

Playa Hotels & Resorts N.V. Reports First Quarter 2023 Results

FAIRFAX, Va., May 4, 2023 /PRNewswire/ -- Playa Hotels & Resorts N.V. (the "Company" or "Playa") (NASDAQ: PLYA) today announced results of operations for the three months ended March 31, 2023.

Three Months Ended March 31, 2023 Results

- **Net Income** was \$42.7 million compared to \$42.7 million in 2022
- **Adjusted Net Income⁽¹⁾** was \$49.0 million compared to \$31.8 million in 2022
- **Net Package RevPAR** increased 24.7% over 2022 to \$355.27, driven by a 27.4% increase in Net Package ADR, partially offset by a 1.6 percentage point decrease in Occupancy
- **Comparable Net Package RevPAR** increased 29.5% over 2022 to \$381.06, driven by a 3.9 percentage point increase in Occupancy and a 22.8% increase in Net Package ADR
- **Owned Resort EBITDA⁽¹⁾** increased 25.0% versus 2022 to \$109.4 million
- **Owned Resort EBITDA Margin⁽¹⁾** increased 0.5 percentage points versus 2022 to 41.9%
- **Adjusted EBITDA⁽¹⁾** increased 28.0% versus 2022 to \$98.5 million
- **Adjusted EBITDA Margin⁽¹⁾** increased 1.2 percentage points versus 2022 to 37.3%
- **Comparable Adjusted EBITDA⁽¹⁾** increased 35.2% versus 2022 to \$100.9 million
- **Comparable Adjusted EBITDA Margin⁽¹⁾** increased 1.9 percentage points versus 2022 to 38.3%

(1) See "Definitions of Non-U.S. GAAP Measures and Operating Statistics" for a description of how we compute Adjusted Net Income/(Loss), Owned Resort EBITDA, Owned Resort EBITDA Margin, Adjusted EBITDA, Adjusted EBITDA Margin, Comparable Adjusted EBITDA, Comparable Adjusted EBITDA Margin and other non-GAAP financial figures included in this press release, as well as reconciliations of such non-GAAP financial figures to the most directly comparable financial measures calculated in accordance with GAAP.

"Momentum carried through our high season, as broad based strength across our markets led to Occupancy rates hitting new post-pandemic highs in Mexico and Jamaica. With COVID-related travel restrictions largely relaxed, robust demand in the MICE segment, and commodity-related expense pressure subsiding year over year, we were able to exceed our first quarter expectations and deliver record quarterly Adjusted EBITDA. The quarter was not without challenges however, as the sudden appreciation of the Mexican Peso and the decline in profits from the two Dominican Republic properties we recently assumed control of were significant headwinds. We remain optimistic that these challenges will ease through the year and are focused on executing on areas within our control.

We continue to expect double digit year-over-year ADR growth in the second quarter, as demand for the remainder of the year has remained steady despite macroeconomic concerns. Our MICE business for 2024 is pacing well ahead compared to the same time last year, providing a strong base of business for the coming high season.

We believe Playa's stock remains a compelling value given the strong fundamentals. Accordingly, we repurchased over \$40 million of our stock during the first quarter of 2023 and nearly another \$20 million in April. This brings the total amount of share repurchases to over \$107 million following the re-authorization of our buyback program in September of 2022."

– Bruce D. Wardinski, Chairman and CEO of Playa Hotels & Resorts

Financial and Operating Results

The following tables set forth information with respect to the operating results of our total portfolio and comparable portfolio for the three months ended March 31, 2023 and 2022 (\$ in thousands):

Total Portfolio

| | Three Months Ended March 31, | | | | |
|----------------------------------|------------------------------|---------|------|---------|-----------|
| | 2023 | | 2022 | | Change |
| Occupancy | | 70.8 % | | 72.4 % | (1.6) pts |
| Net Package ADR ⁽¹⁾ | \$ | 501.64 | \$ | 393.90 | 27.4 % |
| Net Package RevPAR | \$ | 355.27 | \$ | 285.00 | 24.7 % |
| Total Net Revenue ⁽²⁾ | \$ | 264,228 | \$ | 213,225 | 23.9 % |
| Owned Net Revenue ⁽³⁾ | \$ | 261,009 | \$ | 211,661 | 23.3 % |
| Owned Resort EBITDA | \$ | 109,389 | \$ | 87,537 | 25.0 % |
| Owned Resort EBITDA Margin | | 41.9 % | | 41.4 % | 0.5 pts |
| Other corporate | \$ | 13,555 | \$ | 11,947 | 13.5 % |
| The Playa Collection Revenue | \$ | 726 | \$ | 296 | 145.3 % |
| Management Fee Revenue | \$ | 1,929 | \$ | 1,057 | 82.5 % |
| Adjusted EBITDA | \$ | 98,489 | \$ | 76,943 | 28.0 % |
| Adjusted EBITDA Margin | | 37.3 % | | 36.1 % | 1.2 pts |

Comparable Portfolio ⁽⁴⁾

| | Three Months Ended March 31, | | | | |
|----------------------------------|------------------------------|---------|------|---------|---------|
| | 2023 | | 2022 | | Change |
| Occupancy | | 75.8 % | | 71.9 % | 3.9 pts |
| Net Package ADR | \$ | 502.68 | \$ | 409.48 | 22.8 % |
| Net Package RevPAR | \$ | 381.06 | \$ | 294.23 | 29.5 % |
| Total Net Revenue ⁽²⁾ | \$ | 263,544 | \$ | 204,867 | 28.6 % |
| Owned Net Revenue ⁽³⁾ | \$ | 260,325 | \$ | 203,303 | 28.0 % |
| Owned Resort EBITDA | \$ | 111,817 | \$ | 85,247 | 31.2 % |
| Owned Resort EBITDA Margin | | 43.0 % | | 41.9 % | 1.1 pts |
| Other corporate | \$ | 13,555 | \$ | 11,947 | 13.5 % |
| The Playa Collection Revenue | \$ | 726 | \$ | 296 | 145.3 % |
| Management Fee Revenue | \$ | 1,929 | \$ | 1,057 | 82.5 % |
| Adjusted EBITDA | \$ | 100,917 | \$ | 74,653 | 35.2 % |
| Adjusted EBITDA Margin | | 38.3 % | | 36.4 % | 1.9 pts |

(1) For the three months ended March 31, 2022, Net Package ADR includes \$2.7 million of on-property room upgrade revenue that was reclassified from non-package revenue to package revenue to conform with current period presentation.

(2) Total Net Revenue represents revenue from the sale of all-inclusive packages, which include room accommodations, food and beverage services and entertainment activities, net of compulsory tips paid to employees, as well as revenue from other goods, services and amenities not included in the all-inclusive package. Government mandated compulsory tips in the Dominican Republic are not included in this adjustment as they are already excluded from revenue in accordance with U.S. GAAP. A description of how we compute Total Net Revenue and a reconciliation of Total Net Revenue to total revenue can be found in the section "Definitions of Non-U.S. GAAP Measures and Operating Statistics" below. Total Net Revenue also includes all Management Fee Revenue.

(3) Owned Net Revenue excludes Management Fee Revenue, other corporate revenue and The Playa Collection revenue (which is a third-party owned and operated membership program).

(4) For the three months ended March 31, 2023, our comparable portfolio excludes Jewel Palm Beach, which was closed for a majority of the first quarter of 2023 as we transitioned the management of the resort to us from a third-party.

Balance Sheet

As of March 31, 2023, we held \$281.5 million in cash and cash equivalents, with no restricted cash. Total interest-bearing debt was \$1,097.3 million, comprised of our Term Loan due 2029 (the "2022 Term Loan"). As of March 31, 2023, there was no balance outstanding on our \$225.0 million Revolving Credit Facility. Our interest rate swaps, which previously mitigated risk related to LIBOR, matured on March 31, 2023. Effective April 15, 2023, we entered into two interest rate swaps to mitigate the floating interest rate risk on our 2022 Term Loan, which incurs interest based on SOFR. The interest rate swaps each have a fixed notional amount of \$275.0 million and are not for trading purposes. The fixed rates paid by us on the interest rate swaps are 4.05% and 3.71%, and the variable rate received resets monthly to the one-month SOFR rate. The interest rate swaps mature on April 15, 2025 and April 15, 2026, respectively.

Earnings Call

The Company will host a conference call to discuss its first quarter results on Friday, May 5, 2023 at 11:00 a.m. (Eastern Daylight Time). The conference call can be accessed by dialing (888) 317-6003 for domestic participants and (412) 317-6061 for international participants. The conference ID number is 3464074. Additionally, interested parties may listen to a taped replay of the entire conference call commencing two hours after the call's completion on Friday, May 5, 2023. This replay will run through Friday, May 12, 2023. The access number for a taped replay of the conference call is (877) 344-7529 or (412) 317-0088 using the following conference ID number: 3586863. There will also be a webcast of the conference call accessible on the Company's investor relations website at investors.playaresorts.com.

About the Company

Playa is a leading owner, operator and developer of all-inclusive resorts in prime beachfront locations in popular vacation destinations in Mexico and the Caribbean. As of March 31, 2023, Playa owned and/or managed a total portfolio consisting of 26 resorts (9,756 rooms) located in Mexico, Jamaica, and the Dominican Republic. In Mexico, Playa owns and manages Hyatt Zilara Cancún, Hyatt Ziva Cancún, Wyndham Alltra Cancún, Wyndham Alltra Playa del Carmen, Hilton Playa del Carmen All-Inclusive Resort, Hyatt Ziva Puerto Vallarta and Hyatt Ziva Los Cabos. In Jamaica, Playa owns and manages Hyatt Zilara Rose Hall, Hyatt Ziva Rose Hall, Hilton Rose Hall Resort & Spa, Jewel Grande Montego Bay Resort & Spa and Jewel Paradise Cove Beach Resort & Spa. In the Dominican Republic, Playa owns and manages the Hilton La Romana All-Inclusive Family Resort, the Hilton La Romana All-Inclusive Adult Resort, Jewel Palm Beach, Jewel Punta Cana, Hyatt Zilara Cap Cana and Hyatt Ziva Cap Cana. Playa also manages nine resorts on behalf of third-party owners. Playa's strategy is to leverage its globally recognized brand partnerships and proprietary in-house direct booking capabilities to capitalize on the growing popularity of the all-inclusive resort model and reach first-time all-inclusive resort consumers in a cost-effective manner. We believe that this strategy should position us to generate attractive returns for our shareholders, build lasting relationships with our guests, and enhance the lives of our associates and the communities in which we operate.

Forward-Looking Statements

This press release contains "forward-looking statements," as defined by federal securities laws. Forward-looking statements reflect our current expectations and projections about future events at the time, and thus involve uncertainty and risk. The words "believe," "expect," "anticipate," "will," "could," "would," "should," "may," "plan," "estimate," "intend," "predict," "potential," "continue," and the negatives of these words and other similar expressions generally identify forward looking statements. Such forward-looking statements are subject to various risks and uncertainties, including those described under the section entitled "Risk Factors" in Playa's Annual Report on Form 10-K, filed with the SEC on February 23, 2023, as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC's website at www.sec.gov. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in Playa's filings with the SEC. 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 press release, 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).

Definitions of Non-U.S. GAAP Measures and Operating Statistics

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 Average Daily Rate ("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 Revenue per Available Room ("Net Package RevPAR")

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

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

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

"Net Non-package Revenue" includes revenue associated with premium services and amenities that are not included in net package revenue, such as dining experiences, wines and spirits, and spa packages, net of compulsory tips paid to employees. Government mandated compulsory tips in the Dominican Republic are not included in this adjustment, as they are already excluded from revenue. Net Non-package Revenue is recognized after the completion of the sale when the product or service is transferred to the customer. Food and beverage revenue not included in a guest's all-inclusive package is recognized when the goods are consumed.

"Owned Net Revenue" represents Net Package Revenue and Net Non-package Revenue. Owned Net Revenue represents a key indicator to assess the overall performance of our business and

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

"Management Fee Revenue" is derived from fees earned for managing resorts owned by third-parties. The fees earned are typically composed of a base fee, which is computed as a percentage of resort revenue, and an incentive fee, which is computed as a percentage of resort profitability. Management Fee Revenue was a minor contributor to our operating results for the three months ended March 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 and Management Fee Revenue. "Cost Reimbursements" is excluded from Total Net Revenue as it is not considered a key indicator of financial and operating performance. Cost Reimbursements is derived from the reimbursement of certain costs incurred by Playa on behalf of resorts managed by Playa and owned by third parties. This revenue is fully offset by reimbursable costs and has no net impact on operating income or net income.

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 three months ended March 31, 2023 and 2022 *(\$ in thousands)*.

Total Portfolio

| | Three Months Ended March 31, | |
|---|------------------------------|------------|
| | 2023 | 2022 |
| Net Package Revenue | | |
| Comparable Net Package Revenue | \$ 227,174 | \$ 175,412 |
| Non-comparable Net Package Revenue | 612 | 7,318 |
| Net Package Revenue | 227,786 | 182,730 |
| Net Non-package Revenue | | |
| Comparable Net Non-package Revenue | 33,715 | 28,102 |
| Non-comparable Net Non-package Revenue | 72 | 1,040 |
| Net Non-package Revenue | 33,787 | 29,142 |
| Playa Collection Revenue: | | |
| Comparable Playa Collection Revenue | 726 | 296 |
| Non-Comparable Playa Collection Revenue | — | — |
| Total Playa Collection Revenue | 726 | 296 |
| Management Fee Revenue | | |
| Comparable Management Fee Revenue | 1,929 | 1,057 |
| Non-comparable Management Fee Revenue | — | — |
| Management Fee Revenue | 1,929 | 1,057 |
| Total Net Revenue | | |
| Comparable Total Net Revenue | 263,544 | 204,867 |
| Non-comparable Total Net Revenue | 684 | 8,358 |
| Total Net Revenue | 264,228 | 213,225 |
| Compulsory tips | 6,040 | 4,397 |
| Cost Reimbursements | 3,534 | 1,952 |
| Total revenue | \$ 273,802 | \$ 219,574 |

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

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

- Other miscellaneous non-operating income or expense
- Pre-opening expense
- Share-based compensation
- Other tax expense
- Transaction expenses
- Severance expense for employee terminations resulting from non-recurring or unusual events, such as the departure of an executive officer or the disposition of a resort
- Gains from property damage insurance proceeds (i.e., property damage insurance proceeds in excess of repair and clean up costs incurred)
- Repairs from hurricanes and tropical storms (i.e., significant repair and clean up costs incurred which are not offset by property damage insurance proceeds)
- Loss on extinguishment of debt
- Other items which may include, but are not limited to the following: contract termination fees; gains or losses from legal settlements; and impairment losses.

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

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

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

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

Adjusted Net Income

"Adjusted Net Income" represents net income or loss attributable to Playa, determined in accordance with U.S. GAAP, excluding special items which are not reflective of our core operating performance, such as one-time expenses related to transaction expenses.

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

We believe that each of Net Package Revenue, Net Non-package Revenue, Owned Net Revenue, Total Net Revenue, Net Package ADR, Net Package RevPAR and Net Direct Expenses are 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.

A reconciliation of EBITDA, Adjusted EBITDA and Owned Resort EBITDA to net income or loss as computed under U.S. GAAP is presented below.

Adjusted Net Income is non-GAAP performance measure that provides meaningful comparisons of ongoing operating results, by removing from net income or loss the impact of items that do not reflect our normalized operations. A reconciliation of net income or loss as computed under U.S. GAAP to Adjusted Net Income is presented below.

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

Comparable Non-U.S. GAAP Measures

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

Our comparable portfolio for the three months ended March 31, 2023 excludes Jewel Palm Beach, which was closed for a majority of the first quarter of 2023 as we transitioned the management of the resort to us from a third-party.

A reconciliation of net income or loss as computed under U.S. GAAP to comparable Adjusted EBITDA is presented below. For a reconciliation of Comparable Net Package Revenue, Comparable Net Non-package Revenue, Comparable Management Fee Revenue and Comparable Total Net Revenue to total revenue as computed under U.S. GAAP, see "Net Package Revenue, Net Non-package Revenue, Owned Net Revenue, Management Fee Revenue, Cost Reimbursements and Total Net Revenue" in this section.

Playa Hotels & Resorts N.V. Reconciliation of Net Income to EBITDA, Adjusted EBITDA and Owned Resort EBITDA (\$ in thousands)

The following is a reconciliation of our U.S. GAAP net income to EBITDA, Adjusted EBITDA, Owned Resort EBITDA and Comparable Owned Resort EBITDA for the three months ended March 31, 2023 and 2022 *(\$ in thousands)*:

| | Three Months Ended March 31, | | | |
|--|------------------------------|---------|------|---------|
| | 2023 | | 2022 | |
| Net income | \$ | 42,719 | \$ | 42,747 |
| Interest expense | | 29,666 | | 9,168 |
| Income tax provision | | 4,816 | | 1,614 |
| Depreciation and amortization | | 19,191 | | 19,500 |
| EBITDA | | 96,392 | | 73,029 |
| Other (income) expense ^(a) | | (232) | | 514 |
| Share-based compensation | | 3,166 | | 3,356 |
| Transaction expense ^(b) | | 863 | | 191 |
| Other tax expense ^(c) | | — | | 240 |
| Repairs from hurricanes and tropical storms ^(d) | | (861) | | — |
| Loss on sale of assets | | 13 | | — |
| Non-service cost components of net periodic benefit | | (852) | | (387) |
| Adjusted EBITDA | | 98,489 | | 76,943 |
| Other corporate ^(e) | | 13,555 | | 11,947 |
| The Playa Collection | | (726) | | (296) |
| Management fees | | (1,929) | | (1,057) |
| Owned Resort EBITDA | | 109,389 | | 87,537 |
| Less: Non-comparable Owned Resort EBITDA | | (2,428) | | 2,290 |
| Comparable Owned Resort EBITDA ^(f) | \$ | 111,817 | \$ | 85,247 |

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

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

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

(d) Includes significant repair and clean-up expenses incurred from natural events which are not expected to be offset by property damage insurance proceeds. It does not include repair and clean-up costs from natural events

that are not considered significant. For the three months ended March 31, 2023, represents a decrease in the expected repair and clean-up expenses for the Jewel Punta Cana related to the impact of Hurricane Fiona.

(e) For the three months ended March 31, 2023 and 2022, represents corporate salaries and benefits of \$9.7 million for 2023 and \$8.3 million for 2022, professional fees of \$1.9 million for 2023 and \$1.9 million for 2022, corporate rent and insurance of \$1.0 million for 2023 and \$1.0 million for 2022, and corporate travel, software licenses, board fees and other miscellaneous corporate expenses of \$1.0 million for 2023 and \$0.7 million for 2022.

(f) Our comparable portfolio for the three months ended March 31, 2023 excludes the Jewel Palm Beach, which was closed for a majority of the first quarter of 2023 as we transitioned the management of the resort to us from a third-party.

Playa Hotels & Resorts N.V.
Reconciliation of Net Income to Adjusted Net Income
(\$ in thousands)

The following table reconciles our net income to Adjusted Net Income for the three months ended March 31, 2023 and 2022 (\$ in thousands):

| | Three Months Ended March 31, | |
|--|------------------------------|-----------|
| | 2023 | 2022 |
| Net income | \$ 42,719 | \$ 42,747 |
| Reconciling items | | |
| Transaction expense | 863 | 191 |
| Change in fair value of interest rate swaps ^(a) | 6,335 | (11,127) |
| Repairs from hurricanes and tropical storms | (861) | — |
| Total reconciling items before tax | 6,337 | (10,936) |
| Income tax provision for reconciling items | (36) | — |
| Total reconciling items after tax | 6,301 | (10,936) |
| Adjusted net income | \$ 49,020 | \$ 31,811 |

(a) Represents the change in fair value, excluding interest paid and accrued, of our interest rate swaps recognized as interest expense in our Condensed Consolidated Statements of Operations.

The following table presents the impact of Adjusted Net Income on our diluted earnings or loss per share for the three months ended March 31, 2023 and 2022 (\$ in thousands):

| | Three Months Ended March 31, | |
|--|------------------------------|-----------|
| | 2023 | 2022 |
| Adjusted net income | \$ 49,020 | \$ 31,811 |
| Earnings per share - Diluted | \$ 0.27 | \$ 0.26 |
| Total reconciling items impact per diluted share | 0.04 | (0.07) |
| Adjusted earnings per share - Diluted | \$ 0.31 | \$ 0.19 |

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

| | As of March 31, | As of December 31, |
|--|-----------------|--------------------|
| | 2023 | 2022 |
| ASSETS | | |
| Cash and cash equivalents | \$ 281,465 | \$ 283,945 |
| Trade and other receivables, net | 74,268 | 62,946 |
| Insurance recoverable | 20,586 | 34,191 |
| Accounts receivable from related parties | 11,408 | 8,806 |
| Inventories | 20,607 | 20,046 |
| Prepayments and other assets | 40,958 | 44,177 |
| Property and equipment, net | 1,527,188 | 1,536,567 |
| Derivative financial instruments | — | 3,510 |
| Goodwill, net | 61,654 | 61,654 |
| Other intangible assets | 6,293 | 6,556 |
| Deferred tax assets | 7,334 | 7,422 |
| Total assets | \$ 2,051,761 | \$ 2,069,820 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Trade and other payables | \$ 200,694 | \$ 231,652 |
| Payables to related parties | 9,144 | 6,852 |
| Income tax payable | 785 | 990 |
| Debt | 1,064,391 | 1,065,453 |
| Other liabilities | 31,149 | 30,685 |
| Deferred tax liabilities | 73,064 | 69,326 |
| Total liabilities | 1,379,227 | 1,404,958 |
| Commitments and contingencies | | |
| Shareholders' equity | | |
| Ordinary shares (par value €0.10; 500,000,000 shares authorized, 169,423,980 shares issued and 154,402,852 shares outstanding as of March 31, 2023 and 168,275,504 shares issued and 158,228,508 shares outstanding as of December 31, 2022) | 18,822 | 18,700 |
| Treasury shares (at cost, 15,021,128 shares as of March 31, 2023 and 10,046,996 shares as of December 31, 2022) | (103,843) | (62,953) |
| Paid-in capital | 1,192,134 | 1,189,090 |
| Accumulated other comprehensive loss | (4,308) | (6,985) |
| Accumulated deficit | (430,271) | (472,990) |
| Total shareholders' equity | 672,534 | 664,862 |
| Total liabilities and shareholders' equity | \$ 2,051,761 | \$ 2,069,820 |

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

| | Three Months Ended March 31, | |
|---------|------------------------------|------|
| | 2023 | 2022 |
| Revenue | | |

| | | | | |
|---|----|-------------|----|-------------|
| Package | \$ | 233,568 | \$ | 186,815 |
| Non-package | | 34,045 | | 29,454 |
| The Playa Collection | | 726 | | 296 |
| Management fees | | 1,929 | | 1,057 |
| Cost reimbursements | | 3,534 | | 1,952 |
| Total revenue | | 273,802 | | 219,574 |
| Direct and selling, general and administrative expenses | | | | |
| Direct | | 128,968 | | 106,840 |
| Selling, general and administrative | | 45,127 | | 37,239 |
| Depreciation and amortization | | 19,191 | | 19,500 |
| Reimbursed costs | | 3,534 | | 1,952 |
| Loss on sale of assets | | 13 | | — |
| Direct and selling, general and administrative expenses | | 196,833 | | 165,531 |
| Operating income | | 76,969 | | 54,043 |
| Interest expense | | (29,666) | | (9,168) |
| Other income (expense) | | 232 | | (514) |
| Net income before tax | | 47,535 | | 44,361 |
| Income tax provision | | (4,816) | | (1,614) |
| Net income | \$ | 42,719 | \$ | 42,747 |
| Earnings per share | | | | |
| Basic | \$ | 0.27 | \$ | 0.26 |
| Diluted | \$ | 0.27 | \$ | 0.26 |
| Weighted average number of shares outstanding during the period - Basic | | 157,314,177 | | 165,743,382 |
| Weighted average number of shares outstanding during the period - Diluted | | 158,772,453 | | 166,888,129 |

Playa Hotels & Resorts N.V.
Consolidated Debt Summary - As of March 31, 2023
(\$ in millions)

| Debt | Maturity | | Balance | Applicable Rate | LTM Interest ⁽⁶⁾ |
|--|----------|------------|------------|-----------------|-----------------------------|
| | Date | # of Years | | | |
| Revolving Credit Facility ⁽¹⁾ | Jan-28 | 4.8 | \$ — | — % | \$ 0.6 |
| Term Loan ⁽²⁾⁽³⁾ | Jan-29 | 5.8 | 1,097.3 | 8.99 % | 57.7 |
| Term Loan (Additional \$93.3 million) | — | — | — | — % | 9.2 |
| Property Loan | — | — | — | — % | 11.2 |
| Total debt ⁽⁴⁾ | | | \$ 1,097.3 | 8.99 % | \$ 78.7 |
| Less: cash and cash equivalents ⁽⁵⁾ | | | (281.5) | | |
| Net debt | | | \$ 815.8 | | |

(1) Undrawn balances bear interest between 0.25% and 0.50% depending on certain leverage ratios. We had \$225.0 million and \$85.0 million available as of March 31, 2023 and 2022, respectively.

(2) Prior to our debt refinancing in December 2022, we incurred interest based on LIBOR + 275 bps (where LIBOR was subject to a 1.0% floor). Our 2022 Term Loan incurs interest based on SOFR + 425 bps (where SOFR is subject to a 0.50% floor). The effective interest rate for the 2022 Term Loan was 8.99% as of March 31, 2023.

(3) Effective April 15, 2023, we entered into two interest rate swaps to mitigate the floating interest rate risk on our 2022 Term Loan. The interest rate swaps each have a fixed notional amount of \$275.0 million and are not for trading purposes. The fixed rates paid by us on the interest rate swaps are 4.05% and 3.71%, and the variable rate received resets monthly to the one-month SOFR rate. The interest rate swaps mature on April 15, 2025 and April 15, 2026, respectively.

(4) Excludes \$31.0 million of unamortized discounts, \$7.5 million of unamortized deferred financing costs, and a \$5.6 million financing lease obligation as of March 31, 2023.

(5) Represents cash balances on hand as of March 31, 2023.

(6) Represents last twelve months' cash paid for interest on the outstanding balance of our 2022 Term Loan as well as our prior term loans and property loan that were outstanding prior to our 2022 debt refinancing. It also includes call premiums incurred as a result of the repayment of the prior term loan and property loan in December 2022. The impact of amortization of deferred financing costs and discounts, capitalized interest and the change in fair market value of our interest rate swaps is excluded.

Playa Hotels & Resorts N.V.
Reportable Segment Operating Statistics - Three Months Ended March 31, 2023 and 2022

| | | Occupancy | | | Net Package ADR | | | Net Package RevPAR | | | Owned Net Revenue | | | Owned Resort EBITDA | | | Owned Resort EBITDA Margin | | |
|-----------------------------|-------|-----------|--------|------------|-----------------|-----------|----------|--------------------|-----------|----------|-------------------|------------|----------|---------------------|-----------|----------|----------------------------|--------|------------|
| | | 2023 | 2022 | Pts Change | 2023 | 2022 | % Change | 2023 | 2022 | % Change | 2023 | 2022 | % Change | 2023 | 2022 | % Change | 2023 | 2022 | Pts Change |
| <i>Total Portfolio</i> | Rooms | | | | | | | | | | | | | | | | | | |
| Yucatán Peninsula | 2,126 | 83.8 % | 71.9 % | 11.9 pts | \$ 494.08 | \$ 436.51 | 13.2 % | \$ 414.21 | \$ 313.83 | 32.0 % | \$ 88,748 | \$ 68,629 | 29.3 % | \$ 37,936 | \$ 29,458 | 28.8 % | 42.7 % | 42.9 % | (0.2) pts |
| Pacific Coast | 926 | 79.3 % | 66.6 % | 12.7 pts | \$ 541.73 | \$ 459.90 | 17.8 % | \$ 429.80 | \$ 306.41 | 40.3 % | 40,515 | 29,104 | 39.2 % | 17,523 | 12,544 | 39.7 % | 43.3 % | 43.1 % | 0.2 pts |
| Dominican Republic | 2,644 | 51.1 % | 77.3 % | (26.2) pts | \$ 490.55 | \$ 330.61 | 48.4 % | \$ 250.47 | \$ 255.58 | (2.0) % | 68,769 | 69,664 | (1.3) % | 26,849 | 28,377 | (5.4) % | 39.0 % | 40.7 % | pts |
| Jamaica | 1,428 | 82.5 % | 67.6 % | 14.9 pts | \$ 500.78 | \$ 418.26 | 19.7 % | \$ 413.24 | \$ 282.67 | 46.2 % | 62,977 | 44,264 | 42.3 % | 27,081 | 17,158 | 57.8 % | 43.0 % | 38.8 % | 4.2 pts |
| | | | | | | | | | | | \$ | | | | | | | | |
| Total Portfolio | 7,124 | 70.8 % | 72.4 % | (1.6) pts | \$ 501.64 | \$ 393.90 | 27.4 % | \$ 355.27 | \$ 285.00 | 24.7 % | 261,009 | \$ 211,661 | 23.3 % | \$ 109,389 | \$ 87,537 | 25.0 % | 41.9 % | 41.4 % | 0.5 pts |
| <i>Comparable Portfolio</i> | Rooms | Occupancy | | | Net Package ADR | | | Net Package RevPAR | | | Owned Net Revenue | | | Owned Resort EBITDA | | | Owned Resort EBITDA Margin | | |
| | | 2023 | 2022 | Pts Change | 2023 | 2022 | % Change | 2023 | 2022 | % Change | 2023 | 2022 | % Change | 2023 | 2022 | % Change | 2023 | 2022 | Pts Change |
| Yucatán Peninsula | 2,126 | 83.8 % | 71.9 % | 11.9 pts | \$ 494.08 | \$ 436.51 | 13.2 % | \$ 414.21 | \$ 313.83 | 32.0 % | \$ 88,748 | \$ 68,629 | 29.3 % | \$ 37,936 | \$ 29,458 | 28.8 % | 42.7 % | 42.9 % | pts |
| Pacific Coast | 926 | 79.3 % | 66.6 % | 12.7 pts | \$ 541.73 | \$ 459.90 | 17.8 % | \$ 429.80 | \$ 306.41 | 40.3 % | 40,515 | 29,104 | 39.2 % | 17,523 | 12,544 | 39.7 % | 43.3 % | 43.1 % | 0.2 pts |
| | | | | (15.1) | | | | | | | | | | | | | | | |
| Dominican Republic | 2,144 | 61.8 % | 76.9 % | pts | \$ 494.31 | \$ 360.44 | 37.1 % | \$ 305.71 | \$ 277.26 | 10.3 % | 68,085 | 61,306 | 11.1 % | 29,277 | 26,087 | 12.2 % | 43.0 % | 42.6 % | 0.4 pts |
| Jamaica | 1,428 | 82.5 % | 67.6 % | 14.9 pts | \$ 500.78 | \$ 418.26 | 19.7 % | \$ 413.24 | \$ 282.67 | 46.2 % | 62,977 | 44,264 | 42.3 % | 27,081 | 17,158 | 57.8 % | 43.0 % | 38.8 % | 4.2 pts |
| Total Comparable Portfolio | 6,624 | 75.8 % | 71.9 % | 3.9 pts | \$ 502.68 | \$ 409.48 | 22.8 % | \$ 381.06 | \$ 294.23 | 29.5 % | 260,325 | \$ 203,303 | 28.0 % | 111,817 | \$ 85,247 | 31.2 % | 43.0 % | 41.9 % | 1.1 pts |

Highlights

Yucatán Peninsula

- *Owned Net Revenue* for the three months ended March 31, 2023 increased \$20.1 million, or 29.3%, compared to the three months ended March 31, 2022. The

increase was due to the following:

- an increase in Occupancy of 11.9 percentage points compared to the three months ended March 31, 2022, driven by an increase in demand from Canadian, Mexican and United States sourced guests;
- a 13.2% increase in Net Package ADR as a result of a higher meetings, incentives, conventions and events ("MICE") group contribution to our guest mix; and
- an increase in Net Non-package Revenue of \$0.9 million, or 10.6%, compared to the three months ended March 31, 2022. Net Non-package Revenue includes a decrease of \$0.7 million due to the expiration of our Extended Stay Program in late 2022 as COVID-19-related travel restrictions were no longer in effect. Excluding this impact, Net Non-package Revenue per sold room increased 2.7% compared to the three months ended March 31, 2022.
- **Owned Resort EBITDA** for the three months ended March 31, 2023 increased \$8.5 million, or 28.8%, compared to the three months ended March 31, 2022. The increase was a result of leveraging a majority of our direct expenses given the Net Package ADR growth, which was partially offset by Occupancy-related increases in resort operating expenses, union-negotiated wage and benefit increases, and a negative impact from the appreciation of the Mexican Peso compared to the three months ended March 31, 2022.
- **Owned Resort EBITDA Margin** for the three months ended March 31, 2023 was 42.7%, a decrease of 0.2 percentage points compared to the three months ended March 31, 2022. Owned Resort EBITDA Margin was negatively impacted by 370 basis points due to the appreciation of the Mexican Peso compared to the three months ended March 31, 2022. Excluding the impact of foreign exchange rate appreciation, Owned Resort EBITDA Margin would have been 46.4%, an increase of 3.5 percentage points compared to the three months ended March 31, 2022.

Pacific Coast

- **Owned Net Revenue** for the three months ended March 31, 2023 increased \$11.4 million, or 39.2%, compared to the three months ended March 31, 2022. The increase was due to the following:
 - an increase in Occupancy of 12.7 percentage points compared to the three months ended March 31, 2022, driven by an increase in demand from Mexican and Canadian sourced guests;
 - a 17.8% increase in Net Package ADR as a result of a higher MICE group contribution to our guest mix; and
 - an increase in Net Non-package Revenue of \$1.1 million, or 31.5%, compared to the three months ended March 31, 2022. Net Non-package Revenue includes a decrease of \$0.4 million due to the expiration of our Extended Stay Program in late 2022 as COVID-19-related travel restrictions were no longer in effect. Excluding this impact, Net Non-package Revenue per sold room increased 23.2% compared to the three months ended March 31, 2022.
- **Owned Resort EBITDA** for the three months ended March 31, 2023 increased \$5.0 million, or 39.7%, compared to the three months ended March 31, 2022. The increase was a result of leveraging a majority of our direct expenses given the Net Package ADR growth, which was partially offset by Occupancy-related increases in resort operating expenses, union-negotiated wage and benefit increases, and a negative impact from the appreciation of the Mexican Peso compared to the three months ended March 31, 2022.
- **Owned Resort EBITDA Margin** for the three months ended March 31, 2023 was 43.3%, an increase of 0.2 percentage points compared to three months ended March 31, 2022. Owned Resort EBITDA Margin was negatively impacted by 350 basis points due to the appreciation of the Mexican Peso compared to the three months ended March 31, 2022. Excluding the impact of foreign exchange rate appreciation, Owned Resort EBITDA Margin would have been 46.8%, an increase of 3.7 percentage points compared to the three months ended March 31, 2022.

Dominican Republic

- **Comparable Owned Net Revenue** for the three months ended March 31, 2023 increased \$6.8 million, or 11.1%, compared to the three months ended March 31, 2022. The increase was due to the following:
 - a 37.1% increase in Comparable Net Package ADR due to a lower mix of sold rooms at the Jewel Punta Cana during the three months ended March 31, 2023, when we transitioned management to us from a third-party. Excluding this resort, Net Package ADR increased 20.1%;
 - a decrease in Occupancy of 15.1 percentage points compared to the three months ended March 31, 2022 as a result of reduced Occupancy at the Jewel Punta Cana, as we transitioned the management of the resort to us from a third-party; and
 - an increase in Comparable Net Non-package Revenue of \$1.3 million, or 16.5%, compared to the three months ended March 31, 2022. Comparable Net Non-package Revenue includes:
 - a decrease of \$0.5 million due to the expiration of our Extended Stay Program in late 2022 as COVID-19-related travel restrictions were no longer in effect.
 - a decrease in Net Non-package Revenue as a result of reduced Occupancy at the Jewel Punta Cana during the three months ended March 31, 2023. Excluding this resort, Net Non-package Revenue increased 39.6%.
- **Comparable Owned Resort EBITDA** for the three months ended March 31, 2023 increased \$3.2 million, or 12.2%, compared to the three months ended March 31, 2022. The increase was a result of leveraging a majority of our direct expenses given the Net Package ADR growth as compared to the three months ended March 31, 2022. Excluding Jewel Punta Cana, Comparable Owned Resort EBITDA for the three months ended March 31, 2023 increased 38.4% compared to the three months ended March 31, 2022.
- **Comparable Owned Resort EBITDA Margin** for the three months ended March 31, 2023 was 43.0%, an increase of 0.4 percentage points compared to the three months ended March 31, 2022. Comparable Owned Resort EBITDA Margin was negatively impacted by 530 basis points due to reduced occupancies at the Jewel Punta Cana. Excluding this resort, Comparable Owned Resort EBITDA Margin for the three months ended March 31, 2023 was 48.3%, an increase of 2.8 percentage points compared to the three months ended March 31, 2022.

Jamaica

- **Owned Net Revenue** for the three months ended March 31, 2023 increased \$18.7 million, or 42.3%, compared to the three months ended March 31, 2022. The increase was due to the following:
 - an increase in Occupancy of 14.9 percentage points compared to the three months ended March 31, 2022, driven by an increase in demand from United States and Canadian sourced guests;
 - a 19.7% increase in Net Package ADR as a result of a higher MICE group contribution to our guest mix; and
 - an increase in Net Non-package Revenue of \$1.9 million, or 24.3%, compared to the three months ended March 31, 2022. Net Non-package Revenue includes a decrease of \$0.6 million due to the expiration of our Extended Stay Program in late 2022 as COVID-19-related travel restrictions were no longer in effect. Excluding this impact, Net Non-package Revenue per sold room increased 9.5% compared to the three months ended March 31, 2022.
- **Owned Resort EBITDA** for the three months ended March 31, 2023 increased \$9.9 million, or 57.8%, compared to the three months ended March 31, 2022. The increase was a result of leveraging a majority of our direct expenses given the Net Package ADR growth, partially offset by Occupancy-related increases in resort operating expenses compared to the three months ended March 31, 2022.
- **Owned Resort EBITDA Margin** for the three months ended March 31, 2023 increased 4.2 percentage points, or 10.8%, compared to the three months ended March 31, 2022. Owned Resort EBITDA Margin was negatively impacted by 110 basis points due to the timing of sales and marketing expenses and franchise fees compared to the three months ended March 31, 2022.

SOURCE Playa Management USA, LLC

For further information: Ryan Hymel, EVP and Chief Financial Officer, (571) 529-6113

<https://investors.playaresorts.com/2023-05-04-Playa-Hotels-Resorts-N-V-Reports-First-Quarter-2023-Results>