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Marriott Vacations Worldwide (“MVW”) Reports Second Quarter 2022 Financial Results

ORLANDO, Fla. – August 8, 2022 – Marriott Vacations Worldwide Corporation (NYSE: VAC) (the “Company”) reported second quarter 2022 financial results.

Second Quarter 2022 Highlights:

- Consolidated Vacation Ownership contract sales were \$506 million, a 40% increase compared to the second quarter of 2021, and VPG increased 7% to \$4,613.
- Net income attributable to common shareholders was \$136 million, or \$2.97 fully diluted earnings per share.
- Adjusted net income attributable to common shareholders was \$131 million, or \$2.87 adjusted fully diluted earnings per share.
- Adjusted EBITDA was \$255 million, a 55% increase compared to the second quarter of 2021, as the Company continues to see a strong recovery in the business.
- The Company returned \$219 million to shareholders, repurchasing more than 1.4 million shares of its common stock for \$193 million at an average price per share of \$136 and paying a quarterly dividend of \$26 million.
 - Subsequent to the end of the second quarter, the Company repurchased approximately 1.1 million shares of its common stock for \$131 million at an average price per share of \$124 through the end of July.
- Consistent with its strategy to dispose of non-strategic assets, during the second quarter, the Company closed on the sale of its VRI Americas business and its hotel in Puerto Vallarta, Mexico for total cash proceeds in excess of \$100 million.

“We had a very strong second quarter, generating \$506 million in contract sales, up 40% from the prior year, with contract sales and Adjusted EBITDA up 31% from the second quarter of 2019,” said Stephen P. Weisz, chief executive officer. “We introduced Abound by Marriott Vacations™ during the quarter, an exclusive new program providing more options and access for Owners. With the strong recovery of our operations, as well as cash proceeds from dispositions, we accelerated our return of cash to shareholders, surpassing \$500 million this year through the end of July.”

Second Quarter 2022 Results

Vacation Ownership

Revenues excluding cost reimbursements increased 28% in the second quarter of 2022 compared to the prior year, reflecting growth in all of the Company's lines of business.

Segment financial results attributable to common shareholders were \$277 million in the second quarter of 2022 and Segment margin was 36%. Segment adjusted EBITDA increased 51% to \$274 million, with Segment adjusted EBITDA margin of 36%, over 500 basis points higher than the second quarter of 2021.

Exchange & Third-Party Management

Revenues excluding cost reimbursements decreased 4% in the second quarter of 2022 compared to the prior year. Interval International active members increased 21% to 1.6 million and Average revenue per member decreased 16% compared to the prior year.

Segment financial results attributable to common shareholders were \$46 million in the second quarter of 2022 and Segment margin was 66%. Segment adjusted EBITDA decreased \$2 million to \$35 million compared to the prior year primarily due to the sale of VRI Americas, with Segment adjusted EBITDA margin of 52%, in line with the second quarter of 2021.

Corporate and Other

General and administrative costs decreased \$2 million in the second quarter of 2022 compared to the prior year primarily as a result of lower bonus expense.

Balance Sheet and Liquidity

The Company ended the quarter with approximately \$1.2 billion in liquidity, including \$324 million of cash and cash equivalents, \$106 million of gross notes receivable that were eligible for securitization, and \$749 million of available capacity under its revolving corporate credit facility.

At the end of the second quarter of 2022, the Company had \$2.7 billion of net corporate debt and \$1.8 billion of non-recourse debt related to its securitized notes receivable.

The Company completed its first timeshare receivable securitization of 2022 in the second quarter, issuing \$375 million of notes backed by a pool of \$383 million of vacation ownership notes receivable from all of the Company's timeshare brands. The overall weighted average interest rate of the notes was 4.59% and the transaction had a gross advance rate of 98%.

About by Marriott Vacations™

During the quarter, the Company introduced About by Marriott Vacations, a new Owner benefit and exchange program providing access to over 90 vacation club resorts, including Marriott Vacation Club®, Sheraton® Vacation Club and Westin® Vacation Club, as well as access to more than 8,000 Marriott Bonvoy® hotels, 2,000 vacation homes, and 2,000 unique experiences like cruises, guided and culinary tours, premiere events, outdoor adventures and more with a continued ability to exchange through Interval International, a premier exchange partner.

Full Year 2022 Outlook (in millions, except per share amounts)

The Financial Schedules that follow reconcile the non-GAAP financial measures set forth below to the following full year 2022 expected GAAP results for the Company.

The Company is providing guidance as reflected in the chart below for the full year 2022.

| | | | |
|---|---------|----|---------|
| Income before income taxes attributable to common shareholders | \$511 | to | \$551 |
| Net income attributable to common shareholders | \$365 | to | \$395 |
| Earnings per share - diluted | \$8.15 | to | \$8.81 |
| Net cash, cash equivalents and restricted cash provided by operating activities | \$470 | | \$500 |
| Contract sales | \$1,775 | to | \$1,875 |
| Adjusted EBITDA | \$880 | to | \$930 |
| Adjusted pretax net income | \$600 | to | \$650 |
| Adjusted net income attributable to common shareholders | \$425 | to | \$465 |
| Adjusted earnings per share - diluted | \$9.47 | to | \$10.35 |
| Adjusted free cash flow | \$650 | to | \$730 |

Revenue Recognition

In connection with the launch of Abound by Marriott Vacations and the unification of the Company’s Marriott-, Westin-, and Sheraton-branded vacation ownership products, the Company intends to align its revenue recognition on the sale of vacation ownership interests across all of its brands in the third quarter. This will result in the acceleration of revenue and a one-time benefit to Adjusted EBITDA but will have no impact on cash flow. The Company is unable to estimate the impact at this time and its guidance excludes this one-time benefit, which will be provided in connection with the release of its third quarter results.

Non-GAAP Financial Information

Non-GAAP financial measures are reconciled and adjustments are shown and described in further detail in the Financial Schedules that follow. Please see “*Non-GAAP Financial Measures*” for additional information about our reasons for providing these alternative financial measures and limitations on their use. In addition to the foregoing non-GAAP financial measures, we present certain key metrics as performance measures which are further described in our most recent Annual Report on Form 10-K, and which may be updated in our periodic filings with the U.S. Securities and Exchange Commission.

Second Quarter 2022 Financial Results Conference Call

The Company will hold a conference call on August 9, 2022 at 8:30 a.m. ET to discuss these financial results and provide an update on business conditions. Participants may access the call by dialing (877) 407-8289 or (201) 689-8341 for international callers. A live webcast of the call will also be available in the Investor Relations section of the Company's website at ir.mvwc.com. An audio replay of the conference call will be available for 30 days on the Company’s website.

About Marriott Vacations Worldwide Corporation

Marriott Vacations Worldwide Corporation is a leading global vacation company that offers vacation ownership, exchange, rental and resort and property management, along with related businesses, products and services. The Company has over 120 vacation ownership resorts and approximately 700,000 owner families in a diverse portfolio that includes some of the most iconic vacation ownership brands. The Company also operates exchange networks and membership programs comprised of nearly 3,200 affiliated resorts in over 90 countries and territories, as well as provides management services to other resorts and lodging properties. As a leader and innovator in the vacation industry, the Company upholds the highest standards of excellence in serving its customers, investors and associates while maintaining exclusive, long-term relationships with

Marriott International, Inc. and Hyatt Hotels Corporation for the development, sales and marketing of vacation ownership products and services. For more information, please visit www.marriottvacationsworldwide.com.

Note on forward-looking statements

This press release and accompanying schedules contain “forward-looking statements” within the meaning of federal securities laws, including statements about expectations for future growth and projections for full year 2022. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words “believe,” “expect,” “plan,” “intend,” “anticipate,” “estimate,” “predict,” “potential,” “continue,” “may,” “might,” “should,” “could” or the negative of these terms or similar expressions. The Company cautions you that these statements are not guarantees of future performance and are subject to numerous and evolving risks and uncertainties that we may not be able to predict or assess, such as: the continuing effects of the COVID-19 pandemic, including quarantines or other government-imposed travel or health-related restrictions; the length and severity of the COVID-19 pandemic, including its short and longer-term impact on consumer confidence and demand for travel, and the pace of recovery following the COVID-19 pandemic or as effective treatments or vaccines against variants of the COVID-19 virus become widely available; variations in demand for vacation ownership and exchange products and services; worker absenteeism; price inflation; global supply chain disruptions; volatility in the international and national economy and credit markets, including as a result of the COVID-19 pandemic and the ongoing conflict between Russia and Ukraine and related sanctions and other measures; our ability to attract and retain our global workforce; competitive conditions; the availability of capital to finance growth; the effects of steps we have taken and may continue to take to reduce operating costs and/or enhance health and cleanliness protocols at our resorts due to the COVID-19 pandemic; political or social strife, and other matters referred to under the heading “Risk Factors” in our most recent Annual Report on Form 10-K, and which may be updated in our periodic filings with the U.S. Securities and Exchange Commission. All forward-looking statements in this press release are made as of the date of this press release and the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by law. There may be other risks and uncertainties that we cannot predict at this time or that we currently do not expect will have a material adverse effect on our financial position, results of operations or cash flows. Any such risks could cause our results to differ materially from those we express in forward-looking statements.

Financial Schedules Follow

MARRIOTT VACATIONS WORLDWIDE CORPORATION
FINANCIAL SCHEDULES
QUARTER 2, 2022

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MARRIOTT VACATIONS WORLDWIDE CORPORATION

(In millions, except VPG, tours, total active members, average revenue per member and per share amounts)
(Unaudited)

SUMMARY FINANCIAL INFORMATION

| | Three Months Ended | | | Six Months Ended | | |
|--|--------------------|---------------|----------|------------------|---------------|----------|
| | June 30, 2022 | June 30, 2021 | Change % | June 30, 2022 | June 30, 2021 | Change % |
| Key Measures | | | | | | |
| Total consolidated contract sales | \$ 506 | \$ 362 | 40% | \$ 900 | \$ 588 | 53% |
| VPG | \$ 4,613 | \$ 4,304 | 7% | \$ 4,653 | \$ 4,428 | 5% |
| Tours | 102,857 | 79,900 | 29% | 181,362 | 125,771 | 44% |
| Total active members (000's) ⁽¹⁾ | 1,596 | 1,321 | 21% | 1,596 | 1,321 | 21% |
| Average revenue per member ⁽¹⁾ | \$ 38.79 | \$ 46.36 | (16%) | \$ 83.32 | \$ 93.77 | (11%) |
| GAAP Measures | | | | | | |
| Revenues | \$ 1,164 | \$ 979 | 19% | \$ 2,216 | \$ 1,738 | 28% |
| Income (loss) before income taxes and noncontrolling interests | \$ 178 | \$ 35 | NM | \$ 268 | \$ (1) | NM |
| Net income (loss) attributable to common shareholders | \$ 136 | \$ 6 | NM | \$ 194 | \$ (22) | NM |
| Earnings (loss) per share - diluted | \$ 2.97 | \$ 0.15 | NM | \$ 4.18 | \$ (0.52) | NM |
| Non-GAAP Measures ** | | | | | | |
| Adjusted EBITDA | \$ 255 | \$ 164 | 55% | \$ 443 | \$ 233 | 90% |
| Adjusted pretax income | \$ 181 | \$ 70 | 154% | \$ 301 | \$ 47 | NM |
| Adjusted net income attributable to common shareholders | \$ 131 | \$ 37 | 252% | \$ 212 | \$ 17 | NM |
| Adjusted earnings per share - diluted | \$ 2.87 | \$ 0.85 | 238% | \$ 4.55 | \$ 0.40 | NM |

⁽¹⁾ Includes members at the end of each period for the Interval International exchange network only.

ADJUSTED EBITDA BY SEGMENT

| | Three Months Ended | | | Six Months Ended | | |
|-----------------------------------|--------------------|---------------|----------|------------------|---------------|----------|
| | June 30, 2022 | June 30, 2021 | Change % | June 30, 2022 | June 30, 2021 | Change % |
| Vacation Ownership | \$ 274 | \$ 182 | 51% | \$ 473 | \$ 250 | 89% |
| Exchange & Third-Party Management | 35 | 37 | (5%) | 78 | 78 | —% |
| Segment adjusted EBITDA** | 309 | 219 | 41% | 551 | 328 | 68% |
| General and administrative | (54) | (55) | 1% | (108) | (95) | (14%) |
| Adjusted EBITDA** | <u>\$ 255</u> | <u>\$ 164</u> | 55% | <u>\$ 443</u> | <u>\$ 233</u> | 90% |

** Denotes non-GAAP financial measures. Please see “*Non-GAAP Financial Measures*” for additional information about our reasons for providing these alternative financial measures and limitations on their use.

NM - Not meaningful

MARRIOTT VACATIONS WORLDWIDE CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

(In millions, except per share amounts)

(Unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|---------------|------------------|----------------|
| | June 30, 2022 | June 30, 2021 | June 30, 2022 | June 30, 2021 |
| REVENUES | | | | |
| Sale of vacation ownership products | \$ 425 | \$ 296 | \$ 735 | \$ 459 |
| Management and exchange | 203 | 220 | 425 | 413 |
| Rental | 140 | 121 | 273 | 210 |
| Financing | 72 | 68 | 143 | 127 |
| Cost reimbursements | 324 | 274 | 640 | 529 |
| TOTAL REVENUES | 1,164 | 979 | 2,216 | 1,738 |
| EXPENSES | | | | |
| Cost of vacation ownership products | 80 | 67 | 140 | 107 |
| Marketing and sales | 214 | 164 | 396 | 273 |
| Management and exchange | 102 | 126 | 229 | 243 |
| Rental | 87 | 81 | 168 | 163 |
| Financing | 23 | 21 | 44 | 42 |
| General and administrative | 64 | 66 | 125 | 112 |
| Depreciation and amortization | 32 | 36 | 65 | 77 |
| Litigation charges | 2 | 3 | 5 | 6 |
| Royalty fee | 29 | 27 | 56 | 52 |
| Impairment | — | 5 | — | 5 |
| Cost reimbursements | 324 | 274 | 640 | 529 |
| TOTAL EXPENSES | 957 | 870 | 1,868 | 1,609 |
| Gains (losses) and other income (expense), net | 37 | (2) | 41 | 4 |
| Interest expense | (30) | (44) | (57) | (87) |
| Transaction and integration costs | (37) | (29) | (65) | (48) |
| Other | 1 | 1 | 1 | 1 |
| INCOME (LOSS) BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS | 178 | 35 | 268 | (1) |
| Provision for income taxes | (43) | (27) | (75) | (16) |
| NET INCOME (LOSS) | 135 | 8 | 193 | (17) |
| Net loss (income) attributable to noncontrolling interests | 1 | (2) | 1 | (5) |
| NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS | \$ 136 | \$ 6 | \$ 194 | \$ (22) |
| EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS | | | | |
| Basic | \$ 3.30 | \$ 0.15 | \$ 4.64 | \$ (0.52) |
| Diluted | \$ 2.97 | \$ 0.15 | \$ 4.18 | \$ (0.52) |

NOTE: Earnings (loss) per share - Basic and Earnings (loss) per share - Diluted are calculated using whole dollars.

MARRIOTT VACATIONS WORLDWIDE CORPORATION

REVENUES AND PROFIT BY SEGMENT

for the three months ended June 30, 2022

(In millions)

(Unaudited)

| | Reportable Segment | | | Total |
|---|--------------------|-----------------------------------|---------------------|-----------------|
| | Vacation Ownership | Exchange & Third-Party Management | Corporate and Other | |
| REVENUES | | | | |
| Sales of vacation ownership products | \$ 425 | \$ — | \$ — | \$ 425 |
| Management and exchange ⁽¹⁾ | | | | |
| Ancillary revenues | 66 | 1 | — | 67 |
| Management fee revenues | 41 | 11 | (1) | 51 |
| Exchange and other services revenues | 33 | 46 | 6 | 85 |
| Management and exchange | 140 | 58 | 5 | 203 |
| Rental | 129 | 11 | — | 140 |
| Financing | 72 | — | — | 72 |
| Cost reimbursements ⁽¹⁾ | 325 | 5 | (6) | 324 |
| TOTAL REVENUES | \$ 1,091 | \$ 74 | \$ (1) | \$ 1,164 |
| PROFIT | | | | |
| Development | \$ 131 | \$ — | \$ — | \$ 131 |
| Management and exchange ⁽¹⁾ | 80 | 26 | (5) | 101 |
| Rental ⁽¹⁾ | 38 | 11 | 4 | 53 |
| Financing | 49 | — | — | 49 |
| TOTAL PROFIT | 298 | 37 | (1) | 334 |
| OTHER | | | | |
| General and administrative | — | — | (64) | (64) |
| Depreciation and amortization | (22) | (7) | (3) | (32) |
| Litigation charges | (2) | — | — | (2) |
| Royalty fee | (29) | — | — | (29) |
| Gains (losses) and other income (expense), net | 32 | 16 | (11) | 37 |
| Interest expense | — | — | (30) | (30) |
| Transaction and integration costs | (1) | — | (36) | (37) |
| Other | 1 | — | — | 1 |
| INCOME (LOSS) BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS | 277 | 46 | (145) | 178 |
| Provision for income taxes | — | — | (43) | (43) |
| NET INCOME (LOSS) | 277 | 46 | (188) | 135 |
| Net loss attributable to noncontrolling interests ⁽¹⁾ | — | — | 1 | 1 |
| NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS | \$ 277 | \$ 46 | \$ (187) | \$ 136 |
| SEGMENT MARGIN⁽²⁾ | 36% | 66% | | |

⁽¹⁾ Amounts included in Corporate and other represent the impact of the consolidation of certain owners' associations under the relevant accounting guidance, and represent the portion attributable to individual or third-party vacation ownership interest owners.

⁽²⁾ Segment margin represents the applicable segment's net income or loss attributable to common shareholders divided by the applicable segment's total revenues less cost reimbursement revenues.

MARRIOTT VACATIONS WORLDWIDE CORPORATION

REVENUES AND PROFIT BY SEGMENT

for the three months ended June 30, 2021

(In millions)

(Unaudited)

| | Reportable Segment | | | Total |
|---|--------------------|-----------------------------------|---------------------|---------------|
| | Vacation Ownership | Exchange & Third-Party Management | Corporate and Other | |
| REVENUES | | | | |
| Sales of vacation ownership products | \$ 296 | \$ — | \$ — | \$ 296 |
| Management and exchange ⁽¹⁾ | | | | |
| Ancillary revenues | 52 | 1 | — | 53 |
| Management fee revenues | 39 | 9 | (5) | 43 |
| Exchange and other services revenues | 32 | 50 | 42 | 124 |
| Management and exchange | 123 | 60 | 37 | 220 |
| Rental | 110 | 11 | — | 121 |
| Financing | 68 | — | — | 68 |
| Cost reimbursements ⁽¹⁾ | 286 | 15 | (27) | 274 |
| TOTAL REVENUES | \$ 883 | \$ 86 | \$ 10 | \$ 979 |
| PROFIT | | | | |
| Development | \$ 65 | \$ — | \$ — | \$ 65 |
| Management and exchange ⁽¹⁾ | 77 | 25 | (8) | 94 |
| Rental ⁽¹⁾ | 15 | 11 | 14 | 40 |
| Financing | 47 | — | — | 47 |
| TOTAL PROFIT | 204 | 36 | 6 | 246 |
| OTHER | | | | |
| General and administrative | — | — | (66) | (66) |
| Depreciation and amortization | (23) | (9) | (4) | (36) |
| Litigation charges | (3) | — | — | (3) |
| Royalty fee | (27) | — | — | (27) |
| Impairment | — | — | (5) | (5) |
| Losses and other expense, net | — | — | (2) | (2) |
| Interest expense | — | — | (44) | (44) |
| Transaction and integration costs | (1) | — | (28) | (29) |
| Other | 1 | — | — | 1 |
| INCOME (LOSS) BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS | 151 | 27 | (143) | 35 |
| Provision for income taxes | — | — | (27) | (27) |
| NET INCOME (LOSS) | 151 | 27 | (170) | 8 |
| Net income attributable to noncontrolling interests ⁽¹⁾ | — | — | (2) | (2) |
| NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS | \$ 151 | \$ 27 | \$ (172) | \$ 6 |
| SEGMENT MARGIN⁽²⁾ | 25% | 38% | | |

⁽¹⁾ Amounts included in Corporate and other represent the impact of the consolidation of certain owners' associations under the relevant accounting guidance, and represent the portion attributable to individual or third-party vacation ownership interest owners.

⁽²⁾ Segment margin represents the applicable segment's net income or loss attributable to common shareholders divided by the applicable segment's total revenues less cost reimbursement revenues.

MARRIOTT VACATIONS WORLDWIDE CORPORATION

REVENUES AND PROFIT BY SEGMENT

for the six months ended June 30, 2022

(In millions)

(Unaudited)

| | Reportable Segment | | | Total |
|---|--------------------|-----------------------------------|---------------------|-----------------|
| | Vacation Ownership | Exchange & Third-Party Management | Corporate and Other | |
| REVENUES | | | | |
| Sales of vacation ownership products | \$ 735 | \$ — | \$ — | \$ 735 |
| Management and exchange ⁽¹⁾ | | | | |
| Ancillary revenues | 120 | 2 | — | 122 |
| Management fee revenues | 83 | 21 | (4) | 100 |
| Exchange and other services revenues | 63 | 99 | 41 | 203 |
| Management and exchange | 266 | 122 | 37 | 425 |
| Rental | 251 | 22 | — | 273 |
| Financing | 143 | — | — | 143 |
| Cost reimbursements ⁽¹⁾ | 652 | 14 | (26) | 640 |
| TOTAL REVENUES | \$ 2,047 | \$ 158 | \$ 11 | \$ 2,216 |
| PROFIT | | | | |
| Development | \$ 199 | \$ — | \$ — | \$ 199 |
| Management and exchange ⁽¹⁾ | 152 | 57 | (13) | 196 |
| Rental ⁽¹⁾ | 70 | 22 | 13 | 105 |
| Financing | 99 | — | — | 99 |
| TOTAL PROFIT | 520 | 79 | — | 599 |
| OTHER | | | | |
| General and administrative | — | — | (125) | (125) |
| Depreciation and amortization | (44) | (16) | (5) | (65) |
| Litigation charges | (5) | — | — | (5) |
| Restructuring | — | — | — | — |
| Royalty fee | (56) | — | — | (56) |
| Impairment | — | — | — | — |
| Gains (losses) and other income (expense), net | 35 | 16 | (10) | 41 |
| Interest expense | — | — | (57) | (57) |
| Transaction and integration costs | (1) | — | (64) | (65) |
| Other | 1 | — | — | 1 |
| INCOME (LOSS) BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS | 450 | 79 | (261) | 268 |
| Provision for income taxes | — | — | (75) | (75) |
| NET INCOME (LOSS) | 450 | 79 | (336) | 193 |
| Net loss attributable to noncontrolling interests ⁽¹⁾ | — | — | 1 | 1 |
| NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS | \$ 450 | \$ 79 | \$ (335) | \$ 194 |
| SEGMENT MARGIN⁽²⁾ | 32% | 55% | | |

⁽¹⁾ Amounts included in Corporate and other represent the impact of the consolidation of certain owners' associations under the relevant accounting guidance, and represent the portion attributable to individual or third-party vacation ownership interest owners.

⁽²⁾ Segment margin represents the applicable segment's net income or loss attributable to common shareholders divided by the applicable segment's total revenues less cost reimbursement revenues.

MARRIOTT VACATIONS WORLDWIDE CORPORATION

REVENUES AND PROFIT BY SEGMENT

for the six months ended June 30, 2021

(In millions)

(Unaudited)

| | Reportable Segment | | | Total |
|---|--------------------|-----------------------------------|---------------------|-----------------|
| | Vacation Ownership | Exchange & Third-Party Management | Corporate and Other | |
| REVENUES | | | | |
| Sales of vacation ownership products | \$ 459 | \$ — | \$ — | \$ 459 |
| Management and exchange ⁽¹⁾ | | | | |
| Ancillary revenues | 80 | 1 | — | 81 |
| Management fee revenues | 77 | 14 | (11) | 80 |
| Exchange and other services revenues | 60 | 105 | 87 | 252 |
| Management and exchange | 217 | 120 | 76 | 413 |
| Rental | 187 | 23 | — | 210 |
| Financing | 127 | — | — | 127 |
| Cost reimbursements ⁽¹⁾ | 554 | 29 | (54) | 529 |
| TOTAL REVENUES | \$ 1,544 | \$ 172 | \$ 22 | \$ 1,738 |
| PROFIT | | | | |
| Development | \$ 79 | \$ — | \$ — | \$ 79 |
| Management and exchange ⁽¹⁾ | 136 | 54 | (20) | 170 |
| Rental ⁽¹⁾ | (4) | 23 | 28 | 47 |
| Financing | 85 | — | — | 85 |
| TOTAL PROFIT | 296 | 77 | 8 | 381 |
| OTHER | | | | |
| General and administrative | — | — | (112) | (112) |
| Depreciation and amortization | (42) | (29) | (6) | (77) |
| Litigation charges | (6) | — | — | (6) |
| Restructuring | (1) | — | 1 | — |
| Royalty fee | (52) | — | — | (52) |
| Impairment | — | — | (5) | (5) |
| Gains and other income, net | — | — | 4 | 4 |
| Interest expense | — | — | (87) | (87) |
| Transaction and integration costs | (1) | — | (47) | (48) |
| Other | 1 | — | — | 1 |
| INCOME (LOSS) BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS | 195 | 48 | (244) | (1) |
| Provision for income taxes | — | — | (16) | (16) |
| NET INCOME (LOSS) | 195 | 48 | (260) | (17) |
| Net income attributable to noncontrolling interests ⁽¹⁾ | — | — | (5) | (5) |
| NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS | \$ 195 | \$ 48 | \$ (265) | \$ (22) |
| SEGMENT MARGIN⁽²⁾ | 20% | 34% | | |

⁽¹⁾ Amounts included in Corporate and other represent the impact of the consolidation of certain owners' associations under the relevant accounting guidance, and represent the portion attributable to individual or third-party vacation ownership interest owners.

⁽²⁾ Segment margin represents the applicable segment's net income or loss attributable to common shareholders divided by the applicable segment's total revenues less cost reimbursement revenues.

MARRIOTT VACATIONS WORLDWIDE CORPORATION
ADJUSTED NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS AND
ADJUSTED EARNINGS PER SHARE - DILUTED

(In millions, except per share amounts)
(Unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|---------------|------------------|---------------|
| | June 30, 2022 | June 30, 2021 | June 30, 2022 | June 30, 2021 |
| Net income (loss) attributable to common shareholders | \$ 136 | \$ 6 | \$ 194 | \$ (22) |
| Provision for income taxes | 43 | 27 | 75 | 16 |
| Income (loss) before income taxes attributable to common shareholders | 179 | 33 | 269 | (6) |
| Certain items: | | | | |
| Litigation charges | 2 | 3 | 5 | 6 |
| (Gains) losses and other (income) expense, net ⁽¹⁾ | (37) | 2 | (41) | (4) |
| Transaction and integration costs | 37 | 29 | 65 | 48 |
| Impairment charges | — | 5 | — | 5 |
| Purchase price adjustments | 5 | 2 | 8 | 2 |
| Other | (5) | (4) | (5) | (4) |
| Adjusted pretax income ** | 181 | 70 | 301 | 47 |
| Provision for income taxes | (50) | (33) | (89) | (30) |
| Adjusted net income attributable to common shareholders ** | \$ 131 | \$ 37 | \$ 212 | \$ 17 |
| Diluted shares ⁽²⁾ | 46.5 | 43.8 | 47.2 | 43.0 |
| Adjusted earnings per share - Diluted ** | \$ 2.87 | \$ 0.85 | \$ 4.55 | \$ 0.40 |

** Denotes non-GAAP financial measures. Please see “*Non-GAAP Financial Measures*” for additional information about our reasons for providing these alternative financial measures and limitations on their use.

⁽¹⁾ See further details on [A-8](#).

⁽²⁾ Diluted shares for the six months ended June 30, 2022 reflects the dilutive impact of the adoption of Accounting Standards Update 2020-06 – “Debt — Debt With Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity” (Diluted shares increased by 5 million shares based on the assumed conversion of our 2022 and 2026 Convertible Notes).

MARRIOTT VACATIONS WORLDWIDE CORPORATION

ADJUSTED EBITDA

(In millions)

(Unaudited)

| | Three Months Ended | | | Six Months Ended | | |
|--|--------------------|------------------|------------------|------------------|------------------|------------------|
| | June 30, 2022 | June 30, 2021 | June 30, 2019 | June 30, 2022 | June 30, 2021 | June 30, 2019 |
| NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS | \$ 136 | \$ 6 | \$ 49 | \$ 194 | \$ (22) | \$ 73 |
| Interest expense | 30 | 44 | 35 | 57 | 87 | 69 |
| Provision for income taxes | 43 | 27 | 25 | 75 | 16 | 40 |
| Depreciation and amortization | 32 | 36 | 36 | 65 | 77 | 73 |
| Share-based compensation | 12 | 14 | 11 | 20 | 22 | 20 |
| Certain items: | | | | | | |
| Litigation charges | 2 | 3 | 1 | 5 | 6 | 2 |
| (Gains) losses and other (income) expense, net | | | | | | |
| Dispositions | (49) | — | — | (49) | — | — |
| Hurricane business interruption net insurance proceeds | — | — | — | (3) | — | (9) |
| Various tax related matters | 3 | 2 | — | 3 | 2 | — |
| Foreign currency translation | 8 | (2) | 1 | 7 | (6) | 1 |
| Other | 1 | 2 | (3) | 1 | — | (2) |
| Transaction and integration costs | 37 | 29 | 36 | 65 | 48 | 62 |
| Impairment charges | — | 5 | — | — | 5 | 26 |
| Purchase price adjustments | 5 | 2 | 4 | 8 | 2 | 5 |
| COVID-19 related adjustments | — | (2) | — | — | (2) | — |
| Other | (5) | (2) | — | (5) | (2) | 1 |
| ADJUSTED EBITDA** | \$ 255 | \$ 164 | \$ 195 | \$ 443 | \$ 233 | \$ 361 |

** Denotes non-GAAP financial measures. Please see “*Non-GAAP Financial Measures*” for additional information about our reasons for providing these alternative financial measures and limitations on their use.

MARRIOTT VACATIONS WORLDWIDE CORPORATION
CONSOLIDATED CONTRACT SALES TO ADJUSTED DEVELOPMENT PROFIT
(In millions)
(Unaudited)

| | <u>Three Months Ended</u> | | <u>Six Months Ended</u> | |
|--|---------------------------|----------------------|-------------------------|----------------------|
| | <u>June 30, 2022</u> | <u>June 30, 2021</u> | <u>June 30, 2022</u> | <u>June 30, 2021</u> |
| Consolidated contract sales | \$ 506 | \$ 362 | \$ 900 | \$ 588 |
| Less resales contract sales | (11) | (7) | (20) | (12) |
| Consolidated contract sales, net of resales | 495 | 355 | 880 | 576 |
| Plus: | | | | |
| Settlement revenue | 9 | 8 | 16 | 13 |
| Resales revenue | 4 | 1 | 8 | 3 |
| Revenue recognition adjustments: | | | | |
| Reportability | (14) | (17) | (47) | (53) |
| Sales reserve | (37) | (28) | (66) | (42) |
| Other ⁽¹⁾ | (32) | (23) | (56) | (38) |
| Sale of vacation ownership products | 425 | 296 | 735 | 459 |
| Less: | | | | |
| Cost of vacation ownership products | (80) | (67) | (140) | (107) |
| Marketing and sales | (214) | (164) | (396) | (273) |
| Development Profit | 131 | 65 | 199 | 79 |
| Revenue recognition reportability adjustment | 11 | 13 | 35 | 39 |
| Purchase price adjustments | 5 | 3 | 9 | 3 |
| Adjusted development profit ** | <u>\$ 147</u> | <u>\$ 81</u> | <u>\$ 243</u> | <u>\$ 121</u> |
| <i>Development profit margin</i> | <i>31.0%</i> | <i>22.3%</i> | <i>27.1%</i> | <i>17.3%</i> |
| <i>Adjusted development profit margin</i> | <i>33.6%</i> | <i>26.2%</i> | <i>31.3%</i> | <i>24.0%</i> |

** Denotes non-GAAP financial measures. Please see “*Non-GAAP Financial Measures*” for additional information about our reasons for providing these alternative financial measures and limitations on their use.

⁽¹⁾ Adjustment for sales incentives that will not be recognized as Sale of vacation ownership products revenue and other adjustments to Sale of vacation ownership products revenue.

MARRIOTT VACATIONS WORLDWIDE CORPORATION

(In millions)

(Unaudited)

VACATION OWNERSHIP SEGMENT ADJUSTED EBITDA

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|---------------|------------------|---------------|
| | June 30, 2022 | June 30, 2021 | June 30, 2022 | June 30, 2021 |
| SEGMENT FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS | \$ 277 | \$ 151 | \$ 450 | \$ 195 |
| Depreciation and amortization | 22 | 23 | 44 | 42 |
| Share-based compensation expense | 2 | 2 | 3 | 3 |
| Certain items: | | | | |
| Litigation charges | 2 | 3 | 5 | 6 |
| (Gains) losses and other (income) expense, net: | | | | |
| Dispositions | (33) | — | (33) | — |
| Hurricane business interruption net insurance proceeds | — | — | (3) | — |
| Foreign currency translation | 1 | — | 1 | — |
| Transaction and integration costs | 1 | 1 | 1 | 1 |
| Purchase price adjustments | 5 | 2 | 8 | 2 |
| COVID-19 related restructuring | — | — | — | 1 |
| Other | (3) | — | (3) | — |
| SEGMENT ADJUSTED EBITDA ** | \$ 274 | \$ 182 | \$ 473 | \$ 250 |
| SEGMENT ADJUSTED EBITDA MARGIN ** | 36% | 30% | 34% | 25% |

EXCHANGE & THIRD-PARTY MANAGEMENT SEGMENT ADJUSTED EBITDA

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|---------------|------------------|---------------|
| | June 30, 2022 | June 30, 2021 | June 30, 2022 | June 30, 2021 |
| SEGMENT FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS | \$ 46 | \$ 27 | \$ 79 | \$ 48 |
| Depreciation and amortization | 7 | 9 | 16 | 29 |
| Share-based compensation expense | — | 1 | 1 | 1 |
| Certain items: | | | | |
| Gain on disposition of VRI Americas | (16) | — | (16) | — |
| Other | (2) | — | (2) | — |
| SEGMENT ADJUSTED EBITDA ** | \$ 35 | \$ 37 | \$ 78 | \$ 78 |
| SEGMENT ADJUSTED EBITDA MARGIN ** | 52% | 52% | 54% | 55% |

** Denotes non-GAAP financial measures. Please see “*Non-GAAP Financial Measures*” for additional information about our reasons for providing these alternative financial measures and limitations on their use.

MARRIOTT VACATIONS WORLDWIDE CORPORATION

CONSOLIDATED BALANCE SHEETS
(In millions, except share and per share data)

| | Unaudited | |
|---|----------------------|--------------------------|
| | June 30, 2022 | December 31, 2021 |
| ASSETS | | |
| Cash and cash equivalents | \$ 324 | \$ 342 |
| Restricted cash (including \$108 and \$139 from VIEs, respectively) | 282 | 461 |
| Accounts receivable, net (including \$12 and \$12 from VIEs, respectively) | 244 | 279 |
| Vacation ownership notes receivable, net (including \$1,659 and \$1,662 from VIEs, respectively) | 2,075 | 2,045 |
| Inventory | 695 | 719 |
| Property and equipment, net | 1,151 | 1,136 |
| Goodwill | 3,117 | 3,150 |
| Intangibles, net | 941 | 993 |
| Other (including \$71 and \$76 from VIEs, respectively) | 511 | 488 |
| TOTAL ASSETS | \$ 9,340 | \$ 9,613 |
| LIABILITIES AND EQUITY | | |
| Accounts payable | \$ 217 | \$ 265 |
| Advance deposits | 195 | 160 |
| Accrued liabilities (including \$2 and \$2 from VIEs, respectively) | 330 | 345 |
| Deferred revenue | 372 | 453 |
| Payroll and benefits liability | 204 | 201 |
| Deferred compensation liability | 130 | 142 |
| Securitized debt, net (including \$1,868 and \$1,877 from VIEs, respectively) | 1,846 | 1,856 |
| Debt, net | 2,748 | 2,631 |
| Other | 210 | 224 |
| Deferred taxes | 342 | 350 |
| TOTAL LIABILITIES | 6,594 | 6,627 |
| Contingencies and Commitments | | |
| Preferred stock — \$0.01 par value; 2,000,000 shares authorized; none issued or outstanding | — | — |
| Common stock — \$0.01 par value; 100,000,000 shares authorized; 75,741,585 and 75,519,049 shares issued, respectively | 1 | 1 |
| Treasury stock — at cost; 35,377,001 and 33,235,671 shares, respectively | (1,666) | (1,356) |
| Additional paid-in capital | 3,963 | 4,072 |
| Accumulated other comprehensive loss | (1) | (16) |
| Retained earnings | 448 | 275 |
| TOTAL MVW SHAREHOLDERS' EQUITY | 2,745 | 2,976 |
| Noncontrolling interests | 1 | 10 |
| TOTAL EQUITY | 2,746 | 2,986 |
| TOTAL LIABILITIES AND EQUITY | \$ 9,340 | \$ 9,613 |

The abbreviation VIEs above means Variable Interest Entities.

MARRIOTT VACATIONS WORLDWIDE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

| | Six Months Ended | |
|--|-------------------------|----------------------|
| | June 30, 2022 | June 30, 2021 |
| OPERATING ACTIVITIES | | |
| Net income (loss) | \$ 193 | \$ (17) |
| Adjustments to reconcile net income (loss) to net cash, cash equivalents and restricted cash provided by operating activities: | | |
| Depreciation and amortization of intangibles | 65 | 77 |
| Amortization of debt discount and issuance costs | 10 | 22 |
| Vacation ownership notes receivable reserve | 66 | 42 |
| Share-based compensation | 20 | 22 |
| Impairment charges | — | 5 |
| Gains and other income, net | (47) | (1) |
| Deferred income taxes | 29 | 36 |
| Net change in assets and liabilities: | | |
| Accounts receivable | 59 | 60 |
| Vacation ownership notes receivable originations | (483) | (320) |
| Vacation ownership notes receivable collections | 365 | 362 |
| Inventory | 25 | 14 |
| Other assets | (63) | (66) |
| Accounts payable, advance deposits and accrued liabilities | 8 | (9) |
| Deferred revenue | 19 | 48 |
| Payroll and benefit liabilities | 7 | 35 |
| Deferred compensation liability | 4 | 11 |
| Other liabilities | — | 4 |
| Deconsolidation of certain Consolidated Property Owners' Associations | (48) | (87) |
| Purchase of vacation ownership units for future transfer to inventory | (12) | (99) |
| Other, net | 1 | 9 |
| Net cash, cash equivalents and restricted cash provided by operating activities | <u>218</u> | <u>148</u> |
| INVESTING ACTIVITIES | | |
| Acquisition of a business, net of cash and restricted cash acquired | — | (157) |
| Proceeds from disposition of subsidiaries, net of cash and restricted cash transferred | 93 | — |
| Capital expenditures for property and equipment (excluding inventory) | (23) | (11) |
| Issuance of note receivable to VIE | (47) | — |
| Purchase of company owned life insurance | (11) | (8) |
| Other, net | 3 | — |
| Net cash, cash equivalents and restricted cash provided by (used in) investing activities | <u>15</u> | <u>(176)</u> |

Continued

MARRIOTT VACATIONS WORLDWIDE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(In millions)
(Unaudited)

| | Six Months Ended | |
|---|-------------------------|----------------------|
| | June 30, 2022 | June 30, 2021 |
| FINANCING ACTIVITIES | | |
| Borrowings from securitization transactions | 477 | 425 |
| Repayment of debt related to securitization transactions | (485) | (420) |
| Proceeds from debt | 125 | 1,061 |
| Repayments of debt | (125) | (289) |
| Purchase of convertible note hedges | — | (100) |
| Proceeds from issuance of warrants | — | 70 |
| Finance lease payment | (2) | (1) |
| Payment of debt issuance costs | (9) | (15) |
| Repurchase of common stock | (312) | — |
| Payment of dividends | (75) | — |
| Payment of withholding taxes on vesting of restricted stock units | (22) | (15) |
| Net cash, cash equivalents and restricted cash (used in) provided by financing activities | (428) | 716 |
| Effect of changes in exchange rates on cash, cash equivalents and restricted cash | (2) | — |
| Change in cash, cash equivalents and restricted cash | (197) | 688 |
| Cash, cash equivalents and restricted cash, beginning of period | 803 | 992 |
| Cash, cash equivalents and restricted cash, end of period | <u>\$ 606</u> | <u>\$ 1,680</u> |

MARRIOTT VACATIONS WORLDWIDE CORPORATION

(In millions, except per share amounts)

2022 ADJUSTED NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS AND ADJUSTED EARNINGS PER SHARE - DILUTED OUTLOOK

| | Fiscal Year 2022 (low) | Fiscal Year 2022 (high) |
|--|---------------------------|----------------------------|
| Net income attributable to common shareholders | \$ 365 | \$ 395 |
| Provision for income taxes | 147 | 157 |
| Income before income taxes attributable to common shareholders | 511 | 551 |
| Certain items ⁽¹⁾ | 88 | 98 |
| Adjusted pretax income ** | 600 | 650 |
| Provision for income taxes | (175) | (185) |
| Adjusted net income attributable to common shareholders ** | \$ 425 | \$ 465 |
| Earnings per share - Diluted | \$ 8.15 | \$ 8.81 |
| Adjusted earnings per share - Diluted ** | \$ 9.47 | \$ 10.35 |
| Diluted shares | 45.4 | 45.4 |

2022 ADJUSTED EBITDA OUTLOOK

| | Fiscal Year 2022 (low) | Fiscal Year 2022 (high) |
|--|---------------------------|----------------------------|
| Net income attributable to common shareholders | \$ 365 | \$ 395 |
| Interest expense | 114 | 114 |
| Provision for income taxes | 147 | 157 |
| Depreciation and amortization | 126 | 126 |
| Share-based compensation | 40 | 40 |
| Certain items ⁽¹⁾ | 88 | 98 |
| Adjusted EBITDA ** | \$ 880 | \$ 930 |

⁽¹⁾ Certain items adjustment includes \$110 to \$120 million of anticipated transaction and integration costs, \$20 million of anticipated purchase accounting adjustments, and \$5 million of litigation charges, partially offset by \$47 million of miscellaneous other adjustments, including the disposition of the VRI Americas business and a hotel in Puerto Vallarta, Mexico in the second quarter of 2022.

** Denotes non-GAAP financial measures. Please see “*Non-GAAP Financial Measures*” for additional information about our reasons for providing these alternative financial measures and limitations on their use.

MARRIOTT VACATIONS WORLDWIDE CORPORATION

2022 ADJUSTED FREE CASH FLOW OUTLOOK

(In millions)

| | Fiscal Year 2022 (low) | Fiscal Year 2022 (high) |
|---|---------------------------|----------------------------|
| Net cash, cash equivalents and restricted cash provided by operating activities | \$ 470 | \$ 500 |
| Capital expenditures for property and equipment (excluding inventory) | (70) | (60) |
| Borrowings from securitization transactions | 910 | 925 |
| Repayment of debt related to securitizations | (785) | (800) |
| Securitized Debt Issuance Costs | (12) | (12) |
| Free cash flow ** | 513 | 553 |
| Adjustments: | | |
| Net change in borrowings available from the securitization of eligible vacation ownership notes receivable ⁽¹⁾ | 65 | 100 |
| Certain items ⁽²⁾ | 86 | 94 |
| Change in restricted cash | (14) | (17) |
| Adjusted free cash flow ** | <u>\$ 650</u> | <u>\$ 730</u> |

** Denotes non-GAAP financial measures. Please see “*Non-GAAP Financial Measures*” for additional information about our reasons for providing these alternative financial measures and limitations on their use.

⁽¹⁾ Represents the net change in borrowings available from the securitization of eligible vacation ownership notes receivable between the 2021 and 2022 year ends.

⁽²⁾ Certain items adjustment consists primarily of the after-tax impact of anticipated transaction and integration costs.

MARRIOTT VACATIONS WORLDWIDE CORPORATION

QUARTERLY OPERATING METRICS

(Contract sales in millions)

| | Year | Quarter Ended | | | | Full Year |
|--|------|---------------|----------|--------------|-------------|-----------|
| | | March 31 | June 30 | September 30 | December 31 | |
| Vacation Ownership | | | | | | |
| Consolidated contract sales | | | | | | |
| | 2022 | \$ 394 | \$ 506 | | | |
| | 2021 | \$ 226 | \$ 362 | \$ 380 | \$ 406 | \$ 1,374 |
| | 2020 | \$ 306 | \$ 30 | \$ 140 | \$ 178 | \$ 654 |
| VPG | | | | | | |
| | 2022 | \$ 4,706 | \$ 4,613 | | | |
| | 2021 | \$ 4,644 | \$ 4,304 | \$ 4,300 | \$ 4,305 | \$ 4,356 |
| | 2020 | \$ 3,680 | \$ 3,717 | \$ 3,904 | \$ 3,826 | \$ 3,767 |
| Tours | | | | | | |
| | 2022 | 78,505 | 102,857 | | | |
| | 2021 | 45,871 | 79,900 | 84,098 | 89,495 | 299,364 |
| | 2020 | 79,131 | 6,216 | 33,170 | 44,161 | 162,678 |
| Exchange & Third-Party Management | | | | | | |
| Total active members (000's) ⁽¹⁾ | | | | | | |
| | 2022 | 1,606 | 1,596 | | | |
| | 2021 | 1,479 | 1,321 | 1,313 | 1,296 | 1,296 |
| | 2020 | 1,636 | 1,571 | 1,536 | 1,518 | 1,518 |
| Average revenue per member ⁽¹⁾ | | | | | | |
| | 2022 | \$ 44.33 | \$ 38.79 | | | |
| | 2021 | \$ 47.13 | \$ 46.36 | \$ 42.95 | \$ 42.93 | \$ 179.48 |
| | 2020 | \$ 41.37 | \$ 30.17 | \$ 36.76 | \$ 36.62 | \$ 144.97 |

⁽¹⁾ Includes members at the end of each period for the Interval International exchange network only.

MARRIOTT VACATIONS WORLDWIDE CORPORATION
NON-GAAP FINANCIAL MEASURES

In our press release and schedules, and on the related conference call, we report certain financial measures that are not prescribed by GAAP. We discuss our reasons for reporting these non-GAAP financial measures below, and the financial schedules included herein reconcile the most directly comparable GAAP financial measure to each non-GAAP financial measure that we report (identified by a double asterisk (“**”) on the preceding pages). Although we evaluate and present these non-GAAP financial measures for the reasons described below, please be aware that these non-GAAP financial measures have limitations and should not be considered in isolation or as a substitute for revenues, net income or loss attributable to common shareholders, earnings or loss per share or any other comparable operating measure prescribed by GAAP. In addition, other companies in our industry may calculate these non-GAAP financial measures differently than we do or may not calculate them at all, limiting their usefulness as comparative measures.

Certain Items Excluded from Non-GAAP Financial Measures

We evaluate non-GAAP financial measures, including those identified by a double asterisk (“**”) on the preceding pages, that exclude certain items as further described in the financial schedules included herein, and believe these measures provide useful information to investors because these non-GAAP financial measures allow for period-over-period comparisons of our on-going core operations before the impact of these items. These non-GAAP financial measures also facilitate the comparison of results from our on-going core operations before these items with results from other vacation ownership companies.

Adjusted Development Profit and Adjusted Development Profit Margin

We evaluate Adjusted development profit (Adjusted sale of vacation ownership products, net of expenses) and Adjusted development profit margin as indicators of operating performance. Adjusted development profit margin is calculated by dividing Adjusted development profit by revenues from the Sale of vacation ownership products. Adjusted development profit and Adjusted development profit margin adjust Sale of vacation ownership products revenues for the impact of revenue reportability, include corresponding adjustments to Cost of vacation ownership products associated with the change in revenues from the Sale of vacation ownership products, and may include adjustments for certain items as necessary. We evaluate Adjusted development profit and Adjusted development profit margin and believe they provide useful information to investors because they allow for period-over-period comparisons of our on-going core operations before the impact of revenue reportability and certain items to our Development profit and Development profit margin.

Earnings Before Interest Expense, Taxes, Depreciation and Amortization (“EBITDA”) and Adjusted EBITDA

EBITDA, a financial measure that is not prescribed by GAAP, is defined as earnings, or net income or loss attributable to common shareholders, before interest expense (excluding consumer financing interest expense associated with term loan securitization transactions), income taxes, depreciation and amortization. Adjusted EBITDA reflects additional adjustments for certain items, as itemized in the discussion of Adjusted EBITDA in the preceding pages, and excludes share-based compensation expense to address considerable variability among companies in recording compensation expense because companies use share-based payment awards differently, both in the type and quantity of awards granted. For purposes of our EBITDA and Adjusted EBITDA calculations, we do not adjust for consumer financing interest expense associated with term loan securitization transactions because we consider it to be an operating expense of our business. We consider Adjusted EBITDA to be an indicator of operating performance, which we use to measure our ability to service debt, fund capital expenditures, expand our business, and return cash to shareholders. We also use Adjusted EBITDA, as do analysts, lenders, investors and others, because this measure excludes certain items that can vary widely across different industries or among companies within the same industry. For example, interest expense can be dependent on a company’s capital structure, debt levels and credit ratings. Accordingly, the impact of interest expense on earnings can vary significantly among companies. The tax positions of companies can also vary because of their differing abilities to take advantage of tax benefits and because of the tax policies of the jurisdictions in which they operate. As a result, effective tax rates and provision for income taxes can vary considerably among companies. EBITDA and Adjusted EBITDA also exclude depreciation and amortization because companies utilize productive assets of different ages and use different methods of both acquiring and depreciating productive assets. These differences can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies. We believe Adjusted EBITDA is useful as an indicator of operating performance because it allows for period-over-period comparisons of our on-going core operations before the impact

of the excluded items. Adjusted EBITDA also facilitates comparison by us, analysts, investors, and others, of results from our on-going core operations before the impact of these items with results from other vacation companies.

Adjusted EBITDA Margin and Segment Adjusted EBITDA Margin

We evaluate Adjusted EBITDA margin and Segment adjusted EBITDA margin as indicators of operating performance. Adjusted EBITDA margin represents Adjusted EBITDA divided by the Company's total revenues less cost reimbursement revenues. Segment adjusted EBITDA margin represents Segment adjusted EBITDA divided by the applicable segment's total revenues less cost reimbursement revenues. We evaluate Adjusted EBITDA margin and Segment adjusted EBITDA margin and believe it provides useful information to investors because it allows for period-over-period comparisons of our on-going core operations.

Free Cash Flow and Adjusted Free Cash Flow

We evaluate Free cash flow and Adjusted free cash flow as liquidity measures that provide useful information to management and investors about the amount of cash provided by operating activities after capital expenditures for property and equipment and the borrowing and repayment activity related to our term loan securitizations, which cash can be used for, among other purposes, strategic opportunities, including acquisitions and strengthening the balance sheet. Adjusted free cash flow, which reflects additional adjustments to Free cash flow for the impact of transaction and integration charges, impact of borrowings available from the securitization of eligible vacation ownership notes receivable, and changes in restricted cash, allows for period-over-period comparisons of the cash generated by our business before the impact of these items. Analysis of Free cash flow and Adjusted free cash flow also facilitates management's comparison of our results with our competitors' results.