unvested balance at December 31, 2023	**2,733,532**	**$ 6.84**

The following table provides additional information on our restricted share awards for the years ended December 31, 2023 and 2022 *($ in thousands, except per share data)*:

	Year Ended December 31,	
	2023	2022
Weighted-average grant date fair value	$ 6.77	$ 8.20
Fair value of vested restricted share awards	$ 7,260	$ 13,086
Share-based compensation expense	$ 9,533	$ 8,203

As of December 31, 2023 and 2022, the unrecognized compensation cost related to restricted share awards was $5.2 million and $4.0 million, respectively, and is expected to be recognized over a weighted-average period of 1.9 years and 1.8 years, respectively.

Performance share awards

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

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

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

Performance Award Grant Date	Percentage of Total Award	Grant Date Fair Value by Component	Volatility [1]	Interest Rate [2]	Dividend Yield
January 4, 2022					
Peer Shareholder Return	50 %	$ 1,689	67.79 %	1.01 %	— %
Growth Rate	50 %	$ 1,346	67.79 %	1.01 %	— %
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 Playa's historical share prices.
(2) The risk-free rate was based on U.S. Treasury zero coupon issues with a remaining term equal to the remaining term of the measurement period.

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

A summary of our performance share awards from January 1, 2023 to December 31, 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 December 31, 2023	**2,048,350**	**$ 6.34**

The following table provides additional information on our performance share awards for the years ended December 31, 2023 and 2022 *($ in thousands, except per share data)*:

	Year Ended December 31,	
	2023	2022
Weighted-average grant date fair value	$ 6.88	$ 8.10
Fair value of vested performance share awards	$ —	$ 130
Share-based compensation expense	$ 4,077	$ 3,227

As of December 31, 2023 and 2022 the unrecognized compensation cost related to performance share awards was $4.5 million and $3.6 million, respectively, and is expected to be recognized over a weighted-average period of 1.8 years and 1.6 years, respectively.

16. Earnings per share

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

	Year ended December 31,	
	2023	2022
Numerator:		
Income	$ 96,601	$ 88,893
Numerator for basic and diluted EPS - income available to ordinary shareholders	**$ 96,601**	**$ 88,893**
Denominator:		
Denominator for basic EPS - weighted-average shares outstanding	148,063,358	164,782,886
Effect of dilutive securities:		
Unvested performance share awards	1,268,736	546,790
Unvested restricted share awards	1,496,801	1,293,495
Denominator for diluted EPS - adjusted weighted-average shares outstanding	**150,828,895**	**166,623,171**
Earnings per share - Basic	**$ 0.65**	**$ 0.54**
Earnings per share - Diluted	**$ 0.64**	**$ 0.53**

For the year ended December 31, 2023, we had no anti-dilutive unvested performance share awards. For the year ended December 31, 2022, unvested performance share awards of 187,500 were not included in the computation of diluted EPS after assumed conversions as their effect would have been anti-dilutive. The performance targets of our unvested performance share awards granted in 2023 and 2022 were partially achieved as of December 31, 2023 and 2022. The performance targets of our unvested performance share awards granted in 2021 were fully achieved as of December 31, 2023.

For the years ended December 31, 2023 and 2022, we had no anti-dilutive unvested restricted share awards.

17. Borrowings

The following summarizes the carrying amounts of our borrowings as of December 31, 2023 and 2022 (*$ in thousands*):

			Outstanding Balance as of	
	Interest Rate	Maturity Date	December 31, 2023	December 31, 2022
Senior Secured Credit Facilities				
Revolving Credit Facility [(1)]	SOFR + 3.50%	January 5, 2028	$ —	$ —
Term Loan due 2029 [(2)]	SOFR + 3.25%[(3)]	January 5, 2029	1,089,000	1,100,000
Total Senior Secured Credit Facilities (at stated value)			1,089,000	1,100,000
Unamortized discount			(26,790)	(32,660)
Unamortized debt issuance costs			(17,655)	(19,446)
Total Senior Secured Credit Facilities, net			$ 1,044,555	$ 1,047,894
Financing lease obligations [(4)]			$ 5,222	$ 5,657
Total debt, net			**$ 1,049,777**	**$ 1,053,551**

(1) We had $225.0 million available on the Revolving Credit Facility as of December 31, 2023 and 2022.
(2) The effective interest rate for the Term Loan due 2029 was 8.59% and 8.58% as of December 31, 2023 and 2022, respectively.
(3) As of December 31, 2022, the Term Loan due 2029 bore interest at SOFR plus 4.25%.
(4) Interest expense for our finance leases was $0.4 million for each of the years ended December 31, 2023 and 2022, respectively.

Senior Secured Credit Facility

Playa Resorts Holding B.V., a subsidiary of ours, previously held a senior secured credit facility dated as of April 27, 2017, which consisted of a term loan facility that was scheduled to mature on April 27, 2024 and a revolving credit facility that was scheduled to mature on January 27, 2024.

On December 16, 2022, we entered into the Second Restatement Agreement to amend and restate our senior secured credit facility (the “Restated Credit Facility”). The Restated Credit Facility consisted 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 Revolving Credit Facility also includes a $25.0 million sub-facility for the issuance of standby letters of credit and $25.0 million of the Revolving Credit Facility is available as swingline loans. The Restated Credit Facility includes provisions permitting future increases in the amount of term loans and revolving loan commitments, subject to the agreement of one or more new or existing lenders to provide such additional amounts and certain other customary conditions.

The Revolving Credit Facility bears interest at our option of either a base rate plus a margin ranging from 2.25% to 2.75% or SOFR plus a margin ranging from 3.25% to 3.75%, in each case, depending on the level of our consolidated secured net leverage ratio in effect from time to time. In addition, under the Revolving Credit Facility, we will pay an unused commitment fee on the average daily undrawn amount at a rate that varies between 0.25% and 0.50%, depending on the level of our consolidated secured net leverage ratio in effect from time to time. The Term Loan due 2029 bore interest at either a base rate plus a margin of 3.25% or SOFR plus a margin of 4.25%.

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

The proceeds received in 2022 from the Term Loan due 2029 were used to repay our prior term loan, and the Term A1 Loan, Term A2 Loan, Term A3 Loan, and property loan under our former Additional Credit Facility, and for other corporate purposes.

The Term Loan due 2029 and repayment of our previous term loan during the year ended December 31, 2022 were accounted for as a partial modification and partial extinguishment of debt, which resulted in a loss on extinguishment of debt of $10.5 million. We capitalized $16.3 million of new debt issuance costs related to the refinancing of the Term Loan due 2029.

The repayment of the Term A1 Loan, Term A2 Loan, Term A3 Loan, and Property Loan during the year ended December 31, 2022 was accounted for as an extinguishment of debt, which resulted in a loss on extinguishment of debt of $11.5 million.

First Amendment to the Second Restatement Agreement

On December 22, 2023, we entered into the First Amendment to the Second Amended and Restated Credit Agreement (the "First Amendment") to decrease the interest rate applicable to the Term Loan due 2029 by 0.75% or 1.00% to, at our option, either a base rate plus a margin of either 2.25% to 2.50% or SOFR plus a margin of either 3.25% or 3.50%, in each case, depending on the level of our consolidated net leverage ratio in effect from time to time. All other terms of the Senior Secured Credit Facility remain in effect.

The repricing of the Term Loan due 2029 during the year ended December 31, 2023 was accounted for as a partial modification and partial extinguishment of debt, which resulted in a loss on extinguishment of debt of $1.2 million. We also capitalized $1.7 million of new debt issuance costs related to the repricing of the Term Loan due 2029.

Financial maintenance covenants

We were in compliance with all applicable covenants as of December 31, 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.

18. 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 years ended December 31, 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 Consolidated Statements of Comprehensive Income and Consolidated Statements of Profit or Loss for the years ended December 31, 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	(7,890)	—
Reclassification from AOCI to finance costs	2,416	(11,737)
AOCI from our cash flow hedges as of December 31 [1]	**$ (2,579)**	**$ 2,895**

(1) As of December 31, 2023, the total amount expected to be reclassified from AOCI to finance costs during the next twelve months is $4.2 million.

Derivative Financial Instruments	Financial Statement Classification	Year Ended December 31, 2023	Year Ended December 31, 2022
Designated as Cash Flow Hedges			
Interest rate swaps	Finance costs	$ (5,300)	—
Not Designated as Hedging Instruments			
Interest rate swaps [1]	Finance costs	$ 3,013	$ (4,948)

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

The following table presents the effect of our interest rate swaps in the Consolidated Statements of Financial Position as of December 31, 2023 and 2022 *($ in thousands)*:

Derivative Financial Instruments	Financial Statement Classification	As of December 31, 2023	As of December 31, 2022
Designated as Cash Flow Hedges			
Interest rate swaps	Current assets - Derivative financial instruments	$ 2,966	$ —
Not Designated as Hedging Instruments			
Interest rate swaps	Current assets - 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 20) and believe we minimize this credit risk by transacting with major creditworthy financial institutions.

19. Trade and other payables

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

	As of December 31,	
	2023	**2022**
Trade payables	$ 25,929	$ 28,422
Advance deposits[1]	80,506	83,262
Withholding and other taxes payable	15,164	31,111
Interest payable	2,603	3,996
Payroll and related accruals	31,466	29,273
Other payables[2]	40,959	56,947
Total trade and other payables	**$ 196,627**	**$ 233,011**

[1] The opening balance as of January 1, 2022 was $62.6 million.
[2] Other payables includes $16.8 million and $29.7 million of unpaid clean up and repair expenses related to Hurricane Fiona as of December 31, 2023 and 2022, respectively, and $1.7 million related to share repurchases not yet settled as of December 31, 2022.

20. Financial instruments

20.1 Capital management

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

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

Our ratio as of December 31, 2023 and 2022 is as follows (*$ in thousands*):

	As of December 31,	
	2023	**2022**
Debt	$ 1,049,777	$ 1,053,551
Less: cash and cash equivalents	(272,520)	(283,945)
Net financial debt	**$ 777,257**	**$ 769,606**
Equity	**$ 532,698**	**$ 599,633**
Net debt to equity ratio	**146 %**	**128 %**

20.2 Categories of financial instruments

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

	As of December 31,	
	2023	**2022**
Financial assets not measured at fair value:		
Cash and cash equivalents	$ 272,520	$ 283,945
Trade and other receivables, net	74,762	62,946
Accounts receivable from related parties	5,861	8,806
Total financial assets not measured at fair value	**$ 353,143**	**$ 355,697**
Financial assets measured at fair value:		
Interest rate swap [(1)]	$ 2,966	$ 3,510
Total financial assets measured at fair value	**$ 2,966**	**$ 3,510**
Total financial assets	**$ 356,109**	**$ 359,207**
Financial liabilities not measured at fair value:		
Senior Secured Credit Facility [(2)]	$ 1,044,555	$ 1,047,894
Finance lease obligation	5,222	5,657
Advance deposits	80,506	83,262
Trade payables	25,929	28,422
Payables to related parties	10,743	6,852
Total financial liabilities not measured at fair value	**$ 1,166,955**	**$ 1,172,087**
Total financial liabilities	**$ 1,166,955**	**$ 1,172,087**

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

We believe the carrying value of our financial assets and financial liabilities not measured at fair value, excluding borrowings, approximate their fair values at December 31, 2023 and 2022.

20.3 Fair value measurements

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

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

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

The following tables present our financial assets that are measured at fair value as of December 31, 2023 and 2022 (*$ in thousands*):

		Fair Value		
	December 31, 2023	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value:				
Interest rate swap [1]	$ 2,966	$ —	$ 2,966	$ —

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

[1] Includes both the current and non-current portions of the interest rate swap.

Interest rate swaps

The fair value of the interest rate swaps is estimated based on the expected future cash flows by incorporating the notional amount of the swaps, the contractual period to maturity, and observable market-based inputs, including interest rate curves. Projected one-month SOFR interest rates used in estimating the future cash flows of the interest rate swaps range between 3.04% and 5.34%. The expected future cash flows are discounted to present value using the U.S. federal funds rate in effect as of the valuation date, or 5.50%.

The fair value also incorporates credit valuation adjustments to appropriately reflect nonperformance risk. We determined that our interest rate swaps should be classified in Level 2 of the fair value hierarchy.

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

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

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

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

	Carrying Value	Fair Value		
	As of December 31, 2023	**Level 1**	**Level 2**	**Level 3**
Financial liabilities not measured at fair value:				
Term Loan due 2029	$ 1,044,555	$ —	$ —	$ 1,097,081
Total	**$ 1,044,555**	**$ —**	**$ —**	**$ 1,097,081**

	Carrying Value	Fair Value		
	As of December 31, 2022	Level 1	Level 2	Level 3
Financial liabilities not measured at fair value:				
Term Loan due 2029	$ 1,047,894	$ —	$ —	$ 1,114,860
Total	**$ 1,047,894**	**$ —**	**$ —**	**$ 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.

20.4 Credit risk

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

The aging of our receivables, based on invoice date, as of December 31, 2023 and 2022 is as follows (*$ in thousands*):

	As of December 31,	
	2023	2022
0 - 60 days (current)	$ 65,892	$ 57,366
61 - 90 days	(262)	1,838
91 - 120 days	1,710	1,046
> 120 days	7,711	3,146
Gross trade and other receivables	**$ 75,051**	**$ 63,396**

The gross carrying amount of trade and other receivables is reduced by an allowance for doubtful accounts that reflects management's best estimate of amounts that will not be collected. The allowance is based on historical loss experience, specific risks identified in collection matters, and analysis of past due balances identified in the aging detail. Our allowance for doubtful accounts as of December 31, 2023 and 2022 was $0.3 million and $0.5 million, respectively (see Note 11).

20.5 Liquidity risk

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

The table below analyzes our derivative and non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the Consolidated Statements of Financial Position date to the contractual maturity date as of December 31, 2023 (*$ in thousands*):

Liability	1 Year	1 to 3 Years	3 to 5 Years	Over 5 Years	Total
Revolving Credit Facility commitment fees(1)	$ 863	$ 1,141	$ 578	$ —	$ 2,582
Term Loan due 2029 principal payments	11,000	22,000	22,000	1,034,000	1,089,000
Term Loan due 2029 interest payments(2)	85,685	141,491	135,632	3,729	366,537
Other non-interest bearing liabilities(3)	36,672	—	—	—	36,672
Pension obligation	1,256	2,799	3,173	7,479	14,707
Lease payments	2,009	4,120	3,991	5,624	15,744
Total obligations	**$ 137,485**	**$ 171,551**	**$ 165,374**	**$ 1,050,832**	**$ 1,525,242**

(1) The commitment fee, which may range from 0.25% to 0.50% depending on certain leverage ratios, was 0.38% on the $225.0 million undrawn balance of our Revolving Credit Facility as of December 31, 2023.
(2) The interest commitment on our Term Loan due 2029 is calculated based on SOFR plus 325 basis points with a 0.50% SOFR floor and the estimated net settlement of the related interest rate swaps. Projected interest rates range between 6.28% and 8.59%. Interest payments were calculated using the forecasted one-month forward-looking SOFR curve.
(3) Includes trade and related party payables.

20.6 Market risk

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

20.7 Interest rate risk

The risk from market interest rate fluctuations mainly affects long-term debt bearing interest at a variable interest rate, or SOFR. We currently use interest rate swaps (see Note 18 to our Consolidated Financial Statements) to manage our exposure to this risk.

20.8 Variable rate instruments

As of December 31, 2023, 51% of our outstanding indebtedness bore interest at floating rates, as our Term Loan due 2029 incurs interest based on SOFR plus a margin of 3.25%. The sensitivity analysis below has been determined based on the exposure to interest rates for variable rate borrowings at the end of the reporting period. The analysis is prepared assuming the amount of the liability outstanding as of December 31, 2023 was outstanding for the whole period. A 1.0% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate.

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

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

20.9 Foreign currency risk

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

Interest on borrowings is denominated in currencies that correspond to the cash flows generated by resort operations, mainly in USD. This provides an economic hedge on the borrowings, sales and purchases. Approximately 99% of our sales are denominated in USD, which is the functional currency of our foreign consolidated subsidiaries. With respect to other monetary assets and liabilities denominated in foreign currencies other than those already mentioned, we ensure that our net exposure is kept at an acceptable level by buying or selling foreign currencies at spot market rates in order to cover the cash needs generated by the resorts.

As income is mainly denominated in USD, which is the functional currency of the resorts, it is not affected by the exchange rate fluctuations between the functional and local currencies. Approximately 74% of our operating expenses (non-financial) of the resorts are transacted in the local currencies (Dominican Pesos, Mexican Pesos and Jamaican Dollars); as a result, the exchange rate fluctuations with regard to the functional currency have an effect on the amount of recorded expenses.

- The effect of an immediate 5.0% adverse change in foreign exchange rates on Mexican Peso-denominated expenses at December 31, 2023 would have impacted our Owned Resort EBITDA (as defined in Note 28) by approximately $11.0 million on a year-to-date basis.

- The effect of an immediate 5.0% adverse change in foreign exchange rates on Dominican Peso-denominated expenses at December 31, 2023 would have impacted our Owned Resort EBITDA (as defined in Note 28) by approximately $6.8 million on a year-to-date basis.

- The effect of an immediate 5.0% adverse change in foreign exchange rates on Jamaican Dollar-denominated expenses at December 31, 2023 would have impacted our Owned Resort EBITDA (as defined in Note 28) by approximately $5.5 million on a year-to-date basis.

On January 10, 2024, we entered into foreign currency forward contracts to hedge certain portions of our forecasted cash flows that are denominated in Mexican Pesos. The forward contracts have a total notional amount of $109.5 million, or MXN 1.9 billion, and will be settled monthly in USD with maturity dates between January 2024 and December 2024.

20.10 Reconciliation of liabilities arising from financing activities

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

	Financial liabilities arising from financing activities	
	Borrowings[1]	**Operating lease liabilities**
As of December 31, 2022	**$ 1,053,551**	**$ 3,472**
Financing cash flows, net	(13,147)	(662)
Non-cash changes:		
Loss on debt extinguishment	1,164	—
Finance costs	8,209	—
New leases and modifications	—	4,151
Other	—	12
As of December 31, 2023	**$ 1,049,777**	**$ 6,973**

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

21. Provisions

As of December 31, 2023 and 2022, there were no provisions outstanding.

22. Commitments and contingencies

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

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

In 2015, the local taxing authorities in Mexico challenged $3.4 million of value added tax (“VAT”) receivable that was recognized in connection with the renovation of the Hyatt Ziva Cancún. During the second quarter of 2022, the tax authorities ruled in our favor resulting in receipt of the VAT and an additional $6.2 million for interest and inflation since the date the VAT refund was requested. The gain of $6.2 million is reported within other financial income, net in the Consolidated Statements of Profit or Loss for the year ended December 31, 2022 (see Note 26).

23. Other non-current liabilities

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

	As of December 31,	
	2023	2022
Pension obligation	$ 8,399	$ 6,587
Key money [1]	14,331	15,362
Operating lease liabilities	6,973	3,472
Other	767	857
Total other non-current liabilities	**$ 30,470**	**$ 26,278**

[1] Represents the unamortized balance of key money, which was received in accordance with our franchise agreements. Key money is amortized on a straight-line basis over the non-cancellable term of the franchise agreement as a reduction to franchise fees within operating expenses in the Consolidated Statements of Profit or Loss. During 2023 and 2022, we did not receive any key money.

24. Operating expenses

For the years ended December 31, 2023 and the 2022, the breakdown of operating expenses is as follows (*$ in thousands*):

	Year ended December 31,	
	2023	2022
Personnel expenses	$ 257,012	$ 211,947
Food and beverage	106,093	96,861
Operating equipment and supplies	53,160	55,281
Utilities expenses	47,744	46,078
Franchise fees	47,785	39,558
Third party commissions	33,355	30,653
Repairs and maintenance expense	23,302	23,222
Advertising expenses	23,199	22,951
Insurance expenses	30,039	19,709
Professional fees	15,012	14,256
Human resources expenses	16,568	13,844
Guest costs	12,874	12,002
Reimbursed costs	12,475	9,706
Computer and telephone expenses	9,418	8,029
Incentive and management fees	41	3,279
Property and other taxes	3,734	3,067
Travel and entertainment	2,988	2,331
Rent	2,439	2,093
Credit card commissions	15,830	13,756
Repair and clean-up expenses from natural events [1]	(420)	8,617
Other	7,838	4,839
Business interruption insurance recoveries	(555)	(7,226)
Total operating expenses	**$ 719,931**	**$ 634,853**

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

The breakdown of personnel expenses for the years ended December 31, 2023 and 2022 is as follows (*$ in thousands*):

	Year Ended December 31,	
	2023	**2022**
Wages, salaries and severance	$ 216,967	$ 180,247
Benefits	40,045	31,700
Total personnel expenses	**$ 257,012**	**$ 211,947**

The number of full-time employees as of December 31, 2023 and 2022 by category is as follows:

	As of December 31,	
	2023	**2022**
Resort management and administration	1,711	1,844
Resort staff	12,347	12,287
Total number of full-time employees	**14,058**	**14,131**

As of December 31, 2023 and 2022, we had no employees in the Netherlands.

25. Finance costs

For the years ended December 31, 2023 and 2022, the breakdown of finance costs is as follows (*$ in thousands*):

	Year Ended December 31,	
	2023	**2022**
Interest expense:		
Interest on Term Loans	$ 102,888	$ 53,603
Interest on Property Loan	—	9,894
Commitment fee on Revolving Credit Facility	952	792
Interest on derivative financial instruments	(8,622)	9,239
Interest expense on leases	413	442
Amortization of financing costs and discount on Term Loan	7,848	6,127
Capitalized interest	(255)	—
Change in fair value of derivative financial instruments	6,335	(14,187)
Other financing costs	364	429
Total finance costs	**$ 109,923**	**$ 66,339**

26. Other financial income, net

For the years ended December 31, 2023 and 2022, the breakdown of other financial income, net is as follows (*$ in thousands*):

	Year Ended December 31,	
	2023	**2022**
Non-service cost components of net periodic pension benefit	(1,652)	(728)
Other financial income (1)	2,975	5,778
Total other financial income, net	**$ 1,323**	**$ 5,050**

(1) For the year ended December 31, 2022, includes a $6.2 million gain from our value-added tax refund (see Note 22).

27. Leases

We enter into operating leases primarily for administrative offices. Our administrative offices, located in Virginia, Florida and Cancún, are leased under lease agreements that extend for varying periods through 2033. The extension options are reasonably certain to be exercised and included in the amounts recorded.

We also have two finance lease arrangements with third-parties for the construction, management and maintenance of thermal energy plants in the Dominican Republic (see Note 17). Amortization expense for our finance leases was $0.5 million and $0.5 million for the years ended December 31, 2023 and 2022, respectively.

Our future minimum lease payments under non-cancelable leases with third parties and related parties and our lease liability as of December 31, 2023 were as follows *($ in thousands)*:

	Operating Leases	Finance Leases
Minimum future lease payments		
2024	$ 1,156	$ 853
2025	1,193	859
2026	1,204	864
2027	1,214	870
2028	1,032	875
Thereafter	2,912	2,712
Total minimum future lease payments	**8,711**	**7,033**
Less: imputed interest	(1,738)	(1,811)
Total lease liability[1]	**$ 6,973**	**$ 5,222**

[1] Operating and finance lease liabilities are included in other non-current liabilities and borrowings, respectively, in our Consolidated Statements of Financial Position.

The following table presents the components of lease expense and supplemental cash flow information for the years ended December 31, 2023 and 2022 *($ in thousands)*:

	Year Ended December 31,	
	2023	2022
Lease expense [1]	$ 3,394	$ 2,319
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash outflows for leases	$ 413	$ 443
Financing cash outflows for leases	$ 1,097	$ 1,225

[1] Includes variable and short term lease expenses.

The following table presents other relevant information related to our leases as of December 31, 2023:

	Operating Leases	Finance Leases
Weighted-average remaining lease term	7.69 years	9.28 years
Weighted-average discount rate [1]	5.98 %	7.74 %

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

We rent certain real estate to third parties for office and retail space within our resorts. Our lessor contracts are considered operating leases and generally have a contractual term of one to three years. The following table presents our rental income for the years ended December 31, 2023 and 2022 *($ in thousands)*:

		Year Ended December 31,	
Leases	**Financial Statement Classification**	**2023**	**2022**
Operating lease income [1]	Revenue	$ 4,040	$ 4,197

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

28. 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 years ended December 31, 2023 and 2022, we have excluded the immaterial amounts of management fees, cost reimbursements, The Playa Collection revenues and other from our segment reporting.

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

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

The following table presents segment Owned Net Revenue, defined as total revenue less compulsory tips paid to employees, cost reimbursements, management fees, The Playa Collection revenue and other miscellaneous revenue not derived from segment operations, and a reconciliation to total revenue for the years ended December 31, 2023 and 2022 (*$ in thousands*):

	Year Ended December 31,	
	2023	**2022**
Owned net revenue		
Yucatán Peninsula	$ 306,259	$ 280,161
Pacific Coast	141,582	128,210
Dominican Republic	253,700	230,972
Jamaica	219,903	180,318
Segment owned net revenue	**921,444**	**819,661**
Other	8,813	1,000
Management fees	7,030	3,828
The Playa Collection	3,642	1,752
Cost reimbursements	12,475	9,706
Compulsory tips	24,100	20,316
Total revenue	**$ 977,504**	**$ 856,263**

The following table presents segment Owned Resort EBITDA, Adjusted EBITDA and a reconciliation to net income under U.S. GAAP for the years ended December 31, 2023 and 2022 (*$ in thousands*):

	Year Ended December 31,	
	2023	**2022**
Owned Resort EBITDA per U.S. GAAP:		
Yucatán Peninsula	$ 104,841	$ 105,416
Pacific Coast	53,509	51,148
Dominican Republic [(1)]	80,078	76,854
Jamaica	80,500	56,279
Segment Owned Resort EBITDA	**318,928**	**289,697**
Other corporate	(57,653)	(52,658)
The Playa Collection	3,642	1,752
Management fees	7,030	3,828
Adjusted EBITDA per U.S. GAAP	**271,947**	**242,619**
Interest expense	(108,184)	(64,164)
Depreciation and amortization	(81,827)	(78,372)
Loss on sale of assets	(5,069)	(6)
Loss on extinguishment of debt	(894)	(18,307)
Other (expense) income	(353)	3,857
Repairs from hurricanes and tropical storms	823	(8,074)
Contract termination fees	6,485	—
Share-based compensation	(13,207)	(11,892)
Other tax income (expense)	34	(502)
Transaction expense	(4,705)	(15,110)
Severance expense	(1,655)	—
Non-service cost components of net periodic pension cost [(2)]	2,171	1,104
Net income before tax	**65,566**	**51,153**
Income tax (provision) benefit	(11,714)	5,553
Net income per U.S. GAAP	**$ 53,852**	**$ 56,706**

(1) Includes a $5.6 million gain on insurance proceeds for the year ended December 31, 2023, as well as $0.6 million and $7.2 million of business interruption insurance recoveries for the years ended December 31, 2023 and 2022, respectively, related to unavoidable operating costs incurred, net of our deductible, while our resorts were temporarily closed due to the impact of Hurricane Fiona.

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

The following table presents a reconciliation of our U.S. GAAP net income to our IFRS income for the years ended December 31, 2023 and 2022 (*$ in thousands*):

	Year Ended December 31,	
	2023	**2022**
Net income per U.S. GAAP	**$ 53,852**	**$ 56,706**
Reconciling items to IFRS		
Share based compensation expense [1]	(403)	462
Depreciation expense [2]	3,463	5,443
Amortization of financing costs [3]	(1,377)	(2,175)
Income tax benefit [4]	27,261	19,128
Loss on extinguishment of debt [5]	(270)	(3,720)
Transaction expense [5]	1,706	12,866
Gain on sale of assets [6]	12,367	—
Other	2	183
Income from continuing operations per IFRS	**$ 96,601**	**$ 88,893**

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(1) Differences due to the acceleration of share-based compensation expense for share-based awards with graded vesting service conditions under IFRS, compared to straight-line expense recognition for these awards under U.S. GAAP.
(2) Differences in depreciation due to the timing of componentization and the reversals of property and equipment impairment under IFRS.
(3) Differences in amortization due to amounts of deferred financing costs and discounts on borrowings capitalized in previous debt refinancing transactions.
(4) Differences in the book and tax basis under IFRS and U.S. GAAP which primarily relate to property and equipment.
(5) Differences due to the treatment of third-party debt issuance costs in the December 2022 and 2023 debt refinancings, which were each accounted for as a partial modification and partial extinguishment of debt. Third-party debt issuance costs are capitalized in a debt modification under IFRS, but expensed under U.S. GAAP.
(6) Differences in the amount of gain or loss related to the Jewel Punta Cana sale. We recognized a gain under IFRS compared to a loss under U.S. GAAP due to differences in the carrying values of property and equipment transferred to the buyer.

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

	As of December 31,	
	2023	**2022**
Segment property and equipment, gross:		
Yucatán Peninsula	$ 656,402	$ 649,458
Pacific Coast	306,951	292,659
Dominican Republic	541,629	676,787
Jamaica	416,323	407,802
Total segment property and equipment, gross	**1,921,305**	**2,026,706**
Corporate property and equipment, gross	5,823	5,427
Accumulated depreciation	(548,625)	(544,133)
Total property and equipment, net	**$ 1,378,503**	**$ 1,488,000**

The following table presents segment capital expenditures, which includes capital expenditures incurred but not yet paid, for the years ended December 31, 2023 and 2022 (*$ in thousands*):

	Year Ended December 31,			
	2023		2022	
Segment capital expenditures:				
Yucatán Peninsula	$	13,011	$	10,018
Pacific Coast		15,337		4,782
Dominican Republic		9,526		8,163
Jamaica		8,136		6,304
Total segment capital expenditures		**46,010**		**29,267**
Corporate		742		698
Total capital expenditures	**$**	**46,752**	**$**	**29,965**

29. Subsequent events

For our Consolidated Financial Statements as of and for the year ended December 31, 2023, we evaluated subsequent events through April 17, 2024, which is the date the financial statements were approved for issue by the Board of Directors.

Share Repurchases

During the period from January 1, 2024 through April 4, 2024, we purchased 4,038,518 shares at an average price of $9.04 per share. As of April 4, 2024, we had $159.9 million remaining under our $200.0 million share repurchase program.

Foreign Currency Exchange Derivatives

On January 10, 2024, we entered into foreign currency forward contracts to hedge certain portions of our forecasted cash flows that are denominated in Mexican Pesos. The forward contracts have a total notional amount of $109.5 million, or MXN1.9 billion, and will be settled monthly in USD with maturity dates between January 2024 and December 2024.

Performance Share Awards

On January 17, 2024 and February 8, 2024, we issued a total of 1,264,706 performance shares that may become earned and vested based on the achievement of performance targets during a three-year performance period, where 25% of the performance share awards will vest based on the TSR of our ordinary shares relative to those of our peer group and 75% will vest based on the compounded annual growth rate of our ordinary shares. Both performance targets constitute market conditions.

The peer shareholder return component may vest between 0% and 200% 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.

7.2 Company Financial Statements

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

	Note	As of December 31, 2023	As of December 31, 2022
ASSETS			
Fixed assets			
Participation in group companies	5	$ 632,097	$ 681,259
Total fixed assets		632,097	681,259
Current assets			
Trade and other receivables	8	913	330
Prepayments and other current assets		447	59
Cash and cash equivalents	6	2,492	13,092
Total current assets		3,852	13,481
Total assets		**$ 635,949**	**$ 694,740**
EQUITY AND LIABILITIES			
Equity			
Share capital	7	$ 18,822	$ 18,700
Share premium	7	965,724	965,724
Other reserves	7	70,891	57,403
Treasury shares	7	(248,174)	(62,953)
Accumulated deficit		(274,565)	(379,241)
Total equity		**532,698**	**599,633**
Current liabilities			
Trade and other payables		118	1,975
Advances from subsidiaries	8	103,133	93,132
Total current liabilities		103,251	95,107
Total liabilities		103,251	95,107
Total equity and liabilities		**$ 635,949**	**$ 694,740**

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

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

		Year ended December 31,	
	Note	2023	2022
Operations			
Revenue		$ 342	$ —
Operating expenses		(15,307)	(12,385)
Other financial income		203	58,222
Result before taxation		(14,762)	45,837
Share in result of participation	5	119,438	54,574
Income for the period		**$ 104,676**	**$ 100,411**

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

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

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

	Ordinary share capital		Treasury shares		Share premium - ordinary shares	Equity-settled employee benefits reserve	Accumulated deficit	Total equity
	Shares	Amount	Shares	Amount				
Balance at January 1, 2023	**158,228,508**	**$ 18,700**	**10,046,996**	**$ (62,953)**	**$ 965,724**	**$ 57,403**	**$ (379,241)**	**$ 599,633**
Total comprehensive income	—	—	—	—	—	—	104,676	104,676
Share-based compensation	1,148,476	122	—	—	—	13,488	—	13,610
Repurchase of ordinary shares	(23,295,093)	—	23,295,093	(185,221)	—	—	—	(185,221)
Balance at December 31, 2023	**136,081,891**	**$ 18,822**	**33,342,089**	**$ (248,174)**	**$ 965,724**	**$ 70,891**	**$ (274,565)**	**$ 532,698**

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

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

1. General information

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

2. Basis of preparation, presentation and measurement

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

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

Proposed appropriation of the result

During the year ended December 31, 2023, the Company had income in the Company Financial Statements which the management board proposes to include in the unappropriated income of the Company.

The Company Financial Statements reflect this proposal.

3. Significant accounting policies

3.1 Regulatory framework applicable to the financial information

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

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

3.2 Functional currency

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

3.3 Net asset value of controlled participating interests

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

4. Difference of consolidated and company only equity and result

There were no differences between the Company Financial Statements and the Consolidated Financial Statements as of and for the years ended December 31, 2023 and 2022 (*$ in thousands)*:

	2023	2022
Total equity according to the Company Financial Statements	$ 532,698	$ 599,633
Total equity according to the Consolidated Financial Statements	532,698	599,633
Difference	**$ —**	**$ —**
Income for the period according to the Company Financial Statements	$ 104,676	$ 100,411
Total comprehensive income according to the Consolidated Financial Statements	104,676	100,411
Difference	**$ —**	**$ —**

5. Participation in group companies

As of December 31, 2023, we had 100% ownership of our direct investment in subsidiaries in Playa Resorts Holding B.V. and account for our investment in subsidiaries using the net asset value method of accounting. At the end of each reporting period, we assesses whether there is any indication that its investment may be impaired. As of December 31, 2023, no provision for impairment was recognized.

The following tables summarize the movements in participation in group companies for the years ended December 31, 2023 and 2022 (*$ in thousands*):

	% Participation	As of January 1, 2023	Additions	Distributions	Share in result of participation	At December 31, 2023
Participation in group companies						
Investment in Playa Resorts Holding B.V.	100%	$ 681,259	$ 15,400	$ (184,000)	$ 119,438	$ 632,097
Total		**$ 681,259**	**$ 15,400**	**$ (184,000)**	**$ 119,438**	**$ 632,097**

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

6. Cash and cash equivalents

There are no restrictions on the availability of cash and cash equivalents as they are balances maintained in current accounts at financial institutions. They are at our free disposal. The following summarizes the balances of cash and cash equivalents as of December 31, 2023 and 2022 (*$ in thousands*):

	As of December 31,	
	2023	2022
Bank of America Netherlands	$ 2,492	$ 13,092
Total	**$ 2,492**	**$ 13,092**

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

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

8. Transactions with related parties

For a list of our subsidiaries, see Note 1 of the Consolidated Financial Statements included elsewhere in this report. Details of the balances between us and other related parties as of December 31, 2023 and 2022, and for the transactions between us and other related parties for the years ended December 31, 2023 and 2022, are as follows (*$ in thousands*):

		As of December 31,	
Balances:	**Relation:**	**2023**	**2022**
Accounts receivable:			
Resort Room Sales, LLC	Group Companies	$ 122	$ 68
Playa Resorts Holding B.V.	Group Companies	214	—
Playa Dominican Resort B.V. DR Branch	Group Companies	285	80
Playa Romana Mar B.V. DR Branch	Group Companies	292	77
Total		**$ 913**	**$ 225**
Advances from subsidiaries:			
Playa Resorts Holding B.V.	Group Companies	$ 93,118	$ 93,118
Resort Room Sales, LLC	Group Companies	10,000	—
Playa Resorts Management	Group Companies	15	14
Total		**$ 103,133**	**$ 93,132**

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

Relationship with Hyatt and AMResorts

Hyatt, which owns AMResorts, is a related party due to its ownership of our ordinary shares by its affiliated entities.

9. Financial instruments

9.1 General

We have exposure to credit risk, liquidity risk, and market risk (including foreign currency risk and interest rate risk). See Note 20 of the Consolidated Financial Statements for further discussion regarding these risks, our objective, policies and processes for measuring and managing risk, and our management of capital.

9.2 Categories of financial instruments

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

	As of December 31,	
	2023	**2022**
Financial assets not measured at fair value:		
Cash and cash equivalents	$ 2,492	$ 13,092
Trade and other receivables	913	330
Total financial assets	**$ 3,405**	**$ 13,422**
Financial liabilities not measured at fair value:		
Trade and other payables	$ 118	$ 1,975
Total financial liabilities	**$ 118**	**$ 1,975**

We believe the carrying value of our financial assets and financial liabilities not measured at fair value approximate their fair values at December 31, 2023 and 2022.

9.3 Fair value measurements

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

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

Liabilities measured at fair value on a recurring basis

We had no liabilities measured at fair value on a recurring basis as of December 31, 2023 and 2022.

10. Remuneration of Board Members

Each of our non-executive directors receives an annual grant of restricted Ordinary Shares with a value of $100,000, which vests one-year from the grant date, and an annual cash retainer of $75,000, paid quarterly, for services as a director. The Lead Independent Director receives an additional annual cash retainer of $25,000, the Chairs of the Audit Committee and Compensation Committee each receive an additional annual cash retainer of $20,000 and the Chair of the Nominating and Governance Committee receives an additional annual cash retainer of $10,000, in each case, paid quarterly. Each member (other than the Chair) of the Nominating and Governance Committee receives an annual cash retainer of $7,500 and each member (other than the Chairs) of the Audit Committee and the Compensation Committee receives an annual cash retainer of $10,000, in each case, paid quarterly. Should a non-executive director be elected to the Board during the year, any compensation is prorated based on the first date of service. Directors who are our employees or are employees of our subsidiaries will not receive compensation for their services as directors. All of our directors are reimbursed for their out-of-pocket expenses incurred in connection with the performance of our Board duties. To encourage our directors to experience our properties as guests, they receive discounts for personal visits to our resorts.

The following tables set forth the compensation paid in 2023 and 2022 to our directors for their service to us as directors. Mr. Wardinski did not and does not receive any compensation for his service as a director. The remuneration of our non-executive directors is recorded within operating expenses on the Condensed Statements of Profit or Loss.

Summary of Non-Executive Director 2023 Compensation

Name	Fees Earned or Paid in Cash	Share Awards	Other	Total
Jeanmarie Cooney	$ 91,374	$ 104,150	$ —	$ 195,524
Hal Stanley Jones	$ 98,626	$ 104,150	$ —	$ 202,776
Mahmood Khimji	$ 82,500	$ 104,150	$ —	$ 186,650
Elizabeth Lieberman	$ 130,000	$ 104,150	$ —	$ 234,150
Maria Miller	$ 82,500	$ 104,150	$ —	$ 186,650
Leticia Navarro	$ 92,500	$ 104,150	$ —	$ 196,650
Karl Peterson	$ 95,000	$ 104,150	$ —	$ 199,150

Summary of Non-Executive Director 2022 Compensation

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

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

As part of the regular review of the annual non-executive director compensation program, the Board approved, with input from its independent outside compensation consultant, an increase in the value of the 2024 annual grant of Ordinary Shares from $100,000 to $115,000 in order to better align the non-executive directors' compensation with the Company's peers and the market.

The following table sets forth the compensation paid in 2023 and 2022 to Mr. Wardinski for his service to us as Chief Executive Officer. The remuneration, excluding share awards, of Mr. Wardinski is recorded by a group company. Mr. Wardinski's share awards are recorded within operating expenses on the Condensed Statements of Profit or Loss.

Name	Year	Salary ($)	Bonus ($)	Share Awards ($)	All Other Compensation ($)	Total
Bruce D. Wardinski	2023	$ 820,000	$ 2,386,200	$ 3,673,650	$ 14,544	$ 6,894,394
	2022	$ 775,000	$ 2,325,000	$ 2,980,787	$ 13,544	$ 6,094,331

11. Audit fees

During the years ended December 31, 2023 and 2022, the fees expensed related to audit services by Deloitte Accountants B.V., for the audit of the Consolidated and Company Financial Statements and other services provided, as well as professional fees for miscellaneous services invoiced to the subsidiaries, as referred to in Article 1, first part, ‘a’ and ‘e’ of the Dutch Law (*Wet toezicht accountantsorganisaties*) are as follows (*$ in thousands*):

	Year Ended December 31, 2023		
	Deloitte Accountants B.V.	Other Deloitte	Total Network
Audit of the financial statements and related services	$ 532	$ 3,187	$ 3,719
Tax advisory services	—	412	412
Total	**$ 532**	**$ 3,599**	**$ 4,131**

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

12. Commitments and contingencies

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

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

13. Subsequent events

For our Company Financial Statements as of and for the year ended December 31, 2023, we evaluated subsequent events through April 17, 2024, which is the date the financial statements were approved for issue by the Board. For a discussion of subsequent events, see Note 29 to the Consolidated Financial Statements included elsewhere in this report.

7.3 Signature Page

This section contains the signature page to the Dutch statutory board report of Playa Hotels & Resorts N.V. for the fiscal year ended December 31, 2023.

/s/ Bruce D. Wardinski
Bruce D. Wardinski

/s/ Elizabeth Lieberman
Elizabeth Lieberman

/s/ Hal Stanley Jones
Hal Stanley Jones

/s/ Jeanmarie Cooney
Jeanmarie Cooney

/s/ Karl Peterson
Karl Peterson

/s/ Maria Miller
Maria Miller

/s/ Mahmood Khimji
Mahmood Khimji

/s/ Leticia Navarro
Leticia Navarro

8. CONTROLS AND PROCEDURES

8.1 Controls and procedures

Disclosure Controls and Procedures

We maintain a set of disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) designed to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") in the role of Principal Executive Officer and our Chief Financial Officer ("CFO") in the role of Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

In accordance with Rule 13a-15(b) of the Exchange Act, as of the end of the period covered by this annual report, an evaluation was carried out under the supervision and with the participation of our management, including our CEO and CFO, of the effectiveness of our disclosure controls and procedures. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of December 31, 2023.

Management's Report on Internal Control over Financial Reporting

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

Management conducted, under the supervision of our CEO and CFO, an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the assessment performed, management concluded that our internal control over financial reporting was effective as of December 31, 2023.

Changes in Internal Control Over Financial Reporting

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

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

8.2 In control statement

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

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

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

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

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

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

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

9. CORPORATE GOVERNANCE

9.1 Dutch Corporate Governance Code (DCGC)

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

Except as set out below, during the fiscal year to which this annual report relates, the Company complied with the principles and best practice provisions of the DCGC, to the extent that these are directed at the Board. The DCGC has been updated in the course of 2022, with effect from January 1, 2023.

Policy on Diversity and Inclusion (best practice provision 2.1.5)

The Company currently has a Diversity and Inclusion (D&I) policy in place. The D&I policy does not express concrete targets in respect of gender diversity. However, the Company does report on its gender diversity targets, despite those targets not being part of a formal Company policy (see Chapter 9.8. *Diversity and Inclusion*). For that reason, the Company does not believe replicating these targets in the D&I Policy is needed.

Retirement schedule (best practice provision 2.2.4)

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

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

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

- Restricted shares awarded to our Chief Executive Officer as part of his compensation are subject to time-based vesting and vest during the first three years after the date of grant.

- Our directors may generally sell Playa shares held by them at any point in time, subject to Company policy and applicable securities laws regulations.

- Our non-executive directors are granted compensation in the form of shares, options and/or other equity-based compensation.

- Pursuant to a contract originally executed with our Chief Executive Officer before Playa became a listed company and subsequently amended, our Chief Executive Officer may be entitled to a severance payment in excess of his annual base salary.

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

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

9.2 Code of conduct and other corporate governance practices

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

9.3 Risk management and control systems

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

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

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

9.4 General Meeting

9.4.1 Functioning of the General Meeting

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

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

9.4.2 Powers of the General Meeting

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

1. the appointment, suspension and dismissal of Directors;

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

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

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

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

6. amendments to the Articles of Association;

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

8. the dissolution of the Company.

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

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

9.4.3 Shareholder rights

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

9.5 Board

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

As of December 31, 2023, the Board was composed as follows:

Name and age [(1)]	Gender	Nationality	Date of initial appointment	Expiration of current term of office
Bruce D. Wardinski (64)*	M	American	March 12, 2017	End of the annual General Meeting to be held in 2024
Jeanmarie Cooney (58)**	V	American	July 1, 2022	End of the annual General Meeting to be held in 2024
Hal Stanley Jones (71)**	M	American	March 12, 2017	End of the annual General Meeting to be held in 2024
Mahmood Khimji (63)**	M	American	March 25, 2021	End of the annual General Meeting to be held in 2024
Elizabeth Lieberman (73)**	V	American	March 12, 2017	End of the annual General Meeting to be held in 2024
Maria Miller (67)**	V	American	March 25, 2021	End of the annual General Meeting to be held in 2024
Leticia Navarro (70)**	V	Mexican	March 25, 2021	End of the annual General Meeting to be held in 2024
Karl Peterson (53)**	M	American	March 12, 2017	End of the annual General Meeting to be held in 2024

* Executive director; Chairman and Chief Executive Officer

** Non-executive director

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

During 2023, our Board held five meetings. Each director attended at least 75% of the aggregate of the total number of meetings of the Board and the total number of meetings held by all committees on which such director served. Our Board Rules provide that all directors are expected to attend all Board meetings. We do not have a formal policy regarding director attendance at the General Meeting, and two of our directors attended the 2023 General Meeting.

Bruce D. Wardinski, 64, has served as our Chairman and Chief Executive Officer since March 12, 2017. Mr. Wardinski previously served as Chief Executive Officer of Playa Hotels & Resorts B.V. (our "*Predecessor*") and a director of our Predecessor since August 2013. From June 2002 to December 2010, Mr. Wardinski served as Chief Executive Officer of Barceló Crestline. From 1998 to 2002, Mr. Wardinski was Chairman, President and Chief Executive Officer of Crestline Capital Corporation. Mr. Wardinski served as a member of the Executive Commission of Barceló Corporación Empresarial of Palma de Mallorca, Spain from 2004 to 2010. Mr. Wardinski was Senior Vice President and Treasurer of Host Marriott Corporation (now Host Hotels & Resorts, Inc.), a hotel asset management company, from 1996 to 1998. Before this appointment, he served in various other capacities with Host Marriott and Marriott Corporation (now Marriott International, Inc.) from 1987 to 1996. In 2003, Mr. Wardinski formed Highland Hospitality Corporation, a lodging and hospitality REIT, where he served as Chairman of its board of directors until the sale of the company in 2007. Prior to joining Host Marriott and Marriott Corporation, Mr. Wardinski worked for Price Waterhouse (now PricewaterhouseCoopers) in Washington D.C., and for Goodyear International in Caracas, Venezuela. Mr. Wardinski was a founding member and currently serves as Chairman of the ServiceSource Foundation, a not-for-profit advocacy group representing people with disabilities. In addition, Mr. Wardinski serves on the board of directors and audit committee of DiamondRock Hospitality (NYSE: DRH). Mr. Wardinski graduated with honors from the University of Virginia with a Bachelor of Science and from the Wharton School of Business at the University of Pennsylvania with a Master of Business Administration.

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

Jeanmarie Cooney, 58, has served as a non-executive director since May 11, 2023. Ms. Cooney is an accomplished global finance executive with over thirty years' experience providing strategic financial and operational management across a diverse spectrum of industries. Since 2020 Ms. Cooney has served as the Chief Financial Officer/Senior Vice President of Finance, Strategy and Planning for New York Road Runners Inc. From 2018 to 2020, Ms. Cooney served as the President of JM Consulting and Coaching Services, and from 2015 to 2018 she served as the Executive Vice President and Chief Financial Officer for Wyndham Hotel Group (now Wyndham Hotels & Resorts). Ms. Cooney began her career at Ernst & Young and has held many senior-level positions with blue-chip corporations including Cendant and PepsiCo, Inc. Ms. Cooney received a Bachelor of Business Administration from Iona College and was previously a Certified Public Accountant.

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

Hal Stanley Jones, 71, has served as a non-executive director since March 12, 2017. Mr. Jones served as Chief Financial Officer of Graham Holdings Company, a diversified education and media company from 2013 until 2018. From 1989 until 2013, Mr. Jones worked in various capacities at The Washington Post Company, an American daily newspaper, the most widely circulated newspaper published in Washington, D.C. From January 2009 to September 2013, he served as the Senior Vice President – Finance and Chief Financial Officer. From January 2008 to December 2009 he served as the President and Chief Executive Officer of Kaplan Professional, a subsidiary of The Washington Post Company. From 2003 to 2006 he served as the Chief Operating Officer of Kaplan International, a subsidiary of The Washington Post Company. Prior to joining The Washington Post Company, Mr. Jones worked for Price Waterhouse (now PricewaterhouseCoopers) from 1977 to 1988. In addition, Mr. Jones serves on the board of directors and audit committee of Lumen Technologies (NYSE: LUMN) since December 2019, and Carolina Migrant Network, a non-profit entity that provides legal assistance. Mr. Jones received a Bachelor of Arts from the University of Washington and a Master of Business Administration from the University of Chicago Graduate School of Business.

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

Mahmood Khimji, 63, was designated by the binding nomination of Sagicor pursuant to the 2018 Shareholder Agreement and has served as a non-executive director since June 29, 2021. Mr. Khimji is a founding Principal of Highgate, a leading real estate investment and hospitality management company, and has been involved in all aspects of Highgate's development since its founding in 1988. Prior to founding Highgate, Mr. Khimji practiced law at Paul, Weiss, Rifkind, Wharton & Garrison. Mr. Khimji is the Chairman of the board of directors of Sagicor Financial Corporation and also serves on the board of directors of Sagicor Group Jamaica and affiliates. He also serves on the board of directors of American Hotel Income Properties and is a member of the Young Presidents' Organization (YPO) and the Real Estate Forum. Mr. Khimji also serves on the boards of Aga Khan Museum and the Asia Society. Additionally, Mr. Khimji serves on the Board of Visitors for Columbia Law School. He attended the University of British Columbia, and received a Bachelor of Arts, summa cum laude, from the University of Houston and a Juris Doctor from Columbia Law School.

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

Elizabeth Lieberman, 73, has served as a non-executive director since March 12, 2017. Ms. Lieberman has an extensive background in the hospitality industry, and served as Senior Vice President, Corporate Secretary and General Counsel of Crestline Hotels & Resorts, Inc. ("*Crestline Hotels*") and Barceló Crestline from 2004 until retiring in 2006. Ms. Lieberman provided consulting services to Crestline Hotels from 2006 to 2008, and returned as Executive Vice President, Corporate Secretary and General Counsel in 2009 until her retirement in 2012. As General Counsel at Crestline Hotels, Ms. Lieberman provided a hands-on approach to executive leadership and legal oversight of corporate, finance, owner relations and hotel operations matters. Prior to Ms. Lieberman's appointment as General Counsel in 2004, she served as Associate General Counsel for Crestline Hotels and Barceló from 2002 to 2004, and Crestline Capital Corporation from 1998 to 2002, prior to its acquisition by Barceló. Ms. Lieberman was an Assistant General Counsel at Host Marriott Corporation (now Host Hotels & Resorts, Inc.), heading up the law department's asset management division, from 1995 until the spin-off of Crestline Capital Corporation by Host Marriott in 1998. Before joining Host Marriott, Ms. Lieberman served as attorney on the hotel acquisitions/development and hotel operations legal teams at Marriott Corporation (now

Marriott International, Inc.) from 1988 to 1995. Prior to joining Marriott Corporation, Ms. Lieberman worked at Cleary Gottlieb Steen & Hamilton from 1985 to 1988. Ms. Lieberman earned a Bachelor of Science from Nebraska Wesleyan University in Lincoln, Nebraska, and a Juris Doctor from The Catholic University of America, Columbus School of Law in Washington, D.C.

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

***Maria Miller**,* 67, has served as a non-executive director since June 29, 2021. Ms. Miller is a marketing executive with over 30 years of experience in innovative marketing and digital communications which includes the consumer products, financial services, e-commerce, travel, cruise and hospitality industries. Ms. Miller has held several C-suite and executive level positions with expertise leading innovative marketing and digital strategies to deliver profitable growth and superior business results. Most recently, Ms. Miller spent eight years in the cruise industry. From 2017 to 2019, Ms. Miller served as Chief Marketing Officer for Bahamas Paradise Cruise Line. Prior to that, Ms. Miller was Senior Vice President – Chief Marketing Officer for Norwegian Cruise Line from 2009 to 2015. Ms. Miller also held various senior marketing roles at several companies, including Dave and Buster's, Inc., Elance, Inc. (now Upwork), Avis Rent A Car, Inc. and American Express. Ms. Miller currently serves on the board of directors and audit committee of Gannett Co., Inc. (NYSE: GCI). Ms. Miller earned a Bachelor of Science from New York University and a Master of Business Administration from Stanford University Graduate School of Business.

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

Leticia Navarro, 70, has served as a non-executive director since June 29, 2021. Ms. Navarro is an entrepreneur who formerly served as the Secretary of Tourism of Mexico in President Vicente Fox's cabinet from 2000 to 2003. Ms. Navarro has extensive business experience, most recently as the CEO and International VP of DHL Express Mexico from 2003 to 2008, and previously as the worldwide CEO of Jafra Cosmetics, then a subsidiary of The Gillette Co. Ms. Navarro has served as a board member of Alta Growth Capital, a Mexican private equity fund, since 2014, and is a board member for several private companies, Turistore and CORCIMEX. Ms. Navarro is actively involved with non-governmental organizations and institutes in Mexico and abroad related to education. Ms. Navarro earned a Bachelor of Business Administration from the Universidad Autónoma de Mexico and a Master in Mexican History from the Instituto Cultural Helénico.

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

Karl Peterson, 53, has served as a non-executive director since March 12, 2017. Mr. Peterson leads CapitalKP and Peterson Capital Partners, LP, family offices overseeing several public stock investments and numerous private investments. Previously, Mr. Peterson was a Senior Partner of TPG and the Managing Partner of TPG Pace Group, TPG's effort to sponsor SPACs and other permanent capital solutions for companies. After rejoining TPG in 2004, Mr. Peterson led investments for the firm in technology, media, financial services and travel sectors and oversaw TPG's European operations from 2010 until 2017 and served on the Executive Committee of TPG. Prior to 2004, Mr. Peterson was a co-founder and the president and chief executive officer of Hotwire.com. Mr. Peterson led the business from its launch through its sale to InterActiveCorp in 2003. Before Hotwire, Mr. Peterson was a principal at TPG in San Francisco, and from 1992 to 1995 he was a financial analyst at Goldman, Sachs & Co. Mr. Peterson currently serves on the board of Sabre Corporation (NASDAQ: SABR), is the Chairman of Accel Entertainment (NYSE: ACEL), and is a director of Vacasa, Inc. (NASDAQ: VCSA). Mr. Peterson is a graduate of the University of Notre Dame, where he earned a Bachelor of Business Administration with High Honors.

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

9.6 Committees

9.6.1 General

The Board has established an audit committee, a compensation committee, and a nominating and governance committee.

As of December 31, 2023, the committees were composed as follows:

Name	Audit committee (and attendance rate)	Compensation committee (and attendance rate)	Nominating and governance committee (and attendance rate)
Leticia Navarro	X (100% Attendance)		X (100% Attendance)
Hal Stanley Jones	X (90% Attendance)	X (100% Attendance)	
Elizabeth Lieberman	X (100% Attendance)	X (100% Attendance)	X* (100% Attendance)
Jeanmarie Cooney	X* (100% Attendance)		
Karl Peterson		X* (100% Attendance)	
Maria Miller			X (100% Attendance)
Mahmood Khimji			X (100% Attendance)
Bruce D. Wardinski			

* Chairman

9.6.2 Audit committee

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

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

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

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

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

- results of the annual IFRS and U.S. GAAP financial statement audits and quarterly U.S. GAAP financial statement reviews performed by the Company's independent auditor, Deloitte & Touche LLP;
- new or revised accounting standards and various filing requirements of the SEC;
- privacy, information technology and security and cybersecurity risk exposures and mitigating activities;
- significant or unusual events or transactions that occurred throughout the year; and
- results of internal audit's testing of the design and effectiveness of internal controls over financial reporting.

9.6.3 Compensation committee

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

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

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

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

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

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

9.6.4 Nominating and governance committee

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

- identifying, recruiting and recommending to the full Board qualified candidates for designation as directors or to fill our Board vacancies at our General Meeting;
- developing and recommending to our Board corporate governance guidelines as set forth in the rules of our Board, including the nominating and governance committee’s selection criteria for director nominees, and implementing and monitoring such guidelines;
- overseeing our Board’s compliance with legal and regulatory requirements;
- reviewing and making recommendations on matters involving the general operation of our Board, including board size and composition, and committee composition and structure;
- recommending to our Board nominees for each committee of our Board;
- overseeing our activities relating to corporate social responsibility and sustainability, including the Company’s diversity and inclusion policy;

- annually facilitating the assessment of our Board's performance as a whole and of the individual directors, and the performance of our Board's committees as required by applicable law, regulations and the Nasdaq corporate governance listing standards; and

- overseeing the performance evaluation process of our management team.

In addition, the nominating and governance committee oversees our Environmental, Social and Governance ("*ESG*") Committee, an organization-wide task force which is dedicated to obtaining a broader reach for idea generation and effectively promoting best practices and cross-collaboration related to corporate social responsibility and sustainability. The members of the ESG Committee include our Chief Operating Officer, General Counsel, Chief People Officer and Senior Vice President, Investor Relations & Strategy. Our ESG Committee oversees Playa's commitment to incorporating environmental sustainability, social responsibility and governance into our daily operations at all levels with an emphasis on reducing our environmental impact, mitigating risks, improving our communities and driving value for all our stakeholders. The ESG Committee is overseen by and reports directly to the nominating and governance committee regarding Playa's activities over corporate social responsibility and sustainability matters and the external reporting thereof. The nominating and governance committee regularly updates the Board on the activities of the ESG Committee. The ESG Committee also provides regular updates to the audit committee, which oversees the Company's sustainability reporting processes and internal controls.

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

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

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

9.7 Evaluation

During the fiscal year to which this annual report relates, the Board and each of the audit committee, compensation committee and nominating and governance committee perform self-evaluations under the direction of the nominating and governance committee and the Lead Independent Director on the basis of certain guidelines distributed to the directors and subsequent discussions among the directors. These evaluations are intended to facilitate an examination and discussion by the Board of its effectiveness and areas for improvement. The Board self-evaluation includes a discussion of (i) substantive aspects, mutual interaction, (ii) events that occurred in practice from which lessons may be learned and (iii) the desired profile, composition, competencies, functioning, performance, and expertise of the Board based on a series of tailored statements reviewed by each Board member. The Lead Independent Director conducts a discussion in executive session with the full Board to review the results of the self-evaluations and identify any items requiring follow-up. This process also assists the Board in determining the appropriate nominees for election based on current Company and Board needs.

Based on the evaluations performed in 2023, the Board concluded that the Board and each of its committees are functioning properly.

9.8 Diversity and inclusion

Diversity and Inclusion Policy and Objectives. The Company has a D&I policy that is regularly reviewed and updated in order to ensure it reflects the Company's commitment to diversity and inclusion. Additionally, the Company has diversity and inclusion objectives with respect to the composition of the Board as part of the Company's policy regarding the qualification and nomination of director candidates.

The Company supports, values, fosters, cultivates and preserves a culture of diversity and inclusion and recognizes that a diverse workforce and a culture of inclusion helps us compete more effectively, drives productivity, and builds long-term sustainable value. In this respect, diversity refers to the different characteristics that make individuals unique, such as age, race, color, sex, religion, national origin, disability, sexual orientation, gender identity or expression or any other characteristic protected by applicable law. The Company's diversity and inclusion initiatives, ambitions and objectives apply to its practices and policies on recruitment, selection and retention, compensation and benefits, professional development and training, promotions, transfers, social and recreational programs, and the ongoing development of a work environment built on the premise of gender and diversity equality. The Company is committed to the ongoing development of a safe working environment throughout all levels of the organization that is free from harassment and discrimination against any individual on the basis of their unique characteristics.

The Company encourages and enforces:

(a) equal opportunities for our employees, officers and applicants for employment;

(b) respectful communication and cooperation among our employees and officers;

(c) treating all our employees and officers with dignity, respect and understanding at all times;

(d) teamwork and participation among our employees and officers;

(e) contributing to the communities that we serve in order to promote a greater understanding and respect for diversity and inclusion; and

(f) protecting against unlawful discrimination or any behavior that creates an offensive, hostile, or intimidating work environment.

The Company offers training and education on diversity and inclusion to all our employees and officers and expects all such employees and officers to participate in those sessions regularly.

The Company actively encourages employees and officers who feel that they have been subjected to discrimination or harassment to report this to their supervisor or to the Company's human resources department. Any such reports are treated seriously and investigated promptly.

Diversity Targets. To the extent possible and practicable, the Company intends for the composition of the Board to remain balanced, provided that at least 30% of the Board members are male and at least 30% are female. As of both December 31, 2023 and December 31, 2022, four of eight Board members, including our executive director, were male (50%) and four were female (50%). The Company believes that the current composition of its Board is consistent with its D&I policy, as outlined above.

In connection with the Company's diversity and inclusion objectives, the Company has defined its senior management team as employees at the senior vice president position and above. To the extent possible and practicable, the Company intends for the composition of senior management to be and remain at least 30% female. As of December 31, 2023, ten out of our 14 senior management members were male (71%) and four were female (29%), as only one employee was promoted to senior management during the year ended December 31, 2023, who was male. As of December 31, 2022, nine of our 13 senior management members were male (69%) and four were female (31%). Although the size of our senior management is modest, the Company's goal is to increase the current level of gender diversity of its senior management in the future to be at least 30% female while continuing to consider only qualified and experienced candidates for senior management positions within the Company.

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

9.9 Code of business conduct and ethics

The Board has adopted a code of business conduct and ethics that applies to its executive officers, directors and employees and agents. Among other matters, our code of business conduct and ethics is designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in our SEC reports and other public communications;
- compliance with applicable governmental laws, rules and regulations;

- prompt internal reporting of violations of the code to appropriate persons identified in the code; and
- accountability for adherence to the code.

Only our nominating and governance committee will be able to grant (subject to applicable law) any waiver of our code of business conduct and ethics for our executive officers or directors, and any such waiver shall be promptly disclosed as required by law or Nasdaq regulations by posting such information on our website rather than by filing a Form 8-K. Our code of business conduct and ethics includes a whistleblower policy as contemplated by the DCGC and applicable SEC rules. Our code of business conduct and ethics is available on our website at https://investors.playaresorts.com. The Company has adopted local codes that apply to employees at its various business locations, which are consistent with the code adopted by the Board. The Company takes its values and corporate culture as set forth in the code of business conduct very seriously, and has adopted a "tone from the top" approach to ensuring that those values are reflected on all its business dealings, which we believe promotes and contributes to sustainable long-term value creation for our stakeholders.

Pursuant to our anti-bribery and anti-corruption policy, which supplements our code of business conduct and ethics, we take a zero-tolerance approach to bribery and corruption, and require compliance with the U.S. Foreign Corrupt Practices Act and other international anti-bribery and anti-corruption laws. All Company personnel, as well as all consultants, contractors, and agents acting on behalf of the Company, are expected to conduct business legally and ethically, in accordance with best practices. The anti-bribery and anti-corruption policy sets forth the Company's general principles against the transfer, offer or agreement to transfer any type of benefit for the purpose of influencing a public official to misuse his or her power or influence. Under the policy, the Company and its representatives also may not transfer, offer or agree to transfer any improper payments or benefits to any private parties to gain an improper commercial advantage.

Our nominating and governance committee oversees the Company's policy regarding political and charitable contributions, which is set forth in the company's code of business conduct and ethics. In the United States, the Company's funds or assets may not be contributed, directly or indirectly, to (i) candidates or political parties; (ii) political action committees (PACs) and other political committees; (iii) ballot initiatives; (iv) industry and trade associations to the extent such contributions are designated or directed to be used for political purposes; or (v) organizations, firms, or persons engaged in lobbying activities on behalf of the Company, in each case, without the prior approval of the nominating and governance committee. The foregoing sentence does not apply to (i) industry or trade association membership dues; or (ii) event sponsorships as long as such events are not directed towards a specific political purpose. Charitable contributions made by the Company to any charitable organization in excess of $10,000 require the prior approval of the Company's general counsel. In countries other than the United States in which political contributions by companies are lawful, a political contribution may be made only upon the prior specific written approval of the Company's General Counsel.

10. COMPENSATION

10.1 Compensation and clawback policies

Pursuant to Section 2:135(1) DCC, the General Meeting has adopted a compensation policy. The compensation policy is designed to (i) to attract, retain and motivate directors with the leadership qualities, skills and experience needed to support the management and growth of the Company's business. The compensation policy aims to drive strong business performance, promote accountability, incentivize directors to achieve short- and long-term performance goals with the objective of substantially increasing the Company's equity value, and assure that Directors' interests are closely aligned with those of the Company's shareholders and other stakeholders. The compensation policy is intended to ensure the overall market competitiveness of the directors' compensation packages, while providing the Board with enough flexibility to tailor its compensation practices on a case by case basis. We believe that this approach and philosophy benefits the realization of the Company's long-term objectives while keeping with the Company's risk profile. For details regarding the remuneration of our executive officers, see Note 10 of the Company Financial Statements. An overview of our compensation policy is below.

Our executive compensation program is designed to align the interest of our executive officers with those of our stakeholders, while enabling us to attract, motivate and retain individuals who contribute to our long-term success.

Decisions on the executive compensation program are made by the compensation committee of our Board. Our executive compensation program will continue to evolve, depending on the judgment of the members of the compensation committee in support of our ongoing business strategy.

Our executive compensation program reflects our belief that executive compensation must be competitive in order to attract and retain high-performing executive officers. Our compensation program rewards, among other things, favorable shareholder returns, share appreciation, our competitive position within our segment of the lodging industry, and each executive officer's long-term career contributions to us. In addition, the compensation committee may determine to make awards to new executive officers in order to attract talented professionals. Our compensation incentives, which have been designed to further these goals, take the form of annual cash compensation and long term equity incentives measured by performance targets established by the compensation committee.

Pursuant to our Management Incentive Plan (the "MIP"), we award bonuses to our named executive officers based on a combination of individual and corporate performance measures that our Board believes are important to the success of our business. Under our MIP, each named executive officer has a target incentive opportunity expressed as a percentage of his or her base salary, which is subject to increase or decrease according to the achievement of these individual and corporate performance measures. In addition, no named executive officer in our MIP will be paid a bonus unless we meet a specified minimum corporate performance threshold. In 2023 and 2022, the corporate performance metric used for each named executive officer and for the minimum corporate performance threshold was Adjusted EBITDA. In addition, we may make special incentive awards to an individual for extraordinary individual efforts and exceptional results, or contribution to extraordinary team efforts and exceptional results, in reaching our goals and objectives. All awards granted under our MIP must be approved by our Board and, with respect to members of management other than the Chief Executive Officer, its Chief Executive Officer. Our Board has the right to adjust any payment to our named executive officers under our MIP.

Our Board has adopted an Executive Compensation Recovery Policy (the "Clawback Policy") which provides for the recovery of erroneously-awarded incentive executive compensation (generally consisting of the annual cash incentive and performance-based stock awards) in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws. The Clawback Policy is intended to foster a culture that emphasizes integrity and accountability and reinforces the Company's pay-for-performance compensation philosophy.

The Clawback Policy is administered by the compensation committee and applies to current and former executive officers, including all of our NEOs. The policy requires the Company to recover reasonably promptly the amount of incentive compensation received by senior officers that exceeds the incentive compensation that would have been received taking into account the accounting restatement, regardless of whether the restatement is due to any fault or misconduct on the part of the officer. The policy complies with, and will be interpreted and administered in a manner consistent with, all applicable laws and regulations, including without limitation, Nasdaq Rule 5608 and Rule 10D-1 of the Exchange Act.

10.2 Compensation of directors

See Note 10 to the Company Financial Statements for an overview of the implementation of the Compensation Policy in the fiscal year to which this annual report relates. In determining the level and structure of the compensation of the directors in the fiscal year to which this annual report relates relevant scenario analyses carried out in advance have been considered by the compensation committee, consisting of a market study of the compensation of directors for a subset of the Company's peer group members which is compared against the current compensation of the Company's directors. Based on the results of this analysis, the compensation committee, with input from the Company's independent outside compensation consultant, did not make any changes to the compensation of directors for the year ended December 31, 2023.

10.3 2017 Omnibus Incentive Plan

Our Board adopted the 2017 Plan for the purpose of (a) providing eligible persons with an incentive to contribute to our success and to operate and manage our business in a manner that will provide for our long-term growth and profitability to benefit our shareholders and other important stakeholders, including employees and customers, and (b) providing a means of obtaining, rewarding and retaining key personnel. The 2017 Plan provides for the grant of options to purchase our ordinary shares, share awards (including restricted shares and share units), share appreciation rights, performance shares or other performance-based awards, unrestricted shares, dividend equivalent rights, other equity-based awards and cash bonus awards. The 2017 Plan was amended on May 11, 2023 to increase the number of ordinary shares authorized and available for grant from 12,000,000 shares to 24,000,000 shares.

Administration of the 2017 Plan. The 2017 Plan is administered by our compensation committee, and our compensation committee determines all terms of awards under the 2017 Plan. Each member of our compensation committee that administers the 2017 Plan is a "non-employee director" within the meaning of Rule 16b-3 of the Exchange Act, and, if applicable, an "outside director" within the meaning of Section 162(m) of the Code, and an independent director in accordance with the rules of any stock exchange on which our ordinary shares are listed or traded. Our compensation committee also determines who will receive awards under the 2017 Plan, the type of award and its terms and conditions and the number of ordinary shares subject to the award, if the award is equity-based. Our compensation committee also interprets the provisions of the 2017 Plan. Our Board may also appoint one or more committees of our Board, each composed of one or more of our directors, which may administer the 2017 Plan with respect to grantees who are not "officers," as defined in Rule 16a-1(f) under the Exchange Act, or directors. Our Board from time to time may exercise any or all of the powers and authorities related to the administration and implementation of the 2017 Plan as our Board determines, consistent with our Articles of Association and Board Rules and applicable laws. References below to our compensation committee include a reference to our Board or another committee appointed by our Board for those periods in which our Board or such other committee appointed by our Board is acting.

Eligibility. All of our employees, executive officers and directors, and the employees, officers and directors of our subsidiaries and affiliates are eligible to receive awards under the 2017 Plan. In addition, consultants and advisors (who are natural persons) currently providing services to us or to one of its subsidiaries or affiliates, and any other person whose participation in the 2017 Plan is determined by our compensation committee to be in its best interests may receive awards under the 2017 Plan.

Share Authorization. Subject to adjustment as provided in the 2017 Plan, the number of ordinary shares that may be issued under the 2017 Plan is 24,000,000. If any of our ordinary shares covered by an award are not purchased or are forfeited or expire, or if an award otherwise terminates without delivery of any of our ordinary shares or is settled in cash in lieu of our ordinary shares, the ordinary shares subject to such awards will again be available for purposes of the 2017 Plan. The number of our ordinary shares available for issuance under the 2017 Plan will not be increased by the number of our ordinary shares

i. tendered, withheld, or subject to an award surrendered in connection with the purchase of our ordinary shares or upon exercise of an option;
ii. that were not issued upon the net settlement or net exercise of a share-settled share appreciation right;
iii. deducted or delivered from payment of an award in connection with our tax withholding obligations; or
iv. purchased by us with proceeds from option exercises.

The maximum number of ordinary shares subject to options or share appreciation rights that can be issued under the 2017 Plan to any person, other than a non-employee director, is 1,200,000 ordinary shares in any single calendar year. The maximum number of ordinary shares that can be issued under the 2017 Plan to any person (other than a non-employee director) other than pursuant to an option or share appreciation right is 1,200,000 ordinary shares in any single calendar year. The maximum fair market value of our ordinary shares that may be granted under the 2017 Plan pursuant to awards in any single calendar year to any non-employee director is $500,000. The maximum amount that may be paid as a cash-settled performance-based award for a performance period of 12 months or less to any one person is $3,000,000 and the maximum amount that may be paid as a cash-settled performance-based award for a performance period of greater than 12 months to any one person is $9,000,000.

Share Usage. Ordinary shares that are subject to awards will be counted as of the grant date for purposes of calculating the number of shares available for issuance under the 2017 Plan. The maximum number of shares issuable under a performance share grant will be counted against the share issuance limit under the 2017 Plan as of the grant date, but such number will be adjusted to equal the actual number of shares issued upon settlement of the performance shares to the extent different from the maximum number of shares.

Minimum Vesting Period. Except with respect to a maximum of 5% of the ordinary shares authorized for issuance under the 2017 Plan, as described above, no award will provide for vesting which is any more rapid than vesting on the one year anniversary of the grant date of the award or, with respect to awards that vest upon the attainment of performance goals, a performance period that is less than twelve months.

No Repricing. Except in connection with certain corporate transactions involving Playa:

i. outstanding options or share appreciation rights may not be amended to reduce the exercise price of the option or share appreciation right;
ii. outstanding options or share appreciation rights may not be canceled in exchange for or substitution of options or share appreciation rights with an exercise price that is less than the exercise price of the original options or share appreciation rights; and
iii. outstanding options or share appreciation rights with an exercise price above the current share price may not be canceled in exchange for cash or other securities.

Options. The 2017 Plan authorizes our compensation committee to grant incentive share options (under Section 422 of the Code) and options that do not qualify as incentive share options. The exercise price of each option will be determined by our compensation committee, provided that the price cannot be less than 100% of the fair market value of the ordinary shares on the date on which the option is granted. If we were to grant incentive share options to any 10% shareholder, the exercise price may not be less than 110% of the fair market value of its ordinary shares on the date of grant.

The term of an option cannot exceed 10 years from the date of grant. If we were to grant incentive share options to any 10% shareholder, the term cannot exceed five years from the date of grant. Our compensation committee determines at what time or times each option may be exercised and the period of time, if any, after retirement, death, disability or termination of employment during which options may be exercised.

The exercise price for any option or the purchase price for restricted shares is generally payable

i. in cash or cash equivalents;
ii. to the extent the award agreement provides and subject to certain limitations set forth in the 2017 Plan, by the surrender of ordinary shares (or attestation of ownership of such shares) with an aggregate fair market value on the date on which the option is exercised equal to the exercise or purchase price;
iii. with respect to an option only, to the extent the award agreement provides and subject to certain limitations set forth in the 2017 Plan, by payment through a broker in accordance with procedures established by us; or
iv. to the extent the award agreement provides and/or unless otherwise specified in an award agreement, any other form permissible by applicable laws, including by withholding ordinary shares that would otherwise vest or be issuable in an amount equal to the exercise or purchase price and the required tax withholding amount.

Share Awards. The 2017 Plan also provides for the grant of share awards (which includes restricted shares and share units). A share award may be subject to restrictions on transferability and other restrictions as our compensation committee determines in its sole discretion on the date of grant. The restrictions, if any, may lapse over a specified period of time or through the satisfaction of conditions, in installments or otherwise, as our compensation committee may determine. Unless our compensation committee provides otherwise in an award agreement, a participant who receives restricted shares will have the right to vote and the right to receive dividends or distributions on the shares, except that our compensation committee may require any dividends to be reinvested in shares, which may or may not be subject to the same vesting conditions and restrictions as the vesting conditions and restrictions applicable to such restricted shares. Dividends paid on restricted shares which vest or are earned based upon the achievement of performance goals will not be deemed vested unless the performance goals for such restricted shares are achieved, and if such performance goals are not achieved, the participant will promptly forfeit and repay to us any such dividend payments. A participant who receives share units will have no rights as one of our shareholders.

Our compensation committee may provide in an award agreement that a participant who receives share units will be entitled to receive, upon our payment of a cash dividend, a cash payment for each such share unit which is equal to the per-share dividend paid on our ordinary shares. Dividends paid on share units that vest or are earned based upon the achievement of performance goals will not vest unless such performance goals for such share units are achieved, and if such performance goals are not achieved, the participant will promptly forfeit and repay to us such dividend payments. An award agreement also may provide that such cash payment will be deemed reinvested in additional share units at a price per unit equal to the fair market value of an ordinary share on the date on which such cash dividend is paid.

During the period, if any, when share awards are non-transferable or forfeitable, a grantee is prohibited from selling, transferring, assigning, pledging, exchanging, hypothecating or otherwise encumbering or disposing of his or her share awards. Unless our compensation committee provides otherwise in an award agreement, or in another agreement with a grantee, upon the termination of the grantee's service with us, any share awards that have not vested, or with respect to which all applicable restrictions and conditions have not lapsed, will immediately be deemed forfeited.

Share Appreciation Rights. The 2017 Plan authorizes our compensation committee to grant share appreciation rights that provide the recipient with the right to receive, upon exercise of the share appreciation right, cash, ordinary shares or a combination of the two. The amount that the recipient will receive upon exercise of the share appreciation right generally will equal the excess of the fair market value of our ordinary shares on the date of exercise over the fair market value of our ordinary shares on the date of grant. Share appreciation rights will become exercisable in accordance with terms determined by our compensation committee. Share appreciation rights may be granted in tandem with an option grant or independently from an option grant. The term of a share appreciation right cannot exceed 10 years from the date of grant.

Performance-Based Awards. The 2017 Plan also authorizes our compensation committee to grant performance-based awards, which are awards of options, share appreciation rights, restricted shares, share units, performance shares, other equity-based awards or cash made subject to the achievement of performance goals over a performance period specified by our compensation committee. Our compensation committee will determine the applicable performance period, the performance goals and such other conditions that apply to the performance-based award. Performance goals may relate to our financial performance, the grantee's performance or such other criteria determined by our compensation committee. If the performance goals are met, performance-based awards will be paid in cash, ordinary shares or a combination thereof.

Unrestricted Shares and Other Equity-Based Awards. Subject to the minimum vesting period described above, our compensation committee may, in its sole discretion, grant (or sell at the par value of an ordinary share or at such other higher purchase price as determined by our compensation committee) an award to any grantee pursuant to which such grantee may receive ordinary shares under the 2017 Plan that are free of any restrictions. Awards of unrestricted shares may be granted or sold to any grantee in respect of service rendered or, if so provided in the related award agreement or a separate agreement, to be rendered by the grantee to us or one of its affiliates or other valid consideration, in lieu of or in addition to any cash compensation due to such grantee. Our compensation committee may also grant awards in the form of other equity-based awards, which are awards that represent a right or other interest that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, our ordinary shares, as deemed by our compensation committee to be consistent with the purposes of the 2017 Plan, subject to terms and conditions determined by our compensation committee.

Dividend Equivalent Rights. Our compensation committee may grant dividend equivalent rights in connection with the grant of certain equity-based awards. A dividend equivalent right is an award entitling the recipient of the award to receive credits based on cash distributions that would have been paid on the ordinary shares specified in such dividend equivalent right if such shares had been issued to and held by the recipient of such dividend equivalent right as of the record date. Dividend equivalent rights may be paid currently (with or without being subject to forfeiture or a repayment obligation) or may be deemed reinvested in additional ordinary shares, which may thereafter accrue additional dividend equivalent rights, as specified in an award agreement. Dividend equivalent rights may be payable in cash, ordinary shares or a combination of the two. Our compensation committee will determine the terms of any dividend equivalent rights. No dividend equivalent rights can be granted in tandem with an option or share appreciation right.

Forfeiture; Recoupment. Our compensation committee may reserve the right in an award agreement for an award granted pursuant to the 2017 Plan to cause a forfeiture of any gain realized by the grantee of the award to the extent the grantee is in violation or breach of or in conflict with certain agreements with us (including but not limited to an employment or non-competition agreement) or any obligation to us (including but not limited to a confidentiality obligation). Our compensation committee may annul an outstanding award if the grantee's employment with us is terminated for "cause" as defined in the 2017 Plan, the applicable award agreement, or any other agreement between us and the grantee. Awards are also subject to mandatory repayment by the grantee to the extent the grantee is or becomes subject to

i. any clawback or recoupment policy adopted to comply with the requirements of any applicable law, rule or regulation, or otherwise; or
ii. any law, rule or regulation which imposes mandatory recoupment.

Change in Control. If we experience a change in control in which outstanding awards that are not exercised prior to the change in control will not be assumed or continued by the surviving entity:

i. except for performance-based awards, all restricted shares, share units and dividend equivalent rights will be deemed to have vested and the underlying ordinary shares will be deemed delivered immediately before the change in control; and
ii. at our compensation committee's discretion, either all options and share appreciation rights will become exercisable fifteen days before the change in control (with any exercise of an option or share appreciation right during such fifteen day period to be contingent upon the consummation of the change in control) and terminate upon the change in control to the extent not exercised, or all options, share appreciation rights, restricted shares, share units and/or dividend equivalent rights will be canceled and cashed out in connection with the change in control.

In the case of performance-based awards, if less than half of the performance period has lapsed, the award will be treated as though target performance has been achieved. If at least half of the performance period has lapsed, actual performance to date will be determined as of a date reasonably proximal to the date of the consummation of the change in control, as determined by our compensation committee in its sole discretion, and that level of performance will be treated as achieved immediately prior to the occurrence of the change in control. If our compensation committee determines that actual performance is not determinable, the award will be treated as though target performance has been achieved. Any awards that arise after performance is determined in accordance with this paragraph will be treated as set forth in the preceding paragraph. Other equity-based awards will be governed by the terms of the applicable award agreement.

If we experience a change in control in which outstanding awards that are not exercised prior to the change in control will be assumed or continued by the surviving entity, then, except as otherwise provided in the applicable award agreement, in another agreement with the grantee, or as otherwise set forth in writing, upon the occurrence of the change in control, the 2017 Plan and the awards granted under the plan will continue in the manner and under the terms so provided in the event of the change in control to the extent that provision is made in writing in connection with such change in control for the assumption or continuation of such awards, or for the substitution for such awards with new awards, with appropriate adjustments as to the number of shares (disregarding any consideration that is not common stock) and exercise prices of options and share appreciation rights.

In summary, a change in control under the 2017 Plan occurs if:

- a "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), of more than 50% of the total voting shares in our capital, on a fully diluted basis;

- individuals who on the effective date of the 2017 Plan constitute our Board (together with any new directors whose election by our Board or whose nomination by our Board for election by our shareholders was approved by a vote of at least a majority of the members of our Board then in office who either were members of our Board on the effective date of the 2017

Plan or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the members of our Board then in office;

- we consolidate with, or merge with or into, any individual, corporation, partnership or any other entity or organization (a "Person"), or any Person consolidates with, or merges with or into, us, other than any such transaction in which the holders of securities that represented 100% of the voting shares in our capital immediately prior to such transaction (or other securities into which such securities are converted as part of such merger or consolidation transaction) own directly or indirectly at least a majority of the voting shares of the surviving Person in such merger or consolidation transaction immediately after such transaction;

- there is consummated any direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one transaction or a series of related transactions, of all or substantially all of our assets and the assets of our subsidiaries, taken as a whole, to any "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act); or

- the commencement of a liquidation, winding up or dissolution of us, which was approved by our shareholders.

Adjustments for Share Splits and Similar Events. If the number of our ordinary shares is increased or decreased or our ordinary shares are changed into or exchanged for a different number of our ordinary shares or kind of our capital stock or other securities on account of any recapitalization, reclassification, share split, reverse share split, spinoff, combination of shares, exchange of shares, share dividend or other distribution payable in capital stock and certain other events, our compensation committee will make adjustments in the manner and to the extent it considers appropriate and equitable to the grantees and consistent with the terms of the 2017 Plan to the number and kind of shares that may be issued under the 2017 Plan, the individual limitations on awards described above and the number and kind of shares subject to outstanding awards.

Amendment or Termination. Our Board may amend, suspend or terminate the 2017 Plan at any time; provided that no amendment, suspension or termination may adversely impair the rights of grantees under outstanding awards without the grantees' consent. Our shareholders must approve any amendment if such approval is required under applicable law or stock exchange requirements. The 2017 Plan will have a term of ten years but may be terminated by our Board at any time, subject to the preceding sentences.

10.4 Pay ratio

The pay ratio of CEO compensation compared to the average employee compensation during 2023 is 368:1 (2019: 262:1; 2020: 324:1; 2021: 449:1; 2022: 391:1).

The ratio for 2023 was obtained by dividing the 2023 remuneration for the CEO by the 2023 average total remuneration of all other employees worldwide. The total remuneration of the CEO is reported in Note 10 to the Company Financial Statements. The average compensation of all employees was calculated from the amounts reported in Note 24 to the Consolidated Financial Statements (after subtracting the expense for CEO remuneration) divided by the average number of employees as reported in Note 24 to the Consolidated Financial Statements.

11. RELATED PARTY TRANSACTIONS

For information on related party transactions, see Note 12 to the Consolidated Financial Statements.

Where applicable, best practice provisions 2.7.3, 2.7.4 and 2.7.5 of the DCGC have been observed with respect to the transactions referenced above in this Chapter 11.

12. PROTECTIVE MEASURES

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

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

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

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

iv. A provision prohibiting (a) a “Brand Owner” (which generally means a franchisor, licensor or owner - or a group company or direct or indirect owners of a franchisor, licensor or owner - of a hotel concept or brand for all-inclusive hotels or resorts that has at least 12 hotels operating under the trade name(s) of such concept or brand and that directly competes with any Hyatt All-Inclusive Resort Brand resort) (alone or together with its affiliates) from having beneficial ownership of our ordinary shares representing in excess of 15% of our outstanding shares, or (b) a Restricted Brand Company (alone or together with its affiliates), from having beneficial ownership of our ordinary shares representing in excess of 5% of our outstanding shares (each, a “Share Cap”). Upon becoming aware of either Share Cap being exceeded, we will send a notice to the Brand Owner or Restricted Brand Company, as relevant, informing such shareholder of its violation of the Share Cap and granting the shareholder two weeks to dispose of its excess ordinary shares to an unaffiliated third party or to take such other action resulting in the Brand Owner or Restricted Brand Company, as relevant, no longer violating the applicable Share Cap. Such notice will immediately suspend the right to attend our General Meeting and voting rights (together, “Shareholder Rights”) of the shares exceeding the Share Cap until the Brand Owner or Restricted Brand Company, as relevant, has remedied its violation of the applicable Share Cap. If such Brand Owner or Restricted Brand Company, as relevant, has not remedied its violation of the applicable Share Cap within the aforementioned two week period, (i) the Shareholder Rights attached to all shares held by such shareholder shall be suspended until it has remedied its violation of the applicable Share Cap, (ii) we will be irrevocably authorized under our articles of association to transfer the excess shares to a foundation established under Dutch law for this purpose (the “Excess Shares Foundation”) or to an unaffiliated third party and (iii) if the excess shares are transferred to the Excess Shares Foundation, such foundation shall issue depositary receipts for the ordinary shares concerned to the relevant Brand Owner or Restricted Brand Company for as long as those ordinary shares are held by the Excess Shares Foundation.

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

13. OTHER INFORMATION

13.1 Independent Auditor's report

Reference is made to the independent auditors' report as included hereinafter.

13.2 Profit appropriation provisions

Pursuant to the Articles of Association, any profits shown in the adopted statutory annual accounts of the Company shall be appropriated as follows, and in the following order of priority:

1. the Board shall determine which part of the profits shall be added to the Company's reserves; and

2. subject to a proposal by the Board to that effect, the remaining profits shall be at the disposal of the General Meeting for distribution on the shares.

13.3 Branches

Playa Hotels & Resorts N.V. does not have any branch establishments.

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Independent auditor's report

To the Shareholders and the Board of Directors of Playa Hotels & Resorts N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the accompanying financial statements for the year ended December 31, 2023 of Playa Hotels & Resorts N.V., based in Amsterdam, The Netherlands. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Playa Hotels & Resorts N.V. as at December 31, 2023, and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

- The accompanying company financial statements give a true and fair view of the financial position of Playa Hotels & Resorts N.V. as at December 31, 2023, and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at December 31, 2023.

2. The following statements for 2023: the consolidated statement of profit and loss, the consolidated statements of comprehensive income, changes in equity and cash flows.

3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company statement of financial position as at December 31, 2023.

2. The company statement of profit or loss for 2023.

3. The company statement of changes in equity for 2023.

4. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the “Our responsibilities for the audit of the financial statements” section of our report.

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We are independent of Playa Hotels & Resorts N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at USD 14,500,000. The materiality is based on 1.5% of revenue. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Audit Committee that misstatements in excess of USD 725,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Playa Hotels & Resorts N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Playa Hotels & Resorts N.V.

Our group audit mainly focused on supervising the work performed by the component auditors in the United States, who in turn supervised the component auditors of the significant group entities in Dominican Republic, Mexico and Jamaica. In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the components by the group engagement team and by component auditors from other Deloitte network firms. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components so as to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole. For each component we determined whether we require an audit of their complete financial information or whether other procedures would be sufficient.

We have:

- Used the work of other auditors when auditing the significant group entities.
- Performed audit procedures on significant components and specific audit procedures at other group entities.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Audit approach fraud and non-compliance with laws and regulations

In accordance with the Dutch Standards on Auditing, we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatements, whether due to fraud or error. Inherent to our responsibilities for the audit of the financial statements, there is an unavoidable risk that material misstatements go undetected, even though the audit is planned and performed in accordance with Dutch law. The risk of undetected material misstatements due to fraud is even higher, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Also, we are not responsible for the prevention and detection of fraud and non-compliance with all laws and regulations. Our audit procedures differ from a forensic or legal investigation, which often have a more in-depth character.

Consideration of fraud

In identifying potential risks of material misstatement due to fraud, we obtained an understanding of Playa Hotels & Resorts N.V. and its environment, including the Company's internal controls. We evaluated the Company's fraud risk assessment and made inquiries with Group management, those charged with governance and others within the Company, including but not limited to, Legal Counsel, and Group Management. We evaluated several fraud risks factors to consider whether those factors indicated a risk of material misstatement due to fraud. We involved our fraud and forensic specialists in our assessment of fraud risks and related audit procedures, particularly in evaluating the fraud risk assessment of Playa Hotels & Resorts N.V.

Following these procedures, and the presumed risks under the prevailing auditing standards, we considered the fraud risks in relation to management override of controls, including evaluating whether there was evidence of bias by Group Management, which may represent a risk of material misstatement due to fraud. As part of our audit procedures to respond to these fraud risks, we evaluated the design and implementation of the internal controls relevant to mitigate these risks. We performed substantive audit procedures, including the detailed testing of journal entries using data analytics tooling, evaluating the accounting estimates for bias (including retrospective reviews of prior year's estimates), the supporting documentation in relation to post-closing adjustments. We also incorporated elements of unpredictability in our audit. The procedures described are in line with the applicable auditing standards and are not primarily designed to detect fraud. Our procedures to address fraud risks did not result in a key audit matter.

Consideration of compliance with laws and regulations

We evaluated the laws and regulations relevant to Playa Hotels & Resorts N.V. through discussion with Legal Counsel and the Management Board. We involved our fraud and forensic specialists in this evaluation during our risk assessment. As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could vary considerably, we considered adherence to (corporate) tax law and financial reporting regulations, the requirements under the International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the related financial statements. We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

Furthermore, the Group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance through imposing fines or litigation. In addition, we considered major laws and regulations applicable to listed companies. Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements.

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Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to the Group’s ability to continue its business, or to avoid material penalties (e.g., compliance with the local laws and regulations and permits or compliance with environmental regulations) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiry of management, the Audit Committee, the Management Board and others within the Group as to whether the Group is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us. Because of the characteristics of fraud, particularly when it involves sophisticated and carefully organised schemes to conceal it, such as forgery, intentional omissions, misrepresentation and collusion, an unavoidable risk remains that we may not detect all fraud during our audit.

Audit approach going concern

Our responsibilities, as well as the responsibilities of the Executive Board and the Supervisory Board, related to going concern under the prevailing standards, are outlined in the "Description of responsibilities regarding the financial statements" section below. The Executive Board has assessed the going concern assumption, as part of the preparation of the consolidated financial statements, and as disclosed in note 2, the Executive Board believes that no events or conditions, give rise to doubt about the ability of the Company to continue in operation at least 12 months from the end of the reporting period.

In fulfilling our responsibilities, we performed procedures including evaluating management's assessment of the Company's ability to continue as a going concern and considering the impact of financial, operational, and other conditions. Based on these procedures, we did not identify any reportable findings related to the entity's ability to continue as a going concern.

Our key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Audit Committee. The key audit matter identified is not a comprehensive reflection of all matters discussed.

This matter was addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter - Taxation

Description

The Company adheres to the principles of IAS 12 Income Taxes, which prescribes the accounting for income taxes using the asset and liability method. Under this method, the Company recognizes deferred tax liabilities and assets for temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. Recognition of deferred tax assets is based on the probability that adequate taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and tax losses can be utilized.

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

In assessing the realizability of deferred tax assets, the Company considers all available evidence, such as recent financial performance and projections of future taxable income, considering the character, duration, and reversal of temporary differences, available tax planning strategies, and the periods available for carry back or carry forward of tax losses. The Company reduces the carrying amount of deferred tax assets to the extent that it is not probable that sufficient taxable profit will be available for utilization.

The Company has historically recognized significant reductions in the carrying amount of deferred tax assets due to losses incurred, notably related to the effects of the COVID-19 pandemic. Subsequently, the Company has seen a change in profitability and, accordingly, some of the reductions in the carrying amount of deferred tax assets have been reversed in the current year. This area requires significant management judgment in estimating future taxable income and exercising the judgment in the timing of the recognition and reversal of these reductions in carrying amount.

Response

Our audit procedures related to the recognition and realizable amount of deferred tax assets included the following, among others:

- Testing the design and operational effectiveness of internal controls over the estimation process for realizing deferred tax assets, including taxable income projections and the assessment of whether it is probable that deferred tax assets will be realized.

- Evaluating the objectivity and sufficiency of both positive and negative evidence considered by management in its realizability assessment, such as the analysis of three-year cumulative income/loss.

- Reviewing the Company's transfer pricing policies and the impact on taxable income as part of the realizability assessment.

- Engaging tax specialists to evaluate the sources of taxable income considered by management in accordance with IAS 12, including:
    1. the expected reversal of deductible temporary differences;
    2. taxable profits excluding reversals of temporary differences, informed by the historical three-year cumulative income/loss analysis;
    3. taxable income in prior carry back year(s), if applicable;
    4. tax planning strategies that are prudent, feasible, and likely to be implemented.

- Corroborating the estimates of future taxable income with evidence obtained in other audit areas, like the analysis of forecasted pre-tax income.

- Assessing the reasonableness of management's conclusion that it is probable sufficient taxable income will be available to realize the net deferred tax assets.

- Evaluating the appropriateness and timing of significant reductions in the carrying amount of deferred tax assets or subsequent reversals, to ensure consistency with changes in evidence and events.

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- Reviewing the Company's financial statement disclosures relating to deferred tax assets to determine whether they are sufficient for users to understand the judgments made and are in line with the requirements of IAS 12.

Observations

Our audit procedures did not identify any material misstatements associated with the recognition and measurement of deferred tax assets or the related disclosures as of the reporting date. The Company's accounting for these positions, as well as the associated disclosures, are consistent with IFRS requirements, specifically IAS 12.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report thereon, the annual accounts contain other information that consists of:

- Directors' Report, reference is made to chapters 1 up to and including 6, as well as chapters 9 and 10.

- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code, reference is made to chapters 8 up to and including 13.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.

- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Directors' Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Board of Directors is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, April 17, 2024

Deloitte Accountants B.V.

Signed on the original: M. Bouwens